

Underwriting appetite is knowledge, not a rules table

Insurers have automated the easy risks. The referrals that remain depend on underwriting judgment that is difficult to codify and expensive to lose.

01

Straight-through processing reached its limit

Rules engines and pricing models handle a large share of standard business. What is left is the work that needs an underwriter: risks near the edge of appetite, unusual exposures, large or complex accounts and anything that triggers a referral.

Referral cases are where an insurer's underwriting culture shows. Two carriers with similar guidelines can respond very differently to the same submission, because their senior underwriters weigh exposures, mitigation and broker relationships in different ways.

02

What appetite really means

Appetite statements are short. The working definition of appetite is much richer and mostly unwritten.

Which exposures are acceptable with which mitigations, and which are never acceptable.

How appetite shifts with capacity, reinsurance and portfolio mix during the year.

Which referral reasons a given authority level can clear, and which go higher.

Precedent from earlier accounts, including losses that changed the view.

Broker and client context that legitimately changes the decision.

03

Claims carries the same problem

Claims handling faces the same structure. Policy wordings define coverage, but the handling of ambiguous claims depends on interpretation, precedent and authority. When experienced handlers leave, consistency suffers and leakage rises, even with the same wording and the same systems.

04

Giving AI the underwriter's context

Models can already extract data from submissions and summarise loss runs. To support the referral decision itself, they need the insurer's appetite logic, referral rules, authority structure and precedent in a form they can apply and cite.

With that layer in place, a submission arrives with a draft view that reflects the carrier's appetite, the relevant precedent and the authority required, and the underwriter spends time on the judgment that remains genuinely open.

05

Where to start

Select one line of business and its most common referral reasons. Capture how senior underwriters resolve them, link each resolution to the exposures, mitigations and authority involved, and test the result against recent referrals. The exercise often reveals inconsistencies between teams that are worth fixing in their own right.

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