



The Power of Speed in Insurance

Enabling Speed to Market Through Responsive Core Systems



“Agile core solutions are a baseline requirement to provide the responsiveness to support insurers’ products and services needs with quick deployments and ease of maintenance. These solutions need to utilize the new era of computing techniques such as APIs, microservices architecture, and cloud deployments to provide the technical capabilities required.”

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This Use Case Study is based on SMA’s ongoing research on insurer strategies and plans to create competitive advantage. EIS has purchased distribution rights.



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Speed as a Competitive Weapon



Speed to market is increasingly counted among the central objectives for insurers, as both traditional competitors and new entrants are changing the competitive landscape. In some ways, it seems odd to discuss speed in insurance, given the reputation of the industry as slow to change and slow to act on new strategies. Insurance is naturally conservative, due to the nature of the industry; thus, decisions to develop new products, distribute through new channels, or launch greenfield ventures have been made with great deliberation. However, much has changed in the past five years, and insurance is undeniably transforming. Customer expectations in the digital age have become a primary driver of change. Agents and policyholders all wonder why insurance doesn't provide the same types of real-time service and product flexibility that they experience from other industries.

The good news is that insurance leaders are actively and aggressively trying to transform their companies to meet customer expectations and to win in an increasingly competitive industry. Speed may not have been very important in the past, but it is increasingly becoming a competitive weapon. And the leaders are already proving that through powerful use cases.

Transformation is driving change across the value chain, which means that there is a need for speed in every area of the business, not just those that are visible to the outside world. Ultimately, the winners will be those that can move faster to achieve a variety of objectives that include:

- ✓ Developing new products and bringing them to market faster (to increase new business volumes)
- ✓ Shortening the customer acquisition cycle via a faster quote to bind cycle and higher percentages of straight-through-processing (to attract more business from agents and customers)
- ✓ Rapid response to agent and policyholder inquiries (to enable higher levels of retention)
- ✓ Compressing the claims cycle (to create a win-win with satisfied claimants and lower severities)

Creating an organization with the agility and flexibility to achieve these objectives is highly dependent upon the ability to implement new systems faster. The core systems in particular are the heartbeat of any insurer due to the mission-critical business flowing through these systems of record. Historically, implementing new systems has taken years and consumed significant resources and money. Today, insurers that can implement new systems much faster (speed to production), integrate them with other systems, and enable self-service have a distinct competitive advantage. Being able to rapidly upgrade and enhance technology capabilities to support new lines of business, new products, new geographies, and new capabilities for policy service and claims are essential if insurers are to truly realize the power of speed to drive positive business results.





Responsive Core Systems to Enable Speed

Future-focused core systems are essential to respond to today's market needs. Responsive core systems enable the speed that is required to compete effectively in the digital era. There are five characteristics of a responsive core system that distinguish these systems from others in the market.

- ✔ **Digital customer engagement:** First and foremost, a modern and responsive core systems platform must focus on the customer, taking an outside-in (policyholder/agent) perspective to understand customer journeys and needs. Core systems platforms must also be enablers for digital customer engagement. Open platforms and extensive APIs position the core platform to more easily interact with digital engagement solutions.
- ✔ **Modern architecture:** In order to enable rapid implementation and integration, systems should be built using microservices, extensive APIs, and leverage a cloud-native app design and cloud infrastructure.
- ✔ **Modern DevOps:** Modern systems development and operations include revolutionary new ways to manage the system's lifecycle. The process of designing, building, testing, integration, production, and monitoring has become more iterative and aimed at delivering new or updated code much faster than in past approaches.
- ✔ **New era of system enhancements and upgrades:** Gone are the days of monolithic systems that required major releases for fixes and functional updates. In the cloud era, the preferred approach is one of ongoing, automatic updates to the code base in the cloud to fix problems as they occur and introduce new or upgraded functionality in an evolutionary approach rather than a revolutionary process.
- ✔ **Extensibility across insurance lines:** In support of the new products and services that insurers desire to bring to market, solutions that support a full range of lines of business – personal, commercial, specialty, life, and many hybrid products – provide the capabilities of utilizing one platform to iterate on new go-to-market products.

Many core systems in use by insurers today do not exhibit these characteristics. Unfortunately, this creates constraints to innovation and growth because it often takes far too much time to implement new strategies such as launching a greenfield insurer or putting new products into the market.

