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Introducing the AAIS Underwriting Platform

AAIS's major technology initiative for writing and rating COP policies saves money and drives results for your company

It just got a whole lot easier to write output policies. And it's going to get a lot easier to implement and use AAIS programs.

This fall, AAIS launched one of its most significant technology initiatives ever: the AAIS Underwriting Platform, or "UP," developed in conjunction with FJA-US, Inc., a leading software development and operational consulting firm known for its expertise in insurance product support.

This new online application for underwriting and rating is being deployed first to support the AAIS Commercial Output Program (COP), a leading industry program for combining broad commercial property and inland marine coverage into a few coverage parts.

Over time, however, UP will be adapted to support all AAIS programs—making it easier for insurers to adopt, implement, and maintain products based on AAIS forms and manuals.

"We are determined to make it easy to use AAIS programs," says Truman Esmond, AAIS vice president of customer engagement and the principal project manager for development of the UP.

"The Underwriting Platform will provide our users with a cloud-based platform maintained by AAIS," Esmond says. "That can save our members a vast amount of IT work and cost.

"As a central online platform, UP can protect insurers from the risks associated with having a program get out of date, as well as the opportunity cost of not being able to capitalize quickly on product innovations."

At the same time, Esmond says, UP allows companies to customize the COP to their own specifications.

"We recognize that our members often modify our programs and file them independently," he says. "UP can accommodate those modifications and still allow AAIS to maintain the core program and provide support service."

Product Machine

The Underwriting Platform for the COP is AAIS's first application of FJA's "Product Machine."

The Product Machine is FJA's flagship software, providing a comprehensive platform for modeling, configuring, deploying, and distributing products. The Product Machine transforms an enterprise into a unified product platform, making the enterprise an efficient provider of insurance.

From risks and coverages through marketing and legal language, from underwriting and pricing through policy validation and issuance, the Product Machine stores information as reusable inventory, exposing the information as a service for every downstream system.

Advantages

For underwriters rating and producing COP policies, UP has several beneficial features.

Using UP, agents and/or underwriters provide risk information from any location using the system's web interface or their own proprietary quoting systems connected by web services or through a data exchange. ➤



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Robert Guevara
Vice President of Inland Marine and Commercial Lines
AAIS

The platform also allows users to upload location data for each risk.

Once certain identifying information is provided for a risk, UP automatically directs users to all the applicable forms, including state-specific forms, for that risk.

As information is entered and coverages selected, UP automatically provides default values for coverage extensions and supplemental coverages; those defaults can be overridden manually.

As the process proceeds, UP automatically flags gaps in essential information or errors in underwriting logic, reducing errors and the need for follow-up.

The platform, of course, incorporates the COP’s flexible deficiency point rating system, giving companies that use the system a tool for standardizing the application of deficiency points.

Quotes

As the rating process is concluded, UP can generate a series of alternative quotes reflecting different selections of coverages and limits.

The application generates quotes for agents and underwriters (the latter’ being more detailed) which can be customized with company logos and information.

Once a quote is accepted and “locked,” UP provides the applicable policy forms from AAISdirect, and the policy data is downloaded for import or automatically pushed to or pulled from your internal system.

“From a technology perspective,” says Esmond, “UP is scalable and affordable for all organizations.

“We’ve utilized cloud-based, service-oriented architecture with mobile HTML5 interfaces, leveraging standards from ACORD and IAA, with on-the-fly mapping for data imports.

“The multiple interfaces we provide allows a range of company systems to interact directly with UP,” he adds.

While AAIS anticipates expanding use of UP to all of its programs, Esmond stresses that AAIS is not looking to compete with technology providers that support AAIS member companies in other capacities.

“We don’t want to become a provider of policy administration or billing or other systems,” he says. “Our goal is to make our programs easier to use by our members, and that means making them easier and more cost-effective to incorporate into existing vendor platforms.”

Benefits for Insurers’ IT Staff



Truman Esmond
VP, Customer Engagement
AAIS

Truman Esmond is AAIS vice president for customer engagement, and AAIS’s principal project manager for the development of the Underwriting Platform.

