



EBOOK

How to Solve the Top Five Challenges for Insurance Product Development

Examining the trends in automation efforts, growth in digital channels, new insurance models and products, and tips for how insurtech product development teams can move to address them.

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Introduction

Complex Insurance Development: The Current Landscape and Emerging Trends

Today's property and casualty (P&C) insurance landscape is both vibrant and facing major disruptive change. With the top 10 carriers commanding well over 70% of the personal lines, automobile, and homeowners' insurance market, and hundreds of additional carriers making up the balance, things were already highly competitive. Growth in digital channels has altered insurance shopping and buying behaviors adding to the commoditization trend of insurance products, making it easier than ever to switch carriers, especially for auto insurance.

Telematics for auto, IoT, and smart home technologies are engaging consumers differently and offer the benefit of avoiding and mitigating losses as the industry shifts towards risk prevention from traditional sole protection and indemnification models.

Commercial lines continue to become more vertically specialized, particularly in small business lines. New insurtech entrants tend to focus on disrupting select product lines where larger, multiline established carriers may underserve certain business owners and markets

These are just a few noteworthy trends among a host of automation efforts, new insurance models and products – all happening throughout the recent insurtech movement.



Innovation in P&C Insurance

The P&C industry is moving through a broad range of innovation with over \$15 billion in venture capital investment [in 2021](#) and scores of outside influences converging on this 100+ year industry like never before. Meanwhile, established carriers are pushing through multi-year legacy system transformations, investing heavily in innovation while striving to modernize core processes which have historically been manual and people centric.

Each of these variables are pressuring insurers to lower operating costs while automating and launching new products to differentiate and compete in protecting market share — with only a handful of carriers capable of gaining share. Demand for new insurance products and revisions to existing products calls for rapid speed to market vs. traditional launch times that typically span up to a year or longer.

The insurance product development process is highly dependent on effective requirements management and constant cross-functional team collaboration, which is vital to avoid costly delays, defects, and premium refunding due to undetected errors.





The State of Insurance Product Development



Insurance Experts on the State of Insurance Product Development

We recently spoke with several insurance and regulatory compliance executives and gathered their insights about the state of product development. Insurance product development is often described as slow and expensive, adding to carriers' existing challenges to automate and reduce expense ratios. Thus, each new product competes for limited internal resources and budgets.

Development cycles can take several months or even longer from start to launch. When probing a bit more, insurance product owners cite IT backlogs, cost barriers, and slowness around decision making and approvals as some of the common root causes. A key component of product development involves approvals through traditional hierarchies which flow from analyst groups to management and from middle managers to executives. Either way, the process is described as a gathering of specialists and individual organizations collaborating together over a long period of time. These steps tend to occur in meetings and through emails which can elongate timelines and be difficult to organize and later trace.



The experts say that such barriers result in a measured volume and cadence of new product launches in any given year. In fact, some product modifications may be abandoned entirely as the backlog for IT projects is recognized as insurmountable. One such insurance executive described the completion of a new product as highly dependent upon select, internal subject matter experts with deep institutional knowledge. And it frequently takes “sheer leadership heroics” to push the process to the finish line. Admittedly, insurance product development is complex, especially when it comes to meeting various state rules and regulations.

In this eBook, we examine the five key challenges today’s insurtech product developers face and what our experts recommend for tackling them.



CHALLENGE 1:

Aligning Teams, Tools, and Technology

Insurers are highly people-driven organizations and are well-known for having siloed organizations given the pervasive scale and specialized work teams. When it comes to developing and launching a new insurance product – it truly takes a village.

Stakeholders and contributors span from several highly specialized areas, including actuarial, pricing, underwriting, legal, claims, marketing and distribution to name a few. Thus, collaboration does not always come naturally or easily. Associate engagement and company culture are top priorities and having the right tools and technology can make a big difference given that much of insurance product development relies on legal research, specialized rate-making expertise, approvals, and decisions often organized via spreadsheet tracking.

Some teams use collaboration platforms and shared drives, which can be helpful but lack key capabilities such as live requirements traceability, versioning, baselining, and most importantly change and impact analysis.



What is Live Traceability™?

The ability for any engineer at any time to see the most up to date and complete up and downstream information for any requirement, no matter what stage of development it is in or how many siloed tools and teams it spans.

