



CASE STUDY

Annex Risk: Revolutionizing High-Risk Homeowners Insurance



Who is **Annex Risk**:

Annex Risk is a technology-forward startup that specializes in high-risk homeowners insurance, aiming to address the scarcity of underwriting capacity in this segment. They partner with digital-forward retail insurance agents to provide cutting-edge solutions in coastal areas. Annex Risk leverages sophisticated algorithmic underwriting and capacity, allowing agents to quote and bind high-risk homeowners insurance in less than two minutes. Their goal is to transform the landscape of high-risk homeowners insurance and empower agents with speed, accuracy, and confidence.

Risk on the Horizon: Overcoming the Challenges in the \$15-20B High-Risk Homeowners Market

The high-risk homeowners market, valued at \$15-20 billion, faces challenges due to climate change and macroeconomic conditions, resulting in limited underwriting capacity in coastal areas. Annex Risk recognizes the potential of advanced technology to bridge this gap, and to empower capacity providers while enabling retail insurance agents to effectively meet the needs of their customers.

To achieve its objectives, Annex Risk made a plan to introduce a fully digital homeowners insurance product in the Texas and Florida markets. They chose to leverage Socotra's platform as a central hub, and to develop a flexible orchestration layer around it. This infrastructure streamlined critical policy processes - including quoting, binding, endorsing, canceling, e-signing, and payments - ensuring a seamless customer experience.



Elevating High-Risk Insurance: Annex Risk's Technological Journey

When Annex Risk embarked on their venture in the catastrophe-exposed homeowners market, they understood the value of gaining a competitive edge with advanced technology. Recognizing the power of cutting-edge tools to profitably underwrite high-risk properties and streamline services for demanding customers, Annex Risk carefully evaluated various solutions. Among them, Socotra stood out as the most modern - and continuously advancing - policy administration system available.

Charlie Sido, co-founder of Annex Risk, emphasized the core importance of technology to their business, stating,

“Technology is not just an enabler for us; it is at the heart of our operations. We sought the most modern and flexible policy administration system, and Socotra’s API-centric solution surpassed other no/low-code platforms in its versatility.

Socotra’s robust set of powerful insurance building blocks, exposed through APIs, gave Annex Risk the confidence to configure its entire policy lifecycles seamlessly. Additionally, Socotra’s integration with best-in-class solutions for payments, e-signatures, and inspections provided a comprehensive and efficient approach.

Socotra played a pivotal role in compressing Annex Risk’s time to market, enabling them to go from receiving a verbal capacity commitment to selling a complex insurance product in four states in less than six months. Socotra’s capital-efficient approach allowed Annex Risk to achieve this milestone with a small, dedicated team.

The well-defined product and documentation provided by Socotra empowered Annex Risk’s tech-savvy team to independently handle their implementation, without calling upon third-party consultants. Moreover, Socotra’s modern infrastructure offers future-minded capabilities to support Annex Risk’s continued growth and evolution.

Annex Risk took the reins of the project implementation, led by their Chief Technology Officer, with early support from subject matter experts at Socotra. The CTO spearheaded the integration strategy among Annex’s own technology platform, third-party vendors, and Socotra. Annex Risk’s business and insurance teams played dual roles, architecting key insurance and business logic while seamlessly implementing it within the Socotra platform. Socotra gave the team the agility to iterate quickly and execute their plans with efficiency. Annex Risk’s partnership with Socotra paved the way for their technological journey, allowing them to thrive in the catastrophe-exposed homeowners market. With Socotra’s innovative underpinnings, Annex Risk remains confident in their investment, poised to evolve and grow their business effectively.

Milestones Shaping Success:

Progressing Steadily Towards Project Objectives



Within the project's journey, Annex Risk established four pivotal milestones to drive its progress. The first milestone centered on seamlessly integrating Socotra with Annex Risk's technology layer, as well as with third-party vendors. This crucial step laid the foundation for a cohesive and efficient operational framework




Advancing further, the second milestone involved implementing the necessary logic to issue test policies, encompassing both static and dynamic documentation. Annex Risk diligently worked to ensure that policies were generated flawlessly, leveraging the power of Socotra's capabilities.



