PASS_Insurance
for Life and P&C insurers

opting for innovation

Case study | HDI Assicurazioni

RGI

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The change was a an obligatory step for the company: HDI Assicurazioni had to open up to innovation, adopting the latest technology that would guarantee a much shorter time-to-market

Francesco Massari, CIO HDI Assicurazioni

Summary

HDI Assicurazioni is an insurance company belonging to the Talanx Group of Hanover. It came about as an offshoot of the HDI Group, Germany's third-largest insurer. The strategic vision of HDI Assicurazioni, which is fully in line with the principles of the German group, is to strive constantly to improve the quality of its offering and service in order to satisfy the needs of each and every customer.

HDI began a process of renewing its information systems in order to switch over to a **modern and flexible system** that would allow the Insurer to actively and quickly capture new business opportunities, bringing innovation and efficiency into its internal business processes.

With this goal, the Insurer chose to put its faith in the RGI Group who guaranteed them implementation of a single system, that was web technology-based and ready for multi-channel access.

By adopting the RGI Group PASS_Insurance solution, HDI Assicurazioni immediately positioned itself at the technological forefront of the Italian insurance sector, becoming the **first company to operate on a single, integrated Life and P&C platform, that is fully online and which makes it possible to conduct customer insight analysis, reduce its ITC costs by approx. 20%, cut down its time-to-market and open the company to multi-channel innovation.**

Scenario

In 2005 HDI Assicurazioni realized it needed to implement more advanced technology that would combine greater personalization of the offer and faster activation of new channels, with greater economy in process management.

The existing legacy system was based on obsolete Cobol technology and a mainframe architecture, dissociated from the periphery system. Interaction was based on batch flows, meaning there was no analytical vision of the business in terms of customers.

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HDI's main objectives in this renovation project were to:

- **Have a single integrated platform that would reduce waste and errors caused by having two different systems:** the top management applications and those of the agencies exchanged data only through batch flows that were subject to misalignments and interoperability issues.

- **Have a scalable, flexible platform**, ready for the new web technologies

- **Improve time-to-market** for developing and launching new insurance products

- **Implement real time interaction** between management users and staff in the agencies

- **Enable the Insurer to capture new business opportunities through alternative channels**

- **Give the Insurer an enhanced Customer Master File, easily accessed for business intelligence analysis**

HDI Assicurazioni chose RGI Group as its technology partner following an in-depth software selection process that got under way in 2005 and was conducted on seven different market solutions by a leading advisory firm.

The project started with a pilot for InChiaro, the bancassurance joint venture undertaken by HDI Group and Banca Sella.

PASS_Insurance was installed at the Banca Sella counters, where tellers could issue stand-alone policies, such as car policies, or policies bundled with credit protection policies such as those covering loans or mortgages, for example.

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The RGI solution

HDI Assicurazioni opted for the **PASS_Insurance for Life and P&C solution**, preferred over the competitor solutions to meet the following requirements:

- **A single solution for integrated management of Life and P&C for both management and the agencies**

- **Flexibility and scalability of the underlying technology:** PASS_Insurance is based on open technology that guarantees scalability at lower costs than mainframe technology

- **Configurability:** the solution can be customized or easily adapted to HDI's requirements

- **Correctly priced, in line** with the market

- **Supplier reliability:** RGI has been active for years on the Italian market and can point to numerous Life and P&C installations

- **Supplier's willingness to transfer the know-how** necessary for application management and maintenance

- **Speed of project execution** and commissioning of the solution

- **Supplier's knowledge of the insurance market:** RGI is a specialist in the insurance universe and is fully acquainted with best market practice thanks to its over twenty years of experience in the sector

HDI Assicurazioni adopted the following components:

- **Agency Front-end –** the component supporting the sales teams (agents, sub-agents, etc.) in their sales and after-sales work (access to the customer master file, consultation of customer positions, issuing quotes and policies, etc.)

- **Agency Accounting –** the component for management of the agency day book and integration with general accounting

- **P&C Back-end –** components for management of back-office operations (renewals, substitutions, riders, derogations, etc.) for P&C portfolios (Car, Liability and Deposits).

- **Life Back-end –** components for management of back-office operations for the Life portfolio

Technical highlights

The components were customized with specific implementations to satisfy the specific requirements of the users at HDI Assicurazioni.

