equisoft

How fraternal insurance carrier GCU transformed into a pioneer of digital transformation

Introduction

The following case study examines how GCU implemented Equisoft/manage as part of a their strategic initiative to reduce operational & technology costs by implementing a state-of-the-art, cloud hosted, digital policy administration system for their members and agents.

The Challenge

GCU needed to upgrade its core legacy policy administration system to enhance member and agent experience.

Like many insurance companies, GCU — a 127-year-old fraternal benefit society located in Beaver, Pennsylvania — had an aging core policy administration system that was hindering its ability to effectively service its members.

Over the years GCU had introduced fixes and upgrades to their aging infrastructure to enable continued service of their insurance business. Unfortunately, as their legacy core policy administration system became dated, just maintaining the status quo required an ever-increasing amount of time, effort and cost.

A big issue for GCU was not just maintaining an aging infrastructure, it was also the daunting reality that their existing core systems would not enable them to build the innovative digital customer experience the leadership team identified as crucial to their future growth.

Legacy system bottlenecks

The technology challenge for GCU was that their old legacy platforms made it difficult to develop new policies tailored to the new audience they were looking to attract. The older PAS slowed the rate at which product changes could be made in response to market shifts or regulatory changes. And, beyond causing drag on speed-to-market, they lacked the ability to effectively share data with modern sales and service solutions in real time-which was a stumbling block to creating superior digital agent and member experiences.

Digital customer experience is the core business driver

For GCU, creating a world-class online experience for their members and agents had become critical. At the time their current policy administration system was first implemented, online digital customer service was not yet a reality. Back then, organizations were more concerned with improving speed to market and reducing manual processes.

Today, those same business drivers are still important. However, customer experience has risen to the top of everyone's priority list — largely driven by three factors:

▶ Many insurers are struggling to increase market share which makes acquiring and retaining customers more important than ever

▶ Shifting customer expectations due to other non-insurance online shopping and buying experiences

▶ In the fraternal market, demographic evolution means that new generations of potential fraternal members are less connected to their historical cultural roots. Fraternals are looking for ways to attract these 3-4th generation Americans.

In response to these changes and input they received from their members, GCU identified several project key business drivers.

GCU's approach to vendor selection

In order to deliver on their business priorities, GCU would need to replace its legacy policy administration system and implement a state-of-the-art online experience for their members and agents.

The first step in GCU's digital transformation journey was to define their needs for the new system and engage in an extensive market analysis and vendor selection process.

GCU's key requirements included a modern, rules-based policy administration system that was integrated with the front-end tools (like eApps and a solution for converting paper applications to digital form).

After identifying potential vendors who had policy administration platform and implementation experience, GCU set in motion a traditional RFP process. They took the time to exhaustively explore the suitability of each vendor and their solution. They then moved forward with a short list of vendors and conducted onsite presentations that included demos and extensive discussions of the various solutions.

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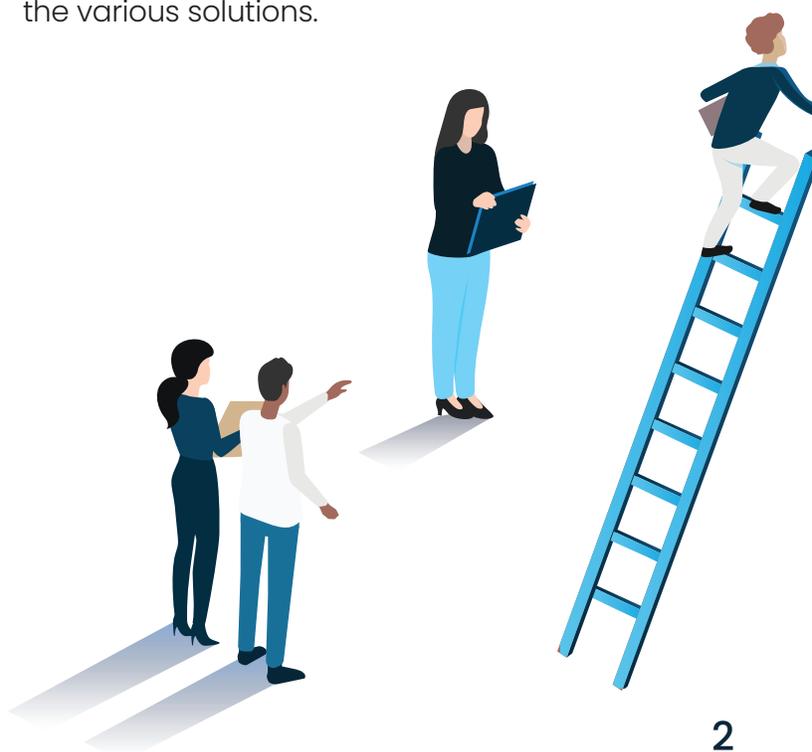
Why GCU chose Equisoft

