ACT Download Work Group
Report and Recommendations
March 9, 2003

> *"Company download to our agency management system varies in accuracy, thoroughness, and procedure from company to company. Therefore, consistency is lost. In addition, we are required to code our input differently for each company to ensure seamless company download. And none of the companies download as thoroughly as our own input.*
> *"Download will remove any agency input on a screen even if the company does not provide information in that field. The companies blame the vendors and the vendors blame the companies for these problems. Due to all of the duplicate entering for our interfacing companies, we need the download to reduce the increased time spent on data entry."*
>
> Agent response
> 2002 ACORD/AUGIE Survey

Report Overview (Background, Objectives & Methodology)

This ACT work group was formed in response to the results of the AUGIE survey in which agents expressed concerns about current downloads. These concerns relate to data accuracy, consistency, "protection" and completeness, as well as variations in procedures and results by carrier. Policy download has been available to agents for more than 10 years. It was informative to see how many basic issues were still outstanding, especially with regard to commercial lines download.

In order to better understand these issues, and to make recommendations, the ACT Download Work Group pulled together representatives from downloading carriers, the automation vendors and their user groups to research and identify overarching issues. Each went to their respective constituencies to poll for outstanding issues in download, particularly in the commercial lines area.

Most of the problems we have identified have been known for some time. However, we found it valuable to confirm the concerns were current and determine if we could provide some fresh recommendations for resolution. The objective was not to redefine download, rather to see if there were some recommendations that we could make at a high level to improve particularly the commercial lines download process and through these recommendations encourage additional implementations. With only 20-25% of downloading agents accepting commercial lines transactions, there is obviously room for improvement.

We also felt ACT could play a valuable educational role in encouraging agents to take the proper steps to implement download-- and to implement it as completely as possible in their agencies. This would position the agency with the most efficient agency workflow possible, where the computer is relied upon as the agency's central source for information.

It is vitally important for agents to stay up-to-date with the current versions of their agency management systems. This helps agents across-the-board when trying to take advantage of the carriers' latest interfaces. Specifically with regard to downloads, when carriers get certified for

new downloads, it is for certain versions of the vendor's software. If the agency doesn't have that version, it cannot get the benefits of the new or "improved" download.

Widespread use of carrier downloads by agencies also enables the carriers to gain efficiencies by "turning off the paper" to their agents and reducing the need for company staff to respond to agent calls for information. A "paper free" working environment is growing in popularity with agents as well as carriers with application in claims processing, quoting and new business processing, as well as in general customer support with inquiries.

The AUGIE survey and the work group's discussions confirm that there is value in carrier and vendor review of their download processes and procedures to make sure the "Overarching Issues" identified below have been addressed and that their downloads are producing the full benefits possible for their agencies.

ACT Work Group Participants

Mele Fuller, Chair	SAFECO
Peggy Christiana	AMS Services
Bill Ahearn	Applied Systems
Doug Johnston	Applied Systems
Pam Lund	Berkley Companies
Linda Dodson	Chubb
Kim Favreau	Connell & Curley Insurance Agency; ASCnet
Cyndy Smith	Haylor, Freyer & Coon; AMS Users Group
Robert Horenberg	Horenberg Insurance Services
Traci Combs	IVANS
Mark Smith	IVANS
Julie Dixon	IVANS
Brenda Ayler-White	Royal SunAlliance
Bruce Fiori	Travelers
Jeff Yates	ACT

Download

Definition

Download is the process of extracting business data from a carrier's data base, formatting it into ACORD standards, and electronically transmitting that data to an agency for merging into the agency management system database. Download is an electronic transfer of insurance business data between computers.

Download in the Real-time World

The work group expects that agencies increasingly will be able to access specific detailed policyholder information in real-time from the company's data base or web site. The agents on the work group, however, want to continue to receive certain core information by download so that they have enough data residing on their agency management systems to handle 80% of their customer service transactions from this source.

The agents identified the following as the core information they would like to continue to receive by download rather than having to access the company's data base for it:

1. All the information that prints on the hard copy of the policy.
2. A memo line describing the transaction that is being sent. For policy changes or endorsements, this must include a description of the change. This memo line needs to be placed in a useable location on the agency management system such as in the activity log or on the policy record, whichever is preferred by the users of that system.
3. All of the information that is entered into the carrier interface system for rating.
4. A report, viewable and printable, of all transactions received following each Download batch to include, customer name, policy number, transaction effective date and transaction premium. This report should also provide agents with information on cancellations, reinstatements, and claims so that agents can follow up with customers where appropriate.

