

○ **PRESENTATION: The road to modernization: how insurance core technology is changing**

Dan Woods, ceo, **Socotra**

The Road to Modernization

How Insurance Core Technology is Changing

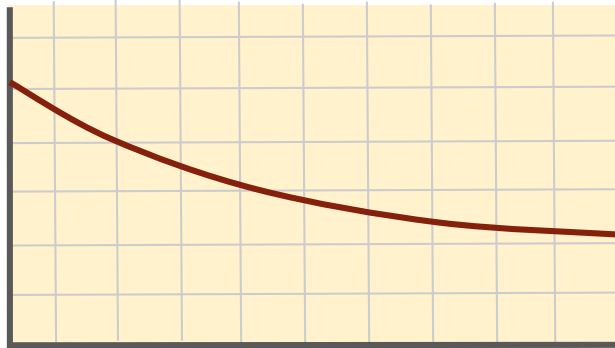
Dan Woods

CEO, Socotra

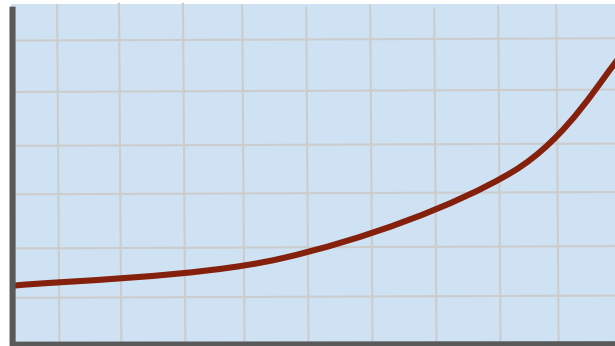


What Everyone Knows: Change is Accelerating

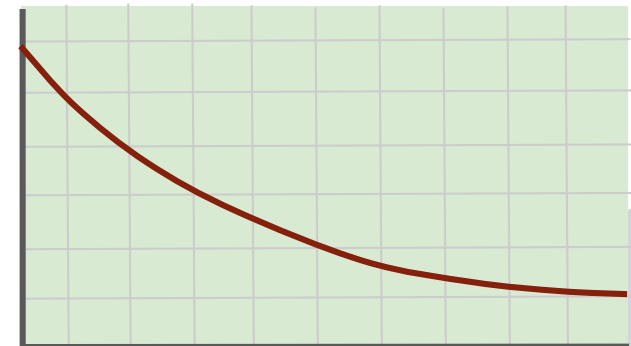
A wave of changes in the next decade will create new winners and losers



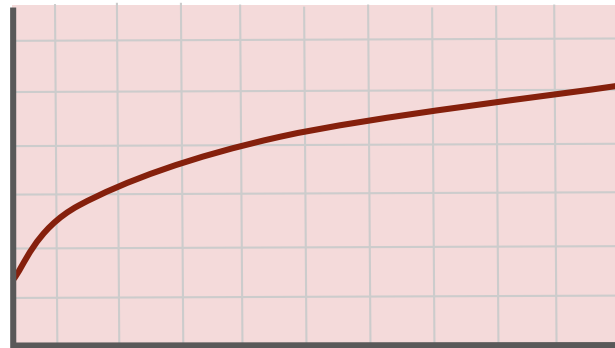
Expense Ratio



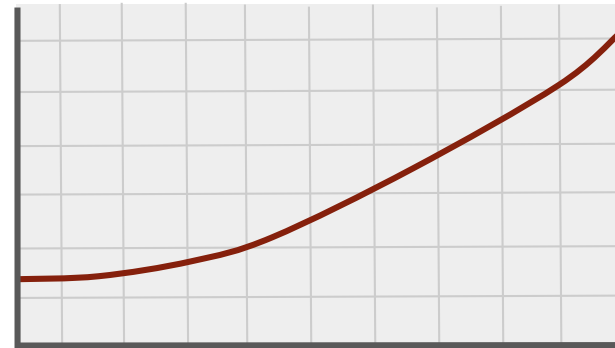
Number of Products



Product Time to Market



Number of Distribution Channels



New Technologies to Evaluate



There is a Fast-Changing InsurTech Reality.

