


5 traps to avoid when selecting an insurance core system

Core systems play the most important role in an insurer's tech stack, providing the mission-critical backend to support end-to-end operations. Despite advancements made in these systems, many continue to run on outdated technology, which can cost insurers millions of dollars, slow down speed-to-market, and force vendor dependency. If you're looking for a new core system provider, we recommend you avoid these five common traps:




TRAP 01

A lack of public documentation

- No way to validate the technology before purchase
- Makes it difficult for your team to understand and use the software
- Gives all the control to vendor rather than your in-house team

Bottom Line

If a vendor isn't transparent with you at the start, they won't be transparent with you in the long run.




TRAP 02

Limited implementation options

- Often doesn't fit your business needs or goals
- Increases your dependency on the vendor and third-party consultants
- Favors the most time-consuming and costly implementation methods

Bottom Line

Find a partner and platform that can adapt to your needs.




TRAP 03

High-cost and high-risk upgrades

- Require significant downtime and third-party intervention
- Cost nearly as much as a full-blown implementation
- Leave your business using an outdated version to avoid the headache and cost of upgrades

Bottom Line

Upgrading and adding features should be free, continuous, and automatic with zero downtime or risk of data loss.



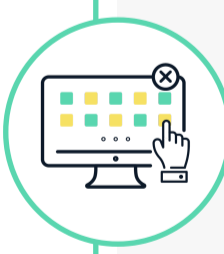
TRAP 04

Zero control over your data

- Common for legacy systems, which hide data within silos and rigid data centers
- Unable to leverage data for better risk assessment, pricing, and profitability
- Inhibits rapid development of new products, markets, and distribution channel

Bottom Line

To stay agile and innovative, find a core platform that gives you full access to your data.



TRAP 05

No free trial

- Common for legacy technology that is not standardized and more difficult to implement
- Cannot validate whether technology supports business needs or meets expectations
- Often results in costly lock-in with the wrong vendor (a six- to seven-figure mistake)

Bottom Line

Build before you buy. Don't risk your company's future on sales demos and RFPs alone.