Closing the gaps: expanding your technology ecosystem

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A technology ecosystem is the collection of applications that an insurer uses to innovate and improve its processes and products through core systems integration. The end result? An engaging and satisfying user experience for both the carrier team and their customers.

As an insurer, there is no single application or one platform that can facilitate of all your business needs, no matter how comprehensive that platform is. The older and more complex those core systems are, the harder it is for your technical team to respond to innovation.

Welcome to the technology ecosystem.

The following are excerpts from the presentation shared by Kim Cook, VP of Alliances at the 2022 Insurtech Summit.

Technology ecosystems level the playing field

Today, taking advantage of third-party technology via integrated ecosystems levels the playing field for carriers of all sizes. Most SaaS applications typically offer volume-based pricing, which makes these attainable options for small carriers, allowing them to not only fill feature gaps but also extend their platforms exponentially and compete with the bigger players. For example, utilizing a technology ecosystem to enable greater customer engagement, reduces carrier cost that results in a better experience for everyone.

A completely automated process that takes applicants from inquiry to policy issue in a seamless digital experience. During that process, data is captured, validated, and processed using integrated tools to provide the carrier with the information it needs to assess the risk and underwrite the policy without relying on the applicant during every step of the process. After the policy is issued, the billing and claims experience should be equally as seamless with self-service portals, integrated chat, digital payments and communication via the policyholder's preferred channel.

> Historically, size has been a huge advantage for larger insurers – the larger the company, the bigger the budgets to build out technology. As we all know, technology in the insurance space has traditionally lagged other industries. Traditionally, those big carriers would either build or buy systems and hire a fleet of programmers to add features they thought they needed… Not always successfully.

What's required for carriers to take advantage of innovative technology?

The process begins by looking at your core systems and identifying what you want to improve, for example: processes, products, client engagement or cyber security. Once those strategic initiatives are identified, the challenge insurers face is how to connect these innovative solutions to their core systems.

Insurers must have a flexible core system that can integrate with these applications via APIs. We know at OneShield, carriers are at all different stages with their core systems technology. Whether you're making strides to modernize or replace a legacy system, or get started with a new platform, you're moving in the right direction to fully realize the potential of the technology ecosystem.

Well documented APIs are critical!

Done right, your core system will have the flexibility to integrate with third party applications that enhance policyholder experience, encourage agent engagement, allow swift launch of new and modified products, and include automated underwriting and claims processing, data driven risk modeling, fraud detection and more.

Creating a compelling market advantage

How do you deliver the results of these innovations to the marketplace? It's through the digital core systems platform – which is no longer optional for carriers. As insurers, you need this highly configurable, flexible and dynamic interface with your distribution channel and your policyholders to compete with Amazon, Netflix, Google that are now in your space, literally, in the face of your policyholders. If the pandemic didn't prove its need, you can see what's coming with our future generations that are device obsessed. The Z generation is at our doorstep. They've grown up in a hyper-connected world and the smart phone is their preferred method of communication. They want autonomy and expect to control their own experiences.

This digital platform is critical for delivery, but also extremely important as it collects your first party data – structure, unstructured – and with the deployment of your technical partners this is where the magic happens. Combining this data with third party data, think about the 'predict and prevent' concept. Carriers can use this data to predict needs of policyholders and increase touch points for customized experience and offer tailored products. With your modern system you will have the capability to swiftly launch those customized coverages. Loss prevention is heightened through real time data driven risk modeling as well as advanced notice of oncoming events.

Data and your technology ecosystem are instrumental in accelerating and prioritizing submissions, automating underwriting, prefilling FNOL, expediting claims processing and facilitating digital payments.

> These integrations are instrumental in allowing carriers to move from the traditional "Repair & Replace" mindset to the future-now of "Predict & Prevent." I've borrowed that phrase from several technology providers of property insights and predictive analytics, as it is an example of the strategic vision market leaders are embracing with the assistance of third-party solutions. These applications use artificial intelligence and machine learning to turn the massive amounts of data available into real insights that provide property owner information that could prevent claims, helping carriers lower loss ratios and protect their bottom line.

What are today's technology leaders achieving?

If we think back to our definition of the technology ecosystem, it begins with a goal, then determining what you need to enhance your core systems. For example…

Goal:

Moving from a model of repair and replace to a model predict and prevent.

