



# Improving Commercial Workflows

*Firms looking to cash in on a soft commercial lines market will need to consider seriously their technology solutions*



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In a marketplace characterized by some as “rate free-fall,” brokers should be looking at the efficiency of their commercial operations in terms of automation, workflow and staffing. For those firms looking to aggressively grow their business accounts, now may be the time to invest in rapidly maturing technology solutions.

Current market conditions point to significant and persistent softening of commercial property and casualty insurance business. While insurance carriers are still holding the line in terms of sound risk assessment, underwriting discipline and cost-based pricing, there is ample evidence of substantial premium decreases across the board.

The most recent benchmarking survey from the Risk and Insurance Management Society (RIMS) showed commercial insurance premiums in North America

continued to decline in the second quarter of this year compared to last year. Another survey by the U.S.-based Council of Insurance Agents and Brokers also noted that commercial rates “continued their free-fall during the second quarter of 2007,” with average decreases in the 10-20% range.

Although intermediaries must market and service business in both hard and soft markets, current conditions have created an urgent need for commercial brokers to focus on efficiency and response times if they want to retain clients. At the same time, they have to actively prospect for new business to compensate for the runoff effect of rate decreases on commissions.

This is especially true for brokers keen to grow the commercial side of their businesses. Clearly, this commercial focus is important and more brokers are diversifying their books of business to generate consistent revenue and protect against direct writers. Many are providing specialized, niche coverages and even issuing policies.

Savvy brokers know ways they can in fact take advantage of changing conditions, by solidifying relations with their best customers, allocating selling

resources precisely to where they will do the most good and using technology to be more productive. In fact, some argue it is time for brokers to step up to the plate and address their own inefficiencies in processing business insurance.

“I think it is incumbent on brokers to find what they need to make their shop the most professional, cost-effective and service-friendly for commercial accounts,” says Peter Blodgett, president of Peterborough-based Darling Insurance. “We can’t rely on the companies to do it for us. We are in the business to not only sell insurance, but to provide professional advice to the consumer and therefore we need to have the information at our fingertips to do our job properly.”

Technology may yield the biggest returns for brokers when it comes to commercial lines efficiency. Many brokers have had to “bastardize” their Broker Management Systems (BMS) to make the process of quoting, submissions and policy issuance for business accounts as streamlined as possible. Some have developed in-house, standalone working systems that function relatively well, but also reveal some limitations.

One such example is Darling Insurance.

Blodgett says, "our previous application for commercial business was a standalone. It really did not allow for a lot of change and it often required more work because of that." He notes the brokerage looked around and found a suitable commercial lines technology solution. Its reasons for choosing this solution apply to many other brokers eager to streamline and grow the business side of their operations.

A brokerage should look at many features in a commercial management solution. Many look first at software or system requirements and, of course, costs. These are important considerations, but the bigger-picture outlook is how a commercial management system can improve a brokerage's workflow, create consistent standards and allow it to provide better, more professional service to clients.

Any commercial solution should be able to address the entire life cycle of a policy from quote to bind. It should streamline the brokerage's workflow in the following areas: collecting risk information; reviewing and submitting to markets; reviewing market quotations and responses; creating customer proposals; reviewing coverage with the prospect; and issuing binder/policy.

### KEY ITEMS

The following are some key items that brokers should look for in a full commercial solution.

#### Integrate with Current BMS

Adding yet another standalone product or application may not be the right solution for a brokerage. Activities such as gathering risk information, accessing data and quoting to multiple markets should be done seamlessly at the click of a button, not by bridging separate systems.

Brokers have to ask how well any commercial system can integrate with their current technology and at what cost. Some solutions have no costs associated with integration; others do. Brokers should also look into whether a solution is SQL-based, lending itself to better integration.

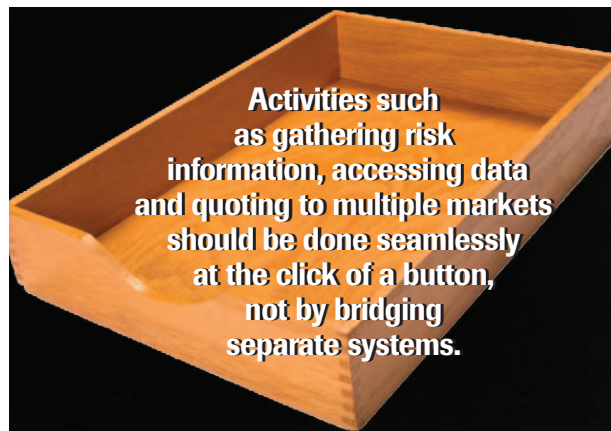
#### Simplify Information Gathering

A sound commercial solution should also

simplify the process of gathering information about the insured and risk. A common screen should be used to start all proposals so there is account information consistency in the application. Also, policy screens should have the ability to capture and store information about different physical locations, constructions, specific questionnaire information, detailed coverages and the status and result of quotations from markets.

#### Allow for Easy Coverage Assignments

Commercial coverages are obviously more complex than personal policies. Each company has its own coverage codes, and there can be any number of companies on a risk. To prepare submissions, the coverages must be clearly defined, so we have created our own codes that corre-



spond to the descriptions of the different markets. This easy-to-understand approach makes coverage assignment a snap.

"Standardization is important for us, not only from a process point of view but from an E&O perspective as well" says Blodgett.

"All of the submissions, quotations, and binder documents are formatted the same, so our process is consistent. I think that is important: it is easy to do multiple submissions to companies at the click of a button."

#### Facilitate Quoting to Multiple Companies

A commercial management quotation screen should be able to assign responsibility to different insurance companies, and then prepare submissions for them accordingly. It should allow for each market to be entered into the system setup, and allow for brokers to identify markets that are strong in specific areas. This can simplify quoting, since the system will recommend markets based on broker

input during the setup.

Blodgett says his company's chosen tech solution "allows us to select logical markets based on matching risk to the insuring market. It has a functionality that allows you to select markets based on the risk factor to eliminate wasted time on both broker and company side."

#### Provide Quick Access to Data and Reports

In commercial lines, a broker needs the ability to issue the policy, generate statistics and reports, deal with endorsements, merge proposal information out to Microsoft Word and have sensible control over coverages, forms and user security. They particularly need to analyze their results in order to better manage their businesses.

#### Allow for XML Commercial Data Exchange

After the Centre for Study of Insurance Operations (CSIO)'s announcement in June 2006 introducing XML standards for commercial insurance data, the door is now wide open for insurers and brokers to exchange information based on mutually-recognized standards. Any commercial management solution for brokers should be able to facilitate accurate and reliable data transfer from broker to carrier, and back. Brokers should ask for any specific examples of data exchange projects with insurance carriers.

### INTERNAL EFFICIENCY

Brokers in Canada are increasingly keen to get a bigger slice of the Cdn\$10-billion commercial premium pie (excluding commercial auto) in property and casualty insurance, whether as an aggressive growth play or as a defensive tactic against direct writers. This growth poses several challenges in a soft market situation in which competition is heating up and client acquisition becomes more difficult.

For those brokers serious about commercial growth, it is time to take a hard look at the efficiency of their internal operations. It is up to them to examine their technology solutions, their staffing needs and, perhaps most importantly, their workflow to determine if they are at the peak of commercial efficiency. By following this checklist of features, brokers will be starting out on the right foot in their search for a solution. 