

Knocking Down the Wall

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Achieving technological sophistication is a challenge that faces both carriers and agents, particularly when it comes to dealing with Web portals and the elusive real time. Both sides would like to attain a better working relationship, but neither is absolutely certain the other side has the right idea. Nowhere is that more true than with the fuzzy phrase ease of doing business.

Marilyn Norman, senior vice president of IT/operations for the Thomas Rutherford, Inc., agency, has looked at life from both sides of the industry. She has spent half her working career on the agency front and the other half toiling with carriers. "I know what it's like to be hamstrung with legacy systems and bandaging them together to make them work and deal with all the reinsurance and storm issues and distribution, particularly in a soft market," she says.

Norman realizes the relationship between carriers and agents can be painful. "Here's where it is difficult being on [the agency] side of the equation," she says. "Each carrier wants its own platform and its own portal to be easy. Unfortunately, each carrier has its own view of ease of doing business. [Carriers] may have made it easier for [themselves] to get material in or force material out, but they haven't done anything that is different for our side."

Angelyn S. Treutel, vice president of Treutel Insurance Agency Inc. and chair of IIABA's Agents Council for Technology (ACT), believes carrier portals have complicated agency workflows. "Several years ago, an agent could complete one ACORD application and fax it to multiple carriers for quotes," she says. "Today, since many carriers have developed their own unique portals, the agent has more work requiring duplicate and triplicate data entry into various Web sites along with staff training to learn all the different Web site navigation."

Most carriers provide the capability for quoting and servicing policies through their portals, points out Treutel, but the portals are not as efficient as using real-time interfaces with the agency's management system. Also, she asserts carriers do too much tinkering with their portals, which places a burden on agencies for staff training.

Treutel describes real time as the ability to click on a button from a client file in an agency management system or comparative rater for immediate access to carrier information on that client. The transaction may be a quote, billing inquiry, claim inquiry/loss runs, policy view, endorsements, or a request for information. "This approach provides a single workflow for servicing or quoting," she says.

Carriers that are really agent-friendly are utilizing real-time interfaces to integrate with an agency's management system, continues Treutel. This allows existing data to be transmitted between carriers and agents for quoting and servicing, which saves time, effort, and money for both carriers and agents, she adds.

Jeff Yates, executive director of ACT, agrees the top priority for many agencies would be for carriers to adopt real-time capabilities so agents can work in a consistent way to get information, whether it is billing, claims, loss run, or electronic policy views. "[Agents] don't want to go searching around the Web site," he says.

The real-time campaign and marketing effort that independent agents have conducted is starting to have some impact, according to Steve Anderson, an agency consultant and president of the Anderson Network. He claims he is seeing more carriers demonstrate an interest in developing real-time capabilities. In the past, what he's observed mainly has been carriers developing their proprietary Web site, and that is where agents can go to get the functionality they need. The frustration level on the agency side stems from agents having to do that for five to 10 carriers, creating significant workflow problems. "I call them old problems we've heard for many years, but I'm starting to see some glimmers of hope or change on both sides," he says.

SHE HAS A DREAM

"My dream would be somehow—and it may be through an independent third party—to build a platform to help support end-to-end processing," says Norman. Such a plan would put information in a CRM database that would populate her agency system, which should be able to upload an application to a carrier, then allow [the carrier] to download a quote to her, and then issue a policy into the agency's paperless environment, she explains. "I may not live long enough to see that, but to me that would represent transformational ease of doing business," she says.

Such a project would have to be developed by a third party, Norman believes, and she thinks the main impediment is finding someone willing to invest in such a plan with confidence it would pay off financially at some point in time. She is convinced it is needed, though. "When I look at our business I think it is terribly inefficient and riddled with unnecessary, non-value-added expense," she says. "There is a lot of duplicate entry."

If agents are working on a midsize account and want to send it to The Hartford, Travelers, and Chubb, Norman points out, it has to be

sent in three versions. “If we had a virtual platform where we could put [the business] and the carriers could pull it in and work on a proposal, I don’t think it would be impossible to build,” she says. “The big issue is who is going to pay for it.”

On the other side of the fence, Angelica Lopez, vice president, strategic planning, for Tower Group Insurance Companies, claims her company’s agents—a mix of retail and wholesale—rave about the carrier’s portal. She contends one reason for its success is it was developed as a collaborative effort with the insurer’s brokers. “We had a beta group that participated in the development, and it actually was involved in building [the portal],” she says.

Tower Group is learning as it rolls out the portal in different states that the skill level of agents is varied. “Our brokers here in New York were used to Web portals with other companies,” she says. “When we go to other states, sometimes we have to hold the brokers’ hands.”

