

[Return to Table of Contents](#)

TECHNOLOGY

TECHNOLOGY VANGUARD

Puerto Rican agency works to bring real time efficiencies to the island's insurance community

By Nancy Doucette

"If you want something done, ask a busy person to do it."

—Lucille Ball

It's not like Ramón Pérez Blanco, Esq., doesn't have enough to do. As one of nine partners in Fulcro Insurance, Inc., the largest privately owned brokerage in Puerto Rico, his days are plenty full.

Pérez started his career with the agency his father co-founded, working in the claims department and focusing on cases that were in litigation. With a master's degree in risk management and insurance from Georgia State University and a law degree from Tulane University Law School, Pérez says he acted as the liaison between the defense attorneys, carriers and clients.

His responsibilities expanded in 2004 when he was "volunteered" to oversee the agency's information system. One of his first activities was to attend the Applied Systems Client Network (ASCnet) annual conference—TENCon. Pérez says that Fulcro implemented Applied Systems' TAM (The Agency Manager) system in 1985—perhaps the first agency on the island to do so. He acknowledges, though, that like many other agencies using management systems, Fulcro wasn't taking advantage of all that the system had to offer.

The TENCon sessions introduced him to some of TAM's features and capabilities that he wasn't aware of. He remembers being especially interested in Transformation Station and the efficiencies its real time communications could bring to the agency.

While at TENCon, Pérez met management and technology consultant Virginia Bates, co-founder of VMB Associates, Inc., based in Melrose, Massachusetts. Her "strategic" approach to scanning convinced him that his first project after returning from TENCon needed to be to wean the agency from its dependence on paper.

Today, Pérez says proudly, "Fulcro is one of only a few brokers in Puerto Rico that has a true paperless environment."

Since learning about Transformation Station at his first TENCon, Pérez says he came to realize that Puerto Rico's brokers—and Fulcro in particular—were lagging behind the rest of the local financial services industry because the local carriers didn't offer real time or participate in real time industry initiatives. "It's one thing to be paperless," he says, "but without real time, we weren't using our system for all the transactions so we weren't seeing all the benefits and efficiencies."

Meeting of the minds

In discussing this observation with Bates, Pérez says she proposed hosting a symposium where local carriers could hear from other carriers on the mainland how real time has increased revenue and reduced expense. Additionally, the presenters would discuss the methods needed to make real time a reality for the \$7 billion Puerto Rican insurance market.

Pérez invited the top executives and IT officers from the local carriers. Bates invited Cal Durland, CPCU, with ACORD, and Doug Johnston with Applied Systems.

Among Durland's responsibilities is that of AUGIE Facilitator. AUGIE—the ACORD-User Group Information Exchange—is a forum where ACORD, agents, brokers, insurers, solution providers, and associations collaborate with the goal of improving agency efficiency and productivity. Durland says AUGIE has been focusing on getting more carriers to offer real time and download technology. "It's all based on ACORD standards, so it's a perfect tie-in," she explains.



Ramón Pérez Blanco, Esq., Partner, Fulcro Insurance, San Juan, Puerto Rico, in front of a painting that portrays one of the natural lagoons on the island.



"The San Juan Real Time Symposium is a perfect example of how agents drive the use of technology."

—Cal Durland, CPCU
AUGIE Facilitator
ACORD

Johnston is vice president of partner relations for Applied Systems and a long-time spokesperson for real time technology on behalf of the vendor. "Applied Systems is the leading implementer of agency/carrier interface and ACORD standards," he points out. "We have 10,000 agencies on TAM. Each day 130,000 users log in, and they're all interfacing with their carriers."

Thanks to ACORD's involvement in the industry's Real Time/Download Campaign, Durland has a list of carriers who are eager to share their experiences implementing and benefiting from real time. Three of those carriers—CNA, EMC, and Peerless—participated in what came to be known as the San Juan Real Time Symposium, which was held in late January 2009.

On hand in San Juan were some 30 representatives from 12 local, regional, and international carriers who accepted Pérez's invitation. Bates and Johnston were also there to facilitate the gathering. ACORD supplied the WebEx and conference call capabilities so that Durland could dial in from New York; CNA, EMC, and Peerless could dial in from Illinois, Iowa, and New Hampshire respectively; and Rough Notes could dial in from Indiana.

In her opening comments, Bates noted that agencies and brokerages made "huge strides" during the 1990s in the area of internal efficiencies—for example, cleaning up their databases, inputting quality data, and going paperless. "The next layer is integration between carriers and the agencies and brokerages," she said.

For the benefit of the carriers that made up the majority of the audience, Johnston explained how adoption of real time would benefit their brokers. "Real time interface provides brokers and CSRs with a single, efficient workflow for servicing or quoting. One click from the client file in the Applied Systems agency management system takes the broker immediately to carrier information on that client."

