

InsuranceNow Fuels Topa Insurance Company's Success in New Markets

This boutique specialty lines insurer entered the growing and rapidly changing cannabis market in just nine months with one developer.



Topa Insurance Co.

Headquarters

Calabasas, California

Operations

United States

Business Lines

Commercial Excess
Commercial Package
Commercial Auto

Employees

90

Website

www.topains.com

Product(s)

InsuranceNow

The overall success of the insurance industry can be attributed, in large part, to the small and mediumsized insurers that find a way to successfully compete with their larger counterparts. Such is the case with Topa Insurance Company, an up-and-coming boutique insurer that focuses on innovation, agility, and responsiveness to its growing customer base.

Topa is one of four divisions under specialty insurance provider Topa Insurance Group in Calabasas, California. It is an admitted insurer in 23 states and writes on a non-admitted basis in 11 others. The company's stated goals are to provide industry-leading "ease of doing business" while maximizing its efficiency and that of its partners. This means being committed to aligned partnerships, excellent service, underwriting expertise, a strong technology foundation, and the ability to keep developing quality products for Topa's wholesale brokers, general agents, and MGAs.

What makes Topa's success unique has less to do with its primary lines of commercial business (General, Excess Liability, Property, Package, Commercial Auto, and various Programs) and more to do with its determination to choose the right partners and have the right technology in place to pivot quickly and enter new markets with niche products.

To accomplish these goals, the company was already building on the success of its Technology Foundation program, which delivers best-of-breed solutions for forms, rating, and enterprise integration. In its ongoing tech evaluation, Topa recognized the need to address an environment comprising disparate systems and processes that lacked real-time information and integration. This environment required a wide variety of technical skills to maintain, leading to a high level of complexity that affected Topa's speed-to-market.

Benefits

- Implemented full suite on time and under budget
- Launched five new products in 21 states using one developer in nine months
- Improved ease of doing business with MGAs, giving them direct access to the system
- Increased underwriting and claims through enhanced integration

“The moment that I realized that we’d picked the right solution with InsuranceNow was with our deployment of the cannabis product. That wasn’t in our original scope. It was an added scope after we’d put our core products on the platform. And that project took us about nine months.”

–Tracy Tillinghast, Vice President and Chief Information Officer,
Topa Insurance

Outdated Technology

“One of the main challenges we had with our old technology was that we couldn’t make changes to it very quickly,” notes Tracy Tillinghast, Topa’s Vice President and Chief Information Officer. “It required programming and months of testing, and we were very dependent on our developers. The other problem with our old technology—green-screen legacy systems—was that it wasn’t user-friendly enough for our internal underwriters or claims adjusters as well as for our brokers, and it didn’t have a lot of edits and controls in the system, so it led to errors and just a lot of issues.” When the insurer decided to modernize its core systems, it did so with one of its main tenets in mind: to align with the right partners. In 2018, the company chose Guidewire as its cloud-based technology platform provider and implemented InsuranceNow, a P&C core SaaS platform. For the team at Topa, there was no hesitancy to move to the cloud. “It’s scalable, it’s safe, it’s easier to support in the long-term, and it’s just the right solution for us,” Tillinghast says. By following a mainly out-of-the-box implementation

approach and using configuration rather than customization to make changes, the insurer was able to complete the initial implementation on time and under budget.

Partnerships Pave the Way

The timing of the InsuranceNow implementation happened to coincide nicely with the company’s decision to broaden its risk appetite and align with another partner, Cannasure Insurance Services, a wholesale broker and managing general agent. This partnership would allow Topa to enter a new, relatively untested but fast-growing market: cannabis. Cannasure is a deeply entrenched industry expert in cannabis risk management, offering specialized cannabis coverages for businesses, property coverage, general liability, and product liability. Topa’s goal in entering this new market? To differentiate itself from larger insurers that still cautiously offer only one line of business for this evolving industry. By doing so, Topa is on track to become a “one-stop shop” for this market—from harvesting the fields, distribution, and delivery to retail centers. Cannabis is currently legalized at the state level for either adult or medical usage in 36 states and legalized for CBD in another 14, but it is still not legalized at the federal level. “This situation drives many of the stigmas and challenges around the distribution of the product,” notes Denise Pavlov, the insurer’s Chief Operating Officer. Still, Topa sees the opportunity: U.S. sales of medical and recreational cannabis have grown exponentially, reaching \$17.5 billion in 2020—a 46% increase from 2019 according to Insurance Journal. And under a new federal administration, the legislative landscape is currently undergoing a pro-cannabis transformation.

By initially applying InsuranceNow to Topa’s other commercial lines of business, the company is already able to improve underwriting and claims through enhanced integration. And the insurer is better able to measure improvements and opportunities for data, business intelligence, and reporting capabilities.

The Right Solution

“The moment that I realized that we’d picked the right solution with InsuranceNow was with our deployment of the cannabis product,” maintains Tillinghast. “That wasn’t in our original scope. It was an added scope after we’d put our core products on the platform. And the cannabis project took us about nine months.”

Tillinghast points to the project’s output: five different products in 21 states using essentially one developer. “And yes, he was my best developer,” he adds, “but that’s a remarkable achievement when you look at it. That’s a lot of change to an application, and to be able to get to market in that amount of time is pretty remarkable.”

The stakes are high for the insurer, which is operating with a new cloud-based platform in an evolving market where the competition for cannabis business is ever-growing. “Some of the insurance techs that are emerging in the market are making it easier to do business with our MGAs and brokers,” Tillinghast says. “So, how do we make it as easy as possible for them to sell policies and stay competitive in the market? Looking at this is one of our primary objectives.”

Meeting those objectives requires another take on partnerships, namely, third-party integration. “One of the things we’re excited about is the direction that Guidewire seems to be going with their API strategy to allow us to integrate with a multitude of third parties,” notes Tillinghast. Highlighting Topa’s partnerships with two other Guidewire’s preferred partners—Cloverleaf for its data warehouse and One Inc. for its digital claims payments—Tillinghast adds, “We’re not locked into having to work directly with Guidewire or build it ourselves. We have different solutions that we can pursue that are much easier based on the strategy Guidewire is taking.”

Tillinghast reports that Topa is also evaluating GUI tools such as InsuranceNow Studio, which add flexibility and extensibility to the platform and enable the insurer to make changes to cannabis quoting, policies, payments, claims, operations, commissions, data reports, and more. “We think it could be a time saver and a cost saver for us to be able to have our analysts do some of the configuration work in Studio.”

Easy Customization, Improving Distribution

For now, thanks to InsuranceNow, Topa can offer cannabis policies that are custom built to fit some of the distinctive needs of these unique new customers, notes Pavlov. “This includes coverage for growing plants as well as product withdrawal coverage, in case a special batch needs to be recalled, which does happen from time to time,” she says. “Our most prominent segment is the vertically integrated businesses, which control all three steps of this process: the cultivators, the processors, and the dispensaries. So, from the seed to sale, and that is our most prominent segment.”

With an eye on distribution, Topa is hoping to expand the number of states in which it does business and continually improve the distribution model in terms of how the company interacts with its brokers and agents. “We weren’t able to give our MGAs the ability to write directly into our old systems, because they just weren’t flexible enough or easy enough to use. But with InsuranceNow, we can do that. We can give them access directly so they can write the policies directly into the system.”

Future plans include creating a text solution in Topa’s portal to make it easier for brokers to communicate with the underwriting department. “We want to offer instant availability and messaging that will make it easier for the people who do business with us.”

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