



Driving ROI

Insurity Workers' CompXPress
The Business Case for Workers' Compensation
Insurers

The Business Case for a Workers' Compensation System

Workers' compensation premiums continued to drop in 2019 as regulator-imposed decreases in loss costs and competition resulted in a 2.2% year over year drop in direct premiums¹. Managing different workers' compensation regulations by jurisdiction only adds to the complexity of operating in this market. In order to protect profitability, workers' compensation insurers must simultaneously keep pace with regulatory changes and expand into new types of clients, types of benefits and locations, all while improving efficiencies throughout the entire lifecycle of a policy. Tools that simplify the application, quote, and renewal processes are in high demand to help streamline ratings and plans and improve the policyholder and agent experiences. Insurers who can get quotes out faster and have better access to data and analytics can increase DWP, expand market share, and reduce loss ratio.

Hobson & Company, a leading research firm focused on return on investment (ROI) studies, worked with Insurity, a leading provider of cloud-based insurance management software solutions and data analytics, to explore these challenges and learn how industry leading insurers, brokers, and MGAs are responding. Hobson & Company conducted independent research consisting of in-depth interviews with Insurity's Workers' CompXPress clients and found that Workers' CompXPress addressed specific client challenges to deliver a quick and compelling ROI.

Based on this analysis, an average workers' compensation insurer with DWP of \$63m, 10 underwriters and 25 claims managers would see a payback in 7.9 months and generate an ROI of 69% with Workers' CompXPress. The goal of this research study and paper is to highlight examples of validated use cases where the impact of Workers' CompXPress is not only strategic, but measurable based on key metrics confirmed by current users.

Insurers' Challenges

Insurers interviewed for this study noted that there are consistent operational and growth challenges for workers' compensation insurers. Below is a list of some of the most universal concerns.



Suboptimal underwriting, claims, and auditing processes

Integrating and importing data from multiple systems and screens was a challenge cited by many of the insurers. Insurers expressed frustration about the time-consuming manual processes required for quoting business, processing claims and conducting premium audits without a comprehensive system with integrated policy, billing, claims, and portal capabilities.



Complicated growth challenges

Attempts to write in new states or expand coverages offered are complicated by slow to respond or antiquated workers' compensation systems. Employees, agents, and policyholders expect access to online portals to conduct business—capabilities which many older systems do not offer.



Difficult to control business risk

Insight into improving loss ratio and taking on better risk is difficult without analytics that are driven by portfolio risk, exposure and claims data. Insurers also spend a significant amount of time and resources keeping current with regulatory changes and reporting to regulatory agencies, which eat into the resource and investment dollars available to focus on growth or improvements like advanced data analytics.

¹ Source: <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/56211739>

Client research identified the benefits of Insurity's Workers' CompXPress solution across three broad business objectives:

Streamline Underwriting Operations

Reduce time spent underwriting new business and renewals and communicating with agents

Clients interviewed confirmed that using Workers' CompXPress' integrated workflow tools automated underwriting rules by allowing agencies to bind and issue policies automatically if rules are met.

Clients interviewed reported:



↓10%

REDUCTION in time spent underwriting new business and renewals and communicating with agents

"All the information is right there for the underwriters including document storage and references.

Underwriters can quickly attach documents to emails saving them each at least 1 hour per day."

- VP, Finance

Reduce time spent on claims

Clients noted that Workers' CompXPress streamlines the claims process by leveraging workflow tools and building business rules to automate processes for claims plan setup, statement creation, premium collection, and commission payments.

Clients interviewed reported:



↓25%

REDUCTION in time spent on claims

"Because the UI and screen layout for Workers' CompXPress is so easy, it saves us 7 minutes per claim."

- Business Analyst

Reduce time spent on premium audits

With Workers' CompXPress, both internal and vendor audits are automated by creating bulk audit requests and importing audit exposure via XML based on pre-determined rules. Rules can also be leveraged to determine which audits to waive, which to perform via mail, and how to assign the remaining onsite audits.

Clients interviewed reported:



↓25%

REDUCTION in time spent on premium audits

"Workers' CompXPress is more accurate, saves us time, and involves fewer clicks during premium audits."

- VP, Policy Administration

Drive Growth

Increase DWP with greater variety of products, easier expansion into new states, and improved competitiveness

Insurers looking to grow into new states and add new products can be hindered with an out-of-date workers' compensation system. But Workers' CompXPress supports multi-state and multi-location entries. It can produce multiple quotes per application based on different workers' compensation plans, allowing business users to add new states, products, and forms, without IT involvement.

Workers' CompXPress also allows agencies and policyholders to access information and reports, process applications, receive quotes, pay bills, enter payroll for billing, and enter first reports of injury with a modern, intuitive portal.

Clients interviewed reported:



↑2%

INCREASE in DWP from added competitiveness

*"It only took 4 days to add all the configuration necessary for the 4-state expansion."
- Business Analyst*

Mitigate Risk

Reduce loss ratio with better analytics and control

Insurers continuously strive to minimize their loss ratios. Workers' CompXPress' enhanced loss prevention capabilities allow insurers to take on better risks by monitoring and analyzing current claims and renewals with built-in safety control programs that highlight where clients and renewals aren't complying with loss control.

Clients interviewed reported:



↓1%

DECREASE in loss ratio with better analytics and control

*"Workers' CompXPress has improved our efficiency in handling policies so our claims adjusters can do more 'close hand holding'. As a result, without Workers' CompXPress our loss ratio would be 30% higher."
- Business Analyst*

Reduce time on regulatory reporting

Insurers must comply with a number of strict regulatory reporting requirements. By using Workers' CompXPress, keeping current with regulatory changes is automated and the claims workflow process is improved with document/form generation and automatic reporting for EDI (electronic data interchange), state specific FROI (first report of injury), CMS, WCOSL and WCSTAT, payments, and provider management.