What you need:

Digital Data Management platforms - Data capture and validation tools (both structured and unstructured data), telematics, home sensors, and other tools pulling data from social media that provide up to the minute information to assess a risk.

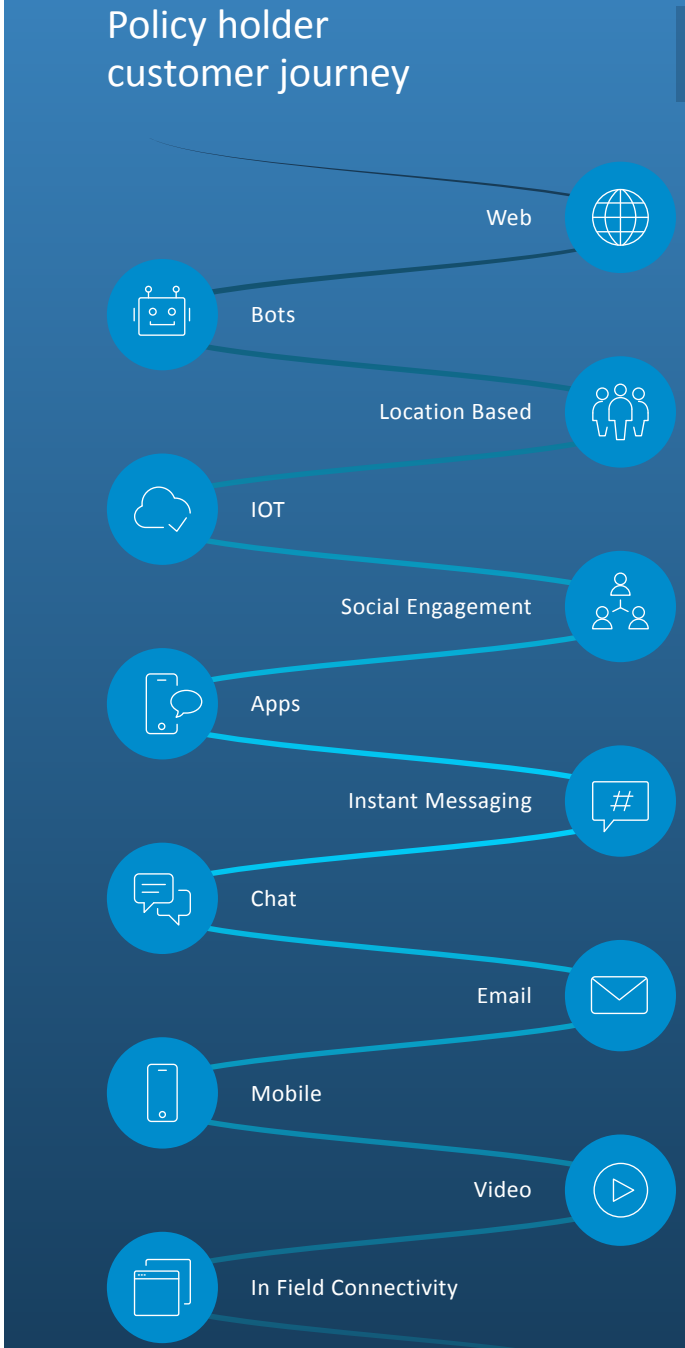
Predictive Modeling - Application that use all that information to understand and forecast behavior and potential outcomes. "What-if" modeling is being used extensively by carriers that know they need to make changes but want to ensure they are doing it accurately. They're also using these applications to predict fraud and identify potential high-cost claims.

Goal:

Improve the policyholder journey

What you need:

Partnerships that are essential in this area are business process automation throughout the customer lifecycle, personalized omnichannel communication, chatbots, digital payments, and any self-service options.



Be nimble!

These innovators are using flexible core system technology to streamline their time to market. They don't have legacy systems to weigh them down so they can launch with out-of-the box policy admin software and focus on what they do best – identify and underwrite risk to meet the challenges business owners are facing in the market right now.

These startups are reaching the market with what we call the Minimum Viable Product – it may not have all of the benefits of the technology ecosystem in place yet, but they identify those mission critical integrations to offer the best market facing presence with speed of customized product delivery.

