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Santam Insurance Gains Agility to Serve a Complex, Hybrid Market

South African Tier 1 Insurer Prepares for Expansion with PolicyCenter and BillingCenter

CASE STUDY

"Guidewire has successfully implemented with Tier 1 insurers and done first-in-country implementations, and PolicyCenter meets our key requirements for agility, pricing, and product development."

—John Melville, Head of Risk, Santam Insurance

Santam Insurance is the largest general insurance group in Africa, with 22 per cent market share in South Africa. It offers personal, commercial, corporate, specialist, and agricultural insurance to the South African and Namibian markets, and is part of the Sanlam Group that also includes direct insurer MiWay, wholesale reinsurance provider Santam Re, niche insurer Santam Specialist business, and Sanlam Emerging Markets.

Delivering 'Insurance Good and Proper'

Santam Insurance was founded in Cape Town in 1918 as the South African National Trust and Assurance Company Limited. The insurer believes in the simple principle that insurance should add value, not questions and uncertainty, and uses its solid brand platform of 'Insurance Good and Proper' to engage its customers about their safety and the safety of the things they care about, and also to assure them that it will be there for them when they need help most: when they need to claim.

"Our customers know that, in their time of need, we are there for them," says Lizé Lambrechts, CEO at Santam Insurance. "We are particularly proud of our claims payment record; we handle more than 30,000 claims a month and consistently pay more money in claims than any other insurer. We are also proud to be able to regularly pay 99 per cent of all claims made by our policyholders in the traditional intermediated business."

Serving "The World in One Country"

John Melville, Head of Risk at Santam Insurance, describes the South African economy as "the world in one country," a combination of established and emerging markets. "We have customers with a wide variety of needs and circumstances. That means we need to be

Santam Insurance

Headquaters:
Bellville, Cape Town, South Africa

Operations:
Namibia, South Africa

Business Lines:
Personal, Commercial, Specialist, Reinsurance

Employees:
4,700

Website:
www.santam.co.za

Products:
- Guidewire PolicyCenter®
- Guidewire BillingCenter®
- Guidewire Client Data Management™
- Guidewire Rating Management™
- Guidewire Reinsurance Management™

Benefits
- Simplified IT maintenance with modern core systems that integrate easily with third-party technologies
- Gained agility to address market changes quickly by making fast changes to products and prices
- Improved underwriting capability with automated underwriting rules and more scientific rating
- Equipped brokers with a unified, easy-to-use system for selling products and serving customers
- Acquired the tools to reach granular market segments in new territories

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as flexible as possible in the way we structure and tailor our particular product offerings. The risks are also hugely variable, so we need to be able to reflect the risks in the products that we sell, in the pricing that we embed in our products, as well as in the underwriting process."

Lizé Lambrechts adds, "In South Africa, insurers must have a detailed understanding of the things that do go wrong. There are municipal governments where competence is not there. Building regulations exist, but are not adhered to. There are problems with flooding, emergency response, and structural issues."

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> —Kevin Wright, CIO, Santam Insurance

Other challenges include fierce competition among insurers, new property and business owners who must be educated about the value of insurance, and fraud.

Meeting Market Challenges with Education and Flexible Software

Santam Insurance is meeting the challenges of its market directly by educating people on the benefits of insurance, by showing people through its brand how the smallest change in thinking can make them safer, by working with local governments to improve disaster management, and by replacing a legacy IT environment with flexible core system software to meet rapidly evolving needs.

"We want to be at the top of our game," says Lizé Lambrechts. "We had been on a legacy mainframe system for a long time but, to be more effective, we need a platform that gives us the agility to introduce new products more cost effectively and in a timely manner."

Santam Insurance Becomes Guidewire's First Customer in Africa

After an extensive review of solutions, Santam chose Guidewire PolicyCenter® as its underwriting and policy administration solution, Guidewire BillingCenter® as its new billing system, Guidewire Rating Management™ to gain more control over rating and pricing, Guidewire Reinsurance Management™ to reduce excessive risk exposure and recoverable leakage, and Client Data Management™ to effectively manage customer data.