[Learn more about unlocking the power of Live Traceability by watching this webinar »](#)

While carriers are adopting automation, much of the attention is on gaining new customers, services, distribution, and overall efficiency gain. Digitization, self-services, and artificial intelligence for predictive analytics are a few examples. New data sources, such as geospatial and personalized data and image analytics are being leveraged from underwriting to claims management. Automation of internal processes such as pricing (ratemaking) and product development have seen lesser insurtech funding and focus and tend to be less obvious or viewed as more complicated areas to solve in comparison. Leading insurance companies have recognized these processes must receive greater attention to drive competitiveness and increased speed to market.

Speed to market and quickness to revise and modify products have many obvious benefits in today's highly competitive P&C insurance marketplace. Most would agree that the typical insurance policy itself is quite complicated. A look behind the scenes at the process of pricing, rate making, and filings with respective state departments of insurance along with attendant policy administration and IT programming is where the real complications begin. After all, insurance premiums are priced on an individualized basis by design. In other words, each consumer, or segment of customers more realistically, has differing risk profiles and thus different price points which can number in the thousands of different rates for a single product.



Learn more about realigning engineering teams to remote work with minimal disruption by watching this webinar.

[Watch the webinar »](#)

CHALLENGE 2:

Complying with Industry Regulations

The U.S. insurance industry is regulated on an individual state level through each respective department of insurance, responsible for approving products and regulating rates among other consumer protection focal areas. Additionally, each state has a bevy of insurance regulations, statutes, and common laws and each insurer has differing marketing, regional considerations and so much more to balance when it comes to launching new products. With all of this in mind, it is easy to see how errors can be made or interpretations might differ, only to be discovered at a later time, which adds cost and increases regulatory scrutiny.

There is a lot to be said about doing things right the first time by being able to test, trace, and apply impact analysis early and often. The consequences of product defects are most visible during so-called market conduct studies performed by departments of insurance which can result in penalties, fines, and premium refunds. Or a carrier may self-discover a defect and proactively take measures.



To learn more about how Jama Connect® is improving quality processes for financial and insurance software teams, watch our short demo, **Jama Connect® for Financial Services and Insurance Software Teams**.

[Watch the demo »](#)

Either way, the number of resources and efforts to identify root causes and deploy remediation measures are extremely costly and often harmful to the brand itself. Less visible scenarios can occur during product development cycles and simply result in time delays, rework, and fixes which account for the extra time to launch or altogether delay and avoid revising existing products.

The stakes are high in terms of costs and missed opportunities. Insurers investing in tools and technologies to build insurance products better and more efficiently can enjoy a competitive advantage.



CHALLENGE 3:

Adapting to Emerging Technology and New Threats in Insurance Product Development

It seems that the volume and variety of analysis describing P&C Insurance industry trends and predictions have been on the rise over the last few years which happens to coincide with the insurtech movement itself. In this new-meets-old paradigm there is much discussion about adoption rates, whether by consumers or insurance carriers themselves, privacy concerns, legacy systems, and a host of other barriers. There's an even greater volume of excitement for all the amazing possibilities to drive revenue, improve bottom-line results, and modernize customer experiences. Terms like transformational, industry disruption, and reimagine (everything) were hardly, if ever used, to describe insurance just a few years ago.

Over the past five years, insurtech investment has soared with consecutive record-setting levels each year. The gravity of capital infusion has inspired a wide range of technology, new insurance models, and more digital deployment, in turn, raising consumer and business owner expectations. So, it only makes sense that the volume of predictions, speculation on winners and losers and everything insurance news-related, is simply amplified.

Now, that is changing too with greater attention on climate change, cyber risks, and emerging embedded insurance models just to name a few highly talked about trends. And many of these trends call for new insurance products which are still mostly developed and deployed by each individual insurance carrier, whether with external provider support or not.



Popular Insurance Development Predictions:

Among the numerous insurance industry trends and predictions for the coming year, and perhaps beyond, some of the more popular and noteworthy themes include:

- Cyber exposure, demand for protection, products, and services
- Climate change risks and rising insurance costs
- Changing definition of insurers with the likes of Amazon, Tesla, and Toyota selling insurance
- Embedded insurance models by combining insurance at point-of-purchase with other products
- Parametric insurance for events, travel, and the first layer of protection
- Digital adoption and demand for new products
- Usage-based, sensor technology and reward-for-behavior offerings

There are several other trends extending beyond this year that are expected to impact how insurance is bought and sold, serviced, experienced, and priced for years ahead. Artificial Intelligence (AI) is already being deployed, however early on, for many of the more complex use cases.

Meanwhile, image analytics are being widely leveraged throughout underwriting and claims, reshaping the customer journey processes with great success. Blockchain continues to be cited as having lots of future promises and autonomous car features are making driving safer and increasing the cost of repairs simultaneously.

