

The Underwriting Advantage



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Combining professional human experience with the best web-based technology adds up to an asset greater than the sum of its parts.

Probably any group of underwriters would say their skills and judgment are the most critical contributors to an insurer's profitability. An underwriter's professional knowledge and experience, buttressed by current technology, are a formidable resource for an insurer's risk decisions.

Ironically, some of the best underwriting resources reside elsewhere than the insurance company home office. Many insurers have seen the wisdom of outsourcing this vital component to a proven partner, in conjunction with private label product packaging or TPA involvement.

In using an outside underwriting or policy issue partner, an insurer must acquire a very high comfort level in the partner to allow his people to underwrite applications, much less interact with agents. This comfort level can usually be achieved as the partner demonstrates his ability to meet or exceed insurer expectations for on-time service, customer service and mortality results.

The partner's underwriting service should start with the proposition that his underwriters clearly understand their job is to produce positive financial results for the client. Insurers will find themselves on an uneven playing field if an underwriter assesses risks too conservatively; worse, insurers will have to pay excessive claims if underwriting standards are too liberal.

Technology helps level the field by assessing medical reports, personal history data and actuarial studies. Computers can automatically analyze and rate insurance applications, recommend acceptance or denial of the application; and even adjust the premium to correspond with the risk. With human assets aided by proven technology working within a structured process, underwriting decisions will invariably be more accurate.

The partner's highest caliber underwriting on behalf of the client will invariably be produced in a technology-driven environment that mirrors client guidelines and philosophy. This technology should present the underwriter with highly structured choices, and can dramatically reduce the incidence of underwriting errors or "bad" exceptions. Meanwhile the partner can monitor results and provide clients with reports verifying that expectations are being met.

Clearly the ways to achieve a competitive advantage in today's life insurance market include reduction of policy acquisition costs, enabling greater productivity by agents, and improving placement ratios. Vector's policy issuing process gets the most out of all three for our clients. ▣

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