fs viewpoint

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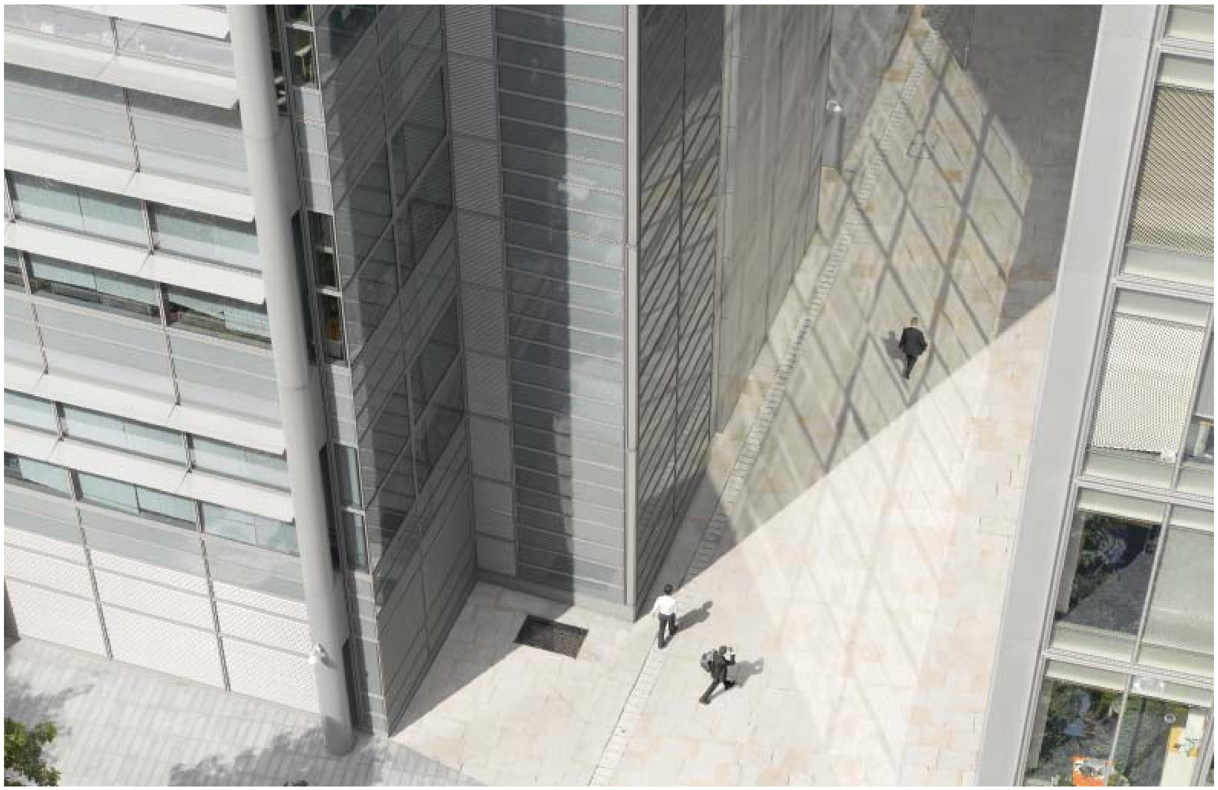
Missing the forest for the trees?

Adapting underwriting intensity to boost insurance property and casualty sales

pwc

Point of view



Executive summary

"Underwriting intensity" is the level of time and effort that underwriters spend on incoming submissions—including researching, assessing, pricing, quoting, and negotiating with producers. Different risks require different levels of underwriting intensity.

To keep pace with change in today's dynamic environment and compete effectively in the marketplace of the future, P&C commercial lines insurers are recognizing that a conventional approach to underwriting is no longer effective. As a result, leading insurers are beginning to shift their organizational structure in key ways. The move from the conventional "current state" to the desired "target state" entails a focus on what we refer to as **"underwriting intensity."**

In our experience, *underwriter relationships and local market knowledge* are the two most important influencers producers consider when placing business. For that reason, commercial carriers that take a conventional approach—ignoring the impact that underwriters have on sales productivity and growth—risk losing out to more effective competitors whose underwriters have adopted a sales-focused mentality. In the current state, underwriters spend more time on typical underwriting activities. All submissions are treated the same way regardless of complexity, probability of closing the deal, or other marketing considerations.

Conversely, in the target state, sales-oriented underwriters' time is spent on relationship- and productivity-building activities that support acquisition and positive growth by facilitating decision making and improving service. Underwriters handle incoming submissions by aligning underwriting intensity with underwriting complexity and with other marketing considerations. Depending on product mix and degree of complexity, a workforce coordinator steps in at certain critical decision points—selecting among multiple paths to route new submissions either to an experienced underwriter or to a pool of underwriting support staff.

Successful alignment of "underwriting intensity" with underwriting complexity requires several key components—two of the most critical being 1) a consistent way of segmenting and triaging incoming submissions, and 2) a uniform "multi-touch" underwriting process that identifies the critical decision points where the workflow coordinator intervenes to route the submission. Other essentials are technology solutions that enable compliance and scalability and drive adoption; change management programs that provide the right training and incentives; and an ongoing process for measuring sales, profitability, and performance.

Transforming an underwriting operating model is complicated, with critical barriers to adoption that should not be ignored. Taking time up front to identify and address these obstacles will set the stage for sustainable, profitable growth.

To improve underwriter performance and boost profits, commercial insurance carriers are increasingly investing in data and analytics. But all too often, due to overreliance on these tools, we see insurers failing to "see the forest for the trees."

Increasingly, commercial carriers are adopting data and analytic techniques, such as predictive modeling, to improve the underwriting function and grow profitability.

Lines of business with larger volumes of homogeneous data—such as workers' compensation or commercial automotive for example—are leading the way. Still lagging—but progressing nonetheless—is the adoption of those lines of business with more complex, heterogeneous data, for example general liability and specialty lines.

Carriers using predictive modeling report positive impacts on risk selection, loss ratios, and overall profitability. Based on such benefits, many insurers are expanding their use of data and analytics by investing in additional internal data capture, acquisition of third-party data, and competitive analysis.

However, in our view, opportunities can be lost when institutions fail to look beyond data and analytics to consider the big picture. Getting too wrapped up in the numbers leaves less time to focus on value-added sales activities and relationship development.

Often overlooked is the reality that too much focus on data and analytics takes time away from other value-added activities.

Carriers that take a conventional view of underwriting—ignoring the impact that underwriters can have on sales productivity and growth—are missing out on major profit and growth opportunities.

Underwriters that adopt a sales mentality and focus on building relationships with producers can successfully drive higher volumes of submissions and sales.

Based on PwC's observations and discussions with leading commercial carriers, underwriter relationships and local market knowledge are among the most important factors that producers consider when placing business. Price, claims experience, and breadth of product offerings are only secondary when it comes to motivating placement.

Underwriters that spend more time on data and analytical activities, such as…	…leave less time for critical sales and marketing activities, such as…
• Gathering and scrubbing data • Capturing submission information • Re-keying information • Ordering third-party data and physical inspections • Generating quote-to-bind documentation • Analyzing the output of multiple models	• Establishing relationships with producers • Communicating more effectively with producers • Pricing deals and conducting negotiations • Increasing distribution footprint and market penetration • Identifying cross-selling opportunities • Streamlining the application process to make it easier for customers to do business • Improving customer retention

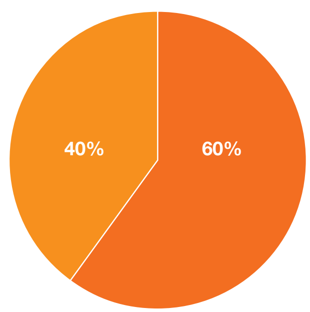
Using a more effective and efficient underwriting model, underwriters at leading carriers are expanding their roles to better support the sales function in acquiring new business. We refer to that as the "target state."

