eBook: Intelligent Insurance Operations

How Modern, Comprehensive Pricing & Rating Solutions Are *Reimagining* Insurance

earnix



Dynamic, composable and intelligent pricing and rating solutions increase revenues, direct written premium, and your competitive advantage, but only for those fast enough to rise to the opportunity and harness digital solutions.

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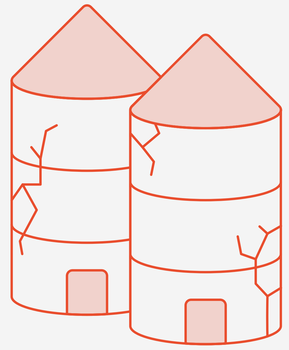
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The Digital Disruption Opportunity in Insurance



Today the insurance industry faces a significant challenge associated with legacy pricing and rating tools. The majority of architectures rely on a high number of disparate, disconnected systems that require too much effort to maintain and other clunky workarounds.

The Challenge

It would be one thing if these were mere inconveniences, but instead, they have a real impact on insurers' ability to develop and deploy successful pricing offers.

Attempting to rely on siloed systems inevitably leads to **wasted time, too many errors,** and the **missed opportunity** to take advantage of advanced technologies to develop and deploy customer-centric pricing strategies.

Most pricing environments can be improved with powerful new digital capabilities and technologies, and in doing so, empower insurers to achieve better business results.

“

Insurers could possibly more than **double their profits** by digitizing existing businesses, especially when it comes to technological leadership and innovation.

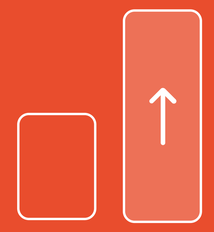
McKinsey & Company | Digital Disruption in Insurance: Cutting Through the Noise



Digitizing current tools and business processes and making insurers' tech stack **more intelligent**

=

2x Potential profit increase



How Did We Get Here?

A surprisingly high number of insurance companies still use a **patchwork approach** to pricing: manual efforts, homegrown or legacy solutions, and third-party, disconnected applications. Consider these frequently found scenarios:

- Many insurers still use legacy systems their company has used for years (if not decades), such as on-premises implementations.
- They may use homegrown applications and integrations they developed themselves to attempt to patch everything together.
- Many insurers continue to use Microsoft Excel to maintain critical pricing data.

The Causes

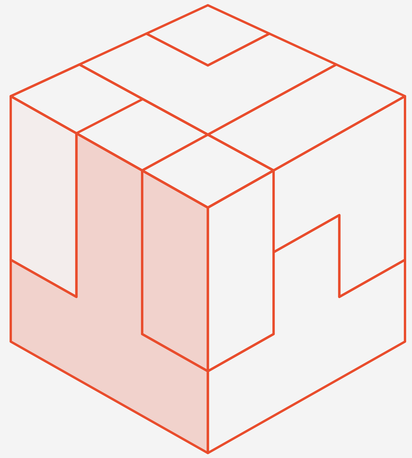
It's not uncommon for insurers to use numerous rating and pricing engines throughout their entire organization, especially for different channels or in various parts of their business.

While insurance companies and pricing teams had valid reasons when they developed such a "Frankenstein approach", more often than not, they wound up with a pricing architecture comprised of too many tools, requiring too much manual effort and consisting of too many handoff points where something could go wrong.

Unfortunately it's too much—too many steps, too many systems, and too many mistakes—and it prevents insurance companies from reaching their full potential.

These cobbled-together frameworks lead to a number of real business challenges.

4 Challenges in Overly Complex Pricing & Rating Environments



Issues with such a disconnected pricing and rating environment fall into the following categories:

1

Difficult Maintenance

With many systems to manage and maintain, legacy architectures force IT teams to troubleshoot integrations, fix and implement changes to update pricing models, or fix issues with third-party point solutions. Giving them the right solution can make them valued business partners while freeing them to focus on higher value, more strategic work.

2

Excessive Mistakes

Legacy-based, siloed pricing approaches lead to too many errors. Finding and fixing errors can be extremely time-consuming and inevitably leads to too many inefficiencies and tremendous exposure to risk. Insurers are now beginning to see just how valuable technology can be in reducing risk. A Deloitte study found that **42% of insurers regard improving the speed and quality of regulatory insight as a main driver for implementing new technology**.[2]

3

Slower Response Times

Often, these types of pricing processes prevent insurers from capitalizing on new opportunities or quickly connecting with customers and prospects. For many insurers, it **takes months to implement changes to pricing algorithms**, making it difficult—if not impossible—to present real-time, highly personalized offers before the competition.

