

Farmers Union Insurance Frees Itself from Legacy Core System

Even with no IT staff, insurer implements full suite under budget and achieves time-to-value faster than expected.



Farmers Union Insurance

Headquarters

Jamestown, ND

Operations

North Dakota and Arkansas

Business Lines

Personal

Website

fumic.com

Product(s)

Guidewire InsuranceNow

It's a familiar story: An insurer wants to grow its business but is hamstrung by its legacy systems—unable to make changes and unable to effectively communicate with agents. Such was the case with Farmers Union Mutual Insurance Company. Incorporated in 1944, Farmers Union Insurance offers personal coverage for farmers, ranchers, homeowners, and businesses across North Dakota and Arkansas. Operating on a legacy core system on the backbone of an AS/400, the insurer couldn't make necessary changes to its system and struggled to communicate with its captive agents, who are the company's main distribution network.

Farmers Union Insurance leaders knew that growing their business was just not going to be possible with their existing system, so they started their search for a solution.

The insurer had experience with a large system replacement project.

"This wasn't our first attempt to migrate away from our legacy platform," said Mark Anderson, CEO of Farmers Union Insurance. "In 2011, we began an implementation. We implemented some lines of business, and when we got to a certain point with the overall project, we decided it was not going in the right direction.

We stopped, reevaluated vendors, and looked at a different way to do this. Coming back to the table again in 2016 and discovering that Guidewire had acquired a system—Guidewire InsuranceNow—for smaller companies such as ours was very satisfying."

Benefits

- Improved speed-to-market by 50-75%
- Real-time access to data and analytics
- Improved communication with agents
- Freedom from in-house routine system maintenance and support
- Current with core system technology/software
- New P&C technology partner to lean on for growth

“Now we’re agile, and we’re able to move quickly and make changes. We’re free to do what we need to do to be successful and grow our company.”

— Branden Sorensen,
Chief Business Development Officer, Farmers Union Insurance

After a search, Farmers Union Insurance decided on InsuranceNow.

“We were looking for a methodology and a web-based platform that would make us current, into the 21st century, and easier to do business with,” Anderson said. “We don’t market directly to our customers. We go through our captive agents, so we needed something that would be really handy for them to use and deliver products to our customers.”

Farmers Union Insurance also knew that having no IT staff required a successful partner with a full core system suite offered in the cloud.

“InsuranceNow has all the modules—billing, claims, policy, processing, commissions, integration with your general ledger—built into it already,” said Branden Sorensen, Chief Business Development Officer at Farmers Union Insurance. “Instead of having different parts and modules, it’s all in one spot. And it’s managed together; we worked with the same business analysts whether it was for claims or on the policy side or elsewhere.”

Without an IT staff, Farmers Union Insurance wanted something as close to out-of-the-box as possible, explained Sorensen. “We didn’t want to be the ones programming it. We wanted something that was already built, because we needed to get out there fast, get it into our agents’ hands, and let them use it for our customers.”

Ahead of Schedule and Under Budget

In August 2018, Farmers Union Insurance began implementation with no IT staff, a timeline of 18 months, and a plan for two specific customizations.

“Within three months of looking at how InsuranceNow worked and rethinking how we were going to do business, we were able to get rid of the idea of customizations,” Sorensen said. “We wanted to stay as close to out-of-the-box for the base software as possible. The Guidewire team was very good about saying, ‘If you make that change, we’re outside the box. Here are the consequences of that.’ And we luckily found a different way to do things.”

Deploying all modules of InsuranceNow at the same time, Farmers Union Insurance went live with its homeowners’, dwelling, personal watercraft, and personal umbrella products in October 2019—three months ahead of schedule.

Not only was the project ahead of schedule, but it was under budget as well. Farmers Union Insurance’s Brett Anderson, the company’s Chief Technology Officer, attributes this to the partnership. “Large-scale implementations are known to often go off the tracks or a little sideways,” he explained. “The time-to-value was unexpected, and it helps continue driving our success when we refer back to our first two releases ahead of schedule and quite a bit under budget. When you’re organized and you communicate, it can be surprising how much smoother things go. It’s been refreshing and a pleasure to be a part of.”

Removing the Roadblocks

Before InsuranceNow, Farmers Union Insurance had a difficult time connecting with its customers.

Now the insurer enables another touchpoint beyond a policyholder's call to the agent, Sorensen said. "They can use the customer portal to see what's happening with their policy, file a claim, request a change—all those things that were a manual process before. Now, it's at their fingertips, and that's a big customer service point for us."

The feedback is positive, and agents are excited about the company's new ability to act quickly on feedback and resolve issues in a month that, according to Sorensen, might have previously taken a year.

The insurer can also retrieve data and act on it faster. "With all of InsuranceNow's tools and functions, we have the ability to see our data in real time," Sorensen continued. "We're able to export it to whoever needs it, and it doesn't take hours and hours and hours to do. It takes the click of a couple buttons—and we're done."

Farmers Union Insurance expects to continue seeing benefits around speed, especially in product development now that the system is no longer the obstacle.

"The typical process would be we have the product, we write it, we come up with the rates, we file it with the state, and go on and on and give it to a programmer and they program it for six to eight months, and then eventually we get a product that we can sell," said Sorensen. "Now, with InsuranceNow and the tools that are available,



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we can shave off half to three-fourths of the time that we spent developing that product and getting it ready. We can get the product out there before it's probably even ready on our end."

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Guidewire is the platform P&C insurers trust to engage, innovate, and grow efficiently. We combine digital, core, analytics, and machine learning to deliver our platform as a cloud service. More than 500 insurers, from new ventures to the largest and most complex in the world, run on Guidewire. For more information, contact us at info@guidewire.com.