

INSURANCE NETWORKING NEWS



**WOMEN IN
INSURANCE
LEADERSHIP
AWARDS**

SPECIAL ISSUE



ON THE COVER: (L to R) Carrie Santonastaso, VP, customer service, The Philadelphia Insurance Companies; Amanda Reiersen, head of digital, Farmers; Nandini Easwar, director of QA and IT compliance, Esurance; Lynda Fleury, CISO, UNUM; Heather Milligan, SVP, underwriting and new business, Lincoln Financial Group; Cilsy Harris, VP, personal lines business delivery, The Hanover; Jayne Olsen, head of analytics, Swiss Re; Beth Riczko, underwriting group and product leader, Westfield Group

The 2016 Women In Insurance Leadership Award Winners



Cover Photography By Erin Patrice O'Brien

INSURANCE NETWORKING NEWS
WOMEN IN INSURANCE LEADERSHIP

Nandini Easwar,
 Director, QA and IT Compliance,
 Esurance

Lynda Fleury,
 Chief Information Security Officer,
 UNUM

Cilsy Harris,
 Vice President,
 Personal Lines Delivery,
 The Hanover Insurance Group

Heather Milligan,
 Senior Vice President,
 Life Underwriting and New Business,
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Jayne Olsen,
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Elena Rasa,
 Group Chief Data Officer,
 Generali

Kathleen Reardon,
 Chief Executive Officer,
 Hamilton Re

Amanda Reiersen,
 Head of Digital,
 Farmers Insurance

Beth Riczko,
 Group Underwriting Leader,
 Westfield Insurance

Carrie Santonastaso,
 Vice President, Customer Service,
 Philadelphia Insurance
 Companies

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Quarter 4, 2016 - Volume 19, Issue 3



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EY congratulates the winners of the 2016 INN Women in Insurance Leadership Awards. Your tremendous leadership continues to accelerate the achievement of gender parity in the insurance industry.

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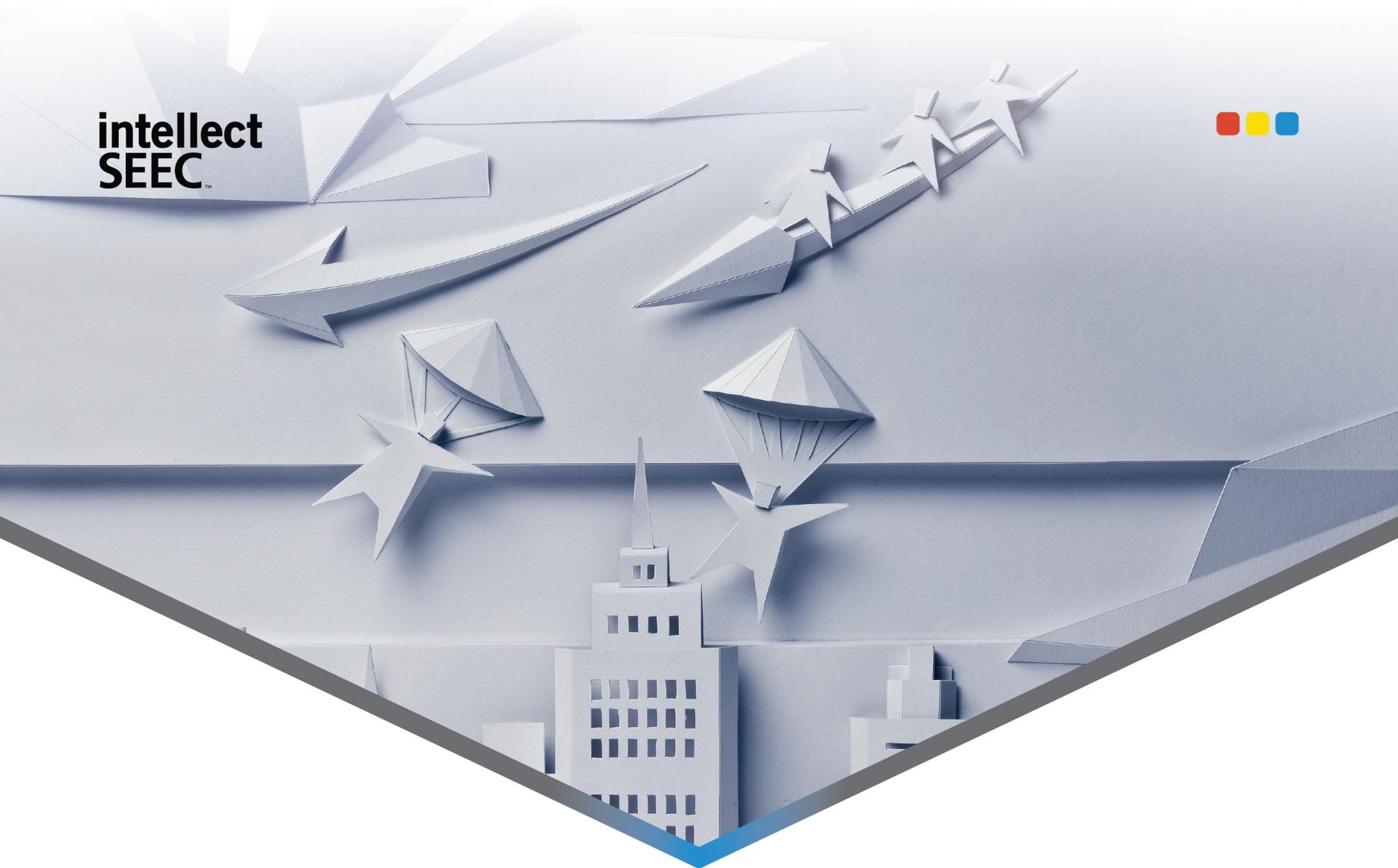
Women in Insurance Leadership 2016

The 11th edition of *INN's* program honoring exceptional female insurance professionals finds executives who stand out with digital innovation

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Insurers Can't Slow Down

AFTER ALL THE PREPARATIONS, the interviews, the profiles, if I was pressed to answer what all of this year's Women in Insurance Leadership honorees (p. 8) have in common, it is this: Excitement and enthusiasm for the future of the insurance industry.

And why shouldn't they? This year was singularly remarkable for insurance, especially for those of us who track the impact of technology on it. There has been a massive surge in the amount of technology companies and carriers looking for new approaches to old processes. Drones are being deployed to assist with claims. Artificial intelligence moved from silver-screen fantasies to third-screen realities with advances in mobile insurance quoting. Analytics has taken over the insurance enterprise (see Statistically Speaking, p. 50).

Novarica founder Matt Josefowicz, a long-time analyst of insurance technology, says that 2016 is "the first year of the future" for insurance. The clock is now moving forward, he says, on next-generation technology and digital strategy in the insurance enterprise, not counting down to when it will begin.

There are some caution flags for insurers, though. Navigating the hype around certain technologies or

offerings to find the ones that will truly revolutionize the industry is important work. As Marik Brockmann, the chief strategy officer for CSAA Insurance, says on p. 47, "Often, the thing you were trying to get used to is already out of date."

Over the next months, U.S. insurers will monitor whether the recently launched peer-to-peer homeowners and renters insurer Lemonade will stick. And, pay-by-distance insurer Metromile's decision to bet big on itself and begin underwriting its own policies – rather than depend on partners – is a litmus test on whether changing consumer preferences and a more digital experience are ready to move the needle on insurance strategy. After all, 2016 also brought us the high-profile flameout of the Google Compare auto insurance aggregator, after months of speculation for what it could mean.

But for every skeptical view of these new digital models, there are signs that legacy carriers are taking it all very seriously. For example, Allstate's launch of a telematics analytics company, Arity – even talking about working with other carriers – has been interpreted as a signal that it's preparing for a very different-looking future for the auto insurance industry. And State Farm is running commercials imagining a world where catastrophes are eminently avoidable.

As the fall conference season winds down and floats into the holidays and a new year, insurers should be excited by all that's possible.

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Editor-In-Chief

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INN Blogs

Deloitte insurance experts take a look at what a “purpose-driven” insurance enterprise looks like.

<http://bit.ly/2d7kOgD>



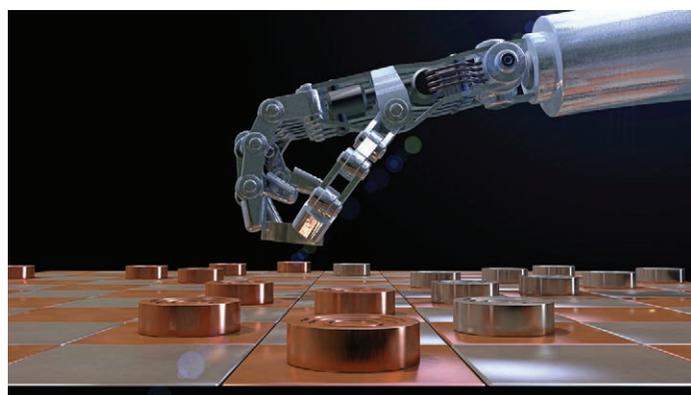
INN Slideshow

With money pouring into insurance technology startups, we look back at the 17 biggest deals so far.

<http://bit.ly/2dp5vZE>

WHAT'S ONLINE THIS MONTH

► 5 Insurance Use Cases for A.I.



According to Accenture, four in five insurers are planning to or have deployed some sort of artificial intelligence technology in their enterprises. Check out some examples. <http://bit.ly/2czh7mz>

► How Insurers Are Progressing with Emerging Technologies

SMA's “Emerging Tech in P&C Insurance: 2016 & Beyond” report discussed technologies like drones, the Internet of Things and blockchain, and evaluates how insurers are incorporating them into their businesses.

<http://bit.ly/2dp5aG3>



► Allstate Tests Drones in Texas

With new FAA regulations clearing the way, Allstate tested several drones as part of claims response in South Texas communities affected by a hailstorm. The company tested image quality, damage analysis tools and customer response to the technology at 20 homes.

<http://bit.ly/2czf2Ha>



► What the Top 15 Big Data Skills Pay

O'Reilly Media has published its “2016 Data Science Salary Survey,” looking at the typical pay for data pros with the most in-demand skills.

<http://bit.ly/2czhgXc>



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WEARABLES

John Hancock Looks to Expand Reach of Vitality Program

■ A year after launching John Hancock Vitality, the life insurance giant has begun expanding the reach of its connect-health product to further engage with customers.

That's according to company's SVP of marketing and strategy, Brooks Tingle, who spoke at the SMA Summit in Boston in September. Vitality leverages health data from wearable technology



like the Fitbit One (left) to dynamically adjust health insurance premiums.

"There is an enormous opportunity here to create value for customers now that we have all this data," Tingle said. "We can draw correlations between exercise and healthy eating with [user] outcomes."

In the spring, John Hancock extended Vitality

to include individuals ages 71 to 90. It also added a NutriSavings app to reward customers with instant discounts at 12,000 grocery stores for purchasing healthy foods.

The Boston-based company now interacts with customers an average 21 times a month, Tingle said. Communications range from rewards claims to customers sending information on meals, daily steps and workouts. The life insurer has also begun selling the product directly to customers.

INSURTECH

Insurance-Focused Startups Take Funding Lead

■ Money is pouring into the financial services startup community, and insurance-focused companies are benefiting.

So far this year, the insurtech sector, which includes companies creating new underwriting, claims, distribution and brokerage platforms, as well as enhanced insurance-specific, customer-experience offerings, has seen 47 venture capital investment deals totaling \$1 billion, compared to 74 deals totaling \$2.5 billion in all of 2015, according to "Pulse of Fintech," a quarterly global report from

KPMG International and CB Insights that explores equity transactions to venture capital-backed financial-technology companies.

That's despite the fact that for the fintech sector as a whole, deal activity actually fell in Q2, hitting a five-quarter low in the United States with just 97 deals, compared to 130 in Q1. Fintech startups also saw funding decline to \$1.3 billion in Q2 2016 – compared to \$2.4 billion for the same quarter last year – and drop 24% compared to \$1.7 billion in Q1.

"We are seeing a lot of alignment between insurtech companies and the carriers," says Gary Plotkin, principal of KPMG's insurance management consulting practice.

Insurers think that startups can help them sidestep the risk and expense associated with large-scale legacy-modernization projects, Plotkin adds.

"The biggest concern insurers have is the ability to capture the customer. These insurtechs offer light-weight capability to move forward," he explains.

TELEMATICS

Cambridge Signs Up Two Insurers for UBI

■ Two insurers are piloting usage-based insurance with Cambridge Mobile Telematics' technology.

Electric Insurance has partnered with Cambridge on the "Great Driver" smartphone app. The app is currently only available in Ohio.

It analyzes users' driving skills and environment and provides actionable, individualized feedback to help improve driving habits and safety.

Drivers are assigned a score that can potentially provide a discount based on individual skills and risk levels.

"Our customers expect us to keep pace with technology and provide a great overall

value," said Doug Seymour, president and CEO of Electric Insurance. "Great Driver is an innovative way for customers to get feedback on their driving habits, drive more safely and influence the cost of their insurance premiums."

Aloi Nissay Dowa Insurance, a Japanese insurer, also is launching a usage-based insurance program. That company has selected Cambridge's DriveWell software to power the initiative. The companies worked together in the past on a pilot of the vendor's Visual Drive version of the software, which was deployed across Aloi Nissay's company vehicles.

DIGITAL

USAA Adds Citi Exec Cox

■ Heather Cox has been named USAA's first chief technology and digital officer (CTDO), a newly created position for the former head of Citigroup's Citi FinTech unit. Cox will report to CEO Stuart Parker, leading a team that includes information technology, digital strategy & operations, and experience design.

"Heather's appointment reinforces our service commitment in fast-moving areas like digital, technology and user experience. She's the right leader to take us where we're going," said Parker, in a statement released by USAA.

BEST of our BLOGS

From: Nathan Golia

Topic: Google Ready for a Second Pass at Insurance?

Google is once again exploring the periphery of the insurance industry.

At a Monte Carlo press conference last month, Nick Leeder, managing director of Google France, said during a panel discussion that the company has "been working with insurers in France like AXA and Allianz to develop bundles of products which blend technology and hardware with insurance," according to a Reuters report.

Specifically, there are opportunities for insurers to leverage the Google-owned smart home device company Nest, Leeder said.

After closing the Google Compare auto insurance aggregator, which shut down earlier this year after only about a year of operation in the U.S., so far there is no indication that Google plans to offer insurance coverage directly.

As Novarica's Matt Josefowicz said earlier this year, Google's exit from the aggregation business never meant that the company meant to abandon insurance forever. The company clearly sees synergy between its offerings and those of insurance carriers – and Compare demonstrates its willingness to test ideas.

"They may have realized it's a better business for them to sell supplies than take the field themselves," Josefowicz said.

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CLAIMS

Metromile Beefs up Technology, Looking to Grow

■ Pay-per-mile insurer Metromile is beefing up its technology environment with recent implementations of claims software from Guidewire Software and Hyland, while making other moves to increase its footprint in the U.S. insurance market.

The San Francisco-based startup deployed Guidewire ClaimCenter and OnBase by Hyland's as an integrated platform on September 21. The automated cloud software will shorten Metromile's claims processes from first notice of loss through settlement, according to the vendors. Initial rollout of the technologies spanned across New Jersey, Oregon and Pennsylvania.



"It was important for us to ensure we were built upon the most solid

industry standard for processing claims so we could focus on the long-term potential of the core consumer facing experience, says Dan Preston, CEO of Metromile.

