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Insurers must find new ways to nurture underwriting talent as automation widens the skills gap - Suncorp *Insurance Insights* white paper

Insurers must find creative ways to ensure new team members are given every opportunity to learn the art of underwriting as the traditional entry-level roles increasingly become automated, according to Suncorp's latest *Insurance Insights* white paper.

The white paper, titled 'The art of underwriting in the automated age', examines the impact of the rapid uptake of automation and data modelling on the underwriting profession during the past decade.

"During the past decade, most of the underwriting functions for the basic home, motor and small business commercial packages have become automated," said Mr Darren O'Connell, the paper's author and Suncorp Commercial Insurance's Executive General Manager Commercial Portfolio.

"Previously, new recruits to the industry would be introduced to risk assessment and pricing in these basic lines. However, as a result of automation, entry-level underwriters are now forced to cut their teeth on more complex risks in other lines before they've had the chance to develop.

"This threatens to develop into a serious skills gap as the older generation of underwriters transitions into retirement. The next generation will be entrusted with their business's risk appetite without having the depth of experiences as their predecessors.

"The aviation industry is facing similar challenges, with its next generation of pilots becoming overly reliant on automated systems and often not having the necessary experience to handle unexpected situations.

"For the insurance industry, this could lead to missed opportunities or, worse, crippling errors."

Mr O'Connell said it was critical for the industry to pursue alternative methods to broaden the underwriting career pathway to ensure its team retains a solid foundation of expertise and experience.

"Suncorp is rotating talent through different roles, such as claims and distribution, so they are exposed to the principles of risk selection and pricing before they move into underwriting roles," he said.

"Experienced members of claims management, actuarial and distribution teams will normally develop an excellent understanding of product wordings. With some additional training, many of these people could move seamlessly into an underwriting team.

"Insurers must be proactive in identifying people who share the traits necessary to be a successful underwriter and provide training and support to help them make the transition."

The white paper also dismisses fears that underwriters face extinction due to the rising prominence of automated systems and data modelling.

"Rather than facing extinction, the underwriting profession is actually undergoing the next stage of its evolution," Mr O'Connell said.

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“Data and automation are tremendous resources that are helping underwriters to better perform their roles. More accurate information allows for the robust management of risk appetites and pricing, which ultimately gives the insurer the opportunity to achieve profitable growth.

“However, you are always going to need people with the experience and expertise to properly determine risk appetites, manage the performance of portfolios and create new products.

“This is why it’s so critical that underwriting career pathways and educational resources are updated to ensure that new recruits are given the best chance to develop their expertise and experience without being thrown into the deep end.”

The white paper also calls for the industry to collectively deepen its talent pool to encompass other financial services graduates, from both Australia and overseas, and update the education on offer ensure it is meeting the requirements of the modern underwriting profession.

The white paper can be viewed [here](#).

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