

Case Study:

Bristol West Gets it Right the First Time

By Pat Speer

BW meets the unique challenges inherent in the non-standard auto insurance business with vision, resolve and intelligent underwriting.

When executives at Bristol West sat down a couple of years ago to develop their long-term business strategy, the vote was unanimous: develop and implement a vision statement that would embrace efficient use of technology to lower operating costs and make it easier for agents to increase sales.

Since 1973, Bristol West, a provider of non-standard private passenger automobile insurance recognized the secret to successful competition in the non-standard arena: furnishing accurate price points derived from complex risk. The company sells its products through 6,100 independent agents and brokers in 18 states, including the largest non-standard auto markets: California, Florida and Michigan.

The Davie, Fla., carrier also understood that its independent agents had a choice; some were using a real-time comparative rater that uses a single-entry, multiple carrier interface—giving them access to a host of competitive price points.

Offering competitive premiums is almost a given, notes Bob Sadler, the company's senior vice president of marketing. But Bristol West was also determined to offer an efficient, easy-to-use alternative to the time-consuming tasks inherent in non-standard business, i.e., obtaining accurate real-time rates based on the insured's complex driving history potential for financial responsibility.

"We were faced with a business problem," says Sadler. "We were taking phone calls from dissatisfied customers and agents. For whatever reason, the agent sold a policy at the point of sale at price X, and the customer wanted to find out why that premium increased."

Uprates a problem

Sadler points to underwriting-related uprates as one of the chief reasons for policies ultimately being issued at a higher rate. Usually the result of missing or conflicting information, uprates can cause headaches for all parties.

"It typically leads to a phone call into our operations center by way of the agent," offers Sadler. "The customer calls the agent, the agent

calls us. Meanwhile, the agent is spending time servicing the customer instead of selling new business."

Sadler adds that by not obtaining the correct price at the point of sale, the agent doesn't collect adequate premiums at that juncture. "We offer a payment plan, but eventually, we end up with a bad debt situation... and that bad debt affects us and affects the agent's commission."

Friction in the sales process, combined with technical efficiency challenges, meant the possibility of fewer renewals and agent frustration.

George Christensen, Bristol West's senior vice president of development, says that the company's goal was to create technology that would help eliminate the additional costs associated with post-underwrites. "Uprates can lead to customer dissatisfaction and increased cancellations because the customer feels "baited and switched," even if they provided incorrect information. We thought, 'if you can provide an accurate premium initially, it will stay on the books longer, the agent will earn all their commissions, the customer will be more likely to renew, and there will be less labor on the backend, including printing costs.' It's a win for everyone."

Enter intelligent underwriting

When Bristol West decided to provide a point-of-sale solution to its agents, it did so with a specific technology in mind: intelligent underwriting.

The company forged a deal with OneShield, a Woburn, Mass., provider of browser-based software that automates the sales and service of insurance products. Bristol West locked on to OneShield's Dragon technology, a configurable policy administration and workflow system that enables property and casualty insurance carriers to implement their specific rules and processes via tool sets that are data-driven as opposed to being hard coded into the software.

What appealed to Bristol West was OneShield's architecture, Christensen says. "It's a whole lot different than developing a Visual Basic application and deploying it to the end user. It's more of a metadata system, i.e., real-time rules as opposed to hard-coded programming. Plus, we didn't want to have to replace our legacy systems. We wanted an independent system that could interface with our Computer Science Corp. POINT policy administration system and other third-party systems and that could be configured to meet our changing needs."

Glenn Anschutz, OneShield's CEO, calls the company's architecture 'line-of-business neutral.' OneShield's technology footprint is the same for personal, commercial or specialty lines.

"I used to think that about 80% of what we had packaged was usable by the customer and they would configure 20%," says Anschutz. "That's changed, and the 20% is increasing. I'm learning that each individual carrier has different workflows and more business specific needs than we anticipated. In the old days, it would take years for a carrier to make changes to their underwriting model and apply it to their software. Today it takes months."

The 80/20 rule clearly did not apply to Bristol West, which employed Dragon technology to tailor the package to its non-standard insurance line using input from its agent advisory board and other agents across the country.

The result is OneStep, a "once-and-done" Web-based point of sale underwriting system. OneStep allows Bristol West agents and brokers to order all underwriting information and apply it directly to the risk, then quote, issue and subsequently service their non-standard auto policies. Already in use in California and South Carolina, the company also plans to deploy OneStep to the remaining 16 states it serves within the next year.

Workflow efficiencies

At its basic level, the software's engine provides a framework that enables highly reusable actions to be 'wired' together into workflows. Examples of actions are "rate quote," "underwrite," "submit to underwriter," "get data from legacy system," etc. By wiring these actions together using workflow metadata, Bristol West can 'rewire' its software as business needs change. For example, the specifics of what criteria and in what order it is to be evaluated for "underwrite" is controlled via the metadata.

"In developing OneStep, we used a comparative rater so agents and brokers input information only once," explains Christensen. "All the rates are housed on our server. So if, based on price, terms and conditions, our reputation, etc., the agent decides to sell a Bristol West policy, once the information comes over, all verification is done here so we know what we are presenting to the customer and to the broker/agent (at the point of sale)."

Once the policy is sold, it's transformed into a printed policy declaration, as well as ID cards, first installment bill, SR-22 and other policy documents.

Bristol West decided to implement its technology vision in two phases, giving their agents and brokers access to new software's transaction capabilities first.

"New business transactions have the most focus in terms of the producer, and has the biggest payback for all three parties if you get it right the first time," says Sadler.

Speed, ease of use important

Karen Magee, office manager with the Bully Farr Insurance Agency, describes the new business transactions processed by its four employees as "very non-standard." The \$2 million, 40-year old, Columbia, S.C.-based independent agent was the first, in 1999, to be classified by the state as a "designated producer." Representing 14 other carriers, much of the firm's new SR-22 business comes from the Hilton Head area.

"Non-standard customers have far more problems," she says. "Because we spend more time with them, speed (on a T-1 line) and ease of use in rating is important. We look at the price point first, then use the system that makes it easiest to take care of them."

Using a PC-based comparative rating system that bridges to Bristol West's front end Web server, the agency has evolved from a OneStep beta site to employing the software full time.

"The first phase of our rollout speaks to the question "how can they sell more business," says Sadler. "In South Carolina, for example, we have eliminated almost 90% of the times that a policy needs to be touched again. By underwriting at the point of sale, we are eliminating all those calls related to 'why did my policy change?' The agent is freed up to sell more business."

Although still relatively early in the company's release (agents and brokers in South Carolina and California are coming up on their first anniversary of the product's use), Sadler claims Bristol West has already seen a decrease in call center activity, and improvements in cancellation and renewal percentages. Sadler also reports "substantial" improvements in the company's bad debt.

"Bristol West's primary goal is to allow their agents a more efficient way to do business with them, and having the configurability and flexibility within the product to make changes as they deem necessary is key."

To help agents climb on board to OneStep, Bristol West offers its producers, via a secure log-in, producers-only Web link (www.bwproducers.com), a demo and training videos that tutor the product's navigation, security and new business process.

Following completion of the phase-one rollout, Bristol West plans to add full inquiry functionality to its application. For now, www.bwproducers.com provides agents with the ability to make payments, see comments written on the policy, view the policy's next due date, and see other policies in force.

"Because we want all parties involved to get it right the first time, our vision statement has evolved to 'once and done.' Agents will be able to look at the status of a policy, what it looks like at any point in its life," explains Sadler. "That includes what the remaining installment payments are, a complete accounts receivable picture, underwriting comments that were made and a brief claims status if applicable." ■

