Velocity Risk Underwriters Doubles Profitability

With InsuranceNow, the managing general agent reduces total cost of ownership, while providing outstanding underwriting service and claims management.

Velocity Risk

Velocity Risk

Headquarters
Nashville, TN

Operations
United States

Business Lines
Commercial

Employees
140

Website
www.velocityrisk.com

Product(s)
InsuranceNow

Velocity Risk Underwriters (Velocity) offers innovative ways for commercial property and business owners to transfer risk to global capital sources by working with brokers, agents, and major industry capital providers to provide underwriting service and claims management for hurricanes, earthquakes, tornadoes, fire, and similar perils in the United States.

Before InsuranceNow: Sluggish System Slowed Down Business

Velocity was experiencing technology hurdles for its internal underwriters and external brokers and agents. Its system was clunky, inflexible, and slow.

"The largest challenge was the speed of the old system," said President Jake Rothfus. "To be competitive in insurance, you need to get quotes quickly; it took us 10, 15, 20 minutes."

Due to a high volume of business, Velocity had outgrown its previous setup and needed capabilities for frequent adjustments in areas such as product configuration, pricing, metrics, and more.

"We started wanting a system that could easily overcome service challenges, including routine changes to policies once enforced," noted Rothfus.

Velocity Wanted Flexible, Cloud-Based Capabilities

Looking to replace its policy administration system, Velocity knew a solution that could do everything was essential. The firm wanted not only a quoting engine but also something that could enable the organization to bind accounts, service policies, and interact with brokers and agents all in one fluid platform.

Benefits

- Lowered total cost of ownership by 60%

- Doubled profitability over two years

- Improved STP by 18% (from 80% to 98%)

- 70% fewer support tickets submitted

> "Today, we have two commercial business segments, but I can easily see that we'll be able to add a third, a fourth, a fifth business segment in pretty rapid succession with InsuranceNow by our side."
>
> —Jake Rothfus, President, Velocity Risk

"InsuranceNow was the only platform that offered us a seamless end-to-end experience with the capabilities that we wanted," said Rothfus. "Also, it was very important to not just think of the upfront tech costs to implement the system, which are significant for anybody in our space and for any platform. It was about what we were going to gain throughout the next three-to-five years in terms of expense savings, the ability to put more business through our platform, and to grow our revenue base. That really changed the ROI calculation for us where InsuranceNow became a very favorable investment for us to make."

The evaluation process focused on finding a flexible and scalable platform that could enable seamless transitions when moving from one transaction to another. Velocity sought a solution that could effectively respond to event-driven triggers and be easily deployable.

"We needed a customizable platform to support the complexity and quantity of business we do for our small and midsize (SMB) business units," said Chris Gundersen, Chief Technology Officer. "We wanted it to have an accessible API and for it to be performant. We also wanted continuous integration and deployment."

Cost vs. Value

Ultimately, Velocity chose InsuranceNow because they knew it would deliver a scalable product complete with the necessary capabilities plus all the benefits of being hosted by AWS.

Implementation Completed in Time for Busy Season

The implementation followed a rolling approach. Velocity collaborated with Guidewire and integration partner Cognizant to develop a plan for migrating policies on renewal. The goal was to ensure a smooth transition and timely availability of the InsuranceNow platform for the busy season.

"Implementation was fantastic," Gundersen said. "The Guidewire team brought tremendous product and technical expertise. They helped us meet our business demands through leveraging existing InsuranceNow capabilities or building out new ones to support some of those needs."

With the full support of the project team along the implementation journey, Velocity was able to rapidly build the products they needed to get up and running successfully. And, they haven't stopped.

"We've been able to build 11 brand new commercial lines products in eight months," said Sean Rand, VP of Technology. "In our old platform that would have taken us three and a half years, and that was a lot of pain, bugs, and regression. We didn't feel that within InsuranceNow."

Automation Helps Velocity Double Profitability Over Two Years

Since implementing InsuranceNow, Velocity is leveraging automation to steadily increase business within the system. With fewer resources required to support the platform, there is more bandwidth to tackle strategic projects and other high-value work.

"We can give our producers a lot of capabilities they did not have in prior policy administration systems, and its support and maintenance is significantly less — about 60% less than our previous platform," said Gundersen. "The system is much simpler than our previous platform, so we now have about 70% fewer support tickets."

The automation capabilities are also benefiting the product lines. Gundersen elaborated, "One of the most important aspects of our business is the amount of automation we can apply to products. In our previous policy administration system, we achieved 80% to 85% of our policies without any interaction from underwriting." Using InsuranceNow, Velocity can reach around 98% as the STP processing allows most of the business to be quoted and bound by producers without engaging an underwriter.

Another advantage of the new platform is that product changes can now happen in days rather than months. Rand shared, "If we implement on a Monday, it will already be in production by Wednesday — three days later." He added, "We're not talking two rate changes; we're talking across 11 different products and thousands of different rates; that demonstrates the agility provided to us with InsuranceNow."

All of these improvements trickle down to the bottom line. "We have doubled our profitability over the last two years, and part of that is absolutely due to being able to ask the right questions and have the right pricing on accounts thanks to the fast turnaround that we get in InsuranceNow," said Rothfus.

Velocity Looks to Grow Business in the Future with InsuranceNow

Now with a reliable, scalable system in place, Velocity can expand to new markets. For Rothus, one of the biggest benefits he's looking forward to with InsuranceNow is the ability to add new business segments easily. He explained, "Today, we have two business segments, but I can easily see that we'll be able to add a third, a fourth, a fifth business segment in pretty rapid succession with InsuranceNow by our side."

The efficiency and adaptability of InsuranceNow means Velocity can flex to meet future demands and is poised to deliver on the mission their customers expect — innovation and the highest level of service.