From a technical point of view, PASS_Insurance is an open-source (mainly Java) application with a 3-tier architecture (database, application server and web server), where the application server functions as the service tier.

CLIENT

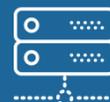Compatible with all major browsers: IE6 and later, Firefox, Chrome etc

DBS

Oracle DBMS on an HP server

CODE BASE

Runtime environment- Java
Configuration environment - Visual C++

MIDDLEWARE (WEB/APP. SERVER)

IBM Websphere Application Server on an HP server

Results and Advantages

The main benefits from adopting PASS_Insurance in the Life and P&C business were:

■ **Introduction of a single, shared master file**: for HDI, the real revolution was the introduction of a single Life and P&C Master File shared by the management and agency networks. The single master file, as well as overcoming the limits caused by having two separate legacy systems, opened the way to a multitude of opportunities, for example:

■ **Getting an analytical overview of the company's business:** the previous system presented HDI Assicurazioni with a view of its portfolio organised by policies. Tracing back to the profiles of an agent's customers in order to develop sales campaigns, information campaigns or customer insight meant that data had to be exported to other applications, costing both time and money.

■ **Improving compliance with regulators' demands:** for example, in the case of car policies, the PASS_Insurance Customer Master file enables the insurer to minimize delays in communicating data to the authorities (as in the case of dematerializing the certificates of civil liability policies). The percentage delay of the legacy system would have been unacceptable and left the insurer liable to the risk of very costly penalties.

■ The unitary vision of the company portfolio in real time offers the insurer **new possibilities** in terms of market trends, such as social networking, Big Data, etc. The role of the integrated master file was also very important for implementing the Home Insurance system: thanks to the unitary, real-time vision of its customer portfolio, HDI Assicurazioni was able to launch activities tied to the customer website very quickly, something unthinkable with the old system.

■ Single sign-on integration also enables the company **to share the Customer Master file with other distribution networks** (not just the agents' network), so that the time saved on user registration can become a sales lever.

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■ **Life and P&C integrated on a single platform:** the possibility of managing mixed Life and P&C policies, such as credit protection policies for instance, was the major novelty introduced by PASS_Insurance. Before the new system, policies of this type were managed on a dedicated alternative platform, that was however not reliable where integration was concerned.

■ **Industrialization of the underwriting process:** as PASS_Insurance is a completely online system, agencies and head office started to **work in real time** on the same database, thereby creating a new **tightly interwoven, Insurer** model (centre and periphery), bringing about an evolution in the ways of doing business. One example is linked to the risk underwriting process. With legacy systems, in the case of non-standard policies, the application generated an error that had to be solved through a phone call. With PASS_Insurance, today the peripheral networks are immediately able to view system blockages and the whole underwriting process is handled automatically by the system itself.

■ **Improvement of time-to-market:** with PASS_Insurance Policy Administration System the **average time to implement** a new standard Life or P&C single guarantee policy (from receipt of the specifications to testing) has been **reduced to 1-2 weeks**, compared to a month that was required with the legacy system. As a result, it is now possible to issue policies through distribution channels other than the traditional one in much less time, there is no need for double pricing in separate systems and no need to launch night-time batch jobs, all of which translates into significant savings on costs for both the Insurer and the distribution network.

■ **Lower operating costs:** the transition from a mainframe architecture to a departmental architecture has enabled HDI Assicurazioni **to reduce its IT operating costs by approx. 30%.** These savings also come from the **greater processing speed**, take the receipt issuing processes where execution time has been reduced to **2/3 hours compared to the 10/15 hours that were necessary with the mainframe system.** The **flexibility of PASS_Insurance** and the possibility of developing project extensions tailored to the HDI operating model has enabled IT staff at HDI to **enhance their know-how**. Today they can manage the necessary technical evolutions by themselves, considerably cutting back on their IT costs.

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■ **Rationalization of the product portfolio:** Adopting PASS_Insurance enabled HDI to rationalize its product portfolio. Before PASS_Insurance, HDI had a portfolio that included many "generic" products, i.e. products not priced at standard tariffs but quoted case by case by the agency network on the basis of coded logic in underwriting documents that were written but not implemented in the product configurator. After adopting PASS_Insurance, HDI set itself the goal of reducing the number of "generics", at the same time increasing its quoted or tariff products. A series of variables were introduced with PASS_Prodotti that channelled the products into standard categories. This resulted in the creation of some fifty new products that simplified the IT management and at the same time speeded up the underwriting job. Today HDI Assicurazioni can create products conceived for specific customer or risk categories, swapping the generic product concept for a customer-oriented approach.

