

Jump Start the Development of Your ISO-Based Products

LEVERAGE ISO ELECTRONIC RATING CONTENT™ WITH INNOVATIVE
TECHNOLOGIES TO ACCELERATE SPEED TO MARKET, REDUCE
COSTS AND CAPITALIZE ON MARKET OPPORTUNITIES



CAMILION™
SOLUTIONS

Executive Summary

“Growth, time to market, and expense reduction are key business drivers in the P&C market today. With more and more insurers leveraging ISO or modified ISO loss costs rules, and forms, solutions that provide full support for ISO personal and commercial lines products will likely increase in popularity. The ability for insurers to extend base ISO products with proprietary product features without coding or help from a vendor could prove to be a significant differentiator.”

Chad Hersh, Principal, Insurance Practice, Novarica

In today’s economy, Property & Casualty (P&C) insurers are more focused on growth-oriented and market-share-oriented initiatives as they look to develop new revenue streams. Growing the business, reducing operational costs and speed to market are top priorities for insurers who want to gain market share. Insurers focused on driving growth from new products will need to find new ways to streamline, automate and accelerate product development to meet producer and policyholder demands. They will need to think differently about how they deal with business data and content such as ISO loss costs, rules and forms to minimize risk, avert premium inaccuracies and get products to market faster than their competition. The more quickly, and accurately, an insurer can implement rates, add deviations to base content, and get the new set of loss costs, rules and forms into production; the faster they can capture market share and increase revenue.

Today, most insurers have a complex, expensive and labor intensive process for maintaining rates, rules and forms involving the manual interpretation of ISO circulars and the hard coding of changes in their system(s). This manual process often results in inaccurate premium charges due to rating errors caused by misinterpretation of ISO data, thousands of dollars spent on the coding of product changes and risk of non-compliance and fines at the state level. In a recent study published by Novarica¹, it stated the approximate fully loaded costs involved with an ISO circular that results in a form change and a rate change requiring a filing can be as much as \$135,000.

By automating the process of analyzing and interpreting the impact of ISO changes and by simplifying the process of loading the system(s) with the updates, insurers can eliminate inefficient and manual error-prone tasks and bottlenecks; gaining significant cost savings and accelerating product development.

Unlike manual build and template approaches, insurers can now directly import ISO Electronic Rating Content™ with a modern system-agnostic standalone rating solution like Camilion’s ProductAuthority® that feeds any policy administration system, including Camilion’s Authority Suite® with ISO loss costs, rules and forms as interpreted by ISO. By adopting innovative technologies that directly import the ISO Electronic Rating Content, this accelerates the initial implementation of insurance products by providing a complete and current ISO base that can be easily extended and deviated with company-specific features.



¹ Novarica Carrier Internal Processes for ISO Circulars Research Report September 2010

An insurer can apply loss cost multipliers and launch a straight-ISO product or insurers with complex ISO deviations can use the configuration tools within the rating solution to quickly and easily override any loss costs, formulas, rules or other data within the product definition. This level of flexibility and self-sufficiency makes it possible for a full range of ISO products – from simple “me too” ISO offerings to highly deviated and customized ones.

Leveraging ISO Electronic Rating Content with innovative technologies like Camilion’s ProductAuthority and Authority Suite to directly import interpreted Electronic Rating Content, provided by ISO, eliminates manual intervention required to analyze the ISO circulars and to code product changes into multiple systems; enabling insurers to improve time to market, minimize premium inaccuracies improve productivity and reduce operational costs.

Typical Insurer Processes for Adopting ISO Circulars

To achieve corporate growth objectives and capitalize on new market opportunities, insurers must embrace new automated approaches to streamline and transform the way they do business today.

Today, many insurers struggle with expensive and labor-intensive manual processes for interpreting and implementing ISO loss costs, rules, and forms. ISO’s ongoing updates, delivered as paper or PDF circulars, contain critical information – state-approved loss costs, rules, forms and statistical plans derived from extensive industry and regulatory analysis. It is critical for insurers to keep up-to-date with the circulars otherwise they risk competitive disadvantage, premium errors, and non-compliance and potential fines at the state level.

However, the typical process for adopting ISO circulars is manual, inefficient and costly. A single change can involve staff from product management, legal, actuarial, regulatory affairs and IT. Each circular must be logged and tracked, interpreted, and analyzed for business impact. A decision to adopt a circular can require changes to forms and rates, which need to be filed with individual states.

