RESEARCH REPORT

2025 Federato State of Underwriting Report

Why One In Four Submissions Is A Waste Of Time And What To Do About It

Insights From 500 Carriers And MGAs On The Current State Of Underwriting

FEDERATO

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Underwriting teams are losing valuable time—and profitable deals—due to outdated processes and a lack of real-time visibility. Despite new technologies, inefficiencies continue to drag down productivity, reduce profitability, and leave high-value opportunities untapped.

To understand why, Federato surveyed 500 insurance executives and underwriters at carriers, MGAs, and aggregators. The findings are clear: underwriters spend too much time on misaligned submissions, rely heavily on static guidelines, and lack the tools to prioritize the best opportunities. These inefficiencies don't just affect day-to-day workflows, they impact portfolio performance, profitability, and an insurer's ability to compete.

This report breaks down the root causes of underwriting inefficiency and quantifies its real cost. It also highlights where modern tools, particularly real-time portfolio visibility and AI-driven decision support, can help insurers refocus efforts on the right deals, reduce wasted time, and improve underwriting outcomes.

Key Findings

Too much underwriting effort goes to waste

Averaged across all respondents, underwriters spent 26% of their effort on unwinnable deals. Over half of Tier 2/3 carriers reported wasting at least 20% of their effort on unwinnable deals; 1 in 5 wasted up to 50%.

Too much time wasted on the wrong submissions

1 in 4 submissions fall outside portfolio appetite, leading underwriters to spend valuable time on deals unlikely to close.

AI recognized as essential, but manual processes still dominate

50% of insurers believe AI can improve submission prioritization and efficiency, yet 45% remain reliant on manual tracking.

Inefficiency and outdated tech stall progress

40% of respondents identify inefficiency as their biggest underwriting hurdle, while 55% say failure to adopt modern tech is a key missed opportunity.

Leaders underestimate underwriters' tool challenges

33% of underwriters say they lack the tools to prioritize effectively, but only 15% of executives recognize the issue.

How Inefficient Underwriting Undercuts Growth

Underwriters are spending a significant share of their time on deals that will never close—an inefficiency that directly impacts productivity, profitability, and growth potential. On average across all respondents, **one-fourth (26%) of underwriting effort is wasted on unwinnable deals**, tying up resources on submissions that could be focused on high-value opportunities.

1/4 of underwriting effort, on average is wasted on unwinnable deals

Interestingly, perceptions of this inefficiency differ across roles. **Individual contributors estimate that 33% of effort is wasted—well above the executive estimate of 25%**, suggesting a disconnect between leadership and frontline underwriters.

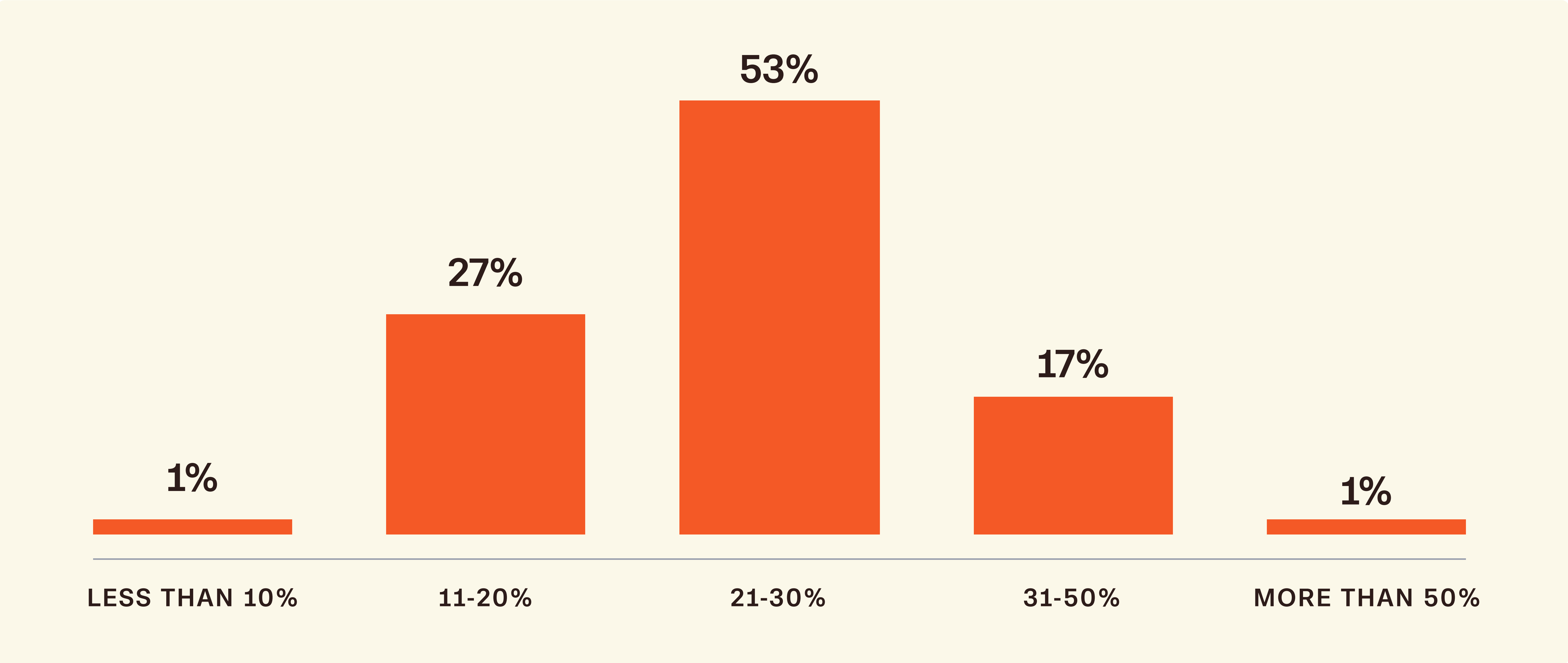
The problem becomes even more pronounced as insurers scale. Among organizations with $30M to $249M in premium, the overwhelming majority (85%) reported wasting between 10% and 30% of their underwriting efforts, with 58% of respondents wasting more than 20%. That number jumped drastically for the next two groups: **among organizations with premiums between $250M and $999M, 74% reported wasting 20% or more effort, and organizations between $1B and 4.9B 77% reported at least 20% waste.**

