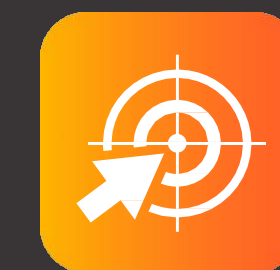


Reimagining Agent Experience during Policy Conversion

Banking, Financial Services and Insurance



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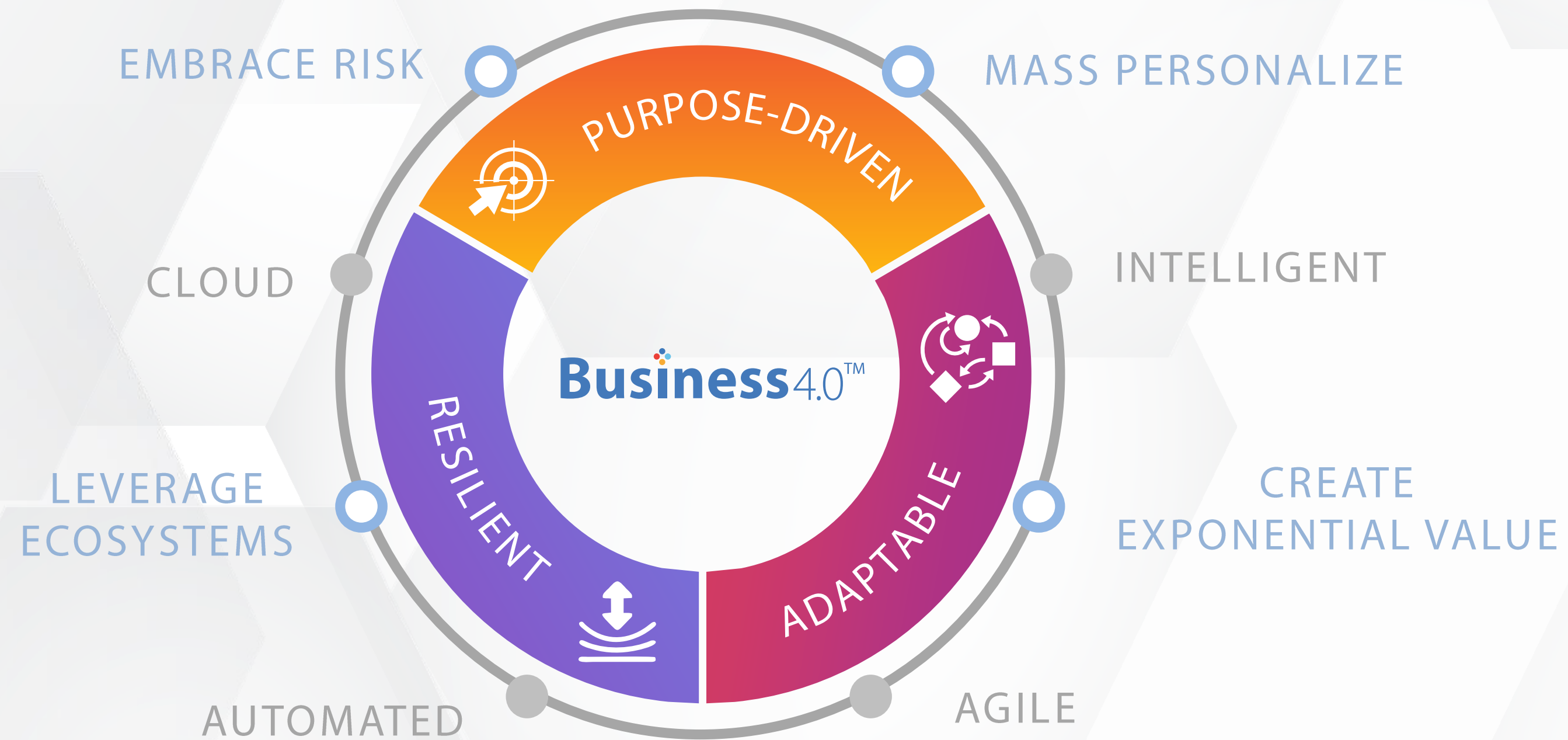