All insurers – especially startups – should plan for immediate and future functions simultaneously while not reinventing the wheel. Core go-to-market functions might include quick quoting, binding, policy issuance, billing, first notice of loss capabilities, a couple of required 'day-one' integrations, and a simple portal to facilitate customer service.

It's important that this functionality can be extended (not rebuilt) as your business requires more functionality or handling capabilities such as:

- Quoting algorithms for more complex risks
- Additional API integration capability to connect with partner systems
- Multiple types of billing transactions
- Multiple distribution models
- Straight-through claims processing
- Full end-to-end automation of policy administration

> Get to market faster and offer leading capabilities to enhance the way you service your customers. At OneShield, we are seeing startups launch into the Excess &Surplus market at incredible speed. Two types of E&S startups that are emerging are established insurance professionals taking advantage of market demand to launch their own companies, and technology-driven startups, which have historically focused on personal-lines products.

Mission-critical APIs for success in 2022

At OneShield, we see insurers focusing on data, improving data literacy across the organization, and truly becoming data driven with support from third party technology such as:

- Artificial intelligence
- Machine learning
- Integration with IoT
- Advanced risk modeling

Additionally, critical integrations enable improved risk assessment, claims management and payment processing (both inbound and outbound).

Having core systems with a robust set of documented API's to interact with these technology platforms and portals is essential to extend functionality as a carrier's business and technology needs grow. Consider a core systems provider that includes an integration hub that supports modern workloads, master data management and multiple types of user profiles.

A note about cyber security and third-party integrations

If you are structuring your own ecosystem without the support of a technical partner like OneShield, we encourage to you look for a security partner with expertise in API testing. At OneShield, our Chief Information Security Officer and his team have secured a third party to support all testing and vetting of APIs.

Also, do your homework on OWASP and NIST's sites where these organizations share security standards and common risks surrounding API integrations.

As part of your vetting process, consider the following:

- Look for Soc2 certifications
- Do they adhere to regulatory compliance in your geographic territories and well as insurance specific requirements?
- Consider the maturity of the vendor to ensure that sufficient funding has been committed to stringent security practices and staffing.

> Security around your ecosystem is not discussed often enough. And yet, some of the largest breaches in recent history have resulted from API vulnerabilities. According to Salt Security, whose software tests the security of API's, their annual survey revealed that 95% of respondents experienced an API related breach and over a third of those surveyed admitted they had no API security strategy.

Vetting third-party technology for your ecosystem

The following questions highlights some of the critical areas for scrutiny and components that make for successful partnerships.

- Does the company have adequate funding and resources to support a secure infrastructure and ongoing testing for vulnerabilities?
- Is their software built with the latest security standards?
- Is the technology something your customers are looking for?
- Do they partner or have integration with other technology partners in your current ecosystem?
- What is the technology company's level of maturity? Do they have referenceable customers?
- Does it provide business value? Will you get the biggest bang for your buck when you license and integrate the software into your ecosystem?
- Is the technology compatible with your core system? For example, is the solution cloud-based, built with microservices technology and/or metadata driven? Is it scalable?
- What is the licensing model? For solution providers, is this something that can be headless and run seamlessly behind your platform? Or is it more "handshake driven" so you can refer your customers to the partner if the technology is a good fit?

> I hope you are as excited about the future of insurance and the potential we have to improve our customers' lives and the protection of the things that matter to them, by leveraging the innovations of insurtech companies and the vast amount of data available and technology that we haven't yet imagined. Together, through smart, secure integrations, you can all become leaders in your market.

About Kim Cook

Kim Cook is VP of Alliances at OneShield Software. She is responsible for managing all 3rd party relationships, seeking out best in class solutions to support client objectives. Kim interacts with technology partners, services providers and customers - and considers managing the technology ecosystem one of her most important responsibilities. Kim can be reached at kcook@oneshield.com.

About OneShield Software

OneShield provides solutions for P&C insurers and MGAs of all sizes. Deployed in the cloud, our portfolio of standalone, subscription, and As-a-Service products includes enterprise-class policy management, billing, claims, rating, product configuration, business intelligence, and smart analytics. OneShield automates and simplifies the complexities of core systems with targeted solutions, seamless upgrades, collaborative implementations, and lower total cost of ownership. With corporate headquarters in Marlborough, MA, and offices in India, OneShield has 80+ products in production across P&C and specialty insurance markets.

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