The largest carriers fared worst of all. Among organizations with over $5 billion in premium volume, 37% report wasting up to 50% of underwriting effort. These larger insurers face added complexity—more lines of business, larger teams, and fragmented systems—which likely magnify inefficiencies across the process.

The cost of misaligned submissions

A major driver of wasted underwriting effort is the volume of misaligned submissions. On average, **one in four submissions fall outside of portfolio appetite**—meaning underwriters are spending time on risks that are not in line with their organization's preferences or strategies.

Percentage of submissions reviewed that are outside portfolio appetite



This misalignment creates ripple effects that slow down underwriting teams:

- It pulls attention away from high-value submissions that align with business strategy.
- It adds unnecessary complexity, increasing back-and-forth between underwriters and managers and/or reinsurance partners.
- It delays decision-making, slows quote turnaround times, and strains broker and agent relationships.

The connection between misaligned submissions and wasted effort is clear in the data. **The higher the percentage of submissions outside of portfolio appetite, the more wasted effort underwriters report.** For instance, respondents whose portfolios have more than 50% of submissions outside appetite are significantly more likely to report that over 50% of their underwriting effort is wasted.

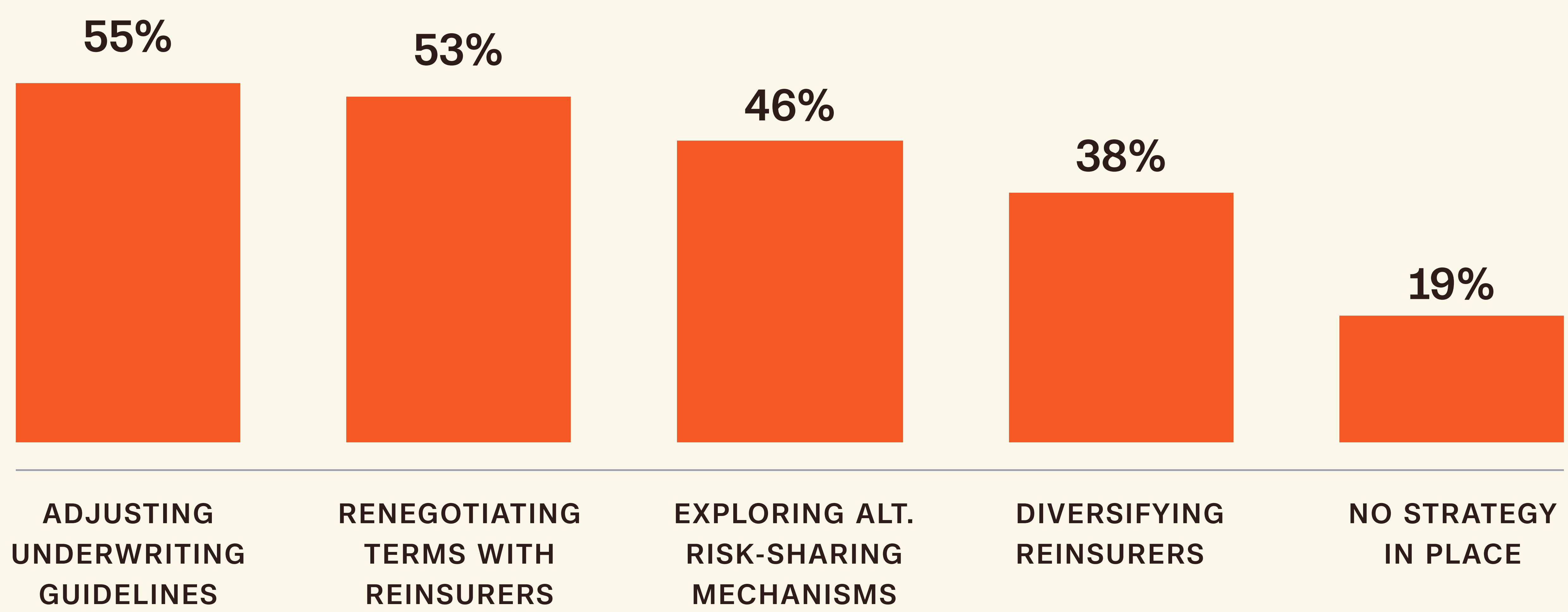
This underscores the need for better triaging of risk, real-time visibility into portfolio strategy, and dynamic submission prioritization.

