

Benefits of a New Policy Administration System: Going Live is Not Enough Overview



Abstract

Insurance is a service and knowledge-based business, which means that a carrier's core systems are instrumental in helping them compete. Many property and casualty insurance carriers are embarking on core systems transformation efforts in order to improve business agility and increase efficiency throughout the risk lifecycle. The success of a core systems transformation project depends as much on business capabilities as it does the technology. In other words, going live with a technology upgrade is not enough.

While speed and efficiency of implementation is an important element of a successful program, carriers should not lose sight of transformational aspects such as the articulation of a product architecture that will enable better speed-to-market and a focus on end state information needs to boost advanced analytics capabilities. Throughout the transformation, organizations should maintain laser-like focus on the desired end state of improved decision-making. A properly executed core systems transformation can impact the operating model of the business, provide opportunities to mature key capabilities for serving customers, and empower employees. Whether aiming for growth, making better underwriting decisions, enabling speedier and more informed claims outcomes, or driving down operating expenses, a policy administration system implementation should align with business objectives.

What Makes Core Systems Transformations Fall Short?

To successfully compete in today's markets, property and casualty carriers should demonstrate a level of agility that enables them to quickly move in the market. This in turn requires access to the right information at the right time. To support these goals and enable faster, more informed decisions, many carriers are embarking on core systems transformation projects with a focus on policy administration systems (PAS). Policy administration systems are perhaps the most complicated component, representing a disruptive change to a heart-of-the-business capability.

While many companies invest heavily to modernize their platforms, many PAS replacement programs fail to achieve the desired business benefits. Limited focus on the underlying business needs results in sub-optimized data flows and lack of value-added information to enable decision-making. Failure to properly address business processes and the underlying product architecture not only increases the drag on a system implementation but can also result in a failure to enhance business agility. In addition, fraught implementations can result in sub-optimal technology outcomes, and increased technology debt.

Meeting the Challenge

It is time to reorient ourselves around a better balance where key investments in business capabilities are enabled by technology that establishes the right building blocks for future growth and profitability. Approaching a PAS or full-suite (e.g. policy, claims, billing, portals, etc.) implementation should be a thoughtful process that balances the tradeoffs and keeps a laser focus on the desired end state.

Focus on Speed to Market

Updating the PAS infrastructure alone won't solve the people and process issues that can encumber speed to market with new products and changes to existing offerings. A renewed focus on a product management framework that balances consistency and flexibility, starting from product design through the deployment of products in systems, both aids implementation and, more importantly, can deliver increased market agility. (For more information, see Deloitte's "Speed to Market" white paper.)

Take a Disciplined Approach to Implementation

Organizations should use a disciplined approach to implementation, which incorporates leading practices and maintains a focus on data use and accessibility. Through delivery of many PAS transformations, Deloitte Consulting LLP has developed an understanding of the common delivery problems and ways to mitigate risk, bringing proprietary accelerators to reduce implementation effort and cost. (For more information, see Deloitte's "Implementation Eminence" white paper.)

Design for Advanced Analytics

An updated PAS solution can help move toward more efficient and effective underwriting, but without foresight into the data needed to support advanced analytics carriers can fall short of business intelligence objectives. By defining information needs up front, carriers can build a foundation for improved insights generation to guide risk selection, pricing and other business decisions. (For more information, see Deloitte's "Advanced Analytics for Better Insights" white paper.)



Conclusion

Many property and casualty insurance carriers are operating on policy administration platforms that have been in place for decades with significant operational and technological risks. Don't let fear of implementation failure deter moving forward with investments in modernization, but don't be satisfied with a technology refresh that doesn't deliver the desired transformation in business operations.

Leading carriers have clear business objectives, such as improved speed to market and enhanced, fact-based insights,

and develop technology programs that measure success through that delivery of capabilities rather than hitting dates in a project plan. Going live is not enough in an increasingly analytics-driven and efficient marketplace.

Contact one of the representatives below to learn more about how Deloitte Consulting LLP can help you realize the full value of your PAS implementation and keep your project on the fast track to success.

Contacts

Amy Sherman

Principal
Deloitte Consulting LLP
amsherman@deloitte.com
+1 917 854 8822

Dave Schmitz

Director
Deloitte Consulting LLP
Dschmitz@deloitte.com
+1 630 862 8868

Jasmeet Gill

Principal
Deloitte Consulting LLP
jagill@deloitte.com
+1 312 371 9327

Missy Goldberg

Director
Deloitte Consulting LLP
megoldberg@deloitte.com
+1 312 485 3390

Nick Frank

Specialist Leader
Deloitte Consulting LLP
nfrank@deloitte.com
+1 678 520 3284

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