

# INSURANCE TECHNOLOGY CASE STUDY COMPENDIUM 2019

JUNE 2019

## Summary

Novarica's eighth annual case study compendium includes more than 30 detailed examples of IT initiatives that delivered real business impact.

Each case details business goals, project sponsors, team structure, project timeline, tools and technology used, challenges faced, success factors, and business results delivered.

Novarica Impact Awards, voted on by 50 CIOs, recognized winners in four categories: digital, data/analytics, core, and IT practice or infrastructure.

## 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.



### Primary Report Contact

Matthew Josefowicz  
President/CEO  
[mj@novarica.com](mailto:mj@novarica.com)

### Page Count

6

Authorized Excerpt.

For full report, see

<https://novarica.com/compendium2019>

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617-342-8100 | [inquiry@novarica.com](mailto:inquiry@novarica.com) | [novarica.com](http://novarica.com)

## INTRODUCTION

This report is the eighth in an annual series designed to highlight IT initiatives that have a real, positive impact on insurers' businesses. Novarica's goal in assembling this compendium of case studies is to provide as broad a set of complete examples as possible. The criterion for inclusion is that each initiative clearly demonstrates a positive business impact.

### About the Case Studies

Novarica collects information from the CIO members of the [Novarica Insurance Technology Research Council](#), along with other insurer technology executives, and drafts case studies in collaboration with each insurer. In some cases, vendors work with their insurer clients to submit information, but all cases are drafted by Novarica in consultation exclusively with each insurer. Vendors have no input during the drafting or reviewing of the case studies.

### About the Impact Awards

Prior to publication, the anonymized case studies were shared with all Council members. 50 members voted for their top choices in each category: digital, data and analytics, core systems, and IT practice or infrastructure. No vendors or media, or even Novarica team members, have a vote in selecting the winner, making the Impact Awards one of the largest purely peer-juried awards in the industry.

Winners were selected for their real-world business impact and their demonstration of the effective usage of currently available technology to meet business goals. The focus of the awards is not necessarily innovation or the use of emerging technology.

The categories are somewhat subjective, since so many successful initiatives combine elements of all four areas. Cases were categorized based on Novarica's assessment of best fit.

## MEASURING IMPACT

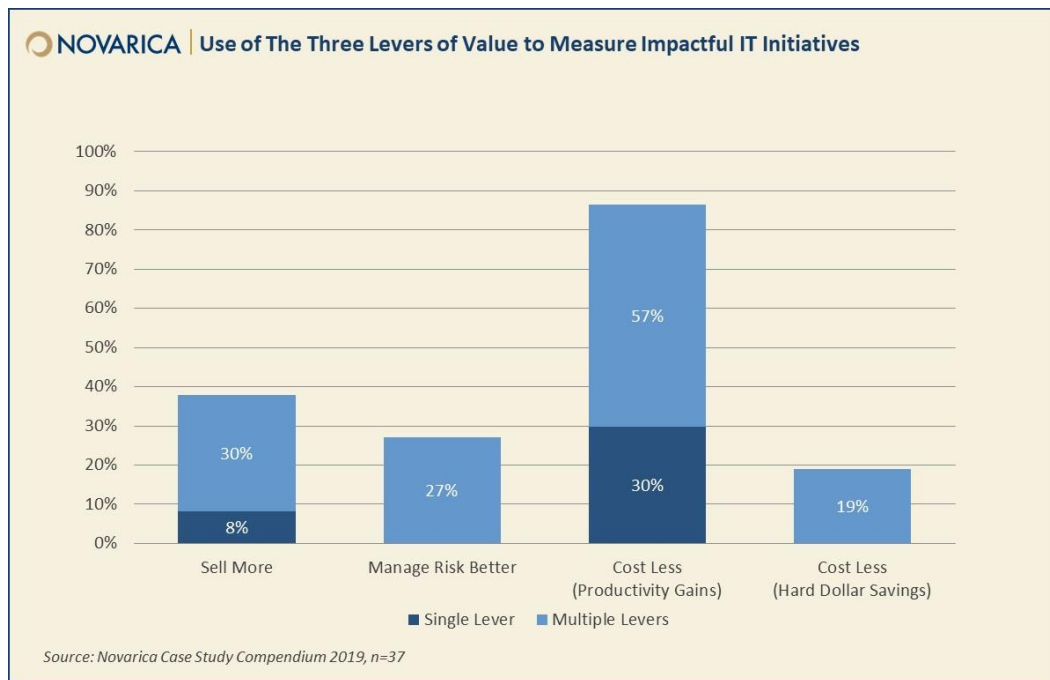
Novarica launched the Impact Awards to provide insurer business and technology leaders with concrete examples of IT initiatives that delivered real business impact.