The charts below depict the difference between the current and target states.

Current state

Underwriters spend more time on traditional underwriting activities, leading to slower underwriting decision making and servicing, thereby stealing time from profit-building acquisition and sales activities.

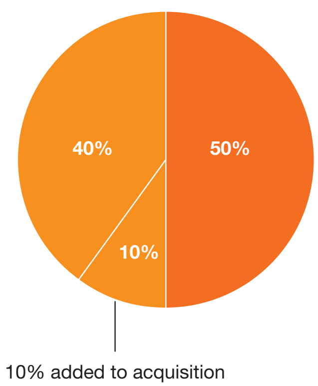
- Acquisition
- Underwriting and servicing



Target state*

Underwriters spend less time on conventional activities, thereby speeding underwriting decision making and servicing, allowing more time to focus on activities that influence acquisition and profitable growth.

- Acquisition
- Underwriting and servicing



* The design of the target state depends on the product mix and complexity of products sold.

Acquisition
- Relationship development
- Marketing/prospecting
- Early prequalification

Underwriting
- Account setup and triage
- Pricing and rating
- Quoting and proposing

Servicing
- Issues and claims
- Billing
- Endorsements and cancellations

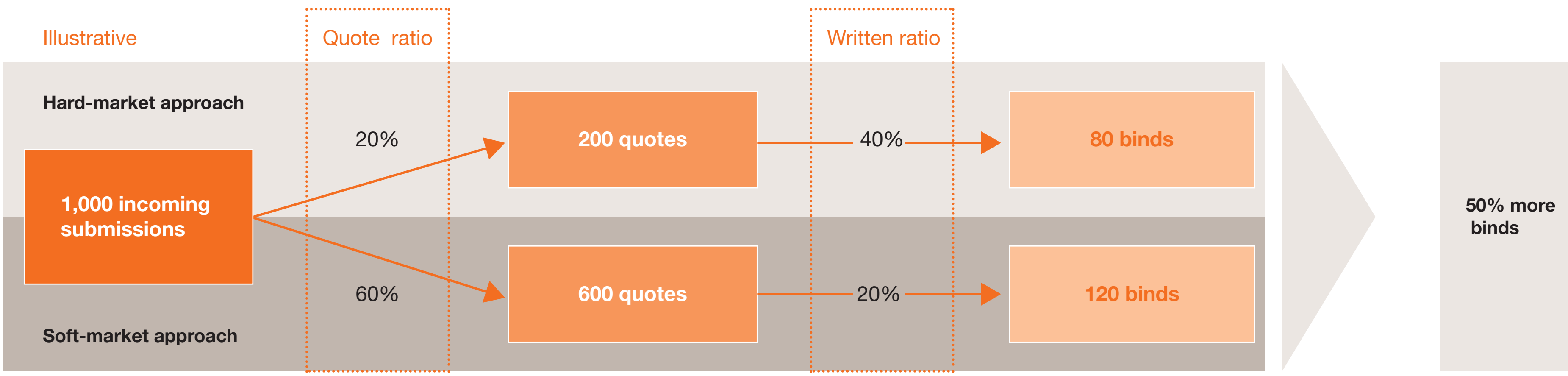
In a soft market, it is critical to increase underwriting productivity so as to grow the volume of quotes that can be processed.

Commercial carriers are facing a soft market, in which competition is intense and price pressure is great.

We define “underwriting intensity” as the level of time and effort spent on a particular risk being underwritten. When underwriters exercise discipline with regard to underwriting intensity, they can help carriers win new business without increasing underwriting risk to unacceptable levels. Underwriters can accomplish this goal by:

1. Increasing the volume of submissions going into the sales and underwriting pipeline to help maintain a sufficient flow of new business.
2. Decreasing the turnaround time for quoting, which facilitates and simplifies the process of doing business.

Example: Potential impact of increasing quote volume

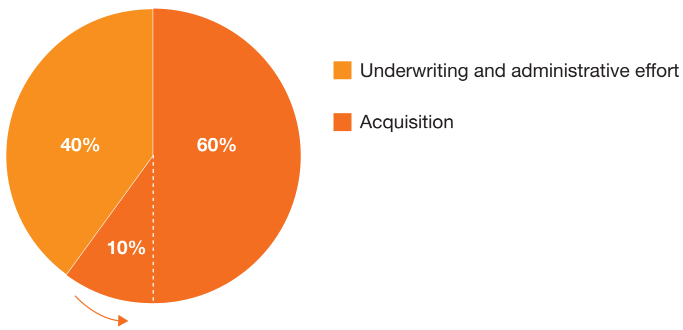


Redirecting capacity from conventional underwriting activities to acquisition activities can drive profitable premium growth.

Illustrative example

A time study of the current and future state processes can be performed to quantify field underwriting capacity gains.

Conventional distribution of underwriting time



Opportunity for increased time for acquisition-related activities

Average underwriting hours per quote	=	10 hrs
Average number of quotes per underwriter per month	x	10 quotes
Average number of underwriting hours spent on quotes per underwriter per month	=	100 hrs

Savings in UW hours per low-intensity quote	=	2 hrs **(8 hrs per quote)…**
Average number of low-intensity quotes per underwriter per month	x	3 quotes

New average number of underwriting hours spent on quotes per underwriter per month	=	94 hrs	**6 hrs savings**

We estimate that, annually, every 100 hours of underwriting time saved and reallocated to acquisition-related activities can add approximately $150,000 to the top line.*

Acquisition
50% of time (50 hours)

Underwriting
50% of time (50 hours)

Time per submission: 10 hrs

Additional 5 submissions per year

Written ratio = 20%

1 new account

$150,000 in incremental new business per 100 hours shifted

* Based on PwC's observations and discussions with leading insurance carriers

An efficient and effective underwriting approach requires segmenting risks based on their complexity, and defining several underwriting paths that carry different levels of underwriting intensity.

Underwriting intensity should align with underwriting complexity. The degree of intensity required will be determined by factors specific to each line of business—for example:

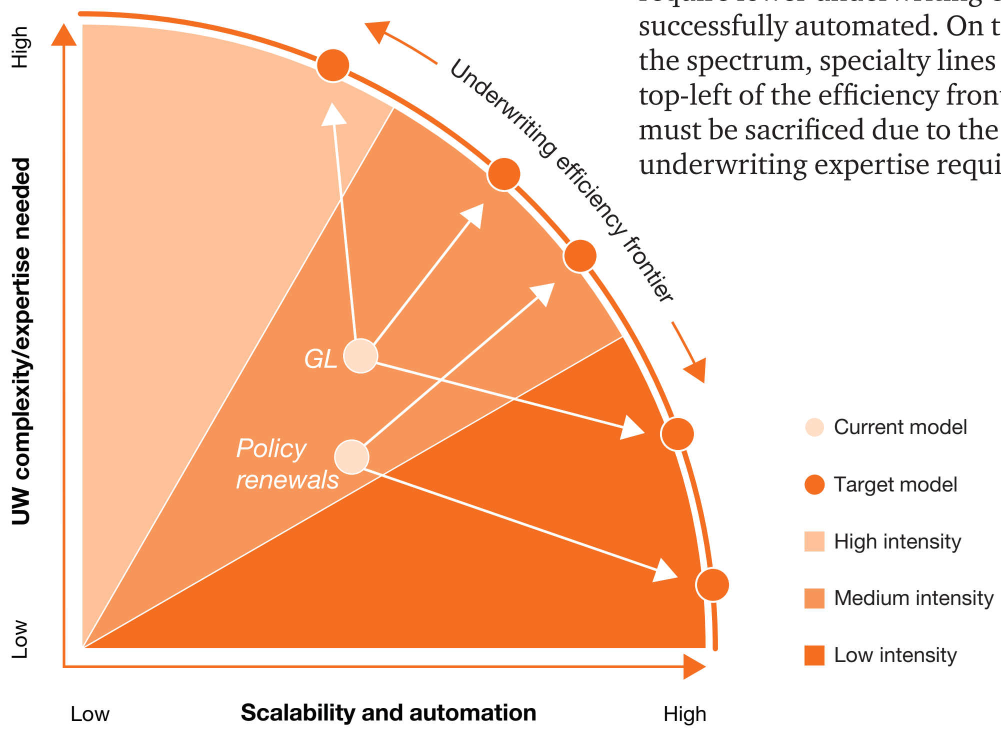
- **Commercial auto**. Size and diversity of fleet of vehicles.
- **Worker compensation**. Concentration of employees.
- **General liability**. Diversity of products/ operations.

