

## Auto-Owners has become a Duck Creek enthusiast



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Duck Creek's two-week challenge and successful Proof-of-Concept make them Auto-Owners' rating solution of choice.

### Auto-Owners Insurance Company Overview

The Auto-Owners Insurance Group ranks among the largest in the United States, with over 4.1 million personal, commercial and life policies in force. The Companies also enjoy the highest possible ratings assigned by nationally recognised independent rating authorities. The Lansing, Michigan corporate office services not only Auto-Owners Insurance Company, but its subsidiary companies: Auto-Owners Life Insurance Company, Home-Owners Insurance Company, Owners Insurance Company, Property-Owners Insurance Company and Southern-Owners Insurance Company.

Auto-Owners success evolves from its loyal agents, policyholders and associates. The Companies are represented by more than 5,400 independent agencies, selling personal lines, commercial property/casualty, as well as life, health and annuity insurance in 23 States.

### The Business Challenge

Auto-Owners Insurance had been using a CICS mainframe-based, third-party rating engine with its in-house developed policy administration systems. Although the third-party rating engine had served them well over the years, the company realised that it was extremely limiting in helping Auto-Owners achieve its goals of moving toward more web-oriented services and having the ability to more quickly introduce new products to market, make rate changes and easily expand to new States.

### The Solution Search - a false start with valuable lessons learned

Given the company's familiarity and comfort level with the mainframe environment, its first inclination was to find a new mainframe-based rating engine. The company focused its search and evaluation efforts only on mainframe solutions, finding only one worth consideration. It appeared to provide the desired web capabilities, was written in Java and was technically capable of running on the mainframe.

Auto-Owners entered into a Proof-of-Concept (POC) test with the new mainframe rating engine but in the process realised that the product was not really designed as a true rating engine and required far too many changes just to get through the POC.

Due to the difficulties and product deficiencies uncovered during the mainframe solution POC, Auto-Owners decided to abandon this particular offering. However, the POC effort did provide great benefit to the insurer's evaluation and learning process. While Auto-Owners had limited its initial search to only mainframe-based products, during the POC they actually ran the test in both mainframe and server environments, discovering that they received just as good or better response from the latter. This newfound knowledge broadened the search to include server-based solutions.

Auto-Owners learned about Duck Creek prior to its first mainframe POC but did not give them serious consideration since the initial search was limited to mainframe options. The broadened search to include server-based technologies, combined with additional information and industry buzz about Duck Creek's solution obtained at the ACORD Conference, prompted the call to Duck Creek.

### Choosing Duck Creek

Duck Creek was extremely responsive, coming on-site and providing an extensive demo. But, beyond the demo, Duck Creek also posed a challenge. It offered to incorporate Auto-Owners' rates and formulas into the Duck Creek system and, in two weeks time, show the system up and running.

#### Duck Creek product(s) used:

EXAMPLE Platform®  
Product Suite:

EXAMPLE Author®

EXAMPLE Server®

Given the unsuccessful experience with the earlier Proof-of-Concept with another vendor, Auto-Owners was at first sceptical of Duck Creek's POC offer. While the size of the Auto-Owners rate tables, amount of rate data and complexity of rating was quite a challenge, Duck Creek successfully demonstrated Auto-Owners rates up and running in just two weeks. Auto-Owners was impressed with this early success and decided to move forward with Duck Creek for a more extensive Proof-of-Concept.

The test was a complete success, starting in March and completing in August 2003, including all contract negotiations. Duck Creek references were consulted as part of the process and the consistently positive feedback only made the decision an easier one for Auto-Owners.

As a result of the Proof-of-Concept, the Auto-Owners staff and users not only became more comfortable with the solution and technology, but also used the opportunity to assess the professionalism and knowledge of the Duck Creek team.

### **The Implementation - Auto-Owners prefers a 'do it ourselves' approach**

Auto-Owners is a company that tends to be self-sufficient and rely on the vendor as little as possible. While its staff had a great deal of experience in the mainframe environment, they had little experience in a server environment like Duck Creek's and no experience with the XML data structure. It also took some time to develop the interfaces for the in-house developed, mainframe policy administration system.

Duck Creek provided one week of training, which gave the Auto-Owners staff a good base of knowledge to accelerate the development of their own expertise on the system. In order for the staff to gain the desired knowledge, proficiency and self-sufficiency, Auto-Owners understood the need to work through the learning curve and leverage the Duck Creek staff. The Auto-Owners Actuarial and Programming staff were enthusiastic and anxious to develop their new skills.

Today, Auto-Owners is in production with Duck Creek rating for Personal Automobile, Commercial Automobile, Personal Property, Personal Umbrella and Commercial Umbrella in several states with the goal of completing the conversion to Duck Creek during 2006.

### **The Results**

Benefits that Auto-Owners has attributed to the Duck Creek system include:

- Ability to more quickly develop new rate plans, incorporate rate changes and expand to new states.
- A much easier system for the business users.
- Provides potential for underwriting rules and scoring of policies.
- Provides for today's rating needs and into the foreseeable future.
- Provides the Web services technology infrastructure to take advantage of the Internet.

Not only is Auto-Owners Insurance a Duck Creek client but it is also an active participant on Duck Creek's Customer Advisory Board, helping Duck Creek to determine the strategic plans for the Platform.

### **Future Plans**

The Duck Creek solution is currently in production for both batch and online rating, with a plan in place to expand its use to include more States and more lines of business. Auto-Owners is also evaluating the Duck Creek system's potential use in other functional areas, for example, as a rules-engine for underwriting.

Additionally, Auto-Owners is working on the internal development of a Web-based system for new business and endorsements for its agencies. This system will also integrate with and expand the use of the Duck Creek system.



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