**Connectivity at the centre of digital transformation in the underwriting of credit & surety insurance**

Major highlights in the insurance industry on the most important topics for the credit insurance and political risk insurance of the time was the ExCred International in London on 28th and 29th February 2024 and the ICISA Surety week 2024 on the 19-22nd February.

What success can the trade credit and surety insurance industry look back on over the last 20 years?

A global premium growth rate of 5-6% annually on average over this long period of time emphasises the importance and demand for these insurances. And despite the current economic and political situation, a further success story is expected.

Of course, there are considerable challenges on the agenda. As a supporter and enabler of technical solutions, our focus is on stabilising the industry and exploiting market opportunities.

Digitalisation in the underwriting of trade credit insurance and in the surety business not only enables a transformation of processes, but also new, modern services through the connectivity of business partners within end-to-end processes.

A key approach of the internal organisation in underwriting is the transformation of decision-making processes and the reduction of manual effort as well as an increase in the speed of underwriting through efficiency gains.

In addition, the focus is on technical connectivity between brokers and the insurance company. Significant competitive advantages can be achieved here compared to conventional processes through suitable technology.

But access to reinsurance is also supported by a high level of technological and secure underwriting support.

Let's look at the expectation of credit insurance usage in the financial world. The use of credit insurance by banks and financial institutions will increase, as Basel III and in future Basel IV will increase the importance of insurance cover for limit decisions and capitalisation.

SCHUMANN is at the centre of the transformation through its close relationships with insurance companies and brokers. Our intensive and comprehensive networking in the industry also comprises the ICISA as well as SCHUMANN's strong network in the financial world, such as the FCi and ITFA. These close cooperations gives us direct access to the expected regulatory developments for the financial and insurance sector.

While IT-supported granting credit limits has long been implemented in IT solutions in credit risk management and underwriting, we are now turning our attention to AI-supported forecasting of default risks and the prediction of incoming payments based on payment experiences. Data from credit agencies refine the results of the insolvency forecast.

AI for payment forecast and insolvency forecast has an impact on limit decisions: Higher precision of the forecast to avoid claims. Another effect is fraud prevention, like identification of fraudulent invoices. The economic effect of these forecasts for policyholders is just as significant as for insurers.

With the current generation of generative AI systems such as ChatGPT, artificial intelligence has arrived in the mainstream. The use of this technology in underwriting is currently being closely scrutinised. The forms of application depend on the competences granted to the IT solution or the extent to which legal regulations permit automated underwriting support.

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