



PASS_Insurance for P&C

the first step towards the insurance
digitalization

Case study | Cattolica Assicurazioni

“ *IT costs were cut by 35% between 2010 and 2012. RGI products have been a key role in achieving this result* ”

Mr. Stefano Fini
(CIO Cattolica Assicurazioni)

Summary

Cattolica Group, the most important insurance group in North-Eastern Italy, focusing on quality and operating excellence in the insurance business offered to its customers, has started a modernization process to innovate its IT systems towards the adoption of new modern and flexible systems, which can **simplify business processes and help lower operating expenses.**

Cattolica chose RGI products because of the vendor strong execution capabilities and viability, its proven insurance competences in and the affordable costs.

The adoption of RGI PASS_Insurance for the P&C business brought Cattolica to be among the first Italian insurance companies **to adopt a 100%-online system, based on open technologies, which helped towards a 35% reduction in OPEX and improved the time-to-market for new products and tariffs, also improving the overall system usability for business users.**



Scenario

In 2006 Cattolica Group decided to renew the old legacy systems used to handle the P&C product portfolio in Cattolica Assicurazioni and Duomo Assicurazioni, the two largest companies within the group. The systems in use were based on a mainframe architecture and a proprietary-application framework, which were difficult (and costly) to evolve.

The main project goals for Cattolica were:

- **The adoption of a scalable and flexible platform**, which could enable the company to use new web technologies and satisfy the functional requirements outlined by business users;
- **Improve the time-to-market** for development and go-live of new products;
- **Improve UI usability**;
- **Address and solve interoperability issues among legacy systems due to nightly batch processing** which sometimes cause synchronization errors to be manually fixed;
- **Enable real-time** interactions between central direction users and agents;



Between “make or buy” options, Cattolica preferred to “buy” in order to significantly reduce project risks.

A history of mutual success...



2003 - 2004 | RGI implements the motor system **in 4 months (end of 2003, with go-live in January 2004)**; at the end of the same year, RGI extends the system to cover the all P&C sector.



2005 | RGI implements and goes live with a comprehensive P&C system in **less than 9 months**, notwithstanding the specificity of bancassurance processes.

RGI Solution

- **Configurability:** possibility to easily adapt and customize the solution to suit Cattolica's needs
- **Vendor viability:** RGI's market presence is well-established, with several active installations both in P&C and life sectors
- **Vendor's openness towards knowledge transfer,** concerning AM
- **Speed of execution** and expected time to go live
- **Vendor's deep market knowledge:** RGI is specialized in the insurance market and has a deep knowledge of its best practices, acquired after a 20+-year experience

Cattolica and Duomo adopted the following PASS_Insurance components:

- **Agent Front-end** – this component supports sales and after-sales operations (access to customer records, policy quote and policy issue)
- **Agency accounting** – integration of peripheral accounting systems with centralized company accounting
- **P&C Back-end** – components for back-office operations (including advanced computer-based exception handling) across all P&C branches

Technical highlights

From a technical perspective, PASS_Insurance is an application based on a 3-tier architecture (DB, AS, Web server), service-based and using open technologies (mainly Java).



CLIENT

Compatible with all main web browsers:
IE6+, Firefox, Chrome...



DBS

DBMS Oracle on HP servers



CODE BASE

Runtime, environment - Java
Configuration environment - Visual C++



MIDDLEWARE (WEB/APP. SERVER)

IBM Websphere Application Server
running on HP servers

Results and benefits

Main benefits deriving from the adoption of PASS_Insurance were:

- **Industrialised underwriting process:** PASS_Insurance is a 100%-online system, so agencies and central direction were enabled for real-time operability. This resulted in a tightly interconnected company model, effectively evolving the business paradigm: today many controls are carried out a priori, during underwriting rather than running new contracts through back-office controls afterwards. Exceptions handling benefitted from PASS_Insurance, as important benefits were gained through the adoption of an online process, which enables real-time monitoring and tracking of all exceptions to standard policies (and the reasons thereof);

