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## [Celebrating 80 Years](#)



By Jeff Yates, executive director of the Agents Council for Technology

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As *American Agent & Broker* celebrates its 80th anniversary, it's a great time to take stock of the progress independent agents have made with the technology that powers their offices. Technology progress can frustrate agents because of its cost and the length of time it has taken to improve. Remember "Paper-free in '83," or the promises to achieve SEMCI (single-entry, multiple company interface) in the '80s and '90s?

The good news is the kind of automation that agencies have a right to expect is finally starting to arrive. Many agencies are now taking advantage of real-time technology to reduce the time for processing tasks and enhancing their bottom lines with more proactive service and sales. Many of today's agencies are virtually paper-free in personal lines, and others are working on small commercial business now that carriers and vendors have improved their commercial lines download times. The great progress being made with real time is putting independent agencies in striking distance of achieving the vision of SEMCI.

The history of agency automation also mimics how independent agents can make a difference in the evolution of the technology and workflows available to them by becoming involved in their user groups and organizations like ACT (Agents Council for Technology) and AUGIE (ACORD User Groups Information Exchange).

### Agents' vision for carrier interface

The overall vision to be able to work in a consistent manner with multiple carriers has been remarkably constant over time. In 1906, a foresighted agent petitioned the National Assn. of Insurance Agents (NAIA, now IIBA) to take the lead in developing standard applications and procedures for dealing with the carriers. However, it wasn't until 1970 that NAIA and 12 carriers formed the ACORD Committee within the association, based upon foundation work done by the California Big I. In 1975, ACORD became a separate corporation and has since grown into the international standards body for the insurance industry. In the early years it was difficult to have carriers agree on common forms, especially applications. But the logjam eventually broke and today there are thousands of standardized ACORD forms, without which the agency management systems of today would not have had the standards necessary to design the data fields in their systems.

The prescient agents in 1975 also wanted to develop an agency universal terminal to access multiple carriers electronically. To further this goal, NAIA formed the EPIC committee (Electronic Processing Implementation Committee), which led to the formation of the Insurance Institute for Research (IIR) in 1977 to study agent-company operations automation.

IIR studied the concept of the agent's universal terminal and began developing batch electronic standards, which became the basis for today's time-saving downloads. Out of IIR emerged the need to create IVANS to provide the industry with a cost-saving shared data communications network. IVANS today is still the entity that most carriers and agencies use to aggregate and transmit carrier downloads to agencies each evening.

While IIR and IVANS succeeded in creating the first electronic standards for the industry, there was not sufficient support to move forward with the universal terminal concept. In 1982, ACORD and IIR merged, creating the entity that develops both the paper and electronic standards that are used today.

During the 1980s and 1990s, agents made great progress with standardized forms and personal lines download

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From the Great Depression to today's recession, American Agent & Broker has dedicated itself to covering the trends and topics affecting independent agents and brokers. The articles reproduced in this section reflect a wide range of issues of interest to agents, from 1929 to 2009.

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but still had to contend with the inefficient uploading of data to the carriers. First, the carriers placed their proprietary computer terminals in agents' offices; then, some carriers and agencies tried to achieve SEMCI by implementing batch uploads using the standards. This approach met with only limited success.

With the advent of the Internet in the late '90s, carriers saw an opportunity to build their own Web sites to increase information and functionality for their agents and reduce their own processing costs. But as these Web sites proliferated, agents struggled with separate and inefficient workflows for each carrier, including the need to log on to each carrier's site, remember the carrier's password, learn how to navigate the site, enter the same data repeatedly to compare quotes (even though the data was already in the agency management system), and train each employee on multiple carrier workflows.

Fortunately, the Internet and the Web services used by carriers for their proprietary Web sites also sowed the seeds that enabled enterprising agency management system vendors to create a workflow that allows agencies finally to realize their long-held vision of a SEMCI workflow. It is called real time.

#### **A major breakthrough**

Real time enables agents to work with multiple carriers consistently through their own systems; it handles logons and passwords to carrier systems and Web sites automatically; and it eliminates having to re-enter data already in the agency management system. Real time includes inquiries (billing, policy view, claims), endorsements, and quoting through agency management systems and comparative raters.

