



TOKIO MARINE

CASE STUDY

TOKIO MARINE HCC

Tokio Marine HCC is a leading specialty insurance group with offices in approximately 180 countries, including the United States, the United Kingdom, and continental Europe.

With more than 100 classes of products and services, Tokio Marine offers coverage across a wide range of fields, including Cyber Liability, Tech Errors & Omissions, Employment Practice Liability, Healthcare Professional, Innovative Product Solutions, Miscellaneous Professional Liability, and Reinsurance & Programs.

In 2019 Tokio Marine acquired NAS Insurance Services, which became its cyber and professional lines group.

THE CHALLENGE

Tokio Marine insures and protects businesses with its cyber and professional liability insurance products. Doing so, however, is no easy task. To remain competitive and compliant, Tokio Marine must keep up with new rates and rules for its extensive portfolio of insurance products.

These updated rules and rates typically stem from policy and pricing adjustments based on incoming claims data, updates to product ratings, new products, and regulatory changes. In fact, cyber insurance uses hundreds of various inputs to determine the rating and underwriting of a policy, and each input adds a layer of complexity to the policy.

Tokio Marine's aging underwriting and broker portal, Q, made an already challenging process even more daunting. The system required extensive configuration and all logic within the application was hard-coded – dramatically extending the time required for change cycles. Additionally, much of the rating logic sat inside Excel spreadsheets, and all rating data, logic, and decisions were transferred back and forth between spreadsheets and Q. Meanwhile, the rules for whether Tokio Marine would accept the risk of a specific customer, or the premium for the customer, sat inside a Word document. As a result, each product modification required manual adjustments and required a very tedious and time-consuming process; introducing new products was even more challenging. In fact, it was estimated that it took nearly 40 minutes to complete one policy.

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With a desire to retain its leader position in the market and bring its products to market more quickly, Tokio Marine knew it was time to embark on a digital transformation journey and overhaul its policy administration platform.

PROJECT OVERVIEW

Known internally as SNAP, the platform modernization project initially kicked off with the NAS Insurance Services team. Envisioned from the start as part of a greater digital transformation effort, Tokio Marine intended for SNAP to replace Q as its underwriting and broker portal solution and do away with Word documents and Excel spreadsheets.

Additionally, Tokio Marine urgently needed the SNAP upgrade to keep growing its business without constantly expanding its staff. Before the SNAP project began, staffing would increase in tandem with the insurer's volume of business, which wasn't sustainable. SNAP needed to be built from the ground up and transition Tokio Marine from slow and manual processes to those that were faster, more flexible and allowed them to build in a significant amount of complexity. The team also knew they wanted to implement one single platform that could accommodate any product, no matter how complex the rules and product. Finally, Tokio Marine wanted to create a platform that could scale, one that could ultimately accommodate the addition of all product lines.

With all this in mind, Tokio Marine sought a decision platform that could help enhance auto-rating and underwriting, launch new products, and advance its overall digital transformation efforts.

SOLUTION

After an extensive search that evaluated multiple decision platforms, the Tokio Marine team selected InRule Technology as the foundation for its digital transformation and to revamp its auto-rating and underwriting application. Tokio Marine chose InRule due to the complexity that the company's decision platform could handle. Additionally, InRule's ability to allow users to write rules with ease and execute decisions at scale were significant factors in Tokio Marine's selection.

After working with InRule's professional services consultants, the Tokio Marine team was able to stand up its auto-rating and underwriting applications for its cyber insurance product. The solution has two cloud-based rule applications, one for auto-rating and one for auto-underwriting.

The auto-rating application of the SNAP platform has several

components. The application first receives inputs from the consumer application; this data is stored in Tokio Marine's database and transferred via an API from the consumer application to the SNAP platform. Then, based on the consumer's inputs and various other factors, specific rating rules are applied, and a decision is made for the rate or premium that policy should receive. Finally, a quote is produced.

Similarly, the auto-underwriting side of the SNAP platform takes in hundreds of inputs, including application inputs and those related to standards and regulations. The logic is then run against these inputs, and the decision platform arrives at an outcome; the decision might consist of whether an application gets approved and what other questions may need to be answered based on the decision.

Furthermore, as a result of launching the SNAP platform with InRule, the cyber lines application submission flow is up 78% year over year. "Without InRule, there's no way we could handle this volume," Kinsley said. "Today's market is more challenging than ever for insurers; customers are shopping around more due to significantly higher prices, and there's no way that we could be generating the number of quotes for that kind of growth without InRule."

The SNAP project for the cyber insurance line has been so successful that Tokio Marine has consistently added more and more of its product line to the InRule platform. In fact, more than 90% of the Tokio Marine Cyber and Professional Lines business unit now runs on the InRule Decision Platform. The InRule Decision Platform handles such a large volume of Tokio Marine's Cyber and Professional Lines business unit, it was estimated that thousands of rules run through InRule every hour as the team processes quotes.

NEXT STEPS

Tokio Marine's plans with InRule are very clear: continue to reduce reliance on legacy approaches and modernize more of the business unit with the InRule Decision Platform. The team continues to plan for the migration of subsequent business units to InRule. "The initial implementation of the cyber and professional lines unit onto the InRule platform went so well, it only makes sense to continue to add," said Kinsley.

95% of InRule customers would recommend InRule to a colleague.

Learn more about how InRule saves its customers an average of \$1,485,150 and why 95% would recommend us to a colleague. Visit <https://www.inrule.com/resource/value-of-inrule>.