



Think future-first technology



How can you guarantee your platform supports future business objectives? Adopt a core system that will get you to the Metaverse and beyond.

For many insurers, the need to transform their technology is critical to remaining competitive because their legacy core system just can't keep up. A core system that acts as a 'hub' for utilizing and interoperating with emerging technologies is key to creating operational efficiencies and simplifying access to third-party data.

The first step on the road to technological transformation is developing a thorough understanding of your desired destination – the modern core platform and how it differs from a legacy system.

Read on for insights and steps to take to get your transformation underway.

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You must ask yourself, why buy technology that only supports your business today? Your technology platform should evolve with your business both as it is now and in the future.

Don't replace legacy with legacy

As the famous saying goes, "standing still is the fastest way of moving backward in a rapidly changing world." This couldn't be more relevant today, providing very sage advice for insurers still operating older core systems. The challenge insurers face in this digitally driven market is how to create a perpetually responsive technology ecosystem. The trick is to make sure you don't replace your legacy system with an inflexible "modern" solution that simply stated, replaces "legacy with new legacy."

In today's complex insurance marketplace, repairing, upgrading, or replacing a core system is a monumental undertaking. Understandably, it can be easy for technology leaders to be lured into solutions that just tweak or 'update' their existing systems. The problem is that most legacy systems are hard coded, and the cost and time to digitalize these older core systems are prohibitive and don't address the business need.

For many insurers, the need to transform their technology is critical to remain competitive. Yet, to do so, insurers must build a broad business case for IT investment that results in a core system that acts as a 'hub' for utilizing and interoperating with emerging technologies. Further, this 'hub' must create opportunities for operational efficiencies and simplify access to and for the utilization of third-party data. The first step on the road to technological transformation is to develop a thorough understanding of your desired destination, the modern core system, and how it differs from a legacy system.



What's different about legacy vs. modern core systems?

Understanding how legacy and modern core systems differ begins by understanding that although there are many similarities in how core systems handle business transactions – e.g., new business processing – there are vast differences in the underlying solutions' architecture. For instance, not all core systems are equal in their ability to extend, interoperate, and even swap in and out features and functionality as the business dictates. Listed below are some key areas where legacy and modern systems differ:



Understanding the customer:

Many legacy systems are policy-centric, causing a siloed view of the customer based on each policy they hold. In contrast, a modern customer-centric solution provides carriers and agents with a 360-degree view of each policyholder to manage customer relationships 'holistically' from a single screen. This offers transparent and rapid customer service throughout the insurance lifecycle. The capability to see everything about each customer's history and needs dramatically improves the customer experience and drives greater retention and loyalty.

Are digital demands straining your legacy system?



"Digitalization is straining legacy systems, some of which are decades old, and many insurers are considering a replacement of core systems with tech platforms that support the requirements of the digital age." ¹ McKinsey & Co.'s Global Insurance Report 2022 identifies the need to modernize the core systems as one of nine keys to addressing underlying financial challenges and enabling new strategies to compete. Unless the legacy system is addressed, other key initiatives that may be impeded include:

- Product innovation and coverage of new risks
- Enhanced and personalized customer engagement
- Engagement with ecosystems and insurtechs
- Development of new businesses for the digital age
- Scale impact from data and analytics
- Address the productivity imperative

McKinsey warns, "The shift toward digital is perhaps the last chance for insurers to regain the upper hand in this "fight for the customer." ²

Tracking the evolution of 2,000 insurtech, McKinsey notes the largest segment (420 firms) focuses on marketing and distribution in the P&C space. ³ This, coupled with the growth of intermediaries, threatens the distribution of insurers lagging in digital capabilities.

The digital platform facilitates a host of benefits to the agents and policyholder engagement but also enables data collection to support the shift to data-driven decision-making. The core system must be able to leverage third-party solutions to facilitate the management and use of data – to drive automation, data-driven decisions, risk modeling, and more. This requires advanced, open technology architecture like OneShield, built to support seamless integration with solutions that support innovative business and

What are microservices?

A key aspect of today's leading core system platforms are microservices – reusable modules that business and technology users can leverage to connect with third-party applications.

Microservices step in to expedite a transaction or perform a single task. They have independently deployed services with discrete and narrow functionality. A microservice, for example, might involve creating a rate, doing name calls, account lookups, or producing a certificate of insurance.

Microservices, however, need a technology architecture or platform such as OneShield's that is receptive to their plug-and-play attributes.



Leveraging microservices:

One of the clear advantages of a modern system is the capability to easily access new tools to change the way you operate and innovate. Web portals, the addition of new rules to improve risk analysis, leveraging of geo-coding data and models in pricing algorithms, and cost analyses of third-party market partners are easily integrated into a modern system. Insurers can design products customized for a new generation of customers – personalizing insurance products and pushing the boundaries of usage-based, pay-as-you-go, and just-in-time insurance require agile systems that can transform and change for the demands of the market.



