

# Component-Based Architecture: Give Distribution Partners What They Need During a Policy System Conversion

**Uninterrupted Focus on User Experience Maintains Competitiveness in a Marketplace that Doesn't Wait**



**People matter, results count.**

For some time, analyst's surveys have indicated that core system replacements are top IT priorities among P&C carriers. According to a recent report by Novarica<sup>1</sup>, more than one-third of insurers are either in the middle of a core policy administration system replacement or are planning one for 2013. Because the focus of core systems technology is improving the efficiency of internal transactional capabilities, they are designed and architected for *transactional* processing rather than interactional processing. So while core system replacements are crucial to build a strong foundation for growth, such systems cannot fully address the needs of agent, managing general agent (MGA), broker or consumer users, especially across emerging channels such as social media and mobile.

## Distribution Needs for P&C Carriers: How Systems Stack Up

System Features	Policy, Billing & Claims System	Web Portal
Enables accurate, real-time quotations, binding and issuance	✓	✓
Facilitates producer collaboration	✓	✓
Integrates with first-notice-of-loss	✓	✓
Supports multi-channel distribution including independent agents, captive agents, brokers, MGAs, and consumers		✓
Supports third party services		✓
Handles customer and agent communications across all channels: print, fax, phone or email		✓
Supports multiple computing platforms including mobile phones, tablets, social media and more		✓
Provides user interface and functionality tailored specifically for distributor ease of use		✓
Supports integration with distributor systems		✓
Can be deployed in less than 9 months		✓

<sup>1</sup> Novarica, US Insurer IT Budgets and Projects for 2012, October 2012, Matthew Josefowicz

# The Customer is King; and the King is Impatient



In order to remain competitive, P&C insurers must keep a steady, laser focus on the ever-evolving patterns and needs of their distribution channel partners—the agents, consumers, brokers and MGAs that grow carrier business. Carriers must be quick on their feet and constantly assess, improve and polish the experience of their customers.

While back end systems are tremendous internal workhorses, the process to update, test, promote, and implement changes within them can be lengthy—including changes to the web capability. Given the multi-year development and implementation lifecycle associated with core systems replacement, it is difficult for businesses to respond quickly with changes or new products in the P&C space without a separate web portal.

Consider this: in the 3-5 year timeframe it takes to complete core systems replacements for a typical mid-sized, multi-line, multi-state carrier, tremendous technological shifts can occur. In just the last two years, smartphones have transformed the user landscape. The insurance industry is not immune to these technology and cultural shifts. For example, most carriers now have at least one mobile app and a strong social media presence. According to a recent study<sup>2</sup>, 54% of P&C carriers use Facebook for their business, 41% use Twitter, 32% use You Tube, 31% use Skype and 67% use LinkedIn. Insurers have also embraced big data and predictive analytics as ways to improve underwriting capacity. Can your business afford to put aside emerging channels and opportunities while your core systems are being replaced?

<sup>2</sup> Novarica Social Media In Insurance: Changes in Trends and Attitudes 2008-2011 Research Report August 2011



# The Power of Difference: 5 Web Portal Capabilities that Put the Customer First

There are capabilities and qualities inherent in web-facing portals that, by design, support a carrier's need to keep customers at the epicenter of their business focus—regardless of the status of their policy systems. Keeping those attributes distinct from the core systems is a powerful strategy.

## #1 Multi-channel Capability

Clearly, carriers today must adopt multi-channel, multi-device, multi-territory, multi-product business models to stay competitive—not to mention relevant. In order to attract, acquire and retain distribution partners—read: new and ongoing business—carriers must offer many ways to interact with them online and make all of these channels easy to use. Independent front end software ships with distribution-friendly web design out of the box and provides functionality specifically tailored for agents, brokers and policyholders.

Whether using mobile phones, tablets, social media, CSRs or other avenues, the carrier/agent relationship has moved beyond the web to the street and third parties. Back end systems struggle to meet the needs of these outward-facing offerings, while portals were built for them.

## #2 Service, Service, Service

Producer expectations are rising every day. Today's P&C carriers need to be able to extend their user experience beyond agents to consumers, insureds and others; handle upload integration; provide real-time interfaces; support third party services, automate business processes; and systematically respond to paper form submissions that are either emailed or even faxed.

Agents also have a clear need to quickly get the best quote for their client, and they expect to do it—and more—through existing agency management system desktops. Insurers must provide accurate, real-time quoting capabilities; support binding and issuance; communicate status updates; coordinate paperwork and signatures; support endorsements, billing inquiries etc. post-issuance; and, when necessary, process first-notice-of-loss on behalf of the insured. And if they want to keep agents happy, carriers need to offer those abilities within an environment that agents know and with which they are comfortable.

