



A ROOT PLATFORM GUIDE

— YOUR CORE INSURANCE PLATFORM

Build and Buy

A guide to allocating capital
to insurance tech



```
1  /* Require the Root library and initiate it with a secret key */
2  const root = require ('root-insurance')('MY_ORGANISATION_SECRET_KEY');
3
4  /* Generate a term life insurance quote */
5  const quotePackages = await root.createQuote('term-life', {
6    coverAmount: 2000000 * 100,
7    coverPeriod: '5_years' ,
8    basicIncomePerMonth: 48000 * 100,
9    educationStatus: 'undergraduate_degree',
10   smoker: false,
11   gender: 'female',
12   age: 27
13 });
14
15 /* Create a new policyholder */
16 const policyholder = await root.createPolicyholder({
```

INTRODUCTION

BUILD AND BUY: A GUIDE TO ALLOCATING CAPITAL TO INSURANCE TECH

Most insurance businesses start small, and kicking things off on in-house purpose-built tech is often the right call.

You build something lean and purposeful - a system designed to prove a product line, serve a single channel, and get the business off the ground.

And then you **scale**.

Growth has a way of exposing the limits of systems built for an earlier version of your ambition. What was once a competitive asset quietly becomes the biggest constraint to your next stage of growth.

The real decision you face isn't “**Build**” or “**Buy**” in the abstract but rather whether to keep investing in an increasingly complex internal system, or to ignore the sunk costs and admit that the system that got you past the first stage of your business’ growth is no longer a viable investment for your future.

A FRAMEWORK FOR ALLOCATING CAPITAL

This guide offers a framework to help guide the complex decision growing insurance businesses need to make about allocating capital to technology.

We'll help you understand the full cost of maintaining an in-house system, including the costs that don't appear on any invoice, and show you how adjusting your capital allocation may free you up to focus on what actually drives growth.

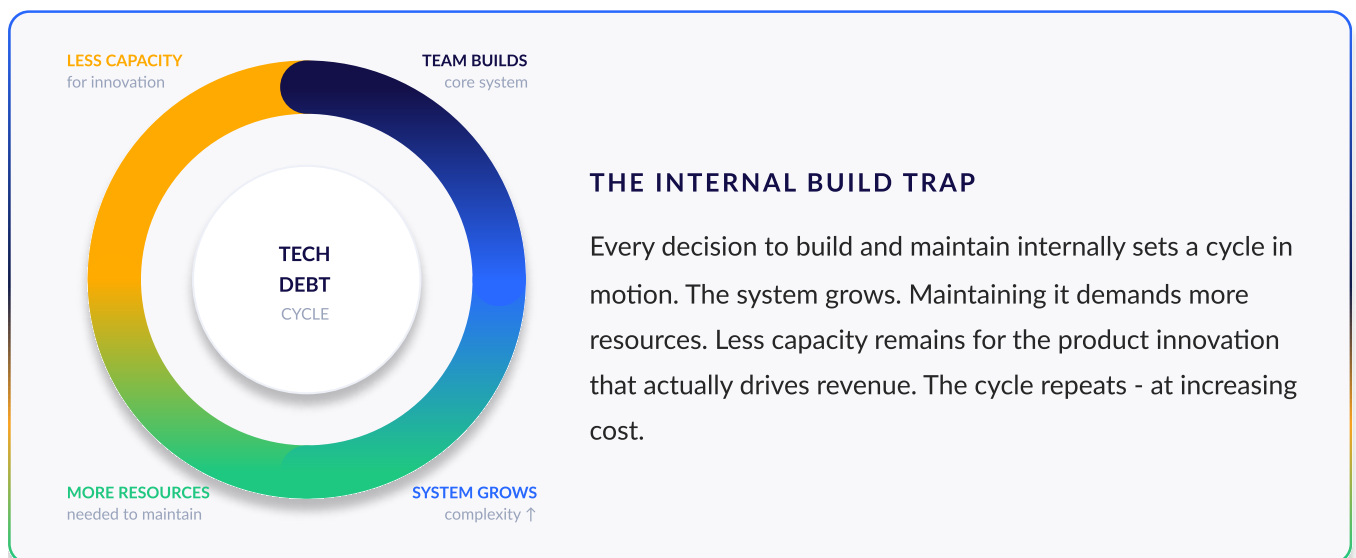
Resource allocation is a **spectrum** to be navigated. Where your business is positioned on that spectrum today doesn't have to be where it is tomorrow.