In the target-state model, submissions that require lower underwriting expertise can be successfully automated. On the other end of the spectrum, specialty lines remain at the top-left of the efficiency frontier, where scale must be sacrificed due to the high degree of underwriting expertise required for each quote.

The time and effort dedicated to each incoming submission may also depend on other factors, such as:

- **Type of customer**. SIC/NAICS code, line of business, loss history, and company size.
- **Type of processing**. Producer experience, new business versus renewal (e.g., renewals typically require lower underwriting expertise than new business submissions).
- **Type of distribution**. Submission origin, producer category and performance, marketing scenario.

Multiple risks within the same submission may require different levels of underwriting intensity. Such submissions may be parcelled out by a workflow coordinator to multiple underwriting paths and re-assembled to deliver a single proposal. The chart below illustrates the difference between the current and target models regarding underwriting intensity.

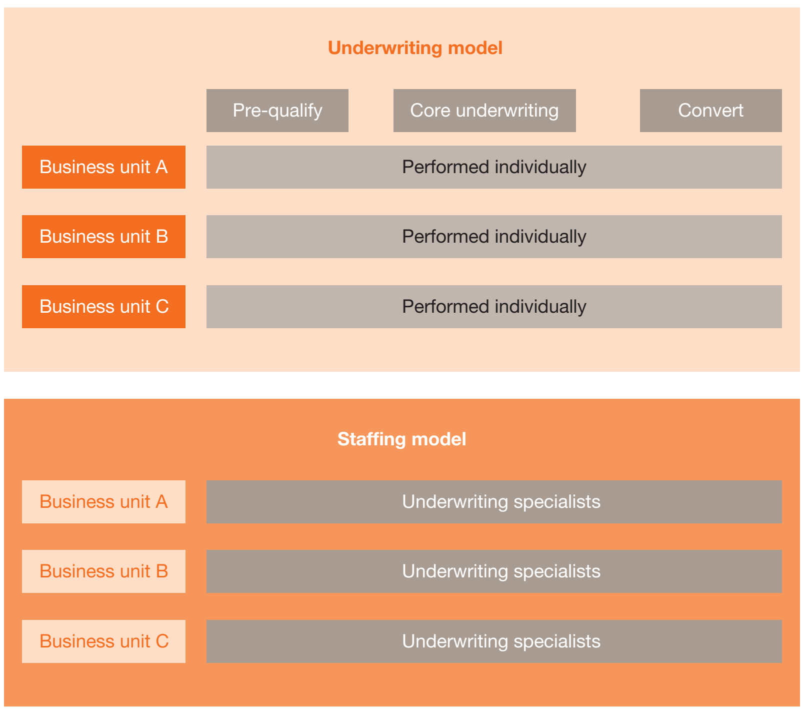


Type of submission	Current model: Only one path	Target model: Multiple paths
General liability	Submissions within each business unit follow an identical path.	Submissions are assigned a specific underwriting intensity, depending on product mix and complexity.
Policy renewals	Renewals in a given business unit follow an identical path.	Requiring less expertise, many renewals can be standardized and mainly handled by a pool of support underwriting staff.

A consistent underwriting model, spanning multiple business units, should identify the critical points where an underwriter should step in.

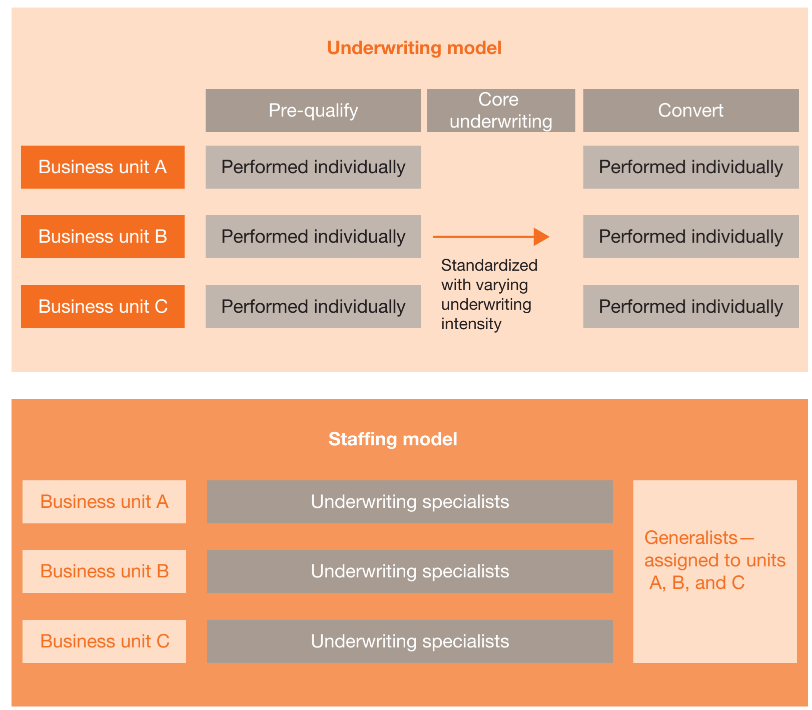
The underwriter should dictate which activities should be completed by underwriting support staff and whether a submission should be routed to an experienced or junior underwriter for completion—depending on product mix and degree of complexity. The chart below illustrates the differences between the current and target states in terms of underwriting intensity.

In the current state:



- Underwriting is performed in a monolithic manner.
- Underwriting processes within a business unit, such as customer segments and products, are neither synchronized nor consistent; regardless of complexity, all submissions are handled in the same way.
- Process bottlenecks tie up underwriting capacity in unproductive areas.
- Separate staffing models limit coordination and sharing of resources across business units.