A common question is, “which emerging technology(s) and startup(s) are most exciting?” The answers range from pragmatic to futuristic, like completely automated and instant underwriting might be someday.

CHALLENGE 4:

Meeting the Demand for New Products

A common denominator for each of these trends, especially among incumbent insurance carriers, is mounting pressures to launch new and/or modify existing insurance products at a much faster pace. Historically, insurance product development has been relatively slow and methodical, where it can take a carrier months or even longer from start to launch.

Thus, speed-to-market remains a top challenge – and a leading competitive advantage. Complex and individual state regulations, sophisticated pricing segmentation models, and nuanced policy language are just a few reasons that explain why insurance product development is so difficult.

Add in insurance carrier IT backlogs and competing programming priorities and it all begins to explain why new product development takes such time and effort. Yet, the pace of new product launch is not keeping up with the tempo of new market entrants and changing consumer preferences. Those companies that can launch faster and more efficiently will have a clear advantage moving forward.

When factoring industry trends – insurtech, changing consumer demands, emerging risks, and insurer investments, and all other related dynamics – it's easy to see how new products and product differentiation will play an important role going forward.

Partnership insurance models – such as OE (original equipment) car manufacturers paired with an insurer leveraging data sharing, usage-based insurance, and possibly with financing and even connected car payment options – call for product and pricing features much different from traditional insurance policies. Sensor data to predict, avoid, and detect losses will reshape insurance from a reimbursement model to insurance-as-service and likewise will influence new and different insurance products.

Usage-based auto insurance and behavioral-based rewards are examples of newer capabilities, possible due to digitization. In turn, these offers are increasing consumer value and adoption, and embedded insurance, although not an entirely new concept, is trending because of digital ease and convenient availability by placing an insurance offering right at the point of purchase. Travel insurance with digital airline bookings, pet insurance with a banking app, auto insurance bundled in with auto financing, and similarly commercial insurance plus commercial vehicle purchase. Digital ease and access are making it less-difficult to combine these offerings. Things become even more interesting when a car manufacturer and insurer share telematics data and offer a bundled safe driving program to unlock discounts. This is already happening as evidenced by companies like Tesla, Ford, GM, and others.

Embedded insurance fits a number of scenarios geared toward making commerce more streamlined and perhaps more logical as one combined experience and is forecast to drive significant new revenue as well. The concept also bodes well for capturing and maintaining consumers' attention very much in-the-moment. Just consider the “old way” of having to search and price various travel insurance options separately and after spending time finding and booking travel where it can be too easy to forego insurance coverage once the presence of mind has escaped.

Rental car companies have excelled in promoting additional insurance and taking the extra steps of having drivers decline coverage as part of the contract – right at the counter or online purchase. Retailers and e-commerce are routinely bundling warranty and other protection plans, pre-packaged and easy to accept. Embedded



insurance works similarly whether combined with an auto or home mortgage.

CHALLENGE 5:

Migrating from Legacy Systems and Modernizing Ways of Working

In recent years, most of the large carriers have upgraded or are just completing retirement of core systems, replacing far outdated legacy insurance policy administrative, claims, and billing systems for new and more adaptable platforms. Such transformations are extremely expensive, in the tens of millions of dollars, and can take several years to complete – and that’s just to contemporize 30+-year-old technology and does not contemplate cloud migration and other investments.

The upsides of modernizing core systems are numerous, including ease to integrate new technology which enables insurers to partner with additional solution providers, startups, and others relevant to modernizing agendas. Consider leveraging real-time data to better price and manage risk, for example. This can hardly be done with legacy systems and without integration but comes to life with a modernized platform and numerous data integrations from various sources and providers. Much like everything else these days, businesses and consumers demand things to be instantaneous and real-time or insurers run the risk of missing out on new business.

In reality, the insurance industry has evolved at a steady pace from the 1980’s conversion from paper to desktop computing, in the 1990’s moving from highly regional to centralized service centers, 2000’s mobility and more recently toward digital and automated. Many in the industry say that more changes have occurred in the last five years than the last 20 combined and that is an accurate statement.

Now that the insurance industry is tackling legacy systems, it’s opportune to address legacy ways of working. The seemingly never-ending aftermath of Covid 19’s impact on working environments is still very much unsettled.

Despite employee survey results suggesting most office workers prefer work from home for some or all of their work, insurance executives are challenged with measuring productivity and uncertain about sustaining team collaboration going forward.