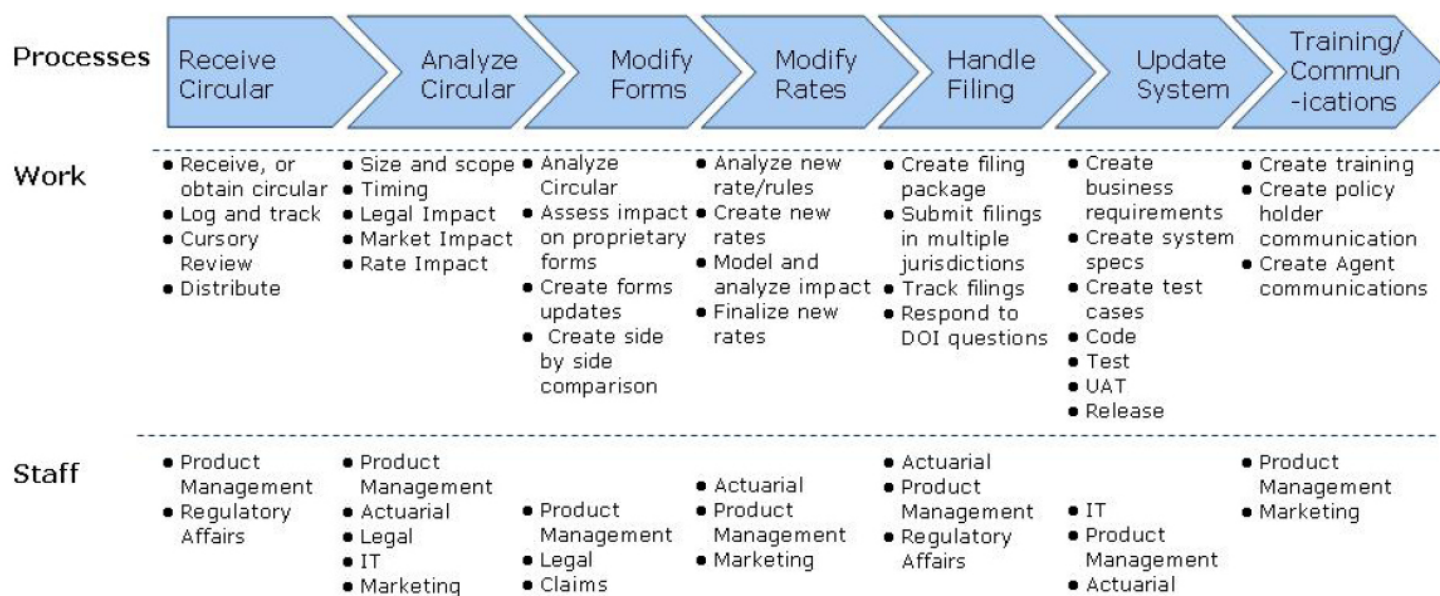
Finally, a typical insurer’s process requires heavy IT involvement to implement the changes in one or more affected systems – a significant change can potentially impact agent portal, underwriting, policy administration, rating, print, claims, billing and finance systems. This complexity leads to a high average cost per adopted circular of approximately \$135,000 and six to nine months duration¹, as reported by Novarica.



¹ Novarica Carrier Internal Processes for ISO Circulars Research Report September 2010

The effort required to analyze and implement an ISO circular, combined with the volume of circular releases – an average of more than 75 circulars each week – means that insurers are often not able to adopt ISO revisions on the effective date. Many insurers have at least one program that is over a year behind the latest ISO filing. Insurers that fall behind may not be able to compete effectively with insurers that can stay current or that can add competitive company features to a current ISO product. Insurers may experience premium errors by writing policies based on out-of-date information, or from misinterpretation of ISO circulars during analysis or through software defects during implementation.

Figure 1. Typical Insurers Processes for Handling ISO Circulars



Two recent developments promise to address these challenges – ISO Electronic Rating Content, interpreted by ISO and delivered electronically, and modern, product-agile systems that can automatically import this electronic rating content.

ISO Electronic Rating Content reduces the time and effort required to analyze ISO circulars – in fact, much of the analysis has already been done by ISO. This new product from ISO enables insurers to focus more on the business impact of the circular and less on trying to interpret the content.

Modern, product-agile systems that import the ISO Electronic Rating Content directly can significantly reduce the IT effort required to implement ISO circulars. Modern, product-agile systems provide a central repository for ISO product definitions and the product configuration tools to quickly and easily build and modify products. Insurers that implement these systems can rapidly deploy ISO circular changes to multiple systems, and those with advanced product configuration tools can focus less on implementing ISO circulars and more on insurer deviations and enhancements that will allow them to grow in highly competitive markets.