In the target state:



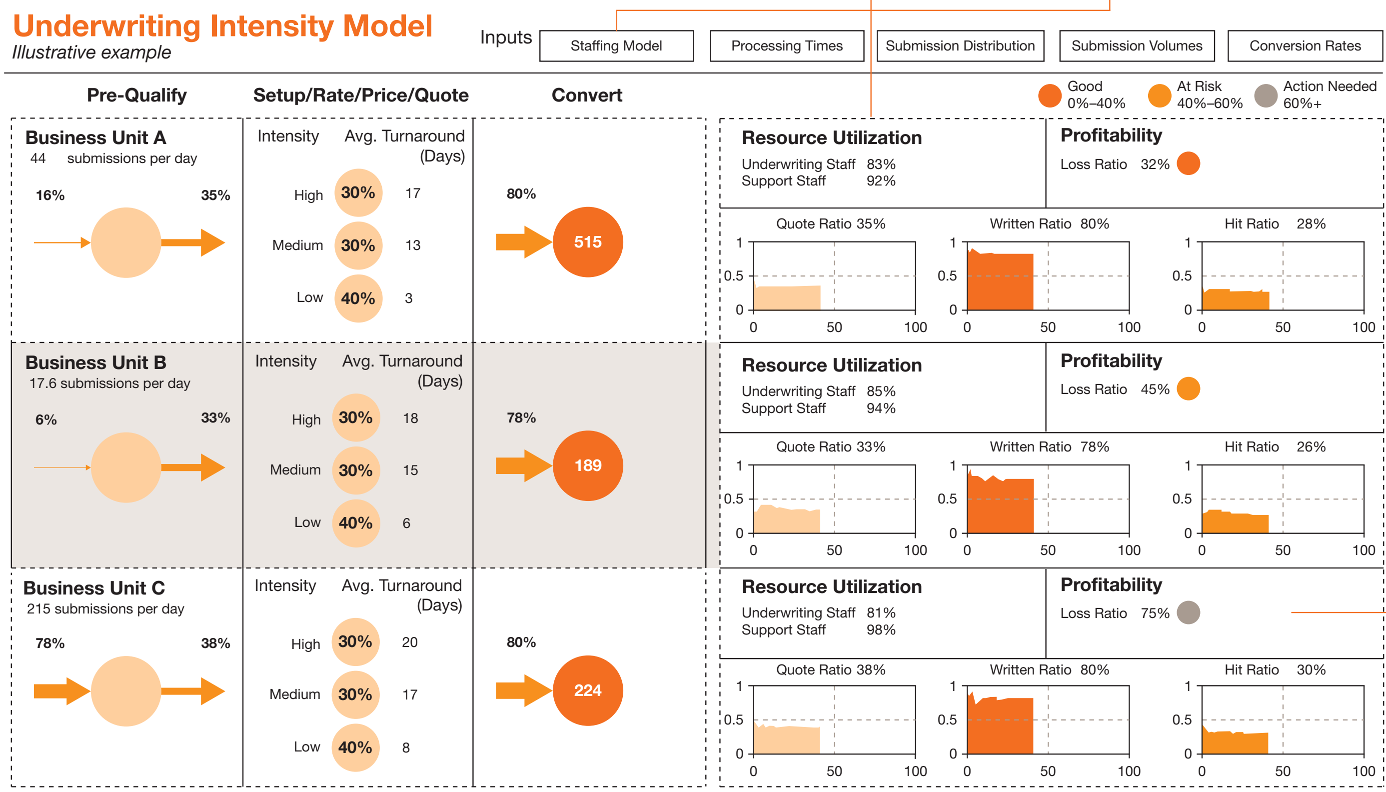
- A consistent underwriting process creates operational synergies by spanning business units to sharing processes and resources.
- Rules-driven underwriting on less complex risks frees up experienced underwriters to focus less on conventional activities and more on relationship-building, acquisition and profitability.

Once the target underwriting model has been established, it is important to continuously monitor resource utilization, sales performance, effects on profitability, and other operational metrics.

Flexible analytical tools should also enable simulations, scenario modeling, and comparative analytics across business units. Unexpected trends should quickly be identified and lead to the right corrective actions.

While unexpected increase of the average turnaround may have an immediate negative impact on the conversion rate, too much focus on "ease of doing business" may hurt profitability in the long term.

Multiple staffing models should be tested in order to improve resource utilization while increasing underwriting throughput and sales performance.



Impact on profitability or retention, which will typically occur with a time delay, should also be carefully monitored.

Transforming the underwriting model is complex, and significant barriers to adoption exist that cannot be ignored. Identifying and addressing these obstacles up front is crucial to success.

This chart shows the complexities, obstacles and potential solutions to be addressed before moving forward.

Complexities	Common obstacles	Potential solutions
Outdated staffing models and incentives	• Lack of underwriting staff with experience in client interactions in a sales setting. • Attachment to local operating models and a perceived lack of ability to change these models. • Consistent treatment of underwriters despite differences in skill sets. • Products designed to be profitable, with limited consideration of the simplicity needed to underwrite and sell products.	• Design compensation plans and incentives to encourage sales behavior and performance. • Segment population of underwriters and offer targeted sales training programs. • Redesign products and applications to reduce amount of information that needs to be collected and analyzed.
Difficulties in the traditional underwriting process	• Non-synchronized, inconsistent underwriting processes across business units and products. • Most underwriting support activities completed locally (in the same local field office). • Paper environment, limiting ability to scale and engage non-local resources. • Limited cost consciousness, often resulting in irrelevant activities and longer cycle times.	• Define a baseline underwriting process that is consistent across business units. • Delegate non-local underwriting support staff to small groups of underwriters. • Establish guidelines for costly underwriting activities and monitor compliance, such as physical inspection and manuscript endorsements.
Complexity of operational and IT environment	• Information scattered across several different systems, increasing time and effort needed to complete tasks. • Lack of system integration, hampering user experience and productivity (for example, manual re-keying required). • Limited access to external data sources, inhibiting the collection of third-party data for predictive modeling. • Aging underlying technology constraining ability to scale and to adapt to new strategic business objectives.	• Identify and implement data pre-fill opportunities, including third-party data. • Conduct an application-rationalization analysis to identify systems that should be retired or replaced. • Identify opportunities to streamline data-collection processes, such as in renewals.

We see five areas of focus as being critical to the creation of an efficient, sales-oriented underwriting model.

1. Segment submissions

Understand how the current book of business and submissions pipeline are distributed across lines of business and customer segments. Identify other key factors driving underwriting complexity and “what is at stake.”

2. Redesign the underwriting process

Define the actual process flow to identify what can be automated and centralized; determine the critical decision points in the underwriting process where the workflow coordinator should intervene to route a given submission onto the right path—either to an experienced underwriter or to a pool of underwriting support staff.

3. Manage data and technology

Identify technology solutions required for scalability and drive adoption of, and compliance with, newly designed underwriting paths.

