



Simplifying Your Core Systems



Would you be able to draw a map of where all the product information sits within your business?

The carrier of the future can't afford to be bogged down by high-code systems. The journey of discovery starts with introspection—serious thinking about the degree of flexibility carriers want to build into their systems. That means setting up common definitions and guardrails within your existing way of working. While it may sound like theory, moving to this imperative can fundamentally alter the way you navigate each step in the product operating model.

Development

Traditionally, this has been the most time-consuming part of the product operating model. Carriers who are able to move quickly through this part of the process are typically those who work from common product definitions. Sets of product frameworks eliminate the need to build new products from scratch. Instead, minor changes can be made to existing models in new code to create new products. This drastically reduces the amount of work that development teams need to do for each new product and update.

Making your case to regulators

As mentioned in the previous “Where things are breaking down” section, carriers need to present their product logic to regulators in a clear and linear way to get sign-off. Sourcing and packing this information can be very time- and labor- intensive if it exists in various places and formats within the silos of an organization. However, some carriers have gotten around this problem by working from a common set of definitions that have been pre-approved. By building from foundational logic, carriers only have to show the logic behind specific changes, rather than rebuilding a case for the logic underlying the entire product, making regulatory approval more focused and streamlined.

Timing

By putting the drivers of their strategies (e.g., business analysts) as close to the controls as possible, carriers empower their business experts with the ability to define, edit, and roll out products in a much shorter timeframe. By allowing experts to work from a common framework—configuring incremental changes without hacking into the main code base—carriers remove the silos among actuaries, underwriters, and their IT counterparts. This streamlining has the potential to save carriers weeks or months on the time it takes to build products by minimizing the number of hand-offs across departments.

Where to start

Given the potential to save carriers time and resources, the rationale behind having a common set of definitions seems pretty clear-cut. So, why have most carriers not implemented this imperative within their organizations? We think it’s because carriers themselves don’t know where the critical bits of product-related information lie within their byzantine systems. Without a comprehensive view of what’s out there, it’s impossible to find the commonalities that make up this core framework. Carriers need to start this process by spending the time upfront gathering the people and information needed to give them clarity. All too often, this discovery is cut short or unfocused, which leads to downstream confusion and carriers reverting back to their old, inefficient ways of working.

Freedom within a framework

What it looks like when this comes together

Berkshire Hathaway Specialty Insurance epitomizes the notion of working from a set of common frameworks for execution in the market. This imperative has been infused into their culture and values—if you look inside BHSI, you won't see the divisions and red-tape of traditional carriers. Instead, small cross-disciplinary teams can come together in a conference room, hammer out an idea, and make it happen as quickly as possible. Everyone understands their role and how their function contributes to each part of the product cycle. What's more, everyone learns from each other, ultimately making their expertise more valuable in the long term.

The impact of this way of working is not only cultural—it has also manifested itself in business results. Since their founding in 2013, BHSI has grown to a >\$1.5B carrier. Their growth trajectory has been marked by a series of new product introductions for disparate specialty markets. Today, they have over 40 products across seven geographies. The critical enabler of this growth and diversification is the framework that has allowed them to easily expand into new countries, as the organization can count on the product teams to live within a given set of corporate standards.

Action items

- Gather all the potential sources of information within your business
- Think about how much freedom you want to give your people
- Have the right people at the table as you define your frameworks and guardrails
- Leave room for collaboration and iteration as you develop your frameworks