

Working in the Niche PAS Market

By Robert Regis Hyle

An insurance carrier that writes approximately \$150 million in premium is by no means considered a large insurer, but companies of that size—including Pennsylvania Lumbermens Mutual Insurance Company (PLM)—often operate in niche markets.

CARRIER

Pennsylvania Lumbermens Mutual

www.plmins.com

PRODUCT

Quicksolver from Instec

www.instec-corp.com

PLM insures lumberyards and building material dealers, writing commercial lines products in all 50 states.

“Trying to keep up with the ISO content with the forms and rates was a huge issue for us,” says Joseph M. McGurrin, Jr., vice president information technology for PLM. “Everything was done somewhat manually. We had a COBOL-based mainframe system and we needed to move away from that.”

PLM used Insurance Writer for quoting its casualty business and a spreadsheet to quote the property business because they were unable to use ISO in that line of business. The quoting system, according to McGurrin, was green screen and it was not going to be maintained in the future.

“There was a lot of dual entry because what was entered into the quoting system could not be carried over into the existing policy system, which was COBOL-based,” he says. “We had some big problems.”

The issue of a new policy administration system had been on the back burner at PLM for a decade, according to McGurrin. During those years, McGurrin kept his eyes open, particularly at trade shows.

“We needed all commercial lines, all states, ISO, a company that’s been around for a while as well as newer technology,” he says. “The list of vendors got shorter when we began to get serious. It was narrowed down very quickly.”

Relationships are important in vendor deals, explains McGurrin, particularly for a carrier such as PLM, which considers itself a relationship company.

“I don’t think having a great relationship was critical,” he says. “If [the meeting] had gone really bad we wouldn’t have gone with them. It didn’t have to go excellent, but it went really well. Our president wanted them to know how critical this project was. We don’t do this often so we had

to get it right. To invest this kind of money we had to work with someone who is in for the long run.”

The installation of Instec’s Quicksolver was done in sprints, according to McGurrin. The insurer and the vendor each dedicated a project leader to the installation.

“We installed Quicksolver with the first piece of customization and almost every month after that we would install another sprint with more changes so the users were able to adapt to that at a fairly slow pace and get used to the system,” he says. “We also had a dedicated test team here—a user group in underwriting. We set them up with separate desks so they would be away from their daily work.”

Lengthy projects such as this one often end up with the scope getting out of control, points out McGurrin.

“I drilled into our business users when we were doing requirement definitions that we need to let Instec know everything,” he says.

As PLM started accepting and installing the system, though, McGurrin realized that scope-creep was edging in.

“We knew from the beginning that this was going to cost more than the original quote,” he says. “We stayed on top of that very tight, but the things that needed to be changed were important. I made sure everything that was changed was necessary. We started with eight sprints and we ended up with 15. Some were small toward the end.”

Efficiency for PLM was the key factor in the project, according to McGurrin.

“The larger strategy was to move off of COBOL so this fit nicely,” he says. “Our product was not easily changed. It would take six months to make any changes on the old system because it was COBOL-based. We can now get a quote out much quicker and we can issue the policy quicker because it doesn’t have to be re-entered into the system from the spreadsheets or the older quoting system.”

Because of the niche PLM operates in—and the large size of the policies—most of the brokers the carrier works with have just one or two accounts. Those brokers aren’t looking to get into the Quicksolver system, according to McGurrin.

PLM has received positive feedback from the broker community with the proposals the carrier is able to offer.

“That went from a sprinted spreadsheet to a nice three-color printed piece with all the information,” he says. “That’s our selling point. We want our proposal to look good. We told Instec all the fields we wanted on the proposal and we did the back-end marketing.”

PLM chose to use the new system for new business and renewals. Since many of the company’s policies are for two-year periods, the carrier continues to use the old system. PLM began installation in the spring of 2011 and went live in March of 2012, so some of the policies will remain on the old system for another year. ■