

# CELENT

## CELENT MODEL INSURER 2019

CASE STUDIES IN LEGACY AND ECOSYSTEM  
TRANSFORMATION

John Barr and Nicolas Michellod  
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This is an authorized excerpt from a Celent Model Insurer case study. Although the reprint was prepared for ValueMomentum, the analysis has not been changed. For more information please contact [info@celent.com](mailto:info@celent.com).

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# EXECUTIVE SUMMARY

## KEY RESEARCH QUESTIONS

- 1** *What is the insurers' status in terms of legacy and ecosystem transformation?*
- 2** *What are the reasons for legacy and ecosystem transformation?*
- 3** *What are the lessons learned from this year winning cases?*

As every year since we have started our Model Insurer program back in 2006, our objective is to try to answer an apparently simple question: "What would it look like for an insurer to do everything right with today's technology?" Maybe more than ever, technology is playing an important and growing role in every insurer's strategy.

Celent has identified Model Insurers by looking at best practices in the use of technology across various areas of the industry. These areas were illustrated by case studies of specific initiatives and capabilities, selected from the many submissions received and presented in this report.

We look beyond the individual process areas and take into consideration major technology trends that insurers are implementing. Along those lines, we have identified insurers whose IT programs were submitted to Celent for awards that epitomize best practices for technology projects and stand out in each of the Model Insurer themes.

The themes are used to group the case studies in this report. Like last year, the themes represented in our 2019 Model Insurer' reports are:

- Legacy and Ecosystem Transformation.
- Data, Analytics, and Artificial Intelligence.
- Digital and Omnichannel.
- Innovation and Emerging Technologies.
- Operational Excellence.

We received around 90 submissions overall coming from insurers all over the globe. The competition was intense, but, like every year, we are confident that each of our chosen initiatives is a worthy winner. The winners represent a diverse group of insurance companies spanning multiple countries and several continents.

Table 1 shows the 2019 Model Insurer winners in the legacy and ecosystem transformation category, which is the topic of this report.

[Table 1: 2019 Legacy and Ecosystem Transformation Model Insurer Winners](#)

INSURANCE COMPANY	PROJECT SYNOPSIS
Erie Insurance Group	<i>Commercial Account Quote and Application System (QAS)</i> The Commercial Account Quote and Application System (QAS) consolidated disparate processes and bridged legacy systems to produce one modern user interface. The changes enabled an efficient way for Erie Insurance's (Erie) independent agents to quote multiple commercial products as a singular "account."

INSURANCE COMPANY	PROJECT SYNOPSIS
Nedbank Insurance	<p data-bbox="536 275 1054 297"><i>SAHARA – Single-solution Transformation Programme</i></p> <p data-bbox="536 320 1254 389">The purpose of Nedbank’s Project Sahara was to move the life and general insurance products to a single policy administration system (PAS). This was achieved ahead of time and below budget.</p>
Sompo Japan Nipponkoa Himawari Life, Inc.	<p data-bbox="536 421 847 443"><i>Transformation to “Trinity” Model</i></p> <p data-bbox="536 465 1254 515">Sompo decided to move to a business model that supports staying healthy. This business model mutually links channels, insurance, and services.</p>
Zurich Insurance	<p data-bbox="536 546 887 568"><i>Zurich Life Protection Platform (LPP)</i></p> <p data-bbox="536 591 1254 640">The platform covers Zurich’s complete market offering in the life and protection space across advised and non-advised, B2B and D2C channels.</p>

Source: Celent

# INTRODUCTION

## MODEL INSURER OVERVIEW

The vision for Celent's Model Insurer research is to try to answer an apparently simple question: "What would it look like for an insurer to do everything right with today's technology?" Of course, the question is not nearly as simple as it appears. The terms "everything" and "right" mean very different things to different insurers depending on their size, the complexity of their operations and product sets, and their technological starting points.

## MODEL INSURER THEMES

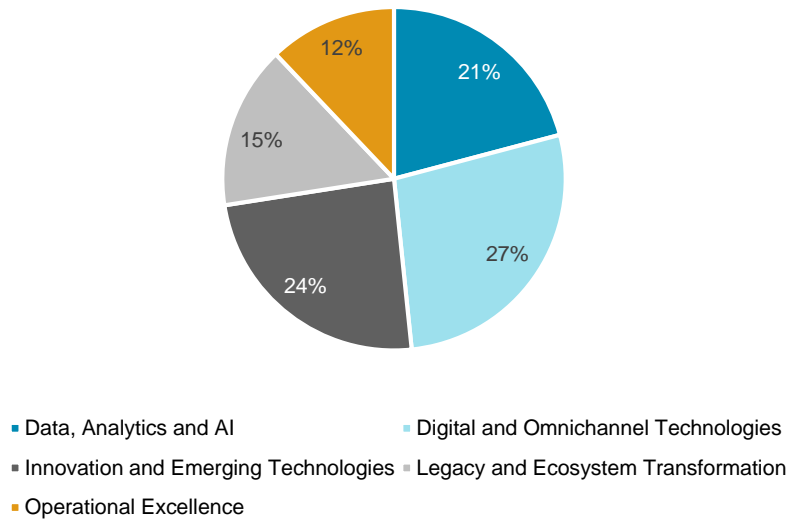
Celent uses five categories for its Model Insurer program:

- **Legacy and Ecosystem Transformation:** Legacy technology can hinder innovation, since insurers must typically offer backward compatibility. Insurers must not only modernize, but also transform their internal systems and how they interact with customers, counterparties, and regulators. This theme recognizes projects related to core system replacement or transformation including policy administration, document management, customer relationship management, new business, illustrations, billing, claims, and rating/underwriting.
- **Data, Analytics, and Artificial Intelligence:** Data has become a source of competitive advantage for identifying profitable niches, managing risk, and improving service. New external data sources, data derived from devices, and new techniques for interpreting data are pushing the competitive boundaries for insurers at an accelerated rate. This theme recognizes projects such as predictive analytics (claims fraud, underwriting, pricing, climate analysis); prescriptive analytics (triage, sales automation, "next best action"); and virtualization (dashboards and heat maps, catastrophe management, network analysis, geopolitical risk analysis), and artificial intelligence.
- **Digital and Omnichannel Technologies:** Digital transformation is moving from person-to-person interaction toward person-to-machine or machine-to-machine. Integrating and coordinating among disparate and siloed delivery channels will be critical to satisfying ever-increasing customer expectations. Using the definition that digital automates complex tasks, allowing them to be mastered, then reproduced and distributed at no cost, this theme recognizes projects such as online tools; industrialization of processes; engaging user interfaces; online sales with STP; integration with business partners; leveraging social networks; and the use of mobile technology.
- **Innovation and Emerging Technologies:** Celent defines innovation as fundamental changes to products, services, or business models that break existing tradeoffs and provide value to the customer. New hardware, software, and network technologies feed insurance innovation. This theme recognizes projects such as the expansion into previously untapped markets due to technology; the use of technologies not previously used in the insurance industry; or the development of an innovation culture within an IT organization.
- **Operational Excellence:** What does it take to safeguard investments in technology and improve upon IT processes? This theme recognizes projects such as successful reuse of technology for new initiatives; implementation of a noncore system such as illustrations, document automation, electronic applications, best practices in IT governance, IT operational management, or IT risk management and security policies. Achieving operational excellence requires transforming processes and systems into competitive advantages by making them leaner, faster, more flexible, and of higher quality.

This year's themes examine how insurance companies are achieving successes in implementing, integrating, and instilling the technology theme into how they do business, offering a new set of tools and opening the door to new rules for

operations, performance, and competition. Figure 1 shows the distribution of submissions across the five categories.

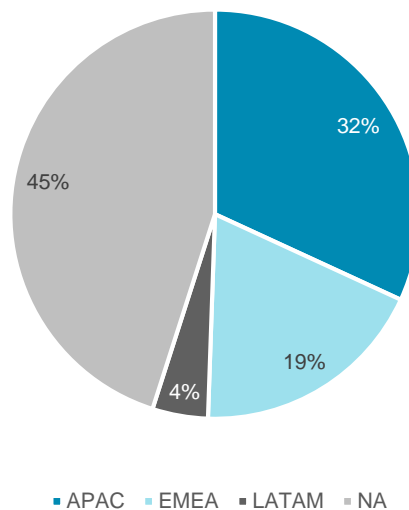
Figure 1: Theme Distribution in Submissions



Source: Celent

As in previous years Celent Model Insurer expanded its boundaries drawing interest of insurance companies from Asia and Latin America. The majority of nominations were from North America, but the list of countries with submissions is longer: Argentina, Belgium, Brazil, Canada, China, Cyprus, Guatemala, Hong Kong, India, Italy, Japan, Netherlands, Portugal, Singapore, South Africa, Switzerland, Taiwan, Taiwan, Turkey, United Kingdom, and the United States. Figure 2 provides a view on the nominations received by region.

Figure 2: Celent Model Insurer 2019 Nominations by Region



Source: Celent

## NOMINATION AND SELECTION PROCESS

Celent identified Model Insurer winners through the following process:

- Invitations were sent to Celent clients and nonclients. In addition, to assure the broadest public outreach, the model insurer initiative was promoted through various marketing initiatives and industry publications.
- Nomination forms were reviewed by Celent insurance analysts, and submissions that demonstrated innovative or effective uses of technology were selected as potential Model Insurers based on weighted assessments of several factors.
- Celent emailed several of the insurers to provide additional data and information to complete the final selection process and narrow the list of Model Insurer winners.

Celent analysts drafted a case study for each Model Insurer which was reviewed by the insurer for accuracy and confidentiality.

#### Client Disclosure

There were no fees charged to insurers or vendors mentioned in this report. Some of the nominating vendors, and many of the selected insurers, are or have been clients to Celent's retained advisory service. However, Celent was not directly involved in the creation or deployment of any of the initiatives that have been recognized, and no preference was given to clients in the selection process.

