Rewriting the Workflow Rules for Insurance Carriers

White Paper

4 ‘Intelligent’ Processes to Reduce Costs and Improve Agent Service and Enhancing Security
The rules for how insurance carriers conduct business have changed. In today’s environment of low growth and increasing agent demands, carriers can no longer continue the status quo and hope to thrive.

Instead, an increasingly competitive market requires that carriers aggressively attack expenses while improving agent service.

Workflow automates and streamlines insurance processes to help carriers achieve their dual goals of lowering costs and booking more business by becoming a preferred provider for agents. Like the insurance business itself, the rules surrounding workflow have also changed and leading carriers are replacing traditional workflow process automation with intelligent workflow that is informed by data in internal carrier systems, such as policy administration and external data from information providers.

Rewriting the rules for workflow enables carriers to drive process improvements that have measurable and meaningful value for the business. Intelligent workflow allows carriers to make informed decisions about where bottlenecks exist and how to improve inefficiencies to book business more rapidly. Those carriers willing to rewrite the rules can grow their business in a challenging environment by embracing innovative technologies that support more cost-effective and agent-centric business models.

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<th>Traditional vs. Intelligent Workflow</th>
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<td><strong>Traditional Workflow Rule</strong></td>
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<td>Agents are willing to wait for an underwriting decision and rate quote as long as it’s a competitive offering.</td>
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<td>Apply a “big bang” approach to workflows: define workflows once and forget about them.</td>
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<td>Insurance carriers can adapt their business processes to a generic, document-centric workflow system.</td>
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<td>Workflow moves tasks from one person to another based on pre-determined processes.</td>
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Workflow Rule 1:

Intelligent workflow positively impacts revenue by making the carrier a preferred provider.

In just about any business, speed and near-instantaneous access to information is a high-stakes affair and the insurance industry is no different. Agents are increasingly demanding real-time responses from carriers. According to the Novarica Agent Survey 2011: Strengthening Ties Through Technology, the most important capability for agents is carrier’s responsiveness of underwriting, followed by speed of underwriting decision. Speed trumps other differentiators including competitive product offerings and competitive commission rates.

In other words, products and commission rates being equal, agents value—and will write more business with—those carriers that provide fast turnaround on underwriting requests.

Consider the typical workflow for a policy quote. Carrier A receives the quote from the agent and the workflow system forwards the request to an underwriter. The underwriter is currently busy quoting other policies and is unable to review the request and respond to the agent until late in the day.

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Novarica Agent Survey 2011
Strengthening Ties Through Technology

Carrier B receives the quote and the intelligent workflow system recognizes that the policy meets all the carrier’s underwriting rules. The workflow system sends an immediate approval to the agent and routes the request directly to policy issuance.

Guess which carrier the agent is most likely to book the business with?
Workflow Rule 2: Continuous workflow improvements deliver superior expense reduction.

At a typical insurance carrier, workflow can significantly improve a myriad of processes. Carriers, anxious to maximize cost savings and agent service benefits, have implemented large-scale process reengineering projects. However, these projects often fail to achieve their full potential because staff is overwhelmed with too many changes at once. In addition, the carrier may mandate these radical changes yet not consider which workflow changes are working and which are not.

Unlike traditional workflow systems that require IT support, intelligent workflows are customizable so carriers can continuously improve processes without engaging internal or external technology consultants.

New workflow rules in which the carrier automates and streamlines “low-hanging fruit” and then embarks on an incremental improvement process dramatically improves success. For example, one carrier focused on improving its new policy processing. The carrier, which had been printing and mailing policies, implemented workflow to support electronic delivery. Staff responsible for handling paper policies were reassigned to more value-added tasks and the carrier reduced printing and mailing costs. An additional benefit is that agents now receive policies much more quickly, improving agent service and increasing the likelihood that agents would choose to write business for the carrier in the future.
Workflow Rule 3:

A file-centric, insurance-specific workflow solution makes a significant difference in adoption and ROI.

Insurance is a file-centric industry. However, the vast majority of workflow solutions in the market are document-centric, forcing carriers to change embedded business processes and even how they’ve structured their entire organization. It’s akin to fitting a square peg into a round hole and is a major reason why carriers are unsatisfied with their current workflow solutions.

The intelligent workflow solution supports the way carriers conduct business today without requiring a complete reengineering of processing and re-training of staff.

In addition, insurance has its own language and unique business model. Implementing intelligent workflow quickly and efficiently in insurance requires an in-depth understanding of how insurance works, the stakeholders involved in insurance and their roles and responsibilities, and the terminology used by the business.
Carriers Win by Rewriting the Rules

The following are a few of the measurable benefits achieved by carriers rewriting workflow rules:

- Farmer’s Alliance eliminated annual distribution costs of $26,000 plus wages and shortened publishing processes by as much as two weeks while increasing accuracy of rules and rates information.
- FCCI Services, Inc. increased written premium per employee on underwriting staff by 19% and increased the number of renewals issued early by 70% within six months, increasing cash received on future effective dates by 99%.
- Leaders Life saved two hours per day in policy submission processes, speeding new business.
- TAPCO Underwriters, Inc. reduced policy issuance time from 15-20 minutes to 2-3 minutes.

Workflow Rule 4:
Workflow should incorporate external input to drive intelligent processing.

The Merriam-Webster dictionary defines intelligent as “the ability to learn or understand or to deal with new or trying situations.” Intelligent workflow then is workflow that incorporates information and adjusts workflows depending on the situation.

Traditional workflows “push” tasks through a carrier based on static processes. While traditional workflows do provide efficiencies, intelligent workflows incorporate external data from a variety of inputs—including the Internet, email, fax and policy administration and claims or accounting systems—and route tasks depending on these inputs. For example, intelligent workflow can route tasks based on policy characteristics such as limits or deductibles.

Rewriting the workflow rules doesn’t require a full-scale replacement of current workflow processing. Instead, an incremental approach to rewriting the rules is easily accomplished.
For more information about how Vertafore can help you reduce expense ratios, improve agent service, and have a direct impact on profitability and growth, contact your Vertafore Account Manager at 800.444.4813 or visit vertafore.com.