



Sagicor: Insurance Process Redesign

In many cases, including transactional automation, world-class performance and maximum value can only be achieved by implementing technology in conjunction with best practices and process redesign.

"ROI in Technology: The Key to World-Class Performance," Hackett's Book of Numbers

Introduction

A PBT customer since the 1990's, American Founders Life Insurance Company used Global 360's Process360 business process management (BPM) toolset to create a back office solution for completed life policy documents. Archive and retrieval effectively addressed AFLIC's needs until the company was purchased by Sagicor Financial Corporation.

Established in 1849, Sagicor is the largest indigenous financial services provider in the Caribbean, and the AFLIC acquisition was Sagicor's first entry in the US insurance market. With encouragement from their Information Technology resources, Sagicor quickly realized that the Process360 toolset supported comprehensive process redesign: the application of automated workflow and business rules to manual processes. With PBT as their consulting partner, Sagicor created a web-enabled, front office BPM infrastructure for New Business to support their organic growth strategy. This case study discusses how process redesign, the heart of BPM, has been fundamental to Sagicor's continued success.

Sagicor's primary redesign goal was to deliver a system sufficiently robust to support an exponential increase in new business over the succeeding two years. Sagicor anticipated that the BPM-enabled solution would allow them to process policies with less than half the previous staff. This dramatic reduction in cost meant expected increases in volume could be offset by workflow enabled economies of scale not possible in a paper environment.

Sagicor's redesigned, New Business workflow exceeded their goals. Let's investigate the role process redesign played in their success.

Sagicor New Business Workflow

Project Planning

Michael Stricker, CIO for Sagicor Life Insurance Company, is an experienced IT professional who is also an astute judge of people. He was aware that when a new information technology initiative affects the daily work patterns of employees, it is best to deliver the changes in digestible increments.

Prior to acquisition, front-end annuity and life policy processing was an outsourced service provided by AFLIC to its affiliated companies. While manual, it accurately reflected annuity and life insurance business processes and was the starting point for the redesigned solution. As Mr. Stricker puts it, “Don’t try to create the ‘golden child’ on the pilot project.” Instead, plan for and deliver incremental improvements to keep interest and morale high.

Experience had taught him that a sense of employee ownership develops naturally when periodic upgrades incorporate user feedback; he had seen many projects lose constituent confidence by taking too long to deploy. Given the pace of technological change, Mr. Stricker recognized that incremental project deployments were also the best way to insure the expeditious delivery of software upgrades.

He was careful not to set expectations too high or to plan a comprehensive deployment with the potential to become mired in scheduling and coordination issues. He knew that participation and morale, two qualities essential to a successful roll-out, suffer when IT loses the confidence of the business unit. With Project Team participation, work processes were identified, redesigned, configured, tested and deployed within 9 months, start to finish. Initiated in 4Q 2006, incremental integrated Annuity, Life and Underwriting BPM workflows were deployed in 2007.

The Manual Process

Sagicor New Business policy processing was a paper-based, single threaded process supported by numerous, but disparate, automated systems which included Administration for policy data entry and maintenance, Underwriting for the risk analysis of life applications, Bridger to insure checks for policies are from security cleared sources and Document Science for policy pages.

In the manual process, checks and applications collected in the Mailroom were taken to New Business for data entry and entered in both Bridger and the Administration system. The check stack was totaled, taken to Accounting for rekeying and a daily deposit slip for checks verified by Bridger was created. Work could not start in Accounting until New Business was complete. Checks and applications received from unregistered agents were pulled and held until Agent Set-up was completed by another department.

The Redesigned Process

Annuity New Business was chosen as the first process to redesign because it did not require underwriting. In the redesigned process, each check and barcoded New Business application is scanned and processed as a unit of electronic work referred to as a work packet. Workflow reads the barcoded Product Type; a web service uses the value to assign a policy number and workflow uses Product Type to route Annuity and Life New Business work packets for data entry.

Work routed to New Business is keyed into a common application used by Life and Annuity. Following data entry, a web service calls Bridger which assigns a transparent Pass/Fail value to the work packet. If the selling Agent does not exist in the database, workflow routes the work packet for Agent Set up and notifies the Agent of the delay via email. When set up is accomplished, workflow returns the work packet to the New Business route to complete policy page generation and finish processing.

After scanning, the paper checks are delivered to Accounting. A user application lists checks passed by Bridger. The Accounting clerk selects each check they wish to include in the deposit, prints a deposit slip and places it on the checks for bank deposit.

Incremental Redesign: Life Insurance & Underwriting Workflows

Having deployed the baseline Annuity workflow, adding Life and Underwriting required a few new routes and statuses. The Life New Business Underwriting route includes a web service that passes key policy information to the Underwriting system and updates work packet status.

With team participation and Process360’s BPM toolset, what had been a fairly rigid, sequential, manual process requiring duplicate data entry was redesigned as a flexible, secure, automated and optimized New Business workflow capable of supporting Sagicor’s organic growth strategy. The redesigned New Business process has reduced risk and turnaround time while improving internal controls and auditability.

The following table summarizes Sagicor’s business issues with manual processing and the redesigned BPM process that addressed each.

New Business Workflow Outcomes	
Manual Processing	Workflow-enabled Processing
Policies, etc. scanned at the back-end as a single document	Front-end scanning of barcoded document types The ability to retrieve all associated policy documents during processing and after archive
3 areas handle checks	Mailroom and Accounting handle checks
Policy type and number are manually assigned	A web service queries to the transaction system for policy information based on barcoded values
Duplicate data entry, data synchronization issues	Check and application data entered once; Web service calls insure accurate policy number assignment, data and status synchronization.
All Bridger processed checks listed	Only <i>Passed</i> checks listed for deposit selection
One daily deposit affects cash flow	Multiple daily deposits supported
Procedural adherence relies on user knowledge	Process specific checklists guide work completion; Rules-based processing transparently enforces compliance

New Business Workflow Outcomes	
Manual Processing	Workflow-enabled Processing
Duplicate data entry increases opportunity for error	Accounting conducts a blind audit of New Business check data entry as an outcome of deposit creation
Agent licensing and set-up issues delay new business processing	Automated agent set-up notification and rules-based procedures mitigate delays
Manual tickler file for incomplete new business	Automated tickler file enables rules-based expiration dates and presentment; Deadline compliance is facilitated by automated e-mail reminders
Manual requests for policy pages result in errors and substantial waste	Policy page web service calls are predicated on business rules and verified underwriting outcomes
Inadequate methods to measure work volume	Process specific checklists capture user activities, collecting data for process and performance measurement
No record of policy activities	Automatic policy tracking provides a process history for each new business application
Disparate systems with no common user interface	A common application for Life and Annuity processing with transparent access to supporting systems
Single-threaded manual folder access	Multi-threaded work packet access throughout processing

Process redesign focuses on the inputs, processing and outputs of work. It results in a common user interface and workflow that automates both the movement of work, the business rules that drive activities and outcomes, and access to the applications that support work completion.

About PBT

PBT can help you meet your productivity goals, improve your competitive position, and provide better customer service by automating time-consuming tasks and providing you with a BPM-enabled solution second to none. Our experienced business professionals deliver skilled project management, informed process redesign, creative workflow solutions and ergonomically satisfying user applications.

Our customer commitment:

- Your anticipated return on investment is always achieved and frequently exceeded.
- Your business goals are reflected in our solution templates.
- Your self-sufficiency is our deployment goal.

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