HOW MUCH OPPORTUNITY IS YOUR SYSTEM REALLY COSTING YOU?

YOUR TECH WAS BUILT TO PROVE THE BUSINESS, NOT SCALE IT

Diverting engineering capital to maintain and extend a core system that wasn't designed for your current ambitions is one of the most common and costly misallocations a growing insurance business can make.

When your developer team is focused on the core system, you aren't just paying for the code.



Your internal system was never really designed to scale.

What was built to serve one product and one channel will demand increasingly complex and costly engineering to serve three products and five channels, for example. The system doesn't stop working, but becomes an ever-heavier anchor on your growth.

Your business is paying the opportunity cost of every market-facing feature they didn't build, every distribution partnership that took longer to integrate, and every product that launched late.

YOUR ENGINEERING CAPITAL MAY BE SOLVING THE WRONG PROBLEM

As an insurer, MGA or intermediary, your real competitive edge lies in **underwriting expertise, actuarial precision, distributor relationships, and customer experiences.**

Outsourcing your core infrastructure to a best-in-class platform amplifies your investment in these aspects that differentiate you.

Technology is no longer a discrete function sitting in one corner of your business. It runs through every part of your customer and business lifecycle, from your pricing models and distribution relationships, to your customer journeys and claims workflows.

This is precisely why the impulse to keep building internally feels so intuitive: tech is everywhere, so surely owning more of it is better. That impulse is often rooted in the mantra: "Nobody knows our business like we do."

But this is the fallacy.

Choosing to buy a core platform isn't a decision to relinquish technology, it's a decision to reallocate your resources towards higher impact activities.

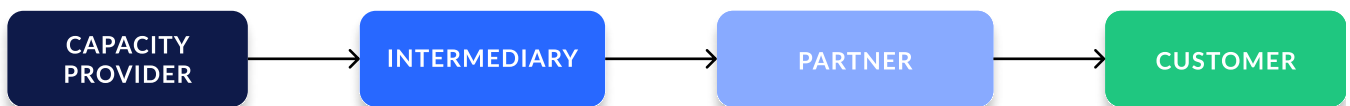
As a tech-enabled business, your technical teams should be focusing on technology that makes you competitively distinct, **not on infrastructure that doesn't.**

THE COMPETITION ISN'T WAITING - AND NEITHER ARE DISTRIBUTION PARTNERS

As the insurance value chain continues to unbundle in real-time, the race to work with brands with loyal and large customer bases keeps intensifying.

Retailers, banks, and affinity brands increasingly want to offer protection to their customers at the exact moment of need, and they want the revenue that comes with it. They need the right insurance partner to make this work, one that moves at their speed and can meet the standards demanded by their customers.

THE UNBUNDLING INSURANCE VALUE CHAIN



IF YOU MOVE FAST

You become the partner of choice and preferred route to market for retailers, banks and affinity brands.

IF YOU MOVE SLOWLY

Partners build solutions themselves, or partner with tech-enabled insurers. The technology is accessible, and the commercial incentive significant enough that a slow integration accelerates their decision to go direct or elsewhere.

As the value chain continues to unbundle, speed & agility is a **minimum requirement** to stay competitive.

If you're only able to offer a slow or clunky integration experience your competitors will win the business. Partnering with system providers that are architected to support any product and any distribution channel means you're setting yourself up to be the partner of choice for these alternative distribution possibilities.

WHERE SHOULD YOU INVEST YOUR CAPITAL?

At its core, the decision of what to **Build** or what to **Buy** isn't really a technology decision.

It's a capital allocation decision, and every insurance business makes a decision somewhere on a spectrum.

At **one end**, capital is fully allocated to building and maintaining an internal, full-stack technology operation. This means owning every layer of the system, from core infrastructure to customer-facing product.

At the **other end**, capital is allocated entirely to third-party platforms and partners, with internal resources focused purely on the commercial and operational work that creates differentiation.