Agents also want to download direct bill commission statements electronically into their agency management systems. This is the same statement as the one agents have been receiving in paper form from company accounting departments and then have had to enter manually into their agency systems in order to track production, commission, and retention by producer on direct billed business. These direct bill commission statement downloads save the agent an enormous amount of time by automatically posting the invoice charge to the individual client file, following the agent's review and approval.

Agency Objectives
The objective of download for an agency is to provide a method to maintain policy data on the agency management system that is accurate, consistent and complete relative to that on the carrier system without manual intervention. In conjunction with the upload process, download provides a significant savings to the agency in time and money and enables the agency to realize the workflow objective of relying on the agency management system as the primary source of the agency's information and eventually eliminating paper processing in the agency. In a world where transactions are increasingly handled electronically, the agency objective of download has evolved. Download should permit the agency to receive a summary of all transactions performed by the carrier so that the agency can continue to follow up with its policyholders appropriately without the need to receive these transactions from the carrier in paper format.

Carrier Objectives
The objective of download for a carrier is to provide a method to control costs in the supply chain through a reduction in manual input and to facilitate a higher level of customer service and sales through the reuse of data that has been entered once in the agency management system. And provide support for the long term goal of "turning off the paper" sent to agents. By providing policy and commission download to an agency, the carrier supports agency goals of single entry, efficient sales processes and superior customer service. The carrier objective from download also has evolved to permit the carrier to gain efficiencies by "turning off the paper" being sent to agents because the agents now are receiving sufficient transaction information electronically to continue to service the needs of their customers effectively.

Vendor Objectives

The objective of download for an agency management system vendor is to provide its customers, the independent agents, a cost effective, accurate tool to enable an integrated workflow with their carriers. This includes synchronization of data between the carrier and vendor systems in support of accurate, consistent and complete data and continuous processing throughout the life cycle of insurance products through a single data source – the agency management system.

Benefits

The overall benefits of download include:

- Consistent, accurate and complete data in the agency management system
- Enabling the computer to be primary source of information used in the agency
- Receiving agency data and transaction information electronically rather than by paper from the carrier
- Reducing data entry in the agency
- Increasing efficiency and time savings in the agency
- Supporting carrier service units
- Eliminating duplicate agency entry of commission information

All benefits are not always present with every transaction with every carrier on every agency management system. The overarching issues below identify some of the shortcomings with current downloads. We also include recommendations to help us resolve many of these problems.

<u>Overarching issues</u>

A high level issue to the success of download, particularly commercial lines download, may be tied to perception. Over the years, as the industry has promoted the benefits of download, agents may have come to believe that it is easy to simply turn on download without any particular thought to the impact on the agency or on the data. Any agency with an existing data base and procedures needs to know download isn't magic, but with a little education and preparation, the benefits can be significant and will support the direction of the fully automated agency.

1. <u>Not all, or not enough, data is provided in download.</u> Not all information required to submit an application to a carrier is received in download. Additionally, certain lines of business are not sent in download at all. Specifically, commercial inland marine is not sent, even on packages and BOPs. Schedules are not included on BOP policies. Derived data/fields are usually not sent. (This is data that the carrier derives from the data sent by the agent.) And no invoicing and commission detail is sent. Similarly in personal lines, schedules, watercraft, and umbrella often are not sent.

2. <u>Data is truncated and "overflow" data goes into "notepad" or "remarks."</u> Large data fields often are truncated and the additional information is missing. Specifically in the area of coverages and coverage options, information is stored in a remarks or notepad area on the agency management system and not available when the coverage screens are viewed. Particularly in the area of excluded or restricted coverages/options, this presents potential E&O and support problems for the agents.

3. <u>Agency data is not protected</u>. Agencies maintain more data on their customers than the carriers require and/or can return in download. The download processing often does not save this agency data. It is either eliminated or is put on a policy image in history. This presents a serious problem when trying to service a customer, doing data merges for documents, and when preparing proposals or submissions. All data needs to be on the most current image of a policy on the agency management system.