4

Missed Opportunities

Perhaps the biggest issue is the fact that overly complex pricing systems cause insurance companies to miss **valuable new opportunities that could have a significant impact** on their business. Innovative pricing and rating solutions like Earnix offer a wide array of proven, next-generation technology—all through dynamic, composable, intelligent solutions that empower insurers to transform their insurance operations.

2. Deloitte, "Insurance Regulators in an Era of Advanced Technologies," 2018.

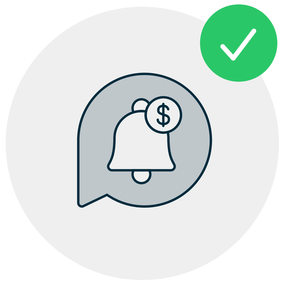
Evolving Market Factors

Even if insurance companies could overcome the challenges described above, the market is changing quickly and will require **new ways of thinking and acting** in order to increase revenues and profits.

New and emerging market factors demand **faster pricing, more personalized offers,** and the valuable new innovations only modern pricing and rating solutions can deliver.

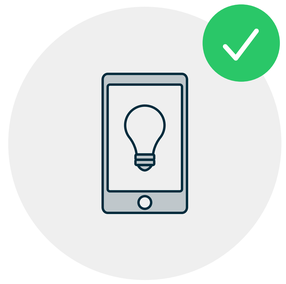


5 Evolving Market Factors



Increased Price Transparency & Awareness

Consumers can compare and contrast insurance offers by price, value, benefits and other variables. They can now match products to their unique needs. Many want truly personalized offers. With Earnix's personalization capabilities, one company saw a 4.54% increase in total GWP by creating highly personalized products and deploying them to market faster than the competition.



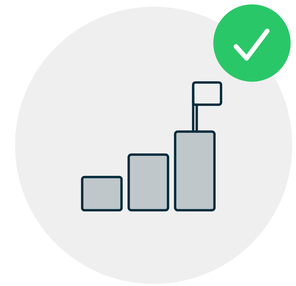
More Informed Consumers

Consumers today view themselves as a 'market of one', with unique needs and desires. As consumers receive more offers, they can easily compare prices and options and can be more selective. To respond, insurers need personalized strategies and other innovations to develop and deploy highly compelling offers.



Technological Advances

Leveraging IoT, machine learning, artificial intelligence, and advanced data analytics has the potential to revolutionize insurance companies' ability to completely transform their entire business, through more intelligent, personalized product offerings.



Increased Competition

Insurers are facing growing competition, both from existing vendors as well as non-traditional entrants. Dynamic pricing strategies aligned with personalized products will be table stakes in the race to win and protect market share.



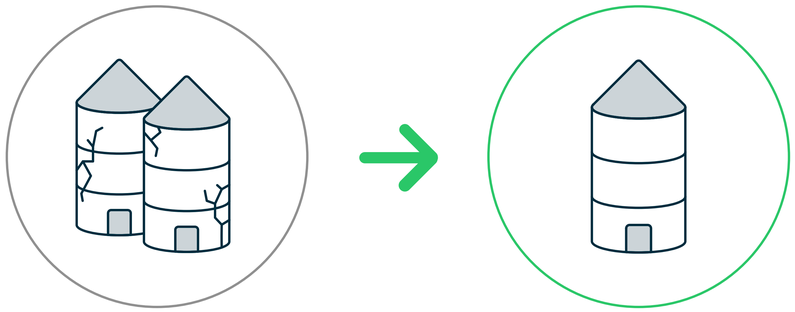
Compliance Challenges

New, emerging regulations will require even more emphasis on governance and compliance. Insurers need to meet new regulatory requirements with agility and confidence, which may be much more difficult using legacy technologies.

Dynamic, Composable and Intelligent Pricing & Rating Solutions with Earnix

Today, intelligent pricing solutions give you all the capabilities you need to:

- ✓ Model customer demand
- ✓ Run complex “what-if” scenarios
- ✓ Quickly deploy dynamic pricing strategies
- ✓ Comply with all regulatory requirements



These modern pricing solutions **eliminate the need for disparate, siloed pricing applications and third-party systems** that add too much complexity and too few beneficial results.

The Earnix Solution



Advanced Data & Risk Modeling

Build or import any model using first- or third-party data to analyze and leverage data that impacts risk, loyalty, growth, conversions, and profitability.