↓ Insurers with > 50% of submissions outside appetite are significantly more likely to report that >50% of their underwriting effort is wasted

Rising Reinsurance Costs Add External Pressure

Reinsurance costs continue to rise, with **100% of insurers indicating that reinsurance costs and availability are a very significant (54%) or somewhat significant (46%) challenge.** This adds external pressure on insurers to control underwriting inefficiencies. Notably, underwriters are much more likely to see reinsurance costs as a very significant challenge (84%) compared to executives (52%).

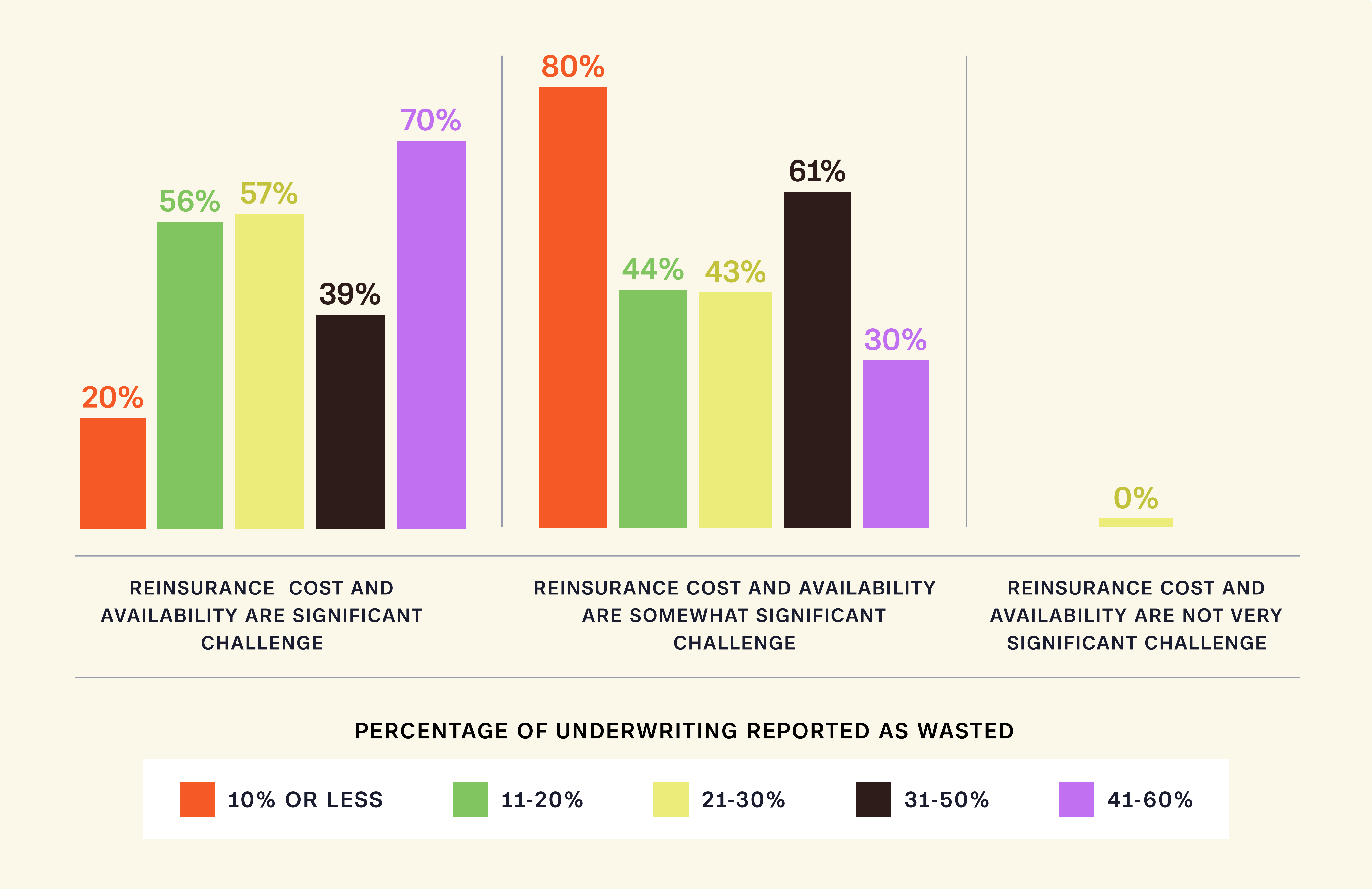
The biggest challenges in managing the rising costs or limited availability of reinsurance



Critically, there's a correlation between underwriting inefficiency and exposure to unfavorable reinsurance terms. Insurers with higher levels of wasted underwriting effort also report greater challenges in controlling reinsurance costs.