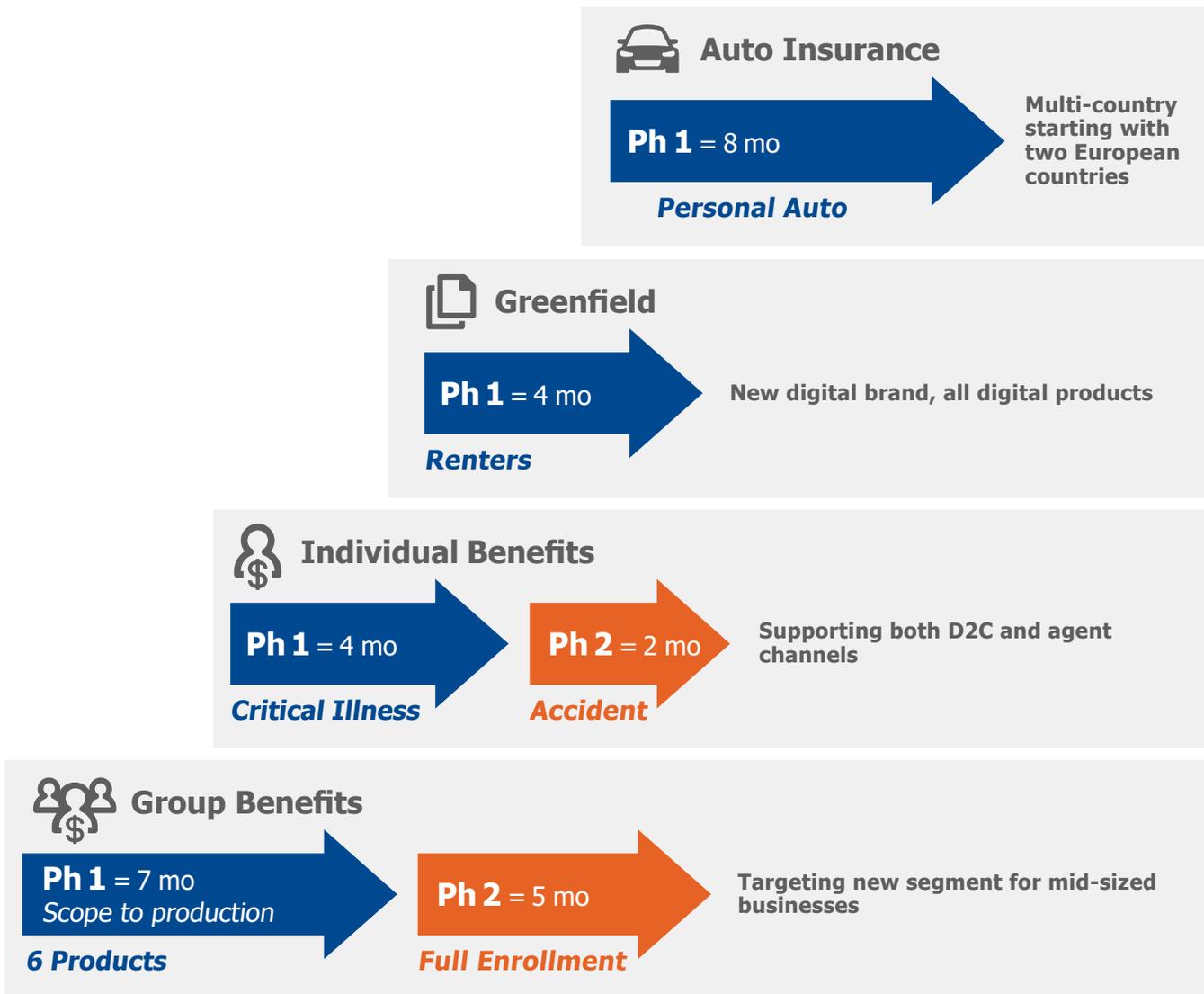




Use Case #1: One Insurer’s Global, Multi-line Journey

A large, global insurer has undertaken a progressive, multi-line, multi-segment product implementation on the EIS Suite digital insurance platform that leverages the re-use of technology to accelerate the delivery of new products. The insurer leveraged its growing experience and competency on the EIS digital insurance platform to expand their offerings supported by the platform and create increasing business value along the way. Starting with a common platform and extending into new areas enabled the company to get new products into markets across a variety of lines of business and countries in record time. Figure 1 illustrates how the initial implementation in the Group Benefits area was extended into new areas over a short period of time, an event that enabled the launch of a greenfield venture.

Figure 1. Large Insurer Implementation Journey Leveraging the EIS Digital Platform



Source: Strategy Meets Action and EIS 2020



The four successive use cases along the journey are described below:

Use Case #1A: Group Benefits



The insurer's Group Benefits division leveraged EIS & AWS to move down market and support small and mid-sized employers as part of their group business. The insurer sought a new system that would offer greater automation and efficiency, improved risk selection, and enhanced customer service. It was the company's first core systems deployment, testing, and production in the cloud.