<p>Product Insurance (15 Companies)</p>	<p>P2P Insurance (24 Companies)</p>	<p>Consumer Platforms (23 Companies)</p>	<p>User Acquisition (28 Companies)</p>	<p>Insurance Investors (21 Companies)</p>	<p>Reinsurance (12 Companies)</p>
<p>Insurance Comparison/Marketplace (137 Companies)</p>		<p>Insurance Technology Contact info@venturescanner.com to see all 535 companies</p>		<p>Insurance Infrastructure/Backend (108 Companies)</p>	
<p>Auto Insurance (76 Companies)</p>	<p>Health Insurance (63 Companies)</p>	<p>Enterprise Insurance (50 Companies)</p>	<p>Life, Home Insurance (39 Companies)</p>	<p>Insurance Data (51 Companies)</p>	

Venture Scanner

New Technologies

- Vehicle Telemetry
- Internet of Things
- Episodic Insurance
- Blockchain
- New Data Sources
- Social Media
- Mobile Claims Apps
- New Agent Networks
- Artificial Intelligence
- Comparison Websites
- New Health Data
- Satellite Imagery
- Lending Economy
- ...and on...and on.

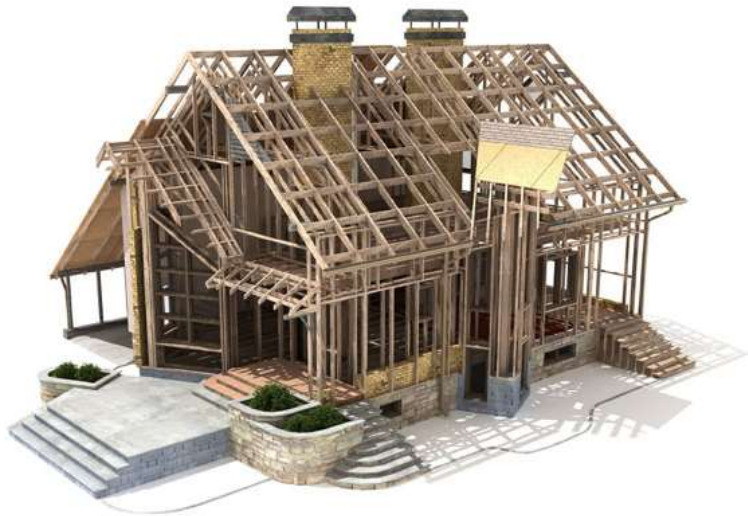
Problem:

Existing Core
Technology is
Not Ready



IT Maturation Journey

1 Crafting



2 Configuring

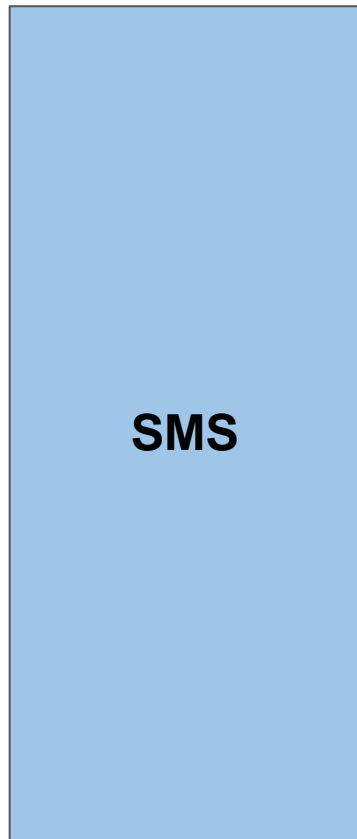


3 Connecting



progress

Case Study: Mobile Messaging

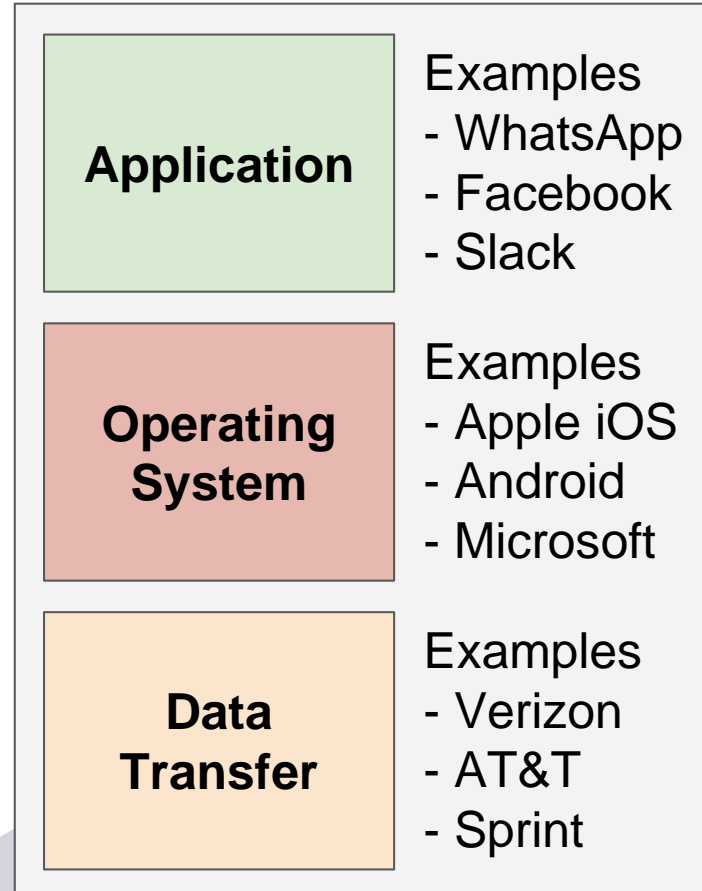


Monolithic Approach

Features:
160 characters

Cost:
Pay per use

Innovation:
Static product



Modern Approach

Features:
Boundless

Cost:
(Almost) Free

Innovation:
Unlimited

Typical Current Carrier Architecture

Abstraction Layer	Components		
Innovation Layer	Inflexible Innovations and Integrations with External Technologies		
“Core” Layer	Underwriting System	Policy Administration System	Claims System
Server Room			



Example Core Design Principle #1

Data-Model Centric Design

A new generation of technology platforms now prove data-model-centric design outperforms feature-centric design.

- Define the data model in one place.
- Store in one place.
- Access and integrate everywhere.

Feature Centric

Underwriting



+

Policy Administration



+

Claims



REPLACED BY

Data Model Centric

Cloud Infrastructure



+

Core Platform



+

Third Party Integrations



App Store

Example Core Design Principle #2

Dynamic Object Model

Singular core data store table with versioned, dynamic fields.

Searches occur via external indexing, *not* hard coded database lookups.

ID	First Name	Last Name	Phone	State	Zip
0001	James	Benson	650-817-3917	CA	94183
0002	Katherine	Wyman	810-233-9550	MI	48508
0003	Jose	Garcia	617-898-7183	MA	02191

