



CASE STUDY

How Socotra enabled CoverTree to
achieve **30% lower total cost of ownership**
while supporting **significant growth**



HEADQUARTERS: Detroit, MI

BUSINESS LINE: Manufactured housing insurance

GEOGRAPHICAL PRESENCE: U.S. – 15 states with 3 more coming soon

Challenges and Opportunities

- ✔ Market opportunity to provide specialized insurance for an underserved market—manufactured homes—providing quick and competitive pricing for coverage that is often not available to this segment due to geographic location, risk factors, or cost.
- ✔ Seizing market opportunity in the growing segment of manufactured homes was a high priority. To achieve this, CoverTree wanted to deploy an open, flexible, and affordable core platform to support innovation, outstanding customer experience, and anticipated growth.
- ✔ Required a core platform with open APIs to allow ease of integration, enable automated underwriting, and provide digital-first experiences through custom-built and third-party applications.

Socotra Solution

Pay-as-you-grow pricing, flexibility, and unprecedented speed-to-market

Open APIs enabling seamless integrations and straight-through processing

Cloud-native architecture to get the latest features and upgrades without additional resources, costs, or downtime

Results

Implementation completed in 6 months, compared to 1-2 year industry standard

90% of applications are straight-through processing

30% lower TCO compared to other core platforms

50% fewer technical staff required to maintain technology



CoverTree Leverages Data to Unlock a Niche Market

Founded in 2020 in Detroit, Michigan, CoverTree is an insurtech MGA focused solely on the manufactured housing market. Manufactured homes have found their moment as retirees, young professionals, and people looking to lower their carbon footprint buy tiny homes, modular homes, and other forms of factory-built dwellings. The founders of CoverTree saw an opportunity in this trend.

In the past, manufactured homes have been underinsured, as policyholders faced excessive monthly premiums and lower reimbursements. CoverTree's plan was to offer low-cost insurance that makes purchasing coverage and submitting claims fast and easy for owners, renters, and landlords of all types of factory-built dwellings.

Getting to market quickly with this offering, however, required the right technology, which would enable them to leverage Artificial Intelligence (AI) and data-based pricing to create a straight-through process for underwriting and claims in their online distribution channel.

This type of digital automation would allow CoverTree to improve the customer experience by making applications and claims fast and easy, while also reducing costs that they could pass along to customers in the form of better prices.

Finding the Right Core Platform to Fit the Needs of a High-Growth Startup

Motivated by their research into their housing trend, and solely focused on this market, CoverTree needed to find a reliable and agile core policy solution upon which to build the user experience. Customer experience was top priority: CoverTree wanted to differentiate on user experience with their own customized front end and leverage multiple third-party applications. For this approach to be successful they wanted a system with open APIs that would enable easy integration with the core platform and nurture an ecosystem, allowing them to efficiently create, connect, and configure to meet their future growth needs.

CoverTree evaluated several options, including Duck Creek, Guidewire, and INSTANDA. They quickly discovered that Duck Creek and Guidewire were untenable due to the immediate and ongoing costs. Guidewire and Duck Creek charge a large annual fee for upgrades, which would have to be integrated with the present implementation, creating expense and time delay. And while INSTANDA offered an end-to-end solution, it couldn't be customized or parameterized, offering no opportunity to build a customized user interface (UI). This inflexibility was another no-go.

Socotra offered the best of both worlds with a powerful backend engine that efficiently manages the complex interactions needed throughout the policy lifecycle and the ability to build the workflows and UI exactly as CoverTree envisioned — at about a third of the total cost of ownership (TCO) of INSTANDA.

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“We’re able to keep our team small with Socotra. Our team would have to be at least 50% larger if we choose one of the larger vendors. And, if we had gone with INSTANDA, our team would have to be about 25% larger.”

- Divyansh Sharma, CoverTree CTO

As CoverTree evaluated core systems, upgrades were a big consideration. Socotra upgrades are simple, because Socotra upgrades its platform continuously and automatically with zero downtime or fees. CoverTree estimated the five year TCO of upgrades to cost approximately \$500k.