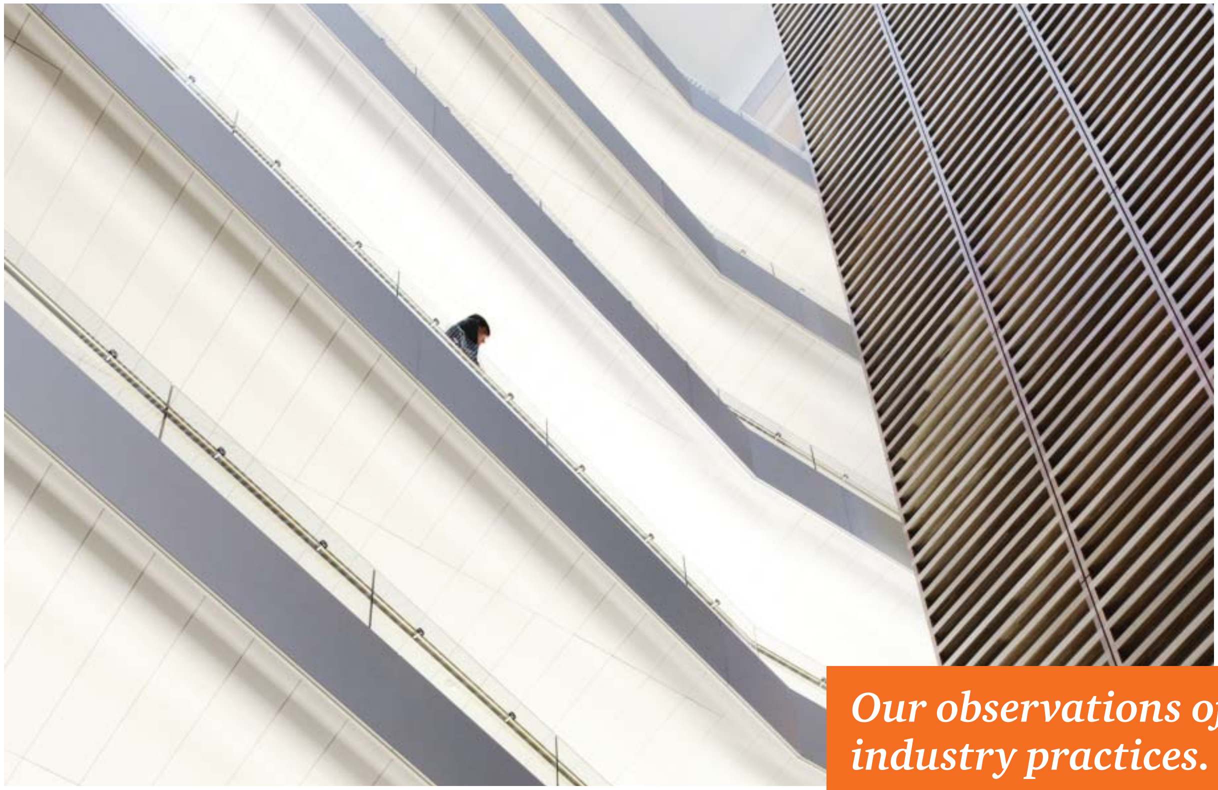
4. Align the organization

To support streamlined underwriting models and increase underwriters’ focus on sales, employ change management programs to provide the right training and incentives.

5. Monitor and continuously improve performance

Establish an ongoing process for monitoring and measuring sales, profitability, and other measures of underwriting performance, thus providing feedback that continuously refines the underwriting model.

Competitive intelligence



Our observations of industry practices.

Carriers hold different levels of control over their underwriting operations—often hindering opportunities to rapidly make fundamental changes across divisions, lines of business, and products.

	Area of focus	Commercial carrier A (mostly leading)	Commercial carrier B (mostly on par)	Commercial carrier C (mostly lagging)
Risk segmentation	Submission segmentation (UW eligibility)	Triage of submissions and allocated underwriting intensity account for marketing and sales factors, such as probability of closing the deal or long-term potential of producer relationship.	Underwriting complexity and risk exposure exclusively drive level of underwriting intensity; underwriting authority levels well defined for every risk class.	No formal segmentation of submissions; underwriting intensity at the discretion of local field underwriters.
Underwriting operations	Standardization	Standard underwriting operating model and process across divisions and lines of business. Systematic triage of submissions driving the appropriate level of underwriting intensity.	Similar but separate underwriting processes for each division and/or line of business. Singular underwriting intensity level of touch for each product and/or line of business.	Local field offices following their own underwriting process. Very limited control over compliance with underwriting guidelines and best practices.
	Automation	Single entry of submission information with automated download of third-party data. Duplicative data entry for certain multi-line submissions quoted in more than one system.	Download and capture of third-party data requires human intervention. Ability to combine several mono-line quotes into a single proposal.	Submission data require re-keying several times throughout the underwriting process. Quote/binder letters and proposals automatically generated for underwriter's review and approval.
	Remote processing	Centralized underwriting units handle certain categories of new business submissions or renewal on behalf of local offices.	Specific administrative tasks, such as initial submission data entry or clearing account, handled by centralized, shared services units (domestic or offshore).	All activities related to the underwriting process handled by field underwriters and local underwriting support.

Leading On Par Lagging

Some commercial carriers are beginning to recognize the potential impact of their field underwriters on sales—but changes have been uneven, with varying degrees of success in executing and communicating changes.

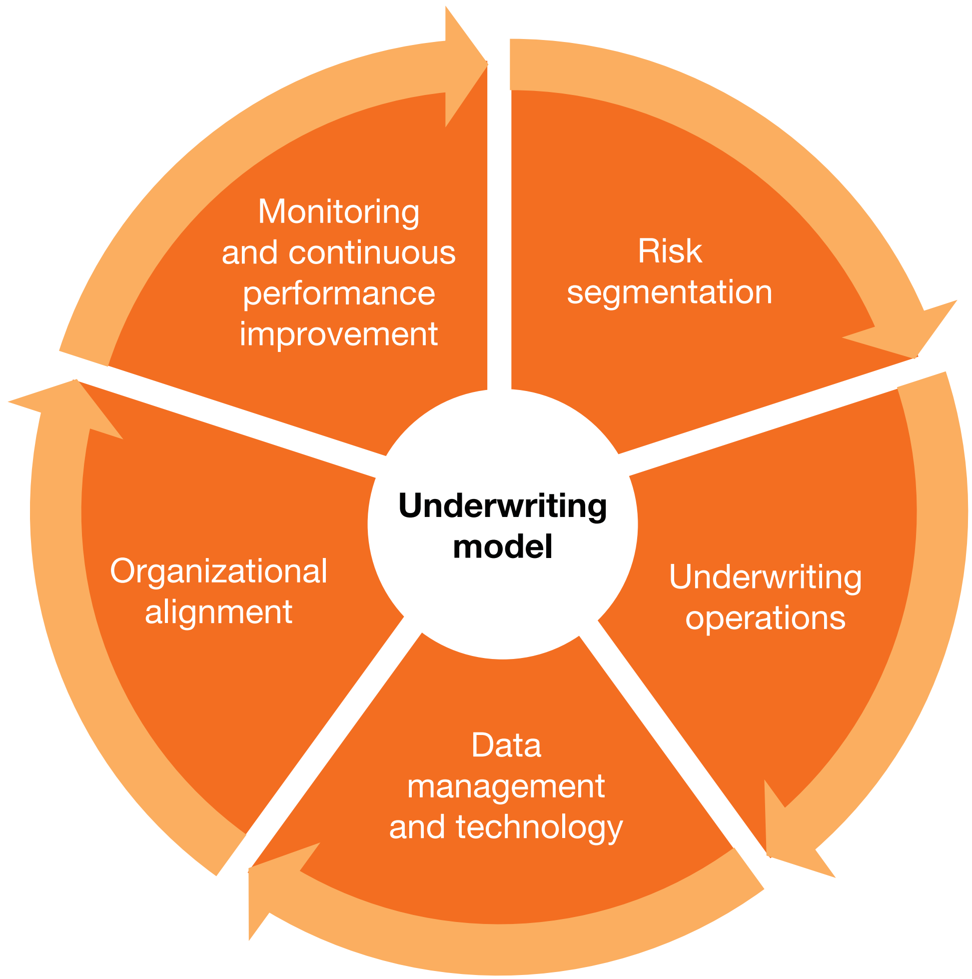
	Area of focus	Commercial carrier A (mostly leading)	Commercial carrier B (mostly on par)	Commercial carrier C (mostly lagging)
Data management & technology	System environment	Most submissions typically underwritten through a single application (desktop), consolidating all required pieces of information.	Workflow-based solutions enable seamless contribution of several individuals throughout the underwriting process.	Underwriters mostly handle paper-based submissions; systems only used for specific steps in the underwriting process.
Organizational alignment	Communications	Underwriters understand the benefits of a streamlined underwriting process and regularly communicate those to producers. Communications with producers and customers systematically made on behalf of local field underwriters.	Benefits of streamlining the underwriting process regularly reinforced by executives. Producer profile is used as an indicator for agent perception, helping carriers adapt their communication.	Underwriters shield producers and customers from any activity performed outside of their local office. Local field underwriters channel all communications with producers; maintain full control over the relationship.
	Organizational alignment	Sales skills and experience systematically assessed in the underwriter recruiting process.	Population of field underwriters segmented based on sales performance. Sales training programs available to underwriters who are regularly encouraged to develop sales skills.	Underwriters' performance plans include profitability metrics and premiums but fail to distinguish between new business and renewal premiums; plans have little or no reference to sales activities and targets.
Monitoring and continuous performance improvement	Monitoring and continuous performance improvement	Endorsement activities tracked to understand and monitor impact on back-office activities; streamlined renewals may lead to increase in endorsements that offset underwriting efficiency gains.	Retention metrics tracked to assess the impact of lower underwriting intensity on producer and customer experience; eligibility criteria easily refined.	Local models continually refined to hone eligibility criteria and raise the quality of the book, with appropriate balance regarding the number of key variables used.

