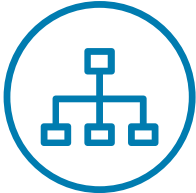




## Specialty Insurance Insights November 2023

# Strategic Investment Trends Shaping the Specialty Insurance Landscape

Leading specialty insurance carriers are making transformational moves in response to dynamic shifts in customer risk needs and an increasingly competitive marketplace



### Product diversification

Innovative, scalable and tailored products to serve diverse industries and adapting to changing risk landscapes (such as cyber, environmental, aviation, marine)



### Simplifying UW complexity

Providing access to synthesized internal and third-party data sources through technological advancements to enable enhanced risk insights and quicker market response times



### Focus on emerging risks

Proactively developing solutions to help clients address the impacts of emerging risks like climate change, cyber threats, and global supply chain disruptions



### Mergers & acquisition

Evolution in business models for specialty carriers, such as increased investments in MGA partnerships and InsurTech acquisitions to bolster market expertise and expand distribution channels

Carriers are capitalizing on this growing and profitable market through strategic investment in capabilities, such as modular product architecture, SaaS based cloud platforms and enhanced workflows that enable them to launch products faster, showcasing remarkable business efficiencies and outcomes.

**Reduction of policy Issuance time by 75%**

**2X increase in YOY premium growth**

# Specialty Archetypes - Progressing through Transformation Journey Scenarios

Each archetype reflects a phase of evolution, illustrating how specialty carriers chart a course towards future resilience and success



### Carriers entering Specialty Market

To accelerate the growth in the market, insurance carriers focus on setting up the core foundation first

- **Modular Product Architecture and Designs** to facilitate a scalable and reusable solution
- **Modern SaaS Platform** that addresses “speed to market” and enables the organization’s needs of the future
- **API-driven Architecture** to improve ease of doing business and enable digital portals efficiently



### Existing carriers improving agility/experience

To extend the core by enabling enhanced capabilities that drives business process efficiencies

- **Highly Digitized and Automated Distribution Channels** for agents and brokers to gain operational efficiencies and straight through processing
- **Enhanced Underwriting Workflows and experience** via automation, predictive modelling, portfolio monitoring, reporting and analytics
- **Enhanced Risk Selection** by implementing cloud data warehouses, operational data stores, and appropriate data marts



### Existing Carriers pursuing analytics-driven scale and differentiation

To gain competitive edge in the marketplace through data insights and analytics

- **Gen AI-enabled** intelligent automation to improve underwriting efficiencies
- **Extending Predictive Model Solutions** that can enhance your organization’s success in analytics and make them future ready
- **Integrated Unstructured Text Ingestion** Solutions based on AI and ML technologies




This transformation journey will empower specialty insurance carriers to build a **flexible foundation**, **make informed decisions**, and embrace modern technologies, **positioning them as innovators** ready to meet unique market needs and drive business growth

# Specialty Market Case Studies

Below are the two case studies of Specialty Carriers who achieved monumental success by implementing modern core platform with enhancement workflow capabilities

## Guidewire Suite Implementation for a Medium Sized Specialty Insurer

## Guidewire PAS Implementation for A Leading P&C Insurance Carrier

 <p><b>Client Situation</b></p>	<p>Specialty insurer needed a modern and integrated core insurance platform to support its entry into the specialty insurance market in late 2021 and enable its ambitious five-year growth target (\$1bn in annual revenue)</p>	<p>Specialty carrier was looking to modernize their Underwriting and Policy Administration systems to increase profitability and drive premium growth by building 30+ specialty products within the timeframe of two years</p>
 <p><b>Implementation Solution</b></p>	<ul style="list-style-type: none"> <li>• Deloitte <b>implemented a user-centric Guidewire Cloud solution</b> that offered an integrated seamless experience for users across Insurance life cycle (i.e., Policy, Billing, Claims and Data)</li> <li>• Defined <b>modular product hierarchy and architecture</b> to facilitate a reusable and scalable solution</li> <li>• <b>Implemented Excess LOB during Release 1(4 months)</b> followed by E&amp;S Property, Professional Liability, Financial Lines in another 2 months</li> <li>• Established robust program governance to enable <b>high decision velocity</b> through empowerment from leaders</li> </ul>	<ul style="list-style-type: none"> <li>• The client adopted Guidewire PolicyCenter and Underwriting Workbench solution to <b>streamline underwriting</b> and implement specialty products on a <b>scalable platform</b></li> <li>• Focused on building <b>the foundational components</b> in PAS solution and associated integrations in <b>headless manner</b> with engagement layer and products to be brought on in rapid succession (<b>5 distinct Product Offerings including 8 Management Liability coverage parts</b>)</li> <li>• Working closely with the Client, produced a <b>2-year product roadmap</b> and <b>7 release project plans</b> to address the complex client needs</li> </ul>
 <p><b>Business Outcomes</b></p>	<ul style="list-style-type: none"> <li>• <b>Overall Operational Efficiency</b> –The insurer has seen an efficiency of 66% in quote and bind process, <b>80% in policy issuance, and 25% in submission clearance</b> process</li> <li>• <b>Speed to Market</b> – Created a technological foundation for the expansion of the business into new geographic markets and product lines with <b>70% reusability across product lines</b></li> <li>• <b>Next-Gen Technology</b> – Industrialized Policy, Billing, Claims, and Data technology capabilities by augmenting existing human-touch model with <b>forward-looking self-service &amp; digital capabilities</b></li> <li>• <b>Cost of Ownership</b> – Modernized SaaS Platform Architecture will enable Client Specialty lower overall cost of maintenance costs, upgrades, service, or support contracts, &amp; infrastructure costs</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increased Paths to Profitability, Underwriting Experience and future state readiness</b> while reducing the operational and maintenance costs             <ul style="list-style-type: none"> <li>– <b>2-point average YOY Loss Ratio decline</b> due to more effective and standardized selection of risks</li> <li>– <b>50% reduction in on-boarding</b> and training times for the users (UW and UAs)</li> <li>– <b>Increased Quick Hit Ratio</b> leading to an uptick in on submissions intake and quote processing</li> </ul> </li> <li>• <b>Competitive Market Edge</b> – The solution allowed the client to be highly competitive in the market space. Allowed specialty business to book <b>80% of their premium</b> through the modular platform <b>in 9 months</b></li> </ul>



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