

Before the Board

What a board should see before it is asked to fund a strategy.

Everyone wants the same market.

US small commercial is one of the largest prizes left in property and casualty: roughly \$140 billion in direct premium, about a third of all commercial premium. It is also fragmented, with the largest carrier holding only about 6 percent. Carriers built for large corporate risk look at it and want in.

One global commercial carrier did the strategy work honestly. It concluded that the smallest accounts were won on straight-through processing it did not have, and that competing there would take an acquisition. It chose to compete where it already had standing: small and middle market accounts in broker verticals where it held relationships and product breadth. The target was up to \$1 billion in new premium.

Brokers told it what they wanted. One face from the carrier, not one per line of business. A quote and an invoice at the account level. Less to submit, with the carrier finding the rest.

THE QUESTION

What should a board see before it is asked to fund a strategy?

The board said no.

The case went to the board in two parts: a proof of concept of about \$5 million, and approval to evaluate a target platform, with one option approaching nine figures. The board declined.

The strategy was sound. The investment case was not. By the case's own account, extending the carrier's existing architecture had not been tested, and the cost of evaluating the alternatives had not been determined. The board was asked to fund the first step of a program whose size and shape were still unknown.

THE FIRST GAP

What already existed.

The carrier already had a multiyear underwriting transformation underway whose scope overlapped the new strategy. It already covered capabilities central to the new strategy and was producing reusable assets.

The board case acknowledged systems that could be reused, but it did not reconcile the strategy's required capabilities against what the enterprise had already funded. Without that reconciliation, the case could not establish what was genuinely new, what already existed, or what the enterprise risked buying twice.

This test is specific to the carrier. What a strategy requires is the same for anyone who pursues it. What differs is how much of each requirement a carrier already has.

What the proof should prove.

The \$5 million was not unreasonable. What it was aimed at was. The proof of concept was designed to test the market proposition and selected features. Much of the experience would be operated manually. It could show whether the proposition attracted interest. It could not prove that the capabilities on which the strategy depended would work at enterprise scale.

The case listed seventeen capabilities it needed, without identifying what already existed, what had to be built, or what required innovation.

Resolved against the Carlson BCM insurance corpus, the strategy embodies roughly eighty business capabilities. Three of them require innovation, and those three make or break the deal.

	ABILITY	WHAT THE BROKER EXPERIENCES	WHAT MUST BE PROVEN
01	Ability to align underwriting to a broker vertical	One carrier, one point of contact, every line the client needs	Lines of business can quote and service as one account without losing product ownership
02	Ability to consolidate an account view	One quote, one bill, one picture of the client	Policies held in separate systems can be presented as one account without consolidating every system behind it
03	Ability to supplement submission data	An address in, a bindable quote out	Third-party data can locate, describe, and assess every insured location with minimal broker input

The three abilities, anonymized and simplified.
THE STRATEGY, REDUCED TO WHAT IT REQUIRES

Any carrier pursuing this strategy needs all three. They are what the \$5 million should have proven: each ability validated, taken into an open innovation process, or put through dedicated diligence before the platform is funded.

Before the board, not after.

The sequence inverts. The work a board would otherwise commission after approval is done before the request reaches it. Name the abilities the strategy depends on. Resolve each against what the enterprise can already do. Publish what remains as a problem statement to third parties, who respond against the capability rather than a vague brief. Test every response through two feasibility checks. Solutions that do not fit fall out before any capital moves.

01

Name the abilities

The strategy reduced to what the enterprise must be able to do.

02

Resolve what exists

Each ability set against what is already specified and built.

03

Publish the gap

What remains goes to third parties as a capability problem.

04

Test feasibility

Two checks against the model before any commitment.

05

Go to the board

A scoped proof and a validated shortlist reach the board.

Solutions that do not fit the ability fall out here, before capital.

PROVE FIRST, FUND SECOND

Before funding the platform, determine what already exists. Before funding the proof, determine what needs to be proven.

The board should receive the results of that work, not be asked to fund the process of discovering them: a proof already scoped, a shortlist already validated, and a clear line between what the enterprise owns and what it must acquire. That is what a board is owed.

The model does not need to author a strategy to test it. It can take one from any firm and show what it depends on before the board pays for it.

*A strategy is a claim about what the enterprise will be able to do. Prove the ability, and **the program earns its funding**. Skip the proof, and the board is asked **to buy a hypothesis**.*