



CLIENT SPOTLIGHT

# An insurer remade

With the help of Deloitte, in less than 12 months, State Auto transformed its products and how it delivers them to a new generation of customers.

Just last year, Columbus, Ohio-based State Auto Insurance Companies ("State Auto" or the "Company") was in trouble. After 95 years in business, it was selling its personal and commercial product lines in 33 states and had nearly \$4 billion in assets, but it was losing customers and agents to competitors with more relevant products and better online tools and services.

"We were on the verge of becoming irrelevant," says Mike LaRocco, who took over as CEO in 2015. "Our technology was outdated. We were too difficult to do business with, particularly in the personal and small business lines."

Longtime customers and the agents who sold State Auto products felt the pain of that outdated technology. The Company's policy administration system—the technological backbone of any modern insurance provider—was difficult to use, and independent agents gravitated to modernized competitors. A steadily declining policy-in-force (PIF) count was a

clear indicator that State Auto's system and products had fallen out of line with customer needs.

State Auto would have to change, drastically and quickly, but the experts LaRocco consulted all said making the necessary changes would take years. By then, LaRocco believed, it would be too late.

The missing piece to State Auto's seemingly impossible transformation arrived when LaRocco hired Deloitte. Together, they launched Project Crunch to build a new technology platform and a secure, flexible, and efficient portal to go along with redesigned core products. In just one year, these changes transformed State Auto into an insurer with the speed, agility, and service to compete and win in the 21st century.

Now, State Auto is poised to challenge the competition, with a new platform and new personal, auto, home, and umbrella insurance offerings in five states, and more to come in 2017.

**+ IMPACT**

Less paperwork gives agents more time to craft policies to meet client needs.

**+ IMPACT**

Emailed forms and electronic payments speed up the delivery of policies, while increasing accuracy.

**+ IMPACT**

Cloud-based solutions make customer information accessible to agents, while keeping it secure.

More than just a new interface, State Auto's new technology platform, powered by insurance software specialist Guidewire, streamlines the quote and submission process. It also gives independent agents more information, tools, and a new pricing model to customize policies for their customers.

## A partnership based on history

In addition to his years working with other insurance industry leaders, LaRocco brought start-up experience to State Auto. In 2013, he co-founded AssureStart, an online small-business insurer, with Greg Tacchetti. Shortly after LaRocco took over State Auto, he recruited Tacchetti to be the new chief information and strategy officer.

The pair quickly realized that, for the massive turnaround that State Auto required, they needed a hands-on partner. Both had worked with Deloitte on other projects and knew Deloitte could uncover unrealized opportunities and show them fresh ways to adapt to change.

"Lots of consultants won't take the risky path," Tacchetti says. "But to get outsized returns, sometimes that's the path you need to take."

Deloitte and State Auto teams abandoned the usual corporate protocols—"no steering committees," says LaRocco. The staffs of the two companies mingled completely, with a number of Deloitte employees moving into State Auto offices for several months.

## A focus on the future

To build the new platform in record time, the Project Crunch team restricted the initial reach of the powerful new technology.

"It was clear that the tech available to the insurance industry was actually quite good," says LaRocco. "But the companies who moved their legacy products and policies onto new



“IF YOU'RE GOING TO WIN, YOU NEED A FOUNDATIONAL SYSTEM ON WHICH TO BUILD THE COMPANY. WORKING WITH DELOITTE, WE'VE SUCCESSFULLY EXECUTED AN OPERATIONAL TRANSFORMATION THAT COMBINES NEW PRODUCTS, CLOUD-BASED TOOLS, AND FRESH RESOURCES FOR INDEPENDENT AGENTS THAT, TOGETHER, FORM THE FOUNDATION OF THE NEW STATE AUTO.”

**MIKE LAROCO**

CEO, State Auto

platforms made the new platforms unwieldy. And they missed out on the advantages of the transition.”

So the team made the decision not to move existing policies to the new platform. Those policies will remain on the legacy system until they expire. That decision spared State Auto the expensive and time-consuming process of adapting its new technology to work with legacy systems, while keeping the requirements of those legacy systems from slowing down the new platform.

"We looked at this as a unique opportunity to incubate a new company in the shell of the old. So rather than moving core systems, we redesigned products and launched a new technology platform. The initial launch took 10 to 12 months instead of two to three years," says Arun Prasad, a Deloitte principal.

## New culture embedded in new technology

"Becoming a nimble business partner, able to quote and issue policies in minutes, is simply 'table stakes' for any insurer today," Tacchetti says. State

Auto and Deloitte wanted to do more, and create a platform that would allow agents to get back to what they do best.

"The work that has been shoved onto insurance agents over the years has relegated their job from providing advice to data collection," says Tacchetti. "Project Crunch is meant to bring them back to building rapport with clients."

Operating largely in the cloud, the new platform combines ease of access with cutting-edge security. Clients' personal information is available in the cloud for agents who need it, while still safely removed from the security risks of the Internet.

"We plan to put all our products on top of this platform: our small commercial, our middle-market commercial, our farm and ranch business, and our workers' compensation and specialty products," says LaRocco. "This will become the single platform and single portal, which will lower costs."

## More than a one-time project

Clients and agents are now seeing State Auto's new interface and new products, but the transformation goes much deeper. Since they arrived, LaRocco and Tacchetti have encouraged a start-up mentality, and challenged the Company's traditional culture.

"The change is broad and deep. We eliminated dress codes and stopped things like performance reviews," says LaRocco. "We encourage all questions—especially when people disagree with us. We can't afford to waste a single voice."

Tacchetti noted that, while many insurers have modernized, State Auto's combination of third-party databases, full digitization, cloud hosting, and advanced telematics is unique. These resources come together on a platform with the speed, accessibility, and flexibility to support the Company's ongoing technological and cultural transformation.

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