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## Magazine

### The war on keystrokes

*The insurance industry has joined forces against a long-time nemesis: redundancy*

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Just as the United States and its allies fought the Axis powers during World War II, carriers, agents and agency management system vendors have declared a war on keystrokes, putting aside individual agendas to improve workflow at the customer point of contact: in the agencies' automation systems.

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The insurance industry is in a war for business and survival, and agents are on the front lines. Constant layoffs due to the recession have left the insurance workforce down 1.5 percent from last year—with agents and brokers down 2.1 percent and property/casualty insurers down 1.9 percent, according to the U.S. Bureau of Labor Statistics. Staffs are stretched to the breaking point, but customers still rightly expect quick turnaround on quotes and claims, making the need for more streamlined processes more acute than ever.

IIABA's 2008 Agency Universe Study indicates that average agency staff has decreased from 11 to 9, reflecting both economy of scale and improved efficiencies from automation. More than 8 in 10 agents said real-time billing, claims and policy inquiry have had a very positive impact on agency efficiency and effectiveness. Agents also gave high ratings to policy downloads and policy information via carrier Web sites.

And while 50 percent of agents cited the overall cost of technology as their biggest technology challenges, "dealing with multiple carrier interfaces" challenged only 36 percent of respondents, compared with 53 percent in the 2006 study. Only 32 percent named "dealing with multiple carrier Web sites" as a major technology challenge in 2008, compared with 49 percent in 2006.

These positive changes are a direct result of better communication between vendors, agents and carriers, and collaboration that resulted in the increased adoption of downloads and real-time technology by more carriers.

Things weren't always so cozy. In the not-so-distant past, automation was a touchy topic, frequently characterized by finger-pointing and accusations by all parties. Agents griped that carriers promoted proprietary systems; carriers complained that agents didn't use the efficiencies carriers built; and vendors focused primarily on beating out the competition.

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A lot has changed over the last several years, with the real-time initiative and the need for improved processes in a tough economy driving the train. Last year, IIABA's Agents Council for Technology ([www.acttech.org](http://www.acttech.org)) and AUGIE, the ACORD-User Groups Information Exchange ([www.acord.org/augie](http://www.acord.org/augie)) launched a push for the adoption of real-time transactions. Today, real time is becoming the predominant workflow in agency transactions with carriers.

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The AUGIE 2009 Real-Time Campaign Agency Survey reports that 54 percent of the agencies with agency management systems have real-time inquiries and endorsements; 43 percent are using personal lines real-time rating through the agency management system or comparative rater; and 18 percent are performing commercial lines real-time rating. According to IIABA, 180 carriers and carrier groups now offer at least some real-time functionality—a 58 percent increase in two years.

"Now we're seeing a more concerted effort on everybody's part to promote the interfaces we have available," said Doug Johnston, vice president of partner relations and product innovation at Applied Systems, University Park, Ill. "Agents are looking at their management systems to see if they're fully using them for interface capabilities, and carriers are telling agents when the carriers have improved processes like claims download. We're seeing everybody getting more proactive."

Improved communication methods through Web 2.0 also have facilitated the process. "Relationships continue to improve through better communications and capabilities, and a lot quicker spreading of news than we've seen in the past," said Jeff Larson, general manager of Ebix Inc., Atlanta. "We hear more about using Web 2.0 and collaborative methods to improve communication and sharing information throughout our work day, which is especially useful in communicating product features and upgrades."

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##### **The importance of users groups**

Independent agents' roles as the "squeaky wheels" in the automation triumvirate dates back to the beginning of agency automation systems and the formation of users groups. Today, users groups are more active and important than ever, along with real-time proponents including ACT and AUGIE. These groups are open forums where vendors, carriers and agents can come together on neutral ground to discuss issues, problems and needs, and get them answered.

Users groups emphasize collaboration as a win-win-win for agents, vendors and insurers, said Jim Armitage, president of the AMS Users Group (AMSUG) and of Arroyo Insurance Services, an independent agency headquartered in Arcadia, Calif. "Vendors need to make a buck and improve their product, and insurers need to increase their market share," he said. "The more viable a product is to me, the more I'll use it, and the easier it is for me to do business with a carrier, the more I'll use them."