The company also announced completion of another financing round, bringing its total raised since 2014 to \$192 million. And, it has used newfound wealth from investors Intact Financial and Index Ventures, among others, to acquire Mosaic Insurance Company, according to Bloomberg.

DISTRIBUTION

Verify Offers Drone-Flight Insurance on Mobile App

■ In efforts to accommodate the growing drone user market, venture-backed Verify is making drone insurance on-demand by way of its new mobile app.

The application, available for Android and iOS, allows pilots to purchase drone coverage by the hour. A quarter-mile circle is drawn around users upon opening the app, signifying the operator's coverage area.

A quote is then generated based on risks in the vicinity, including schools, landmarks and weather. Coverage can

cost as little as \$10 per hour. Insurance for accidental invasion of privacy of up to \$10,000 is also included, according to Verify co-founder Jay Bregman.

"Our team wants to give people the drone insurance coverage they want when they know they will use it," said Bregman. "We just need the market to continue to grow at the astronomical rate it has been in order to succeed."

Bregman launched Verify with co-founder Eugene Hertz on August 8 after 18 months of app development.

A team of 15 engineers and product designers worked endlessly to accurately compute and analyze risk. Geospatial researchers from Ireland's University of Maynooth were brought in to help complete the process, he said.

Verify enters the growing unmanned aircraft vehicles (UAVs) market with New Jersey-based Global Aerospace as its main insurance partner. The startup has raised a total \$2.7 million in funding, thanks to contributions from Slow Ventures and Ireland Aviation, among others.

PEER-TO-PEER

Peer-to-Peer Insurer Lemonade Opens in N.Y.

■ Lemonade, a peer-to-peer insurance startup that launched in January, has been licensed to sell homeowners and renters insurance through its website and mobile app in New York.

Lemonade takes a 20% flat fee at sign-up, and at the same time, insureds select a charity to which they want excess premium donated. Peer groups are created through cause selection, and claims are paid out of that group to its members. Whatever money is left over at the end of the year is donated to the cause.

Lemonade believes its model will flip the incentive structure in the insurance

industry and reduce fraud.

"Since we don't pocket unclaimed money, we can be trusted to pay claims fast and hassle-free. As for our customers, knowing fraud harms a cause they believe in, rather than an insurance company they don't, brings out their better nature," says professor Dan Ariely, the company's chief behavioral officer.

In Lemonade's fully digital application process, prospects are asked a series of questions before being offered up a rate. The company says its use of "bots and machine learning" helps it pass savings on to the customer while reducing the use of paper.

STAFFING

W. R. Berkley Appoints CIO

■ W. R. Berkley, an insurance holding company, has announced the appointment of Richard Lowery as senior vice president and chief information officer.

Lowery will be responsible for the development and implementation of WRB's IT strategy and will report to executive VP Lucille Sgaglione. He most recently served in senior roles at Risk Solutions International and Marsh & McLennan and has nearly 30 years of IT experience.

Lowery's appointment is effective immediately.

BEST of our BLOGS

From: Pat Speer

Topic: Balancing Customer Experience and Data Security

It's become pretty clear that digital consumerism holds certain sway when it comes to insurers' investments. This is largely the result of insurers' recognition that the customer wants the same type of experience from their insurance provider that they already enjoy with their bank, retailer, or favorite airline. And they are already getting that type of experience from the major tier one P&C carriers.

And, there's no doubt that there are a multitude of opportunities for insurers to differentiate themselves by improving the customer experience, chief among them using the mobile channel.

"For carriers with the resolve to see their business through the eyes of the customer, each interaction becomes a way to live up to their brand promise; functions come together in new ways across customer journeys; and technology and digital become accelerators," note the authors of "The growth engine: Superior customer experience in insurance," released by McKinsey.

In fact, there is heavy pressure on insurers to embrace digital/mobile technologies to improve policyholder interactions by making it as easy as possible for customers to function within an insurer's mobile app, whether to add coverage, pay a bill or report a claim.

Join the conversation:
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Women in Insurance Leadership

This year's honorees lean on next-generation technologies and customer insight to grow their businesses.



Nandini Easwar
Esurance



Jayne Olsen
Swiss Re



Kathleen Reardon
Hamilton Re



Amanda Reiersen
Farmers Insurance



Beth Riczko
Westfield Insurance



Lynda Fleury
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Cilsy Harris
The Hanover Insurance Group



Heather Milligan
Lincoln Financial Group



Elena Rasa
Generali



Carrie Santonastaso
Philadelphia Insurance Companies

As *Insurance Networking News'* Women in Insurance Leadership program enters its second decade, digitally focused consumers are transforming the industry more than ever.

That shift has been a defining factor in many of this year's honorees' careers. From launching entire new units devoted to data and analytics, to leveraging the full power of digital technology for customer interaction, this class is on the vanguard of the changing insurance industry. All of them cite technology innovations and initiatives as feathers in their caps, from Lincoln Financial's Heather Milligan's drive to speed up life insurance underwriting to Cilsy Harris' introduction of multivariate rating to The Hanover.

Through this year's winners, we also see the insurance industry emerging as a destination where talented professionals can apply their skills in a way that drives immense impact on the business.

Philadelphia Insurance's Carrie Santonastaso leveraged her training in sports medicine to revolutionize the way her company communicated with clients in need. Farmers' Amanda Reiersen brought expertise from stints at latter-day media companies like Yahoo and DirecTV to modernize the venerable P&C insurer. And Nandini Easwar of Esurance, who started her financial services career on the investing side, says that the diversity of outlets for creativity is a unique selling point for insurers.

Women in Insurance Leadership award nominations are collected throughout the spring and early summer, including submissions from insurance companies, analysts, and software vendors. This year, more than 40 women were nominated. The winners from the previous year and *INN* editors evaluate the nominations, looking for everything from innovative ideas with business impact to commitment to furthering the development of women in the industry. Read on and meet this year's honorees.

-Nathan Golia



Nandini Easwar,
Director, QA and
IT Compliance,
Esurance

Embracing Opportunity

By Nathan Golia

The increased focus on digitalization in insurance means talented technologists have lots of opportunities to apply their innovations. That's something that makes Esurance such a great fit for Nandini Easwar, the company's director of quality assurance and IT compliance.

"The changes and the innovation in this industry are really groundbreaking," she says. "It's really been very attractive to me to ride along with that and stay ahead of the curve."

Easwar's entry into the insurance industry follows a familiar pattern: She was working in financial services in her hometown of Philadelphia, for the Susquehanna International Group investing firm. She eventually left that job to relocate to the Bay Area, where she worked in human resources technology. In 2006, she joined Esurance because she wanted to return to the financial services sector.

Esurance's unique position both as an insurance carrier, and as one of the Valley's many dot-com companies, made it a leading indicator of the coming focus on changing the way insurance is sold to reflect the e-commerce age.

"Just until a few years ago, when you thought of insurance, you thought of a lot of paperwork," she says. "Esurance has been a pioneer on that front in how we've switched from traditionally buying from an agent and [doing] it all online."

Over her time with the company, Easwar has made many contributions to that transformation. After Esurance was acquired by Allstate in 2011, the company benefited from an infusion of cash – but pressure mounted to deliver results. In order to improve speed to market for new homeowners and renters lines of business that Allstate wanted Esurance to offer, Easwar developed a "parallel releases" technique to leverage work that was being done across projects more efficiently.

"We had to precede the launches by building out the core apps to be able to support that kind of product line," she

explains. "The idea was to 'split it and go forward.'"

She gave the business units and the larger IT organization several vehicles to launch projects, allowing them to be nimble by breaking them down into smaller units for greater efficiency and quality.

Easwar also developed a testing center of excellence, which is credited with improving the alignment between the business units and QA testers while reducing costs. She also is leading the construction of a new test automation framework, with the goal of not only testing faster, but also help navigate the state-based insurance regulation system in an automated way, so that Esurance can get products to market faster without hitting localized snags.

Easwar is a champion of professional development within Esurance. She is a founding member of the company's Women's Innovative Network employee resource group, but notes that its charter is to help women and men prepare for their jobs and compete in the workforce.

"When you think about something like return to work, we want to help all associates," she says. Though long absences are generally associated with pregnancy and childbirth, "there are a lot of men who may be out for leave of absence or surgery, and it can be difficult for them too."

Today, the Women's Innovative Network has several chapters across Esurance's many local offices. Since the Allstate acquisition, the parent company has been "very supportive" of the network's efforts.

"Allstate also has a resource group to help out with employee development, that's a very similar model to ours," she says. Easwar also cites "Six Degrees of Esurance," a "TED Talk-style" series, as fostering unification within the company.

"A few executives have participated in creating content about our strategies," she explains. "It fosters a sense of inclusion in the organization."

An Evolving Environment

By Nathan Golia

If there is a downside to the increased digitalization of the insurance industry, it's in the proliferation of vectors of risk and potential for malfeasance with customers' precious personal data.

That's the battle that Lynda Fleury, chief information security officer for Unum, is fighting every day. However, the terms of engagement have changed over time, she notes, and with that come differences in the ways security professionals approach their jobs and their relationships with the business at large.

"Companies want to facilitate anytime anywhere access to anything from anyone through mobile technology. And with the adoption of cloud, we are extending pieces and parts of our network to areas outside of our control," she explains. "We have shifted from the enforcers, to becoming the trusted advisors, educating business partners and IT advisers on what the technology landscape is."

Fleury, who began her career in IT security in the banking industry, came to Unum as an IT auditor in the mid-1980s. Since then, she has been credited with growing Unum's security organization from the ground up, increasing the size profile of the team over time. Today, Unum's IT security organization has more than 40 professionals in it.

"It all started when I took on an 18-month special project in the security organization, to help them develop policies and procedures around the distributed environment," she says. "When I started in security, it wasn't considered a profession like it is today."

Today, she's in the midst of doing the same for Unum's business continuity and disaster recovery organization. Fleury is hoping to recreate her people-centered approach and the success she achieved by training employees of all levels to be vigilant in their attentiveness to protecting sensitive customer data.

One of her recent projects revolves around making investments in access management and looking toward the future of authentication.

"The bad guys are getting way more sophisticated in their social engineer-

ing attempts," she says. "These folks are doing a really good job at scouring social media, being able to profile key individuals in an organization, specifically targeting folks with spear-phishing emails. So it's interesting to see where identity management is going to go. It's something that we're looking at from a user experience perspective."

Though Fleury admits that "there are days that I go back and wish that everything was contained in our data center," ultimately she has made a career out of enabling the business to do more despite headwinds in the environment.

"We're trying to reduce risk to a manageable level, continuing to fill the need as the security landscape continues to evolve, protecting data and the company environment from unintentional or intentional acts," she says.

Given the challenges around data security's profile, it wasn't easy to find talent to fill the organization, either. Fleury is credited with putting in place strong leadership and in growing the team through savvy techniques.

"I serve on the board of a local technology council, working with the [Chattanooga-area] school systems on the curriculum – there continues to be a shortage of security professionals – but also to help influence young girls that it's OK to be in technology."

Unum in particular has done a "very good job providing women leadership opportunities," Fleury says.

"[CIO Kate Miller] is our second female CIO, and many of our senior leaders are women," Fleury notes. "Though as I attend large events I'm still finding its predominantly male, I've never felt that I've had a barrier here at Unum that prevents me from doing what I need to do to be successful."

Lynda Fleury,
Chief Information
Security Officer,
Unum



Photography: Erin Patrice O'Brien



Cilsy Harris,
Vice President,
Personal Lines
Delivery,
The Hanover
Insurance Group

A Focus on Chemistry

By Chris McMahon

Cilsy Harris lives and breathes the scientific method. As a young woman in Massachusetts, her neighbor, an MIT professor, invited her to work in his industrial biology lab at the university.

“That’s how I was taught to think and solve problems, and I use it every day in my leadership philosophy,” says Harris, who went on to study chemistry at Boston College. But after almost seven years, the allure of the lab began to fade – she laughingly blames the smell – and she developed an interest in business.

“The Dean told me that one of the most powerful things I could do was combine a technical degree with a business degree,” says Harris, who is VP of personal lines delivery for The Hanover.

To get the business experience necessary to be accepted into the business degree program, Harris applied to become a business analyst for life and health at Sun Life Canada.

While at Sun Life, Harris worked with business representatives, IT staff and vendors on a new dental claims system. In an effort to communicate more effectively with her team, she learned how to code and her trajectory was set.

“I just loved that dynamic” of working with so many different stakeholders, Harris says of the project.

When she arrived at The Hanover, the insurer recognized her ability and desire to lead complex projects early on, Harris says. Before long, she was selected by the CEO to lead an initiative to develop and launch new auto insurance products in new states. Harris was also tasked with implementing a multivariate rating algorithm – all on legacy systems.

“It was a defining moment for the company, and one of my most difficult and proudest moments,” Harris says. “That established me as a senior member of IT, but also as a senior member of the business community. I’m really lucky that I am at both tables.”

More recently, Harris was tapped to

create a five-year technology roadmap for the company. In no time, she says, people across the company volunteered to become part of her working group.

“It matters to them that I listen,” she says. “Collectively, we came up with a series of investments we needed to make.”

As part of that plan, her team is building a new point-of-sale platform: a portal with real-time rating, underwriting, quote and issuance capability for the independent agency channel.

Harris says that by embracing Agile development techniques, she has been able to advance the dialogue between IT and the business partners.

“There’s a much greater appreciation for the complexity of the business decisions that need to be made and, on the business side, for the complexity of the technology to be developed,” she says.

In addition to her disciplined approach to problem solving, Harris attributes her success to a focus on building winning teams and breaking down the barriers that sometimes exist between business and technical people.

“I want people to understand that they are part of this company – I am every bit a person in personal lines as I am in IT – and what we are about is achieving results,” she says.

Harris, who started a Women in IT networking group at The Hanover, also was chosen as one of 20 top emerging leaders at the company for its Leadership In Action inaugural executive leadership forum.

She also earned her professional coach and leadership development certifications this year from the Institute for Professional Excellence in Coaching. Harris believes women are on their way to a greater role in shaping insurance, as more women enter the industry with advanced degrees.

“Women are highly educated and capable, and have a lot to contribute at the executive table,” she says. “We believe talent wins the game every time.”

Revealing Insurance's Value

By Danni Santana

After 26 years in insurance, Heather Milligan says her current role for Lincoln Financial Group is “by far” her favorite.

The industry veteran got her start at Chubb Insurance in 1989, working in the insurance carrier’s record management department while attending college at night under a program by which the insurer helped with school costs. Despite the paper-pushing drudgery of the job, Milligan says she learned the value of insurance from it.

“I read a lot of the stories and claims reports of people we were insuring. It was fascinating to me,” says Milligan. “What we do is really powerful and personal to people.”

After Chubb and a stint at Jefferson Pilot Financial, working with agents and in customer service along the way, Milligan joined Lincoln as head of underwriting and new business in 2007.

Her first major goal was to close expense gaps. But one of the mechanisms by which they achieved this goal also revealed the value of the customer experience. Milligan and her team decided that expenses could be reduced by making the application process shorter and simpler.

For example, with MoneyGuard, Lincoln’s retirement and long-term care offering, Milligan led the charge to condense the application to a single online page, rather than the 20-page paper forms previously used by the company. Processing periods – at one time lasting anywhere from six to eight weeks – dropped to about a week. MoneyGuard now reports more than \$1 billion in premium vs. \$250 million when she started.

