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Product Architecture

Donna Schlegel
Kelly Cusick, ACAS, MAAA
Deloitte Consulting LLP
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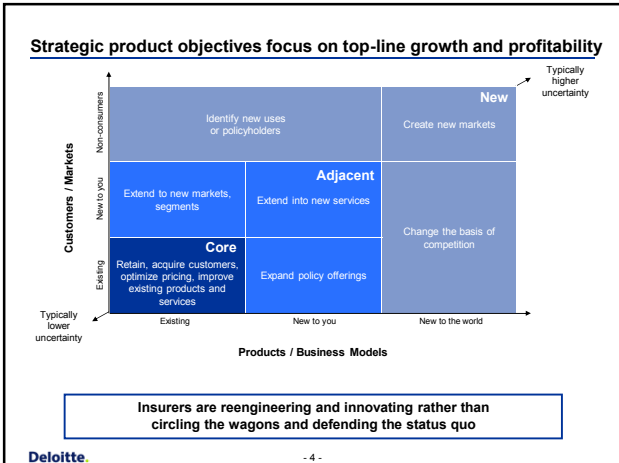
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Agenda

Leading practices in Product Management

What is Product Architecture?

Examples



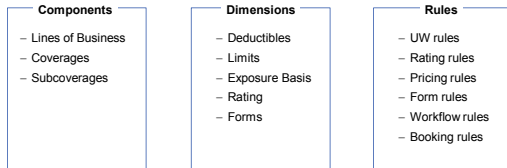
- Challenges when executing on profitable growth objectives**
- Deciding which investments will deliver the most value
 - Data and expertise to build new products
 - Obtaining resources and funding
 - Capabilities to execute
 - Speed to build out products on technology platforms
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- Leading practices to address challenges**
- Product rationalization and simplification
 - Process improvement
 - Investing in data and expertise
 - Investing in technology
- Once the product choices have been made, Product units and IT connect to build efficient product architectures and find opportunities to reuse common parts of products in new market offerings**
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What is product architecture?

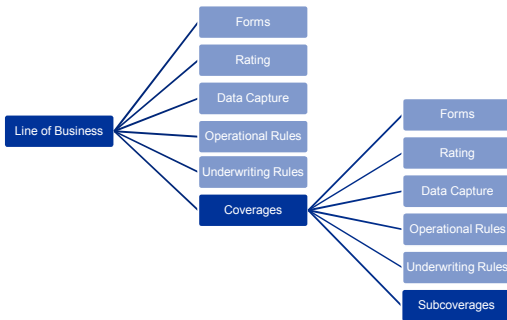
A comprehensive mapping of the components, dimensions, and rules of an insurance product with a focus on isolating the reusable assets

Typically, a product architecture for a P&C product would consist of the following:



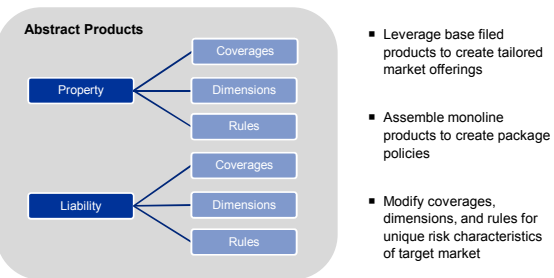
What is product architecture?

Product information is organized so that the elements can be reused to create new market offerings or to facilitate product updates



Example: product development

New market offerings can be created by reusing or modifying any of the components, dimensions or rules



Example of how a new product can be built from existing products

Small Commercial Package for Optometrists

Current Inventory (written as stand alone policies):

- Basic BOP
- EPLI
- E&O

Proposed New Market Offering:

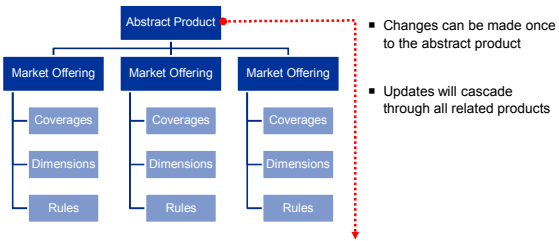
- BOP for Optometrists with built in EPL and E&O
- Property and E&O to be dialed back to fit target market (optometrists working in kiosks, e.g. Costco)

Solution – a new Optometrists Product:

- Reuse property with less coverages and restricted limits
- Reuse EPLI as an added coverage by endorsement rather than a separate policy
- Reuse E&O with restricted limits and coverage by endorsement
- **Significantly reduced development time (business and IT) as only the differences need to be supported**

Example: product maintenance

Product maintenance processes can be streamlined, minimizing errors and aiding compliance



Example:

SC Windstorm credits need to be invoked on all property products. Develop a solution at the line of business level and let it be reused by every property rating plan.

Benefits of a modular product architecture

▪ **Business Benefits:**

- Creates a clear view of the existing products, and their construct, to promote reuse across distinct businesses
- Eliminates redundant work in creating new products
- Reduces the workload associated with product maintenance and enhancements
- Creates a framework for defining business intelligence requirements early in the process – proactive, not reactive

▪ **IT Benefits:**

- Creates an organized structure to communicate requirements to IT
- Serves as a tool to mine opportunities for reuse of existing IT assets, significantly reducing time to build solutions (new products, enhancements and maintenance)

Steps in developing a product architecture

Inventory

- Review products to identify go-forward product portfolio
- Deconstruct products
 - Lines of business
 - Coverages
 - Rating plans
 - Target markets
 - Forms
- Create a product inventory to map products to various components, dimensions, etc.

Design

- Review product inventory to identify commonalities
- Design a product architecture structure that allows for reuse
- Identify or create "abstract" products which can be used as templates to build market offerings

Implement

- Configure the product on the system using the product architecture
- Collect specifications for each go-forward product and populate the system, defining only the required differences to construct new market offerings
- Conduct change management, communication, and training activities

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- 13 -

Sample Product Inventory

Property Example

Product Name	Coverages									
	1.1 Bldgs & Structures	1.2 Arson or Fraud	1.3 Personal Property	1.4 Boiler & Machinery	1.5 Building Glass	1.6 Debris Removal	1.7 Business Income	1.8 Earthquake	1.9 Computer Fraud	1.10 Valuable Papers
1 Product A	Y	O	Y	Y	Y	Y	Y	O	Y	O
2 Product B	Y	O		Y	Y	Y	Y			
3 Product C				Y	Y					
4 Product D	Y		Y	Y		Y				
5 Product E			Y							O

Liability Example

Product Name	Coverages									
	2.1 Premises	2.2 Completed Products & Ops	2.3 Employment Practices	2.4 Personal & Advertising	2.5 Electronic Data Lib.	2.6 Punitive Damages	2.7 D&O	2.8 E&O	2.9 Architects & Engineers	2.10 Worksite Coverage
1 Product F		Y						Y	Y	Y
2 Product G				Y	Y	O	Y			
3 Product H	Y		Y	O	Y					O
4 Product I	Y	Y	Y	Y						
5 Product J	Y					Y	O	Y	Y	O

Key	Y	Included Coverage
	O	Optional Coverage

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- 14 -

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