At the spring AMSUG meeting, agents' primary message to vendors and carriers was the need for more "one and done" real-time transactions and the elimination of redundancies in the workflow. "AMS really does look to us to be a conduit of information to make their product better, and we're pretty vocal about what has an impact on our members, where the pain points are, and what they can do to implement changes to make things better," Armitage said.

Involvement in a users group is a commitment of time and resources, and participants are typically "passionate volunteers," Armitage said. "There are more than 700 volunteer spots within our conference alone, and there's lots of time involved in it," he said. "But you get a lot out of it, too, especially the opportunity to network at your local chapter and at the national conferences."

Users groups are so important to vendor Vertafore, Bothell, Wash., that the company devotes a portion of customers' licensing fees to the user groups to offset the cost of joining, said Gytis Barzdukas, vice president, product management agency markets. "While the industry standard is to charge for inclusion in these groups, Vertafore has made its user groups accessible to anyone while still keeping the cost of licenses competitive with other solutions," he said. "Because we offer user group membership at no charge, we believe we get a wider variety of people joining and contributing feedback."

### **The role of the vendors**

Vendors rely on both carriers and agents to provide feedback on the product and offer suggestions for enhancements, with the typical forum being the users group.

"We typically tap our user group to help promote upgrades and changes," Barzdukas said. Using its product enhancement request system (PERS) to solicit direct feedback from customers, Vertafore's research and development committees and user groups go through each request to prioritize for the product teams. "It was because of PERS feedback that we ultimately included the commercial lines workflow enhancements in our AMS 360 agency management product," he said.

"We're very tied to our users group, which has a structured process for recommending updates and enhancements," Johnston said. The vendor's four primary products—TAM, Vision, DORIS and EPIC—have major upgrade releases every fall, with incremental improvement throughout the year to correct defects and provide updates such as changes in industry standards. Applied maintains a customer feedback mechanism that is fed by direct customer comments, which are analyzed by an 80-person team before being sent to its development office. "All 80 of these people have taken the INS series insurance courses and many have previously worked in insurance," Johnston said. "They often visit agency offices to watch workflows and determine what enhancements are needed."

For what insurers need, "many things they want are interface-related, the communication of data between the agency and company," Johnston said. "We start by asking if there is an ACORD standard for that type of communication; if not, we encourage the agencies and companies to get involved with ACORD to develop a standard. Once this is done, we can do the documentation and develop the product."

To create a successful and competitive product, vendors must strike a balance between the needs of agents and carriers. "Education and understanding all the pieces and the role of all the participants is often underestimated and misunderstood," said Rex Fledderjohn, director of sales for NxTech Inc., Milford, Ohio. "Carriers have a preferred workflow method, but have multiple agents with different systems and workflow methods. Agents have desired workflow methods, but have multiple carriers with multiple lines of business and workflow offerings. Vendors generally have their own specific workflow methods they would like all of their clients to use. NxTech helps carriers stay positioned to understand all the stakeholders for the best workflow fit for all participants."

In response to those needs, NxTech provides a wide range of agency-company interface solutions, including recently-added functionality for real time upload request/response for first notice of loss through the management systems, and a callable rating feature for a specialty carrier working with MGAs for workers' compensation, Fledderjohn said.

The interplay between vendors, users groups and industry organizations like ACT and AUGIE also is critical in producing products and enhancements that truly address agents' needs, said Mark Miller, chief operating officer of Strategic Insurance Software, Gahanna, Ohio. "With both our user group and SIS being heavily involved in industry groups such as ACT and AUGIE, we both see where the industry is headed," he said. "Improvement is not something one single entity can accomplish; it takes all parties moving in the right direction to really drive improvement across the value chain."

In response to industry needs, the major Partner XE upgrades over the past year include IVANS Transformation Station (TS) inquiry integration and adding commercial umbrella download/policy detail screens, as well as ongoing integration with third-party raters, Miller said.

### **The carrier angle**

Carriers have got the message that it's in their best interests to make it easy for agents to do business with them (76 percent of the agents in the 2008 IIABA study said they were more likely to do business with a carrier using a real-time data bridge, which eliminates repeat data entry).

