

ACORD LOMA Insurance Systems Forum

When Speed Really Matters: Build, Buy or Outsource
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Ryan Albers, Commercial Ag Vice President - FBFS

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EXPERIENCE. RESULTS.



Company Overview – Employers Holdings, Inc.

- Paul I Ayoub, SVP & CIO
- Company Profile
 - Headquarters in Reno, NV
 - Lines of business – Monoline Workers Compensation
 - 650 Employees / 400+ Million in DWP
 - Geographic profile – 12 States, mostly in the Western US
 - Distribution channel – Independent agents and Strategic Partnerships.

EMPLOYERS[™]



When Speed Really Matters: Build, Buy or Outsource

- **Business Drivers**

- Move from multiple systems to one
- Add business rules functionality
- Provide Agency facing quoting capability
- Ease of doing business with Employers



- **Decision Process**

- A Team evaluated our options and presented our recommendations to senior management

- **Build, Buy or Outsource?**

- We chose to buy an existing product used heavily within the P&C industry because we could get to a new solution that met our business drivers faster than our other options.

- **Obstacles to Overcome**

- Some of our unique functionality did not exist therefore we had to do quite a bit of customization
- Business process flows had to change which met some resistance

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- **Unique Challenges**

- Nothing unique other than the amount of customization we did.

- **Benefits**

- Agent facing frontend with business rules logic for quick quoting and quicker turnaround for issuance of policies.
- Became easier to do business with.

- **Problems Solved**

- Single system allows for consolidated picture of our in-force book.
- Business rules enhance consistent underwriting.





EXPERIENCE. RESULTS.

When Speed Really Matters: Build, Buy or Outsource

- **Company Position for Future**

- We can grow in size, in geography, and into other lines if the decision is made to do that.

- **Growth Patterns Improving, Changing and/or Expanding**

- The market is soft but the strategy is to grow. The system will support this strategy.

- **Internal Improvements Realized**

- Efficiencies – large percentages of quotes come in via the Agent frontend
- Productivities – underwriters can focus on the more complex risks
- Core competencies – U/W discipline is maintained through technology





EXPERIENCE. RESULTS.

Company Overview – Farm Bureau Financial Services

- Ryan Albers, Commercial Ag Vice President
- Company Profile
 - West Des Moines, Iowa
 - Lines of business: life, personal, business, agri-business
 - Nearly 2,200 employees and 1,900 agents throughout the 15-state marketing region.
 - Our companies have marketing arrangements with state Farm Bureau Federations in 15 states, and serve customers through an exclusive agency force. The companies' operations extend throughout a territory that includes Arizona, Colorado, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Utah, Wisconsin and Wyoming.
 - Distribution channel: agent-led



FARM BUREAU FINANCIAL SERVICES

Insurance • Investments

When Speed Really Matters: Build, Buy or Outsource

- **Business Drivers**

- Speed to Market
 - Traditional farm insurer with great reputation
 - Knowledgeable and experienced agents located in rural areas
 - Faced with a changing farm environment **but** we had no Insurance product to handle those changes
 - So we developed AgMax[®], with the Power to Insure America's Premier Farmers and Ranchers.
- Web Enablement
- Stable, Predictable IT costs





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- **Decision Process**

- A vendor that had done it and seen it all
- A vendor with the ability to deliver on time
 - Could bring to bear the amount of resources needed to deliver
- A vendor with a history of honest dialogue
 - Would provide constructive suggestions that would simplify the system.
 - Not agree to code because they see only \$\$\$'s.
 - Will tell you when something could be done easier and less expensive if requirements could be revised in a particular way.





When Speed Really Matters: Build, Buy or Outsource

- **Build, Buy, or Outsource?**

- Speed to market
- Limited internal IT resources
 - IT priority listings tend to focus on larger prominent business units.
 - Small business units have the budgets but not the scale.
 - BUT Small Business Units lack ability to move up the priority list.

- **Obstacles to Overcome**

- Traditional Internal 'we can build it' philosophy.
- Institutional inability to lock down requirements.
- Developing a common language between the company and the vendor.

- **Unique Challenges**

- Creating a quoting portal for a Commercial Ag product while the product and pricing was still under development.



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- **Benefits**

- Issued our first policy within six months of signing the IT contract.
- On line quoting tool, application and submission process for Commercial Ag product, CPP, COP and WC.
- Rolled out IT for each quicker than the business unit could train the agents.
- Developed the quoting and mainframe system for commercial lines at the same time.

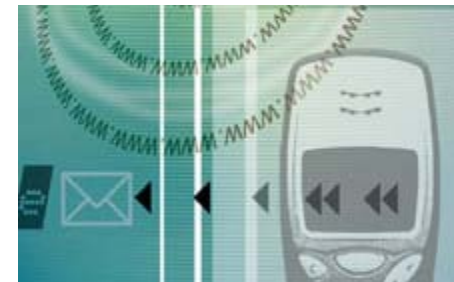
- **Problems Solved**

- Closed the Technology gap - Moved from paper quotes submitted by fax to a Web based real time quote for all Commercial Products.
- Allowed Underwriting to focus on Underwriting, not quoting.
- Closed the Information gap - Provided Web based, real time, access to all policy information, including billing, and PDF's of all policies, changes, and bills.



When Speed Really Matters: Build, Buy or Outsource

- **Company Position for Future**
 - Growth
 - Satisfied Agent
 - Better ability to attract young, tech-savvy agents
- **Growth Patterns Improving, Changing, and/or Expanding**
 - Our quotes went up over 20%
- **Internal Improvements Realized**
 - Efficiencies
 - Paper vs. Electronic submission of new business reduced the cycle time by five days (mail time).
 - Productivities
 - So much that the underwriters are stilling trying to cope with the increased speed.
 - Core competencies





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Audience Q&A

