

Insurers Seek More Agent Cooperation To Get Real-Time Efforts Up To Speed

BY ARA C. TREMBLY

Ever since insurers started using computers to do business, independent agents have been asking for technology-enabled interfaces with carriers to allow for easier, faster and more efficient rating, administration and processing. In recent years, however, some carriers have been in the forefront of making their agencies' wishes come true by enabling real-time transactions, only to find that many in the agency community have been slow to adopt the technology.

The battle for real-time capabilities (once referred to as SEMCI—single-entry, multiple-company interface) has been waged for more than 30 years, with agents often complaining of painfully slow progress on the part of carriers. But with many insurers on board, the question now is whether agents will make the effort to keep up.

Accordingly, *National Underwriter* asked several insurance executives what they would want agents to do to help achieve optimal agency-carrier interface.

STAY CURRENT

"Agents need to stay current on their agency management systems. They need to adopt all these new technologies we've been building," according to Linda Dodson, assistant vice president and e-business manager for the Chubb Group of Insurance Companies in Warren, N.J.

Ms. Dodson said Chubb will be piloting a claims download function for agents by midyear, but many agents won't be able to take advantage of the technology because they are not running the most current versions of their agency management systems.

"We do first notice of loss, and we have attachment capability, but again, agents can't use it if they're not current," said Ms. Dodson, who noted that prior to joining Chubb, she had worked for an independent agency for 11 years.

In addition, she said, "agency principals have to get engaged and not think of technology as an evil thing. If you don't adopt it, you're losing money. Principals really need to push and drive adoption of these technologies, and they need to push staff to get involved."

One way to encourage such involvement, she added, would be to offer incentives and rewards to staff who utilize the technologies.

"Agencies need to make those initial investments in technology," Ms. Dodson continued. "Many agents think technology is a one-time expenditure, but until you get rid of that attitude, you're not getting anywhere. Make technology a part of the line-item budget—a cost of doing business."

Agency principals should then make sure they are up to date on their management systems, and make staff accountable and responsible for working with the technology, she suggested.

Communication is another important key to maximizing the technology aspects of the agency-carrier interface, said Ms. Dodson.

"Agencies need to talk to carrier marketing managers about what they really need," she explained. "Technology does not usually come up in that discussion, and the agent may not know enough about the carrier to bring the subject up. The agent needs to ask. The amount of agents that don't know about our offerings is incredible."

Even when there is communication, however, the message may not get through, she pointed out. "There is a lot of noise on the Internet," she said. "We may do an e-mail blast, but how many people open them up and read them?"

Ms. Dodson concluded that "we need to reinforce our technology—that's where we carriers are failing. Agents have pushed hard for turning off the paper, but when it comes to a lot of other technological advantages, they don't know what they don't know."

UPGRADE SYSTEMS

Agency-carrier interface problems are magnified where inadequate agency systems are in use, according to one insurance company chief information officer.

"Some independent agents have their own systems that write business on behalf of us," said Craig Lowenthal, senior vice president and CIO of New York-based NYMAGIC Inc. "Optimally, we would want all agents to input data directly into our systems, but they have a system they have invested in, and they want everything in one place, so you can't blame them."

He said "the next best thing for us would be accurate and timely feeds to our back-end systems," which, he warned, can be

compromised in the case of “smaller and less technologically sophisticated agents that rely on mom-and-pop consulting outfits to make changes to their agency systems.”

If an agent’s system isn’t designed to give the company a data feed, or they have to spend money to do so, “a lot of them re-key the feeds into a spreadsheet,” said Mr. Lowenthal, adding that can result in data quality problems that lead to serious mistakes. “We want to limit the manual intervention, limit the number of times data gets re-input,” he explained. “Agencies in that position should either go with a standard agency management system or enter our systems directly.”

He added that “we need to be able to process transactions properly into our systems. Every agency system is different, and data migration may take many iterations before you get all the kinks out.”

Insurers can also do their part to help with this problem, according to Mr. Lowenthal. “We can do better at scrubbing the data and making sure it’s right before we get it into the system,” he said.

EASE OF BUSINESS

Another insurance executive who declined to be identified spoke frankly about what insurers want and need from independent agents. “Believe it or not, we do want to make it easier for the agents, although that may not always be obvious,” the executive said. “Without them, we are not in business. From an insurer side, the motivation is to find ways to reduce expenses, and we don’t want to do it at agents’ expense.”

One way that can happen is for both insurers and agents to use less paper, the executive said. “We want to see new business coming in electronically from agents, and we want to have the servicing done electronically.”

All this means that carriers will ask agents to do tasks in multiple ways, the executive suggested. “They can do quotes and inquiries and report claims via their agency management systems, but we do want them to do some things through our systems.”

“On any carrier system that has given their agents major access to data, we’re still going to expect them to come into our Web site to look things up,” the executive explained. “One example of that would be carrier-sponsored bonus programs. Also, agents sometimes want an actual PDF of the policy. They need to log into my Web site to pick that up.”

The executive noted that “some information on customers is protected by privacy laws, so I will keep it on my Web site. Another example is that agents want to do policy changes in real time, making the changes on their systems. You and I are going to be dead before that happens. There’s too much of a chance of errors occurring. The information must be 100 percent accurate.”

According to this executive, insurers also want producers to use their agency management system tools “to the max,” but many firms are simply not doing so.

“Inquiries are a perfect example,” the executive said. “We’ve got real-time capability for inquiries, but real-time is significantly less than 5 percent of total inquiries.”

This executive’s message to agents is simple: “Have some patience. We can’t do everything at once. Everybody wants everything now, but we can’t do it all immediately. This is not a revolution, it’s an evolution.”

He advised agents to “take advantage of everything you’ve got, think through your needs, and communicate with us through the user groups. I would like them to continuously influence the agency management system vendors. We can’t do a lot of things unless their vendors take the first steps.”