“I’m proud of our work with MoneyGuard because we completely transformed the way underwriting is done,” she says. “In order to innovate, you must be comfortable in the ambiguous and be bold enough to take risks.”

Milligan’s work with MoneyGuard helped revolutionize Lincoln Financial’s underwriting philosophy. The modernized approach is centered on deploying electronic alternatives for customers that simplify life insurance transactions. It also incorporates the use of data to improve risk assessment and lower costs.

The shift in strategy prompted Milligan and her team of innovators to launch Lincoln TermAccel in May. The program is an attempt to give Lincoln a foothold

into the highly coveted millennial and Gen X demographics for life insurance. Its goal is to identify pivotal touchpoints in young adults’ lives such as marriage, parenthood and starting a 401(k), to begin an online life insurance application.

The move, however, was not without risk. “We did not want to disrupt current distribution partners’ experience while reaching a new market. But we had to challenge our status quo,” she explains. Though TermAccel begins online, the process is completed with an agent.

Currently, Milligan and her team are working on projects involving artificial intelligence, electronic health and automated underwriting – though she could not go into further details. Also on her list: Exploring the transformative power of wearable technology in insurance.

But perhaps Milligan’s defining characteristic is her enthusiasm for mentoring. Because she began her own insurance journey nearly three decades ago as a teenager with zero experience, Milligan says it’s “instrumental” to give back to younger generations the way colleagues did for her. In addition to Lincoln mentorship programs, Milligan participates in the Signature Leaders program, where she advises young women from different industries, and works with the United Way.

“There were so many people that reached back and helped me. It is my responsibility to help young professionals understand how they can advance their career,” she says.



Heather Milligan,
Senior Vice
President,
Life Underwriting
and New Business,
Lincoln Financial
Group

Photography: Erin Patrice O'Brien

A Lifetime of Achievement

By Danni Santana



Jayne Olsen,
Head of
Information
Analytics
Services-Americas,
Swiss Re

As a child, Jayne Olsen gained an early appreciation for the insurance industry after witnessing her home badly flood, thanks to a malfunctioning pipe.

“Our insurance company played an important role in rebuilding most of the walls and floors,” she says. “It was hard to endure the process of rebuilding, but I was thankful my family did not have to worry about the financial burden.”

So when Olsen had the chance to leave management consulting firm Ernst & Young in 2004 for an IT management role at Swiss Re, she jumped at the opportunity. Now, as the reinsurer’s head of analytics in North America, Olsen is charged with turning Swiss Re from a data-supported organization into a data-driven one. Under her leadership, Swiss Re has turned to an “outside-in” approach to build out its global analytics strategy: That is, the goal is to identify analytics best practices from other industries that fit Swiss Re’s business model.

Olsen leveraged a partnership with IBM to bring in outside speakers to educate Swiss Re staff on topics impacting the industry. Additionally, she has embedded in-house data scientists within different business units, serving the same purpose.

“Many industries have embraced tech in unique ways and I think there are important lessons we can learn from sectors like retail, for example,” Olsen says. “Our normal processes might work, but it doesn’t mean it is the best way to do it over time.”

Recruiting additional talent is also on the agenda for University of Albany graduate; who currently leads a growing group of 45 data scientists spread across the reinsurer’s global and U.S. analytics business units. Olsen recently launched a hiring campaign in search of individuals familiar with machine learning, natural language processing and cognitive computing, she said. Initial recruitment began in December 2015 with Swiss Re’s

Hackathon event in New York City—an initiative Olsen spearheaded with IBM.

“It was a first of its kind event and a great starting point to kick-off the recruiting process,” says Olsen. “Swiss Re is not a brand technologists may think of. Many were not aware of insurance in general as a tech career.”

The Swiss company has gone on to host two additional Hackathon events, including HackZurich in September. However, recruitment is still not over. Developing Swiss Re’s analytics capabilities is very much a long-term play. Olsen and her colleagues frequently visit universities to meet students graduating in data science.

Like many other large carriers, Swiss Re is working to harness the insurance industry’s large amount of data through predictive underwriting, predictive modelling the Internet of Things. Olsen and her team also want to properly leverage emerging technologies; particularly, artificial intelligence and blockchain. The technologies have the potential to change the way Swiss Re assesses risk and engages with customers and other financial services companies, she says.

Olsen formally mentors two Swiss Re employees, as part of the reinsurer’s diversity and inclusion (D&I) program. The network is comprised of 35 D&I Champions—senior managers from different business areas, according to the company. Upon becoming D&I champion of IT, Olsen helped create a mentoring network within the unit itself, alongside Swiss Re’s executive IT management team.

Olsen says that the insurance industry has improved a lot in the last decade in offering mentorships and growth opportunities to a wide range of workers.

“Navigating a career while balancing family and personal values is difficult,” she says. But insurers “now looks at mentoring from a diversity point of view,” she adds. “Employees come from different backgrounds and are each diverse in their own way.”

Data-Driven Approach

By Nathan Golia

The drive to leverage big data and analytics effectively has never been higher in the insurance industry, and it's only getting more crucial. As chief data officer of one of the world's largest insurance companies, Italy's Generali Group, Elena Rasa is keenly aware of that fact, and is working to create a standard for insurance data excellence not just in Europe, but worldwide as well.

"We realized that the other companies especially in the U.S. were looking into the data science component to make sure they had business decisions based on fact," she says. "So we decided to set up our own business intelligence and data mining unit."

Rasa began building the data organization from scratch last year, after receiving the charge from the company's CEO, Mario Greco. The former head of the P&C business set out to outline the mission for the soon-to-be-created data science team and established the key performance indicators to measure success.

From there, it was about assembling the right stable of talent.

"To build the data science team, we decided to look inside the Generali group to make sure we had the best people coming aboard from all the countries in the group," she says. "We had people coming from all over the world. We ran a huge recruiting campaign, with a very tough entrance test, and in the end we were able to recruit about 20 people around the world – all languages in our group were represented."

Rasa says that learning the breadth of what's possible with new technologies is a key part of her charge as well. She has surrounded herself with veterans from the technology industry, including people from Microsoft. Like many innovators, Generali takes a fast-fail approach to putting projects into production and evaluating their efficacy, knowing they can always make changes later. Rasa's team has already launched 22 initiatives since it was formed.

"With all the different technologies we have available, [the team] can make as many mistakes as they need to," she says. "If they make a mistake, they try again

until we get the right result, something that was not the case a few years ago."

Like many data leaders across the insurance industry, Rasa sees the potential for insurers to be bigger risk-management partners to all their clients, citing Generali's acquisition of the telematics company MyDrive last year as an example. MyDrive offers a mobile app for driver coaching in addition to more traditional usage-based insurance scoring and metrics for insurers.

Rasa also worked on Internet of Things initiatives during her stint as head of the P&C business, developing a way to incorporate sensor data into pricing decisions.

"My dream was to be part of a pharmaceutical company at the beginning of my career, because I thought that's where statistics belonged," she says, adding that she felt that "insurance tended to be conservative and traditional so it's hard to propose different approaches." However, she is proud that her career has allowed her to be flexible and innovative with the possibilities of data.

Rasa is an active participant in a formal mentoring program for female executives within Generali. She currently works with the CFO of the company's Ireland unit, as well as the head of the its life insurance business in Austria.

The main issue most women have in the business, she says, is a deferential tendency at tough times.

"Many times I see that women are not willing to move ahead. They tend to be shy and reserved," she says.

Her goal is to help women have "good relationships with themselves," she explains.

"It's about acquiring more confidence to be able to deal with difficult men or women."



Elena Rasa,
Group Chief
Data Officer,
Generali

Breaking Down Walls

By Rob Lenihan

If you're looking for Kathleen Reardon, CEO of Bermuda-based Hamilton Re, you probably won't find her in an office – because she doesn't have one.

While the company does have a conference rooms, everybody usually sits together in an open-floor setting—chief executive included.

“It gets rid of any hierarchy,” Reardon says. “We're all in this together. Your voice as a young professional just entering the business is heard. I'm happy to listen to you and hear your opinion.”

Reardon, a member of the company's founding management team, says her goals are to be approachable and inclusive.

“I'm constantly thinking of ways to challenge the employees,” she said, “Somebody was always looking after me to reach my full potential, whether it had been an advocate, a mentor, or a boss, and I want to make sure people have enough opportunity to show theirs.”

To that end, Reardon has created several think tanks at Hamilton Re to tackle issues like innovation and emerging risk. The company is also a proponent of Insurance Careers Month, a cross-industry recruitment initiative.

“I take a personal interest in my employee's career development,” she says. “It takes a lot of effort, but I believe it's that important.”

Reardon, who grew up in Philadelphia, was introduced to actuarial science in high school and pursued it through her university education. She went to work for Cigna's P&C unit until 1999, when ACE bought the group and she relocated to Bermuda. Reardon moved to the reinsurance side of the business after Hurricane Katrina in 2005.

From 2005 to 2012, she was chief underwriting officer and senior vice president for Ace Tempest Re Ltd.'s Bermuda international property catastrophe reinsurance business.

In April 2014, Reardon was hired as CEO of Hamilton Re, a nascent reinsurance company formed only the year be-

fore by former Marsh and McLennan CEO Brian Duperreault. Under her leadership, she has doubled the shareholder equity in Hamilton Re to \$1.6 billion.

“It's interesting to come into a market with a blank piece of paper and have a chance to start from scratch with no legacy, no culture that might hold you back,” she says.

But at the same time she is working to build a new insurance company at a time when the industry is being reshaped by technology and data science, Reardon also notes that insurance is in the midst of a talent crisis that sees experienced people leaving the industry faster than young professionals can replace them. Over her career, Reardon has seen more senior women in the industry, and believes that women bring unique perspectives to the executive table. That creates a unique opportunity, she says.

“Maybe we're at a tipping point,” she said, “but if you look at any of the research, you will still see that women are underrepresented at the senior executive level. It is, however, being acknowledged as an issue.”

Reardon co-founded Women in Reinsurance about 10 years ago, a group she now chairs. And, Lloyd's CEO Inga Beale chose her to lead the global expansion of her “Dive In Festival of Diversity Inclusion” in Bermuda. Reardon said the program stresses the need for the industry to acknowledge “the differences among us and, ultimately, the consumer.”

“We don't want to miss out on potential talent because of some selection process that the resume went through before they even reached the door,” she says.

This includes being honest with yourself as a recruiter, Reardon said, and seeing if there's anything you're doing unknowingly that's causing homogeneity in the hiring process.

“Just challenging yourself and challenging your team to think a little bit further on that could go a long way,” she says.



Kathleen Reardon,
Chief Executive
Officer,
Hamilton Re

Transformative Effect

By Nathan Golia

Insurance isn't the only industry that's been rocked by changing customer appetites and attitudes. The media world was arguably one of the first to see major changes in how its product was consumed. It was in that world where Farmers' head of digital, Amanda Reierson, honed skills that she brought to the insurer. Before coming to the insurance industry, Reierson worked for the *Los Angeles Times*, DirecTV, and Yahoo in b-to-b and b-to-c marketing roles.

At Farmers, she is responsible for all the company's digital assets, as well as its CRM strategy and customer experience. She says that there's lots of opportunity to improve insurance's reputation.

"We've moved to a real on-demand, 24/7 environment for all kinds of brands," Reierson says. "Customers are used to having what they want when they want it – its a self-serve world."

That doesn't mean that Reierson came into Farmers like a whirlwind upending the established agent channel. A major part of her job, she says, is enabling agents to focus on what they're best at, and let corporate pick up other tasks.

"Our agents really thrive on the one-on-one engagements with customers," she says. "We're answering customers' needs as far as self-service, but the beauty of digital is that it takes some of the simple tasks off an agents desk."

Throughout Reierson's tenure, Farmers has recorded an increase in leads generated online. From there, she says, it's about the handoff to agents and making sure that they have the materials they need to succeed in the digital world. Reierson recently launched an initiative to deliver new, standardized websites for 14,000 Farmers agents, and has guided a unified social media strategy from the brand down to the agent over the course of her four-year Farmers career.

"If I'm doing my job right, I'm getting all those digital tools out there so agents can do what's right for them," she explains. "We find that social media really humanizes our agents, and we have a program around it where we publish content that agents can use to push out to

their own customers. When we're really delivering on that brand promise and trying to give customers added value, that is a whole movement bigger than just social."

Digital transformation isn't just about new technologies, Reierson says. It's also about culture, and she is working to develop an innovative one at Farmers.

"Through that culture of innovation not only are we moving into more agile delivery models, but also looking at the startup community and where we see potential technology innovators we can bring in to help achieve our goals," Reierson says. "We always want to be one of the first movers. The great thing about digital is that it's a great test-and-learn platform"

On the professional development side, Reierson is part of Farmers' Women's Inclusion Network of mentors and role models, and is one of the group's most sought-after mentors. Recently, she created and led a workshop on building a personal brand and provided women at Farmers with her perspective on how to build the confidence to push their careers forward.

"I'm really impressed by the investment in not just women's careers, but everyone's careers, for that matter," she says. "If I look at my staff, I have a good hybrid of folks that have been at the company for a long time, and new fresh talent that you're bringing into. The company really invests in its employees."

Despite the fact that her job technically falls under the marketing umbrella, Reierson is aware of the impact of its initiatives on the larger tech environment and works closely with Farmers' IT department.

"If you're going to be a good marketer, you need to understand your systems," she says. "We are all driving toward shared goals."



Amanda Reierson,
Head of Digital,
Farmers
Insurance

Photography: Erin Patrice O'Brien

A Mission to Modernize

By Danni Santana

Elizabeth Riczko never dreamed of a career in insurance. She first stumbled onto the actuarial world as a senior at Muhlenberg College. Majoring in math and physics, she eyed a Ph.D. in nuclear physics as her next step after school. But Riczko's educational background presented the then newly engaged college graduate with a different career choice.

"Many who have ended up in the industry have a story like mine," she says. "In the 1980s, it was not common to say 'I want to graduate and go into insurance.'"

Twenty-nine years later, Riczko is business leader of underwriting and analytics at Westfield Insurance Group, where she has spent the majority of her professional career. In her current role, Riczko works directly with Westfield's enterprise leadership group;

comprised of the insurer's CEO and president, group admin leader and heads of HR and operations.

With her at the helm, the New Jersey-based outfit has transformed its business intelligence program, renovated claims processing and created an analytics resource center. Riczko and her team of underwriters have also achieved annual premium growth rates of 3.7 percent for Westfield's property & casualty operations over the past five years. The division is up to \$1.8 billion in underwritten policies thanks to a shift in P&C business strategy Riczko helped initiate. That shift: To create an organization that combines the best of human intuition and technological power.

"The future role of an underwriter in any organization requires data and analytics, but also needs to bring forward the human element," says Riczko. "We spend a lot of time finding the middle ground, creating the

optimal mix between man and machine."

In 2007, Riczko spearheaded Westfield's \$60 million business intelligence project, her proudest accomplishment, she says. By 2011, the insurer built out an enterprise warehouse that provides data and analytics to employees for daily use. To support Westfield's new platform, Riczko created a team of analytics and BI experienced professionals, beginning first by recruiting in-house through various departments—looking for anyone with tech experience before venturing out.

Riczko recently embarked on a leadership role in a transformation of Westfield's small commercial lines underwriting capabilities. She also has a passion for mentoring the company's potential future leaders. Riczko works with individuals in actuarial, claims, IT and underwriting on their strategic agility and business acumen.

