How Exdion enabled Policy Life Cycle Transformation for a global broker?

Client

A leading global Insurance Brokers headquartered in London with over 5000 employees and handling around £3bn of insurance premiums each year was facing challenges of placid business growth, complexity of managing multiple IT systems at branches causing revenue losses. Management wanted an independent evaluation and appropriate system roll out.

Exdion approach

Exdion used a three phase approach as shown below.

- Evaluate process
- Owners, capacity
- Workloads
- Challenges
- Areas to improve

- Rationalize process
- Build capabilities
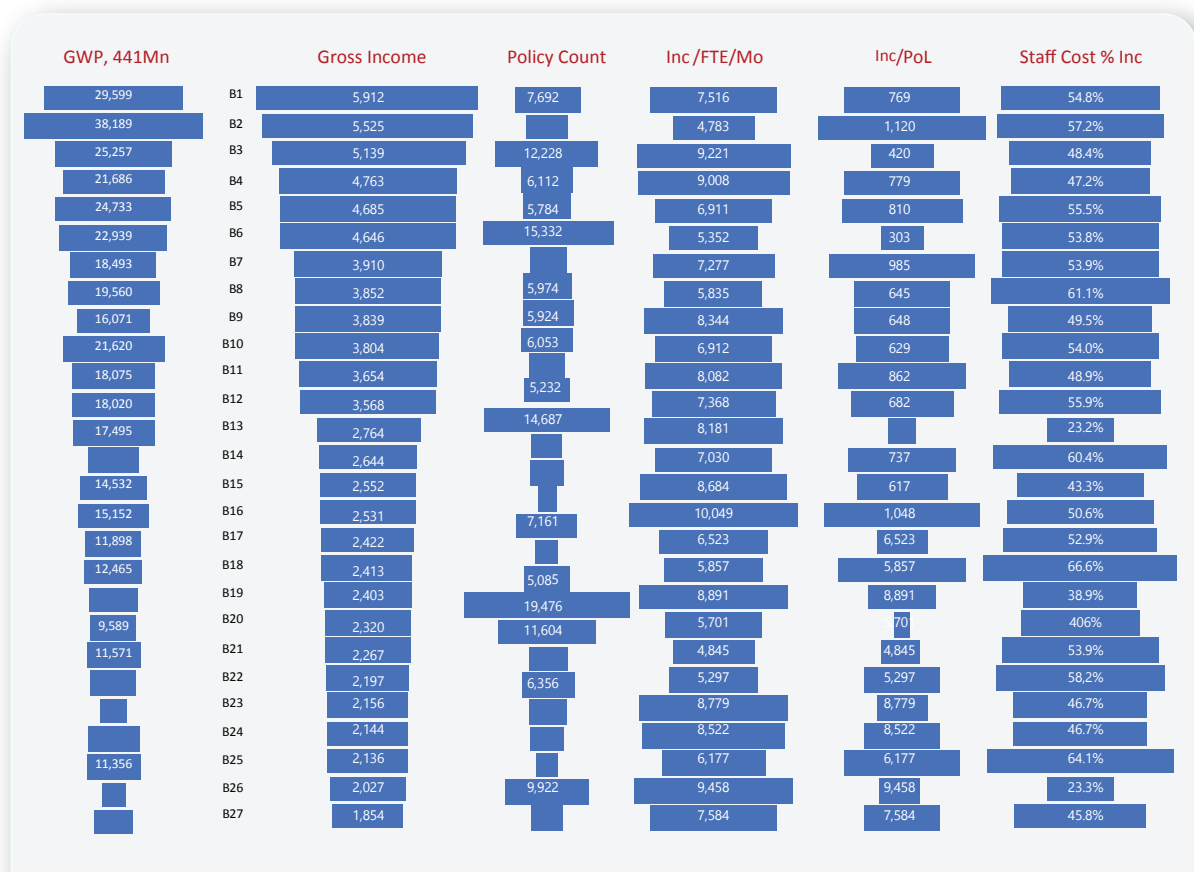- Governance structures
- Right person for right job

- Deploy
- Measure at all levels
- Communicate success

Exdion benchmarked the company's policy process against our empirically derived best-in-class ePLMM© framework. Evaluation of the policy management process at various branches revealed that the company had:

> No proper metrics
> Ad hoc Post merger integration approaches
> No SOP's, hurting efficiency
> Unfocussed customer engagement strategy, diffused segmentation
> Inadequate Migration support

Branch wide analysis as shown in figures below, revealed that product mix and revenue contribution challenges persisted and geographic spread was not financially supportive.