Here, Truman discusses the benefits of UP from a technology perspective.

Describe how the AAIS Underwriting Platform will help companies avoid the typical effort and expense of implementing and maintaining a rating engine?

Truman: In a typical scenario, to adopt a new line, most customers have to implement all the rules and form logic of the data capture, as well as whatever type of output they want. Whether it’s an off-the-shelf integration system, or a manual process, they have to develop all this on their own.

There’s an even bigger effort involved in the form logic – identifying the right forms necessary to quote a given risk.” ➤

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Robert Guevara
VP, Inland Marine & Commercial
AAIS



Sheila Morris
Manager, Inland Marine
AAIS



Benefits for COP Underwriting

Robert Guevara, AAIS vice president of inland marine and commercial lines, is the principal developer of the AAIS Commercial Output Program (COP).

Sheila Morris, AAIS manager of inland marine, has been deeply involved in developing the AAIS Underwriting Platform for the COP.

Here they discuss the benefits of UP for insurance professionals who write policies based on the COP.

What are the most important benefits of the AAIS Underwriting Platform for underwriters and others involved in developing COP policies?

Sheila: The Underwriting Platform provides a streamlined approach for developing a premium and a quote for a specific COP risk. Among the benefits UP offers is the ability to upload or add location data. Also, it automatically provides all the applicable state-specific forms required to write a risk.

How does this help the users of the COP refine their underwriting and pricing of the policies?

Sheila: Everything is contained within the Underwriting Platform, so a user simply goes through the process of underwriting a policy without having to refer back and forth between a manual and a separate rating tool. The platform also integrates nicely with other company systems so it can produce, among other things, customizable agent or underwriter quotes. It is a complete package.

How does the development of the AAIS Underwriting Platform respond to the needs of companies using the COP?

Robert: One of the big advantages is that quotes will be stored in “the cloud,” and that companies using the COP will have access to their quotes at all times.

The Underwriting Platform has also been designed so that companies can use portable devices to access their quotes and work on accounts wherever agents or underwriters are located.

In addition, UP is going to be a big help for COP companies because, when we introduce updates, the process of adopting them will now be seamless.

As soon as an option becomes available in a state, it’ll be available online. The company can choose whether or not to adopt it.

How does UP make it easier for companies to make better strategic use of the COP?

Robert: Since UP is designed to collect more data, specifically location data, AAIS will be able, at some point, to generate reports for COP users about their concentrations of accounts, average rate levels, and other performance indicators. Reporting they currently would have to do manually will become available automatically through the Underwriting Platform.

How does this help inland marine and commercial property managers manage their books of business beyond the individual risk level?

Robert: The Underwriting Platform will provide an excellent view of a company’s book of COP business, not just at a single underwriter level, but for the entire company. Eventually, we plan to provide comparisons between each COP company’s book and the overall book of business for all companies using the COP, while safeguarding the confidentiality of proprietary information.

These kinds of reports will provide companies with benchmarks for analyzing their profitability, concentration of values, types of accounts that they’re writing, assignment of deficiency points, and things of that nature.

Does the Underwriting Platform make the COP a viable program for more companies? Will it encourage companies that have both the COP and a commercial property program to write more COP business?

Robert: UP can definitely open up the COP for some additional users, especially if they are program writers. The COP is excellent for program business where you set up the parameters with a particular program.

Sheila: As Bob mentioned, it’s good for program business, and the default limits are all set within the product itself, within the underwriting platform, but those can be customized and overridden. It’s a nice feature of the program. ■

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For the COP, we’ve got about 240 forms. Implementing the logic for determining which forms are needed for a particular risk is one of the biggest “time sinks.” With UP, we provide that service pre-configured, pre-tested and ready for immediate use via web interface.

Taking the next step, if a carrier already has its data capture built into its policy administration system, or if it wants to keep its agents and underwriters within existing systems, the carrier can use our web service interface. That basically allows agents and underwriters to do everything using their own policy administration system.

