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MGAs get closer to real time technology

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About 15 years ago, the AAMGA automation committee first started meeting with the goals of encouraging members to share knowledge with other members within the MGA/wholesaler community and improve their use of automation and technology internally with greater efficiency to serve their customers and markets. This committee is responsible for the content, functionality and maintenance of the AAMGA's Web site (www.aamga.org) and organizes and hosts the AAMGA Automation & Technology Conference each March. Over the past two years, the committee has taken on a new focus and has begun to also look at real time and its impact on the MGA/wholesaler community.

Through key partnerships with [ACORD](#), [NAPSLO](#) (National Association of Professional Surplus Lines Offices) and [ACT](#) (Agents Council for Technology), AAMGA has developed the Joint Working Group. The group's first deliverable, "[Roadmap to Effective General Agent Web sites](#)," was released in June. This document explains in detail what MGA/wholesalers should have on their Web site, then breaks the Web sites down into "generations."


A "Generation 1" Web site is one with little information or ability to interact with agents online via e-mail. "Generation 2" Web sites take the next step and are slightly more interactive, allowing for online quoting capabilities and moving MGA/wholesalers closer to actual real time technology. It is the "Generation 3 and 4" Web sites that add straight-through processing, with a Generation 4 Web site being a true real time processing system.

While many agencies and carriers have provided their definitions of real time, let's look at it from an MGA/wholesaler perspective.

Real time actually enables two business partners to transport data immediately with the click of a button. This transaction can be agent-to-company or agent-to-wholesaler. For the transaction to be considered real time, it must be immediate, and there cannot be a situation where one party must visit another party's Web site. Real time provides clients with immediate access to quotes, and generates more time for relationship building. This use of technology helps reduce E&O claims because fewer hands touch each submission.

Whether or not a MGA/wholesaler can support real time depends on several factors, including internal budgeting demands, underwriting capabilities and mostly, their commitment to technology. They must ask themselves difficult questions, such as, "Have we upgraded our technology since the last hard market?" If the answer is yes, the transition to real time will be somewhat easier. For those agencies that have not upgraded, the move, although not impossible, will be more difficult. Several companies are more than willing to help with this transition, no matter where you are at in the process, but it will be at a cost.

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This brings us to the next issue which becomes an obstacle for MGA/wholesalers looking at real time technology—and that's cost. Most vendors do not understand the basic underlying difference between MGA/wholesalers and insurance companies. While it's just as complicated to set up, the same funds are not available to pay for the system as it is for the larger carriers. The structure of how MGA/wholesalers make money is different, and rather than take time to understand, many vendors believe "the price is the price," no matter who you are. This has become an obstacle that the MGA/wholesaler community looks forward to working with them on and overcoming so we can continue to move forward, bringing independent agents what they want—real time technology.

Many of us are more than ready for it. Our company already has carriers that are ready, willing and able to take the next step. Those that are not necessarily ready to jump into real time are budgeting, planning and researching—knowing they eventually must make this commitment.

A recent AAMGA automation meeting featured a carrier panel of 6 or 7 insurers. Two were currently using real time technology. The realization that competitors, carriers and insurance businesses in general were actually able to institute real time technology caught many people off guard. They left the meeting rethinking their budgets for the coming year.

This is why ACT, ACORD, NAPSLO and AAMGA have joined forces to send their people to these meetings—to exchange ideas. Sometimes we are the ones with the good ideas, and sometimes we walk away wondering how our competitors do what they do. But we're always able to share the information and develop the technology so that independent agents can write more business, which is what really matters.

Insurance is a relationship business. Although real time is a technology-based solution, it should be viewed as a sales and marketing tool because it provides agents, carriers and MGA /wholesalers more time to build relationships because they're spending less time processing. Accurate information must still be entered, and people will never be eliminated from insurance. Real time actually makes people more important, and real time is here for all of us.

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James Mastowski is co-chair of AAMGA's technology committee and a member of UFO (AAMGA's Under 40 organization).



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