Pérez expanded on the "single, efficient workflow" theme by noting, "All the carriers have invested significantly in the development of their Web pages and their proprietary systems in an effort to provide quick access to information. However, because brokers represent numerous carriers, that translates to numerous workflows for us."

Success stories

"Real time saves time," Durland emphasized. "It's a workflow tool. Real time is the ability to click a button from a client file in the agency management system or comparative rater for immediate access to carrier information on that client. The transaction may be a billing or claim inquiry, a policy view, a quote, an endorsement, or a request for information. This approach provides a single workflow for servicing or quoting. It is not logging into a carrier Web site."

In her presentation, she referred to an Ohio agency principal who reported that implementation of real time inquiries in his agency freed up 5.5 hours per customer service agent per month.

Since the Symposium, the Real Time/Download Campaign has released the findings of a poll of some 3,200 agency staff members. The respondents amplified the experience of the Ohio agency principal. According to the survey, "Forty-seven percent of those using real time tools find time savings of as much as 30 minutes per employee per day. An additional 28% peg the savings at 31 minutes to an hour per employee per day."

The survey notes that more than 90 insurance organizations—representing some 140 distinct carriers—offer agents and brokers the ability to complete some kind of transaction in real time via a management system or comparative rater.

"For carriers like CNA that are offering real time tools, we would like to see more carriers offering these solutions," said Barbara Flanigan, CNA vice president, business insurance. "With more carriers offering real time solutions, there is less work for agents."

As part of her presentation, Flanigan pointed out that CNA started on the path toward real time relatively early—2004. The carrier first offered agents policy, claim, and billing inquiry capability. CNA now offers real time quoting as well for BOP, commercial auto, and workers comp. Acceptance by agents continues, she said, and CNA is now engaged in a communication program to help agents maximize their real time usage.

"Incremental implementation is common," observed Teresa Addy, business technology analyst for EMC Insurance Companies. During her presentation she offered this advice to agents and brokers: "Use what's available. As carriers see that agents are adopting the real time tools, they will allocate more resources for more functions."

She added that, if possible, agents should begin their real time activities with their top carriers first.

From the carrier perspective, EMC has seen a 600% increase in new business quotes in the past year, Addy noted. "Real time means real money," she said. "Real time tools make it easier for agents and brokers to do business with carriers."

More quotes definitely mean more business, asserted Dee Dee Forte, agency interface manager for Peerless Insurance, a member of the Liberty Mutual Group. As part of her presentation, she compared personal lines real time quoting with personal lines new business premium.

In 2006, she reported, personal lines real time quoting increased 601% over the previous year. Personal lines new business increased 19%. In 2007, real time quoting increased 146% over the previous year and personal lines new business increased 82%. In 2008, personal lines real time quoting increased 30% over the previous year and personal lines new business increased 32%.

Competitive advantage

Implementation of real time adds up to a competitive advantage, according to Bates. "The carrier that gets the information back to the agent the quickest gets the business," she observed. "It's not just about price or coverage. Speed matters. And even if real time implementation is incremental, it's still a competitive advantage."

Pérez recalls that while his carriers were busy developing their Web sites and proprietary systems ostensibly to provide brokers with quick access to information, he was urging them to go instead to "www.getrealtime.org" to learn about real time. "The carriers weren't sure how to get started," he confides.

Durland acknowledges that ACORD has also heard from carriers that they'd like some help getting started. "ACORD is developing a framework—a blueprint of sorts—to help carriers be more educated in their choices. Carriers need to be more efficient, just like agencies and brokers do."

She says the blueprint consists of five components: a business dictionary, capability model, information model, component model, and data model. The framework isn't software, she emphasizes. "It's a resource to help carriers work with their staff or partners on their infrastructure, and will ultimately help them when they implement real time." Presentations about the framework will be available at the ACORD/LOMA Insurance Systems Forum 2009 (May 17-19, 2009) and the ACORD Implementation Forum (November 3-6, 2009).

Making time for real time

Within weeks after the Symposium, Pérez had met with several of the carriers that had attended the gathering. One is Fulcro's lead carrier and one of the largest insurance companies in Puerto Rico, according to Pérez. "We can easily start with inquiries, leveraging the work these carriers have already done with their Web sites," he says.

"The Symposium is a perfect example of how agents drive the use of technology," Durland concludes. "Ramón Pérez got the ball rolling for the brokers in Puerto Rico. And that's how the Real Time/Download Campaign is working as well. Agents are pushing for more widespread implementation, and the carriers are coming onboard."

For more information:

ACORD

Web site: www.acord.org

Applied Systems

Web site: www.appliedsystems.com

Fulcro Insurance

Web site: www.fulcroinsurance.com

VMB Associates, Inc.

Web site: www.vmbhits.com

[Return to Table of Contents](#)

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