After a detailed due diligence, GCU selected Equisoft as their modernization partner, citing their extensive experience, proven implementation methodology and comprehensive cloud solution. Equisoft's ability to deliver integrated back-office systems and front-end tools was key differentiator versus other vendors.

As a result of their search GCU selected the Equisoft/manage solution, featuring the Oracle Insurance Policy Administration (OIPA) platform with its end-to-end policy admin capabilities. It was clear that the new rules-based system would make it easy to make changes and create new products. And its integration with the digital front-end tools from Equisoft would support the delivery of world-class customer experiences they desired.

One of the advantages of choosing Equisoft/manage is that it's a cloud-based SaaS solution. This means that GCU doesn't have to commit a lot of resources to maintenance and on-going support of the technology and can focus on their core business of delivering valuable life insurance products to their members and agents.

Implementing Equisoft/manage

GCUs digital transformation involved launching 2 new products on the new OIPA PAS, standing them up in the cloud and migrating existing policies off the legacy systems so they could be retired.

The implementation happened in phases:

▶ **August 2020**
Launch their Final Expense product on Equisoft/manage (including AppCapture and Equisoft/apply) and integrate with Milliman and MIB.

▶ **October 2021**
Once the Final Expense product was stood up in Equisoft/manage the next phase was to launch a new fixed index annuity product.

▶ **2023 Plan**
Migrate old policies off the legacy PAS and into Equisoft/manage in 2022.

▶ **2023 and beyond**
Explore launching new term, annuity and whole life products on Equisoft/manage.

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Results

Equisoft manages GCU's entire PAS infrastructure

GCU went live on August 1 of 2020 with a brand new final expense product on the Equisoft/manage system.

- ▶ They are processing 450-500 applications per month.

- ▶ More than 4000 policies are now active in the PAS.

Not only does Equisoft/manage the new system and conduct all updates as required, but they also manage production support. This means that Equisoft creates new products for GCU - for example a new fixed index annuity has been created and is now live in production on the new PAS.

Integrations have enabled automated underwriting

- ▶ The solution was successfully integrated with Milliman and MIB to enable automated underwriting on over 600 policies a month.

- ▶ KYC integrations cut back on a lot of the manual entry that was previously required.

Policy approvals happen same day

Policy applications can be submitted via paper and then converted to digital within Equisoft/manage using appCapture. Or they can be submitted directly via the integrated Equisoft/apply solution.

With the new infrastructure, Straight-through processing of applications has greatly reduced time to issuance. If the applicant meets the age and physical requirements, then STP enables same day approval. So long as the rules of order check, the process is completely automated.

The old 20-day process that involved intake of paper apps and processing through underwriting, now takes one to two days.

On average about 50% of new business is handled through automated, straight-through, hands-off processing.

Cloud Pioneers

GCU are now one of the pioneers in the US in taking their PAS to the cloud.

And that's a great go-to-market message. Being an industry leader in technology and digital processes enables them to retain current members who can be sure the company is focused on the future - and it also makes it more appealing to the new generations of mover tech-savvy, digital-born consumers.