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About the Authors



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Abstract



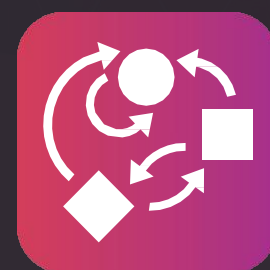
Several insurers have embarked on policy administration systems (PAS) transformation to provide superior agent and broker experience and realize benefits such as underwriting efficiency, accurate claims handling, and optimal cost of IT ownership. However, the process to convert policies from antiquated legacy platforms to the new PAS remains a challenge. If not handled well, this process can potentially create impediments in the agent and broker experience resulting in loss of reputation besides undermining the value achieved. As businesses strive to recover from the downturn caused by the ongoing COVID-19 pandemic, insurers must focus on agent centricity and PAS adaptability and agility to proactively improve agent and broker experience. This white paper examines the challenges in the policy conversion process and presents a framework to manage the agent experience before, during, and after policy conversion.



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The Policy Conversion Landscape

The J.D. Power 2019 U.S. Independent Insurance Agent Satisfaction StudySM reveals that independent agents that are more satisfied with the service they receive from insurers are more likely to recommend that carrier and do a greater amount of business with that insurer.¹ In general, the attention span of agents is low, and insurers have a higher chance of getting agents' business by having policy administration systems and processes that are resilient and easy to work or do business with. That said, insurance policy conversions pose challenges due to age and rules of the policy data.

¹ **JD Power**, Insurers Come Up Short for Independent Agents Despite Critical Role Agents Play in Driving Business, J.D. Power Finds, January 2019, Accessed October 2020, <https://www.jdpower.com/business/press-releases/2019-us-independent-insurance-agent-satisfaction-study>

The typical challenges that impede agent satisfaction are:



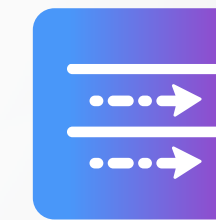
Mismatch in policy data processes

Modern systems, especially the commercial off-the-shelf (COTS) PAS products follow a process-centric approach to handle agent requests. However, insurers follow traditional ways of placing data processing requests wherein policy history is often skipped. This often results in two anomalies – lost history and transaction count mismatch. Agents get frustrated as they no longer have the big picture of their customers' policy history and are thus unable to take advantage of cross-sell and upsell opportunities.



Missing 360-degree view

Legacy system constraints require insurers to split policies having multi-vehicle, multi-risk cover into smaller policies for the same customer. The system driven workaround necessitates manual interventions in the areas of customer communication, agent commissions, and policy servicing. The combination of inefficient conversion processes that fail to deliver a 360-degree view of the customer and the absence of a holistic view of agent commissions often results in frustrated agents taking business to other carriers.



Product rationalization issues

Product rationalization undertaken during core transformation spans coverage structures, conditions, base limits, and value add-ons provided, and is also accompanied by restructuring of corresponding pricing algorithms. Remapping of insurance products during policy conversion results in commission mismatches as the premiums are adjusted to older rates for the new enriched products. This results in higher call volumes from panicked agents inquiring about new coverages and add-ons.



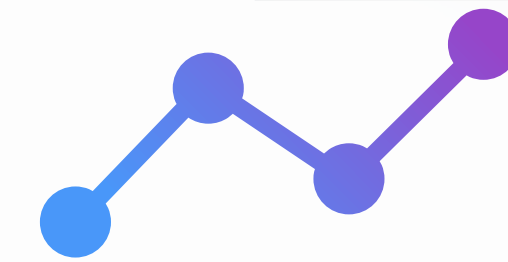
Agent resistance to new systems

Agents habituated to legacy systems often complain during the migration process as the new web-based system may not have been tested for performance and user friendliness. Technical glitches in the new PAS, application performance issues, and the new screen's usability nuances hurt agents' productivity and experience. This leads to bad press and further aggravates resistance even as insurers plan to convert more policies and expand the user base.

Agents are the face of insurance companies, and for any customer-centric insurer, agent satisfaction is a strong lead indicator of future business growth. Insurers executing PAS transformation will need to address the poor agent experience conundrum by overcoming the challenges in policy conversion. Unless handled effectively right from the concept phase, these challenges could derail the benefits of the PAS transformation.



Policy Conversion: Breaking through the Bottlenecks



In our view, insurers need to infuse resilience into their policy conversion processes to manage the agent experience. To thrive and succeed, insurers need to engage agents at different levels during the policy conversion process. We recommend using the agent engagement index (AEI), which depicts the level of engagement of agents as they traverse the policy conversion process starting from the prepare phase, moving to the proact phase, and ending at the manage phase. Insurers undertaking policy conversion as part of PAS transformation must start to engage with agents right from the beginning with engagement reaching a peak in the manage phase (see Figure 1).

