

# American Integrity Insurance Company



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— Ernie Garteix, VP Operations, AIIC

## Florida residential home insurance provider pinpoints good risk

Providing residential insurance products in the hurricane-prone state of Florida may seem high-risk, but American Integrity Insurance Company (AIIC) has a different perspective on the matter. “A lot of people think there are no good risks in Florida, but the amount of risk you take on is commensurate with the rate you charge,” reasons Ernie Garteix, VP of Operations at AIIC. “Even in Florida there is a lot of good risk. After the hurricanes in the last couple of years, many insurance companies increased their rates across the board, but we don’t do that. We look at the data more specifically and adjust our rates accordingly.”

This specialised approach to insurance is a competitive advantage for AIIC, and it requires granular data analysis – something which was extremely time-consuming for AIIC to achieve given the company’s reliance on Excel spreadsheets and Access databases. Today, however, the carrier is using IBM Cognos 8 BI to effectively and efficiently analyse and report on metrics so granular that it can offer products that other Floridian carriers cannot.

## Challenges faced

When AIIC’s CEO hired Garteix, it was to sate the company’s hunger for a large amount of very specific data, viewable in many different combinations and formats. While the organization was analytical by nature and had data gurus on staff, Excel and Access simply could not match the company’s desire to be exceptionally responsive and specific in its claims, underwriting, product management and premiums processing strategies.

### Industry:

- Residential home insurance

### Geography:

- State of Florida, U.S.A.

### Information Needs:

- Granular reports to support competitive product and underwriting strategy
- Data integrity
- Automated reporting process

### Platforms:

- Microsoft Windows OS
- Microsoft SQL Server 2007
- Microsoft DTS Services]

### Solutions:

- IBM Cognos 8 BI

### Functional areas of deployment:

- Claims
- Underwriting
- Product Management
- Claims Processing

### Benefits:

- Increased competitiveness with more granular data analysis
- Significantly reduced time spent manually converting and manipulating reports
- Improved data integrity and data retrieval processes



“When I came on board, the CEO had a vision based on his experience at other carriers where a lot of data had been very available. My objective was to make it happen,” Garateix recalls. “I saw an inefficient process – a lot of data was available, but getting it all together for analysis was not easy.”

One of Garateix’s challenges was that the data itself is housed offsite at a third-party vendor. Each week, the vendor would provide static Crystal reports. “Being analytical in nature, our folks would see one of those reports and want to look at the information in different ways. Static reports don’t help to make key managerial decisions because they just show a snapshot in time.”

To fulfill the desire for greater flexibility with the reports, AIIC would obtain a data dump and recreate them in Excel and Access. While this enabled users to manipulate the reports and see the information in different ways, it was problematic. Novice users ran into problems by forgetting to use key components within Excel and would often make decisions based on the wrong information. Numerous versions of the same reports would be emailed around, creating inconsistencies, confusion and unproductive debate.

Even expert users had difficulties, because “They would have to spend so much time formatting the data. It would take days to get results back, and then we would have to reconcile the manipulated reports to make sure the premiums matched up.”

In addition to these challenges, product managers at AIIC suffered from a lack of data and reports, subsisting on “whatever they could get from Underwriting” – which was not enough to be as competitive as AIIC knew that it could be.

### **Strategy followed**

Both Garateix and his CEO had experience at organizations with better business intelligence (BI) and reporting systems in place – including Cognos. “I’d worked with Cognos before as a reporting tool and I knew of Business Objects and other tools as well,” he remembers. “We did an analysis to determine the best product to use, had each vendor come in give us demos.”

Insurance industry knowledge, scalability, and ease of use were important requirements for AIIC. Once Cognos 8 BI had been selected from a shortlist that included Business Objects and MicroStrategy, AIIC engaged with

Cognos Partner, BlueNET Technologies. “We wanted someone who knew Cognos that could work locally with us,” Garateix explains. “We are a young and growing organization and we wanted face-to-face contact and knowledge transfer.”

Garateix also wanted an implementation partner that would use an effective process to help ensure the success of his project. “I’m a big believer in short, iterative implementation,” he says. “It’s important to get something in front of the users and get them to start using the reports.”

BlueNET broke the implementation into six-week iterations, and after each iteration the team got together to review progress, make improvements, and stay on track. BlueNET also satisfied Garateix’s requirement to use a small-systems lifecycle approach for each iteration by using Cognos best practices.

Hilmi Alphan Ozturk of BlueNET explains: “We used Cognos best practices for each functional area that we addressed, starting with Claims. We established a process for AIIC and with each subsequent project we shifted more and more responsibility to the AIIC team.”

This process also ensured that each project was able to reuse elements of and build upon the projects before it. “Once we built a functional area successfully, such as Claims,” Ozturk continues, “we transferred what we could over to the next area, such as Underwriting. This shortened the overall implementation and allowed us to focus on the unique aspects of each business area.”

Claims Analysis was the first functional area addressed, with the first reports in users’ hands in less than six weeks. Because AIIC is dependent on a third-party vendor to provide the raw data in the right formats on a timely basis, some wrinkles occurred in the process. “Sometimes the data was wrong and it came late,” Garateix says. “This project has actually helped us to work better with our data vendor to get the right data in the right way.”

The team also learned that defining the reports that users want and need can be challenging. “Business folks work at the 30,000-foot level, so when it comes to really defining what they need in a report, they really need to see something before they can clearly define what they needed.”

Despite the challenges, the deployment strategy was effective, with all four key business areas: Claims, Underwriting, Product Management and Claims Processing rolled out in just four months.

“While attacking the different business areas one by one, we always tailored our efforts towards having a platform that would give users the ability to make cross-functional analysis and reporting”, adds Sukru Tutak, the project manager for BlueNET in this engagement.

### Benefits Realized

AIIC’s users immediately loved the new reports and wanted to see more. “We actually had to put the brakes on them,” Garateix notes, “because it was important to focus on the priority reports that we had agreed on before creating new ones. Users do get excited when they see what is possible and they want more and more refined data. So now we are slotting in the new reports they want.”

With IBM Cognos 8.3, AIIC has been able to improve its claims and underwriting processes with a new level of granularity. “Where Cognos has been the greatest value asset for us is in allowing us to drill down to very specific areas,” Garateix explains. “We have been able to pinpoint areas where there is room for improvement, where we can do more business, and where we can get our employees to focus more. We’re starting to see really good data now – where claims are happening, where underwriting is more profitable – and we’re now developing an action plan to address these.”

Garateix believes that the Cognos solution is making AIIC more competitive because the business is now better able to adapt to subtleties in the market and act on those quickly. While the insurance industry at large focuses on counties, AIIC is analyzing its data down to specific zip codes. “Knowing which zip code to underwrite in and where to take risk lets us create an action plan to address the opportunities very quickly.” AIIC’s next goal is to analyze down to a geo-code level. “We want to get down to street-level analysis,” Garateix says. “This is leading edge.”

AIIC’s next areas of focus will be analyzing underwriting and premiums for specific product lines and merging that with exposure and reinsurance data. “In Florida, hurricanes are part of the game,” he summarizes. “But being able to limit our exposures to the right areas – down to the right streets – will allow us to continue to do well and be a trusted provider in Florida.

### About Cognos, an IBM company

Cognos, an IBM company, is the world leader in [business intelligence](#) and [performance management](#) solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008\*. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com>.

*\*As a result of the acquisition, product names have now changed to reference IBM at the beginning of the software or service.*