Team collaboration, especially given insurance carriers' highly specialized and siloed constructs, is imperative when it comes to developing new products. In fact, the speed and efficiency of development cycles is a direct outcome of how well departments and people collaborate, move, and approve work, make decisions, and move the ball forward.

Yet, Excel spreadsheets, email, and meetings are cited as the main ways of working when it comes to product development. So, there is much room for new tools and forward-thinking team collaboration ahead for the insurance industry.



Live Traceability through structured collaboration on requirements is the key to helping insurance product development teams streamline and optimize their product development processes in today's highly competitive markets.

Download this eBook, **Better Product Development: 5 Tips to Achieve Live Traceability™** to learn how visibility and interoperability between best-in-breed tools across the development lifecycle reduces the risk in product development.

[Download the eBook »](#)



3 Best Practices

Tips and Best Practices for Leveraging Technology and Automation in Insurance Product Development

Several current P&C insurance trends are fueling demand for new and updated insurance products, especially because of advances in digitization. Insurance innovation, competition, new market entrants, and changing consumer preferences are some additional drivers behind new insurance product demand. Everything from customer personalization to new and different data sources is inspiring development or modification to existing insurance products – all at a faster pace. This is driving the need to meet these challenges with modern solutions that will help streamline insurance product development.

Helping People, Process, & Technology Work Together

Equipping teams with the right tools is one of the three essential, People, Process, and Technology legs needed to enable effective business management. This framework has been widely accepted for decades and is even more relevant today. Building the correct set of requirements is the cornerstone of modern product development and this is where insurance carriers' people teams strive to share, inform, and collaborate whether in a waterfall, Agile, or hybrid project environment.

Nearly every core functional area has a role to play; from legal research to marketing, from actuary and pricing to distribution. Insurance carrier functional areas are specialized and distinct, so the term, “siloeed” is fitting as both a strength and barrier when it comes to coordinating people’s expertise for requirements creation.

Invariably, much of the process is manual, unfolding through a series of meetings, email inquiries, and approvals and perhaps tracked on spreadsheets and shared drives, thus can be error-prone, lack updates, and most certainly difficult to trace.

Tools and adoption of technology for requirements management are lagging, both in terms of today’s speed-to-market pace and when comparing other complex industries. Yet insurance carriers are continuously investing to catch up.

Sophisticated policy admin platforms are needed to maintain all aspects of policy management and many carriers have embarked on or may have recently completed legacy system transformational efforts, and for good reasons. Here are just a few:

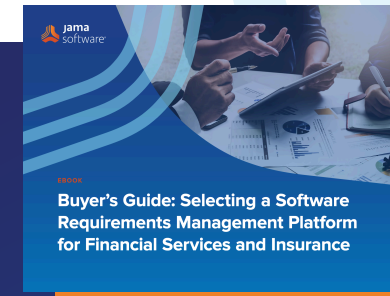
- New products may depend on third-party data ingestion and accessibility needs to be cost-effective and has been a barrier since legacy systems don’t have efficient connection points to these outside sources.
- When a new underwriting data source is presented, the cost-benefit analysis doesn’t support investment costs inherent in legacy systems.
- Legacy systems have also created difficulty in understanding and addressing defects that have a direct impact on expense due to the time needed to trace, investigate, and apply a fix, not to mention business, regulatory, and brand reputation risks.

Insurance carriers are certainly investing and working with a growing number of applications and are constantly managing long IT project list backlogs. So, playing catch-up is an accurate description when it comes to deploying new tools. That being said, implementing a modern, effective requirements management tool/platform is critical to keep up with the competition and help align people, processes, and technologies for complex insurance product development.

Team Collaboration is a Must

During our research discussions with insurance product development experts, we heard a lot about the level of reliance on key people and teamwork. Some of the common themes expressed by leaders revealed:

- In lieu of solid processes and technology, much work is manual, and success is delivered due to sheer, individual “heroics.”
- Senior leadership tends to reward these heroics so there may be limited motivation to change. Long development cycles are somewhat accepted.
- Solid change management is a major dependency to ensure people are embracing new technologies – systems are only as good as the people that use them so advocacy at a senior level is imperative



Gain insights on what to consider when selecting a modern development solution for insurance product development in this guide:

Buyer's Guide: Selecting a Collaborative Software Requirements Management Platform for Financial Services and Insurance

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- Challenges exist due to the many moving parts and functional areas involved in product development – it's complicated!
- Transparency/traceability of changes. What is the change and associated impacts, who is making the change, why is the change being made, how is the change being tested and implemented are key questions.
- There are competing priorities within functional areas that can impede collaboration.