"At the end of the day, the most value I can provide is helping other people help the company," she said. "In leadership roles our responsibility is to support and develop talent around us. I spend a lot of time on developing leaders around me."

She adds that mentoring is her way of giving back and following the industry's long-standing apprenticeship model.

"This is an industry that believes in mentoring," Riczko explains. "Underwriters are often trained by being assigned to expert underwriters. There is some formal learning done, but experimental learning is most important. I think back on my career and remember how great the person that mentored me was."

With any project she leads, Riczko's main goal is to modernize and change the way Westfield delivers products to customers for greater value, she says. Some of the industry's new emerging technologies fit right in line with her motto.

"I am excited by the possibility to combine the Internet of Things and digital capabilities, which are more prevalent with transformative technology on the legacy side."

Beth Riczko,

Group
Underwriting
Leader,
Westfield
Insurance

Photography: Erin Patrice O'Brien

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Carrie Santonastaso,
Vice President,
Customer
Service,
Philadelphia
Insurance
Companies

Focused on the Customer

By Danni Santana

From taping up football players to solving insurance customers' inquiries, Carrie Santonastaso has always been ready to lend a hand.

The former high school and college athletic trainer entered the insurance world as a part-time file clerk in 1998 for MGA Gillingham & Associates, before moving on to underwrite gun, boat and horse coverage for the company.

Today, Santonastaso serves as of customer service at Philadelphia Insurance Companies (PHLY), where her days treating athletes' aches and pains have translated into valuable experiences as she leads her own team of insurance professionals.

"A lot of the skills I honed then make me a good leader today because I am able to resolve issues and better watch out for things," the 18-year industry veteran says of her shift in focus from sports medicine to insurance.

Santonastaso oversees PHLY's multi-channel contact center, accounts receivable and premium processing—among other responsibilities—at a time when carriers face growing pressure to provide real-time services to customers, similar to banking and retail. As such, 2016 marks the first year at PHLY where chat and email interaction with customers has increased while traditional telephone communication has declined, she said.

"Technology is fabulous, but only if it is enhancing relationships with customers," she added, arguing that technology and automation exist mainly to empower employees.

Santonastaso is excited by a number of technological advancements in customer experience; mainly agent portals and personalized incoming service requests. The emerging tech prioritizes tasks for front-line employees and provides supporting background information about a problem before speaking with a policyholder.

Upon her arrival to the company in the late 1990s, Santonastaso set personal

objectives around three central ideas: employee engagement and advocacy, adding value to the company—both top- and bottom-line—and taking necessary risks to improve customer experience. Santonastaso created PHLY's Voice of the Customer survey program in 2011. The consumer feedback program is now a core piece of how the insurer measures success, according to the company. She's also grown PHLY's underwriting products from four to 10 during her tenure.

Currently, Santonastaso is revamping the organizational structure of her unit to ensure responsiveness across all teams is consistent, she said. Her team is also working to provide electronic signatures to customers, for better convenience.

"My MGA background gives me versatility and makes me uniquely qualified to tackle underwriting and IT system concerns," said Santonastaso. "MGAs operate as mini insurance carriers. At a big carrier, human resources and other departments are separate. In an MGA dynamic, it's not so siloed."

PHLY is in the midst of a potential decade-long project to replace all its legacy systems called SPIRE. The goal is to more easily integrate rating, policy issuance and billing, Santonastaso, who is a member of the project's steering committee, says. She also leads the creation of PHLY's new billing system, scheduled to roll out at the end of the year.

SPIRE began in 2014 and will take an estimated six to 10 years to complete, according to the insurer.

Santonastaso also created PHLY's High Potential Employee Program within its customer service department in 2014. The initiative prepares employees for future leadership roles through a curriculum she preps. More than 25% of participants have received promotions during their time in the program.

"We wanted to fill in gaps in performance and offer more than just the technical experience employees were gaining on the floor" with the program, she says.

STRATEGIES

POLICY ADMINISTRATION AND UNDERWRITING



THE COMPLEX PATH TO POLICY ADMIN MODERNIZATION

In order to
successfully
compete and
remain relevant,
insurers must
evolve and
modernize
their policy
administration
systems.

The business environment in which insurers (both property/casualty (P&C) and life/health (L/H)) must compete has become as fast moving and as complex as the technologies necessary to manage it.

The speed of information flow, combined with the upsurge of mobile and social technologies, have changed the way in which policyholders interact with their insurers, resulting in increased expectations for 24/7 accessibility, usability and self-service. These factors, combined with security risks due to outdated systems, inefficient processing of policyholder information, lagging response times, and the increasing number of IT staff with proprietary knowledge nearing retirement age, point to the need for policy administration modernization.

“One of the biggest challenges facing insurers is how to remain relevant in today’s digital economy,” says Karen Furtado, partner at Strategy Meets Action and author of SMA’s “Insurers’ Core Systems Buying Trends” report. Furtado points to the issues related to that challenge: products not evolved enough to be consumed and a lack of data available for real digital consumption.

“We still have old transactional paradigms,” adds Furtado. “We are being called in to help with digital strategy--how to be digital in and out. Internally you have to have rules/workflows and mobility for your internal workers, and you have to be digital

externally to those consuming that info along the chain. Core has to support that. That's the shift – that's why we are seeing the buying trend, for example, of portals being sold with core policy admin systems.”

The decision to modernize a core policy administration system, the lifeblood of an insurer's operations, doesn't occur overnight, nor does it occur in a vacuum, and for some carriers, it's a decision that is still on the back burner, because the prospect of approaching the host of upgrade options available is overwhelming.

A TOP PRIORITY

Yet insurers recognize the importance of policy admin modernization: SMA reports that to date, 74% of insurance companies invested in core systems replacements this year, and it continues to register as a top priority, notes Furtado. And there is a new sense of urgency: In the early part of 2015, SMA research showed that personal lines were the farthest behind in policy administration modernization efforts, as published in “Policy Administration: P&C Plans and Priorities.” Two-thirds of insurers writing personal lines had not yet begun to implement a modern core policy administration system, notes the report, and only 8% had a modern policy system online.

Of the 139 core systems purchased by insurers in 2015, 35 were policy admin stand-alone (See Figure 1) and 60 were suites (which include policy admin, billing, claims, etc.), notes Furtado. “The smaller the insurer, the more likely they are to purchase a suite. In fact, this is where the trend toward suites is really playing out. Note that Tier 4 insurers are purchasing suites at a staggering rate: 72%--one out of every four core purchases--of all core transactions in 2015 was a suite for a Tier 4 insurer,” she says.

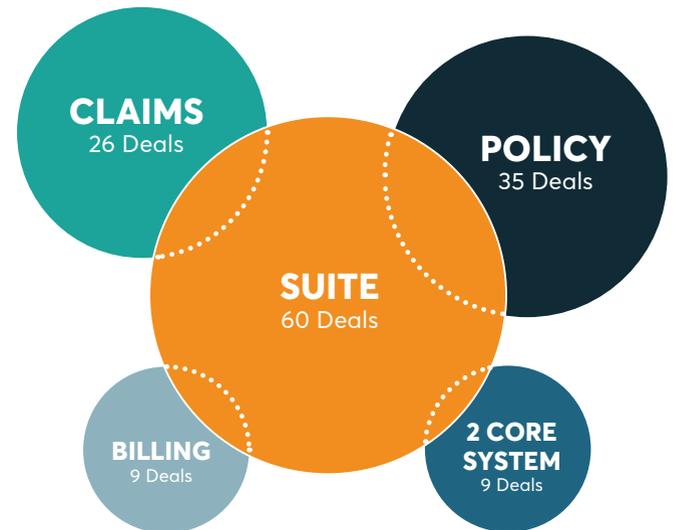
“This makes sense when you think about the largest personal lines insurers, which control 80% of the market,” notes Donald Light, director of the North American Property & Casualty Practice at Celent, a research and advisory firm. “The top 5-8 insurers are working with 15 to 30-year-old systems—most with several of those systems on-premises, and so they are slower to modernize. Plus, these recent core purchases are replacing those implemented 10-15 years ago, during the first core modernization wave.”

Consulting firm McKinsey agrees, stating that the P&C industry lags in digital sophistication. “Our analysis suggests that the top 20 or 30 processes can account for up to 40 percent of costs and 80 to 90 percent of customer activity. Digitizing these processes can take out 30 to 50 percent of the human service costs while delivering a much better customer experience,” say the authors of McKinsey's new report, “Making Digital Strategy a Reality in Insurance.”

NO SIMPLE, QUICK FIXES

Life and health insurers are even farther behind than P&C, notes Tom Scales, Research Director with Celent, who cites approximately 12 policy admin deals a year in the life line of business. “Even with drivers such as Internet-enabled consumer sales, conversions are complicated for life carriers, so their deals are designed for greenfield opportunities or for new business only. And with health exchanges, they are still running old systems but with snazzy front ends.”

Figure 1. Core Systems Purchased in 2015



Source: SMA Core Buying Trends Analysis 2016

Insurer Tiers:

✓	Tier 1: DWP over \$5B
✓	Tier 2: DWP between \$1B and \$5B
✓	Tier 3: DWP between \$250M and \$1B
✓	Tier 4: DWP under \$250M

Continued on A24

WHAT MAKES OUR POLICY ADMIN SYSTEM DIFFERENT?

(Hint: Look Below the Surface)

When it comes to a big-ticket item like a policy administration solution, it's natural for buyers to focus on features and functionality. After all, you're really concerned with what that new system can DO. But here's the thing about policy admin: All the major players offer essentially the same basic feature set. **The differences lie below the surface, in things like bloat-free implementations and one-day upgrades.** Wouldn't you rather have the system that can actually deliver those great features – and keep doing it for years?

POLICY ADMIN SYSTEM FEATURES	VENDOR X	VENDOR Y	
Quick quote functionality	✓	✓	✓
Dynamic questioning	✓	✓	✓
Seamless conversion of quick quote to full quote	✓	✓	✓
Automated exception-based underwriting	✓	✓	✓
Out-of-sequence endorsement handling	✓	✓	✓
Policyholder and agent portals	✓	✓	✓
Support for web-based interfaces	✓	✓	✓
Support for data conversions	✓	✓	✓
Mobile capabilities	✓	✓	✓
Full policy lifecycle management	✓	✓	✓
➡ IMPLEMENTATION TEAM SIZE	45	60	10 ←
➡ TYPICAL ACCEPTANCE-READY UPGRADE TIME	MONTHS	MONTHS	3 HOURS ←



WHEN YOU'RE THINKING ABOUT A POLICY ADMIN SYSTEM REPLACEMENT, THINK ADAPTİK. HERE'S WHY.

BLOAT-FREE IMPLEMENTATIONS

Most policy administration solutions require dozens of solution consultants to be involved in the implementation. That's not just expensive – coordinating efforts between 40, 50 or more individuals is a communication nightmare. Adaptik implementations, by contrast, are so streamlined that they typically require fewer than 10 people.

ONE-DAY UPGRADES

What good is modern functionality if it's going to be obsolete in a year? Adaptik's unique approach to configuration allows for core system upgrades to be performed in only a few hours, without requiring costly rework of your business rules. Other vendors need months to perform even a simple system upgrade.

RAPID, ONE-TIME INTEGRATIONS

Adaptik treats all user-configurable tailoring of the system – including integrations – as data, rather than part of the technology core. That means you can tie into a third-party system without writing a line of code, then continue to enjoy the integration regardless of upgrades or other technology changes. Do it fast, do it right – and do it once.

OMNICHANNEL RULE MANAGEMENT

Adaptik allows underlying business rules to be used (with channel-appropriate presentation) across any and all channels: agents, customer service staff, underwriters, direct to consumer, mobile and more. Rules can be tailored by channel or deployed universally – and it all happens immediately.

adaptik.com/different

Suite implementation can be a reality for all insurers.

The goals were lofty, but The Philadelphia Contributionship (TPC) set out on a full core administration suite quest that resulted in an on-time and on-budget implementation, new business and appreciative agents.



ROBERT WHITLOCK
PRESIDENT AND CEO – TPC



ERIN JOZWIAK
BUSINESS INTELLIGENCE MANAGER,
UNDERWRITING – TPC



BEN CARTAFALSA
IT PROJECT MANAGER – TPC

ISCS: Why did TPC specifically choose a suite for core administration instead of best-of-breed components?

Whitlock: In business since 1752, TPC is the oldest property and casualty (P&C) insurer in the United States, and to a degree, our technology reflected that age. While the lights were staying on, business was operating and agents were satisfied, we knew our existing 30-year-old homegrown legacy system was not viable for the long run. We went into this thinking best-of-breed was the way to go after terminating a previous implementation with a suite provider. We felt like we could implement more carefully. But, the more we got into it, the more advice we got that it was not the way to go because the integrations are harder. At the end of the day, our business users made the decision to go with a suite implementation.

ISCS: What were some of the major considerations for TPC in the evaluation and selection process?

Jozwiak: IT didn't drive the direction of this project largely because IT doesn't use the software. During the evaluation process, we worked with an analyst firm, starting with nine software providers and eventually narrowing to three providers who provided scripted demos. Based on the scripted demos, we selected ISCS to continue the process by providing a proof-of-concept (PoC). Their SurePower Innovation® had everything we were looking for in an end-to-end suite, including reinsurance. Several of us additionally visited ISCS's office to meet the entire team before the final decision was made and that pretty much sealed the deal. In the scorecard process, you try to find that balance of overall quality of the product and the culture of the vendor. It was pretty clear cut at that point that ISCS was the right choice.

ISCS: How did this selection, and following implementation process, meet or reflect TPC's strategic business goals? What made this a successful project in your opinion?

Cartafalsa: Entering new states was a slow and difficult process with the legacy system we had before SurePower Innovation, and therefore, it was a big goal for us with this implementation. We took a greenfield deployment approach, expanding into the state of Maryland in addition to our existing states (Delaware, Pennsylvania and New Jersey). Because we were new to the agile methodology for technology implementations and project management, we took advantage of the availability of ISCS's current customers and sought out their input. But, we found the whole process of rolling out the systems was consistent with our culture. We have a very well-developed enterprise risk management culture here. A project like this is full of risk, and we thought carefully about how we wanted to roll this out. We also had sincere buy-in from our leadership. In other companies, you probably wouldn't see the CEO and CFO rolling up their sleeves, getting their hands dirty.

ISCS: What were the results of the suite implementation process?

Cartafalsa: As we started to realize the benefits of agile, the momentum of the project increased. Getting new agents on-board as we brought up a new state was a high point. We deliberately involved our agent customers very early in the process, through site visits and access to the test system. In total, it only took nine months from first sprint to go-live in Maryland for all the new and increased functionality that SurePower Innovation provides. Coincidentally, we went live in Maryland on June 2, 2014, exactly 262 years from the day TPC issued its first policy in 1752.

Then came Delaware in December 2014, Pennsylvania in July 2015, and New Jersey in June 2016. The whole roll-out strategy was to manage the risk, small to large.

ISCS: What impact did this have on the business?

Whitlock: I think this changed our reputation as a company in terms of our technological capabilities. With SurePower Innovation, we've been able to leapfrog some of the competition. Our reputation has started to move toward more mainstream and innovative than what we've had in the past. And, agents really like the functionalities and features.

