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## Agency automation: Are we there yet?

by Laura Mazzuca Toops



The future of automation and technology for independent insurance producers is finally starting to seep into the present. After decades of tug-of-war between agents, carriers and vendors, the last several years have brought more collaboration, usage and innovative products than ever before, with industry coalitions and users groups leading the charge.

A big catalyst for change has been the emergence of real-time technology and the industry's push to adopt it. Led by last year's launch of IIABA and ACT (Agents Council for Technology)'s Real Time/Download Campaign ([www.getrealtime.org](http://www.getrealtime.org)), the coalition of producers, user groups, vendors, insurers and trade associations is educating agents and carriers on the importance of using real time and download interface applications.

And they're succeeding. According to the coalition, insurers like CNA, Peerless Insurance and Westfield Insurance have doubled their real-time rating and policy inquiry transactions in 2007. And 98 percent of agents responding to a recent IVANS Inc. study say they are downloading quotes and claims data with more than two insurers, and more than half with more than five insurers (see [www.agentandbroker.com](http://www.agentandbroker.com)'s "Around the Industry" for the [full story](#)).

"This is a really exciting time to be involved in automation, with real time picking up speed," said Alvito Vaz, IT director for Progressive Insurance Co., a company with a long-established reputation of being proactive in agency automation and technology. "It took the evolution of technology to the point of connectivity via the Internet and standards through ACORD's standardized XML ("extensible markup language," used to create and exchange documents with structured sets of information) to make things work."

But in spite of the gains, independent agents still lag in automation use. At a time when direct writers virtually conduct business 24/7 over the Internet, many agencies are still struggling with error-riddled downloads, inaccurate rating—and, in some cases, reluctance to actually implement the new technology.

"The real-time/download momentum that has taken place over the past two years has been unprecedented in the industry," said Jeff Yates, executive director of IIABA's ACT coalition. "Part of our goal is to get agency principals to see that this is the next level of agency workflow. Today we are at about 10 to 15 percent of where real time will eventually be. We're moving in the right direction, but the question is, how fast."

Long-time automation supporters say that the collective industry push for real time, coupled with increased consumer demand for ease of doing business, makes it a now-or-never proposition.

"We're as close as we're ever going to get right now, and if this thing doesn't take off in the next six to nine months, it could collapse under its own weight," said Brady Polansky, a former agent who is now agency operations director for Westfield Insurance, Westfield Center, Ohio. "Carriers will say enough is enough. There must be a return on investment."

### Technology grows up

Agency automation discussions in the 1980s and '90s were driven by big concepts, such as SEMCI (single entry, multiple company interface) and the paperless office ("Paper-free in '83!"), which were touted as the ideal.

But there was a huge gap between ideal and reality. Insurers were still using proprietary systems, requiring agents to switch from system to system—and sometimes even from computer to computer. For their part, insurers often had trouble convincing old-school agency principals to use their computers for something other than paperweights. And everyone complained that the agency management vendors were too worried about beating out the other guy to respond

to what agents and carriers really needed.

Along the way, something interesting happened: technology caught up with the concepts, said Vaz of Progressive. Multiple carrier connections via modems and the need for different technology platforms were made obsolete by the ubiquity of the Internet. And the development of ACORD's computer language-neutral XML piece five years ago means agents can transmit large packets of information in a standardized format. These advances are fueling both the present and the future of agency automation.

"SEMCI was an undelivered promise, but as the Internet and other technology developed, a lot of things converged at the same time," Vaz said. "Today, real time is making SEMCI a reality. There is more awareness around the concept, more adoption, and huge gains."

More sophisticated use of automation is fast becoming not just a perk, but a necessity.

To survive in today's troubled economy and ongoing soft market, agents must be able to deliver fast, accurate service and anticipate their customers' needs. A May study by IVANS Inc. finds that 93 percent of agent respondents believe that adoption of real-time technology is critical to gaining a competitive edge.

"The value of agency management systems today is much higher than in the past," said Keith Savino, chief operating officer of Warwick Resource Group in Warwick, N.Y. Savino also serves on the ACORD board and has been involved with the group since the mid-'90s. "In the '80s and early '90s, most of an agency's automation functions existed exclusively in the agency management system; there were not a lot of third-party applications running, except for maybe a personal lines rater. Today, with so many third-party Web sites, solutions data need to be moved around efficiently. However, agents want a single place to count on as the primary source of data." This is their agency management system, and the reason why real-time processing is such a critical part of ease of doing business, he said.