Clients interviewed reported:



↓20%

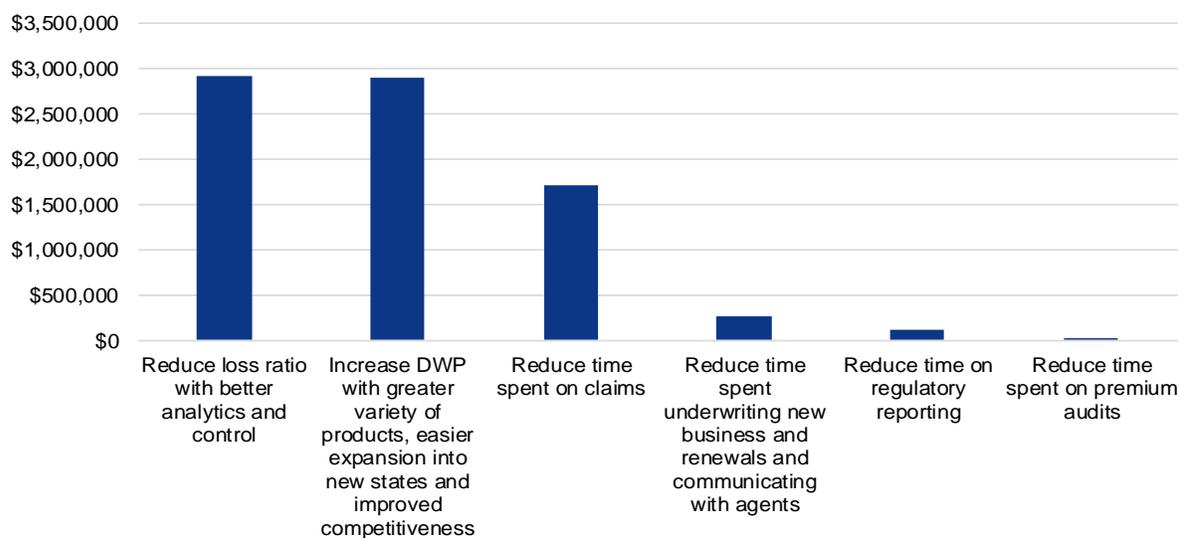
DECREASE in time spent on regulatory reporting

*"Workers' CompXPress is more efficient...The reports are always correct, and we do not need to spend time fixing them."
- VP, Finance*

SUMMARY

A total of 6 discrete Workers' CompXPress benefits were identified during the client interviews for this research paper. Below is a summary of the benefits and their potential 5-year value to an insurance carrier with \$63,000,000 in premiums per year, 10 underwriters, 25 claims managers, 1 premium audit manager and 1 regulatory manager.

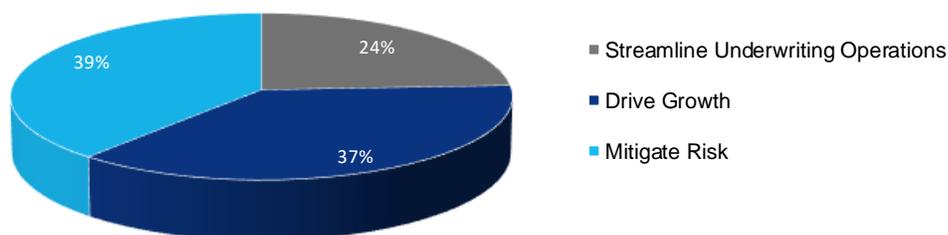
Workers' CompXPress Benefits



The value of Workers' CompXPress is immediate and demonstrable. For this sample insurance carrier, an initial investment of \$840,000 generates a positive return in 7.9 months with annual benefits exceeding \$1,700,000 per year. The 3-year net present value (NPV) and return on investment (ROI) are strong at \$1,500,000 and 69%, respectively. The key financial metrics for the sample company were calculated by standard methods and are shown below. The NPV calculation assumes a 10% cost of capital.

Financial Metric	5 year value
Payback (months)	7.9
ROI	69%

Benefits by Value Driver





About Insurity

Insurity is a leading provider of cloud-based core system solutions and data analytics for the world's largest insurers, brokers, and MGAs. Through its best-in-class digital platform and with unrivaled industry experience and thought leadership, Insurity is uniquely positioned to deliver exceptional value, empowering clients to focus on their core businesses, optimize their operations, and provide superior customer experiences. With users worldwide and more cloud-based deployments than any other core system provider in the insurtech space, Insurity is trusted by 15 of the top 25 property/casualty carriers in the US. For more information, visit www.insurity.com.



About Hobson & Company

Hobson & Company helps technology vendors and purchasers uncover, quantify and validate the key sources of value driving the adoption of new and emerging technologies. Our focus on robust validation has helped many technology purchasers more objectively evaluate the underlying business case of a new technology, while better understanding which vendors best deliver against the key value drivers. Our well researched, yet easy-to-use ROI and TCO tools have also helped many technology companies better position and justify their unique value proposition. For more information, please visit www.hobsonco.com

Disclaimer: The return-on-investment (ROI) and other financial calculations expressed in this research paper are based on data provided by Workers' CompXPress clients and various assumptions and estimates only. The actual ROI realized by clients may vary from the estimates provided. Insurity offers this research paper to assist clients with evaluating workers compensation solutions, however, Insurity and Hobson & Company (the firm that performed the research study and created this document) are not responsible for the accuracy of any estimates.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or any retrieval system, without the written permission of the copyright holder. © Hobson & Company, 2020. All rights reserved. All other marks are the property of their respective owners.