

# INSURANCE TECHNOLOGY CASE STUDY COMPENDIUM 2019

JUNE 2019

Authorized Excerpt

## Summary

This authorized excerpt contains content from Novarica’s eighth annual case study compendium. The report includes more than 30 detailed examples of IT initiatives that delivered real business impact.

This excerpt includes the profile of Symetra. The full report includes profiles detailing business goals, project sponsors, team structure, project timeline, tools and technology used, challenges faced, success factors, and business results delivered.

## 2019 Winners

- **Amerisure** for its Digital Innovation practices (*IT practice or infrastructure*)
- **AXA XL** for its use of NLP in property risk engineering surveys (*data and analytics*)
- **Bankers** for its IM platform and chatbot for claims/underwriting inspections (*digital*)
- **CapSpecialty** for its cloud-based straight-through processing platform (*digital*)
- **Farm Bureau Financial** for its stand-alone IT intern team (*IT practice or infrastructure*)
- **Gerber Life** for its digital sales and underwriting system (*core*)
- **Northbridge Financial** for its core platform supporting commercial business (*core*)
- **StarStone** for its use of machine learning to classify risks (*data and analytics*)

## Key Points and Findings

**Artificial intelligence, big data, and analytics** adoption is growing and has produced tangible, quantifiable benefits in underwriting and risk selection.

**Core is moving to the cloud**, especially for *de novo* systems for new lines of business.

**Digital** capabilities like self-service and mobile access have made their way into more complex lines like workers’ compensation and commercial auto.

**Innovation** remains an area of proactive investment, and insurers are investing in formal practices that have led to measurable results.



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## MEASURING IMPACT

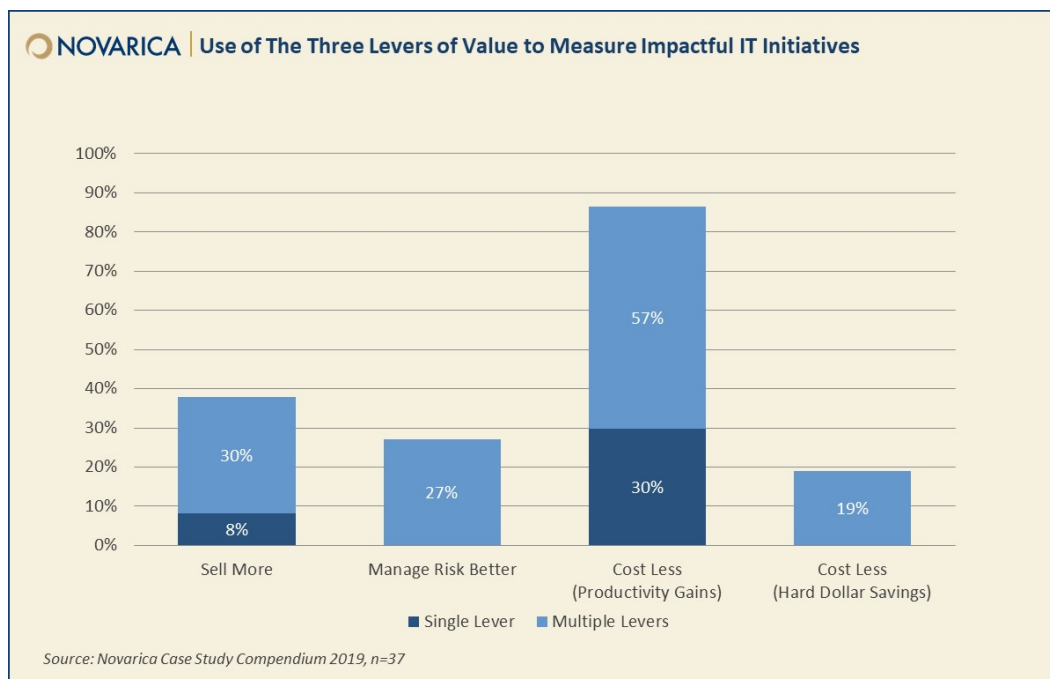
Novarica launched the Impact Awards to provide insurer business and technology leaders with concrete examples of IT initiatives that delivered real business impact.

Measuring the value of IT continues to be a challenge for insurers. Novarica recently introduced a new framework called The Three Levers of Value to help insurers frame their technology objectives in business terms. According to the framework, the three ways to create business impact with technology are: (1) sell more, (2) manage risk better, and (3) cost less to operate.

