THE CLOCK IS TICKING...

Are you prepared for the new PIP law?
New no-fault personal injury protection (PIP) law is approaching!

The countdown to comply to the new no-fault law has already begun. On May 30, 2019, Michigan lawmakers passed legislation to reform the auto insurance market, impacting every driver in the state. The new law will include substantial changes to PIP coverage and tort liability, transforming Michigan into a mixed no-fault and tort state as of July 1, 2020.
How did the original PIP law come into existence?

• Michigan drivers pay 83% higher premiums than the national average of $1470.

• According to the federal government, premiums in 97% of Michigan’s zip codes are unaffordable.

• Due to expensive claims, the system attracts legal battles as half of civil cases in Michigan in 2017 were related to car accidents.
What does the new PIP law entail?

**Tiered Coverage Options**
In addition to unlimited coverage, optional coverages of $500K, $250K, $50K and opt-out must be provided to drivers with rate cuts.

**Higher Liability Coverage**
Minimum liability coverage for one and more than one person injured/killed increased to $250K & $500K, respectively.

**Stricter State Governance**
The state insurance regulator must approve new rates before insurers can start charging customers.

**Exclusion of Non-Driving Factors**
Premiums must not be determined based on non-driving factors such as gender, marital status, occupation, education, zip code, credit score or residential status.

**New Medical Provider Fee Schedule**
New medical provider fee schedule based on Medicare fee will be created as of July 1, 2021. The limit will phase in starting at 200%-250% of what Medicare pays.

**Higher Recovery Limit under Mini Tort Law**
Under the new law, the maximum dollar amount for mini tort recovery will increase from $1,000 to $3,000.

**Lower MCCA Adjustment Fees**
MCCA adjustment fees for catastrophic accidents have been reduced from $220 to $43 for those who opt out of unlimited benefits.

**Premiums Adjustment Based on Savings**
Savings by carriers due to the new medical provider fee schedule must be passed on to drivers by reducing premiums.
5 CHANGES THE NEW PIP LAW WILL BRING
# Expected impact of changes on auto insurance carriers and drivers

<table>
<thead>
<tr>
<th>CHANGES</th>
<th>INSURANCE CARRIERS</th>
<th>INSURANCE DRIVERS</th>
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| **Introduction of the 5 new coverage options** | • Topline might take a hit due to rollback rates for at least 8 years  
• Lower owing to avoidance of medical claims, fraud, and legal battles  
• Frequency of catastrophic claims might increase | • Premiums will be lowered, making insurance affordable for drivers  
• Prices of non-PIP part of insurance might increase |
| **Increase in liability coverage** | • The cost of auto insurance will increase and have positive impact on topline of carriers | • Increase in liability cost could cut into the savings drivers would see from PIP reductions |
| **New medical provider fee schedule** | • Legal battles between carriers and medical providers will decrease  
• Carriers would gain more transparency in costs | • Savings from new medical provider fee schedule will be passed to drivers, thus reducing premiums |
| **Ban on usage of non-driving factors** | • Insurers will have to adjust pricing formulas on how costs will be distributed to individual drivers  
• Annual mileage and driving record could carry more weight | • Drivers will gain more privacy and safety of personal information |
| **Reduction in MCCA adjustment fees from $220 to $43** | • Carriers will be able to provide more affordable insurance products | • Drivers can expect savings due to reduction in adjustment fees |
HOW SHOULD YOU BE PREPARED?
The impact of new PIP regulations on the insurance value chain

<table>
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<tr>
<th>Key Regulatory Changes</th>
<th>Product Planning &amp; Development</th>
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<th>Underwriting</th>
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<tr>
<td>New Coverage Options</td>
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<td>Increased Liability Coverage</td>
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<td>No-Fault Medical Provider Fee Schedule</td>
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<td>Passing on Savings to Drivers</td>
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<td>Exclusion of Non-driving Factors</td>
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<td>Lower MCCA Adjustment Fees</td>
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The new regulatory changes will mostly impact underwriting and policy administration.
### How Guidewire can adapt to the new law?

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<th>PolicyCenter™</th>
<th>ClaimCenter™</th>
<th>BillingCenter™</th>
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<td>→ Rate Tables &amp; Algorithms</td>
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<td>→ UI Upgrade</td>
<td>→ Guidewire SBT (if applicable)</td>
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<td>→ Form Design &amp; Inference Update</td>
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**Incoming and Outgoing Integrations**

- Ports Upgrades
- OneTouch Automated Testing
- End User Training and Documentation

**Value Delivered**

- 100% Regulatory Compliance
- Faster Time to Market
- SME-Led Implementation
- Enhanced Customer Engagement
MAKEOVER YOUR INSURANCE SUITE WILL UNDERGO
Changes to PolicyCenter™ configuration