"We looked internationally, far and wide," says Lizé Lambrechts. "From our analysis work, Guidewire came out on top. We needed to have functionality of software; the flexibility to handle value-added tax; the ability to interface with business intelligence, actuarial systems, finance systems, and payroll administration; and a commitment from the get-go that the vendor would go through the journey with us. Guidewire brought not only the platform which we felt was able to support a Tier 1 provider like ourselves, but also had the services to support us through what is an extremely complex and challenging transition."

An Agile, Collaborative Implementation

Santam Insurance named its implementation programme Ignite, and organized it in multiple phases—starting with personal lines, followed by commercial lines, its Namibian business, and direct insurance. The programme is managed according to agile methodology and involves stakeholders from both business and IT.

"We've really had a textbook case of executives as change sponsors," says Mark Fuller, Technical IT Project Manager at Santam Insurance.

Marelize Visser, Ignite Programme Manager, agrees. "There is a new culture among business users who have been working on the programme, and business and IT have a greater understanding of each other."

Kevin Wright, CIO at Santam, credits the programme's success in part to the collaboration between team members from Santam, Guidewire Software, Cognizant, and Nihilent Technologies, as well as Guidewire's dedication to the project. "The key thing that impressed me was Guidewire's involvement to ensure success. I have previously been at companies where there wasn't any involvement with the manufacturer of the software," he says.

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Easy Integrations and Lower TCO

Halfway through the Ignite programme, Santam Insurance went live on personal lines and began the design and build phase of its commercial lines release. Already, the company has seen benefits from the transformation, particularly in IT, where teams now work on a modern, integrated solution instead of in silos on bespoke, legacy technologies. They can now manage integrations quickly and painlessly, and help reduce total cost of operations.

Faster Response to Market Changes

Another benefit is the agility to address market changes quickly. "Before, we had problems with flexibility and agility," says Sandra Aspeling, Head of Product Development at Santam. "It was tedious and time-consuming to create new products. Now we can build new products easily and make fast changes to products and prices to accommodate market fluctuations and attract new business segments."

Improved Underwriting and Risk Management

Santam is also poised to improve underwriting and risk management with PolicyCenter's automated underwriting rules. "Better underwriting capability will allow us to capitalize on more scientific rating," says Kevin Wright. "There are built-in ways to mitigate risk and we will have the flexibility to add and delete different rules."

Brokers Better Equipped for Service

One of Santam's goals in implementing PolicyCenter was to enhance its product and service offerings for brokers, who are the source of 90 per cent of its business. To ensure smooth adoption, it deployed relationship managers to train brokers, in addition to providing eLearning courses and a sandbox training environment. "Our brokers who use the system online have responded extremely positively to the system," says John Melville.

Tailored Products for a Diverse Market

Perhaps the biggest winners of Santam's IT transformation are its wide range of customers. "Now, we will be able to respond to all of our customers' requirements," says Kevin Wright.

The company can tailor products to specific segments and offer them through a variety of channels. "All of the products that we couldn't build in the past we have actually built into the new Guidewire system," adds Sandra Aspeling. "So I'm really excited about the future and I can see how easy it will be to a make a change to a rule, or make a change to a rating, and bring out completely new products."

Poised for Expansion

The IT transformation will help Santam Insurance to increase its customer base in South Africa and Namibia, and also secure new customers in new territories—and better serve all of its customers in the future. "The opportunity will be to build on our footprint in India, Southeast Asia, and Africa. With our partners in place, it is a case of rolling it out," says Lizé Lambrechts.

About Guidewire

Guidewire delivers the software that Property/Casualty (P/C) insurers need to adapt and succeed in a time of rapid industry change. We combine three elements – core processing, data and analytics, and digital engagement – into a technology platform that enhances insurers' ability to engage and empower their customers and employees. More than 200 P/C insurers around the world have selected Guidewire. For more information, please visit www.guidewire.com and follow us on twitter: @Guidewire_PandC.

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