#### ABOUT THIS REPORT

This report profiles each winning case in the legacy and ecosystem transformation category. Before the initiatives' profiles, Celent shares an overview of what makes the theme important and how a Model Insurer can distinguish itself in this area through technology.

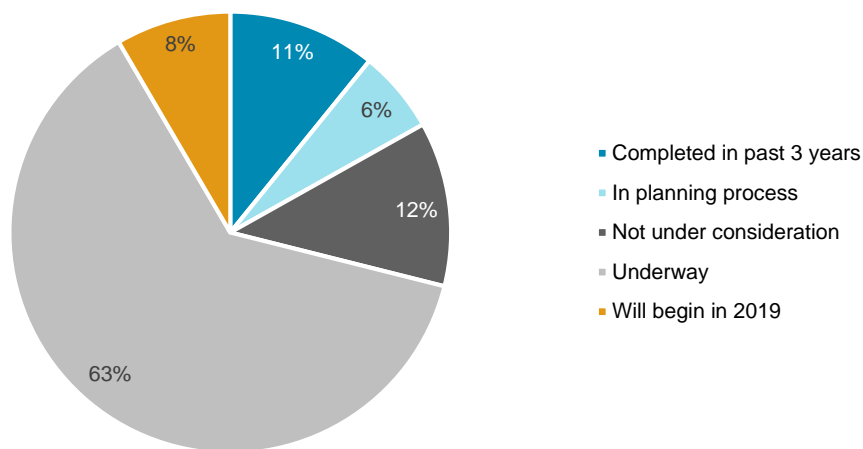
# THE IMPORTANCE OF LEGACY AND ECOSYSTEM TRANSFORMATION

Legacy and ecosystem transformation represents a challenge for many insurers. Replacing core systems, rearchitecting applications, and modernizing technology infrastructure often are major tasks involving high risks.

## LEGACY TRANSFORMATION STATUS

While insurers have been long thinking about information systems modernization and many of them have already undertaken it, most insurers are still working or planning to launch legacy and ecosystem transformation projects.

Figure 3: Legacy Transformation Status



Source: Celent 2019 CIO Surveys, n=83

Key  
Research  
Question

1

*What is the insurers' status in terms of legacy and ecosystem transformation?*

Legacy and ecosystem transformation remains a major topic on insurance companies CIOs' agenda with more than two-thirds currently working on or planning to modernize their legacy ecosystem.

## THE REASONS FOR LEGACY AND ECOSYSTEM TRANSFORMATION

Insurers are looking at legacy and ecosystem transformation as a compulsory step toward digital transformation. How can they automate processes, integrate relevant risk data, and make optimal business decisions if their underlying core insurance systems and technology infrastructure do not support required capabilities? Therefore, the main reason insurers embark on legacy and ecosystem transformation projects is to allow their digitization efforts and consequently to support a clear business objective: improving their underwriting margin.



*What are the reasons for legacy and ecosystem transformation?*

The main reason why insurers embark in legacy and ecosystem transformation projects is to allow their digitization efforts. Overall, the objective is to improve their underwriting margin.

## THE CHALLENGES OF LEGACY AND ECOSYSTEM TRANSFORMATION

What makes insurers hesitate to tackle legacy challenge is a series of tough decisions and tasks they must optimally perform if they want to generate benefits from such initiatives:

- **Strategic decisions:** The strategic decisions insurance companies must make are fundamental, and we think they should not rush this stage of their legacy and ecosystem transformation project. So, before they even look at the technology components they need to acquire, insurers need to make strategic decisions that will have a mid- to long-term impact including among others:
  - The target architecture of their ecosystem.
  - The target operating model.
  - The business capabilities the new system(s) will need to support.
  - The approach to modernize their system (e.g., build internally, build with a development partner, buy components and assemble them, buy a full end-to-end package).
- **Business case definition:** While the legacy and ecosystem transformation benefits sought are generally clear, it is not simple and easy to quantify them. Indeed, how can speed to market be captured in hard dollar terms? The same question applies for process automation for instance. Therefore, the difficulty lies not only in defining the key benefits and costs but also to quantify them to demonstrate a positive return on investment (ROI) and satisfactory pay-back period.
- **Scale and complexity of the project:** Modernizing part or all of a technology infrastructure or an ecosystem remains a complex project. We think there are four dimensions that make legacy and ecosystem transformation difficult for insurers:
  - Project length: Projects are generally long, taking on average multiple years from the initiation and conceptualization phase (strategic decisions mentioned above) to the go-live of the new system(s).
  - Project resources: The cost of legacy and ecosystems transformation projects is generally high. Indeed, it is in the multi-million dollar category depending on the lines of businesses, systems, and regions involved. In addition to financial considerations, these projects mix various types of staff, being business and technology staff, and from various parties including the insurer, vendors, and integrators. Managing these resources requires strong project management skills.
  - Variety of tasks: Legacy and ecosystem transformation often includes risky and time-consuming tasks. While there are some standard procedures (such as testing), other work streams can be complex to perform and orchestrate. For instance, the customization of a component or the integration with internal and external systems are generally complex activities. Another process that is considered highly risky is the migration phase. Overall, insurers need to have a deep understanding on all tasks to be performed and a good view on how these tasks are dependent from each other.
  - Technologies involved: Modernizing or replacing a core insurance system implies the anticipation of technologies that help process optimization. This

means insurers generally consider multiple technology options not only around core system components but also around data (for instance IoT, predictive analytics, artificial intelligence), integration (for instance SOA and webservices, APIs), deployment approaches (for instance the cloud models including private or public cloud), and others like mobility.