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](#).

## **NAS INSURANCE SERVICES: CLOUD-BASED STP PORTAL**

NAS Insurance Services launched a cloud-based straight-through processing portal to enable rate/quote/bind. Developed over two years, the system has led to a 75% reduction in rate/quote/issue time, a 12.5% employee productivity increase, and a 90% improvement in time to market.

### **Business Need**

NAS Insurance Services had a goal of scaling its business without significant additions to its headcount. The company implemented a cloud-based quote/bind/issue platform as part of this overarching modernization effort to reduce reliance on manual legacy processes.

### **Project Team**

The COO sponsored the project, and a four-person leadership team oversaw it. The development team consisted of 11 internal team members and 13 external resources across five roles: engineers, QA, DevOps, product managers, and Scrum masters.

### **Phases and Timeline**

The project had four phases over approximately two years. The first phase, infrastructural and architectural design, occurred in early 2017. The team developed quoting (phase two) and binding (phase three) during Q1 and Q2 of 2018, respectively. The team deployed issuance in the fourth phase over Q3 and Q4 of 2018.

### **Tools and Technology**

Development leveraged an AWS LAMP (Linus, Apache, MySQL, PHP) stack and modern application frameworks. The system integrates with Vertafore ImageRight for ECM and with VRC Velocity admin system. It also used InRule Decision Platform and Text Control ReportCloud for document generation. ValueMomentum was the development partner.

### **Overcoming Challenges**

The company hadn't worked with an offshore partner before, nor did it have experience in Agile. Executive commitment and active involvement with the Scrum teams, as well as active collaboration (including twice-daily sync communications), were critical in building trust and maintaining alignment during the project.

### **Success Factors**

The company cites its focus on an IT cultural transformation to Agile as integral to success. The team notes that its IT outsourcing partner also helped to set the tone in creating a collaborative environment.

### **Impact**

Submission to issuance decreased 75% from 80 minutes to 20, time to market decreased from three months to one week, and productivity per employee (as measured by revenue per employee) grew by 12.5%.

## 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](#)

## ABOUT NOVARICA

### 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.

More information at [www.novarica.com](http://www.novarica.com)

### Authors



**Matthew Josefowicz** is the President and CEO of Novarica. He is an expert on insurance and financial services technology, with two decades of experience advising CIOs on IT strategy and solutions. Prior to launching Novarica in 2007, he founded and led the global insurance group at analyst firm Celent and worked at D. E. Shaw & Co., LP. He holds a BA *magna cum laude* in Classics from Brown University. He can be reached directly at [mj@novarica.com](mailto:mj@novarica.com).



**Stephanie Dalwin** is a lead associate at Novarica, supporting the firm's InsureTech and industry trends research. Prior to joining the firm, Stephanie worked at United Way of Central Maryland supporting fundraising efforts through data mining and reporting. She has an MA in Iberian and Latin American Cultures from Stanford University and BAs in International Studies and Romance Languages from Johns Hopkins University. She can be reached directly at [sdalwin@novarica.com](mailto:sdalwin@novarica.com).

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LAST UPDATED: July 3, 2019