The third milestone marked a significant stride in the project's advancement, focusing on the development of robust capabilities to handle endorsements, cancellations, and associated financial transactions. Annex Risk dedicated itself to building a streamlined system that could efficiently process these crucial operations, enhancing customer experiences and operational efficiency.



Lastly, the project reached its final milestone, a momentous achievement in the production environment: successfully selling an initial policy. Annex Risk overcame challenges related to payment processes, intricate financial transactions, and optimizing producer management. These milestones created a strong foundation for success, and positioned Annex Risk as a trusted player in the insurance industry.



Transforming Coastal Homeowners Underwriting: Unleashing Efficiency and Innovation

In the realm of coastal homeowners insurance, legacy underwriting practices are entangled in a web of emails, PDFs, images, MS Office, and scattered proprietary systems. Consequently, obtaining quotes often becomes a time-consuming process that can span several days. Annex Risk recognized this challenge and harnessed the power of Socotra to revolutionize their technology platform and go-to-market strategy.

By leveraging Socotra, Annex Risk seamlessly combines sophisticated underwriting capabilities with the instant quote and bind experience that leading admitted providers offer. This transformative approach eliminates the quote delays that plague the industry, giving retail insurance agents the efficient and streamlined experiences their insureds expect. Annex Risk's solution is built on a flexible architecture, enabling them to adapt and scale alongside their evolving business landscape while serving as a solid foundation for future innovation.

Accelerating Success: Unleashing Swift Outcomes



Extensibility: Socotra Provided a Gateway to Rapid Market Entry and Digitally-Empowered Retailer-Producers

Socotra's modern infrastructure not only facilitated Annex Risk's quick market entry, but also paved the way for seamless connections with capacity sources, underwriting tools, and other partners across the insurance value chain. Annex Risk is poised for future growth and innovation, empowered by Socotra's advanced capabilities



Key Insights Shaping the Journey

Throughout this project, Annex Risk gained valuable insights that profoundly influenced their strategy. Its leaders recognized the central importance of payments and the unique operational challenges they create for insurance companies. Annex Risk initially launched with credit card payments, but rapidly adapted, embracing additional payment methods to foster growth and minimize complexity. Furthermore, they identified the necessity of addressing state-specific tax requirements and overcoming proration challenges associated with excess and surplus lines products. These findings allowed Annex Risk to fine-tune their approach and ensure compliance with state regulations while maintaining operational efficiency.



Just the Beginning: Unleashing a Lasting Impact

Annex Risk's retail partners benefited immensely from its Socotra-powered tooling. They experienced streamlined binding processes, reducing the timeline to quote and bind a policy from days to minutes. The partnership also enabled capacity providers to gain direct access to high-quality risks, establishing profitable books of business. Annex Risk plans to extend its geographic footprint, broaden its reach, and provide comprehensive coverage to properties vulnerable to natural catastrophes.

Paving the Path to a Resilient Future: Annex's Journey Forward

In the upcoming year, Annex Risk plans to extend its geographic footprint, venturing into new territories to meet the evolving needs of customers. By broadening their reach, Annex Risk aims to provide comprehensive coverage to a wider spectrum of vulnerable properties. This strategic expansion will ensure Annex Risk's position as a trusted partner to clients in need of reliable insurance solutions.

Central to Annex Risk's growth strategy is the onboarding of digital-first retail agents - forward-thinking partners who share a vision for embracing technological advancements in the insurance industry.

Annex Risk aims to foster innovation, delivering cutting-edge solutions that cater to the changing preferences and expectations of customers in a digital world.

They are determined to empower underwriters through enhanced risk assessment capabilities - with improved pricing accuracy and better access to risk information - thereby enabling more informed decisions.

Conclusion

Annex Risk is committed to empowering retail insurance agents to better serve their customers by continuously innovating and leveraging advanced technologies. They aspire to redefine industry standards, navigate complex risks, and deliver unmatched customer experiences. Annex Risk's collaboration with Socotra has paved the way for scalability and independent process expansion, underpinning their enduring influence in the insurance landscape.



For more information visit **Socotra.com**

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