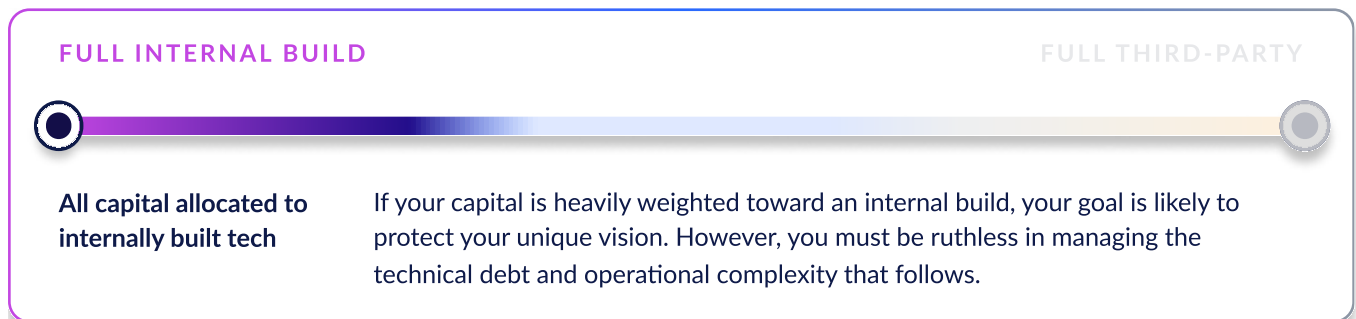
In practice, no business sits at either extreme.

A **full internal build** is not sustainable at scale, and **full third-party reliance** means that you are not investing enough in your differentiation.

The real question is where on this spectrum your capital should be allocated, given where you want to go.

UNDERSTANDING THE CAPITAL ALLOCATION SPECTRUM

BUILD: FULL INTERNAL OWNERSHIP



BENEFITS TO PROTECT

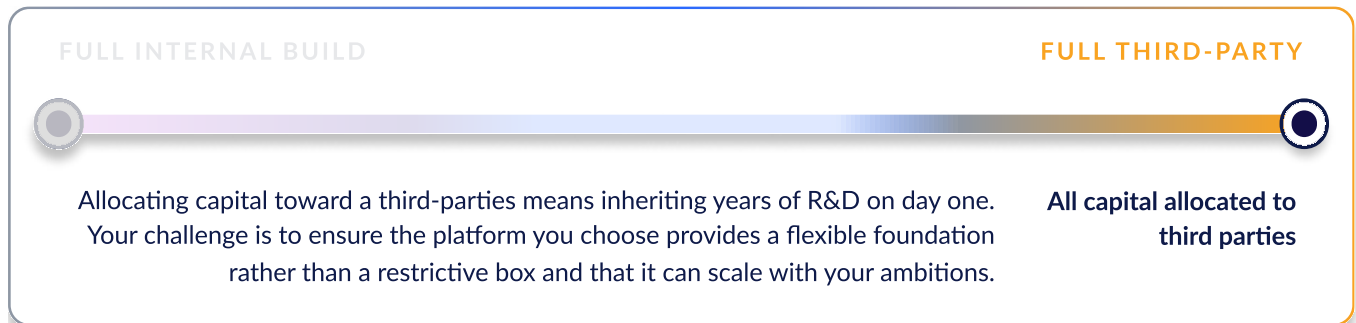
- ✓ **Tailored functionality**
Your system and products reflect your exact vision. Every workflow, every rule, every integration is built to your specification, product set and customers
- ✓ **Operational alignment**
The tech is designed to mirror your existing operating model directly, minimising friction when processes change or new requirements emerge.
- ✓ **Tech independence**
You eliminate third-party vendor risk and own the IP in your core system outright.

RISKS TO MITIGATE

- ✗ **The infrastructure trap**
Every hour your engineering team spends building and maintaining a core policy administration system is an hour not spent on market-facing innovation. You are allocating scarce, expensive capital to a commodity not to differentiation.
- ✗ **The payroll problem**
Internal builds get more expensive to maintain with more products, channels and complexity. Expect engineering resources to settle at roughly 50% of total payroll - indefinitely. Tapping into a new customer base, alternative distribution or launching a new product line means augmenting your team to build out this flexibility, and then maintain it.
- ✗ **Key-person dependency**
When institutional knowledge resides in 2-3 senior engineers, you carry significant continuity risk. Departures are destabilising.
- ✗ **Stagnation**
Best-in-class practices and market feedback are not incorporated into builds. Inefficient practices are perpetuated.
- ✗ **Integrations**
Connecting a custom system to external platforms, data services, and distribution channels is complex. Integrations require time & costs that compound as your distribution footprint grows.