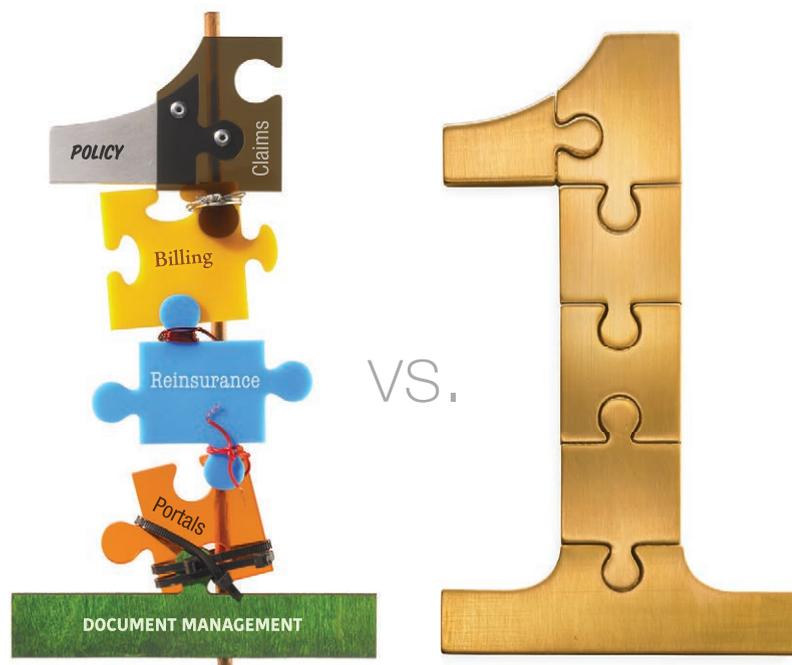
ISCS: What specific features or functionality of SurePower Innovation are TPC users finding most beneficial so far?

Jozwiak: Needless to say, we truly appreciate how much more modern SurePower Innovation's overall advanced architecture is than our old, legacy system. Built on one web-based platform, the benefits SurePower Innovation provides our people to see policies across lines of business and subsidiary companies is significant. Previously, if you wanted to look at another, you'd have to log into that one. With SurePower Innovation, it's just one system, one login. And, maybe even better, it's intuitive. It was amazing how quickly our users could jump on there and quote right away. It's nice to be able to work in one platform rather than having one web-based platform and a separate internal platform and having to deal with two development efforts – one for agents and one for internal users. Now, it's all one-in-the-same.

ISCS: How are you planning for the future with SurePower Innovation and ISCS going forward?

Cartafalsa: At the end of the day, moving to a suite implementation was the right decision for TPC. And, we have confidence in ISCS's and SurePower Innovation's ability to adapt. ISCS evolves, and SurePower Innovation will evolve with our users and the product. That's one of the things we like about ISCS. They're always refreshing the system to keep it up to date and ready for the future.

The goals were lofty, but The Philadelphia Contributionship set out on a full core administration suite quest that resulted in an on-time and on-budget implementation, new business and appreciative agents.



Not all insurance suites are created equal.

Insurance software doesn't get any easier than SurePower Innovation®. All the modules work so well together because our suite is built with one common architecture. You get a far greater user experience with only a single login, plus faster training and upgrades. SurePower Innovation—clearly the one without equal.



SurePower Innovation. The Power of One.

Find out more at go.iscs.com/PowerOfOne or call us at 888-901-ISCS.



From legacy to longevity: Modernizing policy administration



About the Author

Kym Gully provides the technology direction for the Accenture Life Insurance & Annuity Platform and also drives our Digital Innovations business. Kym has more than 20 years' experience within the financial industry covering all areas of the software development lifecycle.

Kym Gully, Technology Lead for Accenture Life and Annuity Software

Most life insurance companies have spent decades and millions of dollars maintaining their aging policy administration systems. But their work has been only partly successful. Although it might be acceptable to maintain a closed block of business on a legacy system, new business should be processed on a platform that supports today's breed of customers and products, and that provides the adaptability needed to keep up with the blistering pace of 21st century commerce.

Companies need to modernize their policy administration systems, but they can't do so using costly, "big bang," multi-year implementations. Instead, insurers should be looking for componentized, flexible integration points with out-of-the-box adaptability and a modular architecture.

Today's technology is fast-moving and there are key aspects of a modern policy administration system that a CIO or CEO needs to consider to keep pace with a market that is continuously redefining itself for a digital world.

Success factors for modernization

CIOs have several goals in mind when it comes to modernization: eliminate business and IT silos; reduce complexity; and deliver a world-class customer experience. They need to move the business forward which also requires successful integration with an expanding ecosystem of business partners and customers.

Based on our experience, we see four success factors that are especially important when it comes to policy administration modernization:

1. Flexibility through a "mobile first" strategy. Companies cannot afford an approach that pursues different solutions for desktops, tablets and phones. Traditionally, companies built systems for a desktop and then only later considered mobile requirements. Today, the goal is "build once, use many times." Off-the-shelf GUI infrastructures make it easier to create systems that can be displayed on multiple devices.
2. Smart applications. Embedding intelligence into applications is now critical—automated applications that offer straight-through processing and are driven by analytics and self-governance. The focus should be on extending data availability both internally and externally, leveraging analytic extensions to use data that supports the business and more effectively engages the consumer.

3. Strategic alliances. In a fast-moving and complex marketplace, it's no longer possible to be a specialist in everything. Alliances are essential. To defend and grow market position and support multiple distribution channels, new dimensions of application connectivity are essential. It's important to open up and interface with business partner and customer ecosystems.

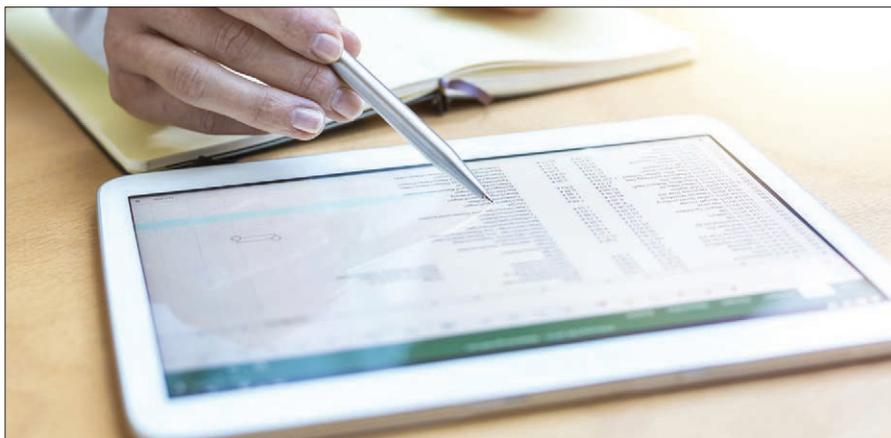
4. A world-class customer experience. Delivering a compelling and satisfying customer experience is a crucial differentiator as carriers consider policy administration systems. The focus needs to be on helping carriers build integrated solutions that create personalized, multi-channel customer experiences at a reduced cost. This is especially important when providing for the rapidly growing expectations of the end-consumer in the digital world.

...new business should be processed on a platform that supports today's breed of customers and products, and that provides the adaptability needed to keep up with the blistering pace of 21st century commerce.

Key ingredients

Companies can take optimal advantage of these trends by pursuing innovations in several areas.

- Leading infrastructure: Effective infrastructure must be real-time, cost-competitive and available 24/7, with the scalability needed to handle the peaks and valleys of business activity. Strong security is essential for Web access. Also, to reduce total cost of ownership cloud is an option few companies can ignore. Pay for what you physically use is the way forward.



- **Best-of-breed applications:** Using modern technologies, applications need to be tiered, layered and flexible, as well as agnostic to the ecosystem so they can perform in any environment. By taking advantage of the open source world, carriers can improve their return on investment.
- **Innovation-focused leadership:** Effective technology and business leaders understand market direction, and they anticipate and meet the expectations of next-generation consumers. Successes found in other parts of the world can and should be adopted.
- **Supporting the business:** Leaders are pursuing predictive analytics solutions for ongoing business support. They are continually looking to refine products and expand sales opportunities. At the same time, they seek to improve cost structures through operational improvements.

Building for the future

When deciding on concrete steps to develop a flexible, world-class policy administration system, an important message for CIOs is to think both in the short and the long terms. Don't try to do everything at once.

Begin with the core capabilities, built in the cloud, and then look at other components and their dependencies. For example, infrastructure supports integration, which then provides the basis for mobility, which in turn provides the distribution channels for the external user interface. Mobility and integration support analytics, innovation is driven by integration, and all facets are connected to the core platform and controlled by the infrastructure.

The ability to configure a new product in one week does not help the time to market if the rest of the ecosystem requires six months to build out support for downstream systems. It can't all be done on day one, so a long-term technology roadmap and integration strategy is required.

Think of it like solving a jigsaw puzzle. You begin with the corners and edges and then work to solve the rest of the puzzle. CIOs need to think of getting the basics in place, and then ensure that ongoing innovations are developed in sync with other parts of the puzzle. It's a way to make maximum progress with a minimum of resources and spending, while getting the best results over a multi-year period.



Accenture's life and annuity software delivers modern solutions to meet evolving market demands. By leveraging the Accenture Life Insurance & Annuity Platform (ALIP), with its robust functionality, advanced architecture and superior product configuration capabilities, our clients are accelerating product introduction and improving customer service. We also assist in advancing their digital agendas with progressive technologies such as personalized digital communications, portals, analytics and mobility.

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Accenture's Life Insurance & Annuity Platform (ALIP) is broadly recognized for its advanced architecture, deep functionality and superior product flexibility. With new carriers joining the large, active ALIP community regularly, ALIP has distinctive market momentum. Why?

ALIP is differentiated in at least the following five ways:

1. A proven history and long-term commitment to investing in the solution.
2. Fully functional, out-of-the-box capabilities, with little configuration required.
3. A development and release methodology that promotes ongoing enhancement updates.
4. An implementation approach based on mature methodologies.
5. The agility of a small organization, backed by the world's largest global strategy, consulting, technology, digital and operations company.

We're proud of ALIP's industry recognition and analyst ratings, which include being positioned in the Leaders quadrant and achieving best-in-class designations in key industry reports. Through the combination of ALIP's advanced capabilities, flexible architecture and multiple deployment options, carriers can match their unique requirements to an implementation model customized to their needs.

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[accenture.com/lifeandannuitysoftware](https://www.accenture.com/lifeandannuitysoftware)

Where do we go from here?

Jerry Whetnall
Vice President Product Strategy
StoneRiver, Inc.

I WAS TOLD many years ago that life insurance is a piece of paper and a promise. In times of adversity life insurance can care for your family, pay the mortgage and send your children to college. That principle hasn't changed, but over the recent past the industry that guarantees that promise has evolved dramatically.

For good or bad, regulatory and compliance shifts have impacted the industry to the extent that how we are allowed to assess risk has altered. The products we can offer have been restricted. Regulations continue to go ever further in imposing challenges and constraints on how we can sell our products. Consider the impact of 'Too Big to Fail', fiduciary obligations, and subsidiary limitations on what types of evidence we can and cannot acquire and how we may or may not use that evidence in assessing risk. Mortality does not discriminate, and predicting mortality is fact-based science, not the manifestation of a preconceived outcome.

All that is occurring while we try to adjust to an ever changing marketplace. All carriers are trying to reach the millennial market. This cohort consists of the most highly educated citizenry in history. But when it comes to insurance, they are one of the least informed cadres ever. Consider that a recent survey found millennials estimated life insurance premiums to be over six times higher than in actuality.

That market is also fraught with challenges including life events timeframe changes such as later marriages, later home ownership, later children, and postponed retirement planning. Plus, the cost of their education has left them burdened with debt that limits discretionary income.

Reaching that market requires a concentrated effort on educating them about the essential need for insurance and retirement planning and that those are not discretionary expenditures.

The techniques of selling to that market are vastly different than prior generations. This generation is use to instant gratification when making a purchase. They have different buying habits; they are tech savvy and demand personalization and mobility. They want to buy anytime, anywhere, anyway.

Fraternal carriers in particular must confront the challenge that cultural, ethnic and societal allegiances have diminished, thus impacting their ability to reach this market group. Millennials do not join the lodge; they don't join the same organizations as their parents. Millennials tend to affiliate around shared experiences. Consider targeting 'experience affinity' groups with products that meet the specific needs of that group. Success will also be found in this approach when peer-to-peer marketing forces begin to drive purchases.

When members of an experience group have a good purchase engagement with your product, they will become a stealth marketing organization. Peers respect the recommendation of other peers.

The simple facts are;

- Experience groups may be small in size but the spectrum of these groups is enormous
- Carriers need to understand that brand name awareness is no longer the key differentiator that it was before. Experience groups will congregate to the best product and the best service regardless of brand or image.

To meet millennial demands, carrier technology and underwriting must adapt. As the Internet has changed buying patterns, automated underwriting has become a critical tool to match the new buying habits. 'Fast Data' such as Medical Information Bureau, motor vehicle reports and prescription histories have dramatically changed application-to-policy timelines. Electronic health records are just beginning to show additional risk assessment progress. Credit scoring as a mortality predictor is becoming more readily accepted by the industry.

With these new vehicles for evidence collection we have the ability to revisit the number and types of questions on applications. Fewer questions are viewed as less intrusive by a marketplace that is increasingly concerned about the privacy of their personal information.

Consider reviewing and eliminating questions on an application where answers can be discovered through evidence sources. If you still regard all the questions on an application as required, then at least consider the value of the answers you receive. Studies have shown that 20% of smokers deny smoking and over 25% of people understate their weight by up to 25 pounds—even when they know a paramedical exam is required.

This overall state of affairs may be viewed as a bleak outlook on the industry or as a call to action. Observe the market, and orient your plan to your goals; decide to move forward with the plan or not; and if the decision is to move forward, then act. No more 'where do we go from here?'

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DEMAND MORE OF YOUR POLICY ADMINISTRATION SOLUTION *by Robert Burns*



Bob is Director of Product Strategy at Insurity, Inc. where he leads the strategy and direction of Insurity's core policy solution offerings. He has spent his career in the insurance industry and has past leadership positions at the LexisNexis Insurance Exchange and the National Council on Compensation Insurance (NCCI). Bob holds undergraduate and graduate degrees from The University of Connecticut in Storrs, CT.

It's the sentiment of some that vended Policy Administration Systems (PAS), in the aggregate, have matured -- that much of the content and functionality is largely similar and the competitive difference is around the edges (implementation model, UI preference, etc.) If we accept that thinking for a moment, and assume that most PAS's do the basics, what else should PAS buyers consider?

Let's take a look at the key trends, already well underway, that are impacting policy administration systems.

Distribution channels are evolving and multiplying. Much more interaction directly with the consumer is occurring even in the commercial lines arena. Non-traditional providers such as Google and Walmart are driving expectations on existing models in the form of cluster groups, aggregators, and comparative raters.

New entrants are pushing the boundaries and expectations of the distribution channel and policyholder. These insurer startups, unencumbered by technological and operational baggage can more nimbly introduce new products and adapt to new channels.

User experience (UX) expectations have also been influenced by factors from outside the industry. Agents, policyholders, and even internal insurer personnel are retail application users and have developed very specific expectations based on those experiences. An Amazon user now takes for granted that their experience will be customized to their own

personal preferences throughout their buying or servicing activities - suggesting options, guiding the workflow and decisions, and prefilling what it knows about them throughout the experience. And they can shop or bank on their laptop as well as their phone, seamlessly transitioning from paying bills to adjusting their 401k using built in system analysis that presents customized suggestions.