↑ The higher the percentage of wasted effort—especially beyond 50%—the greater the challenge with reinsurance costs and access

How wasted underwriting effort relates to reinsurance challenges

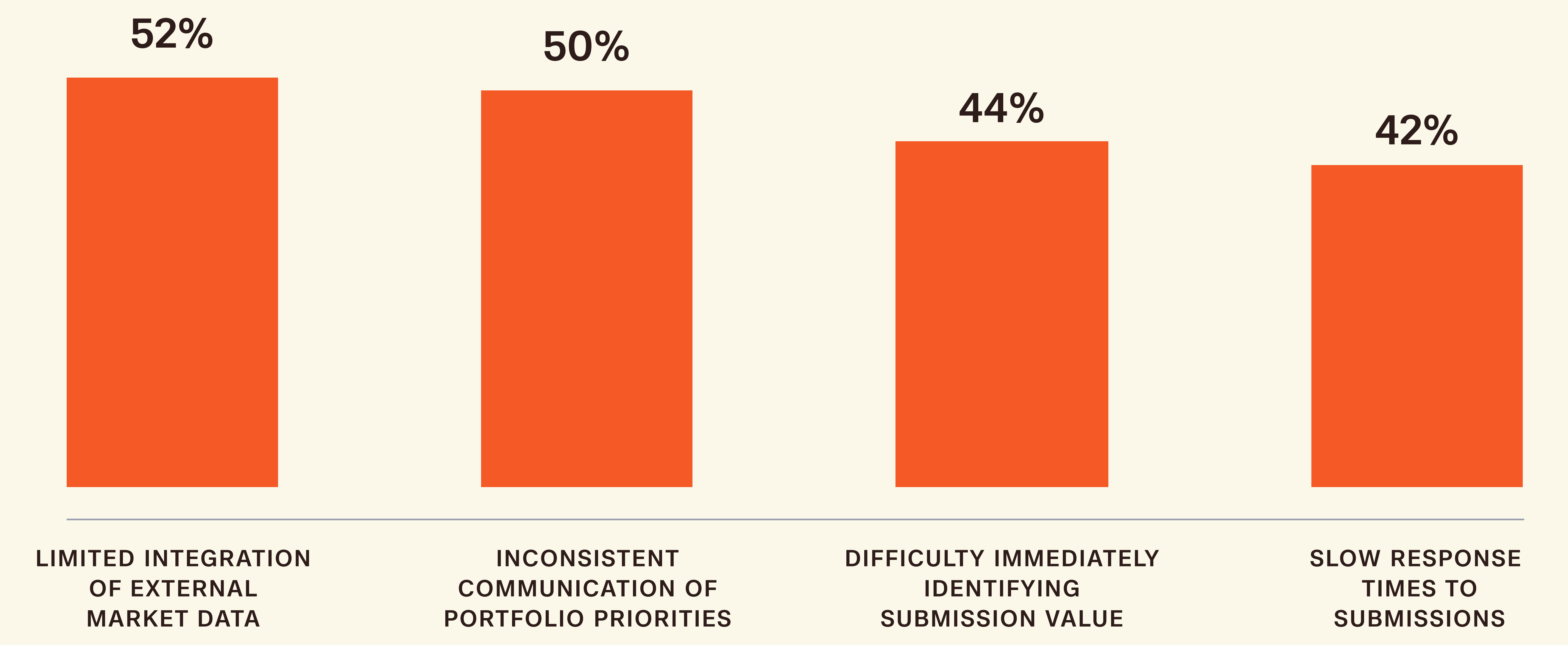


Inefficiencies like slow decision-making, manual processes, and misaligned submissions hinder an insurer's ability to optimize their portfolio mix and result in slow quote times, lower bind rate, and worse adherence to portfolio goals, all of which contribute to higher reinsurance pricing. Reducing wasted effort and improving risk selection not only boosts internal efficiency but strengthens an insurer's negotiating position.

Missed Opportunities: The Cost of Inefficient Underwriting

Underwriting inefficiencies aren't just operational challenges, they carry real financial and strategic costs. Time spent on unwinnable deals leaves high-value business unquoted and reduces the ratio of in-appetite business bound.

Factors contributing to missed underwriting opportunities



Limited integration of external market data (52%) and inconsistent communication of portfolio priorities (50%) leave underwriters without the information they need to make quick, informed decisions. As a result, **44% struggle to immediately identify the value of each submission**, slowing their ability to focus on high-potential deals.

Compounding the issue, **42% cite slow response times to submissions**, which can strain broker relationships and cause insurers to lose out on competitive opportunities. Together, these gaps reduce win rates, delay portfolio optimization efforts, and leave high-appetite business unquoted.

What's Holding Underwriters Back from Prioritizing High-Value Deals?

Underwriters face multiple, compounding barriers when it comes to focusing their efforts on the highest-value opportunities. Gaps in real-time data, static portfolio guidance, and inefficient tracking systems all force underwriters to spend valuable time on submissions that don't align with business goals. This translates directly into lost money for insurers, who miss potentially lucrative deals that underwriters don't uncover until it's too late for them to bind.

Gaps in external data

Underwriting success depends not only on internal portfolio insights but also on external market data to assess risks effectively. But integrating disparate data sources has traditionally been challenging for insurers, and many organizations still lack a seamless solution.

55% of respondents cite limited integration of external market data as a significant factor contributing to missed opportunities

Without real-time access to competitive intelligence, industry benchmarks, or third-party risk data, underwriters may fail to assess submission quality, pricing, or strategic alignment quickly. This lack of integration leaves insurers vulnerable to slow, reactive decision-making and increases the likelihood of missed high-value deals.

More than half of insurers lack robust external data integration

Limited real-time visibility into portfolio priorities

Data gaps aren't limited to external sources. Many underwriters also lack visibility into their organization's current portfolio appetites and performance metrics. Instead, they rely heavily on static, manual processes:

- **73% of underwriters say they struggle with portfolio visibility.**
- **56% of underwriters still rely on static guidelines**—like PDFs and spreadsheets—which are difficult to update and apply consistently.
- **50% use manual methods to track and measure win rates,** limiting their ability to adjust strategies dynamically.

