

The Route to Real-Time Transactions

Carrie Burns
April 1, 2008

Carriers, agents/brokers, vendors and industry experts have been discussing single-entry, multiple company interface (SEMCI) for years. "It's coming; it's going to make a big impact on the industry," they've heard from peers, media and industry experts. Whether it's called SEMCI or real time, the time may have finally arrived, as carriers by the handful have implemented real time over the past few months. MetLife Auto & Home, Peerless Insurance Co., Farmers Insurance Group of Cos., The Progressive Group of Insurance Cos. and The Main Street America Group are some of the most recent to implement.

MetLife Auto & Home, New York, launched an integrated SEMCI-based solution, branded as PowerLink, which will provide the company's independent agent/producer force with greater convenience and ease of doing business. Under the PowerLink name, the company will partner with comparative rating and management system vendors to introduce new technology solutions to agents across the country.

MetLife is just one of many carriers recognized by the Get Real Campaign, a group of agents, brokers, carriers, technology providers, user groups and industry associations united to advocate implementation of real time and download interface applications by independent agents and companies.

If all the nation's agents feel similar to New York state independent agents, carriers may need to examine their real time implementation efforts. According to responses to Independent Insurance Agents & Brokers of New York Inc.'s (IIABNY) 2007 Technology Survey, nearly 65% of respondents had adopted real time inquiry in their offices, with many citing the benefits on quoting and billing, policy, claim and loss run transactions. Less than half (44.8%) of respondents indicated their offices implemented real time rating. But those who implemented found the programs provided accurate data, improved workflow efficiency and decreased data entry duplication. Thus, they are getting faster turnaround of personal lines quotes for multiple carriers.

In another IIABNY survey — "Industry Index: The IIABNY Members' Report on Carrier Performance" — New York agencies' named Peerless Insurance, Keene, N.H., among the best carriers to work with. Peerless' agency interface manager, Deirdre Forte, believes the company's real-time offerings contributed to its high ranking. The offerings include personal lines on four comparative raters, Transformation Station for personal lines, commercial lines (enhanced with Web edits), alerts, claims, billing and loss-run inquiries and, for University Park, Ill.-based Applied Systems Inc.'s agency management system users, first notice of loss; and TransactNow, from Bothell, Wash.-based AMS Services, for claims, billing and loss-run inquiry.

The implementations didn't come without challenges. The first challenge Peerless faced was deciding where to begin to get the most out of its technology resources. "We overcame this challenge by reaching out to our agencies to help us prioritize which of the many real-time transactions contribute most to easing their workflows," Forte says. "To date, we have implemented all the inquiry functions, personal lines rating, real time alerts with Transformation Station and, most recently, claims download."

Other carriers are feeling the real time pressure from their agents. "I've had some pretty private and frank conversations with carriers," says Scott Morrison, VP of marketing, Sircon Corp., Okemos, Mich. "They say, 'we didn't want to do this, but if we don't, our competitor is going to do it. Then we'll be known as the carrier with manual paper processes, and our competitor is going to be connected electronically,' which may be a deal-breaker when it comes to business."

Los Angeles-based Farmers Insurance Group recognized its independent agents' desire. "Many independent agents requested we bridge data from their agency management system to our eAgent system to save them time in quoting and processing policies," says Adelaide Robertson, who serves in the Independent Agent Management Market division of Farmers.

Farmers licensed AgencyConnect software from Boston-based AgencyPort Inc. to transform and maintain a single incoming data structure that is mapped to the company's eAgent Web system, which enables independent agents to process and service new and existing business. For this interface initiative, Farmers used AgencyConnect to help implement IVANS Transformation Station and TransactNOW for real-time bridging of data from AMS and Applied agency management system to Farmers' business applications.

Carriers may be worried that if they enable real-time capabilities, agents won't take advantage of them. In fact, at a forum held by the Professional Insurance Agents of New York State Inc. (PIANY), Scot Palzer, director, personal lines Integrated Solution for The Main Street America Group, discussed the Jacksonville, Fla.-based carriers' usage of real time. The Main Street America Group generates monthly real-time usage reports for its agency. After recently rolling out commercial lines download, Palzer said the company is somewhat disappointed with the usage so far. "If we don't see the usage by agents, it's difficult to justify additional investment," he pointed out.

In a report — "The IVANS 2007 RoundTrip Agent Survey: A Discussion on Real-Time and Download Services" — conducted by Stamford, Conn.-based IVANS Inc., 63% of 318 insurance agents surveyed currently use real time.

While Forte is seeing real-time usage by Peerless' agents increase, 40% of its agencies are not taking advantage of real-time benefits.

This may be because agents don't know it's available. "Many agents don't realize that the real time we talk about through their management system is already in their system if it's a later system," says Jeff Yates, executive director for the Alexandria, Va.-based Independent Insurance Agents & Brokers of America's Council for Technology. "They just have to go through the steps of turning it on, which is not an elaborate process."

PLAYING WITH THE BIG BOYS

While carriers may be concerned about lack of adoption, some also are concerned about implementing the proper technology. But Yates has seen a number of smaller carriers with resources move pretty quickly on real time.