Among other challenges we've discussed, functional and team silos can significantly slow insurance product development. To be effective and produce quality products that make it to market more quickly, having a single source of truth across the development process will allow for the kind of traceability and collaboration that will keep production moving forward.

Eliminate these silos to increase efficiencies by aligning teams across the end-to-end product development lifecycle. A modern requirements management platform can help insurance companies align their teams, tools, and processes to deliver high-quality products on time and on budget.

Achieving Live Traceability™ of product requirements, as necessitated by industry standards, is the #1 unsolved problem for most product development organizations. Jama Software solves this problem of systems engineering – extensive rework, delays, & cost overruns due to siloed engineering teams and tools (Design, Software, Test, Risk, Software, Hardware, Quality)

We've developed a Traceability Diagnostic to assess your current situation. The Diagnostic inventories traceable data, the systems in which they reside, and can help you determine your current Traceability Score™.

[Learn more »](#)

Leveraging Technology for System Transformation

As technology catches up to make product development more efficient, collaboration and teamwork remain vital mainstays. Organizations are beginning to activate return-to-office plans which involve several flexible hybrid options so new forms of teamwork and collaboration should be in the forefront now more than ever.

The industry has also tackled legacy system transformations noting that few are completed, many are deploying, and some have avoided the undertaking altogether because of massive costs and time factors. While there are constant new technology horizons yet to be achieved, such as cloud migration, deployment of tools, and user capability upgrades are deserving areas of attention when it comes to striking the right mix of People, Process, & Technology. Product development platforms are likely to be one of those priorities for insurers seeking to keep pace with product development and the latest technology.

Insurance product owners, product managers, business analysts, developers, and actuaries need to leverage technology that allows the alignment of stakeholders (both internal and external) and identify risks early on; enabling them to visualize connections across internal corporate governance, regulations, requirements, and test cases throughout the development process. This technology creates cross-team alignment, collaboration, and complete visibility across all activities in your entire insurance product development lifecycle to deliver compliant, market-driven products effectively.



Simplify Complex Insurance Product Development with Jama Connect®

With Jama Connect, teams can maintain visibility, increase alignment, achieve Live Traceability, and experience effective change management throughout the development lifecycle. Product teams can also maintain critical information about their product requirements and test cases and directly connect them to development activities in Jira, including sprint planning, task management, estimations, and defect and issue tracking.

With robust integrations across the value chain, Jama Connect allows software teams to work in the tools desired. These flexible integrations support best-of-breed tools leveraged across the product development lifecycle.





4 Conclusion

Key Benefits of Jama Connect for Complex Insurance Product Development



Visibility

Enable complete visibility into the product development process by monitoring relationships and dependencies between systems, teams, activities, and results.



Adaptability

Easily adapt Jama Connect to your project and organizational workflows to create an intuitive experience so your teams can get up to speed quickly.



Speed

Align teams, track decisions efficiently, and minimize rework to create high-quality products on time and on budget.



Performance

Benchmark and monitor team performance over time to understand the benefits of retooling your product development process. Store and reuse existing intellectual property and best practices from multiple product lines.



See why Farm Bureau Insurance selected Jama Connect to reduce time to market.

[Read customer story »](#)

Eliminate silos to increase efficiencies by aligning teams across the end-to-end product development lifecycle. [Jama Connect](#) helps insurance companies deliver high quality products on time and on budget.

To learn more about Jama Connect for Complex Insurance Product Development, read our **Jama Connect for Financial Services and Insurance Datasheet**.

[Download the datasheet »](#)

“There are numerous problems that Jama Connect helps us with that weren’t obvious before; we learn more as we work in it. Much of the benefit is in its efficient collaboration functionality; it’s one of the most helpful tools we have.”

Aaron Berken
ENGINEERING MANAGER, PLEXUS



Jama Software® is focused on maximizing innovation success in multidisciplinary engineering organizations. Numerous firsts for humanity in fields such as fuel cells, electrification, space, software-defined vehicles, surgical robotics, and more all rely on Jama Connect® requirements management software to minimize the risk of defects, rework, cost overruns, and recalls. Using Jama Connect, engineering organizations can now intelligently manage the development process by leveraging Live Traceability™ across best-of-breed tools to measurably improve outcomes. Our rapidly growing customer base spans the automotive, medical device, life sciences, semiconductor, aerospace & defense, industrial manufacturing, consumer electronics, financial services, and insurance industries. To learn more, please visit us at jamasoftware.com.