

Benchmarking for Insurance Company IT Operations

Our Ward benchmarking data and industry insights uncover opportunities to improve the efficiency of your IT operations.

IT systems in the insurance industry continue to be heavily legacy based. Many companies are facing massive technology initiatives while being challenged to both manage the associated costs and maintain efficient operations. More than ever, we hear company leaders asking:

- Are our IT expenses too high?
- What is the cost benefit for changing our IT systems?
- Are we staffed appropriately to be cost effective and efficient?
- Should we outsource any of our IT functions?
- What is the return on investment for our new systems implementations?

Benchmarking sharpens your perspective on performance

Benchmarking helps companies capture the full picture of how expenses and staffing levels compare relative to industry peers and is a key component in identifying and justifying opportunities to maximize resources and fund growth strategies. We are the leading provider of benchmarking studies for the insurance industry. We analyze **expenses, staff levels, compensation, operational metrics, and business practices** for all areas of company operations. From our proprietary data, we deliver industry insights that help you make fact-based decisions about improving your operational performance.

Industry-specific comparisons to measure your IT operations

Our Ward benchmarking solutions are specific to the insurance industry. Our IT benchmarking program delivers data that empowers you to:



Assess

IT resource levels, consulting, hardware and software expenses, and operating practices compared to the IT function at other insurance companies



Analyze

the level of capital expenditures and discretionary versus non-discretionary spending



Optimize

the cost and effectiveness of the IT operation



Evaluate

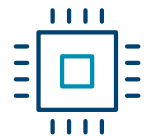
system platforms and IT practices against other insurance companies to determine the consistency of IT investments and the results of those investments

We're here to empower results

Contact us for more information:

Liz Snyder
949.793.1911
liz.snyder@wardinc.com

Charles Gall
513.746.2406
charles.gall@wardinc.com



70% of policy administration systems are considered legacy systems.

On average, it takes **4.5 years** to complete a policy administration system replacement project.

We dive deep into your IT operations to deliver meaningful and actionable data

Our IT benchmarking program includes three levels of analysis for a holistic perspective of IT performance across the organization.

Level 1: Analysis of 19 Functional Areas

User Support	Network Services	Applications	Operations
<ul style="list-style-type: none"> Desktop Support Help Desk 	<ul style="list-style-type: none"> Network Administration Mainframe Support Server Support Telecommunications 	<ul style="list-style-type: none"> Applications Architecture & Design Application Development Application Maintenance Quality Assurance / Testing Data Warehousing and Reporting Document Management / Imaging Project Management Office 	<ul style="list-style-type: none"> Database Administration Information Security Website Administration Business Continuity / Disaster Recovery Financial Management Executive

Level 2: Analysis of Business Units Supported by IT

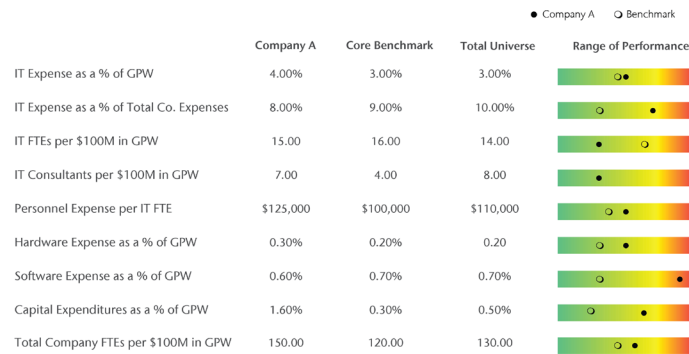
- Sales and Distribution
- Personal Lines / Individual Insurance
- Commercial Lines / Group Business
- Claims
- Finance
- Human Resources
- Billing and Collections
- Other - General, Actuary and Investment
- Investment

Level 3: Analysis of Major Systems Platforms and Practices

- Number of Products / Jurisdictions Supported
- Number of Systems in Use
- Vendor versus Homegrown Platforms
- Age of Systems
- Systems Investment Strategies
- Build versus Run Budgets
- Capitalization Policies
- Other Related Topics