UNDERSTANDING THE CAPITAL ALLOCATION SPECTRUM

BUY: FULL THIRD PARTY ENABLEMENT



RISKS TO MITIGATE

- ✘ **Implementation friction**
 Data migration and system integration costs are real - plan for them carefully. A provider with a proven implementation methodology and track record significantly reduces risk.
- ✘ **Workflow gaps**
 A third-party platform will have its own optimised workflows, which may not map perfectly to your current processes. Allocate time for change management to adapt internal operations and evaluate how configurable the platform's workflows are before committing.
- ✘ **Roadmap alignment**
 You relinquish direct control over feature priorities. Choose a partner whose product vision aligns with where you're heading, and has a channel for feature requests.

BENEFITS TO PROTECT

- ✔ **Reclaimed engineering capital**
 Your team is freed from infrastructure maintenance and can be redirected toward strategic, market-facing differentiation.
- ✔ **Market-standard architecture**
 Inherit best practices in API design, security and compliance - without the R&D cost.
- ✔ **Speed-to-market**
 Benefit from a platform built and refined across multiple insurance businesses, shortening development, testing and launch timelines considerably.
- ✔ **Risk offloading**
 The financial and operational burden of core system stability transfers to specialists whose entire businesses depend on getting it right.

For most MGAs and digital intermediaries, the sweet-spot is likely closer to the Buy end: buy the infrastructure, and build the differentiation.

A BALANCED SOLUTION

ROOT AS YOUR FOUNDATION

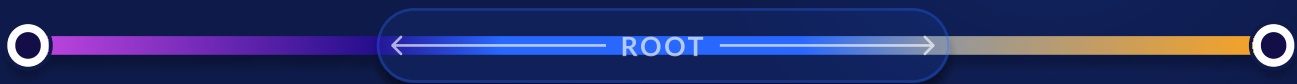
Most platforms ask you to choose between flexibility and reliability.

Root is built on the premise that you shouldn't have to.

Rather than sitting at a fixed point on the capital allocation spectrum, Root is designed to move with you. Depending on your internal capabilities, your growth stage, and how you want to work, you can position your use of Root closer to the build end of the spectrum or closer to the buy end and shift that position over time as your business evolves.

FULL INTERNAL BUILD

FULL THIRD-PARTY



CLOSER TO BUILD

FOR BUSINESSES WITH STRONG INTERNAL ENGINEERING

Root provides the foundation to build on, without the burden of building core infrastructure.

Our low-code product workbench gives your team the autonomy to define, configure, and launch insurance products without touching source code. You're not constrained by rigid product templates (typical of no-code platforms), and products are shaped by your logic, your rules and your distribution requirements.

For deeper control over the internal user experience, use Root headless. Root's comprehensive and well-documented APIs enable clients to build their own internal dashboards, user management portals, customer-facing journeys and agentic flows. Get the interface you want, powered by infrastructure you don't have to build or maintain.

Our API-first architecture integrates into your existing tech stack rather than replacing it. You connect the tools that you want to keep, and the platform sits at the centre.

CLOSER TO BUY

FOR BUSINESSES THAT WANT TO MOVE FAST

Root provides everything needed to go to market without building anything.

Our in-house Professional Services team has a proven track record delivering product builds, implementations, launches, and data migrations across a range of insurance businesses on-time and on-budget. You can expect to be guided through the launch process by experts, with a proven methodology built to reduce the risk of delays and cost overruns.

Out of the box, Root provides a fully featured user management portal (the **Root Dashboard**) for your operations teams to administer policies, plus white-labelled customer portals ready to embed directly into existing customer journeys.

For businesses that want to get to market quickly without extensive front-end build work, these tools remove a significant amount of the implementation burden.

A BALANCED SOLUTION

ROOT AS YOUR FOUNDATION

WHAT STAYS CONSTANT IS THE CORE

A robust, scalable insurance platform that your team never has to maintain, patch or worry about.

