

Arrowhead® Now Makes Rating Changes In Just Hours With DRC's DecisionMaker™ Rating.



Overview

Company Profile

Arrowhead Insurance, based in San Diego, California services a variety of insurance markets. Offering an impressive and extensive inventory of Programs and Products, Arrowhead has fast become one of the largest general agencies in the nation, expanding into more than 20 states in 20 years.

Business Situation

With added growth in their personal and commercial lines, Arrowhead's system did not allow the company to implement the product quickly.

Solution

Arrowhead implemented DecisionMaker Rating from DRC.

The Arrowhead Challenge

The good news was that Arrowhead was enjoying significant and rapid growth in both their Personal and Commercial lines. But, this growth didn't come without the proverbial growing pains. While their internally developed rating system had provided adequate support, the system did not allow the company to implement products quickly in their ever changing marketplace. In addition, they had a number of disparate policy administration systems, each with its own rating engine to maintain. Subsequently, Arrowhead's rating unit was tasked with being proficient in the use of multiple, unrelated rating systems.

With a defined need for a new rating system, Arrowhead first explored the internal development option, but they were impressed with how much the third-party rating solutions had matured over the past few years. While they gave the 'build versus buy' option considerable thought, they realized that an internal development effort, that could easily take two years or more, was not a viable alternative.



Software Solutions for
Smart Decision Making™

Selecting DRC's DecisionMaker Rating

With their 'buy' decision made, Arrowhead created a not-so-short-list of eight vendors, but quickly whittled it down to four vendors that warranted a closer look. They had some familiarity with Decision Research Corporation. Arrowhead had heard nothing but good things about DRC's policy administration system (DecisionMaker) from a nearby insurer who had installed DRC's System.

Since Arrowhead already possessed some knowledge of the four final vendors and had been tracking their solutions for some time, they were able to perform in depth evaluations of the finalists in just 45 days. One of Arrowhead's key objectives for the new rating system was to ensure that it provided a technology that could scale well, was dependable and could adequately handle their current and future business needs.

Upon completion of their extensive evaluations, Arrowhead decided on the DecisionMaker Rating solution. Some of the other solution options were more expensive and some less expensive, but Arrowhead felt that DRC's offering was the best value for the investment. The 'best value' opinion was validated further when DRC's references vouched for the company's ability to deliver quality products and services and meet their commitments.

Speed-to-market was critical to Arrowhead and they were confident that DRC could not only get them into production but do so in a short period of time. DRC also offered the technology, tools and expertise to enable Arrowhead to continue to deliver products to market

quickly and efficiently after the initial implementation was completed.

"A big DecisionMaker Rating selling point for us was that the system uses Microsoft Excel to model the rates. With our users already proficient in the use of Excel, we recognized how easy DecisionMaker Rating would be to use, and how quickly we could replicate programs for different states and different tiers. With Excel as the modeling tool, our users would be able to see all the rules for algorithms and underwriting – a nice capability that we didn't have in the past."

-Stephen Boyd

Vice President of IS, Arrowhead

Implementation of DRC's DecisionMaker Rating

Rather than having Arrowhead rush into a decision by committing to the DRC purchase, DRC, confident in the DecisionMaker Rating product, offered Arrowhead a creative "lease-to-purchase" option. Satisfied with the early results, Arrowhead entered into a license agreement for all divisions across the company's enterprise.

Arrowhead then sent both a business analyst and software engineer to DRC for hands-on training. Within a week of training, two Arrowhead products were developed: one personal auto and one commercial property product.

Since Arrowhead's technology architecture was already utilizing a Services Oriented Architecture (SOA) it was fairly easy to call an SOA rating service, like DRC's DecisionMaker Rating.

"We tagged teamed with Decision Research, working in parallel to simultaneously

"Auto was up and running in 45 days, quickly followed by commercial property in 60 days."

-Stephen Boyd

*Vice President of IS,
Arrowhead*

develop two lines of business; our personal auto and personal property. Auto was up and running in 45 days, quickly followed by personal property in 60 days.”