	GWP, 441Mn	Gross Income	Policy Count	Inc /FTE/Mo	Inc/PoL	Staff Cost % Inc
B1	29,599	5,912	7,692	7,516	769	54.8%
B2	38,189	5,525		4,783	1,120	57.2%
B3	25,257	5,139	12,228	9,221	420	48.4%
B4	21,686	4,763	6,112	9,008	779	47.2%
B5	24,733	4,685	5,784	6,911	810	55.5%
B6	22,939	4,646	15,332	5,352	303	53.8%
B7	18,493	3,910		7,277	985	53.9%
B8	19,560	3,852	5,974	5,835	645	61.1%
B9	16,071	3,839	5,924	8,344	648	49.5%
B10	21,620	3,804	6,053	6,912	629	54.0%
B11	18,075	3,654		8,082	862	48.9%
B12	18,020	3,568	5,232	7,368	682	55.9%
B13	17,495	2,764	14,687	8,181		23.2%
B14		2,644		7,030	737	60.4%
B15	14,532	2,552		8,684	617	43.3%
B16	15,152	2,531	7,161	10,049	1,048	50.6%
B17	11,898	2,422		6,523	6,523	52.9%
B18	12,465	2,413	5,085	5,857	5,857	66.6%
B19		2,403	19,476	8,891	8,891	38.9%
B20	9,589	2,320	11,604	5,701	70	406%
B21	11,571	2,267		4,845	4,845	53.9%
B22		2,197	6,356	5,297	5,297	58,2%
B23		2,156		8,779	8,779	46.7%
B24	11,356	2,144		8,522	8,522	46.7%
B25		2,136		6,177	6,177	64.1%
B26		2,027	9,922	9,458	9,458	23.3%
B27		1,854		7,584	7,584	45.8%

Analysis

- View of Policy Data and financials
- Viewed Across 27 Business Units instead of Areas

Inference

- Reflects inconsistencies in business model as well as functioning of BUs
- Certain larger income BUs require attention
- Standardisation of processes another major opportunity
- Opportunities for strategic realignment of business