One such example is Commercial Mutual Insurance Co. (CMIC), which is taking steps in a real-time direction. CMIC uses AgentXpress from Wyncote, Pa.-based IDP Inc. to enable its agents to immediately access billing and claims information, view images of printed policies and to generate reports, such as loss run, via the Internet. CMIC's future holds more: "We're looking forward to the second phase, which will be an online applications rater," says John Reiersen, president of the Kingston, N.Y.-based carrier. "Once the producer pushes the button, the policy is bound, and it builds our database; they fill out the ACORD form plus our supplemental questionnaires, and the policies are automatically rated, the credit is checked and the accident/previous claim reports are all accessed behind the scenes."

Size doesn't seem to be a factor in CMIC's case, but Reiersen does keep it in the back of his mind. "The bigger companies have more sophisticated interfaces between them and their agents. We're a small, niche writer; we will take the business any way we can—fax it in, e-mail it in—we're not going to turn it down."

Some larger carriers are concerned about turning down business—agents turning down carriers' business to go to a competitor. "Carriers have been reluctant to get on board because they feel like they're giving up a source of differentiation," Sircon's Morrison says. "In the early days of Web sites, carriers created attractive, unique experiences through portals and agent contracting." Now that most larger carriers provide portals, agents realize the playing field has almost leveled. They also have realized carriers are able to do business through a single interface, Morrison says, which they will start to demand. As a result, carriers will have to find another way to differentiate, whether through customer service or rates.

No matter a carrier's size, another challenge, according to Yates, is getting backroom systems together. "The challenges we hear from carriers is that they have to deal with vendors differently, and it's not always clear exactly how you implement an ACORD standard," he says. "ACORD is gearing up to provide more support to vendors and carriers as to the proper implementation of their standards. ACORD is going to do regional carrier visits/sessions to help with implementation."

A STARTING POINT

Downloading may be the best place to start, as it completes the connectivity circle for agents using real time.

"Download becomes even more important in a real-time world because if you're downloading the policy number from the carrier, it sets you up for real time more effectively," Yates says. He has seen the most download adoption in personal lines. "Commercial lines has been slower—more complicated—lines of business. But some carriers are approaching 50% of their agents using commercial lines download now."

Other areas are garnering attention. "We're seeing a lot of interest in claims download, and that's the first download that will be XML-based rather than AL3-based," Yates says. "We're starting to see more interest in activities and alerts, which are another real-time transaction in which the carrier can send a message — such as a pending cancellation or a claim has been filed—to an agent. Then the agency in their management system can direct it to go to a particular agency employee and then it goes to right into their activity."

Regarding where interface technology is heading, "Upload is the next download," Palzer said at the PIANY event. "Data should flow both ways between business partners to realize the full potential of agency-company interface."

CARRIER BENEFITS?

Agents benefit—this is clear—but what about the carriers? Faced with the aforementioned challenges, will they actually benefit? Many carriers are optimistic and have even experienced them.

"By being on a real-time rating platform, we are making it easier for agencies to quote Peerless," says Forte. "Our personal lines real-time quoting more than doubled from 2006 to 2007. This increase in real-time rating activity means increased opportunity for our company, which was evident in our 2007 new business production results."

Forte also noticed a reduction of calls into Peerless' office for service transactions such as billing or claims inquiry. Yates concurs that this is an important benefit. "With billing or claims inquiries or electronic policy view, carriers are able to reduce the number of service calls from agents because it's all handled automatically," he says. "Secondly, there's the larger benefit of creating time for the agents to provide proactive service to the customer to round accounts, to upsell accounts and to go after new business. The technology helps agents get back to their primary function, which is selling and servicing, rather than

processing. Carriers benefit because the distribution force is more effective and more positioned for the future.”

Because of this, carriers can focus on workflow. Real time can force process improvement, because the automation won't allow incomplete information. Farmers experienced this benefit. “Instead of Farmers having to map data from multiple agency management systems versions of data, we only map data from one set of data, the AgencyConnect version,” says Robertson. “Agents start in AMS, send data over the IVANS Transformation Station conduit, data is normalized by AgencyConnect and then mapped into eAgent. AgencyConnect saved Farmers many implementation hours of data architecture with their data dictionary and expertise along with ongoing hours of support.”

Jim DeVito, New York agency product manager for Progressive, based in Mayfield Village, Ohio, also spoke at the PIANY event, saying he is encouraged that Progressive agents' real-time use is up about 30% from last year. He relayed some words of advice: “If you're planning on selling your business in the next couple of years, then real time probably isn't for you,” DeVito said. “But if you plan on sticking around, it's where the industry is headed, and you'll want to be there.”

For more information on related topics, visit the following channels:

- [Agent Network](#)
- [Distribution](#)
- [Enterprise Technologies](#)
- [Insurance Network](#)

©2008 Insurance Networking News and SourceMedia, Inc. All rights reserved. SourceMedia is an Investcorp company. Use, duplication, or sale of this service, or data contained herein, is strictly prohibited.