In summary, legacy and ecosystem transformation projects are in general part of large enterprisewide transformation programs, making them particularly complex, and time- and effort-consuming but also highly risky and strategic.

## INTRODUCING THE AWARD-WINNING CASE STUDIES

The next sections provide the profile of this year's award winners in the legacy and ecosystem transformation category:

- Erie Insurance Group: Commercial Account Quote and Application System (QAS)
- Nedbank Insurance: SAHARA — Single-solution Transformation Programme
- Sompo Japan Nipponkoa Himawari Life, Inc.: Transformation to Trinity Model
- Zurich Insurance: Zurich Life Protection Platform (LPP)



# ERIE INSURANCE GROUP: COMMERCIAL ACCOUNT QUOTE AND APPLICATION SYSTEM (QAS)

## INTRODUCING ERIE INSURANCE

Erie Insurance was founded in 1925 on a mission to emphasize service excellence, common sense, and decency. Erie has grown to a Fortune 500 company with 5 million policies in force. In addition to its service tradition, Erie emphasizes its close relationship with its independent agency force, through whom Erie products are exclusively sold. It sells auto, home, commercial, and life insurance through its independent agent network. Erie has more than 5,000 employees and serves more than 5 million customers. Table 2 illustrates provides more information on Erie Insurance.

Table 2: Erie Insurance Snapshot

HQ LOCATION	Erie, Pennsylvania, US
COUNTRIES OF OPERATIONS	Its regional footprint extends across 12 US states and the District of Columbia, including Illinois, Indiana, Kentucky, Maryland, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and Wisconsin.
COMPANY SIZE	2018 Revenue: \$2.4 billion
DISTRIBUTION CHANNELS	Exclusive distribution through a network of over 2,000 agencies and over 10,000 licensed agents.
PRODUCTS	<p>Various auto, home, commercial, and life insurance products. The focus of this QAS program were these four products / lines of business:</p> <ul style="list-style-type: none"> <li>• Workers Compensation</li> <li>• Business / Commercial Auto</li> <li>• Ultraflex (Commercial Package)</li> <li>• Business Umbrella (Business Catastrophe Liability).</li> </ul>

Source: Erie Insurance

## BACKGROUND

Erie regularly receives feedback from its agents, most notably through several agent-chaired task forces.

In July 2014, the commercial agents task force indicated that many of Erie’s commercial insurance competitors offered real-time, web-based agent platforms that allowed for obtaining quotes, supplying proposals to prospects, and submitting bound applications for processing. They emphasized that this was an area in which Erie was falling short.

Task force members noted that many of Erie’s competitors were quoting and issuing commercial policies faster than Erie. Competitors were also moving toward an account-centric approach, rather than continuing with legacy portals for individual business lines. Task force members preferred systems that supplied a single point of entry and provided a view into all quotes or policies a customer had with the carrier. Best-in-class experiences, according to task force agents, focused on business needs and proactively populated product coverages accordingly.

In response, Erie's commercial lines technology group embraced a divisionwide challenge to "think and work differently." They launched what has evolved into the Commercial Account Quote and Application System (QAS) in the form of a workers' compensation quoting system, as an attempt to incrementally meet and surpass agent expectations.

The Erie commercial team, a combination of IT and business members, embraced the new technology and agile practices. They designed a system focused on the ease of doing business, while consolidating several legacy experiences, completely redefining the commercial technology ecosystem.

After a cumbersome experience implementing a prior commercial product with a policy administration system, Erie sought a new development tool to more rapidly create optimal user experiences. While evaluating the low-code market, Erie ran a small proof of concept with Mendix, creating a workers' compensation quoting engine in mere weeks. Realizing these capabilities at speed, Erie decided to use Mendix as its platform for all products on QAS.

In 2016, QAS for workers' compensation was rolled out. It was introduced with applause from agents, resulting in a 20% uptick in policy applications; a logical next step was to build on the success of the implementation.

Erie's commercial lines technology team set out to include additional commercial products by expanding the framework established with the workers' compensation initiative. Leveraging Agile processes and tools and adhering to sound architectural principles, the team continued to develop an API-based framework, proving that it could interact with other desired systems. The team determined the foundational solution could expand into the account-focused interface agents desired across multiple product lines. By shifting from an inside-out to an outside-in approach, Erie learned it could enable agents to digitally quote and apply for policies as a holistic "account" for their customers while modernizing several legacy components, laying groundwork for the future.

This led to formalizing the commercial account quoting initiative. The team determined the most synergistic products to workers' compensation that were most in need of a refresh were existing business auto and UltraFlex products.

