

APIs: the New Game Changer

| for Commercial
| Auto Carriers





Insurance Industry Overview

The insurance industry has traditionally been very apprehensive of technological innovation. For centuries, insurance providers have been rooting their customer relationship stability and consistency in cultivating a sustained trust. The practice of curating long-term relationships has traditionally been the customer acquisition and retention model within the insurance industry. The time needed to grow a trusting customer base has been always treated as the safety factor that allowed carriers to keep innovation in status quo. In terms of market competitive-ness, the industry has always been known for its high barriers to enter and strict government regulations therefore limiting com-petition from the new entrants.

Insurtech is a term applied to various disruptive technological innovations within the insurance industry that help improve op-erational efficiency and achieve additional operational savings within the current insurance model. With the rise of Insurtech, the wind of technological change has been inevitable with agility and acceptance of change being the main new rules of engage-ment. Big data, IoT (Internet of Things), mobile technology, artifi-cial intelligence (AI), wearable devices, and blockchain are trans-forming insurance into a more vibrant and dynamic playing field built on fast pace, recognition of consumer needs, and a keen awareness of the competition. In the face of these technological developments, insurers are rightfully concerned with their ability to effectively compete in the market place.

Market Dynamics Shift

The Millennial generation, the main technology users who now outnumber the baby boomers, demands simpler products, streamlined customer experiences, as well as personalization and a holistic omnichannel experience. These users demand communication whenever, wherever, and however they want. They value speed and convenience over the cumbersome complexity and previous coding knowledge requirements. Such trends present a challenging environment for the insurance carriers who face a declining customer satisfaction levels, as reported by [IBM Institute for Business Value](#), low-interest rates, stagnating premiums, and a high pressure to deliver measurable ROI for their policy administration systems (PAS).

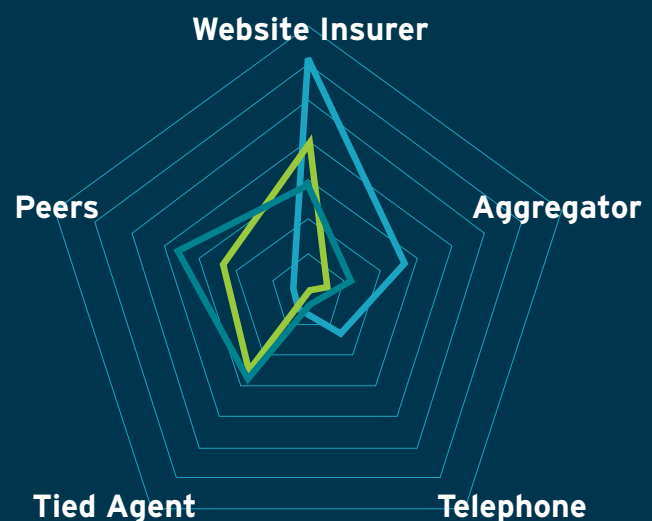
The need to enhance digital experience spreads to the business technology consumers in the insurance industry. Instant data access, reduction of information asymmetry, accuracy, comprehensiveness and new reach-extending capabilities paired with a friendly UX and enhanced digital experience are now the key elements of success for any insurance-focused third-party integrated technology. While insurance is still about statistics and risk mitigation, the quality of input data has a direct relationship with the reliability of the output and margins of error. This is where the need for cost-collapsing technology – such as direct API integrations of 3rd party data is evident.

Customer Communication Preference Varies by Psychographic Segment

- Demanding Support-seeker
- Support-seeking Skeptic
- Informed Optimizer

Q: Please select the 3 channels most important to you when searching for INFO about your insurance coverage.

Source: IBM Institute for Business Value survey data 2014, n=6,211.



APIs

WHAT ARE THEY & WHY DO WE NEED THEM?

We live and work in an era of increasing connectivity, where data is becoming a bigger part of our everyday lives. Application program interfaces (APIs), the snippets of code that allow software applications to interact in a common language, are ever more present in the everyday consumer and business environments alike. Web APIs are an especially useful variant that allow businesses to access data produced by other 3rd party companies and seamlessly integrate it anywhere and anytime it's required. APIs have transformed the way businesses interact with each other and the way they provide value to their customers.

The Benefits of Using APIs

APIs grant access to a wide variety of resources and allow for cross-platform communication within a business. For example, APIs power the connection between the insurance PAS and a database with vehicle values and specs necessary to underwrite a policy for a commercial truck or a passenger auto.

Alternatively, let's consider the process of signing policy documents. While twenty years ago, all policy documents were sent through the mail with a longer turn-around time; today signing a document only takes a few clicks thanks to the introduction of e-signature products powered by APIs.

Simplicity

APIs allow for a single instance of data creation to be automatically distributed externally to customers and internally to coworkers, rather than reproducing work when and as needed. Simplicity is the keyword here. Rather than struggling to format a large file in a spreadsheet program to extract a marginal amount of information, an API can provide the data needed without requiring extra research

or manipulation.