Governance & Compliance

Take advantage of complete logging, recordkeeping, and other controls to streamline your compliance burden.



Business Simulations

Select between future pricing scenarios with “what if” scenarios and predictive algorithm-based simulations to make smarter, data-based decisions.



Monitoring & Reporting

Always-on monitoring capabilities provide the real-time visibility you need to assess the performance of pricing strategies against business objectives.



Real-time Deployment

Instantly deploy your new pricing and personalization strategies, and deliver real-time responses required for today’s digital channels.



Automation

Earnix’s intuitive tools empower users to automate the pricing process, including complex tasks like recurring data management business rules, price options and versions, plus simulations and models.

The Earnix Advantage

Earnix delivers intelligent insurance operations through our real-time AI-driven rating engine, dynamic pricing, product personalization, and fully operationalized telematics solutions.

We **integrate seamlessly with existing systems** and add the layer of intelligence needed to create fully connected organizations. We enhance all aspects of operations through powerful automation, advanced analytics, robust governance, and autonomous monitoring. By combining these best-in-class technologies with dynamic decisioning capabilities, we empower carriers to scale experiences, reduce their time to market, and continuously innovate their offerings.



Hollard Consolidates Processes, Builds Foundation for Future Success

At one point, the Hollard Insurance Group relied on seven different pricing and rating engines. However, this approach required **too much manual work** and introduced high levels of potential risk.

It was also extremely time-consuming. It used to take Hollard months to implement changes to rating and pricing models, even for seemingly small updates. This meant that Hollard couldn't present offers to customers and prospects as quickly as it wanted. Additionally, relying on seven rating engines led to pricing inconsistency since each channel used its own engine, resulting in different prices for the same products.

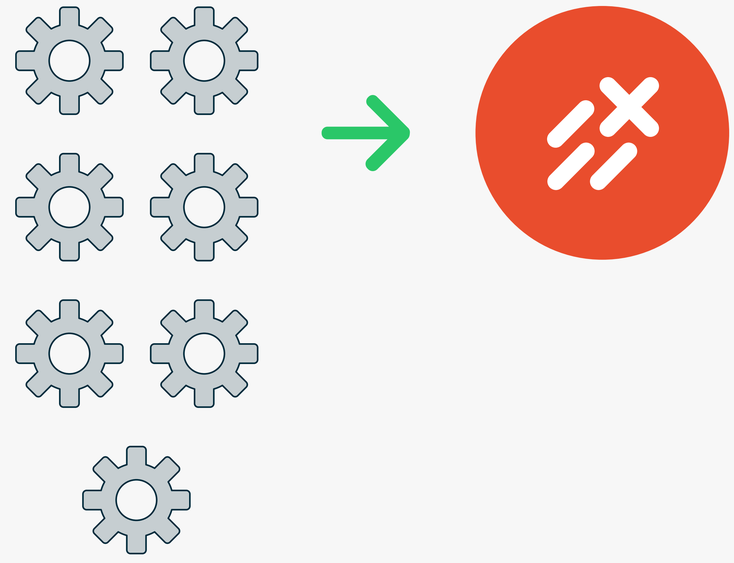
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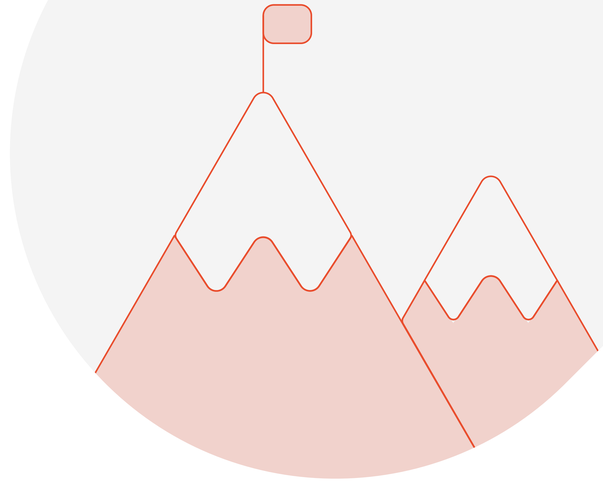
Hollard.

7 Rating Engines

Earnix Solution



Hollard Consolidates Processes, Builds Foundation for Future Success (Cont’d)



Hollard partnered with Earnix to replace these seven rating and pricing engines with a dynamic, composable and intelligent solution complete with powerful technologies such as **automation, machine learning, advanced analytics, personalization** and other innovative capabilities.

