

Making it Happen



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Industry stakeholders are working together to achieve technology solutions in the spirit of SEMCI — solutions that will allow brokers to work in the same manner regardless of the carrier with which they work.

As the old adage goes, the only factor constant in life is change. And as challenging and frustrating as this may be for businesses, it is up to each individual to turn these challenges into opportunities — and there are many such opportunities to be had.

Two parties are present in every change initiative: leaders and adaptors. Leaders must ensure they are headed in the same direction to simplify the adoption process for the implementers. But as in every partnership, one party cannot do it alone. The support of the adaptors is crucial to the success of the outcome.

“So what does all this gibberish mean?” you might ask. “Let’s get back to insurance!”

Every business owner is in it to make money. To remain profitable, though, workflows need to

change constantly and incorporate new processes and technologies.

The notion of Single Entry Multiple Company Interface (SEMCI), although a longstanding topic in the insurance industry, has changed over time. Different attempts have been made to bring it to reality; each effort needs to be viewed as a step toward the ideal solution.

Although change leaders may not yet all agree on the path to get to true SEMCI, they all agree on the direction. The outcome should be a solution that allows brokers to work in the same manner regardless of the carrier with which they are working, uploading information directly from their broker management system (BMS) into different carrier portals, web services or directly into carriers servers. All of this should be done without any human intervention or having to leave their BMS.

E-DOCS

Related to the SEMCI discussion, a current hot topic is the transmission of electronic documents (e-Docs) between the insurance companies and brokers. E-Docs is the process of downloading documents directly from carriers to brokers in the same manner as the Centre for the Study of Insurance Operations (CSIO) Electronic Data Interchange processes are run.

Some carriers have recently stopped sending paper and only make documents — such as declaration pages, loss notices, insured's notifications, payment schedules, etc. — available electronically to brokers. Many stakeholders are involved in this change process to make sure the end outcome positively affect the ability of brokers to serve their customers and does not compromise the files brokers maintain for them.

Insurance Brokers Association of Ontario (IBAO), with the support of Insurance Brokers Association of Canada, is to be commended for making the e-Doc project a priority. CSIO moved to quickly establish the XML standard; almost seven months later, Keal is aware of seven insurers adopting this project. At our end, Keal has started testing with three insurers. It goes to show all stakeholders working together can further our end goal of reaching true SEMCI.

The end result of e-Docs is brokers will now be able to select which documents they want to download and have

e-Docs allows brokers to select which documents they want to download and have these populated in their BMS without the need for human intervention.

these populated in their BMS without any human intervention. On a side note, as the storage of electronic documents increases, brokers will need to start planning for more disk space. Preliminary calculations indicate disk space and backups will be an issue, so proper document management will be essential.

What is the role of BMS providers in SEMCI? They should be committed to simplifying the processes for brokers and working with all stakeholders to make this happen.

The BMS plays a critical role in any broker's office. Among other things, the BMS provider is an important intermediary between the broker and insurance company; as such, the BMS provider must maintain an open dialogue with

all insurance stakeholders.

To this end, over the past few years, Keal has invested hundreds of hours commissioning dozens of surveys with different stakeholders to assess situations and determine best courses of action. Not surprisingly, the results vary.

But one commonality is the desire of all stakeholders to arrive at the same solution; that is, to achieve faster and less-complicated ways in which to work. The challenge is to work together to make it happen.

COST-EFFICIENT WORKFLOWS

In a January 2012 Keal broker survey, clients recognized the need for direct connectivity technology solutions to compete with fierce competition. This became evident based on the cost of doing broker policy transactions. In general, survey results suggested that on average a brokerage's pure policy change transactions accounted for 24% of all transactions. Of these pure policy change transactions, revenue accounted for less than 1% of the total commission revenue, or \$5.41 per transaction. Since policy change transactions are the most time-consuming transactions, when brokers in our study applied their policy change transaction cost, the margins were very slim — if not negative.

This begs the million-dollar question: "What solution allows brokers to minimize the time needed to complete transactions that bring the least revenue to the bottom line?" The answer is simple: automate them through SEMCI solutions, thereby reducing the time needed to complete transactions.

In a nutshell, it is about doing more in less time, using fewer user clicks and fewer navigation screens, and needing to re-enter fewer data fields.

Keal commissioned another broker survey in May 2012 related to doing business with Canada's insurance companies. Our objective was to gauge the client's current use of single sign on for portals, as well as the anticipated future use of direct upload connectivity (i.e., no need for portals) if it were to be made available. Results were very aligned.

When we asked brokers if they cur-

rently used single sign on or inquiry for billing, claims and policy from their sigXP BMS to access the insurance portal in question, 58% responded yes. When asked if their brokerage was currently using any new business upload connectivity with that same insurance company, 56% answered yes. When asked if their brokerage would use new business or automated change policy upload connectivity from their sigXP BMS if such portal-less technology were to be made available, 89% answered yes.

What does this mean? There is a 30% or higher margin of opportunity for pick up rate on automated processes. It just needs to happen.

When brokers were asked if they would use new business or automated change policy upload connectivity from their sigXP BMS if portal-less technology were to be made available, 89% answered yes.

You may be thinking that these statistics are all great, but where to go from here? Technology will continue to change the way you do business with your clients and your carriers, directly contributing to your brokerage's future success and profitability margins.

Brokers need to take a second look at their workflow procedures and actively ask their carriers and BMS providers about existing technology tools and platforms that will allow them to do more with less. Do you know the position of your BMS provider and/or your main carriers on SEMCI? If you don't, treat this as a 'call to action' for your brokerage to reach out and get those leaders to make direct connectivity processes a business priority.

A reality in business is that if you wait for change to slow down for your business to catch up, you inadvertently fall behind. The desired and necessary end goal of true SEMCI will only become a reality through the concentrated and aligned efforts of all stakeholders. ≡