Insurers are also expecting agents to execute more back-office functions, making automation usage a must. "We have to input all the information into the carrier's system and we're doing rating. At best, the underwriter just signs off on all the work at the end," said Kenneth R. Auerbach, Esq., managing director and general counsel of E&K Agency Inc. of Eatontown, N.J. "The issue for us is how we're going to handle this as efficiently as possible." (To hear a podcast of how Auerbach migrated his agency to a new management system, [visit here.](#))

To these and other challenges, real-time functionality seems to be the panacea.

### **The promise of real time**

Real time allows agency users (typically customer service reps) to access multiple carrier policy and other information directly through the agency management system in a single workflow, said Mary E. Christiano, director of communication for PIA of New York, New Jersey, Connecticut and New Hampshire. Using real time, agents can directly access a policy's dec page to see each carrier's version of a policy, including customer information, limits and coverages. They can also pull up claims information, with some carriers providing access to loss runs for closed and open claims and adjuster information. For ease of use, real time allows an agency's IT specialist to enter IDs and passwords at each workstation so the user doesn't have to enter these for each insurer's Web site.

Depending on the carrier, real time also allows agents to process endorsements and provide a single policy quote using comparative rating, primarily personal lines, either by "bridging" through a carrier's Web site or directly through the agency management system. In the past, agents quoting coverage could only access estimated, or "manufactured" rates.

Today's comparative rating capabilities mean more accurate quotes because they are based on the customer's information and the insurer's actual credit scoring criteria. Commercial lines bridging, which allows agents to upload risk information to carriers in real time, including vehicle and property schedules, can be done 100 at a time.

Best of all, because real time allows the user to access all this information directly through the agency management system instead of through each carrier's Web site, it can be done in at least half the time. This makes it an indispensable tool for cross-selling, upselling and just generally building relationships with customers.

### **The vendors' perspective**

For agency automation system vendors, integrating real-time capabilities into their management formats is proving to be a good way to distinguish themselves in a competitive landscape. AMS Services and Applied Systems, which dominate the playing field (according to a 2006 ACORD Users Group Information Exchange [AUGIE] survey, AMS and Applied

Systems management systems each accounted for slightly more than a third of all responses), both have real-time products as part of their management systems—AMS with its TransactNOW platform, and Applied Systems with IVANS' Transformation Station infrastructure.

Like insurers and agents, vendors over the last few years have discovered that the name of the game is collaboration. AMS, for example, is becoming more involved with its AMS User Group (AMSUG) and industry coalitions like ACT, AUGIE and ACORD, are actively collaborating with agents to figure out how to refine products and design future releases, said Bill Bunker, senior vice president of products and marketing for AMS.

Based in part on agent need, AMS is building real-time transactions into all its management systems through the TransactNOW platform, including inquiry information and technology that supports claims notification work, Bunker said. And working with Vertafore's Silverplume division, AMS is also involved with personal lines rating, which will enable users to access multiple quotes for personal lines business in real time.

Real time is also spurring growth for smaller vendors. One example is QuickQuote, a Ft. Lauderdale, Fla., software provider with more than 10,000 agent users in 40 states and three countries. "We're growing our real-time services, including real-time comparative rating, and we're doing it fast. It's a major strategic initiative for our company," said Michael Stebel, vice president of sales and marketing for QuickQuote.

QuickQuote is currently developing a major new release of its QuickFile agency management system. The completely updated QuickFile Release 4, which is set to roll out in first-quarter 2009, will include many new features, including a single-screen "dashboard" that provides agents with immediate access to their critical information, calendar and daily activities, and a new claims processing screen that will support claims download going forward, Stebel said.

The vendor is also currently developing an agent- and customer-facing Web-based auto and home comparative rater, which can be used from any client device with a browser. In Florida alone, their agency management system supports 16 real-time carriers, a number that's increasing all the time, Stebel said. The company's QuickDownload product provides an IVANS-enabled add-on to QuickFile that will enable agents to download and import clients' transactions into QuickFile. In May, QuickQuote launched a users group, which now has more than 100 members. Its first meeting will be held in June at the FAIA conference in Orlando, Fla.