Without dynamic, up-to-date visibility into submission fit and portfolio goals, underwriters default to evaluating every submission individually, regardless of how well it aligns with strategy. This reactive process not only wastes time, but increases the likelihood of low-appetite deals progressing through the pipeline.

Adding to the problem, many teams don't receive regular updates to portfolio status and strategy guidance, further increasing the likelihood that effort is spent on low-appetite deals. It's no surprise, then, that **70% of respondents cite ineffective prioritization tools as a key barrier.**

Poor tracking and prioritization

For insurers to maximize underwriting success, they need to track win rates effectively and ensure that high-potential submissions receive priority. However, the data suggests a gap between targeted performance and actual processes:

24% of organizations aim for a win rate above 30%, but only half (50%) have a formal tracking system in place to measure progress toward this goal

Without structured tracking, underwriting teams lack the insights needed to assess past performance, improve risk selection, and optimize their approach to high-value opportunities.

Misaligned submissions

Underwriters are dividing their time **almost equally** between submissions that are strong candidates for approval and those unlikely to convert. On average:

26% of submissions worked on are highly winnable and within portfolio appetite

26% fall outside of appetite, meaning valuable resources are being spent on low-fit risks

This split highlights a missed opportunity to improve efficiency. While underwriting teams are dedicating meaningful effort to high-potential deals, an equal share of their time is wasted on submissions that should be deprioritized or triaged out earlier in the process.

Even among deals that ultimately bind, the distribution suggests prioritization could be sharper. Currently, **only 36.6% of bound business falls into high-appetite categories,** leaving room to focus more squarely on the submissions that best align with strategic goals. Fine-tuning submission filtering and prioritization not only improves efficiency but also strengthens overall portfolio quality and risk-adjusted returns.

Outdated portfolio guidance

Underwriters continue to face challenges in maintaining a well-balanced, strategically aligned portfolio due to submissions that fall outside their organization's risk appetite.

32% of individual contributors report that their organizations frequently work on submissions misaligned with their portfolio appetite

This misalignment diverts underwriting resources, slows down the assessment of high-priority submissions, and wastes underwriters' time. A key contributor to this issue is the inability to filter out low-priority deals early in the process. Without clear, up-to-date guidance, underwriters may spend valuable time on submissions that should be deprioritized or redirected.

The research reveals that frequent portfolio strategy updates can significantly improve underwriting efficiency. **63% of organizations update their portfolio appetite and strategy guidance monthly,** and those that do report lower levels of wasted effort and better submission prioritization. Regular updates ensure that underwriters have current criteria to evaluate deals quickly, align with market conditions, and focus on the most valuable opportunities.

Leadership-underwriter disconnect

A recurring theme in the research is the disconnect between executive perception and underwriter reality regarding prioritization and efficiency.

47% of executives believe their teams effectively prioritize high-value opportunities

Only 28% of underwriters feel they have the tools and visibility necessary to do so

This gap suggests that **executives may overestimate their organization's ability to filter, assess, and quote high-priority risks.** Without better alignment, underwriting teams will continue to face barriers in executing an efficient, data-driven strategy.

Why Today's Underwriting Tools Fail to Deliver Efficiency

As underwriting complexity grows, modern tools offer the potential to streamline processes, prioritize high-value submissions, and align decisions with portfolio strategy. Yet, for many organizations, technology isn't delivering on that promise.

