



The Pressing Need for Speed

Policy Administration Systems Can Deliver Rapid Response

*Featuring as an example:
RapidSure
by Sapiens*

An SMA Perspective

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*This perspective is based on
SMA's ongoing research on
Policy Administration Solutions.
Sapiens has purchased distribution rights.*



About This Perspective

This perspective is based on SMA's experience, research, and insights.

Sapiens has purchased the distribution rights to this research and perspective. This is not paid-for research.

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Pressure Escalates for Insurers

Sometimes it feels like nothing ever changes in the insurance industry. These days, that “nothing” is anything but nothing. Distribution channel options are expanding at lightning speed with the customer determining when, where, and how interaction will happen. The frequency of regulatory changes makes it tough to stay compliant. The explosion of information and communication technologies and the way they are converging is rapidly changing not only the world within which the industry operates, but also the dynamics of competition inside the industry. More than a few insurance companies are spending far too much time focusing on those aspects of the business that have remained relatively constant – traditional distribution channels, long established and regimented processing steps, and even outdated underwriting rules. This is where they are understandably most comfortable, but it is time that insurers move out of their comfort zone and direct attention to some new areas, namely those that are changing profoundly – many of them being forever impacted by the forces at work outside the industry.

Changing Times – Changing Requirements

The most significant changes facing insurers all tie directly to how customers want and expect to interact with insurers and their representatives, the resulting impact on the evolution of distribution channels, and the need for rapid response to market dynamics with new and updated products. Insurance companies need to be dealing with the new demands that are coming from many different directions. In addition to the demands from customers, distribution partners, and servicing partners, insurers are experiencing dramatic financial market uncertainties and fluctuations, ever-increasing regulatory changes, and constant pressure to grow profitably while improving efficiencies.

Figure 1. Pressure Escalates for Insurers



Source: SMA Research 2011



Pressures are pushing insurers to find ways to bring products to market faster and create a more agile, responsive environment. The need for speed is causing close evaluation of the policy administration systems that sit at the heart of every insurance company's operations.

These pressures are pushing insurers to seek ways to improve their ability to respond. It is impossible to address speed to market and create a responsive environment without looking closely at the core policy administration systems (PAS) that sit at the heart of every insurance company. Typically, the functionality of the PAS has been expanded over the years, building on already tired systems. Consequently, these legacy systems have only become more inflexible and less able to adapt to supporting today's requirements. For some insurers, the constraints of their current PAS are a real impediment to progressing toward top line growth and bottom line results. The decision to replace an existing PAS is a big one – an important one! But, there is no question that when the current system is hampering the progress of the business, it's time to step up to the challenge.

The Need for Speed

The watchword today is speed. Insurers need to bring products to market faster. They need to be able to do more with less. At the same time they are improving efficiencies, insurers need to improve effectiveness. Insurers need to be able to deliver new products much more quickly, and significantly reduce the cost of bringing them to market. They need to be able to make rapid changes to existing products. The name of the game is speed! The customer won't wait. The competition isn't waiting.

The imperative for insurers is a highly responsive and agile policy administration system that supports the changing needs of the business – one that has the flexibility to address new and ever-changing requirements – one that best meets the necessities of their specific business. Requirements will vary by line of business. Leadership in personal lines, where operations are more highly automated, is dependent on differentiation through holistic management of both customer and partner interactions via multiple channels, coupled with the offer of products that are innovative and personalized. Small commercial business is not far behind personal lines. Straight-through processing and the use of sophisticated underwriting automation tools and analytics are becoming the new norm. The more complex commercial areas of the business require tools and communication vehicles that allow collaboration between underwriters, producers, and customers.

Key Business Capabilities to Enable Speed

As insurers get serious about positioning their organizations to respond to a modern world that is exploding with change, two key areas stand at the top of the wish list for advanced capabilities: the ability to manage and facilitate rapid advances in user interactions and real agility in managing product development.

User Interactions

Rapid advances in technology are delivering a seemingly endless stream of new, increasingly sophisticated end user devices to the market. As customers learn by using and experiencing a broadening set of functional capabilities, they are modifying the way they choose to interact with business and service providers, and they are elevating their expectations regarding what those interactions should be able to deliver. For insurance companies, the measurement bar for excellence is being set primarily outside the



Insurers with the goal of securing a strong competitive position in the future will need to arm their organization with the ability to manage and facilitate rapid advances in user interactions and equip them with real agility in managing product development.

industry. Distribution and service channels need to accommodate a wide variety of user expectations that are coming through various channels. With sophisticated tools in the hands of the customer, control of the transaction is shifting. Like customers, both distribution and servicing partners are using multiple channels and devices. In addition to supporting all of these interactions, insurers must provide support for multiple languages to enable them to interact effectively with their customers and the various constituents in the insurance transaction process.

