



CASE STUDY

Tech-driven MGA accelerates growth by migrating entire book of business to Socotra

About

Founded in 2018 by a 25-year veteran of the P&C insurance industry, this high-growth managing general agent (MGA) and insurtech company offers flexible and transparent products in California, including homeowners, dwelling fire, flood, and earthquake insurance. In 2021, the MGA expanded its business by acquiring full-service personal and commercial lines across the continental United States for auto, renters, condominium, and pet insurance.



Introduction

This case study highlights a high-growth MGA and insurtech company offering a host of personal and commercial lines. Their mission is to disrupt an industry where outdated systems and processes create major barriers to innovation and growth. The insurer is committed to leveraging modern technology to deliver greater transparency, customer advocacy, and a frictionless user experience.

With an expanded product portfolio and broader customer base from a recent acquisition, the company is poised for rapid growth, targeting a 77% annual rise in GWP from \$90 million in 2021 to \$500 million by 2024. But to get there, they needed a powerful core platform to help increase efficiency, streamline workflows, and elevate customer service.

BUSINESS LINE

Personal and commercial insurance

GWP

~\$90 million

GEOGRAPHICAL PRESENCE

United States

EMPLOYEES

~70

"Socotra supports our growth objectives and enables us to foster partner relationships through a platform that offers a frictionless customer experience."

- Chief Information Officer

Accelerating growth requires a flexible modern tech stack

The insurtech company had implemented a core system that touted itself as modern and cloud-native, but in reality lacked the flexibility and ease of integration required for the company to achieve their aggressive financial goals.

The MGA needed a truly agile and configurable core platform that enabled simple integrations for its product chassis, portal, and claims, as well as AI and machine learning capabilities. These integrations would serve as the foundation for the company to differentiate themselves from competitors.

"[Most core systems] have so much baggage. You can't even compare them to Socotra. It's apples and oranges. Socotra is a new breed."

- Chief Information Officer

Minimizing the cost of migration

The insurtech company compared several technology vendors, but soon realized that migrating to another platform would come with a high price tag. Simply transitioning from their current system to a second vendor—a publicly traded company which is known for its cloud-based SaaS solution—would have cost \$6 million, plus \$1 million per year for the license.

In a previous role, the company's CIO had migrated to this second vendor's on-premise solution. The process took 24 months and cost \$36 million (\$1.5 million per month), including consulting fees. Comparatively, the company could migrate to Socotra in 18 months for only 10% of the total cost, resulting in \$32 million in savings.

"The underwriting and rules are connected quickly so you can get to market quickly. You don't need a cadre of coders to change Socotra."

- Chief Information Officer

Socotra delivers seamless migrations and product versatility

The MGA ultimately chose to migrate its entire book of business to Socotra. The company's CIO credits Socotra's seamless integration process, well-documented APIs, and cloud-native architecture as key to faster migration. In particular, Socotra's intuitive APIs enable easier integration with a host of third-party data sources required to power the company's differentiated products.

The company is continuing to integrate offerings from their recent acquisition and expand their product portfolio. As a versatile, product-agnostic platform, Socotra is helping the insurtech company become a single trusted provider that delivers life, home, auto, and more—fulfilling all of their customers' insurance needs.

A dramatic reduction in maintenance and support expenses

Insurers traditionally maintain an expense to premium ratio of 16% (10% for IT costs and 6% for administrative and broker expenses). With Socotra, the insurtech company can reduce the cost of on-going IT maintenance and support by 6%.

Based on the company's current GWP of \$90 million, this 6% reduction represents approximately \$5.4 million in cost savings. When the company achieves its GWP goal of \$500 million in 2024, the cost savings will be approximately \$30 million.

“The openness, maturity, and documentation of the APIs deliver higher productivity due to the stricter processing efficiencies.”

- **Chief Information Officer**

Powering differentiated products and revenue growth with Socotra

Socotra is a new breed of insurance core platform, enabling global insurers to accelerate the velocity of product development, releases, and updates. For example, changing rating and adding policy documents takes minutes, not months. With Socotra, the insurtech company can now deliver product updates at a much faster cadence.

Socotra’s open APIs also provide the flexibility needed for the company to create differentiated insurance products and take advantage of more cross-selling and upselling opportunities, such as offering ancillary products like home security, that directly benefit customers and grow revenue. Since implementing Socotra, the insurtech company has experienced significant business and operational improvements.

“At the end of day, it is all about getting more premium and managing the associated risk. Our mantra is to innovate and disrupt the industry to drive improvements, and Socotra supports that strategy.”

- **Chief Information Officer**

KEY RESULTS

- 77% projected annual GWP growth from \$90 million in 2021 to \$500 million in 2024 supported by modern technology
- \$5.4 million annual cost savings at current GWP of \$90 million (\$90 million x 6% expense reduction)
- \$30 million annual cost savings at target GWP of \$500 million in 2024 (\$500 million x 6% expense reduction)
- \$32 million or 90% cost reduction migrating to Socotra vs. migrating to a vendor known for its cloud-based, SaaS solution
- Migrating to Socotra in 18 months (instead of 2+ years) and new product updates will roll out every month

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.