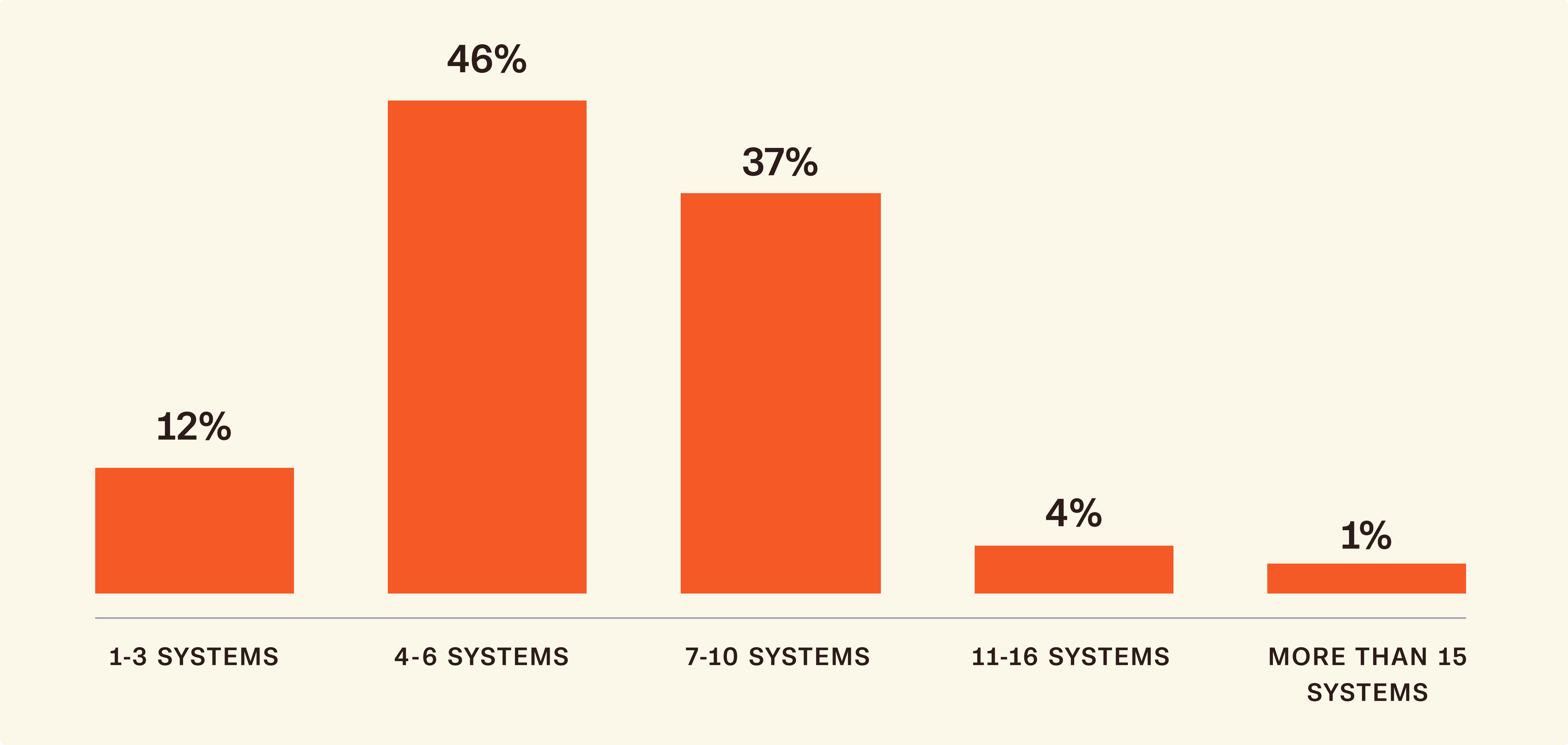
Underwriters rely on a variety of systems to assess risk, track submissions, and inform decisions. The sheer number of tools in the process can slow down an underwriter's work as they bounce from screen to screen. On average, underwriters use six different systems to complete the underwriting process—leading to fragmented workflows, data silos, redundant tasks, and slower decision-making.

On average, underwriters use six different systems to complete the underwriting process

Interestingly, perceptions of tool usage vary by role. **Executives and directors are more likely to report using 4–6 systems (49%), while 60% of individual contributors report juggling 7–10 systems.** This discrepancy suggests that those closest to the day-to-day process may experience greater complexity and tool overload.

Ultimately, while technology is intended to boost efficiency, too many disconnected systems can hinder underwriting teams more than help them.

Number of systems used in current underwriting process



How slow tech adoption holds insurers back

Insurers differ significantly in how quickly they adopt new underwriting technologies. While 47% of organizations identify as early adopters, the majority remain slower to implement modern tools, leaving potential efficiency gains on the table.

And the pace of adoption has clear consequences:

- Late adopters report **more use of manual methods** (72% compared to 45% overall)
- Organizations resistant to new tech **are more likely not to formally track win rate** (8% compared to 1% overall)
- **17% of organizations resistant to adopting new technology report that over half of their underwriting effort is wasted on unwinnable deals**

A key takeaway: insurers hesitant to modernize are more likely to face persistent inefficiencies. In contrast, those investing in advanced tools are better positioned to improve submission prioritization, optimize portfolio performance, and reduce wasted effort.

Yet, even for those embracing technology, progress is often gradual. **55% of organizations update their underwriting technology every two to three years**—a cadence considered standard for insurance but slow compared to industries that prioritize continuous optimization.

