



# Union Mutual Improves Ease of Doing Business

Guidewire InsuranceNow in the Cloud Helps Engage Agents, Increase Growth, and Lower Costs

CASE STUDY



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—Jennifer Galfetti, Chief Financial Officer and Treasurer, Union Mutual

Union Mutual began operations in 1874 in Montpelier, Vermont. In the 140+ years since its founding, the company has grown to provide personal and commercial lines insurance to all six New England states and New York through independent agents.

Union Mutual is proud of its history and long-term partnership with its agents. However, being proud doesn't mean staying the same. In 2010, during the strategic planning process, it became clear to senior management that it was time for a change. “We had identified a number of key opportunities within our space and in the marketplace,” says Gary Ouellette, Executive Vice President. “One of those was going to be about making things simpler and faster for our agents and insureds. We knew we needed to adopt the right technology platform as a foundation for ease of doing business that would really place us strategically as a leader in the marketplace going forward.”

The decision to go with Guidewire InsuranceNow™ was multifaceted. “One part of it was just the pure functionality of the system—the user interface, the feel, the touch of the system, the way it worked,” explains Ouellette. “We knew almost immediately that the faster, easier functionality for agents was going to be there. The other driver was the partnership with the InsuranceNow personnel that we met. It wasn't just a vendor-type relationship. It was much more of a true partnership.”

The implementation team's process was also a factor. “We believed the InsuranceNow team could meet our very aggressive schedule,” says Bob MacLeod, Assistant Vice President of Information Systems. “We had a target date of going live by 2012 because we knew speed to market was critical to our success in achieving market leadership.”

So at the beginning of 2011, the teams began their aggressive and fast-paced implementation using Agile methodology, which was new to Union Mutual. “It was a culture change in our company,” continues MacLeod. “This implementation brought a lot of the departments together to work collaboratively. We put in place our project management office to coordinate the whole effort, and we were taking the lead on Agile methodology from the InsuranceNow team.”

Naturally, there are occasional missteps with such a large project, as MacLeod explains. “Looking back at our lessons learned, there were a few instances where we should have done a better job listening to the InsuranceNow subject matter experts, who really tried hard to keep us as close to base functionality as possible. We found that when we swerved from their advice, we ended up having to fix some things later on.”



## Union Mutual

### Headquarters

Montpelier, Vermont

### Operations

New England and New York

### Business Lines

Personal and Commercial P&C

### Employees

105

### Website

<https://www.unionmutual.com>

### Product

Guidewire InsuranceNow™

### Benefits

- Implemented full suite in eight months
- Grew direct written premium 60% and surplus 35% without adding much staff
- Enabled agent self-service
- Agents process more than 70% of all personal lines endorsements immediately
- Increased straight-through processing from 0% to 70%
- Saved 20% in annual software support and hardware costs
- Improved system performance times for agents, insureds, and internal users
- Significantly decreased analytics and query run times
- Lowered combined ratio

Despite challenges that are bound to come up during a project like this, Union Mutual went live with commercial lines in Connecticut on January 2, 2012, and continued rolling out the rest of the business in phases. “When I talk to my peers in the insurance IT marketplace, very seldom do any of us get to claim that we had an on-time, on-budget implementation,” says Ouellette. “This implementation was truly on time and on budget with the first line of business going live with full system functionality—claims, policy, billing, reporting data—within eight months. It happened because of our unwavering focus and drive toward the implementation timeline, and the support of the InsuranceNow team made that happen.”

“With InsuranceNow, we can focus on new lines, new states, moving forward, and being able to get input from our agents by asking, ‘Where can we make this process better? Where can we make it quicker? How do we make this work better for you?’ And then we’re able to quickly implement those tweaks and updates into the InsuranceNow system.”

—Gary Ouellette, Executive Vice President, Union Mutual

### Cloud Conversion

In 2011, InsuranceNow was offered either in the cloud or on premises, and Union Mutual chose the on-premises solution. However, in 2016 the insurer converted to the cloud offering. “We’d actually been looking at converting to the cloud probably for the past five years,” Ouellette remarks. “The reason for that is around sustainability, scalability, and, truthfully, security. Many of my peers would have argued five years ago that cloud wasn’t secure and it would be a long time before it was. What we found watching over the past three years is that cloud has become extremely stable, extremely scalable, very powerful, financially viable, and very secure. In fact, we’re finding that the top cloud providers are probably leading the world in security because they have to.”

Moving to the cloud has given Union Mutual peace of mind knowing that InsuranceNow system experts are managing the system. “We have some really bright people here who know technology, but we did not want to have that become the focus of our company,” says MacLeod. “We strive to be an insurance company that has strong technology. We wanted to leave the system in the hands of the people who not only knew technology, but knew where technology was going in the future and could help get us there.”