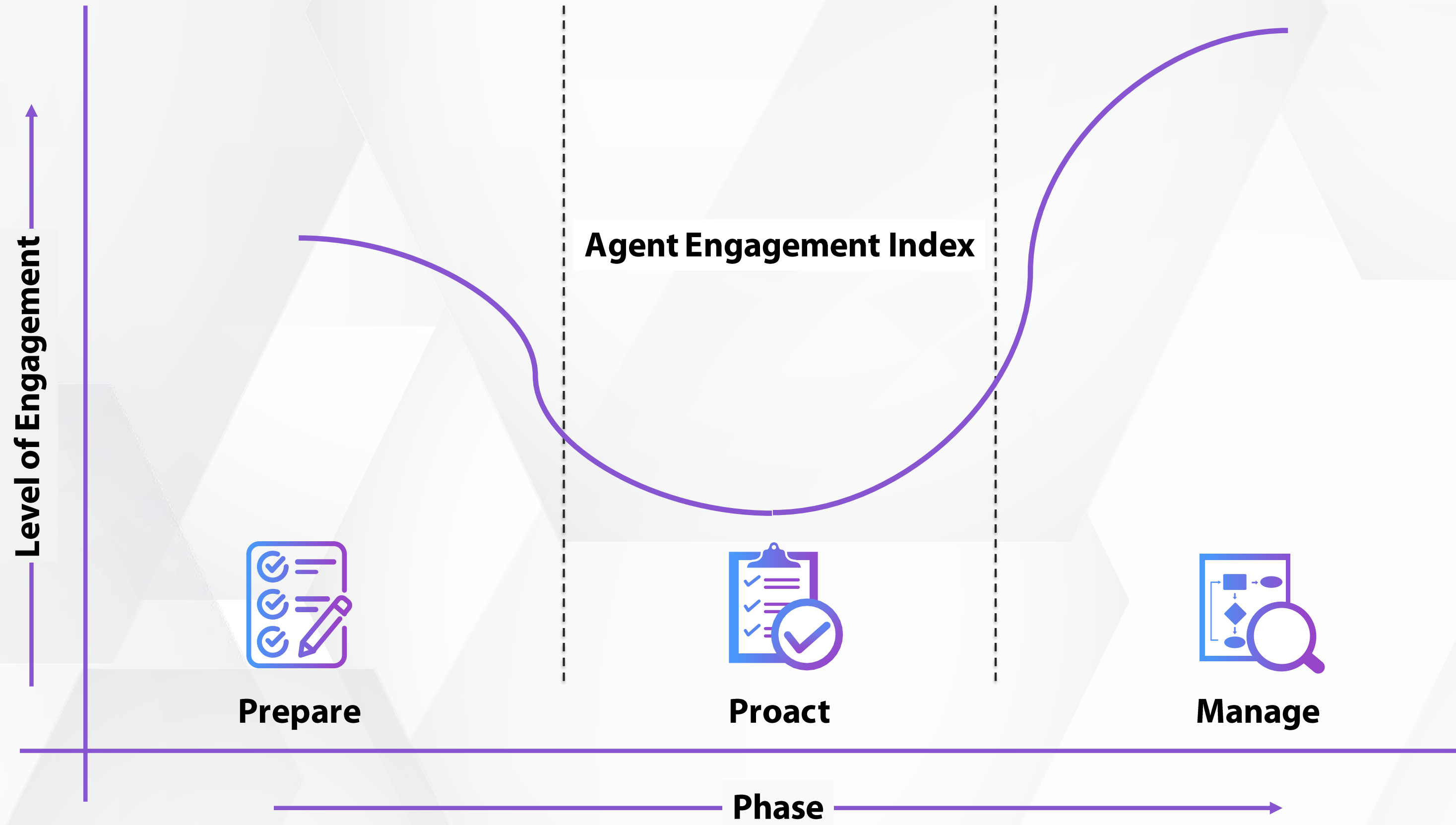


Figure 1: Agent Engagement Index Response Framework



Prepare Phase

Agent engagement starts right at the beginning in the prepare phase (see Figure 1). Insurers should define a policy conversion strategy, determine dependencies, and develop what-if scenarios to ensure success of the policy conversion process. Two key activities that are critical to ensuring agent engagement are:

Stakeholder alignment and business buy-in

Though the policy conversion process is handled by the IT team, it impacts strategic business processes underscoring the need for ensuring all the stakeholders are on the same page. The IT teams will have to be made aware of the strategic goals of policy conversion, and business leaders must be mindful of the tactical and operational challenges. Alignment also helps to develop a clear migration strategy.