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- **Improved time-to-market:** the average implementation time for new P&C products (from specification to testing) dropped from 2 months to 1 month (roughly). This improvement is attributable to PASS_Insurance's configurability;
- **OPEX reduction:** Cattolica's careful expense management led to a 35% reduction in IT costs (including costs for P&C portfolio handling) between 2010 and 2012. The adoption of PASS_Insurance played a central role towards achieving this goal;
- **Product portfolio rationalization:** the flexibility of PASS_Insurance allowed the company to simplify its product portfolio, where the number of products dropped by about 2/3. Moreover standardization of base product components improved portfolio usability and handling costs (e.g. controls focus on non-standard parts only);
- **Increase in sales force autonomy:** PASS_Insurance for P&C allowed the company to introduce hybrid products, which under some circumstances can be issued via straight-through-processing (thanks to an associated tariff). In some other specific cases they required an underwriter's quotation from the headquarter.
- **Improved usability and consequent reduction in help desk activity:** users could benefit from intuitive and easy-to-use web interfaces, and this led to a significant reduction in the number of help desk calls;
- **Access to new mobile channels:** the technology underlying PASS_Insurance (Java and service-based architecture) allowed Cattolica group to develop quickly mobile applications, enabling the company to operate on the new digital channels.

PASS_Insurance brought about a paradigm change: it was also thanks to this change that Cattolica closed FY2012 with an increase in its GWP by 5.3% in motor policies and by 1.4% in the rest of the P&C branches: this is quite meaningful if we compare it to the 2012 contraction in the Italian market.

A highly configurable system

Users from insurance technical departments can define and modify products on their own, with limited IT department support; they can autonomously configure:

- Commissioning
- Discount limits
- Underwriting exceptions (specific for agencies and products)
- Endorsements
- Printout configuration (layout, parameters etc)

IT staff can implement most of the products with no code development, just by configuring them.

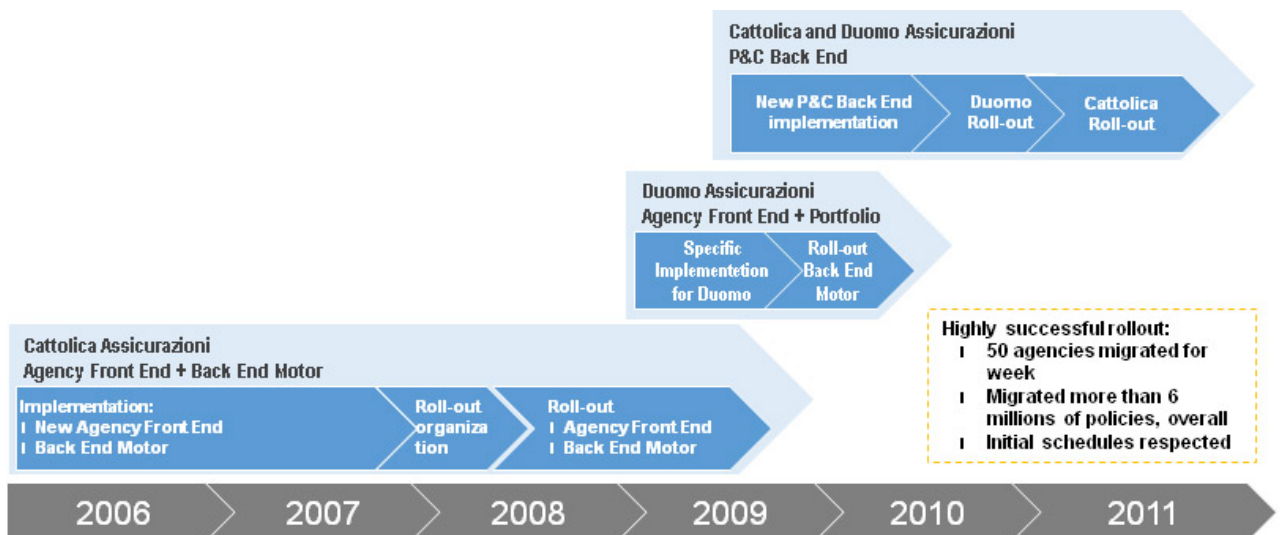
Project approach

RGI allocated a dedicated team, who worked with people from Cattolica for about 5 years, earning the trust of technical directions, where most users belong to.

