

Minimizing Total Cost of Ownership when Implementing Best of Breed Component Based Architecture

In today's market environment, carriers are being pushed to web-enable their back-end systems to extend policy services out to their distribution partners. However, their policy processing environments are typically not designed for the web—or more often—the features, functions and overall user experience is not geared toward agents, MGA's or consumers. Even back-end system vendors that tout this capability do not consider it a strong point.

To effectively compete, carriers must implement new, web-based solutions in front of their back-end environment that are properly suited for the specific needs of their distribution channels. This endeavor immediately raises the question: how can a carrier maximize the value of the point of sale system while avoiding the duplication of product specifics (rates, rules, etc.) on the front-end that they have already spent an enormous amount of time building and maintaining on the back-end?

Well in the past, the answer was a simple one: it's hard. But in recent years we at Agencyport have been working with our customers and partners to give carriers a different answer to the question. The reality is that in today's world—with more systems using data standards and adopting a service-oriented approach—what was once difficult is now a best practice for implementing front-end web systems.

AP "Product" Definition.

Inside of Agencyport products lives the "AP Product Definition" the core composition that dictates how insurance products are rendered in AgencyPortal™, BookSmart® or AgencyConnect™. The AP Product Definition is a collection of artifacts that describe the specifics of a particular insurance product or line of business.

About AgencyPortal™.

Agencyport has been in the business of helping carriers extend their policy environment out to distribution partners for over nine years. Our AgencyPortal™ is a state of the art, web-based platform that allows P&C insurance carriers to execute key business transactions quickly and easily with their agents, MGAs and customers.

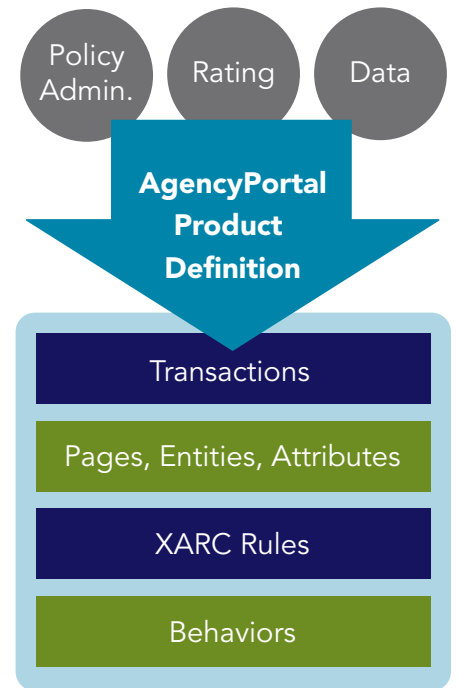
AgencyPortal™ is designed to fit into your environment, no matter what it is. Our goal is to provide hands down the best front-end web system in the business while leveraging your existing investment, not replacing it. Since IT environments vary greatly, we've adopted a standards-based, service-oriented approach to extending or integrating with downstream custom or vendor packaged systems. What was once a mission to integrate services, such as rating and policy issuance, has broadened to include minimizing the amount of duplicated content, logic and business processing on the front-end.



WITHIN AGENCYPORTAL™, THOSE ARTIFACTS ARE:

- The **Transaction Definition** describes the specifics of how a Transaction or page flow is defined. It comprises the series of pages (and the fields within) that make up the web application. The Transaction Definition, while page specific in nature, can be thought of as the driving force behind the web application.
- The **Page Library** consists of a collection of Pages and Page Sections where all of the all of entities associated with an insurance product are defined. These are externalized into a library so common pages need not be replicated across lines of business. Fields, codelists (or drop-downs), coverages, limits—all of the field-level elements of an AgencyPortal™ web application are defined inside of Pages and Page Sections. Each entity defined has an array of metadata associated with it describing labels, lengths, default values, valid values, requiredness, help text, ACORD XPATH, appropriate field validation algorithms, and many other things. The collection of Page Sections and Pages make up the Page Library. Pages in the Page Library are assembled inside of Transactions.
- **Data Corrections** are a collection of metadata that describes particular validation and correction routines run at Agency Management System upload time. Data Corrections give AgencyPortal™ validation information about the inbound data, perform automatic data corrections and default missing but required fields to ensure that the agency upload process is streamlined for the agent. Typical correction types include round value up to next valid, round value down to next valid, find the best match, do nothing, etc.
- **Behaviors** are rules that are used to modify the application based on certain conditions. Acting on behavior rules, AgencyPortal™ displays reflexive page content on either an inter or intra-page basis. As a user inputs data into the application, additional fields, pages, questions or coverages may appear either on the same page or on a new page within the application.
- Rules associated with the acceptability of a given insurance application are implemented as **XARC Rules**. Typically these rules are employed as “underwriting rules,” acting as a traffic cop in the application process. For example they are used to take actions like: “Refer the application to an underwriter if the total number of vehicles exceeds 10” or “Decline the application if it contains a Stevedoring class code.”