Instead of having to build the policy logic with all the rates, rules, forms, and validation, all a company needs to do is build a simple bridge to our web services, give us the data that they’re capturing, and send that up to us. Through UP, AAIS will do the validation and let them know what is missing.

This saves an estimated 80 percent of the work for a given line of business. It really is a huge savings just to get started.

What are the key beneficial features of the Underwriting Platform from a technology perspective?

Truman: The biggest advantage is that it’s centrally maintained. We at AAIS are maintaining the program logic, just as we do with our insurance line programs.

We take a lot of work off of the hands of our members by centralizing the maintenance of the system, but we still allow our customers flexibility in when and how they implement updates.

Another important feature of UP is its ability to connect to the platform via web services, which meets a modern standard for systems integration protocol. You can get real-time information on a per quote basis, in addition to

getting batch information. With the platform, they can do it either way.

How will the AAIS Underwriting Platform interface with other company and agency systems?

Truman: UP can interface in any way that it makes sense for a company’s operations.

We recognize that we have members who could be using completely manual processes.

At the other end of the spectrum, our membership includes larger companies with operational systems ready to integrate information using the web service vehicle. In between, we have members with legacy systems that may not be able to use web services but need to capture data. We can integrate with any of those types of organizations.

The AAIS UP also allows carriers to establish user hierarchies. For example, a company can establish a unique workspace for, say, an MGA, with customized underwriting rules, such as restrictions on policy limits. The system can be customized with “guard rails,” so to speak.

The opportunities are wide open. If somebody wants to use the AAIS Underwriting Platform today, we could immediately enable them on the web. Then, in a few weeks, once the web service bridge is built, they can also use the system integration piece.

Why did AAIS choose the FJA Product Machine as the foundation for the Underwriting Platform?

Truman: First and foremost, several people at AAIS have experience with FJA as a partner, as well as with FJA’s technology.

FJA provides a technically solid, well-known platform we knew we could work with, and several of our company leaders have had a very positive relationship with FJA from previous engagements at another company. ■

Building “UP” a Partnership



Marc Dutton
Managing Director
FJA-US, Inc.

The AAIS Underwriting Platform uses the “Product Machine,” part of the world-class product platform developed by FJA-US, Inc. Here, FJA-US Managing Director Marc Dutton describes the collaboration that produced UP.

Describe your experience and expertise in developing insurance product applications, particularly for property insurance.

Marc: FJA has been providing services to insurers since 1980. We entered the P&C market in 2005, and today we have implementations that span personal, commercial, and specialty lines in the US and overseas.

In developing the Product Machine for P&C insurers, we leveraged our experience outside of P&C insurance to apply concepts that were successful in helping companies shorten the time it takes to get products to market. We’ve also added a strong focus on operational and distribution efficiencies.

Our experience spans single state and distribution channels to multiple state and distribution channels. All of these can be supported by our Product Machine, which enables our customers to provide product variations according to distribution channels.

Whether you market directly, through agents and brokers, or through exchanges and “white labeling,” all these channels can be served and supported by the Product Machine.

What makes the AAIS Underwriting Platform a valuable platform for insurers? Which features are particularly valuable?

Marc: The AAIS Underwriting Platform is largely product-driven.

This gives AAIS the ability to introduce new products using FJA’s Product Machine without additional programming, and to make changes to products without affecting existing products. In addition, UP will support multiple versions of an insurance product simultaneously.

This web-based platform provides the ability to capture and implement state exceptions safely and effectively, and automates the process of identifying and attaching the applicable forms for a risk.

With the UP, AAIS member companies can customize the platform and their products for their needs.

What was it like to work with AAIS in developing the platform?

Marc: The AAIS team provided a great wealth of knowledge in specifying and helping to provide feedback for the development of the application.

The AAIS team continuously helped with providing input on usability and features for the front-end application to ensure the product would fit their clients’ needs. AAIS was easy to work with, receptive to our feedback, and continues to foster an effective partnership between our organizations. ■

For more info and a demo of the AAIS Underwriting Platform, contact:

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