An Innovative Approach to ISO Based Product Development

ISO Electronic Rating Content is a new product offering that is designed to jump start the initial development of an insurer's rating system as well as simplify ongoing maintenance. ISO Electronic Rating Content contains ISO's own circular interpretation and includes complete and current loss costs, domain data, rating algorithms, forms logic and underwriting questions for all major ISO programs. Designed to be open and flexible, ISO Electronic Rating Content allows insurers to employ their own tools and systems to implement their ISO products.

ISO Electronic Rating Content supports all major ISO programs, and some non-ISO programs. The following programs are currently available:

ISO Programs:

- Businessowners
- Commercial Automobile
- Commercial General Liability
- Commercial Inland Marine — filed
- Commercial Inland Marine — non-filed
- Commercial Package Policy
- Commercial Property



- Commercial Umbrella
- Crime & Fidelity
- Homeowners
- Personal Auto

Non-ISO programs

- Workers Compensation
- Massachusetts AIB commercial lines voluntary rating
- North Carolina Reinsurance Facility

ISO Electronic Rating Content includes ongoing maintenance updates – as ISO issues circulars Electronic Rating Content then releases updates that contain ISO’s interpretation of those circulars so that insurers can incorporate them into their systems. This greatly simplifies the maintenance process by allowing insurers to take ISO updates from ISO – freeing them from analyzing, designing and implementing ISO so they can focus their efforts where they have the most payback - on their company-specific customizations.

Leveraging ISO Electronic Rating Content with a modern rating solution and policy administration system gives insurers the ability to directly import the electronic rating content providing them with a distinct advantage as they are able to achieve speed to market and gain market share – all while reducing costs.

Unlike product templates and manual build approaches, insurers can now directly import ISO Electronic Rating Content to create insurance product definitions that provide a complete and current ISO product that can be easily extended with customer requirements or easily updated with changes from ISO, without impacting previously implemented customer deviations.

Traditionally, insurers interpret and analyze the ISO circulars themselves and need to track all of the proposed changes. Now, with the ability to directly import ISO content, insurers can reduce the amount of effort they need to focus on each ISO circular, as the analysis will be completed within the ISO Electronic Rating Content.

By adopting innovative technologies that enable the direct import of ISO Electronic Rating Content, insurers can automate and streamline their processes for accepting updates, customizing their products and launching new quality products to market faster.



CASE STUDY:

Mid-Continent Group

(\$ 150M in written premium and a part of Great American Insurance Group)

U.S. based P&C insurer is leveraging ISO Electronic Rating Content™ for Commercial Lines integrated with Authority Suite®, the most product-agile rules and tools-based policy administration system.

Using advanced automated technology, Mid-Continent Group has the ability to quickly build base products with interpreted ISO Electronic Rating Content for the fast and easy development of marketable products that include the company's differentiating features. This saves Mid-Continent Group significant time and expense by avoiding manual processes, both for product launch and to streamline ongoing product maintenance.

To date the company has realized 50-85% productivity² gains as they are able to develop and update their ISO-based products faster than the traditional product template and manual build approaches.

² Productivity improvements vary based on the product line.

Transforming How You Develop and Maintain ISO Products

As insurers look for new ways to meet corporate growth objectives, they must solve their product development challenges by transforming how they develop and maintain ISO and company-specific products to avert risk, gain efficiencies and reduce premium inaccuracies.

Software solutions for ISO Products have predominately been vendor supported and have typically fallen into one of three categories:

1. Large, complex, code-based systems requiring vendor involvement to implement ISO circulars and company-specific deviations. These solutions typically require a work request submitted to the vendor to request system changes. The insurer has little or no control over timing - depending on the vendor's backlogs and priorities a change can take from three to six months to be implemented, thus impacting the insurer's ability to get new products to market. This method of implementing ISO circular changes is costly, time consuming and leaves the insurer at the mercy of the vendor.
2. Simple, non-configurable "ISO in a box" rating solutions. These solutions simply provide up-to-date ISO loss costs - the insurer has no ability to configure company deviations. These solutions are useful for an up-front indicative ISO-based rate, but further underwriting/processing must be implemented in another system.
3. Modern "template-based" solutions that come with pre-built ISO starter products. These solutions can help companies get up and running more quickly, but have limited flexibility to support the ongoing maintenance of heavily deviated ISO-based products. These solutions tend to be difficult to maintain and the maintenance effort grows as more products are built from the template.