Using the portal for personal lines products has been relatively easy for Tower Group’s brokers in terms of data capture. The carrier held back commercial package policies as the last line to roll out. “We saved the hardest for last,” says Lopez. “It’s hardest because of all the data input. We’re learning along the way.”

WHAT WORKS

For its small commercial and personal lines, Rutherford works well with the carriers that are automated, reports Norman. The agency uses TransactNOW to gain more efficiency. In addition, because Rutherford is in a paperless environment, if the carrier issues the policy and puts it on its Web portal, the agency can get access to the electronic file. “That’s been a huge help,” says Norman. “Unfortunately, most of our revenue doesn’t come from small business and personal lines. We have not seen that same type of efficiency improvement when we are in middle market.”

With commercial lines, files have gotten so large that when the agency attaches loss runs and schedules, it has to create a URL to make the file available for the underwriters. “We have to create a link and provide that to the underwriters so they can bypass our e-mail system and pull down the submission,” says Norman. “We ask them to respond back in like kind. We recognized how slow our e-mail system would run when we sent in a big submission.”

Rutherford also is working with carriers to minimize the number of user IDs and passwords to click through to get loss runs or access a portal. “The number of user IDs and passwords, just due to the sheer number of companies we represent, is huge,” says Norman.

Anderson believes comparative rating is at the top of the list of things agencies need from carriers. Some agents prefer to use their agency management system to achieve this, and others are fine using other tools, but the bottom line is they want to enter the information once and get quotes from the carriers they represent, he adds. “[Duplicate entry] is a significant time waster both for personal lines and small commercial,” Anderson says.

Another issue Anderson feels is equally important to agencies is the delivery of documents from the carrier to the agency. With the rise of more sophisticated document management systems and processes within an agency, carriers still are using some difficult delivery mechanisms, claims Anderson. “I’ve counted at least six different methods carriers use to deliver those documents,” he says. “That creates workflow issues on the agency side. For those agencies not ready to work in that environment, there is frustration. They get the PDF file and have to print it out.”

The brokers who work with Tower Group Insurance Companies wanted faster service; they wanted to get quotes in real time; and they wanted the ability to bind right away with a policy number, Lopez notes. The carrier needed a Web front end that would snap on to the front of a carrier’s company management system. The installation of the portal product from AgencyPort has proven to be beneficial financially to the carrier in that the carrier minimally increased its staff as business has grown because it was able to push a lot of that work out to the agents, explains Lopez.

Agents log on to Tower Group’s front-end Web portal and quickly can receive a quote for a homeowners policy. “The business rules already are in place,” she says. “[Agencies] can bid it, get a policy number, and get the first bill.” The system has worked well for Tower Group’s home-owners, commercial auto, workers’ compensation, and commercial auto lines, but the carrier learned larger commercial risks are more complicated. “There are so many add-on pieces and variables,” says Lopez. “We came up with a smaller version of a package policy, and we are in the midst of rolling that out to our brokers now.”

YOURS, MINE, AND OURS

Companies that are less than four years old hardly seem to be prime candidates for redoing their agent-facing Web site, but Barry Cordeiro, senior vice president and CIO of SUA Insurance, relates the company was in a rush to get open for business and put up a Web site without spending much time on its particular pieces.

When SUA began working on the revisions, Cordeiro felt it was important to make the carrier’s Web site and those of its distribution partners perform well together. “What typically would happen is a retail agent would go to our distribution partner and there would

be a bunch of questions about the carrier—financial strength and that sort of stuff,” says Cordeiro. “There was a natural tie from our distribution partners, what you would call MGAs, back to the carrier.”

SUA brought in a PR and marketing firm to help with the carrier’s branding strategy and to discover where SUA could send the appropriate message in the marketplace. The marketing people interviewed all of the SUA distribution partners and some retail agents. “It was critical not only to get our brand recognition but to make the partner agent’s Web presence more vital and useful to the retail agents who would be seeking out these opportunities,” says Cordeiro.

As the carrier redesigned its Web site, it became evident some of its partner agents had better Web sites than others. “We actually launched some joint efforts with our new partner agents who didn’t have a good Web presence, and we helped them design a new Web site for themselves,” says Cordeiro. “In doing that, we felt there was a big advantage to drive our brand into their site. Their sites are controlled by them, but if people found our programs, it would be smooth, useful, and informative. We created good landing page opportunities on their Web sites.”