An agent cares about completing a quote quickly and efficiently. A policy administration system is designed to display all information and combinations of possible data options for an organization and its underwriting staff, not to move an agent as quickly as possible from point A to point B. Exposing this display and all of its non-essential information to an agent can be not only overwhelming to the producer but problematic, introducing potential for user error, confusion and misuse.

In the end, it's all about making producers happy—helping them do what they need to do quickly and easily on multiple fronts without disruption. Simple, straightforward workflow at all levels mitigates the chances of frustration and errors and boosts carrier business.

### #3 Flexibility = Faster Business

A core system is built to last, pretty much as is. Distribution products, on the other hand, are architected for change and flexibility to quickly and easily respond to changing business needs. Any competitive modular front end solution uses modern, global technology designed to grow not only with a carrier but with today's business and consumer trends. The most competitive commercial lines portal applications in the marketplace today are all decoupled from their core policy administration system. Good modular components are architected to integrate easily with rules and rating engines, third party and internal data validation and data enrichment services as well as with core systems, giving carriers the dexterity to quickly shift gears at a moment's notice.

Modern, easily integrated technologies allow carriers to take advantage of innovations in the distribution space and agents to be the best possible facilitators of the relationship between carriers and their insureds.

### #4 Reduced Risk

Hinging your back and front office success on one implementation with a single system is high risk—you're all in on one hand. By comparison, a component-based strategy, regardless of the timing of front end and back end replacement, significantly reduces exposure and risk for CIOs.

### #5 A Shield for Your Customers

A core system conversion is disruptive by nature. If the replacement strategy hinges on a single system, that disruption extends directly to your producers, and ultimately to your business. If the internal replacement is shielded by a de-coupled front end, however, producers can continue transacting business with you uninterrupted. Isn't it about being easy to do business with?

#### Case Study

A large global carrier was moving to a new policy administration system and rating engine. The aggressive timeline: two years for the complete systems overhaul. The challenge: migrate from the existing policy administration system and integrate with a new rating system, all while conducting business as usual and continuing to enhance sales performance and overall profitability.

#### Solution

The carrier leveraged an independent web-facing portal to provide an agent-facing platform while the policy administration and rating engine replacement was underway.

#### Benefits

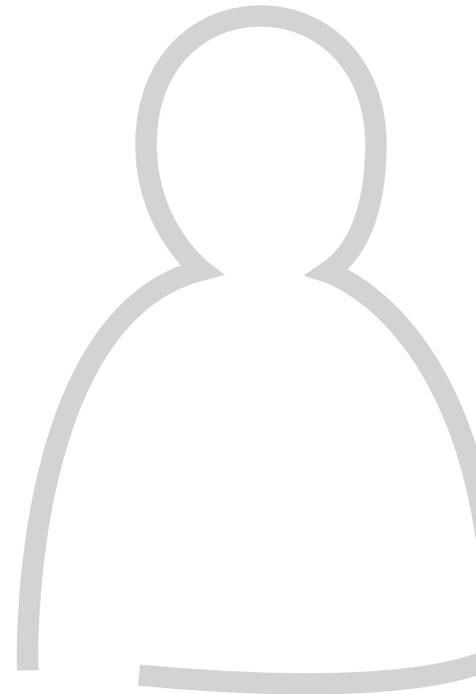
The carrier:

- Managed "business as usual" during the back end system overhaul.
- Gained the flexibility to introduce workflow solutions for combining or dividing Monoline and CPP policies—an impossible task with the back end system.
- Acquired new business lines and states with little interruption to front end capabilities.

# Summary

The bulk of IT expenditure over the next several years will continue to be fueled by the replacement of and enhancements to carrier core applications. Careful consideration of how to best distribute products during a major policy system overhaul can help an organization continue to grow, in spite of the disruption. Companies looking to continue to respond quickly to market opportunities and keep their producers happy need to stay highly nimble and service-oriented. By detaching the front end web user interface, companies can gain independence from the back end development cycle and the disruption it presents, and can continue to be as responsive and innovative as they need to be to compete in the marketplace.

Waiting for a core system user interface can take years, long enough to for carriers to miss out on critical technologies and strategies being introduced more quickly to the industry than ever before—long enough to damage the enterprise value carriers have built with their distribution partners and significantly hamper sales. A modular strategy protects against this risk, allowing carriers to continue to put their best face forward seamlessly despite back end upheaval, and to mitigate impact on business overall.





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