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West Bend Mutual's SOA-Based Underwriting System Drives Flexibility and Increased Revenue

The P&C carrier's best-of-breed automated underwriting solution leverages service-oriented architecture to support long-term profitability in small-commercial and other lines of business.

With the launch of its new automated, services-oriented-architecture-based underwriting system, [West Bend Mutual Insurance](#) (approximately \$700 million in annual premium) has significantly expanded its small-commercial business offerings and gained operational efficiency and agility, according to Jeff Frazee, the West Bend, Wis.-based carrier's SVP and CIO. West Bend Mutual's best-of-breed development approach is expected to result in new written premium exceeding the investment in the system within two years, he says.

Designed to support more-agile product diversification and heightened customer service, the system allows agents to submit and bind many policies in one sitting and enables more than 25 percent of the P&C carrier's business to pass through the underwriting process with little or no intervention, Frazee reports. Rules-based technology, he adds, empowers IT professionals to change underwriting rules in as little as a week, including testing, compared to several months within the carrier's legacy mainframe-based environment.

The underwriting system project began in 2006 with the intent to use traditional legacy systems and architecture, according to Frazee. But in July 2007, after extensive review and proof-of-concept work, West Bend Mutual changed course. "This was a joint decision with our business partners to move away from our tightly coupled solutions and position West Bend for strategic product diversification and excellent customer service," Frazee comments. "Product changes were simply taking too long to implement using our mainframe-based solutions, and we felt strongly that utilizing SOA- and rules engine-based technologies would alleviate some of these issues."

Serving as Systems Integrator

West Bend Mutual's IT team acted essentially as a systems integrator for the underwriting system initiative, incorporating a variety of vendor solutions within a best-of-breed approach, Frazee relates. The team implemented an [InRule](#) (Chicago) rules engine and replaced most hard-coded underwriting and business rules; it centralized its existing [CSC](#) (Falls Church, Va.) PMS Series II rating engine; it developed a dynamic content system based on [Thunderhead's](#) (Hertfordshire, U.K.) technology, which generates content on the fly; and it implemented a [Lombardi](#) (Austin, Texas) business process management engine capable of monitoring and orchestrating process changes without the need to write code, Frazee reports. Other vendor solutions adopted include [TIBCO's](#) (Palo Alto, Calif.) Staffware workflow engine and [Progress Software's](#) (Bedford, Mass.) Sonic enterprise service bus.

West Bend drew upon the capabilities of Milwaukee-based technology consulting firm Trissential for project maturity leadership and technical resource augmentation. "As we progressed with the project, service development required a mature understanding of SOA concepts," Frazee explains. "SOA projects can have a steep learning curve, and we needed to supplement our experience with external expertise to help us be successful."

Following a successful proof of concept, West Bend Mutual's IT team delivered successive iterations of system capabilities, incorporating new services into the application with each stage, Frazee says. The final solution went into production in a subset of the states where the carrier does business early in the second quarter of 2009, with the rest of the states following before the end of the quarter. "We are currently building out more phases of our SMART Business small commercial product line using these technologies while automating as much of the underwriting processes as possible to minimize IT involvement," Frazee relates.

Given the typically smaller-risk/premium nature of the SMART product line, automation is vital in making the business profitable, Frazee stresses. "West Bend Mutual has been able to expand the small commercial classes of business that we write by 30 percent," he notes. "So far we have sold over \$6 million in new business premium using this automated solution."

West Bend Mutual plans to leverage the services it has built across commercial lines as well as other lines of business, according to Frazee. "From an IT perspective, this will help us to retire legacy applications and decrease our maintenance costs," he comments. "From a business perspective, these services have enabled efficient processes and the ability to make changes more rapidly."

The carrier expects to surpass the \$15 million it has invested in the system in new small-commercial business written within two years. ROI based on net profit will take longer, Frazee notes. "Our investment in these technologies and services were not only ROI-driven but also undertaken for long-term technology currency, nimbleness and competitiveness," he clarifies. "Overall we will invest around \$20 million to complete this entire suite of SOA-based solutions, which will position our commercial lines division for long-term profitability."

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