



# Leading insurer rolls out real-time, risk-based underwriting

Benefits include improved financial performance, consistent decisions across channels, greater operational efficiency.

**Client**      **Leading provider of personal lines property and casualty insurance with written premium of more than \$500 million**

**Challenge**      Make more efficient, consistent underwriting decisions

**Solution**      **FICO® Decision Management Suite**, including **FICO® Blaze Advisor®** decision rules management system and FICO predictive models

**Results**      Real-time underwriting of new business, which lowered its combined ratio, reduced underwriting losses and improved targeting of new business



“We’re learning more about the tool and how it translates in the market for our customers. We’ve been able to make adjustments to attract the specific type of customer that we want.”

## Challenge . . . . .

When a leading insurer recently planned to implement a new strategic underwriting system, it had a long wish list of expected results. “Efficiency was high on the list,” said their national underwriting manager. “We also wanted to remove paper, update processes, and apply underwriting guidelines consistently, in real time.”

The insurer’s personal lines business unit was using a rule-based mainframe logic system. Within this setup, if an application triggered a knockout rule, the logic kicked out a paper referral to an underwriter. The downside to this approach is that a single application could trigger multiple knockout rules, each of which would generate a piece of paper that in aggregate could require several contacts and hours of underwriting time to resolve. Streamlining this wasteful system was the insurer’s primary objective.

The insurer also saw a potential opportunity for FICO to assist its sales operations. The insurer sells its products through a network of independent agents that have either the insurer’s web interface or, in some cases, paper interfaces. They thought a more efficient and targeted approach could boot their performance.

## Solution . . . . .

The insurer selected FICO® Decision Management Suite to implement a new application processing system and completed the project—which included FICO® Blaze Advisor® decision rules management system and FICO models for its new auto and home insurance business—within six months. For a large, multiline insurer, this was an uncommonly fast rollout, and it was due to FICO’s experience in building models to forecast loss ratio, as well as the Blaze Advisor system’s interoperability with the insurer’s underwriting guidelines and models.

“Speed to market was one reason we chose FICO,” noted the underwriting manager. “We knew FICO could do for us what they had done for numerous other companies. We got FICO Decision Management Suite up and running quickly and were pleased with the preliminary positive effects.”

The insurer found that Blaze Advisor worked smoothly “behind the scenes” to enable consistent, real-time decisions.

“This is the efficiency we were looking for,” said the underwriting manager. “Often, the agent can write the policy while the customer is waiting in his or her office.”

The decision criteria within Blaze Advisor automatically evaluates all individual applications and delivers a quantitative measure of risk. This measurement serves as an objective standard against which future book performance can be evaluated, allowing the insurer to track results by agent, geographical region, type of vehicle, or other criteria.

## Results . . . . .

A year after implementation, the insurer’s combined ratio dropped by eight points. Along with other technology improvement initiatives, the insurer credits the FICO

**This leading insurer’s strategic underwriting system, powered by the FICO® Decision Management Suite, helped them:**



**Improve efficiency** of underwriting organization



**Reduce combined ratio**



**Reduce underwriting losses**



**Reduce percentage** of manual reviews



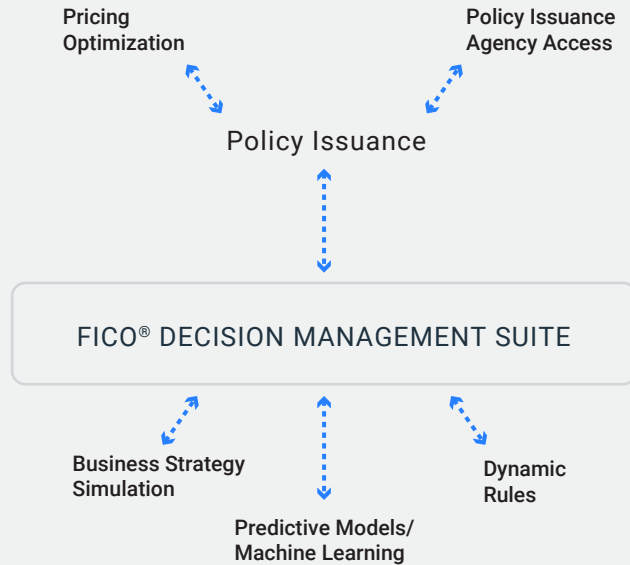
**Improve consistency and reduce duplication** of processes

implementation for helping them become a more efficient underwriting organization. The unit also met its initial goals for reducing underwriting losses and has continued to see improvements ever since.

Other gains included automation and better use of resources. The old system required a hefty percentage of applications to be reviewed by an underwriter. FICO significantly reduced that percentage, freeing up staff to focus instead on book management and agency performance. The Blaze Advisor system’s flexibility also increases efficiency; for instance, authorized staff can use a Windows-based interface to modify decision criteria without the need for a programmer. And by centralizing some processes, the insurer removed some redundancies and increased consistency. “From a management standpoint, we can more easily influence how things are done, with one streamlined system in place,” said the underwriting manager. “The FICO models apply 11 characteristics objectively in the same way, every time. So we’re treating customers consistently across multiple distribution channels.”

The insurer has received positive feedback from agents using the new system. “Independent agents understand the predictiveness of credit,” explained the underwriting manager. “But they’ve always asked that it be one component of

### FICO® Decision Management Suite enables fast, consistent decisions across channels – in real time



Once applicant information is entered, the insurer’s underwriting system, based on FICO® Blaze Advisor® decision rules management system, instantly applies decision criteria (i.e., models, rules, strategies), pulls relevant outside data (insurance bureau scores, loss history, motor vehicle reports), and renders a final decision, including pricing.

the underwriting process. With FICO, we use insurance bureau scores, along with traditional underwriting variables. It’s a great tool.”

The insurer can also target new business more effectively. According to the underwriting manager, “We’re learning more about the tool and how it translates in the market for our customers. We’ve

been able to make adjustments to attract the specific type of customer that we want.”

With such strong results, the insurer is rolling out Blaze Advisor to other areas of the business, including renewals.



**FOR MORE INFORMATION**

[www.fico.com](http://www.fico.com)  
[www.fico.com/blogs](http://www.fico.com/blogs)

**NORTH AMERICA**

+1 888 342 6336  
[info@fico.com](mailto:info@fico.com)

**LATIN AMERICA & CARIBBEAN**

+55 11 5189 8267  
[LAC\\_info@fico.com](mailto:LAC_info@fico.com)

**EUROPE, MIDDLE EAST, & AFRICA**

+44 (0) 207 940 8718  
[emeainfo@fico.com](mailto:emeainfo@fico.com)

**ASIA PACIFIC**

+65 6422 7700  
[infoasia@fico.com](mailto:infoasia@fico.com)

FICO and Blaze Advisor are registered trademarks of Fair Isaac Corporation in the United States and in other countries. Other product and company names herein may be trademarks of their respective owners.  
 © 2021 Fair Isaac Corporation. All rights reserved.