“Imagine if you could simply press a button and automatically import ISO Electronic Rating Content into your policy administration system(s).”

ISO Electronic Rating Content enables a new category of ISO maintenance solutions – the vendor-supported ISO electronic service, where policy administration and rating vendors electronically integrate ISO loss costs and rules into their software and service offerings.

When ISO Electronic Rating Content is integrated into a modern standalone rating solution like Camilion’s ProductAuthority, the combination delivers unprecedented flexibility and self-sufficiency to insurers. ProductAuthority includes proven, business-friendly product configuration tools that allow insurers to rapidly create or modify insurance products, without coding, based on a central repository of re-usable product components (for example, coverages with associated state rates, rules and forms).

As a standalone rating solution, ProductAuthority integrates with other systems, including Camilion’s Authority Suite, a modern rules and tools-based policy administration system, which can sell and service policies based on the product definitions stored in the product repository. One of the key benefits of ProductAuthority’s configuration tool set is flexibility – and the tools have been proven in the commercial and specialty markets where customers have self-sufficiently created innovative and highly competitive products.

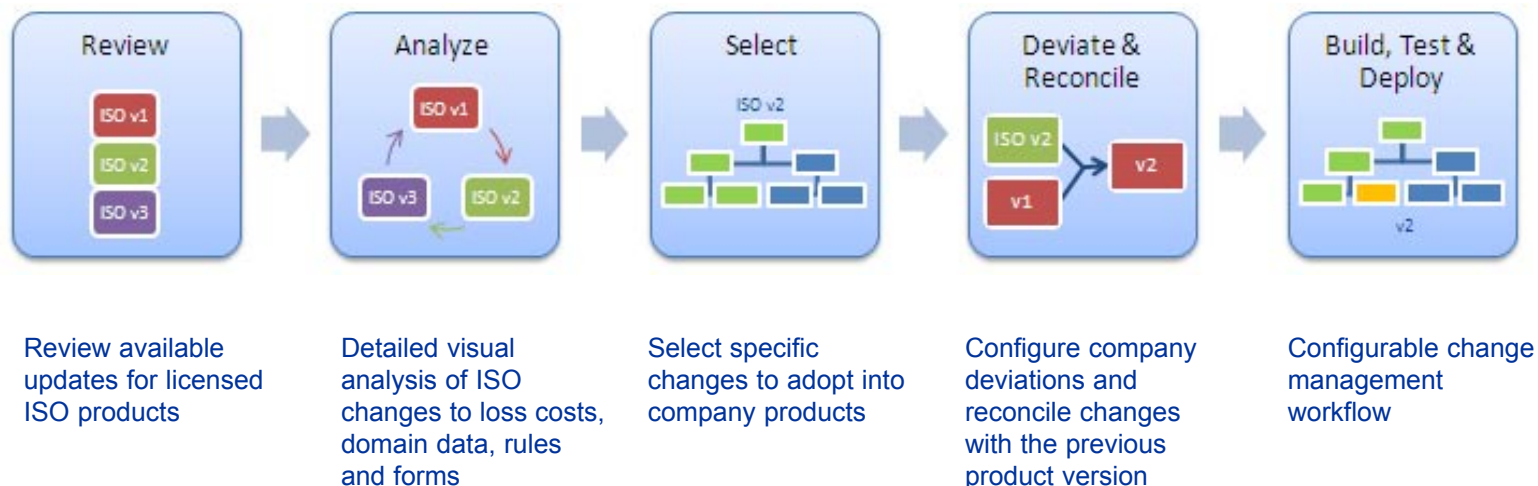
Integrating ISO Electronic Rating Content with ProductAuthority accelerates the initial implementation of insurance products by providing a complete and current ISO base that can be easily extended and deviated with company-specific features. In the simplest case, an insurer can apply loss cost multipliers and launch a straight-ISO product. Insurers with complex ISO deviations can use ProductAuthority’s configuration tools to quickly and easily override any loss costs, formulas, rules or other data within the product definition. Even more complex deviations are supported – custom coverages, classes, forms and rating algorithms can be quickly and easily configured by business users.

Finally, both ISO and non-ISO coverages can be combined into packages. This level of flexibility and self-sufficiency makes it possible for a full range of ISO-based products – from simple “me too” ISO offerings to highly deviated and customized ones.

ProductAuthority’s ability to import ISO Electronic Rating Content updates makes it easy for insurers to self-sufficiently keep products current and to reconcile ISO changes with company-specific deviations with full version control.