Efficiency

Consuming an API created and hosted by a 3rd party can also substantially reduce the labor requirements for IT departments. By handling many background tasks and running continuous maintenance, the use of third-party API providers can reduce the number of employees needed to perform web-centric information gathering and computation tasks. Integrating APIs allows a company to outsource parts of the business process for a fraction of the cost of building the same in-house capabilities.

Efficiency goes together with the benefit of workflow optimization and system and process automation. Within the property and casualty insurance segment, the need to access a large asset database can be streamlined through integrating asset data through APIs. In many cases, coupling a well-designed API with batch processing analytical methods can even open

new channels for business development and financial growth, such as creating a data-driven business product or producing market intelligence or consulting work. Such methods are especially favorable for older and well-established companies with a significant amount of historical data that provides valuable intelligence.

Customization

Enterprise applications have also greatly benefited from the increased capacity for APIs. While their software was once produced individually and formatted to fit each customer's needs, web APIs have allowed enterprise developers to deploy their central platform alongside APIs for customers' use.

Additionally, while consumer products may need to have offline capabilities, enterprise software is rarely disconnected from a network. This eliminates the risk of losing data transfer during periods of low connectivity. These advances have resulted in more efficient enterprise software and reduced costs for customers.

Amongst other API integration benefits are the options for mobile development, partnering and partner onboarding opportunities, decrease in time to market for new products, addressing competitive pressures to keep up with the market trends, compliance with regulatory requirements, and business positioning for the future through a focus on innovation.

Key Business Drivers for API Initiatives

Speed is usually the first API driver to foster an efficiency improvement within an organization. It allows business to react quickly to new opportunities and competitive threats while preserving the core enterprise systems from outages or security exposures. Instead, APIs prepackage core system assets for business consumption while simultaneously creating new systems of engagement.

Extended Reach is another benefit of API adoption. It can offer new, previously unavailable, opportunities for a carrier who is looking to venture into new markets or go after new customer groups. For example, a commercial fleet insurer may partner with a fleet financing entity that might offer vehicle loans to the current insurance customers through referrals.

3rd party integrations determine how easy, or complication API implementation can be. Price Digests offers multiple 3rd party integrations with the major leading insurtech platforms.



API Provider Selection Criteria for Policy Administration System (PAS) Workflow Optimization

Since the insurance eco-system is vibrant with multiple suppliers and service providers, applying a set of success criteria to their selection helps standardize the best business practices of API provider selection.



1. Vendor Stability

Suppliers with an established industry presence, sound financials and a forward-thinking API economy strategy can offer the best partnership opportunities. It includes their ability to consolidate and standardize common APIs within an organization, increase carrier's efficiency and lower the cost of operations through providing accurate and reliable data and thus mitigating uncertainty risk. Well-established third-party API and vehicle data providers can also help the carrier to define a new business model

for monetization purposes, such as a mobile market place or, for a commercial fleet insurer, the opportunity reach could be extended to underwriting new, not previously covered, commercial vehicle categories.

Price Digests has been providing quality vehicle data and specs since 1911. Our long-term trust-driven relationships within [the commercial auto and inland marine](#) insurance make us the preferred vehicle data API provider.

2. External Data Quality

API solutions providers that can offer a clean taxonomy and a full set of developer documentation should be valued over other less transparent competitors. Extensiveness of the asset database and high match rates, as well as comprehensive all-vehicle type coverage, can offer immediate value creation. In commercial auto insurance, the comprehensiveness and accuracy of the VIN prefill data—namely how accurately and com-

prehensively the vehicle specs get populated into the carrier's business system during quoting and underwriting process – is an example of a time-saving and cost collapsing external data quality variable.

Price Digests supplies [VIN data](#) for 99.5% of all [commercial trucks](#) including those with custom truck bodies. It is especially valuable in cases when a [VIN lookup](#) returns the value of an incomplete truck

comprised of the cab and the chassis only. However, once the custom truck body is added to the valuation, it may increase the incomplete vehicle "Cost New", or its market value, by over 60%. With a large custom bodies database available, Price Digests offers carriers the ability to operate with this high-degree of data granularity that keeps insurance providers from underinsuring commercial fleets – a dangerous practice that may leave risk on the table.

**Data Quality as a Factor in Building Trust and Fairness Perception*

The reliability and continuous updating of the third-party vehicle data supplied through direct API integrations is also important. It has a direct bearing on cultivating customer trust. Since online quotes are the preferred quote delivery vehicle, the accuracy of such quotes from the first customer touch point with the insurance

A price that is too low is just as bad for loyalty as a too-high price.

Do you think the premium of your insurance is...



