A report on automated underwriting in life insurance using supervised learning algorithm.

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Abstract

A lot of life insurance companies are turning to technology to speed up and remove cost from the underwriting process. Automated underwriting systems have been developed to reduce the manpower, time and data necessary to underwrite a life insurance application, while maintaining the quality of underwriting decisions.

We thought that underwriting process can be automated for faster processing of applications due to the increase in the amount of data. The report looks at the interest of insurance companies in automated underwriting systems, the goals life insurers seek to accomplish in using them, how the automated systems will function and how successfully they perform.

In addition to many detailed findings, the data collection revealed several key points. First, life insurers have a strong desire to reduce the time and cost, and increase the consistency of underwriting. Despite some concerns with implementation and maintenance challenges, life insurers who have heard of automated underwriting believe they can be beneficial to their organizations. If given the opportunity to reconsider whether to implement automated underwriting, even insurers who are less satisfied with their own way of doing things would choose a different option, rather than forgo automated underwriting altogether.

Literature overview

Our research team opted for life insurance automated underwriting through an interview and questionnaire which addressed several concerns;

* Interest in automating underwriting process of life insurance policies in the insurance industry.
* How systems are currently being used if present?
* How satisfied are life insurers in their experiences with these systems?

Methodology

We conducted our survey with basically the online platform that’s the google forms and physical interviews that were also carried out.

Under the google forms, we set some questions that we administered online to different groups of insurers and the replies were analysed. Some insurers preferred this method of approach due to the ongoing situation of covid-19 prevailing in the country.

Secondly, some interviews were also conducted at a small percentage where we had to meet some insurers to gather some answers to the questions we had. This was the best option according to what we needed in the research but was limited due to covid-19 standard operating procedures. The results were collected over the month of March and April 2021.

Survey recipients were not selected based upon their use of, or interest in, automated underwriting. Instead, the survey was distributed to a wide range of life insurers without regard for these attributes. All survey participants were asked about the importance of various business objectives addressed by the automated systems, and their reasons for either using or not using a system.