These users now expect the insurance lifecycle, from point of sale, to underwriting, pricing, renewal, and servicing to provide a similar experience.

Product specialization is also increasing. The specialty program market is growing at more than twice the rate of standard products and is at least \$30B in size. Traditional insurers are offering more targeted versions of standard lines, blending traditional products for very specific needs.

Ensure your PAS system can respond to the market forces today and extends beyond the traditional lifespan

SUPPORT FOR ALL USERS – REGARDLESS OF THE TYPES OR ROLES

The PAS solution you choose needs to support all insurer types or roles. That means the system also needs to support all lines of business – whether specialty, E&S and more – as each user or role can have different needs. If your PAS cannot, then it runs the risk of limiting your options for growth and expansion, whether to better service your existing market, reach new markets, or to expand your agent network.

The support for any user type – regardless of role is critical. The days of an orientation to an internal carrier processor are gone. Your PAS UX needs to be able to accommodate a range of users, customize those experiences

to deliver only relevant content, provide alternate branding as needed as well as manage the complex interconnected relationships between them (e.g., retailer, MGA, Wholesale, program administrator, consumer, etc.)

DATA-DRIVEN

Part of providing an optimal user experience involves much more extensive use of data and analytics so the ability to take in structured and unstructured data, process it to not only make decisions that minimize data entry and maximize validation, but have a UX that responds to those real-time data interactions is a must.

SUPPORT FOR A DIVERSE RANGE OF PRODUCTS AND PROGRAMS

Your PAS needs to be able to support a wide and growing range of products and create new “insurance products” to respond to changing market conditions without a massive development effort. It needs to be able to leverage its content and functions in any way that you, as a carrier, seek to combine them. That capability implies that you could define a highly complex product that is high-touch alongside a more standard line and a custom, low-touch product. Additionally the PAS needs to empower the business user to be able to quickly and easily make changes, evaluate the impact of those changes and then navigate through change control with clear authority level control and audits.

In short, carriers look for the architecture, functionality, content, rules, and workflow enablement that provides for most policy and distribution complexities. That means you should target some basic building blocks in a PAS that will stand the test of time and also supports a componentized, tool-driven platform with a highly flexible approach to the user experiences.

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THAT SUPPORTS YOUR BUSINESS STRATEGY :
TODAY AND TOMORROW

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DELPHI TECHNOLOGY ANNOUNCES DELPHI ACCELERATOR

Latest version revolutionizes the analysis, design, roll out, and maintenance of P&C insurance products

Boston, MA – June 22, 2016 - Delphi Technology, Inc., the recognized leader in technology solutions for medical professional liability insurance and an emerging provider of technology solutions for property and casualty insurance, today announced the latest release of Delphi Accelerator.

Built on the new Delphi Velocity technology platform, Delphi Accelerator makes it easier for P&C insurers to leverage ISO Electronic Rating Content (ERC) to streamline, automate, and accelerate product development to maintain their competitive edge. Product managers can download and import ISO electronic rating content directly into their own content libraries in a matter of minutes instead of days, weeks, or months. They can define products for their target markets, desired lines of business, states, and issuing companies by adopting ISO ERC content and combining it with their own intellectual property seamlessly from a browser.

“Delphi Accelerator, used in conjunction with ERC, will greatly reduce the cost and time it now takes insurance carriers to institute circular changes.” said John J. Flavin, Senior Vice President and Chief Business Development Officer of Delphi Technology. “Delphi Accelerator gives insurers the ability to radically improve product development speed and enhance product capability to pursue new opportunities and accommodate market demands.”

Delphi Accelerator includes:

- **ISO ERC Import** Import ISO ERC in minutes without having to deal with its complex XML structure
- **Content Categorization** Turn ISO ERC into business user-friendly coverages, forms, rules, rates, rate tables, etc.
- **Content Publication** Publish content to Delphi Policy or any policy administration system
- **Product Design Ecosystem** Delphi Accelerator can interface seamlessly with any policy administration and data warehouse / business intelligence system
- **Product Definition Workflows** Product definition workflows allow insurance products to be created, modified, and managed through their filing lifecycles
- **Global Searchable Content** Search all insurance content in the content libraries
- **Product-centric Content Adoption** Flexible content adoption workflows allow product managers to freely use content from ISO ERC and their own content libraries
- **Content Comparison** Content comparison highlights potential and possible product changes
- **Content Change Impact Analysis** Impact analysis through integration with any policy administration system, Delphi Policy, and Delphi Reporting & Analytics enables product managers to gain insight into possible premium changes on books of business through designing what-if scenarios and carrying out simulations

“The true power of Delphi Accelerator lies in its ability to provide instant visibility into ISO content. Product managers can compare their products to any version of content from ISO ERC or their own content libraries and differences in rates, rules, forms, and coverages can be highlighted to support product definition decisions.” said Rex James, Delphi’s Vice President of P&C Sales. “They can also leverage the comparison and impact analysis functionality to perform product “what-if” scenarios for any combination of rates, rules, and forms from their own unique content libraries enabling them to tailor their product offerings to proactively evolve their market with unprecedented agility.”



HARNESS THE POWER OF YOUR EXPERTISE & OUTPACE YOUR COMPETITION

As the pace of marketplace changes accelerate, companies that are slow to respond will be left behind. Delphi Technology understands that *improving speed-to-market* will help you win the race.

Delphi Accelerator helps you harness the rich, robust content from AAIS, ISO, and NCCI to give your products a competitive edge by enabling you to:

- Download and import content directly into your own content libraries in a matter of minutes instead of days, weeks, or months;
- Define products by adopting AAIS, ISO, and NCCI electronic rating content and seamlessly combining it with your own intellectual property;
- Leverage the impact analysis functionality to perform product “what-if” scenarios for any combination of rates, rules, and forms from AAIS, ISO, NCCI, and your own unique content libraries.

Let Delphi Technology show you how to *minimize risk, compare your product content to new versions, and get products to market faster* than your competition. For more information, visit Delphi-Tech.com.



4 Factors Why Insurers Might Not Replace Core Systems ... and Some Possible Results

By Tom Chesbrough, SVP
StoneRiver, Inc.

Make money, save money, beat the competition, appeal to agents, and create new products to keep up with change. These are the tough issues your company faces.

As you face these challenges, industry analysts frequently repeat: Carriers must transform themselves if they want to thrive. The typical scenario:

1. Your company is currently “steady,” but new customer demands and competitors have emerged. It’s harder to beat the competition. Without new products and services, company value will erode.
2. To thrive, the organization needs to reinvent itself by adopting a new path, using new technology. Without reinvention, the company will fall behind forward-thinking competitors. Solutions may require technology from vendors like StoneRiver.

Frequently adopting a new path involves competing priorities for budget, time and capacity. If focused on shorter term needs of current systems, the carrier uses these priorities to remain with the status quo.

In a nutshell: Take action. If your team thinks your company can rely on workarounds to keep up with the pace of change, they are avoiding the issue of support for your core systems. Sticking with the status quo won’t position your organization to compete in the future.

Four factors that business leaders use to put off the inevitable changes needed: time, cost, people, and risk to the business.

Time

For any system project, carriers want to avoid a runaway effort that spends time and uses resources—and then have to abort the project and go back to looking at systems.

Another element is the time required for implementation. Some system implementations can be multi-year projects. A phased approach may be possible, but they involve more expense with duplicate interfaces, additional reporting and extra systems support. Ultimately, phased approaches deliver benefit earlier, but you need to consider the impact on your investment. StoneRiver has done hundreds of implementations that include both phased and big bang ... we can guide you to the right choice for your success.

Cost

The cost of the initial capital expense can also be a barrier. It’s difficult to write a check for a new system while still paying for the existing one. Carriers need to understand which system vendors tailor the cost and payment structure to soften the financial impact until the carrier is gaining benefit from the system.

People

Many companies have decreased headcount significantly and feel they don’t have resources for the effort required for a new system. It helps to work with a vendor with solutions that automate workflows and that are intuitive and easy to learn. Equally important is a vendor with an implementation methodology that involves a core team. After system set up, it’s usual to ‘train the trainer’ and then train on system use.

The skill set of current staff may be targeted toward legacy, and it would be disruptive to the organization to retool/retrain everybody. In your company, who are the top business and technical people? If they’re nearing retirement, it’s even more critical to start improving system documentation and building a new workforce. Having a strong modern platform like StoneRiver’s Insurance Integration Platform (IIP®) can also help attract new people to the organization.

Depending on when existing systems were implemented, staff may have been part of that effort and feel some ownership in the current process. There may be a desire to recreate what they have rather than rethink and transform.

Risk to the Business

Carriers perform new system implementations infrequently, so the project might seem daunting. While carrier personnel wonder what needs to be done and how to do it, there’s usually some perceived risk around the impact on the organization and its business reputation.

Thorough discussion of all risk elements is critical. Nobody wants billing operations upheaval. Everybody wants to keep agents satisfied. Business interruption affects revenue. Carriers want to go live “with a whisper”—without business interruption. With a software vendor that has proven methodology for core system replacement, carriers have a deeper confidence in successful project completion.

What’s coming down the road? No one knows, but carriers need to grow and stay relevant by dealing with infrastructure, with flexible options for operating in the cloud, and with big data from the Internet of Things. Then there are portals to streamline workflow, direct self service to customers, business intelligence and integration of all these components. Clearly, without the right systems, being an effective carrier will get harder and harder.

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Charles Darwin could have been talking about insurance carriers when he said:
“It is not the strongest ... that survives, nor the most intelligent ...
It is the one that is most adaptable to change.”



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“Custom” is the key to customers' satisfaction



For many years, property and casualty insurers have sold cookie-cutter products to customers they've classified as having similar needs, but that's changing. Today's digital economy has set a precedent in which customers are presented with products and services selected specifically for them based on their prior buying and browsing activity. P&C insurance is headed that way as well. Just look to the recent ad campaign, “Sorta you isn't you,” from Esurance. But how do carriers provide one-of-a-kind customer experience without incurring the cost of custom-built products and services? That's where technology provides an edge.

Modern core P&C insurance systems provide a number of capabilities that enable carriers to tailor the products and services they provide to their customers. I like to categorize these into three groups based on the primary functionality they enable.

Know the customer

These are capabilities that enable the carrier, their employees, and their intermediaries to understand information about their customers pertinent to providing more personalized service.

360 Degree View – In a highly accessible and user-friendly format this view provides a complete vantage point of the customer, enabling better and proactive servicing

Underwriting Accounts – Similar to a 360 degree view, but specific to the underwriting process, grouping related customers (such as corporate conglomerates and subsidiaries) and their respective policies, quotes and renewals into a single view enables underwriters to tailor specific products, lines and coverages for these insureds. This also helps provide the aggregate account value to the insurer, driving improved servicing and more customized underwriting, rewarding that customer for their importance to the carrier.

Service the customer

These are capabilities that enable a customer-specific experience that allows customers to interact with the carrier on their terms. Think of these as supporting key customer “touch points.”

Flexible Product Definitions – Being able to quickly launch new products and make adjustments to existing ones signals to the customer that you want their business. Flexible products can introduce highly granular tiering, as well as specific coverages, services and pricing. Different customer tiers receive different limit and deductible amounts, different sets of coverages, payment plans, and other valuable services.

Portals and Self-Servicing – Customers today have grown used to interacting with businesses via multiple channels, primarily based on ease of use. Providing multiple means to engage and, in many cases, self-service, carriers can match the convenience and ease-of-use options set by the retail industry and provide the user experience customers have grown accustomed to.

Retain the customer

With these capabilities, carriers provide more value per premium dollar, which can increase customer satisfaction and retention.

Insight-driven proactive engagement – Leveraging both core data and third-party data sources, carriers can use advanced analytic capabilities to determine proactive ways to engage customers. For example, some carriers today are utilizing weather catastrophe data to send teams of claim adjusters to regions that will be affected by a severe weather event prior to their insureds reporting claims. This type of proactive engagement, especially in times of need, can create long lasting customer loyalty.

Proactive loss avoidance – While still in its early days, this capability has a high potential for greatly increasing customer loyalty. By using information from IoT and telematics devices, carriers can identify potential loss situations early or even before they occur, saving both the insured and the carrier time and expense. For example, water sensors in homes can detect leaks long before the homeowner notices any damage, enabling the homeowner and their insurer to remedy the situation before it causes severe impacts.

So how “custom” is your customer experience? Do your customers value your products and services ahead of your competitors? Would they be willing to pay more for a one-of-a-kind experience that shows them how much you value them? Certainly different lines of business introduce different customer demands, but a valued customer, regardless of size, shape or need, is a customer that has a higher propensity to do business with you. If you're looking to deliver the service customers now expect, be sure your core systems have the functionality needed to support your efforts to achieve this “custom” experience.

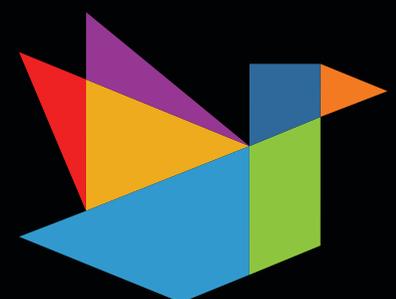
Get your team engaged and onboard...

not just signed in and online

The 'one size fits all' solution no longer applies. To meet today's expectations, systems need to be flexible enough to accommodate multiple user types and evolving customer demands. Going digital or going mobile is only the starting point.

With our proven expertise and technology, your team and customers will be able to truly engage through a dynamic and effortless experience. Whether on-premise or through Duck Creek On-Demand, our suite of products works seamlessly to better enable continual success.

For more information on how we deliver
"solutions without borders," visit our website at
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technologies

Underwriting's Changing Landscape



The prevailing winds of technology change that will affect insurers' policy administration systems are also setting in motion substantive changes in the underwriting function across all lines of business. Thanks to mobile technologies and the Internet of Things, much of this change has to do with data—lots of data—now flowing into a carrier's stores. Carriers are under tremendous pressure to properly cleanse and analyze both structured and unstructured data in order to create more efficient processing for actuaries and underwriters, and in real time.

Continued on A21

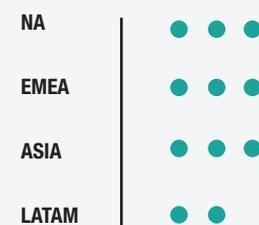
Figure 1

REAL-TIME UNDERWRITING

DESCRIPTION

What is it? The ability to deliver real-time, or near real-time, underwriting decisions, in addition to the possibility of continuous underwriting. This is in contrast to life underwriting that is done once and never revisited or P&C/general insurance that may happen annually or biannually.

CLIENT VIEW OF FUTURE DEMAND



Key: High ●●● Medium ●● Low ●

ANNE KRASKE

Vice President Product Management
Adaptik Corporation



For insurers seeking to deploy an automated underwriting system, what sort of priority should they place on integrating that system with their policy administration system? How important is it to integrate front office procedures and data with back office procedures and data?

Integration of any underwriting solution with the policy administration system should be an absolute priority. Much more than ensuring a holistic view of a risk, it sets the stage for seamless efficiency and for handling subsequent policy activity as judiciously as new business. The integrated solution minimizes handoffs, maximizes throughput, and provides for quality underwriting throughout the policy life-cycle. The combined result can be superior customer service along with an improved carrier bottom line.