A set of accelerators were leveraged, including promoting an agile-minded culture, embracing a continuous integration and delivery model, and adopting an architecture that could fully capitalize on a cloud approach. The accelerators enabled the company to go from initial scoping to live with new business capabilities for six products in less than seven months. Quote to issue is supported for short-term disability, long-term disability, group term life, accident, hospital indemnity, and critical illness. The second phase, completed a mere five months later, added full enrollment capabilities plus billing and claims. The initiative engendered strong collaboration between the company's business and IT groups and the EIS technology vendor, as evidenced by the following quotes.

"This was an opportunity to collaborate with some of the industry leaders in technology, along with our business partners, to bring a winning set of capabilities to market rapidly and effectively."

CIO of Commercial Insurance

"We set an aggressive goal to bring new products to market in just nine months. To best meet customer expectations and reach our goal, we knew we needed a technology platform that allowed for quick, iterative development, mirroring our agile business approach."

EVP of Commercial Insurance

Use Case #1B: Individual Benefits



This insurer entered the individual benefits market with a product platform that supports both direct-to-consumer (D2C) and Agent Channel Sales. Within months, the venture was launched, and multiple lines of business were established and grew rapidly. Individual lines (critical illness and accident) were added to the group benefits core platform that was already in production. This resulted in accelerated speed to market, with the first product (critical illness) going live in four months, and the second product (accident) live in two months. The individual products' development and launch were managed by insurer staff, who are fully self-sufficient on the platform after the initial company experience with the group platform.

What was also unique about this approach was that EIS partnered with an innovation group within the insurer to launch the direct-to-consumer platform with brand new benefits products that were also sold through a property/casualty agent channel.



Use Case #1C: Greenfield Platform

The insurance company also had a separate innovation lab which further leveraged the EIS Suite to create a greenfield platform for digital products. In this case, it was important to also integrate AI/machine learning into the underwriting process and deliver an all-digital insurance platform focused on the millennial segment. This initiative also entailed the creation of a new digital brand. An initial renters insurance product was launched and live in four months, with plans to expand the platform to other products for millennials. The innovation lab also leveraged the broader company expertise and is self-sufficient on the EIS platform.



Use Case #1D: Auto Insurance, International

As the insurer continued to build upon and extend the original digital platform, it became natural to expand to other countries and other lines. In a demonstration of the flexibility of the platform, the digital insurance platform for auto insurance was deployed in global markets. The responsive core platform enabled the international group to go from concept to live deployment in the first two European countries in eight months. The implementation in one of these countries allows the company the agility and flexibility to modify rates multiple times a day depending on underwriting conditions and in accordance with regulations. The single platform solves the challenge of global, multi-jurisdiction implementations by providing the rapid configuration of products for introduction in additional countries.

Core replacement is a cornerstone for the transformation initiative helping the company respond to the demands of evolving global markets, the insurer's own growth strategies, and its goals of greater process efficiency and technology re-use. Having the flexible, responsive digital platform enabled rapid deployment of new products, moves into new segments, and extensions into different countries, a process that is expected to continue into new areas over time.





Use Case #2: Speed in Launching Greenfield D2C Ventures



One of the largest mutual life insurance companies in the U.S. undertook a greenfield direct-to-consumer initiative to offer individual benefits to gig economy workers and “forgotten” workers. The goal is to expand their reach to a growing population of independent and part-time workers who do not have access to employee benefits.

“We were able to introduce a consumer-friendly product platform on a remarkably short timeline. This project was unique in its large scale, and a critical accelerator was an effective Agile process managed by EIS that leveraged the rapid provisioning and scalable qualities of the cloud. EIS software and solution delivery and their commitment to our goal were key to delivering the totally digital platform with state-of-the-art architecture that we wanted for our customers.”

Platform CIO

Recognizing that in-house technology was unsuitable for its D2C initiative, the life insurer took an agile, test-and-learn greenfield approach to deploy an end-to-end platform in 12 months (EIS Suite – PolicyCore, BillingCore, ClaimCore, CustomerCore, DXP) on AWS supporting 4 product lines: Dental PPO and HMO, Vision, Accident, and Critical Illness products.

This initiative produced very significant business results, including:

- ✓ **80% digital engagement with new members**
- ✓ **45% growth in policies**
- ✓ **70% increase in total sales y-o-y**
- ✓ **50% premium revenue growth y-o-y**
- ✓ **20% reduction in service delivery costs (and more anticipated via automated claims processing)**
- ✓ **10-percentage point rise in customer satisfaction**
- ✓ **40-point jump in Net Promoter Score**





Use Case #3: Speed in Personal and Commercial Lines

An insurer from the Asia-Pacific region adopted the EIS Suite as a central element in their digital transformation. The property/casualty insurer covers its home country and smaller island nations. The company had numerous legacy systems that supported quoting, policy administration, billing, claims, customer management, and customer engagement. The single, Azure cloud-based platform of core and digital solutions from EIS replaced these systems and provided customers with a fast, seamless sales and service experience.