Together the AP Product Definition artifacts work to provide a rich, dynamic web application. Using the Agencyport Toolkit and the pre-built AP Product Definitions from our Templates, it is easy for carriers to install, configure and maintain applications within AgencyPortal™. However, AgencyPortal™ represents another place a carrier has to define their product. A carrier’s “Product Definition” already exists in some form within the policy administration system, the rating system and potentially other back-end systems.



Important considerations.

Every carrier we work with has a mission to reduce their total cost of ownership and as a consequence, reduce the amount of dual maintenance. It makes sense: why create more work for yourself? But there are a few things that are important to point out:

Number 1: Having front-end specific functionality is a good thing.

The reason why insurance carriers struggle to simply rollout their policy processing systems out to agents and other distribution partners is simple: policy administration and underwriting systems were built for underwriters. Each distribution channel has its own needs and functional issues. To try and customize a back-end (potentially legacy) system to accommodate the specialties of your agents, MGA's or insured is a costly, difficult task. You need the ability to tailor a front-end solution to the particulars of the channel it serves.

Number 2: Detaching the front-end makes you nimble.

Back-end systems are great but the process to update, test, promote and implement changes is a lengthy one. Companies that are looking to move fast to respond to market opportunity want to be able to make and implement changes on their front-end quickly. By detaching the front-end web application, companies gain agility and independence from the back-end development cycle.

Number 3: How much is really duplicated?

Each time we work with a carrier to determine the right approach toward integrating AP Product Definition with a back-end system, the question is asked: what aspects of the policy environment change frequently? The driver is to make sure that time and money is spent integrating the areas of high volatility and not getting sidetracked with aspects of Product Definition that simply don't change much. What starts out as a potentially large universe invariably is reduced to a workable set of items upon a thorough investigation.

Number 4: What is the goal?

In thinking about strategies to leverage the Product Definition assets in your back-end environment, it is important to consider the overall goal. If the goal is minimizing maintenance cost going forward, than the strategy will focus on integrating key areas of volatility such as drop-down/codelists or business rules. If the goal is speed to market the focus would shift toward leveraging existing artifacts in the initial build of AP Product Definition.

Success stories extending product definition.

Many policy administration systems today have the capability to expose certain business services. We've leveraged this capability to integrate with rating services, policy services, third-party rules engines and many other service-oriented assets that enrich the functionality of an AgencyPortal™ web application. In addition, certain policy administration and rating systems are able to extend foreign Product Definition—i.e. Product Definition from an external system, database, XML or other type of file—to external applications like AgencyPortal™. Depending on the back-end technology and availability of discreet artifacts, we leverage this to systematically generate AP Product Definition during the initial build of the application and during the ongoing maintenance of the application. In other cases, with carriers with less modern back-end systems, we have been able to extract Product Definition from their environment or make available aspects of their environment—such as codelists—for run-time access as opposed to recreating the artifacts within the front-end.

The underlying foundation of AP Product Definition is XML. Utilizing standard means of transforming foreign artifacts such as XSLT, we have been able to accomplish the following:

- Auto-generate AP Product Definition during development time.
- Auto-generate AP Product Definition during build time.
- Dynamically access foreign Product Definition during run time.
- Helped automate the underwriting process by applying underwriting rules and creating PDF based ACORD forms, proposals, binders and invoices that tie into standard email packages.

Conclusion

As carriers continue to utilize their distribution channels to grow their business and differentiate from competitors, employing nimble front-end technology will become a necessity. In order to be effective on the web, carriers will look to implement, "best of breed," component based solutions. To keep overall cost of ownership down, the quest for building and sharing insurance product definition across disparate systems will begin to grow in strategic importance. Companies like Agencyport are getting a head start on working to evolve standards and develop solutions in this area that bring down cost while not compromising the carrier's goals.

Agencyport delivers software solutions that help companies around the world sell their products and service their clients throughout the customer lifecycle. We offer the world's leading web-based distribution technologies, global policy administration solutions and robust business intelligence tools—a powerful mix that makes the complex business of insurance easier and smarter, and helps our customers seize opportunities and gain a competitive edge quickly. For more information contact sales@agencyport.com or 866.539.6623.



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