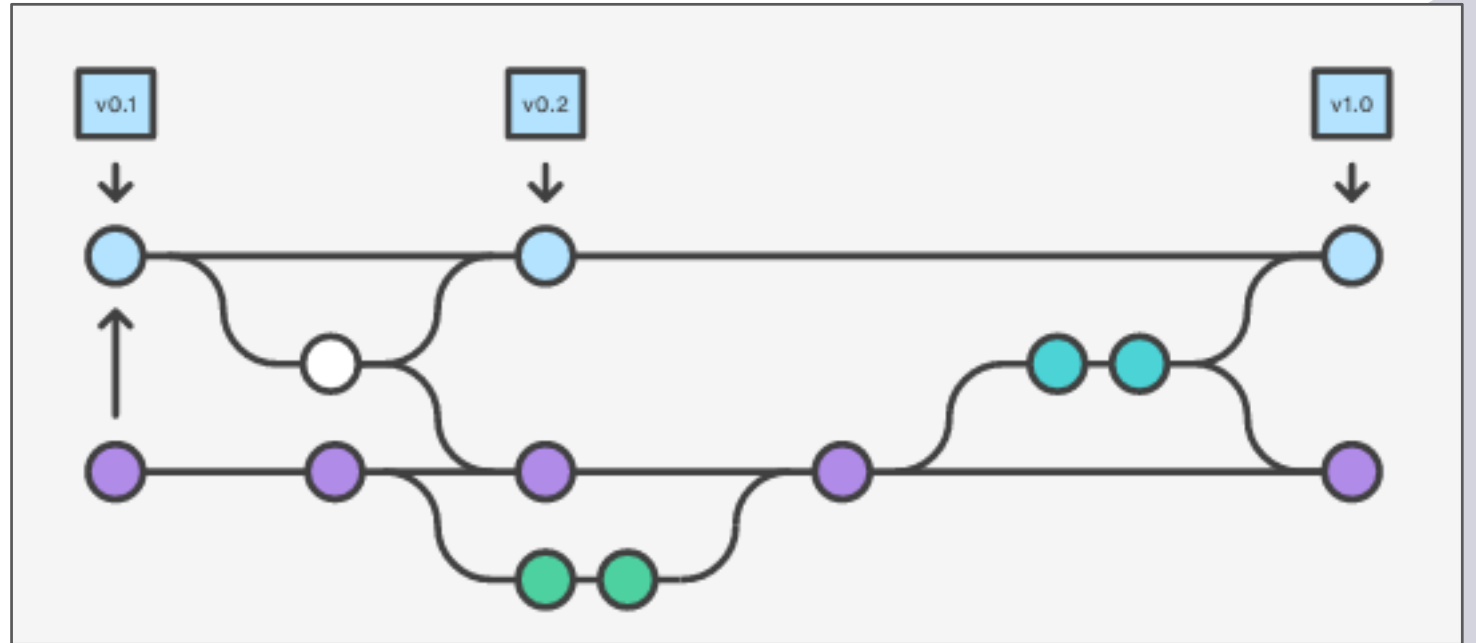
ID	Version	Dynamic Data Record
0001	00001	First Name = James, Last Name = Benson, ...
0002	00001	First Name = Katherine, Last Name = Lee, ...
0002	00002	First Name = Katherine, Last Name = Benson, ...

Example Core Design Principle #3

Manage Configuration as Code

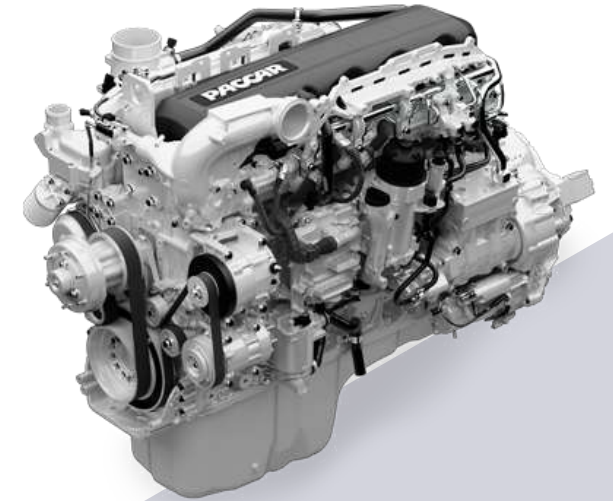
A new generation of tools enables rapid, safe, collaborative software development.

Manage insurance product like an software product, and leverage decades of best practices.



Possible Next-Generation Carrier Architecture

Abstraction Layer	Components
Innovation Layer	Mobile Apps, BPM, AI, IOT, Blockchain, etc
Business Layer	Product Definitions, Reports, Document Generation, Forms, Ratings
Data Layer	Object Model, Auditability, Import/Export
Cloud Layer	Storage, Backups, Redundancy, Scaling, OS, Upgrades, Security



Benefits of a Modernized Approach

Agility - Ability to swap components in isolation allows for faster, cheaper, and more testable changes.

Quality - Specialized vendors can productize non-differentiating functionality, allowing for higher quality at lower prices.

Efficiency - Rather than spreading engineering effort all over the stack, this approach allows insurers to concentrate resources on differentiating technology that provides competitive advantage.

Maintainability - Product vendors automatically provide ongoing upgrades, keeping current with security vulnerabilities, regulatory changes, and newly available underlying technologies.

Upgrades - As vendors improve their offerings in competition with each other, their customers are the beneficiaries of perpetual new features--with no downtime.



Winning Carriers Will Discover and Nurture

...Not Buy or Build



Advice to Carriers: Concentrate on Core, not Hype.

...and relax.

...a little.



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Thank You!

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