Product Development

Product development, the “manufacturing” component of the insurance business, has taken on a new level of importance as companies seek ways to manage the business during soft market conditions. There is increasing appreciation of the value that agility can bring to the organization. Key elements of the profitability equation – pricing precision, expansion to new lines/products/markets, and increased retention in existing markets – require the capability to dynamically adjust the product development process to adapt to organizational and marketplace changes. The ability to implement product variations is taking on new importance as insurers work to improve their ability to focus on exactly the right subset of the market. Capitalizing on opportunities requires the timely delivery of new products – the ability to rapidly introduce products that both anticipate and react to needs in the marketplace. In an agile insurance product development environment, the organization is able to support more frequent product refreshes and adapt to current market conditions while concurrent work on new products takes place.

Key Technology Capabilities to Enable Speed

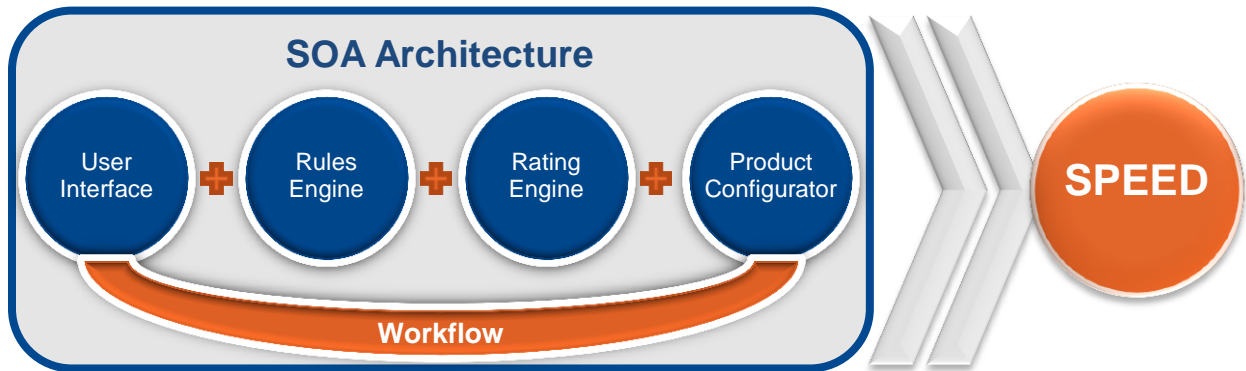
To support these changing and evolving business needs, insurers need to evaluate the technology they have in place to deliver the required business capabilities. With tired, legacy technology, it will be impossible to achieve a strong competitive position. A modern policy administration system can give insurers the power to accommodate rapidly changing user interfaces and to create an agile and responsive product development environment. The technology capabilities of that modern policy administration system should include:

- A highly configurable design that includes the externalization of rules
- A user interface that is able to meet the demands of multiple distribution channels
- A user experience platform that provides a single, one source, view of all front-end applications – preventing the maintenance nightmare of managing multiple front-end systems that all require updates when changes occur
- A service oriented architecture (SOA) approach that provides the versatility to adjust when new requirements surface – a componentized system

As shown in Figure 2, it is the blend of rating and rules engines, a product configurator, and user experience management that creates the technology environment for speed.



Figure 2. Technology Environment for Speed



Source: SMA Research 2011

Using a configurable design that embraces a componentized approach provides a technology foundation that is flexible and able to respond to changes in business requirements.

There are more than a few solution options available in the marketplace today. They are not all equal. The trick is to find a solution that is truly modern and flexible enough to give your organization the speed and agility needed to compete effectively now and in the future.