During the execution of the program, Erie Agile practices matured to a point where development efforts for business auto and UltraFlex were able to progress in tandem, rather than consecutively. In addition to increasing speed to market, this strategy enabled Erie to refine many software development and testing aspects of the system to further accelerate the addition of product lines while simultaneously reducing development, scaling, and maintenance costs.

Most importantly, the business goals for the resulting solution of addressing agent concerns, improving agent utilization rates of Erie products and increasing Erie's commercial book of business, were all realized. (See "Quantitative Success Metrics" and "Qualitative Business Benefits," below.)

## TECHNOLOGY

After comparing multiple technologies to improve speed to market, while leveraging industry standards, Erie chose to develop the new Commercial Account Quote and Application System on the Mendix platform. The solution's modular, loosely coupled approach also leveraged a service-oriented architecture to integrate with Erie's Enterprise Rating Engine (CGI Ratabase) and print engine (OpenText Exstream), facilitated using several IBM integration tools.

Additionally, the project's Agile practices were enhanced using HP Agile Manager and Selenium, an open source automation testing tool.

## Mendix

Mendix describes itself as, “The only Low Code platform built for both speed and control, placing collaboration at the heart of the application development process. Mendix provides an integrated, comprehensive set of tools and platform services for the entire app lifecycle, from ideation and development, through deployment and operation, resulting in applications that are created 10x faster with 70% fewer resources.”

Among the objectives targeted by the Erie selection of Mendix were:

- **Support of Agile Practices:** The use of Mendix allowed the team to rapidly develop, test and deploy the solution iteratively, enhancing the team’s burgeoning Agile capability.
- **Openness:** The Mendix platform provided easily configurable connections to existing Erie enterprise assets, significantly reducing time to market.
- **Developer Skill Set:** The model-based nature of the platform enabled an array of developers, with varying skillsets, to participate in the QAS project. It improved business stakeholders’ understanding of in-process development.
- **User Experience Design:** Development acceleration, combined with drag-and-drop UI building capability, enabled Erie IT to quickly iterate toward optimal user experiences, in close collaboration with business stakeholders.
- **Cloud Nativity:** While QAS is currently hosted on premises, the Mendix platform enables Erie to migrate to a fully managed cloud in the future, reducing operational costs and the time needed to provision new app environments to mere minutes.

## CGI Ratabase

The Commercial Account Quote and Application System not only provided a modernized user interface and workflow experience to end users but also allowed Erie to replace disparate legacy rating solutions with CGI Ratabase, Erie’s Enterprise Rating Engine. This allows for more business-managed pricing activities without heavy IT involvement (Erie received a Celent Model Insurer Award in 2010 for its initial implementation of CGI Ratabase).

## IBM Integration Tools

To successfully leverage Erie’s API/SOA principles, existing Erie Enterprise and third party data service, the team leveraged IBM DataPower Gateway (for security, lightweight transformation, and endpoint management) and IBM Integration Bus for additional Enterprise Service Bus capabilities. The use of these products complied with Erie’s enterprise architecture standards, which allowed the Mendix platform to quickly consume available services while adhering to existing data and security standards.

## Third Party Data Sources

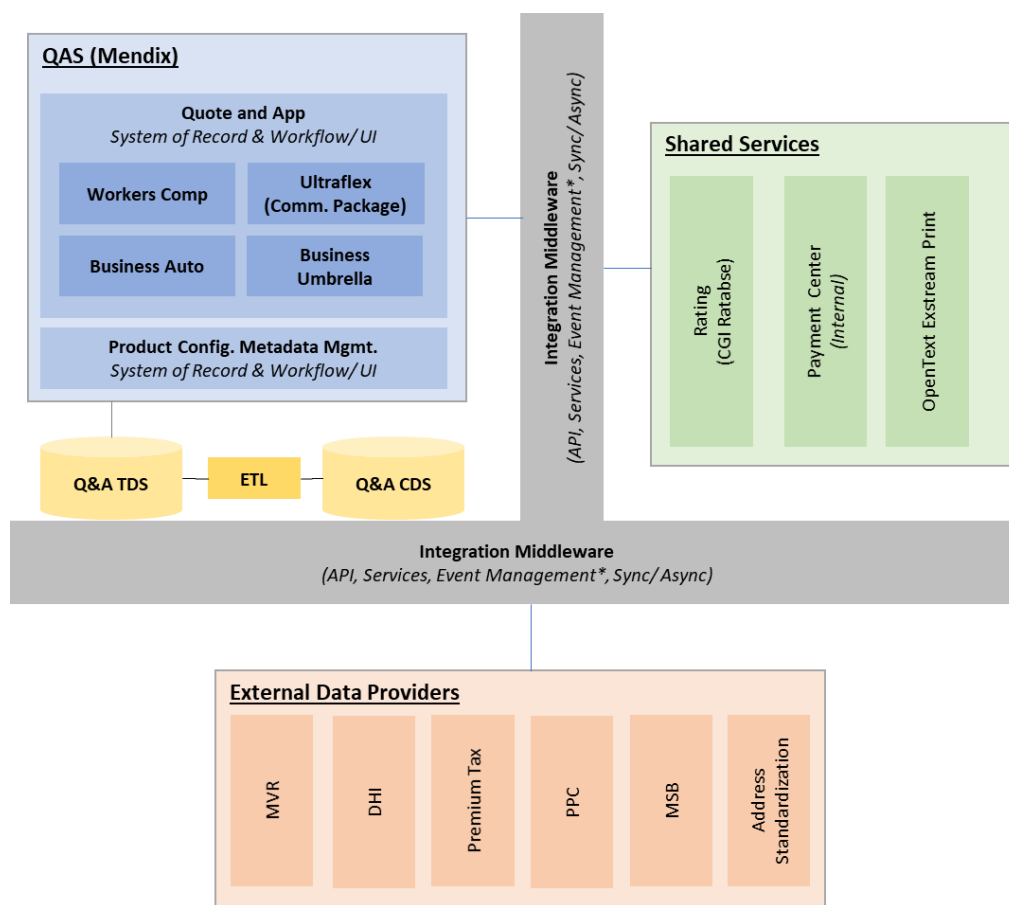
An additional benefit of modernizing legacy processes is the inclusion of third party data in the account quoting and application processes. These data sources include addressing standardization, Motor vehicle reports, driver history data, and regulatory tax data. The solution framework allows for seamless consumption of third party data as it becomes necessary for pricing or data validation purposes.