Multiple systems vs single platform:

Legacy core systems are often comprised of a multitude of applications. Sometimes these applications operate on different technology platforms or are coded with varying computer languages and runtime libraries integrated with complex coding on the backend. The potential for future system incompatibilities or integration troubles is high. In addition, the architecture complexity may constrain processes, speed-of-processing, speed-to-market, service capability, and overall system flexibility.

With a unified core solution, the ability to become a 'hub' with a single core data model is simplified and streamlined. A single technology platform allows you to see and manage from one screen a customer's many touchpoints, including multiple policies, invoicing, payments, and claims, to name a few. For example, you can make quick changes to billing plans and policies in one session with a single platform—no more jumping among different applications, leveraging multiple tools on different systems.



Coding vs. configuration and the promise of maintainability:

Code-based systems create a spider's web of challenges. In contrast, a system that will continue to evolve with your business is one that is configuration-based. In comparison to code-based solutions, configuration-based systems bring ease and reduce maintenance and modification costs.

Authorized business and technology users can customize workflows, processes, user interfaces, rates, product rules, and other aspects of the solution without dependency on a vendor and/or your IT department for business-based tasks.





Legacy upgrade limitations:

Whether built in-house or acquired from vendors, decades-old core systems are often "upgraded" sporadically by inserting exception processes, a "wrapper" layer of new screens, or tacking on a new side system. Over time, this leads to increasing complexity and cost with every new change, making the system slower, harder to maintain, and more error-prone.



For insurers locked in a legacy system world, business processes cannot be adapted easily nor quickly to market or technology changes – leading to an ever-widening gap against business needs and, ultimately, calling for an expensive “rip and replace” of their system.

Proven advantages of modern technology

To understand what drives and comprises a potential solution for your organization, start with these questions:

- Is the core system built on the same platform with the same data model? Or are you buying a suite with multiple modules integrated on the backend?
- Is there one "no-coding" configuration tool for the entire solution?
- Does the platform make engagement easier for consumers using the Web and/or mobile devices?
- Does the system enable digital personalization (personalized emails, newsletters, offers, websites, or product bundles)?
- Does it reduce the cost of consumer engagement?

- How easily can a solution scale to meet demand or change its business model?
- Does the core system play well with others using microservices – that is, how easily can it be integrated with third-party applications?

Consider how your current core system impedes business objectives when weighing legacy vs. modern core solutions.

Celent shared a relevant example at the ACE Leadership Forum & Expo 2022 when analyst Andrew Schwartz discussed research on touchless claims adoption. According to their study, CIOs report difficulty integrating required solutions with legacy core systems as the top barrier to adopting touchless claims. ¹ For these carriers with a business objective to streamline the claims process and improve the policyholder experience, antiquated architecture is getting in the way.

Your objective may be to increase personalization and flexibility in coverage and services, respond in 'real-time' to agents and policyholders, or improve the use of data across all functions for better, quicker decision-making. The question is whether your core can integrate with emerging technologies to meet today's market demands and tomorrow's.



Case study: driving core system flexibility up, costs down

Privilege Underwriters Reciprocal Exchange (PURE) of White Plains, New York, harnesses modern core systems' capabilities.

OneShield's platform enabled PURE to configure workflow processes and allow agents and members to define their own policy delivery preferences.

PURE integrated an electronic delivery partner into the system easily. PURE's book of business grew by more than 45% without increasing policy issuance and mailing resources.

Over 50,000 printed pages were saved in the first two years alone, and the cost of delivering a secure email directly to a member's inbox with

McKinsey & Co. (2022). [Creating Value, Finding Focus: Global Insurance Report 2022](#). Pg 4
McKinsey & Co. (2022). [Creating Value, Finding Focus: Global Insurance Report 2022](#). Pg 15
McKinsey & Co. (2022). [Creating Value, Finding Focus: Global Insurance Report 2022](#). Pg 15
Celent (2022). [Is the Insurance Industry 'Feeling' Touchless Claims?](#)

Why OneShield?



OneShield provides configurable core management components that automate any stage of the policy lifecycle. From submission, qualification, rating, and quote processing to issuance, endorsement, renewals and cancellations, new product launches, and premium audits, OneShield automates and delivers all with reporting and statistical analysis capabilities. Underlying the components is a core transaction platform that is data-driven, highly extensible, and massively interoperable, creating the foundation of an ecosystem for enabling the utilization of emerging technologies. Thanks to its progressive client base of global insurers and continuous advances in an open architecture technology platform, OneShield has remained an industry leader in developing core system suite solutions that offer increased functionality across different business units and segments of the insurance business.

Working closely with insurers, OneShield helps you reimagine the customer experience, not just for today but, more importantly, for the future. With OneShield, you can take control of your technology solutions and customize them to your business needs, reduce resource expenses, and increase speed-to-market. The digitalization of insurance is changing your business at an unprecedented rate. Your core system platform needs to enable you to compete with this technological revolution.



About OneShield Software

OneShield provides core solutions for P&C insurers and MGAs of all sizes. Deployed in the cloud, our portfolio of standalone, subscription, and Software-as-a-Service (SaaS) 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.

For more information, visit OneShield.com