Figure 2: ProductAuthority® ISO Product Update Workflow



By leveraging the product management workstation, Lifecycle Manager, available within ProductAuthority and Authority Suite, insurers can manage and track the entire ISO product update process. The automated, configurable workflows available within Lifecycle Manager provide visibility to all stakeholders from different functional areas of the company such as actuaries, line of business owners, underwriters, analysts and IT into the entire process.

Awareness of the status of an ISO update including results of circular analysis, adoption of changes and deviation decisions, and the implementation of requirements is significantly increased as everyone involved has visibility into the process. When an ISO update is available electronically to one of the insurer's lines, the Lifecycle Manager ISO product update process is triggered which ensures that everyone follows the process to identify, adopt or deviate and implement changes.

Authority Suite and ProductAuthority provide full support for ISO Electronic Rating Content. Whether you are looking for a new modern policy administration system or looking for a more cost-effective, less risky solution for your existing policy admin system, both solutions will enable insurers to implement ISO-based products faster.



Benefits of a New Automated Approach

Insurers who want to work smarter can transform how they do business today by embracing automation and investing in innovative technologies to completely automate the implementation of loss costs and rules for all lines as interpreted by ISO. Using an advanced automated process for importing and testing ISO Electronic Rating Content eliminates manual interpretation and data entry while allowing insurers to gain self-sufficiency and significantly improve processes.

Key benefits:

- **Speed to Market.** Streamlining and accelerating the ISO product development process allows insurers to launch products into new markets and keep existing products current.
- **Keep Current.** Leverage automatically imported and tested ISO product definitions to implement loss costs faster, easily maintain custom deviations, keep products up-to-date and improve traditional time consuming manual processes to capitalize on market opportunities.
- **Cost Reduction.** Analysis and implementation are the two most costly phases of product development. ISO Electronic Rating Content is pre-analyzed and interpreted by ISO, allowing insurers to focus on the business impact. Camilion's product definitions are pre-populated, fully implemented ISO products, allowing the insurer to focus on their own deviations and company-specific features.
- **Flexibility.** Advanced inheritance and re-use capabilities enable quick and easy implementation of ISO, niche and company-specific products on one system.
- **Self-Sufficiency.** No more waiting in the vendor queue for your rate and rule changes to be made in the system. Greater ability to configure custom deviations without vendor involvement and get new products to market faster.



Next Steps

Request a custom demo

Our interactive demonstrations are performed via WebEx or on site and are scheduled at your convenience.

Talk to a live person

To speak to a Camilion product specialist about our innovative software solutions, please email info@camilion.com or call us at 1.866.CAMILION press 1 for product information.

If you are interested in ISO Electronic Rating Content, please contact Todd Meyer (todd.meyer@iso.com) at ISO.

For more information

For more information on Authority Suite, ProductAuthority or our ISO Full-Service Solution, please visit the Camilion website at www.camilion.com or our resource library at www.camilion.com/resources.php to read more white papers, industry articles and analyst reports.

For more information on ISO Electronic Rating Content, please visit the ISO website at: <http://www.iso.com/Products/Rating-Underwriting-and-Policy-Management-Systems/ISO-Electronic-Rating-Content.html>

Further Reading

Novarica Carrier Internal Processes for ISO Circulars Research Report
http://www.novarica.com/report_iso_internal_processes_2010_0/

SMA Perspective: Capitalizing on New ISO Electronic Rating Content to Achieve Growth and Reduce Costs
<http://www.camilion.com/SMA-ISO.php>

Simplifying ISO Product Content Updates to Achieve Growth and Reduce Costs (Video) - www.camilion.com



About Camilion™ Solutions Inc.

Camilion Solutions is a leading provider of insurance product development solutions and modern P&C policy administration systems that create enterprise product agility by providing insurers with the ability to drive relevant products to the right customers ahead of the competition at speed and volume.

Some of the world's largest financial services organizations are currently in production with Camilion's ProductAuthority®, using it as a standalone enterprise product development and management solution, or as the innovative product agility platform on which Authority Suite®, a P&C Policy Administration System, is built. ProductAuthority brings new levels of automation and efficiency to the product development process, enabling organizations to get quality products to market up to 30% faster. Built on a modern rules and tools-based technology platform, Authority Suite is the insurance industry's most product-agile P&C Policy Administration System.

Founded in 2001, Camilion is a privately owned corporation with offices in Toronto and New York City.

