



# Core Systems Transformation in the Insurance Industry

## Experience matters

### Navigating change with a skillful guide

Implementing a new core system is one of the most challenging initiatives an insurance company can undertake. It requires bold decisions and rigorous program discipline to achieve true transformation. But core systems transformation can help insurance companies achieve the necessary break-through to operate efficiently and compete effectively.



Effective core systems transformation solutions require more than just the ability to execute at a technical level – they require a team that understands the business context and is focused on generating measurable results and differentiated business capabilities. Deloitte brings industry knowledge and applies it to package-centric and custom implementations to provide end-to-end services.

We are known equally for insights into the challenges of core systems and for our knowledge of the technology and business acumen necessary for lasting change.

### Deep industry experience, global presence

Our practitioners bring extensive industry experience, rigorous analytical capabilities, bold ideas, and a pragmatic mindset to help our clients achieve significant and sustainable results. Deloitte's U.S. Insurance Industry group includes more than 1,850 professionals, 300 partners, and 150 actuaries with U.S. designations. Financial services is an area of focus and investment for Deloitte, and our insurance team is bolstered with industry veterans.

And we can help clients achieve these results around the world by leveraging Deloitte's global presence. Deloitte's network of member firms has approximately 200,000 professionals delivering services in audit, tax, consulting, and financial advisory in more than 150 countries. Deloitte is the second largest actuarial firm in the world, and Deloitte member firms' Financial Services Industry practices serve 28 of the top 30 global insurance companies.<sup>1</sup>

### Start with strategy, end with success

Many systems integrators can stand up a new software system for you, but that won't transform your business. Deloitte brings a broad, end-to-end set of capabilities and experience to help deliver increased business value when implementing a core systems transformation. We start by helping you define or refine your business strategy and objectives. Then we use technology as a tool to create effective business outcomes. Whether we work with you from start to finish, leverage previous work to improve results, or step in to help redirect a transformation program, we focus on implementing a solution that can realize operational and technological efficiencies and enable enhanced information management.

An effective core systems transformation project requires deep technology experience. Through decades of experience delivering large-scale business applications, Deloitte has developed and used tested methodologies for application delivery as well as many tools and artifacts that can help accelerate delivery and reduce cost and risk. We work with well-established and emerging industry vendors to deliver end-to-end system capability, including ongoing maintenance and support. Deloitte has one of the largest technology practices in the world with access to a network of more than 26,000 practitioners across more than 30 countries.



Driven by strategy — Validated by business case

### Forrester named Deloitte a leader in Business Technology Transformation

"Deloitte clearly understands the intersection of technology and business. Its client references were among the best we received, with one project incorporating current and future business needs, future flexible architectures, and implementing state-of-the-art technology.

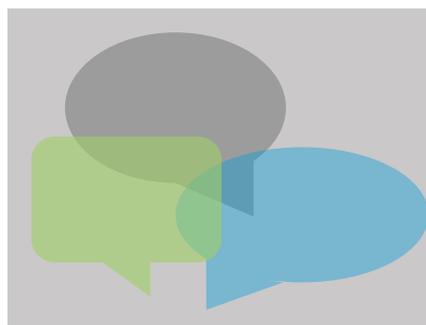
Clearly the importance of the business decision-maker and stakeholder in the business transformation projects gives the more historically business-focused consulting firms a leg up.

Deloitte's approach to this practice area highlights its exemplary understanding of Fortune 500 business and technology needs."<sup>2</sup>

### Industry Recognition

Deloitte brings capability and industry knowledge to help solve our clients' toughest problems, and it is noticed by the top analyst firms. Here are just a few:

- Deloitte ranked #1 for Insurance Consulting Services globally based on market share by Gartner.<sup>3</sup>
- Deloitte named a leader in Business Technology Transformation based on capabilities by Forrester.<sup>2</sup>
- Deloitte named a global leader in Business Operations Consulting Services based on capabilities by Gartner.<sup>4</sup>
- Deloitte ranked #1 globally in Consulting based on revenue by Gartner.<sup>5</sup>
- Deloitte named a global leader in Business Intelligence based on capabilities by Forrester.<sup>6</sup>
- Deloitte named a global leader in Change Management Service based on capabilities by Kennedy<sup>7</sup>