- **Selling more** means launching new products, serving new segments, and improving service levels or throughput volume to drive growth. More than a third of the cases in this compendium cited growth and expansion as an impact of their initiative.
- **Managing risk better** means improving underwriting results, claims results, or both, generally through an improvement in analytics. About a quarter of the cases cited impact in this area.
- **Costing less to operate** can mean generating hard dollar savings, but more commonly it means enhancing productivity and handling more volume without adding additional staff. Enhancing productivity was the most commonly cited impact. More than 85% of cases cited productivity gains, compared to fewer than 20% that cited hard dollar cost savings.

The figure below shows how frequently each lever was cited as either the single area of impact or one of several areas.

Figure 1: Use of The Three Levers of Value



For more on the Three Levers of Value, see the [2019 Research Council Meeting Report](#).

## **SYMETRA: MOVING ANNUITY BLOCK FROM BPO TO SaaS**

Symetra converted its variable annuity block from a BPO provider to a SaaS system, including full historical conversion. Completed in under a year, the project has reduced annual per policy admin costs by 80%, with net positive ROI expected within two years. The project also improved service levels.

### **Business Need**

Symetra needed to reduce costs and improve service levels for its variable annuity business. It completed a conversion from a BPO variable annuity admin system to a SaaS solution that was already in use by another division of the company for a separate product line, thereby simplifying its ecosystem while reducing cost, complexity, and bringing servicing back in-house.

### **Project Team**

The project was sponsored by the Service Operations and Product departments. The project team was a blend of 34 external and internal resources. The internal team was comprised of ten developers, four business analysts, six business SMEs, and two quality assurance analysts. The external team was made up of resources from the SaaS vendor and the BPO provider.

### **Phases and Timeline**

The project was divided into three tracks. The first track began in April 2017 and focused on product development; the second built out the interfaces and contract reporting. The final track, completed in March 2018, converted the existing contracts to the new system.

### **Tools and Technology**

The company leveraged Andesa's SaaS policy administration system, which is hosted in a private cloud. This integrated with the company's internal systems via daily file extracts passed through the company's data warehouse and middleware applications. Data conversion from the original system was handled via ETL using Microsoft SSIS.

### **Overcoming Challenges**

The four main challenges were managing integration, ensuring quality and minimizing variance during data conversion, coordinating resources between multiple parties, as well as change management associated with bringing servicing back in-house.

### **Success Factors**

The company attributes the success of this project to having an engaged business sponsor and a strong project team. The company also cites the creation of a real-time conversion environment in UAT where the data from the new system could be compared with the old system. Additionally, the company completed a comprehensive requirement gathering phase before beginning the project.

### **Impact**

The project reduced annual per policy administrative expense by over 80%, which the company anticipates will make up for the cost of conversion and generate a net positive ROI within two years. The company also now has control of policy servicing and transactional processing instead of relying on a BPO partner.

## CONCLUDING THOUGHTS

- **Digital** initiatives like self-service and mobile access have made their way into more complex lines like workers' compensation and commercial auto.
- **Data and analytics** initiatives are expanding to include artificial intelligence, big data, and analytics. Adoption of these capabilities is growing and has produced tangible, quantifiable benefits in underwriting and risk selection.
- **Core** is moving to the cloud, especially for *de novo* systems for new lines of business. Insurers' need for speed to market is driving new strategies and willingness to experiment with cloud.
- **Innovation** remains an area of proactive investment, and insurers are investing in formal practices that have led to measurable results.

## NEXT STEPS AND RELATED RESEARCH

- Contact Novarica at [client-support@novarica.com](mailto:client-support@novarica.com) to set up a conversation to discuss any of the cases or topics in this report.
- Read related reports:
  - [2019 Research Council Meeting Report](#)
  - [Case Study Compendium 2018](#)
  - [Case Study Compendium 2017](#)
  - [Case Study Compendium 2016](#)
  - [Case Study Compendium 2015](#)
  - [Case Study Compendium 2014](#)
  - [Case Study Compendium 2013](#)

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### Company

Novarica helps more than 100 insurers make better decisions about technology projects and strategy through research, advisory services, and consulting.

We publish frequent, independent, in-depth research on trends, best practices, and vendors. Our research projects are directed by senior executive-level experts and leverage the knowledge of more than 300 insurer CIO members of our Research Council.

Our Strategy-as-a-Service advisory services provide on-demand phone and email consultations on any topic in insurance or technology. Our clients have told us it's like having a team of experts down the hall, for a flat annual fee that is a small fraction of the cost of a single employee.

Our consulting services include vendor selection, benchmarking, project assurance, IT strategy development, and more. They are based on our deep knowledgebase, extensive relationships, personal experience, and proven methodologies. Our clients get rapid, actionable insights and guidance, delivered directly by our senior team.

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