Can marrying your policy administration system to your underwriting system improve the quality of the data that both systems rely on? Given that each system relies on separate data sources, would managing that data become more difficult, or are there advantages to managing a single, larger but more complex data set?

A tenet of good data management says to store data in its proper home. Stay away from the slippery slope of trying to keep the same data updated in more than one system. If your underwriting system can reach out for data when it needs it, data doesn't have to be in just one system. Integrating your policy administration system with your underwriting solution keeps data in its proper home. Your underwriting solution can focus on the business of gathering and documenting the information needed for the underwriting decisions while the policy administration system stays in charge of the quoting and policy information.

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Underwriting's Changing Landscape

The platform required for real-time underwriting—one that allows for data aggregation—is no longer a thing of the past: Full deployment of real-time underwriting is a logical next step in the wave of automated underwriting and integration with the Internet of Things, notes research and consulting firm Celent in its report, "What's Next in P&C Policy Administration." Stating that the uses are infinite, Celent says volumes of available data will be generated from everything from large commercial equipment with additional real-time sensors to driverless cars.

"We'll see big data, structured and unstructured, in real-time, which will be transformed into underwriting business processes in the form of scores," notes Light. "The underwriter does not want to watch 8 hours of parking lot tape; he/she wants

Continued on A22

ANDY SCURTO

President



Are cloud platforms mature and reliable enough to host PAS systems? If so, what are the benefits of single-tenant versus multitenant implementations?

Yes, cloud and SaaS enable the most always-on, fast, stable and scalable environment that's required of modern policy administration systems. SaaS is still one of the more perplexing concepts for insurers, because it's often equated with multi-tenant, when in fact there are different levels of multi-tenancy. With the right platform, you can get the benefits of both. With single tenant, insurers have more control over upgrade timing and configuration as well as higher levels of comfort around security and privacy, important when working with customer data. Multi-tenant makes the most sense with infrastructure, where you benefit from auto scale and lower equipment costs.

What are some of the benefits of using product configurators? In terms of challenges, how should insurers gear up for this capability?

Insurers are being forced to improve speed to market for changes and product rollouts. Recently, everyone wanted a tool that could be used by the business. Software providers answered the call. The bottleneck that once lived in IT, has now shifted to the business side, in defining needs and testing changes. Insurers need to adapt. There needs to be a somewhat technical professional layer – in between the configuration and the business – to translate the needs of each group into appropriate functionality. They'll also need to increase their level of automated testing to keep up. You can still configure wrong. Making changes fast requires fast testing.

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JERRY WHETNALL

Vice President Product Strategy
StoneRiver, Inc.



What are some of the transformative technologies that insurers will need to improve underwriting techniques?

Obviously automated underwriting systems are transformative in how carriers can evaluate risk. But there are several aspects to assess when addressing the improvement of underwriting techniques. Automation is critical to meeting industry purchasing shifts that are solidly rooted in responsiveness to customers and agents.

Some items may seem to be intangibles but, when weighed overall, are very tangible. For example, consider the absolute necessity of reliable, consistent assessment of risk. While reliability and consistency may initially be considered a side benefit of automation, they are indispensable to ensure and support the underlying risk pricing.

What are some of the technologies that enable insurers to deliver real-time, or near real-time, underwriting decisions, and why is speeding up the underwriting process important?

Direct to consumer products are becoming critical as carriers compete for the millennial market. As carriers enable consumer-facing technology, the key performance indicator lies in reliable decisions delivered in minutes. Online consumers want to research, select and purchase insurance in one seamless interaction. Meeting that demand is critical to success.

For certain insurance products, 'Fast Data' such as Medical Information Bureau, Prescription Histories and Motor Vehicle Reports can be ordered, received and assessed by automated underwriting systems in seconds. Additional 'Fast Data' sources such as Electronic Health Records, financial data, and quick payment methods are becoming more readily available.

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Underwriting's Changing Landscape

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to see the score. This will create a great opportunity for third-party companies in a position to provide this type of data analytics service."

Underwriting life and health business is a different story, notes Tom Scales, research director at Celent. Noting that the nature of life and health insurance underwriting requires obtaining much more information from the policyholder than does P&C, "realistically on life side it comes down to cycle time," he says.

"For example, in our competitive life market, right now the cycle time is the 37 to 38 days. The insurer does not want the policyholder to change their minds during this time, so improved cycle time because the differentiator." There are several ways to create efficiencies in the underwriting process, chief among them Straight-Through

ROBERT BURNS

Director, Product Strategy at Insurity, Inc.



There seems to be a new focus on user interface technology—how does UI play into building a reliable and efficient portal for communications with the distribution channel?

There is a lot of focus on responsive design as a modern UI format. (ie. ensuring that it renders on all devices and operating systems). But those are simply technology table stakes. The UI ultimately needs to do the following to be effective for distribution channel users:

- Simplify presentation of an often highly complex and data intensive process
- Enable dynamic presentation typical of a highly interactive data-driven experience
- Easily tailor to roles and/or personalize to enable the often complex series of relationships (e.g., MGA's view reflects carrier's brand; MGA extends view with MGA brand to retail agent user; policyholder view incorporates retail agent brand, etc.)

Why are systems that can access real-time structured and unstructured data so important for the underwriting process?

For starters, underwriting should be viewed as inclusive of the submission/qualification process. The more a risk has been vetted through the initial phases of processing, the more an underwriter can focus on a narrower set of attributes that require judgement. So it is important that a submission process can take in structured 3rd party data or data derived from, say, an on line restaurant menu; that data can hit rules that either invoke reviews or drive other data calls. Once a risk has progressed to requiring an underwriter's review, the same factors apply to that presentation.

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What are some of the technologies that enable insurers to deliver real-time, or near real-time, underwriting decisions, and why is speeding up the underwriting process important?

Intelligent application interview capabilities and automated underwriting with referral processing are two ways that enable insurers to deliver real-time or near real-time underwriting decisions. Insurers that embrace these technologies are disrupting the industry because it is changing the way and the speed with which the business is underwritten, priced and issued. Insurers that can configure their products with intelligent pricing and decision-making capabilities will reduce their expenses and increase their market share. Product configuration tools will enable insurers to test their underwriting appetite in an R&D environment to refine their product offering and beat their competition.

What are some of the benefits of using product configurators? In terms of challenges, how should insurers gear up for this capability?

Product configurators allow business users to maintain products without coding in a workbench view. Users that understand the product have the means to update coverages, rates, algorithms and forms. Configurators can be directly linked to policy systems. Stand-alone configurators have the added benefit of storing a product, allowing users to deploy to any environment saving time and money. Advanced configurators import industry standard content, compare existing rates to proposed changes and have analytical capabilities. To prepare for this, insurers should review their products to determine if their data can be extracted easily to populate a configurator.

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Underwriting's Changing Landscape

Processing (STP), which enables an entire transaction process to be automated--conducted electronically without the need for input or manual intervention. STP is now a high priority for insurers in North America, EMEA and Asia, says Light (*see Figure 1*).

With more than 70% of the largest carriers now realizing the benefits of this type of automation, STP promises more than efficiencies; it's actually changing the underwriting function. For example, the U.S. Bureau of Labor statistics estimates that employment in underwriting across financial services will shrink 12% between 2014 and 2024.

"There are fewer underwriters now, or more specialized in the field (with producers and agents), or they become portfolio managers," notes Light, explaining that they think more

Continued on A24

THOMAS CHESBROUGH

SVP



How important are workflow management tools within a Policy Administration system? Why?

Our industry is learning to meet consumer-driven demand, which calls for speed and adaptability. Workflow engines can determine what should be brought to bear to make underwriting and pricing decisions using the vast amount of data available. Workflow and rules-based routing are instrumental for quickly sending applicant and policyholder information to the right person for the right decision at the right price.

And, since roughly 25% of the workforce is facing retirement by 2018, existing knowledge bases will evaporate unless insurers automate so the new generation can build on existing knowledge.

Are cloud platforms mature and reliable enough to host PAS systems? If so, what are the benefits of single-tenant versus multitenant implementations?

Major cloud vendors, Microsoft Azure in particular, have been investing billions of dollars in cloud infrastructure and are well positioned to add tremendous value to PAS system deployments. The offerings of IaaS and PaaS empower cost-effective infrastructure flexibility and extensibility, meeting the most stringent operational requirements of availability, recoverability, security, on-demand scalability and performance. Furthermore, because the cloud is a virtual multitenant platform in and of itself, each client carrier can share the cost benefits of the cloud deployment model and maintain the single-tenant benefits of having a uniquely configured PAS system to meet their line of business needs.

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Global Policy Admin and Data
Product Lead



There seems to be a new focus on user interface technology—how does UI play into building a reliable and efficient portal for communications with the distribution channel?

Today's customers have grown accustomed to managing their lives from their devices, whether smartphone, tablet, notebook or desktop. Carriers are well-aware of this customer demand for omni-channel access and are looking to their technology partners to incorporate modern user interface technology in their offerings. But like the world around us, UIs change rapidly, and the current 'hot' technology or device will likely evolve. To stay current, it's important for carriers to align with technology partners that have developed solutions with resilient architecture to support any channel, device or technology to meet today's demand and tomorrow's opportunities.

What are some of the benefits of using product configurators? In terms of challenges, how should insurers gear up for this capability?

Product configurators enable carriers to rapidly introduce and adjust products to meet customer demand. This critical tool must have the required flexibility carriers need to "customize" coverages, limits/deductibles, services, and pricing of their products, all of which can improve satisfaction and drive customer uptake. That said, to maximize the value of this system functionality, carriers should select product configurators that allow business users to perform configuration activities. Most product changes are driven by business demand, and by placing the configuration task in the hands of business users, carriers can facilitate more rapid and more accurate product changes.

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Underwriting's Changing Landscape

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about their book of business rather than individual transactions, and are held accountable for business performance. "They are being evaluated on the aggregate for all business on the books, rather than how many underwriting decisions were made in a day," Light adds.

For life and health, the underwriting function is more static. "We are seeing investment in new business, but funded in a way that underwriting has not really changed," notes Scales.

"Even companies at the forefront using direct-to-consumer apps are still asking hundreds of questions before the app is processed.

We are hoping a carrier will break that mold and create a 5-page life insurance app." ■

The Complex Path to Policy Admin Modernization

Continued from A3

"The fact is, there are no simple, quick fixes," says Furtado. "True transformation takes resources, dollars and time."

Even after the decision is made to modernize, the existing systems that maintain policyholder data must continue to run efficiently and reliably during such an initiative, regardless of a rip/replace, develop and built or upgrade option.

Indeed, industry leaders are concerned about costs and the challenges associated with transforming their systems. But, argue the McKinsey authors, the penalty for doing nothing or moving too slowly could be far greater.

It follows that the looming demand for performance improvements in support of increased business results have some insurers looking beyond mere upgrades to digital transformation of their core policy administration systems.

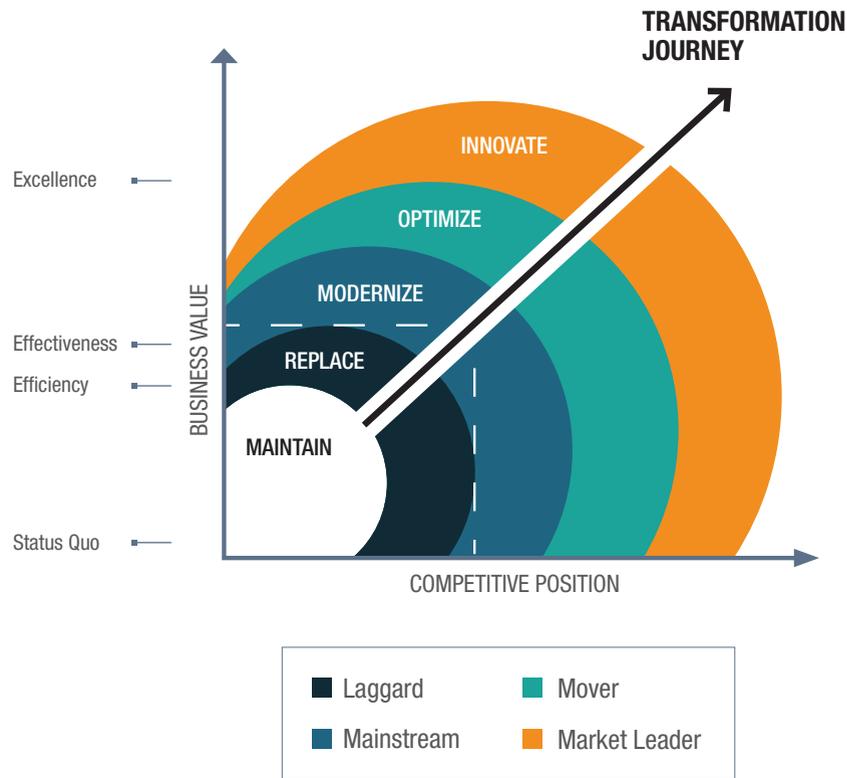
"Advancing their business to a modern core platform is a major step toward becoming a Next-Gen insurer – not only because it increases speed to market, efficiency, and effectiveness, but because it provides the foundation for truly digital interactions," says Furtado. "We are always looking for insurance to move faster, but we seem to be holding at our first attempt to be digital, and we are not optimizing yet. We could do this in claims and with claims adjusters, for example, making that experience much more disconnected from laptops and more mobile."

Furtado's view of what SMA calls a "Next Gen" insurer equates with market leadership, and involves moving beyond modernization of policy administration to optimization and innovation for the future (see Figure 2, SMA Business Value Maturity Model).

THE MOVE TO DIGITAL

Digital is very much a part of the next generation of policy admin systems, and from Celent's perspective, includes a distinct path toward enhanced digital optimization that

Figure 2. SMA Business Value Maturity Model (Strategy Meets Action 2016)



Source: Strategy Meets Action 2016

Table 1: Short - and Medium - Term Functional Trends in PAS System Development (Celent 2016)

SHORT TERM		MEDIUM TERM
Functional Operational	Technical Architectural	Functional/Operational/Technical
Reporting, Document Creation, and Analytics Integration	Cloud-ready, single-tenant and multi-tenant capabilities	Straight-through processing (STP) and Partial STP Underwriting
Modern User Interface (UI) Design	Open ecosystems	Real time automated claims preventions
Agent, prospect, and policyholder portals	Rating test tools	Collaboration
Product configuration outside the IT department	Integrated Workflow Management	Cafeteria style product selection
	Change Management and DevOps	Internet of Things (IoT) - ready PAS
		Integration of automated image and video recognition/assessment
		Blockchain payments

embodies functional/operational and technical/architectural development (see Table 1) and includes integration of the following as a minimum:

- ▶ Reporting, business intelligence, and analytics integration
- ▶ Modern user interface (UI) design
- ▶ Agent, prospect, and policyholder portals
- ▶ Product configuration capabilities outside of IT department.

“Very few insurance IT shops say ‘next year we won’t do anything new or different.’ So, for all lines of business, the goal is continuous improvement,” notes Light.

For some insurers, it will mean a full rip and replace of their policy admin system(s); for others it will mean a wrap and extend, which means keeping the old system but providing more agility via integrated add-on’s such as a BPM system interface, new portals or a rules engine. For many, notes Light, the digital path will also include evaluation of hosted/cloud based services. “Most current [cloud] implementations require the vendor to support multiple releases, across multiple platforms, which increases their overall costs,” says Light. “The nirvana to a Policy Admin System provider is having all of their customers running on the same release of the system, and as PAS implementations move into a multi-tenant, cloud-based implementation, this nirvana may ultimately be achieved.”