Source: IBM Institute for Business Value survey data 2014, n=12,210.

provider's brand forms the perception of the provider's solution fairness. The concept of "what is fair" is the most important insurance brand perception element that affects insurance customer loyalty, according to the IBM's survey. A too-low valuation that does not account for the custom elements of a vehicle has the same negative impact on a prospective customer that the too-high of a price may have.

3. Workflow Optimization

The main ROI driver of any API integration is the answer to the question of "[How much can an API solution improve my operational efficiency and productivity?](#)". For Price Digests, a premier workflow optimization solution for commer-

4. Support

The key factor to look for here is API provider's ability to closely work with the carriers' IT during the development, test, QA, implementation and deployment stages, as well as provide a superior hu-

man technical support to minimize system downtime while continuously maintaining it. API creation, runtime, management, and security should be the focus areas for both – the service provider and the

That brings us to the question of a sustainable business environment in the insurance industry and ways to boost its stability while accounting for growth.

APIs offer modern insurance companies a mechanism to become a transformational power in the industry able to rapidly respond to any market segment disruptions. They also offer significant value to any [insurance business](#).

cial fleet insurers, the answer to this question lies in the speed of information transmission, the accuracy of the returned vehicle values, high VIN match rate (up to 99.5%), and the proven ability to completely automate the prefill process.

carrier implementing the solution.

The Price Digests API integration team ensures the highest degree

of customer support during the entire API solution implementation process as well as continuous post-integration assistance.

5. Product Maturity

Going with an API provider that offers a mature product while maintaining a steady or growing market share is a good practice to align business values between the provider and the carrier. Since the insurance industry has been known for its high regard to stability and consistency, forming a partnership rooted in these two principles could guarantee long-term success.

Price Digests is amongst the most mature [vehicle data API providers](#). The company was first to introduce the first VIN-driven database delivered via flat files in 1988. Our [first API solution](#) rolled out in 2005. Since then, our continuous product improvement rooted in agility and technological innovation has been the organization's core focus.

6. Tech Innovation, Security and Compliance

The maturity of the providers' product does not mean disregard for innovation. On the opposite, a stable product that increases its robustness through technological agility, continuous improvement while embracing the latest technological trends is a sure way for the carrier's competitive operational advantage over other industry incumbents. Innovation-minded pro-

viders opt to implement the latest API technologies into their products. Representational State Transfer (REST) and Simple Object Access Protocol (SOAP) are the most common ones with the latter becoming more outdated. Provider's use of JavaScript Object Notation (JSON) language indicates technological agility and forward-thinking. Both JSON and REST are the most

modern API practices that are simpler to understand and consume than their more outdated counterparts. Furthermore, the provider's use of HTTPS, the secure protocol, is also preferable to HTTP, the non-secure version that lacks the communications encryption. While both protocols are presently used by various VIN API providers, the

forward-thinking and future-oriented insurers should align themselves with the API providers that offer the latest technology.

The API provider's track record of innovation, market leadership and a long-term strategic orientation present an insurance policy in themselves.

7. Technical governance

Since operational ROI is determined by a holistic implementation of the API best practices while considering a wide range of stakeholders – from the solution business consumers to the IT and business leaders, it is worth mentioning the technical considerations as well. Price Digests holistic approach to its API implementation takes into

consideration multiple current business processes and methodologies that enable carriers to align business strategy and goals with IT services and its infrastructure. We provide all API documentation and work with the carrier's development team to ensure a streamlined integration process.

Conclusion

API solutions have contributed to a major insurance industry transformation by offering insurance industry a way into the digital revolution that has spread across consumers' lives while maximizing operational efficiency and productivity. On the policy side, the right VIN API solution provider could help foster a guaranteed reduction in the underwriting times through an accurate and fast VIN prefill. On the other side, implementing an API solution allows boosting the entire organization's partnership eco-system for related service providers that can help generate new revenue streams and elevated partner engagement. 🌐

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At [Price Digests](#) we believe in the power of information and data-driven decisions. We believe in business solutions that are efficient, comprehensive in scope, intuitive and easy to use. Since our inception in 1911, we have learnt from experience that one size does not fit all. So, we tailor our products to our customer needs with flexible delivery formats from web application, API, flat files to custom reports, data cleansing, and consulting. Our [VIN-driven API solutions](#) for the [Commercial Auto insurance carriers](#) allow users to standardize their book of business, improve policy and claims process efficiency with [a VIN return rate up to 99.5%](#) for model years 1981 to current. Our APIs integrate with multiple third party Insurtech platforms while offering coverage for all vehicle types. On the technological side, the Price Digests APIs are RESTful JSON-based with continuous updates and improvements to deliver technological agility. Focused on data security, the Price Digests APIs provide secure communications protocols on the AWS platform. With a dedicated integration team and a continuous live support, Price Digests has been known as [the VIN API](#) market leader for [insurance](#), [finance](#), [government](#), and [dealer](#) industries.