Building Modern Customer Experiences on a Modern Core Platform

Socotra enabled CoverTree to rapidly launch their product. According to the CoverTree CTO: “Our ratings, document generation, underwriting, policy issuance and invoices – everything is in Socotra. In only 6 months we went live in five states with Socotra earning premium out of the gate. With some other vendors, you just have a team formed in 6 months.”

Socotra’s open APIs enabled the company to seamlessly integrate the policy admin system with their CRM, email services, document generation tool, and more, allowing them to enhance and expand their offerings with ease.

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“Employing Socotra’s ease of API integration and robust partner network, we incorporated machine learning and artificial intelligence capabilities. Our product is designed for straight-through processing, with only 8% requiring referral to underwriters and an anticipated 2% getting declined. Our business model has eliminated the need for a call center. Our employees who are agents love Socotra because the technology is there to support them and make their job easier. We have great UI, interfaces, systems, everything you would normally expect.”

- Divyansh Sharma, CoverTree CTO

Socotra enabled CoverTree to deliver straight-through-processing and powerful backend capabilities. CoverTree estimates the product team is now **50% more productive** with Socotra than they would have been with Guidewire and 25% more productive than they would have been with INSTANDA.

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“We wanted to power a very modern customer experience, which we could not achieve with other policy solution providers. Socotra has great flexibility with their APIs which really helped us build a very modern customer experience. Socotra’s value proposition was compelling: ‘You build a great UI. We’ll provide a great engine, and we’ll help you go to market faster.’ Getting to market was the most important thing. With Socotra, I still had the control of building our desired workflows, making it seamless for agents and consumers. It delivered the best of both worlds.”

- Divyansh Sharma, CoverTree CTO

Socotra is an Ideal Technology Partner

For CoverTree, Socotra offered everything they were looking for, including:

- ✓ An enterprise-grade policy admin system that will grow with the company
- ✓ Simple integration to third-party app offers
- ✓ AI and machine learning capabilities which increased automation, reducing the need for staff and speeding up the application process
- ✓ APIs that enable integration flexibility, connecting the customized UI and other apps
- ✓ A customizable UI that supports a modern customer experience
- ✓ A price that was 30% less than the closest competitor
- ✓ Expert, reliable, and friendly support

With Socotra's robust policy core platform, CoverTree is able to focus on the customer experience. They've created a fast, painless insurance application and claims administration process that enables customers to purchase insurance or file a claim in three minutes, differentiating the company in the market.

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“Without Socotra, it would have taken more time with infrastructure management. That's just not the most productive use of time for developers. More time, more pressure, and more effort. We work with a lot of people in this business. Socotra is the best partner by far.”

- Divyansh Sharma, CoverTree CTO

Looking Ahead

With CoverTree, manufactured home customers, who previously could not get coverage, can purchase a policy online in less than three minutes and save up to 40% in premiums. CoverTree is now live in 15 states and expanding into three additional states in the near future. Socotra ensures they'll only be limited by their imagination.

Key Results:

Enabled market entry in one year – with just 6 months needed for Socotra implementation

Anticipated exponential growth

- ✓ More than 12,000% by year-end from \$40K in GWP to \$5M
- ✓ Expected five-year GWP of \$100M

Staff savings: CoverTree can work with 25-50% of technical and product staff that would have otherwise been required (25% less than if INSTANDA had been selected, 50% less than if Guidewire or Duck Creek had been selected or a solution had been built from scratch)

Platform savings

- ✓ 30% reduction in TCO with Socotra compared to INSTANDA
- ✓ No physical stack required
- ✓ Upgrades are free, quick, and automatic requiring no CoverTree effort versus Guidewire and Duck Creek estimated 5 year cost of upgrades at about \$500K



About Socotra

Socotra is the most powerful policy and billing technology in the insurance industry. Over 40 insurers worldwide trust Socotra to deliver the fastest product launches and updates, unrivaled data access and control, and the best support for insurance at massive scale—all for the lowest total cost of ownership. With true cloud and open APIs, Socotra is the most mature insurance core platform on the market. Learn more at socotra.com