Sample deliverables

Quickly assess the overall performance of your IT operation with a snapshot view of key IT metrics



Measure your IT operations compared to select benchmark groups

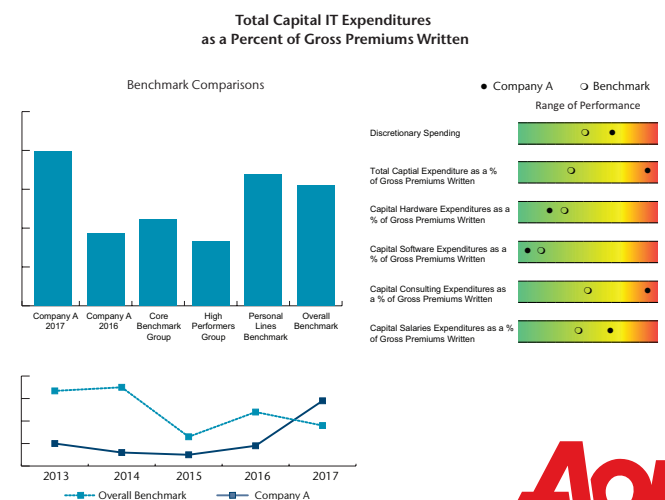
Select Performance Metrics	Total Company	Core Benchmark Group	High Performer Benchmark
IT Expense as a % of Premium	4.00%	3.00%	2.00%
IT FTEs per \$100M of Premium	10.00	13.00	15.00
IT Expense per Total FTE	\$35,000	\$29,000	\$27,000
Ratio of Staff to Mgmt - Span of Control	4.00	4.00	6.00
IT FTEs per 100 Total FTEs	18.00	20.00	10.00
Consulting Expense as a % of Premium	0.60%	0.55%	0.50%
Equip. and Other Expense as a % of Premium	0.40%	0.30%	0.20%
Voice Comm. Expense as a % of Premium	0.15%	0.20%	0.10%

Get clear perspective of your improvement opportunities

Function	Cost Gap				Staffing Gap			
	Company A	Core Benchmark Group	Expense Gap (000s)	Indicator	Company A	Core Benchmark Group	Staffing Gap	Indicator
Desktop Support	\$2,100	\$1,900	\$900	▲	0.40	0.70	-8.00	●
Help Desk	\$800	\$500	\$400	▲	0.68	0.50	2.25	◆
Total User Support			\$1,200				-5.75	
Network Administration	0.20%	0.19%	\$500	▲	0.20	0.30	-2.50	●
Mainframe Support	0.30%	0.33%	-\$500	●	1.20	0.80	8.00	◆
Server Support	0.25%	0.27%	-\$2,500	●	0.70	0.80	-1.70	●
Telecommunications	\$1,200	\$1,700	-\$1,000	●	0.18	0.16	1.20	▲
Total Network Services			-\$3,500				5.00	
Application Architecture and Design	0.55%	0.35%	\$5,000	◆	2.20	2.00	4.00	▲
Application Development	0.50%	0.65%	-\$1,900	●	2.85	2.20	1.50	◆
Application Maintenance	0.65%	0.68%	\$700	●	2.70	3.30	-13.00	●
Quality Assurance/Testing	0.30%	0.26%	\$1,200	▲	1.30	1.20	8.00	▲
Management Reporting	0.29%	0.23%	\$2,400	◆	1.30	0.70	9.00	◆
Document Management/Imaging	0.18%	0.13%	\$1,700	◆	0.40	0.40	2.00	●
Project Management	0.03%	0.05%	-\$2,300	●	0.25	1.00	-5.00	●
Total Applications			\$6,800				6.50	

all data is illustrative

Analyze the efficiency of your IT function and track year-over-year performance



For more information, please visit wardinc.com.