Leading On Par Lagging

A framework for response

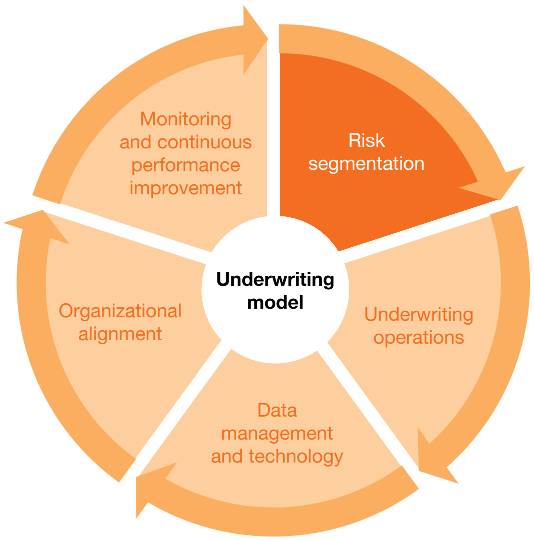
Our recommended approach to the issue.

To set the stage for an effective underwriting model, we see these five areas of focus as being fundamental to success.



Risk segmentation—Understand how the current book of business and the submissions pipeline are distributed.

Segmentation distribution occurs across lines of business, customer segments, and other factors driving underwriting complexity and "what is at stake."



Underwriting intensity should be based not only on the complexity of incoming submissions, but also on other factors such as sales upside or premium potential, potential loss severity, probability of closing the deal, and long-term relationships with brokers and customers.

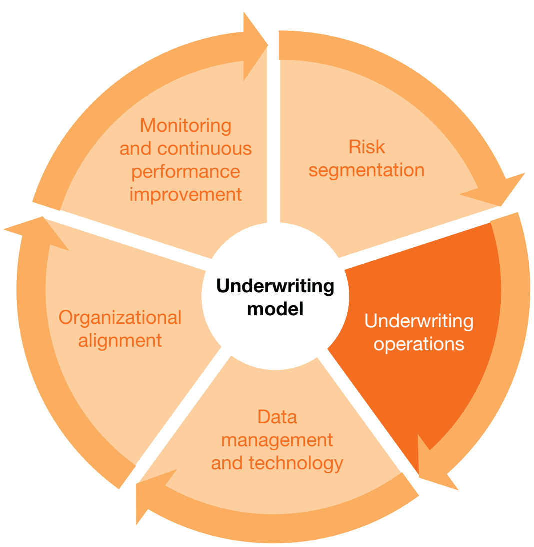
The book of business and the submissions pipeline should be analyzed across the various dimensions that define eligibility for distinct underwriting models, enabling carriers to develop sound business cases, understand scalability requirements, and identify operational constraints.

Carriers should ask themselves…

- What factors should drive the underwriting intensity applied on incoming submissions?
- What are the eligibility criteria for the different underwriting models?
- What volume of submissions is expected to go through each underwriting model?
- To what extent can underwriting eligibility criteria be stretched?

Key steps	Activities
Define intensity factors and limits	• Identify the various factors that should drive underwriting intensity, reflecting the intrinsic complexity of underwriting for each line and sub-line of business—including type of risk and business conversion potential. Factors can include the nature and quality of the relationship with the producer or marketplace competitiveness. • Determine cutoffs and limits for all factors.
Analyze book of business and submission pipelines	• Analyze how underwriting-intensity factors and limits correlate with account premium and volume. • Perform sensitivity analysis on the different factors and identify room for scalability.
Develop segmentation scenarios	• Define segmentation scenarios. • Analyze book of business based on these scenarios—one method being the use of decision-tree segmentation. • Define eligibility criteria and baseline underwriting performance and profitability objectives, such as loss ratio or retention, along with the target portfolio and business mix.

Underwriting operations—Define the actual process flow; identify what can be automated or centralized, and identify the critical decision points in the underwriting process where a workflow coordinator selects the right route for a given submission.



Once a baseline underwriting process for risks that require a high level of underwriting intensity has been established, carriers should:

1. Consider how the process could be streamlined for submissions that require less intensity.
2. Assess the viability of various operational levers, such as centralization, virtualization, and elimination of process steps.

In the context of centralizing underwriting activities, consider structural considerations such as business continuity, geographical proximity, local labor cost, and talent availability. To deliver high-value opportunities, newly designed underwriting processes should be both flexible and scalable.

Carriers should ask themselves…

- How centralized, or decentralized, should the underwriting process be?
- If centralization is selected, how best can we manage cultural change to facilitate broad buy-in from different groups of underwriters by line and level of expertise?

Key steps	Activities
Establish baseline underwriting process	• Establish a current-state process baseline that can be used as a starting point. • Identify nuances and requirements for specific expertise that exists across customer segments and lines of business.
Develop target-state process	• Identify and develop unambiguous underwriting scenarios that fall into low- or high-intensity models. Pay close attention to processing and distribution factors that also drive the amount of underwriting intensity allocated to submissions. • For each underwriting model, determine which functions should be automated, virtualized, centralized, or simply eliminated. • Establish consistent practices that address how centralized activities should be handed off to headquarters from local offices and field personnel.
Resolve structural considerations	• Develop future-state models for volume-driven and margin-driven processes.

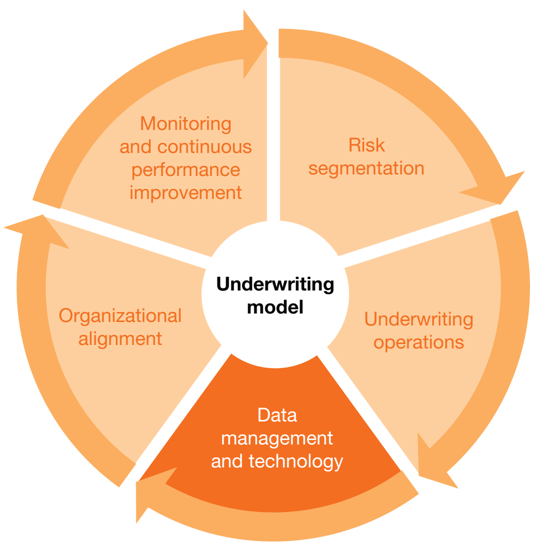
Data management and technology—Identify the technology solutions required for scalability and drive adoption of, and compliance with, newly designed underwriting paths.

Once initial pilots have proven to be successful and new underwriting paths carrying various levels of intensity are ready to be implemented, carriers should consider technology solutions that automate the triage of submissions and assign those technologies to the most advantageous underwriting paths, enforce compliance with new underwriting standards, and orchestrate the distribution of activities among several constituents.

Components of existing underwriting platforms—rating engine, workflow management, content management, and the like—should be evaluated for their potential.