The SUA site educates people on market segments, what the risks are, and what the carrier is providing. Since SUA manages the claims, there is a link from the partner agent sites to SUA’s claim servicing operations where policyholders can pick up first report of loss and other forms. SUA also provides marketing material for the partner agents to use. “We put it in a form they can print and take with them, so we aren’t constantly in the business of producing brochures and sending them out,” says Cordeiro.

RELATIONSHIP ADVICE

The soft market has made life difficult for carriers and agents alike, reports Yates. “It’s tough for both sides to grow,” he says. “More carriers are seeing the importance of ease of doing business with agents as a way for them to grow.” He claims there is much more interest from carriers these days in determining what agents want, including: What are the agents’ business requirements? How do the agents want certain workflows to work? What are the pain points agents currently have?

Yates contends the nub of the issue is the different levels of technology used by both sides. “A number of agents say [only] some of their carriers have real time, so why should they adopt it until all carriers have it,” he says. “The reality is even if only some of your companies have it, you save a lot of time by using it. You work better when you work in a real-time mode to do a transaction.”

AGENCY VENDORS

Yates would like the management system vendors to move faster on the technology they make available to their agents, but the vendors, like carriers, are dealing with legacy systems they have to convert to a real-time world. “From an agency standpoint, we’d like to see vendors and carriers move faster,” he says. “In fairness, they come back and say the agents aren’t moving fast enough in adopting new technologies.”

Doug Johnston, vice president of partner relations and product innovation for Applied Systems, doesn’t agree his company is not doing enough to facilitate better communications between agencies and vendors. A recent survey of Applied customers showed approximately 65 percent were utilizing real time on a daily basis with their insurance companies. “People always say they want more, and we try to develop everything we can, but the problem is we might see one agency with six people using it and one person not using it,” he says. “Part of the work we are doing is to create more awareness in the agencies about what is available. We were the originators of the whole [real-time] concept. There is no barrier to it in our products. There are 118 carriers that offer real time through Applied products.”

Anderson agrees some of the agency management system vendors are dealing with the same issues as the carriers. “If you look at Applied, its flagship system is 25 years old,” he says. “For a lot of agencies, it works great, but for others, it’s just not working anymore. There are too many things they can’t do or take advantage of. [Other major providers] have similar issues. There are a couple of new vendors bringing out Web-based platforms to take advantage of new technology, but it’s taking time to get a foothold. Vendors have a difficult balancing act, similar to the carriers.”

Johnston explains the real-time services really are Web services, and they sit externally to the agency management system. “We realized if we had to imbed the Web services that communicate ACORD messages within our agency management systems it would be a burgeoning control nightmare,” he says. “If you look at all the different ACORD messages and all the different versions, you would spend all your time trying to manage that.”

That led to the decision to externalize it as a Web service and then allow each of Applied’s management systems to attach to those Web services at the time of communication. “From that respect, our agency management system is a very modern service,” he says.

The use of Web services has erased any concerns about legacy systems, according to Johnston. “Our systems are very modern and up-to-date,” he says. “We externalized the Web services communication so we could do rapid deployment. That way, when there is a new ACORD format available for real-time communication, it can get posted up to the central Web service without having to go back and reprogram any of the back-end agency systems. The insurance carriers can specify which version of ACORD real time they want to receive from the Web service so they’re not as volatile, either.”

CARRIERS KEEPING UP

Anderson admits to being prejudiced toward the agencies, but he believes many agencies are more advanced technologically than carriers. “They are ready, willing, and able to do things carriers won’t allow yet,” he says, pointing out agencies typically are smaller organizations, so they can move faster. Also, carriers have the legacy system issue. “I certainly understand their viewpoint that if the systems work, why change them,” he says. But Anderson also suggests what carriers are running into is the aging IT work force. “They know COBOL, but they don’t understand Web 2.0 or AJAX and the other technologies that really help streamline communication,” he says. “You have an older IT work force who just doesn’t get it.”

THE FUTURE

Norman describes herself as an eternal optimist. She feels that way because of what she has seen accomplished through the use of service centers and ACORD standards and forms. “When I see people have recognized the use of ACORD forms makes better sense than everyone having proprietary applications, that’s a huge step,” she says. “The next step is to take the innovative products and processes they are using in the service centers and move them up market. I think we will be able to start exchanging data and then spend our time on negotiation of price and coverage.”

She believes pressure from analysts and shareholders to make everyone more efficient will force that type of innovation. “I think we’ll have exponential improvement over the next five years,” she says. “It’s a pain in the neck right now when [the technology] is not there. It’s right around the corner, but it’s a heck of a bend.”