Whichever way you use **Root**, our core platform is the infrastructure that no insurance business should be building itself: quote-to-bind, policy and claims administration, data management, compliance, security, and the ongoing R&D that keeps the system current. Inherit market-wide best practices and continuous improvements without the cost of developing them. The result is reallocating your engineering capital toward your products, your distribution, your customer experiences, and your competitive edge.

PLATFORM ARCHITECTURE

WHAT ROOT HANDLES VS. WHAT YOU OWN

THE BUILD & CONFIGURATION LAYER – WHERE YOUR DIFFERENTIATION LIVES

YOU BUILD

Customer-facing products & experiences

Branded journeys, underwriting and distribution - your unique proposition in the market

Product design

Customer journeys

Distributor relationships

Underwriting

Custom dashboards

YOU CONFIGURE

Rules and workflows

Configure your product logic, rules and workflows

Low-code product builder

Pricing logic

Business requirements

Product rules

Agentic flows

Custom reports

THE DATA & INFRASTRUCTURE LAYER – BUILD ON A PLATFORM MANAGED BY ROOT

ROOT MANAGES

Core infrastructure

APIs powering the foundation of your business

Policy administration

Quote-to-bind

Premium management

Claims

System of record

APIs and webhooks

Automated customer notifications

Agentic infrastructure

Security

Management dashboard

MAKING THE BUSINESS CASE

WINNING STAKEHOLDER BUY-IN

The most difficult part of the capital allocation decision is often getting executive support.

To secure support for allocating capital to a third party system - a “buy” decision - reframe the decision from one of software and features to a strategic decision about where your business's engineering investment will generate the highest return.

FINANCE & BOARD

SPEED AND COST

Failed implementations are real and your stakeholders know this.

When evaluating providers, gather evidence of a proven track record of successful implementations and data migrations.

Ask for detail on their implementation methodology, onboarding support, and how mid-project risks are identified and mitigated.

This will give you the ammunition to handle objections on delays and cost overruns before they're raised.

TECH LEADERSHIP

CONFIGURATION V CUSTOMISATION

Customisation is a trap that involves writing proprietary code in a core system, creating a platform that is expensive to maintain and increasingly fragile as complexity compounds.

Configuration, by contrast, gives genuine freedom. Modern platforms like Root let you define product rules, workflows, and pricing logic without touching source code. The outcome is the precision of a bespoke result on a standardised, future-proof foundation.

The difference matters because it reframes the conversation: you're not asking the board to accept a generic, off-the-shelf product. You're asking them to approve a foundation that your team can shape to your exact requirements, without the overhead and payroll involved in maintaining it.

CONCLUSION

THE RIGHT INVESTMENT FOR THE NEXT STAGE OF GROWTH

Most businesses start out making the right decision.

They built something that was right for its time: lean, purposeful, and fit for the product and channel it was designed to serve.

The question now is whether that same investment is still the right one for the next stage of growth.

The capital allocation framework in this guide is designed to help you answer this question and defend your capital allocation decision to your board, and to your procurement and finance teams.

By finding the right allocation, and choosing a foundation that handles the infrastructure so your team doesn't have to, your business will be equipped to focus its resources where they generate the highest return: your **products**, your **distribution**, your **customers**, and your **growth**.

KEY TAKEAWAYS



BUILD AND BUY IS A CAPITAL ALLOCATION DECISION

Not purely a technology one. Every insurance business sits on a spectrum - and where you land today won't be where you are tomorrow.



THE HIDDEN COSTS ARE THE LARGEST COSTS

Payroll, maintenance, documentation and opportunity cost. A modern platform, like Root, turns these into a predictable operational expense.



BUY INFRASTRUCTURE. BUILD DIFFERENTIATION.

Your edge is in underwriting, distribution and customer experience - not in building & maintaining a core insurance platform.



THE WINDOW IS OPEN - BUT NOT INDEFINITELY

Distribution partners are moving now. The businesses that move fastest will become the default partners in the next decade of insurance.



Scan the QR code to discover more about how we can help you build and scale your insurance business.

Or reach out to hello@rootplatform.com



The proven platform partner for modern insurance

rootplatform.com

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