

## Carrier Looks To 'Empower' Agencies With Latest Technological Capabilities

*Harleysville keen on building stronger agency relationships around tech support*

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Cutting-edge technology, or the lack of it, has been the focus of much debate and some animosity between independent agents and insurance companies, but for Harleysville Insurance, agent relations around technology is a primary focus.

According to Stephen J. Byrne, vice president of agency and field automation technologies for the Pennsylvania-based carrier, a strong technology relationship with an agency is part of the company's overall business partnership strategy.

"I am accountable for all the technologies that we use to service our agents and field reps," Mr. Byrne said of his job. He noted that his position "provides better visibility over how systems interact and integrate," and enables him to advocate for how those systems should be strung together.

Efforts to bolster technological capabilities in working with their agencies is critical for Harleysville, he noted, since the carrier sells exclusively through the independent agent channel.

"We are in flight with a project to build our real-time capabilities," Mr. Byrne explained. "We're re-platforming our policy systems for commercial and personal lines to make it easier for us to bridge with agency management systems."

Real-time agent-carrier interfaces use technology, industry standards and the Internet to reduce the time and expense for both agencies and companies in processing sales and service transactions.

One goal is to eliminate redundant data entry and allow agents to submit customer data once for all carriers, rather than re-inputting the information to suit the proprietary systems of each carrier.

Asked about the pace of real-time adoption in insurance, he noted, "I see it increasing in the past six-to-nine months. Agents are asking us for it more often than they used to, which is good. It's not overwhelming, like people are knocking down my door, but they're in same economy as we are."

Mr. Byrne added that he believes the current economic crisis will accelerate the industry's move toward real-time. "From both perspectives it is not cost-effective to key, re-key and fax information," he said, adding that a more efficient flow of data will allow both carriers and agents to decrease costs, "and probably put the agency in a more competitive situation with clients."

While agents' calls for such technologies may have strained relations with some carriers, Mr. Byrne said that has not been a problem for his company.

"We're active and transparent on what our plans are," he emphasized. "They know what we've been going through with updating our systems. They have been patient and working with it very well. We're opening the doors and we want to hear the feedback—good or bad. If we didn't do that, we could spend a lot of money missing the mark. A big part of our business strategy is paying attention to agents."

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While some insurers may be hesitant to adopt the changes needed to make real-time a reality for their agents, Mr. Byrne pointed out that "there is a pretty robust ecosystem of vendors who have products that make the interface much easier to do."

These vendors, he said, "are on top of ACORD standards, and on top of the needs of agency management system makers. By leveraging them, it reduces the carrier's exposure. If the ACORD standard changes, my only worry is whether my vendor is going to be on top of it."

He also acknowledged that real-time can be a costly enterprise for carriers, but added, "I think the challenge is more that it is a little bit of a leap of faith. Build it and they will come. You're making a bet that the agencies will come and use it."

He pointed to "a fear factor" among carriers regarding whether or not agents will use the technology once the money is spent. "Real-time is not cost-prohibitive, but it's not cheap, either," he said. "A lot comes back to trusting your agents and valuing their word on what would make it easier to do business with you."

As for agents who have yet to jump on the real-time bandwagon, Mr. Byrne opined, "I don't know if they truly understand the efficiencies it could bring. [When] agencies really embrace the technology and pressure us to get it out there, I see how efficiently they operate. If [agents are] willing to make the investment, in the long run they will be happy."

Mr. Byrne said his company's biggest challenge at the moment is "trying to build this platform out while trying to put new policy systems in place. We're working on a foundation that hasn't quite cured yet. Our systems are still being rolled out."

"Also there is a lot of standardization, especially with agency management systems, but once you get back into carrier systems, there are not a lot of policy and rating systems that embrace ACORD," he continued. "So how do you transform an ACORD request into the proprietary format? If more carrier systems spoke ACORD natively, this would be a slam dunk."

Another challenge for insurers overall, he noted, has been movement from older to newer technologies. "Policy systems are pretty complex and large," he explained. "They've been re-engineered from legacy to newer technologies, so the focus has been on getting the systems to play together."

For that reason, he said, the agency-carrier interface hasn't been addressed as much as it might otherwise have been. "To extend it into other areas has not been as much of a focus for [insurers] yet," he added.

"Until it hurts them," insurers may wonder why they should put the investment dollars into changing the interface, he suggested. "Once one or two ACORD-compliant systems are in place, others will follow suit—and they're starting to come out," he asserted.

Looking to the future, Mr. Byrne observed that "from what I've seen and heard, agencies want to be seen as full-service providers to clients, so they're really looking to us to expose as much content and functionality to their facility as possible. An agency may want to brand or co-brand functions."

Meanwhile, he observed, "the agent wants the insured to go to them. The best way to do that is to expose more and more functionality to them. This will emerge over next three-to-five years."

He also noted that "consumers are more accustomed to doing business online, and they are more and more Web-savvy. That is going to change, for agents, what they need to look like for their clients. That is the biggest thing that is coming. Our focus will be how we empower agents to serve that purpose."