

Underwriting engines: from building to maintenance

In markets where, for the consumer, applying for life or disability cover needs to be as simple, quick and easy as possible – and preferably a ‘one-stop shop’ – an underwriting rules engine is essential. It ensures that the relevant risk information is captured, and processes that information to provide an underwriting decision straightaway. A rules engine underpins large-scale tele-interviewing or can be used at the point of sale to give an instant acceptance.

But rules engines offer far more than a quicker, faster new business process. They ensure that underwriting philosophy is applied consistently and provide the sort of management information that underwriting managers once only dreamed about.

SelectX has a wealth of experience in rules engines, in:

- Rules engine software purchase decisions
- Developing the complete knowledge-base to populate underwriting engines
- Customising products for individual insurers’ needs
- Optimising rules engine benefits for insurers.

Our clients include rules engine suppliers, buyers and current users.

Purchase decisions

As well as technical know-how in how to build and customise rule-sets, we also have in-depth knowledge of the products available, and can advise on purchase decisions.

There is a plethora of different underwriting engines available with different functional specifications designed to service different business models and different parts of the new business acquisition process.

Trying to assess whether a system is right for your company’s needs can be a long and tortuous process. Let SelectX make it easier and shorter. We can assess your needs and shortlist the options available, helping you avoid making costly purchase mistakes.

Engine development and optimisation

We are not, of course a software supplier, but the rest of the rules engine world is our world. We have done everything from providing a complete knowledge base – rules for medical and other risk factors, rules for combination risks, dictionary databases, etc – to designing the e-application form and associated tele-interview scripts.

Data analysis

One of the greatest benefits of electronic underwriting and straight-through processing is that data from every stage of the process is captured in a structured format that can be analysed and manipulated.

The best rules engines recognise this and have developed sophisticated business analytic modules that enable rules refinement, improvement of the underwriting process, trend analysis and better understanding of the developing portfolio.

SelectX can help you to realise the business benefits of underwriting data and leapfrog your competitors.

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See overleaf for Case Studies

Case studies

1 – Product development for a leading software supplier

SelectX was chosen by Allfinanz, a leading provider of underwriting automation software, to develop an entire generic underwriting knowledge base to populate and power its underwriting engine – xpertBridge. The questions and knowledge base had to reflect modern market practices and be adaptable for use in all distribution channels (including direct to consumer) and for underpinning tele-interviews.

Between 2005 and 2007, SelectX's technical input resulted in the development of market-leading solutions for Allfinanz, including a comprehensive knowledge base for automated underwriting of income protection, and a combination risk module allowing the engine to take account of complex risk dependencies.

2 – Rules for a very distinctive and innovative proposition

SelectX was chosen by RAD Insurance Holdings in the United States to design with them an instant-issue, point-of-sale (POS) prototype to support sales of life insurance cover to the underserved US middle market.

We were closely involved in designing the product, underwriting philosophy, electronic application form and underwriting rules. The challenge was to develop a system which would enable POS policy issue in 20 to 30 minutes, without the need for any further evidence or back-office underwriting. The underwriting engine had to be able to accept and use information from external databases including the US Medical Information Bureau, motor vehicle records and prescription medicine databases.

A business model patent for the POS solution was filed in the US in 2008.

3 – A straight-through process with a rules engine and tele-interviewing

SelectX was retained by a major international business process outsourcer to assist it in developing a straight through processing (STP) underwriting proposition for a UK insurer. Point-of-sale automated underwriting and tele-interviewing were fundamental components.

Over a period of 18 months, SelectX worked closely with the outsource provider to:

- Set targets for STP
- Develop a sound underwriting model
- Develop the underwriting philosophy and rules to underpin the model
- Document the tele-interview business requirements
- Develop tele-interview scripts, and
- Train tele-interview call centre staff.

SelectX was involved from initial concept to successful launch, including assistance in setting up and reviewing a pilot phase, and reviewing results post-launch.

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