-Stephen Boyd

Results to Date

“With DecisionMaker Rating we estimate that we have doubled our daily output with business experts now aiding in the development of new products. Previously, everything needed to be done by our technical staff. The new system allows our teams to work together in a dynamic development environment to produce more products and states in a fraction of the time.”

-Stephen Boyd

Arrowhead estimates that new product development takes about half the time previously required. The time savings is primarily attributed to the ease of using Excel to create and manage algorithms, and using tables for the rules. Program Managers from the business side of Arrowhead can now be more involved in the product and rate development process than in the past. With Excel, the Program Managers can easily view and better understand the rates as they are being developed.

Additionally, Arrowhead notes that they are now able to make rate changes in just a matter of hours.

“What was even more impressive than the initial implementation was the fact that it was so easy to expand our products to additional states and other insurance carriers. We found that 75-80% of the algorithms were the same, so the ability to clone a state really slashed our development time. What might have

taken 1 to 2 weeks in the past, now takes just 2 to 3 business days. The business analysts love the system. Other solutions forced the analysts to learn JAVA or other types of code, but knowledge of basic algebra is all they need to effectively use DecisionMaker Rating.”

-Michael Gonzales

Director of Application Support, Arrowhead

In addition to delivering the speed-to-market capabilities that Arrowhead was looking for, DecisionMaker Rating also became an important component within Arrowhead Exchange, a portal site that offers Arrowhead’s agencies and customers the ability to quote, bind and service insurance products on-line.

Encouraged by the implementation success with the early product implementations, Arrowhead is now in the process of expanding their use of DecisionMaker Rating for their Workers’ Compensation lines of business. At the time of this Case Study, Workers’ Compensation Rating is being rolled out to production in 20 states.

Plans for the Future

Arrowhead’s future plans for DecisionMaker Rating is to expand the use of the system to replace as many of their current rating environments as possible.

“In concept, we’d like to see DecisionMaker Rating replace rating in all our divisions, but the reality is that some of the systems just don’t lend themselves well to uncoupling the rating component. – Unfortunately, an all too familiar situation with older systems.”

-Stephen Boyd

“What might have taken 1 to 2 weeks in the past, now takes just 2 to 3 days.”

-Michael Gonzales

Director of Application Support, Arrowhead

About Arrowhead General Insurance Agency

Arrowhead General Insurance Agency, Inc. was established in 1983 as a single-state non-standard auto agency. Based in San Diego, California, Arrowhead services a variety of insurance markets. They are now one of the largest privately held general agencies in the country offering diverse products in Commercial and Personal Lines nationwide.

To reinforce its solid reputation, Arrowhead has further enhanced its Internet-based product delivery platform, Arrowhead Exchange, making insurance sales easier with every click. With this advancement, Arrowhead is poised to offer its producers the stable foundation that they need in this ever-changing industry.

For more information about Arrowhead, visit: www.ArrowheadGeneral.com

About DRC

DRC is a rating and policy processing system software solution provider to the Property & Casualty insurance industry.

Products include DecisionMaker Rating, a platform independent rating engine, and DecisionMaker, a fully integrated quote-to-claim policy processing system. With over 30 years of proven experience and a well-established and loyal client base, DRC continues to expand their market presence with a specific emphasis in the small- to mid-size U.S. Property & Casualty insurance market, including the larger MGAs.

For more information on the DRC company, product or services, please visit: www.decisionresearch.com or call 800-836-6057

Arrowhead is Currently in Production with DecisionMaker™ Rating For:

Personal Lines

- Auto
- Homeowners
- Dwelling
- Fire
- Motorcycle
- Earthquake
- Condo
- Umbrella

Commercial Lines

- Wind & Hail
- Professional Liability
- Commercial Property
- Commercial Auto
- Commercial General Liability



Software Solutions for
Smart Decision Making™

Regional Sales Offices: Hawaii (800) 836.6057 / West (877) 658.7458 / East (800) 947.4037

©2006 DRC. All rights reserved. DecisionMaker and DRC are trademarks of Decision Research Corporation. Excel is a registered trademark of Microsoft Corporation in the United States and/or other countries.