



State Auto Improves Underwriting Risk with Informatica Data Services and Data Quality

FAST FACTS

CUSTOMER

State Auto

BENEFITS

- Reduced underwriting risk
- Improved data accuracy and quality
- Time/cost savings with reusable objects
- Business agility through SOA
- Rapid data warehouse time-to-value

INFORMATICA SOLUTION

- Informatica PowerCenter
- Informatica PowerCenter Real Time Option
- Informatica PowerCenter Connect for Web Services
- Informatica PowerExchange for DB2 RT and VSAM RT

NUTS AND BOLTS

- Data integration & Web services: PowerCenter, PowerCenter Connect Option for Real Time & Web Services, PowerExchange
- Sources: Direct entry DB2, VSAM, Microsoft SQL Server, ISO classification data, Firstlogic address data
- Target: Microsoft SQL Server, DB2/mainframe
- Target platform: Windows 4-processor server

“We’re getting business out the door faster and more accurately with the improvements we have implemented using Informatica PowerCenter and PowerCenter Connect Option for Web Services. Others within the organization have seen the success we’ve achieved and are asking us how they can apply the Web services we’ve developed.”

—Stephanie Hansen, Senior Programmer Analyst, State Auto

The State Automobile Insurance companies are based in Columbus, Ohio. The State Auto Mutual Insurance Company and other State Auto insurance subsidiaries provide personal and commercial coverage via strong relationships with Independent Agencies. Forbes named them the “Best Managed Insurance Company” for 2006; and every year since 1954 they have received an A+ rating from A.M. Best Company, the industry’s foremost authority on financial strength and stability.

The Challenge

Perhaps more than any type of business, successful insurers must be able to source critical data in real time.

State Auto wanted to enhance their already excellent results by streamlining and improving certain functions. One improvement was the need to ensure accuracy in providing policyholder addresses to their Independent Agency partners, so that correct Public Protection Classification (PPC) codes are assigned to their customers. Real time access and reuse were critical for fast time-to-market.

According to Stephanie Hansen, a senior programmer analyst with the State Auto Business Intelligence Repository (SABIR) group, “We are using Informatica to help us assure we provide the most accurate information to our Agency Partners, so that correct PPC codes are set.”

The Solution

State Auto chose a service-oriented approach to help enhance and standardize their SABIR processes. Using PowerCenter, customers can enable both real-time and batch data integration operations to be exposed using industry standards like the Web Services Definition Language (WSDL) and the Simple Object Access Protocol (SOAP). State Auto used this functionality to build a data services framework for improving the accuracy of their insurance policy data.

“We had purchased PPC data from the Insurance Services Office (ISO), so we needed an easily accessible way to provide access to this information for our independent insurance agents and internal underwriters,” Hansen explains. “The Informatica tools reduced our time-to-market by enabling us to deliver a Web service quickly and efficiently.”

To help them reduce their underwriting risk, the SABIR team started by building two data services using Informatica technology. These secure, Web-service-based data processes were designed to be accessible by both agents and internal employees. The first service validated customer address information based on standard US postal codes. The second validated Protection Class codes using an ISO data source.

In early 2006, the standalone protection class code data service was incorporated into State Auto’s netXpress agent portal system, which allows any of the firm’s more than 22,000 independent agents to enter policy information and provide a real-time quote for their customer. The new PPC augmentation data service, which receives approximately 2,000 hits per day, ensures that the correct address and protection class code is used in calculating the policy premium.

Address cleansing is also a standalone Web service, accessed by agents, underwriters, and others. The address cleansing data service receives approximately 2,700 hits per day in its initial use in 6 of the firm’s 27 states of operation. Hansen plans to integrate the address scrubber as part of the company’s internal agency tracking system, called GAIN. SABIR is now continuously looking to find new and innovative ways to reuse the services they have built and enhance them to serve other applications and use cases. A more recent

use of PowerCenter’s Web services capabilities by the SABIR team has been a claims history lookup solution. The new lookup was deployed in the spring of 2006 as an enhancement to the automated underwriting decision support system known as Apollo. The service is used by State Auto underwriters to review claim results. It uses a policy key to search a SQL table for any claims information and sends the information back to the application as an XML string, built using the PowerCenter XML Generator.

Another planned data service is the use of the web service to host premium tax verification software. State Auto plans to leverage the benefits of SOA by reusing both the address cleansing data service and much of the logic from the lookup data service. In addition, a geocoding data service is in the works.

Overall, the improvement in data quality throughout the State Auto insurance companies is already evident. “Even the seemingly simple step of providing clean address information for policyholders and agencies is a big benefit,” Hansen explains. “We save on postage, avoid premium calculation errors, provide more accurate protection class codes, and do it all in real time, on demand.”

The Benefits

Improved data accuracy and quality

The first business case that justifies the investment in Informatica PowerCenter Real Time Option with its Web services capabilities was the need to improve the accuracy of both the policyholder address and the assigned PPC code, which has direct impact on the

coverage premium and risk exposure. “Our underwriters requested this and we were able to deliver the improvement through a targeted, real-time data service,” Hansen emphasizes. “We no longer need to use our agent time to look up and enter this information; it’s done automatically when they enter the policyholder details.”

Time and money savings through reuse

The standards-based data services developed using PowerCenter and PowerCenter Real Time Option can be used alone or coupled like building blocks to create advanced applications. State Auto’s SABIR group has already built three data services based on Web services and effectively reused them in critical applications.

Flexible service-oriented architecture helps meet business challenges

Shared services and data integration are at the heart of any service-oriented architecture (SOA). State Auto is achieving the benefits of SOA through its use of PowerCenter and PowerCenter Real Time Option with its ability to deliver efficient, fast access to data from disparate sources and applications, and realtime data quality. “We’re getting business out the door faster and more accurately with the improvements we have implemented using PowerCenter and the PowerCenter Real Time Option,” Hansen says. “Others within the organization have seen the success we’ve achieved and are asking us how they can apply the Web services we’ve developed. They’re also coming to us with new ideas that we’ll eventually execute with PowerCenter.”



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