1. Redesign of available scripts to accommodate new PIP limits and opt-out option
2. Refactor of rate tables & algorithms to include only the driving-based parameters
3. Redesign of coverage screens for policy transaction wizards — new business, policy change, renewal, etc.
4. Modifications in policies renewal/offer letter based on effective date & grandfathering permitted
5. Redesign of forms to account for PIP changes and increased liability coverage
6. Appropriate handling of OOS to accommodate changes for existing customers
7. Implementation of new release for customers using SBT

Impact on Rating
- UI Modification
- Renewal Modification
- Out of Sequence (OOS)
- Guidewire SBT
Changes to ClaimCenter™ and BillingCenter™ configuration

1. Product Model Mapping
   - Re-map new models while supporting new & old PIP guidelines during transition phase

2. Analytics Update
   - Update claims segmentation & adjudication process while setting reserve lines & authorities per PIP limits

3. UI Modification
   - Modify claim intake wizard UI with updated coverage verification screens

4. Proactive Handling of Catastrophic Claims
   - Enable catastrophic claims handling process to adapt to new PIP coverage limits

5. BillingCenter™ Reconditioning
   - Update billing instructions per new PIP limits & liability coverage to create regulations-compliant invoice items
**Changes to Portals, Testing and Training**

1. **Guidewire Digital/Portals**
   - Re-map product model & UI upgrade. Coverage data mapping between portals & Xcenters

2. **Help Documentation**
   - Update of static or context-sensitive help documentation

3. **End User Training**
   - Train service reps, agents, underwriters & claims adjusters to handle internal process & customers

4. **QA/Testing**
   - Test new changes & regression testing of existing changes

5. **Automated Testing**
   - Deploy Zensar’s automated testing framework to reduce effort and cost
Integration with PolicyCenter™

Incoming Integration
Determine rate factors for non-driving parameters

BillingCenter™
Billing instructions synced with PIP changes

Downstream Systems
• Enhanced integration with Guidewire DataHub™, ODS, etc.
• Generate updated reports/business intelligence using Guidewire InfoCenter™

Document Production System
Re-map and redesign renewal offer letter, PIP documents & forms

ClaimCenter™
Re-map with new product models

PolicyCenter™
### Key Solutions

<table>
<thead>
<tr>
<th>Product Model Update</th>
<th>Tiering of PIP Coverage Limits</th>
<th>Higher Required Liability Coverage</th>
<th>New Medical Provider Fee Schedule</th>
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<th>Premiums Adjustment per Savings</th>
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<td>Renewal Modification</td>
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<td>PC-CC-BC-Downstream Integrations</td>
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**How will these changes impact your business?**
HOW CAN ZENSAR HELP?
How can Zensar help you transform your insurance suite?

PIP Implementation Phases

**Pre-Inception**
- Implementation workshop/training
- Understand existing PIP setup

**Sprint 0**
- Environment setup
- Mock delivery sprint
- Implement accelerators

**Stabilization**
- Systems/E2E UAT
- Guidewire support transition
- Review & approve

**Support**
- Business as usual
- Maintenance upgrades

**Inception**
- Plan project or sprints
- Elaborate requirements

**Development**
- Plan sprint
- Build solution
- Demonstrate results

**Deployment**
- Migrate data
- Deploy to pilot team
- Full deployment
- Review & approve

**Our Capabilities for Enabling PIP Implementation**

- PC, BC & CC Configuration
  (Business analyst and developers)
- Guidewire, ESB & third party systems integration
- Guidewire Digital™/Portal/DataHub™/InfoCenter™ expertise
- Data warehouse expertise/
proactive off-shore support
- OneTouch automated testing/QA
Operating Model

Model View Office

Achieve Operational Readiness
- Deploy campaigns to engage with customers/agents
- Inform about regulatory changes and renewal cycles
- Track feedback and align
- Implement feasibility study – customized support for 100% alignment with regulations

Target Operating Model

Ramp Up (2-3 months)
- Resource planning for levels 1/2/3 support – tackle surge in communications from customers/agents
- Setup chatbots for customer service

Ramp Down (1 month)
- Resource planning for levels 1/2/3 support – ramp down as surge decreases
- Ramp up chatbot capabilities – call flow, predefined answers

Post production support

Deliver outstanding customer satisfaction
- Level 2 support for defects in downstream systems
- Level 3 support for complex defects fixing

Proactive Business Transformation Support

Attain 100% Regulatory Compliance
We combine decades of insurance expertise with proven Guidewire experience to deliver business value while reducing time to market.

At Zensar, we believe in consistent value delivery. This is reflected by our **10+ years of** partnership with 70% of our customers — of which 75% are Global 1000 enterprises. Based on our years of experience, we have analyzed the impact of PIP on IT systems of P&C carriers. We want to help you adapt to the latest PIP regulations and achieve 100% compliance **before** July 1, 2020.

Let's talk.

I look forward to discussing your transformation strategy based on this new regulation.

Contact: Jonathan.Mayo@Zensar.Com