AI's Role in Underwriting Efficiency

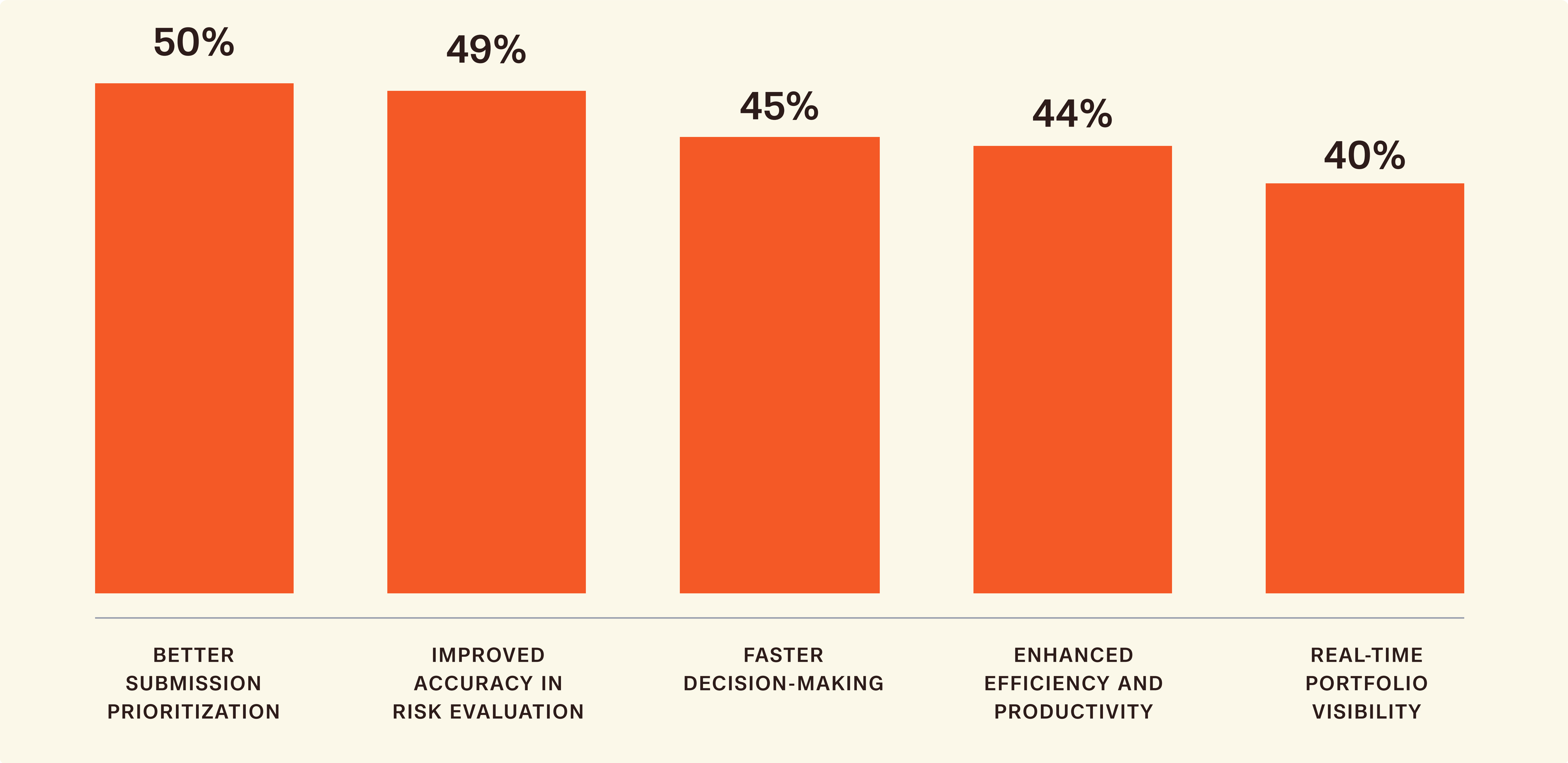
Artificial intelligence is increasingly recognized as a powerful tool for improving underwriting efficiency, particularly in submission prioritization. However, a clear gap remains between AI's perceived value and its practical adoption.

While **50% of respondents see AI as a key driver for better submission prioritization and efficiency,** actual usage tells a different story: **only 35% currently use AI for submission intake.** Even in the top areas for AI usage, adoption was relatively low: 39% used AI for rating and pricing, 37% used it for eligibility and risk evaluation, and 37% used it for claims management.

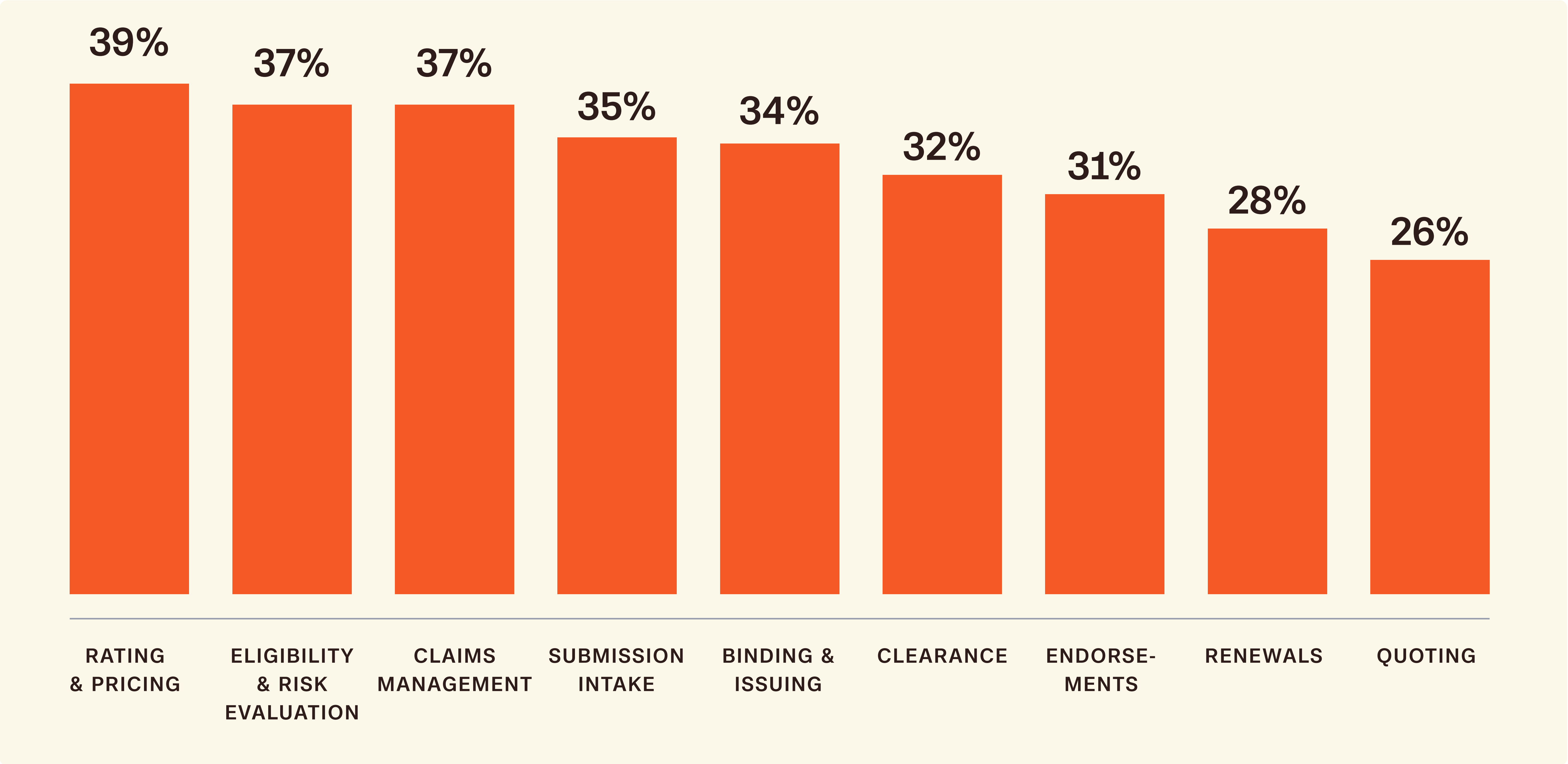
This disconnect suggests that although insurers recognize AI's potential to optimize risk selection and streamline processes, its integration into day-to-day underwriting decisions—especially pricing—remains limited. Factors contributing to this gap may include regulatory concerns, lack of trust in AI-driven models, legacy system constraints, or hesitancy to overhaul established workflows.