Furtado maintains that policy admin systems need to be future-ready. “This means it must support the organization as it adopts new business models, new technologies, and

a culture that looks beyond core applications and more at executing on enterprise goals that support changing market conditions.”

Celent’s Scales, who specializes in the life and health lines of business, agrees. “For the first time, we are asking actuaries to look beyond mortality and morbidity data and focus on actual behavior. Using John Hancock’s Vitality program, which rewards policyholders for healthy living behaviors, as the example, the policy admin system they employ links a variety of additional sources, to third-party data, and to data scientists who can analyze it and create real-time flows to underwriters based on all the data that’s coming into the system.”

McKinsey asserts that although the traditional insurance business model has proved remarkably resilient, digital has the power to reshape the industry. “As new opportunities emerge, those insurers that evolve fast enough to keep up with them will gain enormous value; the laggards will fall further behind,” notes the McKinsey authors. “To succeed in this new landscape, insurers need to take a structured approach to digital strategy, capabilities, culture, talent, organization, and their transformation road map.”

SMA’s Furtado believes policy administration transformation lies in the insurer’s ability to have the agility necessary to both adopt and adapt. “Our research shows that 80% of insurers now view themselves in a transformation or growth mode. Insurers realize that it will be continuous change – not a one-time pass-through with this. The journey we’ll always be on. We just need to get out of our own way and be more innovative.” ■

STRATEGIES

POLICY ADMINISTRATION AND UNDERWRITING



SourceMedia[™]
MARKETING SOLUTIONS GROUP

CSAA Prepares for Insurance's Connected Future

15 minutes with
Marik Brockman

As chief strategy and innovation officer for CSAA Insurance Group, Marik Brockman is tasked with separating hype from reality when it comes to the future of the insurance industry. He spoke to *INN* about the technology trends that Walnut Creek, Calif.-based company believes will truly disrupt personal lines P&C insurance.

INN: How did you end up in the insurance industry?

Marik Brockman: My time in insurance began after business school, when I took a position with Diamond Technology Partners, which was later acquired by PwC. I joined CSAA in the fall of 2013 to create the strategy function.

INN: What's the major charge of your group?

Brockman: We have absorbed the business development group and created an innovation acceleration group. We've ramped up everything we're doing in partnerships and strategic investment.

INN: What trends are you responding to as you establish strategy?

Brockman: We see insurance really getting more connected. You can interact in different ways with your policyholders, like with smart home devices or in cars with their telematics devices. A mobile app used to be something people ignored; now it's a must-have, because through your app, you can be a partner in people lives. We see insurance evolving to something that's more risk prevention; rather than just indemnifying people for things that go wrong – we can prevent those things.

INN: How is CSAA leveraging usage-based insurance?

Brockman: We have our usage-based insurance product in-market. We're rolling out to 16 states, and the take-up rate has been positive in the markets where we started it. We have additional telematics offerings for safe driving alerts out as well.

INN: How does CSAA collect the data for your UBI initiative?

Brockman: We are using on-board devices for now. But we have a roadmap that includes mobile telemetry. We want to understand if it is more accurate and convenient. And, we of course see ourselves collecting data from the car's own technology eventually.

INN: What's your strategy for scoring telematics data?

Brockman: One thing we did was in-source the data, the collection analysis and scoring. There are parties between the device and the insurer that score the data. But we found there were discrepancies between what we got in terms of results and the scoring.

INN: Are on-board devices likely to remain preferred by insurers?

Brockman: There's so many applications trying to go after the OBD-2 portal. For example, in the state of Oregon, [connected car technology startup] Automatic Labs is going to launch a pilot that allows people to pass the state smog test without going to a smog check station. That's a lot of competition. So you have to look around.

INN: Are you preparing for a future where autonomous cars are a reality?

Brockman: We are looking for ways in which we can be a partner [with the autonomous car sector]. The next decade

is going to be interesting with different levels of autonomy on the road. We see companies talking about skipping level three, which allows the driver to take over the car at any point. But some people say they're going to go right to level 4, which is full autonomy. *(Editor's note: These classification levels are from the National Highway Traffic Safety Administration and were released in 2013.)* So often, the thing you were trying to get used to is already out of date.

INN: What other impacts are insurers seeing from connected technologies?

Brockman: We are working with connected home device makers on getting devices into homes, and educating policyholders on options in connected home. We see home insurance as an important growth area.

INN: Do you feel like more of your customers are willing to take on new technology as it relates to insurance, because you're located in the Bay area?

Brockman: Well, the interesting part of autonomous cars is that it's in the news every day. The Bay area is full of early adopters. The one thing our location allows us to do is see a lot of startups. It's nice that they're right across the street and we don't have to send a delegate.

INN: What advice would you give other insurers about working with those startup companies?

Brockman: Insurers should go and be active partners. Or even try some of their own ideas. There's absolutely no reason anyone in the insurance couldn't launch a peer-to-peer-product tomorrow. It's basically innovating their own future.

As told to
Nathan Golia

 More from this interview can be found at insurancenetworking.com

How to Organize Your Core Systems Replacement Staff

Defining roles and dedicating staff requires careful thought and consideration. Putting the right people in the right place is crucial.

You are about to engage your company in a multi-year policy administration transformation project. You have established and communicated the vision and you have defined criteria. What else should you do? Probably the most critical thing is ensuring that the right people assigned to the project and that their roles and accountability are clearly defined. Here's how to get started on that path:

Define the roles and accountabilities first. Too often companies assign titles like project sponsor and project manager to people on an existing organization chart without drilling into the accountabilities, skills required, and time demands for the roles. Detailing the authority levels and project responsibility is the right first step, and this applies to both IT and key project stakeholders.

An especially important position is product owner, a common request of Agile teams. While senior VPs are often named project champions and have final say over budget and direction, it is critical to define a specific owner. Carriers need to choose someone who is respected within impacted departments, forward-thinking, organized, and able to build consensus and influence opinions. They must be engaged and embedded in the development team, as business people often hesitate to let go of departmental responsibilities to take on project roles.

Define authority levels and governance processes. Clearly defining accountability will save a great deal of time during the project. Companies often assign shared responsibility for oversight or definition of direction without indicating how decisions will be made or problems resolved. This is done to avoid conflict but often results in confusion, cost overruns and longer projects. High-performance teams work through these issues early, and establish clear direction to expedite the process.

Authority levels for scope decisions, priority decisions and change control are most important items to define. To this end, it is imperative that a steering committee be established to define guide rails and controls, monitor progress and resolve strategic questions. Carriers subsequently need to define when the product owner has decision-making authority and when the steering committee has jurisdiction. Agile development teams will need access to one or more decision-makers to resolve project and sprint scope issues, clarify priorities and approve deliverables.

Requirements cannot be defined at the steering committee level, but carriers must make sure the requirements decisions do consider the "out of the box" versus customization impact and the desired

future state. Even when authority is clearly delegated, things can break down if the process for communicated changes is not clear. Very often requirements decisions can be made in meetings but not reflected in the specifications the team is developing or testing from. Good project managers make sure that decisions are documented and communicated.

Chose the right person to lead the project. The most senior or experienced person might make a great subject matter expert, but may lack the skills necessary to be a successful project lead. For instance, individuals nearing retirement may be less likely to take risks or move the business solution far enough toward the future state. It is more important to choose the right person based on skills required and supplement them with SMEs.

Project managers must know how to drive decisions and escalate issues to keep projects on track and results-focused. Organizations often appoint project administrators into project management roles. Project administrators are good at tracking status and reporting outcomes, but rarely act decisively to impact outcomes. Successful team have both skill sets in place.

Organizations that lack the skills necessary to successfully staff a program or project manager role internally often look outside for experienced people to full these roles. This is an acceptable practice especially for large and complex projects. However, this does not mean that the carrier can abdicate its leadership and oversight roles entirely. It must choose a consultant who has a track record for delivery and for managing complex projects successfully, and who can clearly define success criteria and direction.

A common mistake is assigning people to critical roles on a part-time basis, especially business analysts and project managers who are required to keep product systems running or the project work load is underestimated. But these are full-time roles. While it is challenging to free up your best people, best practices suggest that carriers should do just that. Another strategy is to over-staff critical roles, bringing on new hires. This can provide coverage and can also help reduce the risk of turnover during long projects.

It is an excellent idea to have introductory meetings to discuss roles and help establish norms. When new team members are brought on, it is important to repeat this process. Successful team create onboarding packages and procedures to make sure new team members know the expectations and authority levels.

INNSight is exclusive content from Novarica.

Chuck Ruzicka is VP of research and consulting at Novarica. His experience includes time at Liberty Mutual, where he was CIO of its agency markets division. He also was a technology VP at Progressive.

**By
Chuck
Ruzicka**



For more about policy admin replacement, check out www.insurancenetworking.com

Wayne Insurance Group Replaces Aging Core Systems

Wayne Insurance Group has selected Innovative Computer Systems' Finys Suite software to replace its aging legacy systems. The Wooster, Ohio-based company offers personal auto and homeowners' coverage through a network of 130 agents and a trio of carriers. Implementation is currently 40 percent complete, according to the companies.

Illinois Casualty Selects ValueMomentum

Illinois Casualty has selected ValueMomentum's App2Data to improve agent performance. App2Data enables brokers to more easily submit ACORD forms, enabling insurance carriers to decrease response times on quotes. Other software features include automatic extraction of submission data and prefill of ICC's quoting portal. The insurer plans on leveraging App2Data as it expands into additional states in the next few years, according to the companies.

NORCAL Mutual Goes With Milliman Analytics Software

NORCAL Mutual, a medical liability insurance provider, has chosen Milliman DataAnalytics-Defense as its platform for managing claims defense costs. DataAnalytics uses text mining algorithms to help insurers evaluate costs associated with defending claims in order to identify opportunities to improve results. The web-based tool is available on a subscription basis and can perform peer comparisons, allowing insurers to benchmark their spend vs. peers.

Western National Rolls Out Guidewire for Claims

Western National Insurance Group has selected Guidewire ClaimCenter as its new claims management system, offering the company new capabilities in managing customer communications using Guidewire Smart Communications. That will enable Western National to provide more first call resolution opportunities to customers, integrate all claims processes onto a single platform and improve overall experience for policyholders and agents, according to the companies.

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Statistically Speaking

Insurers Are Advancing in Big Data and Analytics Use

It's not just lip service. Insurers are getting more adept at using big data and analytics for business value, according to recent research from Strategy Meets Action.

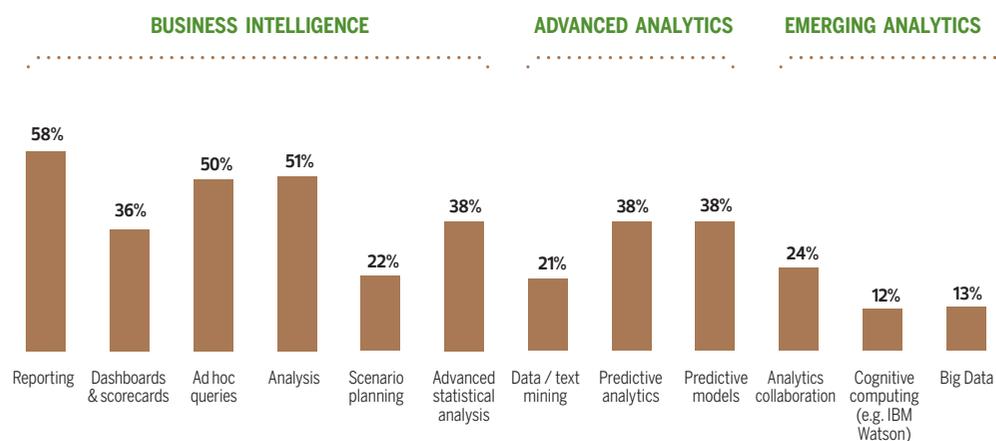
The analyst firm's "Data and Analytics in Insurance: 2016 and Beyond" report finds business intelligence is table stakes for insurers, while many advanced and emerging use cases for data and analytics are gaining steam as well.

The priority placed on data shows in insurers' organizational approaches. A third of insurers report that they have a dedicated

business unit devoted to big data and analytics, a quarter of insurers report that they have data scientists on staff and about a fifth have some sort of C-level position devoted to the practice as well, SMA found.

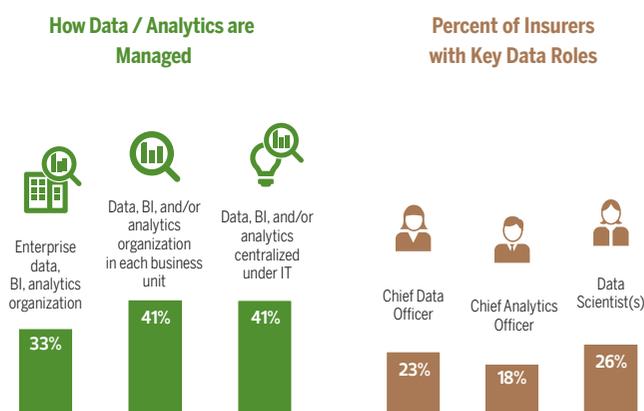
"There is broader, more enterprise-wide use of analytics," the report, which is authored by partner Mark Breeding, says. "Insurers are establishing data/analytics units with a broad charter across the enterprise. New, high visibility roles continue to be filled."

How are insurers using analytics? (Percent reporting "advanced" use)



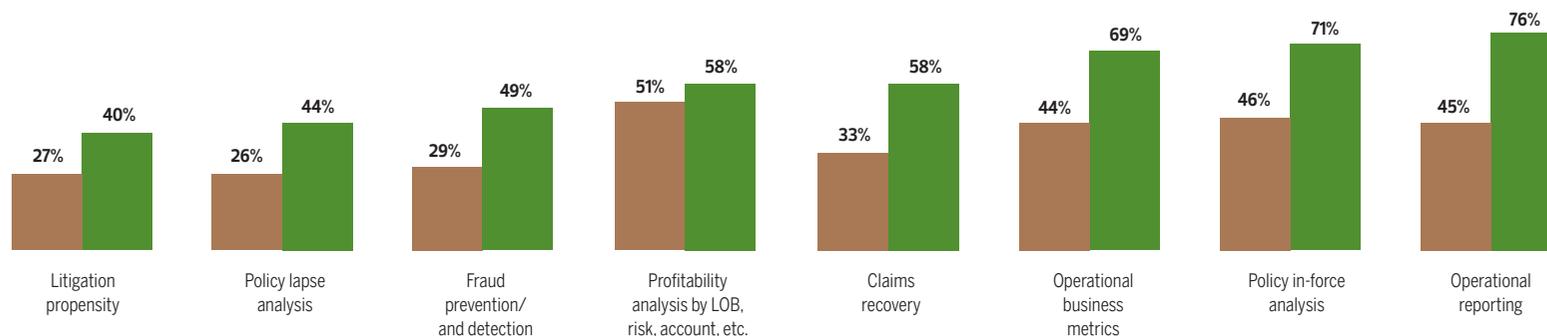
Source: Strategy Meets Action Research, 2016 Data and Analytics, n=53

Organizational approaches to data & analytics



Source: Strategy Meets Action Research, 2016 Data and Analytics, n=53

Use cases for analytics, 2014 (brown) vs. 2016 (green)



Source: Strategy Meets Action Research, Data and Analytics, 2014 and 2016

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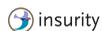


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