## Bringing innovation and experience to rethink insurance delivery

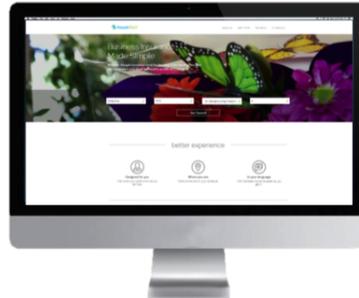
### AssureStart — From Idea to Launch

<b>Issue</b>	Starting in January 2013, the challenge was to help two insurance industry veterans change the industry paradigm by creating a direct-response small commercial insurance company
<b>Action</b>	<ul style="list-style-type: none"><li>• Created 'Consumer-driven' experience through innovative, interactive digital</li><li>• Combined data, complex algorithms, and triage rules to automate pricing</li><li>• Built a high quality technology architecture; scalable for products, affinity services, and state expansion</li><li>• Created a strong data/business intelligence foundation by leveraging our Analytics Accelerator for Insurance</li></ul>
<b>Impact</b>	<ul style="list-style-type: none"><li>• Launched a new insurance company with a dynamic user experience</li><li>• Positioned for first mover advantage with a model that can scale quickly</li><li>• Encouraged industry to respond, likely legitimizing the direct channel</li><li>• Positioned AssureStart to compete on data — enabling better business decisions</li></ul>

### Superior Customer Experience Through Digital Design and Automated Underwriting

Our Technology, Actuarial/Risk Analytics and Underwriting Excellence practices worked side by side with AssureStart to create an innovative direct to consumer experience.

<b>User Experience</b>	<ul style="list-style-type: none"><li>• Ability to purchase a policy in less than 5 minutes</li><li>• Personalized to the small business</li><li>• Clean, intuitive design and user interface with leading web technology</li></ul>
<b>Process Efficiency</b>	<ul style="list-style-type: none"><li>• Proprietary Deloitte data used to create state-specific rating models</li><li>• Combined models with straight-through processing rules to support pricing; eliminated the need for underwriters</li><li>• Lead generation models leverage third party data that enable targeted marketing and the potential to pre-quote small businesses</li></ul>



## Real results for real companies

- When a global specialty lines carrier's growth was putting increasing demands on its Claims function, the company recognized the need to implement a new claims solution and transform their operations worldwide. Deloitte helped the client implement an end-to-end claims management solution from Intake and Registration to Closure and Recovery across approximately 30 products, in offices across the US, Canada, EMEA and Asia Pacific. The results have been significant in terms of operating efficiency and cost savings, including the introduction of a robust multi-currency solution, streamlined financial processing, enhanced vendor management, and improved claim coding and data entry.
- When a leading international insurance organization serving customers in more than 130 countries needed to move to a common platform yet still address the different regional and country operations and systems infrastructures, Deloitte developed a global solution, which manages claim lifecycle from intake to adjudication to reporting for multiple countries and lines-of-business. This improved capability helped to enable the insurer to meet regulatory reporting and compliance requirements, reduce expenses, streamline overall claims processing, and improve customer service.
- A world-leading P&C organization that serves a large client base in multiple countries wanted to take advantage of market-leading technologies in its specialty commercial lines to accelerate new product launches and more effectively maintain its portfolio of management and professional liability products. Deloitte evaluated the full inventory of products to identify commonalities and opportunities for rationalization and recommended go-forward business product architecture for the client's management liability and professional liability products. Availability of detailed business specifications for products and forms improved client's operational efficiency in terms of policy issuance and management and access to detailed product and form specifications enabled the client to create new offerings for strategic markets.

### Learn more

To learn more about how Deloitte can help you realize the potential of your core systems transformation, please contact one of the Deloitte team members listed below.

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<sup>1</sup> AM Best Largest Global Insurers Jan 2012

<sup>2</sup> Forrester Research, Inc. "The Forrester Wave™: Business Technology Transformation Q3 2012", Stephanie Moore, July 19, 2012

<sup>3</sup> Gartner, Competitive Landscape: Insurance Claims Transformation Services Target Customer Experience, Derry N. Finkeldey, August 8, 2013

<sup>4</sup> Gartner, Magic Quadrant for Business Operations Consulting Services, Worldwide, Dana Stiffler, 23 December, 2013

<sup>5</sup> Gartner, Market Share Analysis: IT Services, 2013, Jacqueline Heng, April 1, 2014

<sup>6</sup> Forrester Research, Inc., "The Forrester Wave™: Business Intelligence Services Providers, Q4 2012", Boris Evelson and Liz Herbert, October 2012

<sup>7</sup> Kennedy Consulting Research & Advisory; Change Management Consulting Market; © 2012 Kennedy Information, LLC.

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