



## CASE STUDY

# How a leading U.S. insurer empowered customers to buy term life in 25 minutes or less with Socotra

---

### About

This diversified financial services company has roughly \$60 billion in assets, 1.5 million customers, and 2,000 employees nationwide. The company offers an array of employee benefits, annuities, and life insurance products, sold through a national network of benefits consultants, financial institutions, financial professionals, insurance producers, registered representatives, and broker-dealers.

With a focus on an innovative, balanced product mix—backed by a history of performance and integrity—the company is committed to creating value for its customers and distribution partners. Its parent company is one of the largest global life insurance companies with over 100 years of operating history. Together this company and its parent company have total assets of over \$350 billion.



## Setting a bold vision for a customer-centric future

In 2019, the insurer developed a north-star vision to become more customer-centric and empower financial freedom for underinsured groups. With this mission in mind, the insurer decided to focus on providing term life insurance to people between the ages of 30 and 45. This demographic of millennials, new parents, and homebuyers was historically underserved by the company and the insurance industry at large.

The insurer's team spent three months researching and interviewing the target demographic to understand the buying journey and customer values. The results found that customers lacked confidence when purchasing term life insurance and often questioned whether they chose the right product and coverage for themselves and their families.

In response to these findings, the insurer sought to offer more competitive pricing and an online buying experience that mirrored the speed and simplicity of a retail purchase. The team wanted to empower customers to easily identify the right product for their needs, get answers to their questions, and buy a policy—all in 25 minutes or less, instead of the industry standard of 45 days.

### BUSINESS LINE

Benefits, Annuities, and Life Insurance

### TOTAL ASSETS

~\$60 billion (\$350 billion with parent company)

### GEOGRAPHICAL PRESENCE

United States

### EMPLOYEES

~2,000

"We leveraged Socotra to develop a system reducing cognitive overload so that customers can make a well thought out decision about purchasing insurance in less than 25 minutes."

- Chief of Strategy

## Modern customer experiences require a modern core platform

To improve the buying experience, the insurer searched for a modern core platform that could power online and self-service customer experiences. This would allow customers to quickly select products, the amount of insurance needed, length of coverage, and desired features with minimal human interaction.

The insurer could also leverage modern technology to gather insights and optimize their offerings. For example, identifying where a customer abandoned the buying process could help the team pinpoint necessary adjustments.

## Powering agility and flexibility with Socotra

After evaluating on-premise and cloud-hosted systems, the company chose Socotra's cloud-native core platform. As a result, they gained access to the full range of cloud-native capabilities, such as:

- Higher performance
- Multi-tenancy
- Instant scalability
- Automatic updates with zero downtime
- Continuous platform improvements (when a feature rolls out to one customer, it rolls out to all customers)

By partnering with Socotra, the insurer was able to launch their first product in 9 months, instead of 2 years and take a more agile and iterative approach to product development. In addition, company leadership found the Socotra data model to be "incredible." The data model's flexibility and robust features enabled the company to be more responsive to customer demands and gave leadership greater confidence that they were progressing in the right direction.

"Compared to any vendor in the software technology space, Socotra leads the pack far ahead of the rest."  
- Chief of Strategy

## Reducing underwriting costs and delivering more competitive pricing

One of the insurer's goals was to offer customers more competitive pricing. But to do so, the insurer needed to lower the costs associated with the underwriting process, which included the underwriting engine, underwriting staff, and data calls whenever a customer applied for a policy.

Because life insurance underwriters require an extensive medical background to accurately review applications, they represent a significant portion of the underwriting cost. To make better use of their valuable time, the insurer leveraged Socotra's technology to automatically quote and bind straightforward applications, leaving only the most complicated cases for staff.

With Socotra, the insurer deployed a rules engine that compares self-reported information to real-time data collected from various sources, such as ID checks, motor vehicle records, prescriptions, behavioral data, credit scores, and other databases. If the engine finds conflicting data, it routes the customer to an underwriter who manually assesses the risk.

Typically, this insurer discovered, creating an end-to-end system that could efficiently and reliably power real-time data and event-driven transactions meant deploying 16 disparate pieces of technology. However, Socotra was able to accomplish this with just a single platform.

Socotra has enabled the insurer to streamline their underwriting process, develop an efficient expense structure, and offer customers more competitive pricing. Before modernization, the insurer spent \$900 per year on customer acquisition (compared to a \$700 industry average) and \$400 in annual retention costs (\$300 industry average). The company now expects to lower acquisition costs to \$350 and retention costs to \$100, saving approximately \$863 million annually in five years.

*"Socotra's software platform saves us money and makes it easier for us to use computers to do the basic work, so our underwriters can handle the more complex risk cases."*

**- Chief of Strategy**

## **Streamlining the application process and increasing sales**

In addition to delivering more competitive pricing, Socotra helped the insurer reduce friction in the buying journey by modernizing the application process. Qualified customers can now purchase term life insurance through an online, self-service experience in 25 minutes or less, instead of the 45-day industry standard.

With this differentiated customer experience, the insurer expects to increase the number of policies sold by 650%. The insurer projects 47% annual GWP growth, which will expand its market share and make it a top 10 U.S. life insurer in the next five years.

## Looking ahead

Transforming into a digital business is a multi-year journey and long-term commitment. With Socotra, the insurer now has the technology to iterate and improve the customer buying experience and quickly launch new products over time. Socotra's cloud-native core platform will have at minimum a 10-year impact on the insurer's business, resulting in greater market share and profitability.

"This transformation to a digital business was only possible for us by using Socotra, and it will have a positive impact on our business for at least the next 10 years"

- Chief of Strategy

## KEY RESULTS

### Speed to market

- Launched first product within 9 months instead of 2 years

### Revenue growth

- 47% projected annual GWP growth to become a top 10 U.S. life insurer in five years
- 650% expected increase in term life policies sold

### Lower expenses

- 65% expected cost reduction per policy per year
  - \$1,300 historical cost per policy per year (\$900 acquisition and \$400 retention)
  - \$1,000 industry average cost per policy per year (\$700 acquisition and \$300 retention)
  - \$450 expected cost per policy per year with Socotra (\$350 acquisition and \$100 retention)
- \$863 million projected annual cost savings in year five (\$8.3 billion projected GWP in year five x 16% cost per GWP x 65% cost reduction)

## About Socotra

Socotra is the modern, enterprise-grade core system that enables global insurers to accelerate product development, reduce maintenance costs, and improve customer experiences. Socotra is trusted by insurers to provide them with modern technology to rapidly develop products that better serve their customers and manage their existing book of business. Socotra's flexible, radically open, cloud-native solution unifies underwriting, rating, policy management, claims, billing, reporting, and more. To learn more, visit [www.socotra.com](http://www.socotra.com).