Business Mix

27%
5%
9%
4%
38%
9%
2%
6%

Revenue by Office

5%
5%
5%
4%
4%
3%
3%
3%
3%
62%
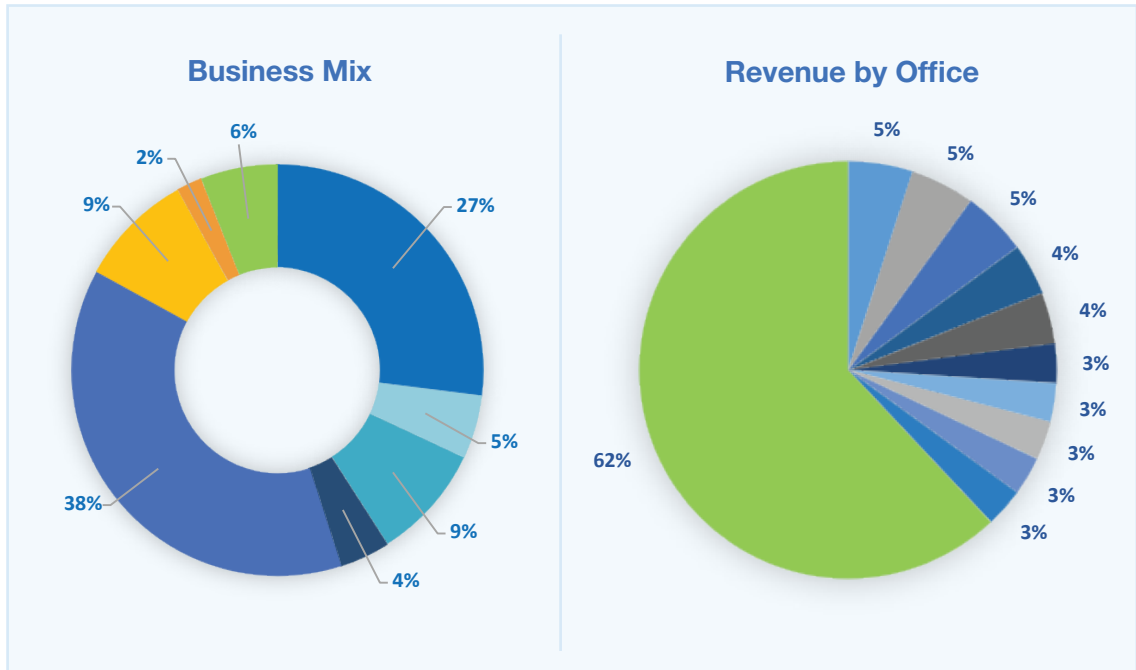
With broader appreciation of the business and formalization of practices, this client was identified in the "Emerging" stage in ePLMM. Common Characteristics: At this stage there is some investment in organization, process and measurements. Basic documentation and SOP's exist, some key performance metrics are identified at this stage. Processes are largely reactive to client requirements and only key clients serviced with defined standards. No knowledge management initiative exists to codify and formalize root causes of service failures.

LEVELS	RUDIMENTARY	EMERGING	DEFINED	OPTIMIZED
Application Usage %	Manual Driven, Basic Policy information storage (Policy Demographics only)	Enhanced Policy Information Storage	Basic Workflow - Standalone DMS, limited use	Extensive, Seamless and integrated workflow
Service Standard Adoption %	No SOP's, No KM, Subjective assessments	Client facing SOP's only, Islands of Information	Comprehensive SOP's across process, basic KM	Client centric, robust, adaptive SOP's, sense and respond KM
Service Efficiency %	High rework, wastage, low TAT adherence, poor service measures	TAT defined for key activities only, service failure and recovery measured	Structured service process, focus on customer satisfaction, service measurement framework adopted	Strong client organization focus, One touch methods
Codification & Digitization	Predominantly paper based flow (>85%), high information loss, low DR and BCS	Paper based flow (>50%), basic data storage of critical records	Physical records (upto 25%), local storage, on premise DR	Completely digitized, high DR and BCS, cloud based redundancy

Revenue Loss Due to Non-Compliance	E&O not tracked, NOC not captured	NOC documented on a need basis only	E&O and penalties assessed, cause effect analysis in place	Proactive management of E&O and NOC's, continual audits
Service operations Cost Per Client % **	Very High above norms, very low margins	Higher than norm, margins lower than industry average	Above norms, margins closer to industry average	Below norm, Healthy margins