## HP Agile Manager / Agile Methodology

Not only did Erie’s Agile practices mature during this initiative, but an additional tool was added to enhance the practice. HP Agile Manager was leveraged by the team to organize, plan, and manage all aspects of the project.

The following figure provides the technical view of the solution.

Figure 4: Technical Solution



Source: Erie Insurance

## PROJECT DESCRIPTION

### Timeline

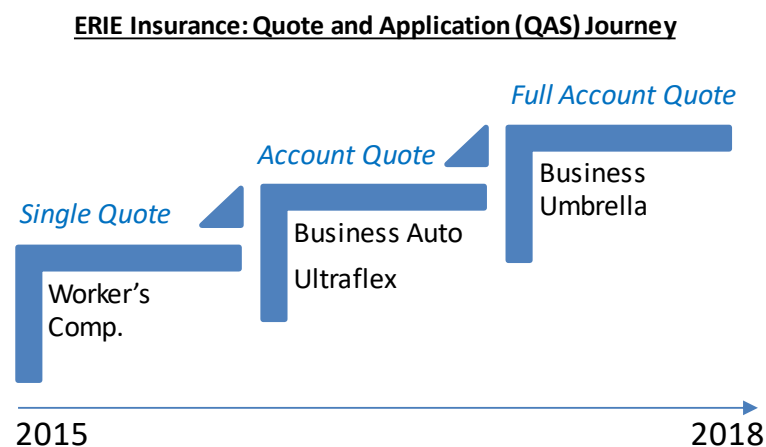
As noted above, what could be termed the triggering event for the QAS program was the July 2014 commercial agents task force meeting and report of the competitive landscape. A proof of concept with Mendix was performed in 2015. In 2016, workers compensation was rolled out.

Work on the UltraFlex components began in April 2016, with business auto kicking off in June. Both went live, along with workers' compensation, as the Commercial Account Quoting offering on August 5, 2017 in the states of Illinois, Indiana, North Carolina, and Tennessee. The remaining nine states in Erie's market area were rolled out in subsequent waves, with all 13 completed by November 30, 2017.

Work on business umbrella components began in August of 2017 and were released in May 2018. Phase 1 saw the release of business umbrella on QAS on May 21, 2018, with Phase 2 (the remaining 12 Erie markets) released on June 25, 2018.

The following figure illustrates the timing of the releases.

Figure 5: Release Milestones



Source: Erie Insurance

### Staffing

At the beginning of the QAS project, 12 developers were trained by Mendix Expert Services resources. This training was immediately followed with a series of exercises to begin laying the foundation of QAS. A kickoff session, attended by more than 50 people, comprised business stakeholders and IT team members. The session drew feedback to come to an agreement on scope. With this information, a project backlog was created, beginning the process of data organization and foundational architectural planning. Two senior Mendix expert services resources remained onsite for the first eight weeks of the project to support developers, field questions, assist in integrating Mendix into the Erie landscape, and inculcate application architecture best practices.

At the project's peak, approximately 60 individuals developed the Commercial Account Quoting offering. As the Mendix Platform was new to Erie, resources were dedicated to staffing and training the development teams to use the solution effectively. Despite significant complexity, the peak number of Mendix developers necessary for the first phase of QAS was seven, assisted by three business analysts. The initial workers' compensation initiative was primarily staffed by Erie resources, but for the remaining products Erie worked closely with ValueMomentum, their development partner, from the requirements phase (Sprint 0) through completion.

Three separate project teams ran in overlapping sequence for each of three products, with each team including 5–6 business analysts, 9–10 developers, 7–9 QA engineers, 3 UX analysts, 2 performance engineers, and 4 project managers and subject matter experts.