Closing this adoption gap presents a major opportunity for insurers looking to improve efficiency, consistency, and profitability at scale.

Value AI adds to current users' underwriting processes



Areas where insurers currently use AI



AI early adopters report better outcomes

For insurers that have embraced AI, the benefits are clear:

> 62% of early adopters report that AI is exceeding their expectations for improving underwriting processes compared to just 50% of respondents overall

This suggests that organizations leveraging AI effectively are already seeing gains in efficiency, accuracy, and underwriting performance. As more insurers integrate AI into their workflows, the gap between adopters and laggards will continue to grow. Organizations that make effective use of AI may start to win more of the best available business, while organizations that do not will likely continue to struggle with their current problems.

Executive-underwriter misalignment on technology effectiveness

While AI and modern tools have the potential to better align underwriting with portfolio strategy, there is a clear disconnect between leadership and underwriting teams regarding the effectiveness of current technology:

> 58% of executives believe current tools effectively align underwriting decisions with portfolio strategy. Only 34% of underwriters agree

This gap indicates that while executives may see technology as a sufficient solution, underwriters on the frontlines still struggle with practical implementation challenges—whether due to poor system integration, inefficient workflows, or a lack of real-time data access.

The missed opportunity of advanced technology

Technology presents one of the greatest opportunities for insurers to improve underwriting risk selection accuracy, yet many organizations have been slow to embrace it. Despite growing recognition of AI's potential, many underwriting teams still operate with fragmented workflows, manual processes, and outdated decision-making tools.

> 55% of respondents cite failure to adopt advanced technology as the most significant missed opportunity

AI is also increasingly seen as a key enabler for more effective underwriting decisions, allowing insurers to improve risk assessment, submission prioritization, and overall decision-making speed.

50% of respondents believe AI's ability to provide better risk assessments and faster decision-making is crucial for winning high-value deals

As insurers continue to refine their underwriting strategies, AI-powered decision-support tools will play a greater role in improving underwriting accuracy and efficiency.

Building a More Effective, Data-Driven Underwriting Strategy

Underwriting inefficiencies aren't just operational headaches, they're missed opportunities. The data is clear: when underwriters lack real-time visibility, streamlined systems, and current strategy guidance, valuable resources are wasted on low-value deals, and high-potential opportunities slip through the cracks.

To reverse this trend, insurers must take decisive steps to modernize their underwriting approach:

Prioritize efficiency by giving underwriters the tools and data they need to focus on the right deals and minimize wasted effort.

Accelerate technology adoption to eliminate manual processes, fragmented systems, and outdated workflows.

Integrate AI-driven decision support to sharpen risk selection and dynamically prioritize submissions.

Build systems that dynamically update portfolio strategies so underwriting decisions stay aligned with evolving market conditions and business goals.

Insurers that address these challenges head-on—investing in visibility, smarter systems, and adaptive strategies—will not only reduce inefficiencies, but gain a clear competitive edge. By empowering underwriting teams to act faster and smarter, they'll be better positioned to optimize portfolios, improve profitability, and drive long-term growth.

Survey Methodology and Respondent Profile

This report is based on a survey conducted in 1H 2025 among 500 insurance professionals, including executives, directors, managers, and individual contributors. The survey was carried out at a 95% confidence level with a margin of error of less than ±3%.

Respondents represent a broad cross-section of the insurance industry:

- **Company Type:** 45% Carrier, 33% MGA, 16% MGA aggregator
- **Role:** 35% Executive, 47% Director, 13% Manager, 5% Individual Contributor
- **Company Size (Gross Written Premium):** 26% $30M–$249M, 54% $250M–$999M, 17% $1B–$4.9B, 4% $5B+

This diverse sample provides a comprehensive view of underwriting challenges and priorities across various organization sizes and leadership levels.