In the 2008 IIABA Future One Agency Universe Survey, agencies ranked real-time billing, claims and policy inquiry as the technology having the greatest impact on their productivity. And it is no wonder: In January, the 2009 Real Time Campaign Agency Survey, agents using real time (inquiries, endorsements, and/or quoting) reported saving 10 hours a month per employee on average. One agent calculated time savings equaling \$3,000 annually per personal lines employee. Real-time quoting also is growing rapidly in personal and commercial lines saving agents significant time and duplicate data entry.

#### **The evolution of download**

In 1988, a group of savvy agents and carrier representatives under the auspices of the associations and ACORD stepped forward to spell out the actual functions effective interfaces must possess from the agents' perspective. They formed the Interface Systems Requirements (ISR) panel, which made the crucial recommendation in 1990 that download should be the starting point for current interface development. This gave clear direction to interface development for carriers and vendors that resulted in a proliferation of download implementations. Personal lines download is one of the greatest success stories to date in terms of the productivity enhancements that have resulted from it. Even today, agents encourage carriers to implement download first, then real time.

Agent-carrier pairs implementing personal lines download continue to grow. Today there are 170,531 such agent-carrier pairs. Agencies can save significant additional processing time by implementing direct bill commission download that automates the entry of commission statement information into their systems. Agents also are taking advantage of claims download where available to automate claims data entry into their systems.

Commercial lines download is the next big area where carriers, vendors and industry groups are working to improve download quality and reduce the overwriting of agency data. More than 42,000 agent-carrier pairs that have implemented commercial lines download, an 18 percent increase over last year. Agents realizing significant savings using commercial lines download, particularly for small commercial lines, and agents are encouraged to take another look at it now that the quality has been improved considerably.

#### **The emergence of agency management systems**

It started in the 1950s when vendors emerged to do agency accounting on a batch basis. The first agency management systems developed from these roots, still focused on automating the accounting function.

With the approval of ACORD standard applications, management system vendors were able to create a policy and client data base so agencies could service clients from the system and use it as a marketing tool to cross sell. Vendors also were sensitive to agents' E&O risks and developed activity logs to track every transaction performed by the system, also permitting the capture of client conversations and events. Most recently, vendors are focusing on agent-carrier connectivity using tools such as real time and download.

During this evolution, we also saw the introduction of Windows, color, e-mail and the laptop, which made these systems more attractive and easier to use for agency principals and producers. Today, agency managers can generate invaluable management reports from these systems to oversee their agency operations.

Although the promise of going "Paper-free in '83" never materialized, today's agencies are increasingly electronic, eliminating paper wherever they can. The agency management system acts as the agency's information hub, with the agency's other systems, if needed, integrating with the management system as much as possible. Thanks to the Internet, agencies no longer need to have their agency management system on site. It can be housed at the vendor, who is responsible for updates, maintenance and proper back ups.

Agents once again have played a key role in the evolution of the automation available to them by working with their vendors through user groups to provide continuous system improvements.

#### **Agent advocacy at the industry level**

In 1999, IIABA created ACT to put a more consistent and permanent focus on industry automation issues from the agents' perspective. The immediate catalyst was the impact the Internet was having on the industry. At the first ACT meeting, carriers pleaded for new standards based on XML (extensible markup language) for transporting data across the Internet. Today, ACORD's XML standards provide the basis for the industry's real-time transactions. Since then, ACT has been involved in agent-carrier workflows in both the standard and E&S markets, assessing societal and technology trends, agency security, and online marketing opportunities ([www.independentagent.com/act](http://www.independentagent.com/act)).

Also in 1999, ACORD established AUGIE to bring together all user group leaders. ACT and AUGIE coordinate their activities and often meet back to back to avoid duplication and communicate a consistent message. AUGIE



is also a vigorous advocate for improved agent-carrier workflows and has developed a number of tools to assist agents with their technology implementations ([www.acord.org](http://www.acord.org)).

A key to ACT and AUGIE's success has been the level of carrier and vendor commitment to working together to further the agents' ease of doing business, which is greater than I have seen it in my 34 years in the business. The coming together of the industry to create the Real Time/Download Campaign in 2007 has been hugely successful in driving increased agent and carrier implementation of real time, and we hope to accomplish the same result with commercial lines download. The campaign has also developed excellent materials to assist agents with their real-time and download implementations ([www.getrealttime.org](http://www.getrealttime.org)).

The evolution of agency automation is a journey and we continue to react to and incorporate the technology enhancements that become available. As this brief history has shown, a few committed people can make a real difference in the evolution of agency automation, creating lasting benefits that improve the daily work of virtually every independent agency employee.



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