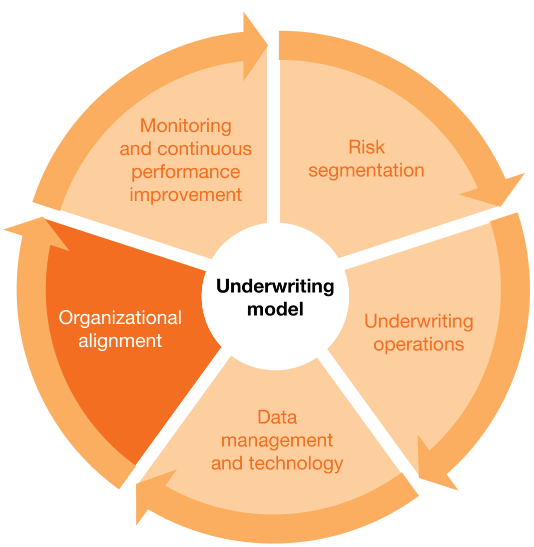
Carriers should ask themselves…

- Which process inefficiencies are hindering the scalability of newly designed underwriting paths? Which pain points do we need to resolve?
- Should existing underwriting platforms be reused, or only specific components of those?
- Can we reuse the same business logic, such as workflow and rules?



Key steps	Activities
Identify business and technology capabilities	• Identify pain points that hinder the scalability of new underwriting paths. • Determine the business and technical capabilities that must be enabled.
Inventory reusable technical assets	• Evaluate maturity, health, and the long-term value of existing underwriting platforms and enterprise IT services—for example, workflow and content management. • Assess the value and feasibility of reusing some of the business logic residing in legacy systems. • Identify potential infrastructure upgrades to support long-term usage.
Assess vendor solutions	• Evaluate vendor solutions that may need to be implemented in order to compensate specific capability gaps.

Organizational alignment—Provide the right training and incentives to support streamlined underwriting models and increased focus on sales.



Effective underwriting models redefine the underwriting function, bringing sales and operational incentives to offload activities requiring limited expertise. The active involvement of senior management helps to reset expectations across the organization and drive adoption of the new mindset.

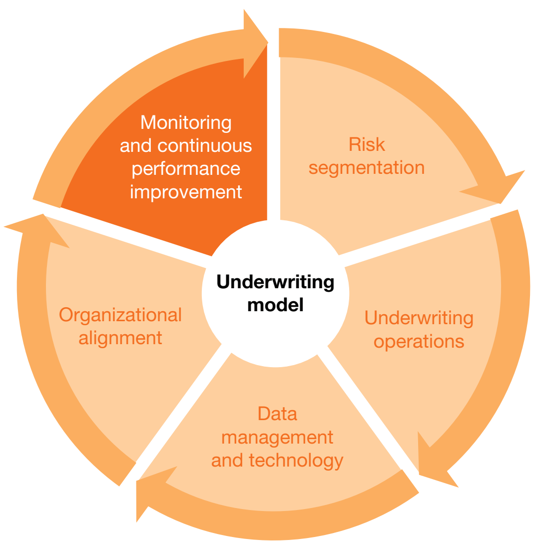
Organizational alignment deals with the people and culture factors that shape underwriting and sales behavior—organizational structure, reporting relationships, sales effectiveness, training, performance management, compensation structures, and talent management among them.

Carriers should ask themselves…

- What are the roles and responsibilities, goals, and incentives of our underwriters?
- How do we expect our underwriters to spend their time? Do they have the right skills and tools to effectively drive sales?
- Are performance and compensation metrics aligned with job responsibilities and expectations to support the transformed underwriting model?

Key steps	Activities
Define underwriter roles and responsibilities	• Define cross-functional roles and responsibilities, including sales, underwriting, and operations. • Design incentive plan and performance reporting metrics that align compensation with sales and profitability objectives.
Train and develop sales expertise	• Understand the current profile and performance of underwriters; identify hunters, desk underwriters, top performers, and farmers. • Develop necessary training for sales and process-oriented underwriting; prioritize course enrollment. • Effectively manage the talent lifecycle, including workforce planning, recruitment, and development.
Develop communication plan	• Develop formal communication channels to reinforce leading practices and collect valuable feedback. • Increase top-down communications to demonstrate executive support. • Quantify the expected increase in benefits—such as retention and customer satisfaction—when the new underwriting model is applied. • Conduct agency surveys to assess external perception and acceptance of the process.

Monitoring and continuous performance improvement—Establish an ongoing process for monitoring and measuring sales, profitability, and underwriting performance, as well as to provide feedback that continuously refines the underwriting model.



Once new underwriting models have been defined, they should be tracked by an ongoing process of implementation and feedback. Monitoring processes may help promote adherence to underwriting best practices and help to evaluate whether the goals are being achieved. This is done through both internal feedback, such as from sales, finance, and front-line personnel, as well as through external feedback through customers, agents, underwriters, and pricing actuaries.

Carriers that fail to continuously refine their underwriting approach can miss out on one of the greatest benefits—the fact that the impact can be quickly measured and approach recalibrated with relatively little operational effort.

Carriers should ask themselves...

- How will insurers maintain a flow of profitable new business once the competition starts to catch up?
- What are the target segments that both meet profitability and ROE targets and that optimize available underwriting capacity?
- How do you win over or accommodate those underwriters who do not wish to be more sales-orientated?

Key steps	Activities
Determine accessibility	• Determine how much performance information is available and adapt it to various constituents. • Control the delivery of information through implementation of access rights, security levels, and data segregation principles.
Ensure consistency	• Compare performance of new underwriting models with that of conventional approaches across organizational entities (e.g., business units, field offices, lines of business, or regions).
Use informal methods	• Conduct an informal dialogue with agents and field staff to identify non-quantifiable indirect effects (e.g., confusion regarding rates or perceived quality of service).
Monitor frequently	• Capture a performance snapshot on a regular basis, archive historical data, and analyze trends.
Address issues	• Implement prescriptive actions (e.g., refine eligibility criteria or adjust rate strategy) based on observed metrics and trends.

How PwC can help

Our capabilities and tailored approach.

Our market-tested approach

A fundamental change to the underwriting model and to underwriters' expectations can adversely disrupt an insurer's core competencies and consequently the franchise. To avoid these disruptions, changes to the underwriting model should be supported by a business advisor who can provide the technology, stakeholder and program management, and staff capabilities to help ensure a successful transition.

Determine strategic impact:

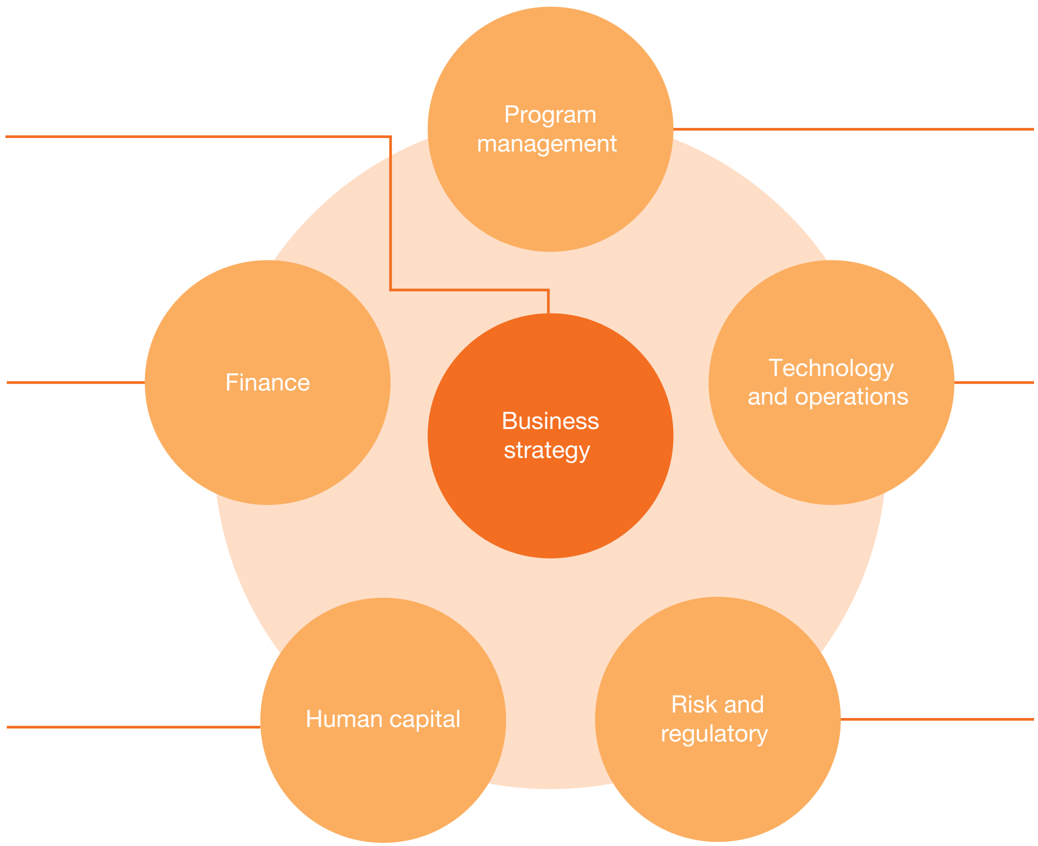
- Consider change in business model, market share ambitions, and target portfolios.
- Identify need to exit from any existing lines.
- Emphasize predictive models.

Determine impact on:

- Finance organization.
- ROI/ROE.
- Capital.
- Efficiency ratios.
- Compensation structures.
- Investor relations.

Key areas of focus:

- Human resources organization.
- Workforce management.
- Compensation.
- Mobility.
- Training and change management.



Define and implement key components:

- Business portfolio analysis.
- Program governance.
- Project tracking, budgeting, and reporting.
- Staffing and human resources management.
- Vendor management.

Key areas of focus:

- Target operating models.
- Core platform modernization.
- Efficient sourcing models.
- In-house vs. outsourced platforms.
- Infrastructure rationalization.

Help manage the impact on:

- Risk profile.
- Risk organization.
- Regulatory capital.
- Compliance activities.
- Regulatory reporting.

Client needs and issues

We look across the entire organization—focusing on strategy, structure, people, process, controls, and technology—to help our clients improve business processes, transform organizations, and implement technologies needed to run the business.

Client needs	Issues we help clients address
Build effective organizations	• Rethinking strategy in terms of markets, geographies, channels, and clients. • Restructuring organizational models in terms of structures, policies, roles. • Establishing effective strategic sourcing and procurement. • Realizing competitive advantage through effective risk-adjusted, strategic business planning and superior risk selection and predictive modeling capabilities.
Manage risk, regulation, and financial reporting	• Building a risk-resilient organization through an enterprise risk management framework that both facilitates and protects the franchise. • Managing enterprise resource planning, investment, and project execution risk. • Safeguarding the currency of business; keeping sensitive data out of the wrong hands. • Affirming capital project governance and accountability. • Assessing and mitigating corruption risk in your global business operations. • Accounting and financial reporting. • Third party assurance. • Taxation.
Reduce costs	• Driving efficiency through shared services. • Redesigning finance to realize efficiency and competitive advantage. • Taking control of cost through effective spend management and cash forecasting practices. • Driving sustainable cost reduction.
Leverage talent	• Defining and implementing an effective HR organization. • Rethinking pivotal talent.
Innovate and grow profitably	• Reshaping the IT function into a source of innovation. • Transforming business information to drive insight and fact-based decision making. • Evaluating acquisition and divestiture strategies to position for the future. • Realizing deal synergy and value. • Developing sustainability programs that add value.

What makes PwC's Financial Services practice distinctive

Integrated global network	With 34,000 industry-dedicated professionals worldwide, PwC is a network of firms that facilitates the creation of cross-border teams. PwC's large, integrated global network of industry-dedicated resources means that PwC deploys the right personnel with the right background on our clients' behalf, whenever and wherever they need it.
Extensive industry experience	PwC serves multinational financial institutions across banking and capital markets, insurance, asset management, hedge funds, private equity, payments, and financial technology. As a result, PwC has the extensive experience needed to advise on the portfolio of business issues that affect the industry, and we apply that knowledge to our clients' individual circumstances.
Multidisciplinary problem solving	The critical issues financial institutions face today affect their entire business. Addressing these complexities requires both breadth and depth, and PwC service teams include specialists in strategy, risk management, finance, regulation, operations, and technology. This multidisciplinary approach allows us to provide support to corporate executives as well as key line and staff management. We help address business issues from client impact to product design, and from go-to-market strategy to operating practice, across all dimensions of the organization. We excel at solving problems that span the range of our clients' key issues and opportunities, working with the heads of business, risk, finance, operations, and technology.
Practical insight into critical issues	In addition to working directly with clients, our practice professionals and Financial Services Institute (FSI) regularly produce client surveys, white papers, and points of view on the critical issues that face the industry. These publications—as well as the events we stage—provide clients new intelligence, perspective, and analysis on the trends that affect them.
Focus on relationships	PwC US helps organizations and individuals create the value they're looking for. We're a member of the PwC network of firms with 169,000 people in more than 158 countries. We're committed to delivering quality in assurance, tax, and advisory services.

Appendix

Select qualifications.

Underwriting operating model—Multi-line commercial insurer

Issues	A commercial middle-market carrier had established aggressive growth targets by providing outstanding local relationship management in a highly effective manner for all distribution sources. A key enabler of this vision was to free up underwriting capacity by implementing processes and tools to support a streamlined underwriting model.
Approach	A small PwC team was engaged to develop a new underwriting operating model. The team worked with the client to standardize and streamline underwriting processes for new and renewal business while maintaining business unit customization, where required. The team built a segmented operating model around different levels of underwriting intensity required for submissions based on underwriting complexity.
Benefits	The new operating model was implemented to help streamline the processing of lower complexity submissions. By processing these lower complexity renewals through a centralized processing center, underwriters no longer needed to spend time processing commoditized, administrative tasks and were able to increasingly focus on acquisition activities, which ultimately translated into a substantial lift in sales productivity.

Streamlined policy renewal—Multi-line commercial insurer

Issues	A multi-line commercial insurance carrier in the US planned to roll out a streamlined, centralized renewal operating model in order to create capacity in the field. After a current-state assessment of existing streamlined renewal processes across its various business units, the decision was made to pilot an enhanced version of one of its renewal models within the carrier's largest business unit and to extend that model to a select number of additional business units.
Approach	PwC assisted with the communication necessary to expand the existing streamlined renewal pilot across the remaining field offices for the largest business unit. In addition, we helped determine the process changes and roll-out approach necessary to extend the model to other identified business units. As part of the roll-out planning effort, PwC developed a 12-month implementation plan to scale and mature the model. The implementation plan not only included recommended process changes, but also milestones to expand underwriting eligibility for renewals, a communication and training plan needed to roll out the process, eligibility changes, a metrics feedback loop to improve decision making, and the resource requirements and structure required to support the expanded model.
Benefits	The enhanced renewal model was successfully rolled out across the entire country for the largest books of business. Furthermore, the team was able to lay down the foundation for the carrier to expand the renewal model across the remaining business units.

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"Missing the forest for the trees? Adapting underwriting intensity to boost insurance property and casualty sales," PwC FS Viewpoint, August 2012. www.pwc.com/fsi

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