Agent involvement in design thinking session

In our experience, software projects fail due to lack of user- or agent-centric design. Adopting the design thinking approach helps better understand agent needs and deliver the best experience possible. For better chance of success, insurers must involve carefully chosen representative agents in the design thinking sessions. Involving agents in the co-creation effort brings in a sense of ownership, increases adoption of new systems, and drives successful policy conversions.



Proact Phase

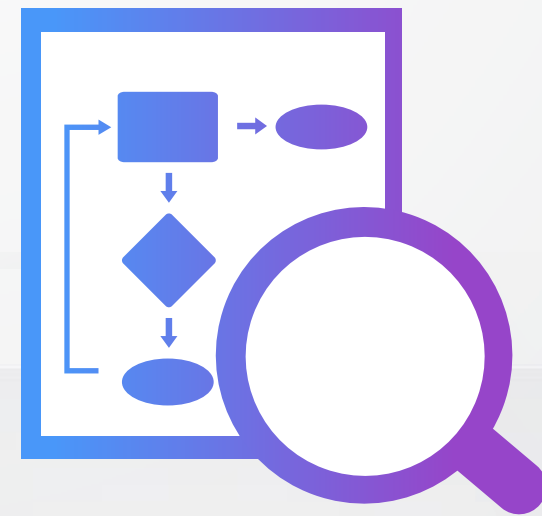
In the proact phase, the technical aspects of policy conversion such as testing and validating policy conversion requirements and customized settings are completed. Insurers should continue to engage with the agent community and update them on key decisions and issues that may impact agent satisfaction. Two key strategies that must be adopted here are:

Ensuring data assurance

Given policy conversion is a high-risk effort, insurers should subject the process to extensive verification and validation leveraging automated meta data tools to control costs and ensure successful conversion. Not doing so can result in data corruption and poor agent experience in turn adversely affecting reputation.

Rolling out the new system to representative agents

Insurers should adopt 'test and learn' practices when the policy conversion volumes are high. The new PAS should be rolled out for a set of agents at chosen locations to gauge the impact. This will help identify issues and insurers can quickly initiate corrective measures to address them. The process should be designed to identify the components in the new system that positively impact as well as depreciate agent satisfaction. The lessons learned are applied to next iteration of the conversion process.



Manage Phase

The actual policy conversion from legacy system to the new PAS takes place in the manage phase. The policy conversion process should support processes of the new system. Insurers must consider parallelly running the legacy as well as the new PAS to identify areas of discrepancy and anticipate data loss. Agent engagement index should be highest during this phase. Two key strategies that must be adopted are:

Amplified change management practices to drive adoption

Insurers should identify agents who can act as advocates of the new system and drive adoption of the new PAS among the agent community. Developing training material in bite sized nuggets rather than long user manuals increases learning effectiveness. Agents should be trained in various policy conversion scenarios and hand-held in the initial stages when they face issues.

Providing hyper-care support

Establishing hyper-care support during the initial transition from the old system to the new PAS can help. Hyper-care support can take the form of augmenting support by deploying additional personnel in agent offices and back office teams to ensure quick response. Agility should be infused into business decisions; extending instant discounts or extra commissions to agents at the right time can help quickly address issues and prevent discontent.

The Bottom Line



Agent experience is a critical determinant of repeat business – when agents are happy and satisfied with a specific insurer, they are likely to do more business with that carrier. Insurers must therefore treat the policy conversion process as a strategic enabler to realize the full potential of a PAS transformation. For this to become a reality and raise the quality of agent experience, a composite team with cross-functional skills and expertise in technology and regulations, robust change management, and a collaborative approach where the agent is part of the conversion process are critical. This approach coupled with an agile implementation model have a far higher chance of success in PAS transformation while enabling superior agent experience. Needless to say, speed is crucial – insurers that move quickly will grab the first-mover advantage and grow their business and reputation to attain a leadership position in the market.

Contact

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