Hollard’s Future with Earnix

As Hollard begins to tap into the full potential of the Earnix solution, they will gain the ability to update and deploy rate sets and prices much faster than before and better respond to ever-changing market conditions and customer needs. Hollard is also pursuing advanced technologies and capabilities such as artificial intelligence models, telematics, and more, to continue improving its business processes.

The Earnix Rating Engine stood out with its ability to **robustly integrate rating and pricing processes across Hollard**. With the Earnix solution we expect to benefit from improved pricing controls, with real-time model deployment agility, in-solution modeling capabilities and advanced scenario planning features.

Hollard.



Michael Cheng
Chief Risk & Underwriting Officer

Dynamic, Composable & Intelligent Solutions Accelerate Technological Change

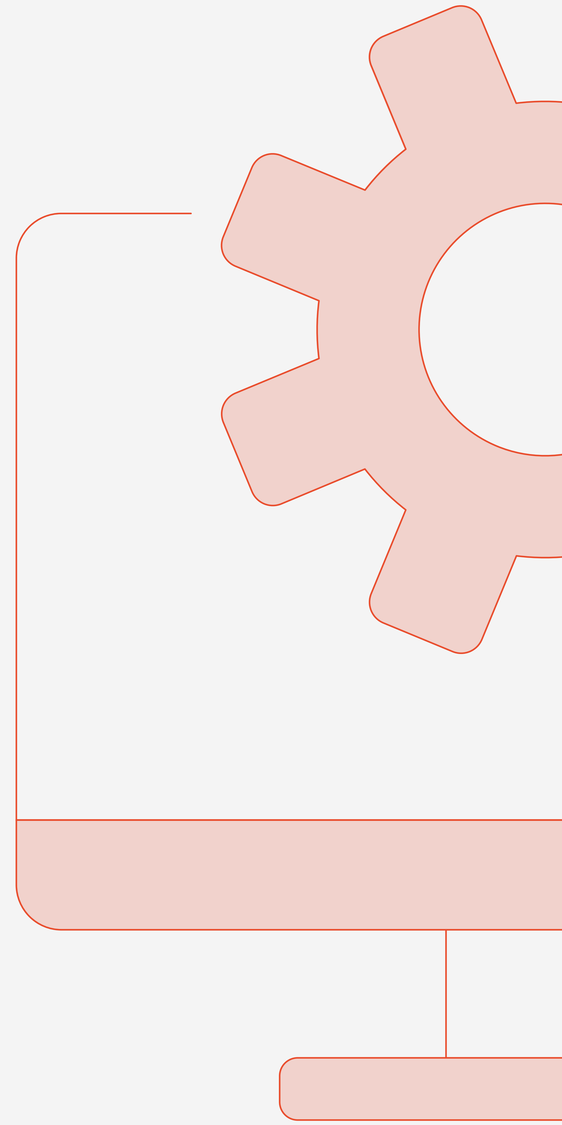
An evolving landscape of technologies and capabilities is pushing carriers to move from managing distinct product-centric value chains to managing complex consumer-centric ecosystems.

Organizational infrastructure must be more flexible and open to integration in order to stay ahead of ongoing technical transformation.

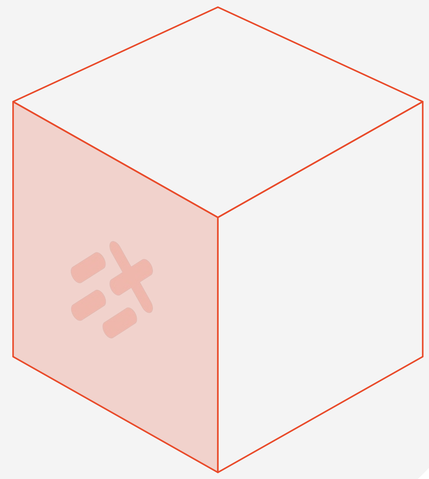
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Take Advantage of a Dynamic, Composable & Intelligent Insurance Solution



Start Reimagining Insurance Today →

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Earnix is the premier provider of composable intelligent solutions designed to transform how global insurers and banks are run. Earnix solutions unlock value across all facets of the business, connecting with customers, and breaking away from the status quo imposed by legacy monolithic, single systems. Earnix's solutions offer systemized, enterprise-wide value with ultra-fast ROI. It has been innovating for Insurers and Banks since 2001 with offices in the Americas, Europe, Asia Pacific, and Israel.