

## **Insurance Solution Accelerators: Using BPM to Automate Insurance Policy Renewals**

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### **Abstract**

The insurance industry, long viewed as a laggard in the use of technology, is beginning to use innovative approaches to automate key operational processes that affect customer service and retention. CIOs and senior executives in these firms are turning to a new breed of solution accelerators that combine out-of-the-box functionality provided by business process management (BPM) tools with pre-developed templates. This approach has empowered forward-thinking insurers with the ability to quickly deploy new and improved operational processes, reducing the time and cost associated with policy renewals, increasing profitability and customer centricity.

### **Key Issues Facing the Insurance Industry**

While working with numerous insurance firms, Project Performance Corporation has uncovered several common issues that related to their underwriting and policy renewal processes.

- **As much as 60 – 70 percent of time in the underwriting process is spent on low-level, manual tasks that could be automated.** Recent research by analysts such as Forrester and Gartner suggest that many low-level manual tasks required for underwriting should be automated using BPM technology and methodologies. These tasks include verifying completeness of submitted underwriting information, aggregating information from several sources critical to the underwriting decision, and validating information prior to making the final underwriting decision.
- **Communications between an agent and a carrier's underwriting department often consist of dozens of handoffs, sometimes requiring 2- 4 months to complete a single transaction.** Working with our insurance customers, PPC has witnessed up to 16 handoffs and up to 16 days before all the information required to underwrite the risk was exchanged. The underwriting process for insurers can be complex, requiring interaction across teams of brokers and agents, and interaction across numerous internal systems. In many cases, people and systems involved in the underwriting process do not have a common platform for collaboration and communication.

- **Constantly changing business climate and competitive forces require insurers to become more flexible in implementing changes for policy underwriting.** Each year new regulations and compliance requirements force carriers to implement changes to their underwriting processes. In most cases, this means verbally communicating changes to brokers and agents and then validating that the new rules are being applied. Underwriters must find more innovative approaches for quickly codifying new rules and regulations into an automated business process to ensure compliance across the enterprise.

## Automating and Managing the Policy Renewal Process

Working with a with a global insurance brokerage, PPC developed a solution to automate the firm's policy renewal process. The foundation of the solution was an enterprise-scale BPM engine, capable of deploying future process automation solutions to address multiple challenges such as underwriting workflows, claims management, billing, and receivables management. The BPM platform provided out-of-the-box functionality for automatically initiating policy renewals 120 days prior to policy expiration dates. In addition, the platform provided native functionality for routing, alerts, dashboards, and monitoring.

As illustrated in Figure 1, after automatic initiation, the task of the policy renewal process is routed to the assigned broker manager that is accountable for the customer account. In this task, the broker manager is required to define the team members and specialties needed to put together the program for the customer. The broker manager also has the ability to assign due dates and alerts for each team member assignment.

After the broker manager completes the initial task, the process automatically routes the process to the assigned team members to begin researching and pulling together their respective proposals for covering a specific risk area. As they proceed, the process automatically monitors progress and alerts the broker manager and team members to due dates and deadlines for completing the initial proposal. After the initial proposal is completed, it is automatically routed to a broker executive for review and feedback.

The solution also integrated the firm's existing portal platform and interfaced with the firm's existing content management system. Using the existing portal framework, PPC was able to deliver customized worklists and views based on each user's respective role. Also, as policy renewals were being processed all related documentation attached to the process was automatically saved to the content management repository.

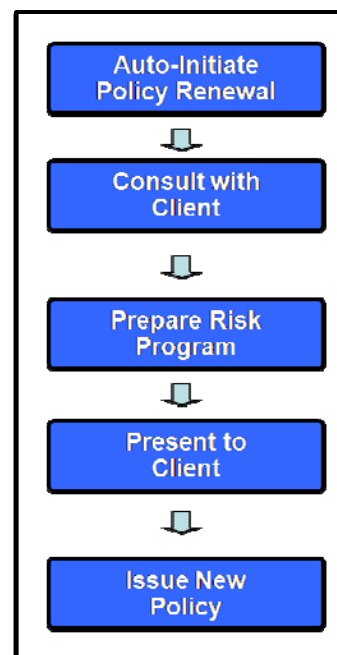


Figure 1: PPC's Insurance Accelerator Covers Key Aspects of Policy Renewal Process

## Measuring the Return on Investment for Automated Policy Renewals

PPC has found that many firms implementing automated policy renewal processes can expect to realize the following benefits and return-on-investment:

- Increased visibility into existing status of in-flight renewal processes across existing policy holders;
- Improved collaboration amongst internal and external brokers throughout the underwriting process;
- Automated tracking and monitoring of policy renewals, instead of constantly printing reports to determine which policies are about to expire;
- Reduced duplicate data entry of policy underwriting data into numerous IT systems.

## Conclusion

In order to meet the demands of a competitive marketplace, insurance firms must identify innovative approaches to automating key operational processes such as policy renewals. PPC's experience implementing insurance solutions has led us to develop a unique insurance accelerator that combines the capabilities of BPM Suites with a template for automating policy renewals. Our Automated Policy Renewals Solution Accelerator allows firms to quickly improve their internal renewal process with minimal cost and minimal risk. Firms implementing our solution accelerator can expect to realize greater visibility and collaboration with policy renewals, which translates into improved customer satisfaction and higher retention rates.

## About the Author

*Clay Richardson currently leads Project Performance Corporation's award-winning business process management practice, where he directs process improvement and automation efforts for public and private sector clients, including the Ullico Insurance, Crown Castle International, Navy Federal Credit Union, Government of Bermuda, and U.S. Patent and Trademark Office. Prior to joining Project Performance Corporation, Mr. Richardson served as Director of Professional Services with HandySoft Global Corporation, a pure-play BPM software vendor. Mr. Richardson also served as Principal and Co-founder of StrictlyBizness, an e-business consultancy that specialized in developing automated web and XML-based solutions for private and public sector clients. Mr. Richardson is a graduate of Boston University's highly regarded Business Process Management Certificate Program and is a regular presenter at BPM industry conferences and events. In addition, he regularly facilitates business process strategy and architecture workshops for public- and private-sector clients.*