After moving to InsuranceNow in the cloud, Union Mutual is saving about 20% annually over the cost to maintain that infrastructure, software support, and hardware internally. While cost wasn’t the key driver of the move, it was impactful, according to Ouellette. The insurer’s drivers were sustainability and performance, and it has seen performance improvements in two areas since moving to the cloud. “One is just absolute consistency of performance for our agents, our insureds, and our users. There’s now very little lag in process, whereas in the past when we had heavy usage and we were self-hosted, we would see an impact on performance,” says Ouellette. “The other area is daily cycle processing times, which have shrunk noticeably.”

Union Mutual is now able to run its analytics and queries much faster than before its cloud implementation. “For example, we had a query that ran about 18 hours prior to moving to the cloud,” Ouellette continues. “And now, that query runs in about a minute or two. So being able to extract data quickly and efficiently enables us to provide the business leads with information that they need to make key decisions.”

### Operational Benefits, Agent Successes, and Measurable Results

“Since going live with InsuranceNow in 2012, our direct written premium has grown 60% and our surplus has grown about 35%—all without adding much staff,” says Jennifer Galfetti, Chief Financial Officer and Treasurer. “We are able to process more policies in a shorter amount of time, which means that we don’t need to increase our staff in correspondence with the direct written premium increase.”

Insurance Now has given Union Mutual the ability to process all work in one system. “Our underwriters are issuing policies. The underwriting files are there. When a claim occurs, users can go in and look at the underwriting file,” says Lisa Keysar, Executive Vice President and Secretary. “We’re moving documents back and forth between a policy and the claims. It’s giving the underwriters a much better look at the claims history, which helps them make decisions about policies. It’s breaking down the silos we had between claims and underwriting, and just having the information at one click—to get into the policy—has changed the way we interact in underwriting and claims.”

Another area of change since implementing InsuranceNow is straight-through processing (STP), explains Ouellette. “One of our original 2010 strategic goals was to really have a high percentage of straight-through processing, and our personal lines on InsuranceNow are currently flowing over 70% straight through the system, which is very impactful.”

STP has had even more impact in one of Union Mutual’s most important strategic goals: improving the ease of doing business for its independent agent network, including offering self-service. Prior to InsuranceNow, agents would fax, email, or snail mail a request for an endorsement, a process that could take several days to complete. In the InsuranceNow environment, agents self-serve and process over 70% of all personal lines endorsements immediately.

Attributing even more benefits to the improved agent functionality, Ouellette notes that, “We’ve actually seen an increase of about five points in our customer retention over our prior system, which we read to be the fact that, through InsuranceNow, our agents are actually having an easier time doing business with us. They’re able to interface with us in the way they want to interface with us, and there’s a corresponding increase in retaining clients and retaining policyholders.”

“Our agents can sit down, go online, process the quote, submit the application, issue the policy—even if their policyholder is sitting right there with them—and be able to hand them that declarations page,” says Trish Carter, Automation and Training Specialist. “It’s really what they need today. It’s just a fast-paced world. They want it now, and that’s what InsuranceNow enables us to do for our agents and our agents to do for their customers.”

All of these benefits contribute to an even bigger measurable result. “Our combined ratio has dropped over the past three years and continues to drop,” MacLeod says. “The system we have in place has really helped get us here.”

### The Future

Reflecting on how far Union Mutual has come, Ouellette says, “In our prior world with our legacy system, our focus was more around not breaking the system and keeping it running than it was about implementing anything new or efficient or forward-looking. With InsuranceNow, we can focus on new lines, new states, moving forward, and being able to get input from our agents by asking, ‘Where can we make this process better? Where can we make it quicker? How do we make this work better for you?’ And then we’re able to quickly implement those tweaks and updates into the InsuranceNow system.”

Ouellette fully expects Union Mutual’s business to continue realizing benefits. “InsuranceNow is our technology foundation for the future,” he says. “We feel very strongly that it will be that platform 10 or 15 years down the road for us that will grow as the marketplace continues to change and expectations continue to change. It gives us a lot of comfort as an insurance carrier to know that the partnership and technology are in place so that we can focus on doing the business of insurance.”

## About Guidewire

Guidewire delivers the software that Property and Casualty (P&C) insurers need to adapt and succeed in a time of rapid industry change. We combine three elements – core operations, data and analytics, and digital engagement – into a technology platform that enhances insurers’ ability to engage and empower their customers and employees. More than 260 P&C insurers around the world have selected Guidewire. For more information, please visit [www.guidewire.com](http://www.guidewire.com) and follow us on twitter: @Guidewire\_PandC.

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