Because this was an agent ease of doing business initiative, Erie's commercial agent task force, which numbers about a dozen agency representatives, was heavily involved. The process started with mockups of proposed screens and functionality all the way through testing and deployment. As functionality was developed, it was demonstrated to task force members, and adjustments were made based on their feedback. This process is an Agile best practice and minimized unexpected outcomes while maximizing business and end user satisfaction.

As of November 2018, preparing for a significant expansion of the use of Mendix internally, Erie's Mendix practice has grown to include 105 Erie resources with Mendix rapid developer certifications, five advanced Mendix certifications, three expert Mendix certifications, three certified Internal Mendix Trainers, and one Mendix trainer teaching a Mendix course as an adjunct professor at a local university.

## RESULTS

The following table details the quantitative and qualitative metrics.

Table 3: Success Metrics

DOMAIN	METRICS
WORKERS' COMPENSATION	<p>Manual quote reduction: The QAS system has had a significant impact on the workload of Erie's quote unit. A reduction in manual work allowed the quote unit to improve service levels for other product lines that do not have an automated quote system. The number of new business workers' compensation quotes processed by the quote unit in 2016 was 10,142; the number of new business workers' compensation quotes processed by the quote unit in 2017 reduced to only 656.</p> <p>Submitted Applications:</p> <ul style="list-style-type: none"> <li>- YoY 8/15 – 8/16 compared to 8/16 – 8/17: 14.4% increase</li> <li>- YoY 11/16 – 9/17 compared to 11/17 – 9/18: 4% increase</li> </ul> <p>Direct Written Premiums:</p> <ul style="list-style-type: none"> <li>- YoY 8/15 – 8/16 compared to 8/16 – 8/17: 15.4% increase</li> <li>- YoY 11/16 – 9/17 compared to 11/17 – 9/18: 14% increase</li> </ul>
COMMERCIAL AUTO	<p>Submitted Applications: YoY 11/16 – 9/17 compared to 11/17 – 9/18: 4% increase</p> <p>Direct Written Premiums: YoY 11/16 – 9/17 compared to 11/17 – 9/18: 23% increase</p> <p>New Policies in Force: YoY 11/16 – 9/17 compared to 11/17 – 9/18: 9% increase</p>
ULTRAFLEX	<p>Submitted Applications: YoY 11/16 – 9/17 compared to 11/17 – 9/18: 39% increase</p> <p>Direct Written Premiums: YoY 11/16 – 9/17 compared to 11/17 – 9/18: 32% increase</p> <p>New Policies in Force: YoY 11/16 – 9/17 compared to 11/17 – 9/18: 54% increase</p>
ADDITIONAL QUANTITATIVE METRICS	<p>Time to Quote a Commercial Account: 2 or more days to 10 minutes</p> <p>Quote/Bind Cycle Times: 3–5 days to less than 1 hour</p> <p>40% of all quotes in QAS are account quotes (quotes that include more than one insurance product at a time), this was not possible prior to the implementation.</p> <p>More than 80% of workers' compensation quotes and more than 50% of Ultraflex and Commercial Auto quotes are determined in fewer than 10 minutes. Business Umbrella quotes are now automatically generated.</p> <p>Time to market, new insurance lines: 50% reduction</p> <p>Completed development of an agent interface for two products (Commercial Auto and UltraFlex) in 16 months with the new approach versus roughly one year for a single product (Ultrapack PlusSM) using traditional development. Simultaneously, the underlying QAS platform was improved to support scaling out account quoting to include other existing or new product lines as well as address evolving agent needs.</p>
AGENTS' FEEDBACK	<p>"You made UltraFlex easy to navigate, easy to quote, and much more understandable. I'm off to eat my crow sandwich, because</p>



you succeeded in making UFX par of my quoting day. Well done!"  
— Independent Agent, NC

From a Harrisburg, PA, launch demonstration for 250 agents:

- "This is amazing!"
- "This is the competition – no one out there is doing it this well."
- "This system will make it easier for me and my agency to write Commercial with Erie."
- "This is seriously and without a doubt the very best platform in the market right now." – Independent Agent, Silver Springs, MD

Source: Erie Insurance

Importantly, Erie is now able to continuously evolve its account quoting offering. Whether including additional existing lines or adding new ones, faster and more cost-effectively than with past technology development approaches. This will provide ongoing business and competitive benefits over the long term by enabling a rapid response to swiftly changing market conditions and agent needs. For example, in the middle of developing QAS, Erie entered the Kentucky market, a new territory with significant regulatory complexity. Because of the agile approach adopted for the QAS project, combined with the flexibility of Mendix, all scope changes were easily accommodated.

By pursuing this scalability model, Erie agents can be more productive because the entire digital experience for quoting/binding products will be similar. Erie expects this productivity benefit to continue to improve agent adoption and utilization rates.