The client was cognizant of possible revenue leakages – E&O exposures were tracked but comprehensive mitigation plans were not devised. SOPs, though documented, only focused on the required domain knowledge but failed to cover the system specifics. Employee attrition impacted the revenue due to poor repository practices. Service costs were still high between 45-55% of revenues.
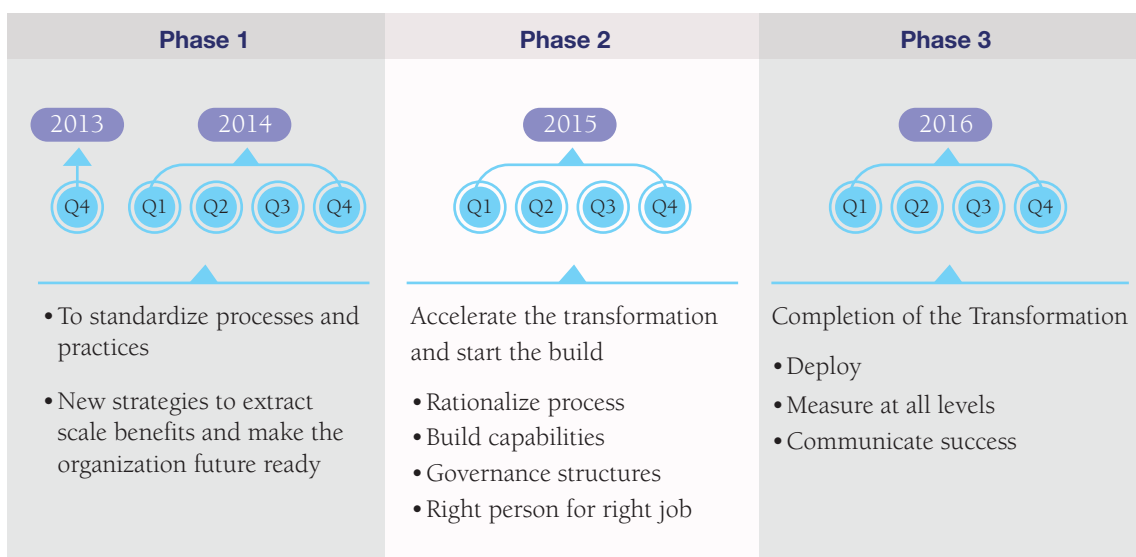
Exdion recommended multiple powerful strategies such as business segmentation, premium driven service delivery models, automation, process refinements, outsourced shared services centre and also the leverage of specialist partners to support a strategy to prepare branches for the change rollout and derisk business impact.

Implementation

Exdion believed that implementation of the new platform for insurance was a great opportunity to standardize processes and practices and more importantly, introduce new strategies to extract scale benefits and make the organization future ready. Needless to say, such a major change in every business unit has to be managed very carefully so as to ensure minimal impact on customers and business.

The rollout at each business unit was preceded by preparing staff for this change.

Transformation Initiative

Phase 1	Phase 2	Phase 3
2013 2014	2015	2016
Q4 Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
• To standardize processes and practices • New strategies to extract scale benefits and make the organization future ready	Accelerate the transformation and start the build • Rationalize process • Build capabilities • Governance structures • Right person for right job	Completion of the Transformation • Deploy • Measure at all levels • Communicate success

Outcome

Exdion took a unique approach to turn this business around by leveraging some quick fix methodologies to start with but rapidly put in place holistic quality control programs. Exdion armed the brokerage company for the change management process. They provided the client with a detailed report of deficiencies as well as an executive summary that identifies trends and improvement opportunities with each identified idea ranked and prioritized. Exdion provided a step by step roadmap, designed to implement proposed solutions to empower the Client/Broker perform at its best. Exdion assisted the implementation team in highlighting deviations and best practices to facilitate necessary discussions prior to setting up the environment. This enabled the Broking Business to respond quickly to market changes, embrace strategic initiatives, and adopt new technology with agility and minimum customer impact & attrition.

About EXDION

Exdion comes with over 15 years of Property and Casualty Insurance expertise.

Exdion services clients ranging from Fortune 500 to small and medium sized carriers and brokers. Exdion is ISO 9001 certified for Quality and ISO 27001 and HIPAA certified for information security.

The company thrives on Business Excellence and leverages models such as Kaizen and Six Sigma along with technology enablers, to continually enhance value to customers. Exdion lays great emphasis on Accountability, Integrity, Innovation, Transparency and most importantly Customer Focus. Exdion continually strives to deliver transformational excellence through technology-centric process optimization and continual knowledge enhancement. Exdion is also closely associated with "The Institutes" and 1 in 8 of its staff today are certified in various US and UK Insurance programs.

Exdion's solutions include Transformation Consulting, Business Process Management, Analytics and Policy Lifecycle Maturity frameworks that leverage CLOUD FIRST technologies.

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