The project benefitted from RGI's technical experience. Its personnel proved effective towards the solution of any challenge posed by such a large and complex project.

We distinguish three project phases, which are the result of subsequent extensions to the initial project:

- **Phase 1 – Motor - Cattolica Assicurazioni:** New agent front-end implementation, together with the new back-end for motor portfolio handling. Roll-out on the whole Cattolica Assicurazioni network.
- **Phase 2 – Motor - Duomo Assicurazioni:** System adaptation to specific features of Duomo systems; subsequent roll-out on the whole Duomo agency network;
- **Phase 3 – Rest of P&C – Cattolica Assicurazioni and Duomo Assicurazioni:** Back-End extension to handle the rest of P&C;



PASS_Insurance for P&C

The whole roll-out process affected more than 1500 agencies and subagencies, with the effective migration of a total of 6+ million policies (mostly motor).

The transition was handled by a joint team, which deployed a high-performance migration machine:

- The linear scalability of PASS_Insurance allowed to parallelize a dozen machines, dedicated to agency data migration and the subsequent integrity checks;
- The migration rate was about **50 agencies a week**. The migration happened in about a day, from Friday afternoon to Saturday noon.
- The need to provide training to agents and staff was the only limiting factor to a further increment of the number of agencies migrated weekly.

Qualitative and quantitative benefits (users' point of view)



The system works very well: it's reliable

Sales Department

In the old system errors often occurred in commission fee computations and during policy substitution. Today the system is errors free: **no errors** in commission fee computations, no errors in policies substitution.



Now we can avoid checking most clauses, we only need to verify non-standard parts, with great time savings

Corporate Technical Direction

Thanks to the new PASS_Insurance it was possible to **rationalize the product portfolio**, both in terms of number of products (from about 200 to about 50) and handled configuration objects. PASS_Insurance also helped to increase the salesforce's assumption autonomy.



Introducing an online system has radically improved the retail business management

Retail Technical Direction

PASS_Insurance is a 100%-online system, which guarantees:

- Better communication with agencies (“we see the same things”);
- Possibility to carry out a priori controls, with subsequent improvement of portfolio technical quality;
- Real-time monitoring of business (sales volume, average premium, claims);
- Better precision of tariff data, through access to online databases.

Cattolica Assicurazioni Group

A century-long history...

Cattolica Group is one of the largest insurance groups, with about 3.7 € billion in GWP, both in life and P&C sectors. Cattolica Assicurazioni was established in Verona in 1896, as a Cooperative to insure small landowners against hail and fire. Even today Cattolica remained true to its cooperative nature, inspired by solid principles and non-negotiable values, which allow it to create value in harmony with the environment it lives in.

To turn into practice the values it believes in and pursue its statutory mission, Cattolica Group is focused on maintaining a strong insurance-centric orientation and a high level of technical competence, and on constant improvement of product quality, aiming at increasing customer satisfaction and delivering a customized insurance service, made of assistance, consulting, proximity and accessibility.

RGI Group is specialized in development and implementation in solutions for insurance companies, including Policy Administration System across all distribution channels. It has been a technologically advanced company, since its establishment in 1987 in Ivrea, a territory characterized by a great industrial history and a deeply rooted culture of innovation, which is the foundation of its business.



More info:

www.rgigroup.com

info@rgigroup.com

Contacts

RGI S.p.A.

Headquarters:

Via San Gregorio, 34

20124 Milano

RGI S.p.A.

Factory:

Via C. Pavese, 6

10015 Ivrea (TO)

Tel. +39 0125 618000

Fax +39 0125 634059