## SUCCESS FACTORS

As for all ambitious legacy and ecosystem transformation initiatives, there were certain key factors to the success of the Erie Insurance QAS program. There were three factors that contributed to make this project a success:

- **Agent and business leadership engagement:** Involving the commercial agent task force and key commercial lines business representatives throughout the project ensured the voice of the customer drove our initiative, while reestablishing a strong business/IT partnership.
- **Promoting reusability, continuous integration and APIs:** Resulting in faster speed to market while contributing to a higher quality, more responsive real-time account quoting offering.
- **Modernizing and consolidation:** Modernizing legacy practices by consolidating three separate agent quoting interfaces into one interface and modernizing three commercial rating platforms to use Erie's enterprise CGI Ratabase platform.

## CONCLUSION

Legacy and ecosystem transformations remain complex and risky projects. As this year's Model Insurer winning cases show, they are often multiyear projects that are part of large enterprise transformation projects.

We think the lessons we can learn from this year winners are the following:

- **Ambition helps tackle risky and complex issues:** Erie Insurance Group, Nedbank, Sompo Japan Nipponkoa Himawari Life, Inc., and Zurich Insurance have not been shy and demonstrated a high level of ambition to tackle the legacy challenge. Their ambition helped them succeed in what is considered by many of their peers as risky and complex programs.
- **Leaders' sponsorship facilitates collaboration:** Often legacy and ecosystem transformation involve internal change to adapt to new processes. Therefore, insurers need to accompany their program with change management initiatives. This year's winners have understood that collaboration, motivation, and commitment of the project stakeholders would benefit from sponsorships coming from C-levels.
- **Project management needs to be perfect:** Implementing new systems on time and on budget, coordinating tasks between multiple stakeholders (internal and external to their organization), mitigating the risks involved in each workstream, and communicating the means and objectives to all parties require strong expertise and skills. This year's winning cases demonstrate that big transformation programs cannot be successfully implemented without top project managers.
- **Nothing valuable can be achieved alone:** Our 2019 winners have worked with vendor partners to achieve their ambition. Insurers are increasingly looking for mature technologies and related competences through partnerships with expert technology players. They understand that it is tough to build an internal center of excellence and competence to tackle the legacy challenge.

Key  
Research  
Question

### 3

*What are the lessons learned from this year's winning cases?*

**Insurers tackling the legacy challenge need to have ambition, leadership support, and strong project management skills and understand it is important to build partnerships to make their legacy and ecosystem transformation program a success.**

We already look forward to evaluating next year's initiatives, and we are positive that they will allow us to learn more about legacy and ecosystem transformation.

*Was this report useful to you? Please send any comments, questions, or suggestions for upcoming research topics to [info@celent.com](mailto:info@celent.com).*

## LEVERAGING CELENT'S EXPERTISE

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

### SUPPORT FOR FINANCIAL INSTITUTIONS

Typical projects we support related to legacy and ecosystem transformation include:

**Vendor short listing and selection.** We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

**Business practice evaluations.** We spend time evaluating your business processes. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

**IT and business strategy creation.** We collect perspectives from your executive team, your front-line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

### SUPPORT FOR VENDORS

We provide services that help you refine your product and service offerings.

Examples include:

**Product and service strategy evaluation.** We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

**Market messaging and collateral review.** Based on our extensive experience with your potential clients, we assess your marketing and sales materials — including your website and any collateral.

## RELATED CELENT RESEARCH

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For more information please contact [info@celent.com](mailto:info@celent.com) or:

John Barr  
Nicolas Michellod

[jbarr@celent.com](mailto:jbarr@celent.com)  
[nmichellod@celent.com](mailto:nmichellod@celent.com)

## AMERICAS

### USA

---

99 High Street, 32<sup>nd</sup> Floor  
Boston, MA 02110-2320

Tel.: +1.617.262.3120  
Fax: +1.617.262.3121

### USA

---

1166 Avenue of the Americas  
New York, NY 10036

Tel.: +1.212.541.8100  
Fax: +1.212.541.8957

### USA

---

Four Embarcadero Center, Suite  
1100  
San Francisco, CA 94111

Tel.: +1.415.743.7900  
Fax: +1.415.743.7950

### Brazil

---

Rua Arquiteto Olavo Redig  
de Campos, 105  
Edifício EZ Tower – Torre B –  
26° Andar  
São Paulo SP 04711-904

Tel.: +55 11 3878 2000

## EUROPE

### France

---

1 Rue Euler  
Paris  
75008

Tel.: +33.1.45.02.30.00  
Fax: +33.1.45.02.30.01

### United Kingdom

---

55 Baker Street  
London W1U 8EW

Tel.: +44.20.7333.8333  
Fax: +44.20.7333.8334

### Italy

---

Galleria San Babila 4B  
Milan 20122

Tel.: +39.02.305.771  
Fax: +39.02.303.040.44

### Switzerland

---

Tessinerplatz 5  
Zurich 8027

Tel.: +41.44.5533.333

## ASIA

### Japan

---

The Imperial Hotel Tower, 13th Floor  
1-1-1 Uchisaiwai-cho  
Chiyoda-ku, Tokyo 100-0011

Tel: +81.3.3500.3023  
Fax: +81.3.3500.3059

### Hong Kong

---

Unit 04, 9<sup>th</sup> Floor  
Central Plaza  
19 Harbour Road, Wanchai

Tel.: +852 2301 7500