Agents involved in user groups agree that vendors are becoming more responsive to working with agents to provide greater ease of doing business. "This new cooperation means we're looking at the entire industry and working with everyone," said Linda Rollings, industry advocate for the AMSUG, which has 15,000 AMS agency members across the country. "No matter what type of vendor system you use, we all have to work together with ACORD, AUGIE, ACT and IVANS, taking off our identity hats to collaborate for the good of the industry and our customers."

For example, at AMSUG's April conference in Reno, Nev., AMS announced that it is providing a personal/commercial lines download certification tool that agents can run to determine whether a carrier's data will run and download properly. The subsequent report will pinpoint any errors, allowing the carrier and AMS to address them quickly.

Product troubleshooting and the resulting workarounds that real-life users develop is one of the main benefits of belonging to a users group, said Donna Barr, assistant vice president at Marsh and download subcommittee chair for the ASCnet (Applied Systems users group) Interface Committee.

"No matter the vendor, all user group members have the same issues: If there is a problem with a system and it doesn't work the first time, agents will probably not want to use it," Barr said. "For example, we are piloting a claims download function, but are coming across different issues based on the version. I may have the patience to work through these, but other agents may not. Vendors need to let agents know there may be problems on some product versions so we can work on ways to get around the glitches." As a result of the users groups identifying these types of issues, ACORD has implemented a new Quality Work Group to find the best way to improve quality in download and real time, Barr added.

### **The carrier's role**

Obviously, real time and download won't work without carrier buy-in. And long-time automation adherents say that carriers have been more supportive and cooperative than ever before.

"Companies recognize the importance of efficient processes to their future success and that of their agents," said Jeff Yates. "Download and real time add value to an agency, freeing up time so they can proactively upsell and round out accounts."

Grange Insurance, a regional insurer based in Columbus, Ohio, operates in Ohio, Indiana, Illinois, Michigan, Kentucky, Tennessee, Georgia, South Carolina, Virginia, Pennsylvania, Wisconsin, Iowa and Minnesota. Grange is active in ACT and the real-time coalition, and has been supporting and promoting real time with its agencies since 2004 with various agency management systems and comparative raters, said Sherri Rarey, assistant vice president of agency interface for Grange. Six months after introduction, Grange was receiving about 50,000 real-time transactions from 650 of its agencies. By the end of 2007, the number leaped to more than 500,000 transactions from more than 1,600 agencies.

But some are frustrated that things aren't happening as quickly as they'd like—especially companies that have invested heavily in new technology. Westfield was one of the first companies to use real-time rating in 2003, and is "disappointed" with the results, said Brady Polansky.

"When we joined the real-time campaign in 2007, our goal was to double transactions for the next year, and we did. We're making exponential increases, but only half of our 1,200 agents have actually tried real time, and only a small percentage use it on a regular basis," he said.

For their part, agents believe that companies must continue promoting real time and download usage, especially from its marketing and field reps. On the other hand, agency principals must make it a priority within their businesses. "Agency principals have a big say in enforcing the usage of real time and other technology," said Donna Barr of Marsh. "If they insist on using it, they'll get more buy-in from the rank and file."

Without question, the state of automation is a work in progress. The next agency benefits to be realized are opportunities like how to reallocate the time saved by CSRs using real time, addressing security issues around managing multiple user IDs for carrier sites, and sharing data (and placement costs) related to customer credit scores and MVR records, said Savino of Warwick. "The way in which agencies are operating and managing producers is changing, and growth plans are evolving over the next five years," he said. "The demands that producers put on their systems in the next five years will be different from the past five years, to the benefit of open-minded agencies that empower their producers."

But the fact that all sides of the equation are now working together on solutions means the customer will be the ultimate beneficiary of automation advances. "Over the next three to five years, as agents use the Web through their agency management systems to talk to companies, you'll see them extend that capability to their customers," said Polansky. "When the customer can see all his policy information using the infrastructure we're collectively building now, that's when the industry will really get the win."

*Laura Toops is editor of American Agent & Broker.*

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