■ **Preparation for new channels:** although HDI does not yet have a true multi-channel strategy, adopting the PASS_Insurance system has laid the foundations that will enable it to move toward alternative channels. Thanks to PASS_Insurance in fact, subject to signing an agreement, HDI could activate sales of its insurance policies through a distribution network other than its agency network in just a week (not counting time to create new products), at no additional cost.

The project approach

RGI assigned a dedicated team to work side by side with HDI staffers for the entire duration of the project.

The project benefited from the extensive technical experience of the RGI engineers who demonstrated their ability to solve all the issues that such a complex project necessarily includes.

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The project was handled in three phases:

- **Phase 1 | P&C – head office:** Implementation of the new Agency Front-end and the new Back-end for management of the Property, Car and Deposits product portfolio in head offices and alternative distribution networks, i.e. other than agencies (for instance, bank counters)

- **Phase 2 | P&C – agencies:** Implementation of the new Agency Front-end and the new Back-end for management of the Property, Car and Deposits product portfolios at agency branches

- **Phase 3 | Life:** Implementation of the new Back-end for management of the Life portfolio in the head office and agency networks

HDI handled the transition independently. Thanks to the **intuitive nature of the system** and the fact that many agents **already had experience with PASS_Insurance**, there was no need for a training roll-out or on-site assistance contract, which meant important **costs savings.**

The entire transition process was managed by the remote help desk and on average, all the points of sale were quickly up and running.

During the next transition phase which lasted about 18 months, two separate systems were in operation for P&C and Life. When the Life pricelist was activated and the roll-out completed, the legacy Life system was phased out.

Overall PASS_Insurance was accepted highly satisfactorily by the users who had few difficulties in adjusting to the new work methods, so requests for assistance dropped accordingly. Of all the service calls to the help desk concerning PASS_Insurance, on average over 90% are resolved in a day, a sign that system anomalies have been cut to the minimum.

Benefits in terms of quantity and quality – what the users say

> ❝ *We are autonomous for P&C and soon will be for Life too.*

<div align="right">Francesco Massari (CIO – HDI Assicurazioni)</div>

The possibility of managing part of the extension, at first in synergy with RGI and later autonomously, enabled HDI Assicurazioni to minimize the need for additional system support. For example, HDI was able to develop a part of the web services needed for the single sign-on process in the banking system.

> ❝ *Brokers benefit from simpler, faster admin work and the company has greater control.*

<div align="right">Fabio Rogato (Life Business Manager – HDI Assicurazioni)</div>

 Online policy management, automation of the sales process and simplification of administrative activities also benefit the sales teams in terms of shorter times and policy activation. For example, it is possible to complete anti-money laundering checks efficiently in much less time because the online system means they are always aligned. Brokers can therefore concentrate more on their sales activities than on the admin processes.

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HDI Assicurazioni

…by your side, every day

A subsidiary of the Hanover-based Talanx Group, the renowned international group, HDI Assicurazioni grew out of the HDI Group. It was first **set up in Bologna in 1881 as the "Italian Railway Agents Mutual Aid Society"**. During the century that followed it evolved into the leading insurance company that we know today.

The mission of HDI Assicurazioni is to **continuously improve the quality of its offering and service**, for each and every customer. It achieves its purpose by proposing "made to measure" offer and service profiles, distributed through similarly personalized channels, and building up a **relationship of loyalty and trust over time with its customers.**

RGI Group

With over **twenty-five years of experience with Insurers, RGI Group is one of the most dynamic companies in the ICT scenario. It boasts a leadership position in Policy Administration System solutions** for all distribution channels and in technological services specifically designed for the insurance industry. It has been a technologically innovative company since its inception in 1987 in Ivrea, in an area with a great industrial heritage and a deep-rooted culture of innovation. RGI Group, at the end of 2013, **has over 650 employees in 7 Italian offices and 5 foreign offices**. The high standing of the Group's insurance clients confirms the reliability, expertise and quality: **8 of the top 10 Italian Insurers and more than 400 insurance brokers** have chosen the Group's solutions and technological services.

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