RapidSure by Sapiens

Sapiens Company Overview

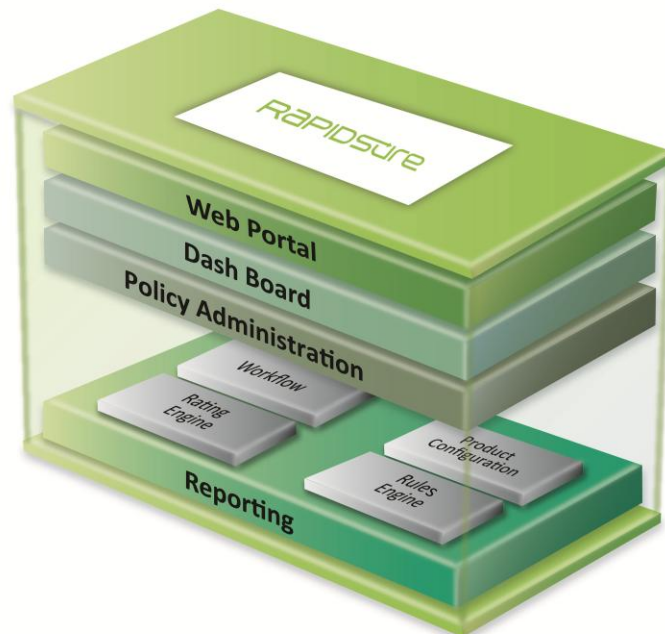
Sapiens International Corporation N.V. builds innovative software solutions for the Property & Casualty, Reinsurance, and Life & Pension markets. Headquartered in Rehovot, Israel, Sapiens maintains an experienced team of over 350 employees in North America, the United Kingdom, Israel, and Japan to meet the needs of customers across the globe. With over 30 customers worldwide, Sapiens is committed to delivering modern and scalable solutions that help their customers better serve their clients, quickly respond to changes, and deliver speed to market.

Sapiens' strategy is squarely aimed at the aggressive expansion of their footprint in terms of both their offerings and their customer base. To that end, Sapiens made their first major strategic investment in April of 2010, with the acquisition of Harcase, Ltd. of Canada and the RapidSure application. This acquisition positions Sapiens to offer a modern policy administration system to the North American marketplace.

RapidSure – Breadth of Functionality

Designed specifically to meet the needs of new insurance market dynamics, RapidSure improves business efficiency and customer service for both the policyholder and producer while supporting multiple distribution channels and user interfaces. RapidSure accelerates product development and deployment. The system provides product development and maintenance tools including a rules engine, a product configuration toolset, workflow management, and user interface management.

Figure 3. The RapidSure Solution



Source: Sapiens 2011



Designed using an insurance-based enterprise architecture, the RapidSure solution supports processing for commercial (ISO and non-ISO), personal, and specialty lines products, and is designed to handle complex policies and high volume transactions.

Designed using an insurance-based enterprise architecture, the solution supports processing for commercial (ISO and non-ISO), personal, and specialty lines products, and is designed to handle complex policies and high volume transactions. The solution provides a component SOA architecture that facilitates ease of integration with existing corporate systems and allows implementation in manageable segments. Key elements and features of the RapidSure solution include:

- **Product Configurator** that offers unparalleled speed-to-market for launching new lines of business. Recently, clients have been able to launch 5 new lines of business across 50 states in under 6 months.
- **Policy Engine** that streamlines business transactions and the workflow that surrounds them, resulting in reduced operating costs.
- **Point-of-Sale Portal** that provides the flexibility to handle multiple distribution channels.
- **Increased Flexibility** through an SOA architecture that enables a seamless interface with a variety of external systems such as ACORD, ISO, and others.
- **Improved Operational Efficiency** with straight-through-processing that delivers the timely automation of procedures to increase productivity and effectiveness and accelerate new business processing.

RapidSure is an innovative policy administration solution, designed specifically to meet the pressing demands of the current marketplace and to function effectively as new dynamics change the insurance landscape.

For more information about RapidSure, please visit www.sapiens.com or contact Sapiens at info@sapiens.com



Strategy Meets Action Commentary

Discussions in the insurance industry about speed to market are not new. That goal has been at the top of the list for most insurers for decades. The challenge is how to make it happen. Sapiens' RapidSure solution has proven that a modern policy administration system can deliver the functionality that aligns directly with insurer goals – rapid time to market in a highly flexible and responsive systems environment. RapidSure provides a policy administration base that can handle the needs of insurers that are adjusting to quickly changing market conditions and expectations. The technology helps move the ball forward instead of hampering progress with technology constraints and barriers.

Insurers that want to move ahead with the times and position their organizations to fully capitalize on burgeoning opportunities should think seriously about making certain that their policy administration system is up to the task. Now might be exactly the right time to extend the effort and take a close look at the modern solutions that are available in the marketplace. RapidSure belongs on the shortlist of solutions to be considered.



About SMA Strategy Meets Action

Exclusively serving the insurance industry, Strategy Meets Action (SMA) blends unbiased research findings with expertise and experience to deliver business and technology insights, research, and advice to insurers and IT solution providers. By leveraging best practices from both the management consulting and research advisory disciplines, SMA's services are actionable, business-driven, and research-based – where strategy meets action – enabling companies to achieve business success.

This SMA Perspective is a summary of SMA's ongoing research on policy administration solutions. Sapiens has purchased distribution rights for summary results of selected research and opinion.

Additional information on SMA can be found at www.strategymeetsaction.com.