Agents AA&B spoke with for this story named several carriers as the most responsive, including Hartford ("using real time capabilities very well"), Harleysville ("has the ability to accept ACORD applications on its Web site"), Acuity, Allied and Auto Owners ("doing the best job with overall download"), Safeco, Travelers ("doing real time rating with our rating vendor"), CNA, Travelers, Liberty, and regionals like

EMC, Selective

"As a former agency office," said Gary Law



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Co., Des Moines, Iowa, and part of Nationwide Insurance. "We were one of the first companies to offer real time commercial quoting to agents, although we can't overlook what we have done to our company proprietary Web site, because a large number of our agents still prefer it," Allied now offers "defaulting" for information that may be missing from an agency management system but is needed for a quote, as well as real-time rating through most comparative raters. "We do everything we can to create and return a quote to the agent in both personal and commercial lines," he said. "If all else fails, we bridge the information for them, but our preference is to create a round-trip experience for the agent."

Carriers realize the importance of user group involvement to make things work. "First and foremost, we are active in AUGIE," Lawrence said. "This gives us the insight and the connections we need with most of the major automation systems. We also try to attend as many local meetings of users groups that we get invited to, and often attend the national users group for both ASCNet and AMSUG, These two vendors represent approximately 80 percent of our agency force users."

"Our agency force is the key to our success now and in the future," said Wendy Bowden, agency services coordinator at MEMIC Insurance, Portland, Maine. "Before we begin the development and implementation phases of any automation project, we involve the members of our distribution force. They offer feedback on areas where they feel they could be better served and we deliver a product that makes them keep coming back."

In the past year, MEMIC has undergone a complete migration of its paper-based new business application process to an electronic process that includes the ability to bind a policy online. "We no longer need paper copies of application documents, making the 'ease of doing business' that much simpler for our distribution force."

#### **The battles ahead**

This isn't to say that there's no room for improvement in the relationship between the "Allied" forces of agents, vendors and carriers. Communication breakdowns still happen between vendors, carriers and agencies using (or not using) their systems. The romantic adage of "If you built it, they will come" may hold true for baseball fields, but not necessarily for automation. Take real time, for example.

"A lot of carriers stepped onboard and put in the time and effort early on to promote real time, but they just didn't get the kind of adoption they would have liked to have seen," Larson said. "Thanks to ACT and AUGIE's promotion of real time and download, we're seeing more adoption as the real time success story permeates the industry."

The 2008 IIABA Agency Universe Study shows more than 90 percent of agents at least occasionally have to enter the same data more than once when completing an application. While the percentage has declined somewhat for personal lines from 95 percent in 2007 to 92 percent in 2008, it's still an issue.

"We need to be moving past individual Web sites and systems and finding ways to communicate without rekeying information," said Lisa Leach Goth, vice president of Charles P. Leach Agency Inc., New Bethlehem, Pa. "Upload and download should both be working equally. Single entry is the key. The ability to start and end in the agency's management system is the only way agents can afford to work in this environment."

The staff at Goth's agency, which has been using AMS's InStar system since 2004, is pleased with the vendor's responsiveness, but gives mixed reviews to the way some carriers are handling automation. "We need to see more real-time capabilities and less emphasis on company Web sites," she said. "Companies continue to develop their own Web sites and want agents to quote through them. It actually takes longer to quote a small business account now for an agent. If an agent works with proper lead time it is easier and more efficient to send in ACORD applications to various companies for quotes than going to all the individual Web sites. Real time makes transactions easier, more efficient and more reliable."

Carriers also could do more to make it easier to certify vendors' automation programs,

said John C. Heinsz, president of the NASPA users group (for SIS Partner XE system) and owner of Heinsz-Schaefer-Garwitz Insurance Services, St. Charles, Mo. "Our vendor initiated IVANS' Transformation Station (data exchange for real-time transactions) at the users' insistence, only to find that some carriers will not 'approve' them, even though they already authorized Transformation Station," he said. "This shouldn't be that difficult."

There also needs to be a better password management process, "some type of standardized security approach that will handle all the company logons," Heinsz said. "The ideal would be to have some permanent password that the agency can manage."

However, agents agree that they could sometimes do more to facilitate the process. "Agencies can learn and use the automation each carrier offers because if we don't use it, they won't improve it," Heinsz said "We can also share with our carriers what works, what doesn't and why. We have to take time to communicate."

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