"We worked with EIS to make this a reality in a very short period of time, and we are now able to proactively engage with customers and provide easy to understand policies that give customers clarity and confidence about what they are covered for. We are creating a unique and empowering self-service experience that challenges current industry norms."

Chief Executive Officer

The new business platform is the cornerstone of the digital transformation initiative to simplify business and position the company as a digital challenger, doing business in a new way that delivers new products and services for customers that are tailored to their specific needs.

The platform was deployed in Agile sprints of less than twelve months, and it enables the insurer to offer fully digitally enabled commercial and personal motor, home, and content products within a simplified and convenient customer journey.

A key enabler of the transformation is the API gateway and persona-based digital app capabilities in EIS DXP, EIS's digital experience platform. DXP was leveraged to expose core business functionality and create apps that allow users to quickly gain a quote, access policy information, make policy and billing changes, file a claim, and do other tasks.

As a result, the insurer has increased from 0% to over 60% the number of policies sold online. Customers can now shop all products in a single online quote transaction.

Use Case #4: Speed in Delivering Commercial Lines Coverages



The property/casualty arm of a large national multi-line insurer in North America implemented EIS policy administration and billing solutions to support new opportunities in the commercial lines sector.

The insurer gained speed to market through the EIS platform and implemented over 160 commercial insurance coverages in 14 months. The system was able to handle the complex needs of commercial lines insurance across many geographic regions, supporting over 160 coverages across general liability, commercial property, and surety bonds. In addition, the new core system supported B2B direct as well as affinity markets and a multi-company, multi-brand market approach.



SMA Summary

The insurance industry was once relatively static. Insurers tended to stick to a well-defined set of geographies and products. In today's insurance market, this is no longer true. In fact, many insurers are aggressively expanding into new spaces. This has transformed and elevated the role of core systems. Core systems in the digital age must be designed with modern technology approaches so that insurers can more easily expand into many lines of business, even spanning across the P&C and Life/Health chasm that often exists in insurance systems. In addition to providing rich functionality to specific lines for quoting, policy administration, billing, and claims, the digital platforms of today must enable insurers to rapidly launch new products; expand into new market segments; support new states, territories, or countries; and even stand up greenfield ventures, such as a new digital brand.

Many insurers are seeking to enter new markets or exploring new ways to grow. In today's market, speed is of the essence. Thus, it is not just the extensibility and flexibility of the platform, but also the requirement that insurers can move rapidly from strategy to execution and from concept to live products in the market. The use cases profiled in this paper demonstrate the flexibility of the EIS digital platform and its ability to support these requirements.

"Speed to market is more important than ever in the insurance industry. Insurers with core systems that are able to support rapid introduction of new products and new ventures have a distinct competitive advantage."

Mark Breeding, SMA Partner





About EIS

EIS is an insurance software company that enables leading insurers to innovate and operate like a tech company: fast, simple, agile. Founded in 2008, EIS provides a platform for high-velocity insurance. This open, flexible platform of core and digital solutions liberates insurers to accelerate innovation, launch products faster, deliver new revenue channels, and create insurance experiences the world will love. And with thousands of APIs, the platform gives insurers the freedom to connect to a vast ecosystem of InsurTech and emerging technologies. Headquartered in San Francisco, EIS powers premium growth for P&C and Life insurance companies worldwide. Every insurance company needs to innovate and operate like a tech company because the rules of business have changed forever. An innovation that appears on the scene today can suddenly explode, completely supplanting whatever came before it. What wows a customer now might become ordinary overnight. To survive, grow and even regain competitive advantage in this frenetic environment, modern carriers need to adapt to the speed at which technology changes. EIS provides the platform enabling carriers to become unbeatably fast at everything they do.

Our platform challenges convention. It provides not only a standalone system for test-and-learn, rapid speed-to-market of greenfield or start-up operations, but also a proven, fully scalable path and deep functionality to support large insurance carriers and their legacy transformations. Figure 2 is a visual representation of the essential elements of the EIS digital insurance platform.

Figure 2. EIS Digital Insurance Platform



Core | Insight | Experience

In all we do we work to bring carriers closer to customers. Our 1000 employees worldwide help innovative insurers explore and harness the digital ecosystems that surround and support people, their lifecycles, and their personal and business interests.

For more information on EIS, visit [EISGroup.com](https://www.EISGroup.com).



About Strategy Meets Action

At Strategy Meets Action, our clients advance their strategic initiatives and accelerate their transformational journeys by leveraging our forward-thinking insights, deep vendor knowledge, and vast industry expertise.

Strategy Meets Action is an advisory firm that works exclusively with insurers and vendors in the P&C market, offering advisory retainers and project-based consulting services.

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