4. <u>Vendors and carriers don't upgrade systems and versions quickly enough</u>. Vendors do not stay current with ACORD forms. This presents potential E&O and regulatory issues as states change their forms. And carriers and vendors don't always implement new standards upgrades that provide additional data or functionality for agents.

5. <u>Carriers handle the data inconsistently</u>. Some data is sent differently by each carrier. PIP limits, options and premium are most often different. Increased limits (over a basic form limit) also are handled differently by carriers. Varying amounts of data are sent by each carrier. Umbrella information is sometimes sent on a separate policy and sometimes included with the underlying policies. And commercial package policies and BOPs are sent differently by various carriers. For some, the policies appear as a BOP. For others, BOPs are downloaded as separate policies. It is very difficult to train agency staff and support customers when each carrier's data is different.

6. <u>Vendors handle the data inconsistently</u>. Likewise, vendors may process vehicles differently depending upon the number on a policy. Some data, particularly in coverages, are loaded in different places; however, this does appear to be an issue of education based on how the carrier sends the data. And each carrier seems to deal with "protecting" the agent's data differently resulting in perceived difference in the management system processing. This is, as noted above, a problem in training and support.

7. <u>Not all commercial policies are suited for download, but it's all or nothing in most cases today.</u> Due in part to the difference in the data sent by carriers, and partly due to special agency handling, some policies or lines of business are not conducive to download for particular agencies. But many carriers can send all or nothing. This concern varies by agency, but agents agree they need more flexibility on what does and does not download in commercial lines.

8. <u>No entry into agency management system transaction/activity log.</u> Almost all agency management systems have an activity or transaction log. While a number of the vendors will make an activity entry that a downloaded image was processed, none of them note in the activity what the download was for. For instance, the activity log should indicate that a downloaded image was processed deleting collision coverage or adding a new car. This information should include reference to any special notices sent to the insured, such as contract changes at renewal. For an agency using a carrier's customer service center for support, it becomes even more important that the download activity entry indicate what initiated the download and any messages sent to the insured.

9. <u>Agents need to educate themselves and prepare for download.</u> Agents often have no knowledge of what data their carriers can send, how their management system vendor loads data, or how to handle their own customer data (that is never sent in download). They customize their systems (user interface) and initiate download without adequate preparation.

Recommendations

Overview

When reviewing a process as broadly implemented as download, it is important to remember that every agency, every vendor and every carrier is different. They are all independent with varying business strategies and capabilities. Both the carriers and the agency management system vendors, therefore, are working under some constraints when they try to produce a process that meets everyone's needs. One overarching constraint is the issue of privacy and what legal can be shared electronically.

An agency management system vendor must be a generalist in overall system design, including download processing. They provide a single system design and user interface to meet the needs of their customers (agents) while attempting to load policies from multiple carriers. The vendor has no control over the quantity or quality of the data incoming from a carrier.

Likewise, a carrier can send in download only that data it has on its data bases. Not all the data required to underwrite a policy, or derived data, is necessarily stored permanently. (Derived data is developed by the carrier from the data submitted by the agent.) Some carriers have one design for download regardless of the vendor receiving the data. And the carriers have no control over the way an agency management system vendor displays the data.

Agencies want their data loaded in different places. Some of the data is specifically defined by field name, but the additional data, particularly in commercial lines and in coverages and coverage options, doesn't have a specific place on an ACORD form and may be carrier-specific data. Each agency may want this information in a different place on its system.

Privacy laws and regulations also have become an increasingly important constraint which can impact what the parties can share electronically.

Below are recommendations directed to each overarching issue discussed above followed by the work group's general recommendations resulting from our research and discussions.

Specific Recommendations

1. <u>Not all, or not enough, data is provided in download.</u> Carriers should send all the data they have or all the data they can format into ACORD Standard records. The agency management systems vendors should be prepared to load as much of this information as their user interface will permit.

2. <u>Data is truncated and "overflow" data goes into "notepad" or "remarks."</u> This is an education issue. Each agency must understand exactly what data its management system is capable of loading and where. Learn what fields they can use for agency specific data which will not be overwritten by carrier downloads. Work with the vendor to determine if alternative solutions are available. Agents should not customize their systems.

3. <u>Agency data is not protected</u>. There are specific processes within the ACORD Standards that help to protect the agent's data (such as '???' in a field that the carrier does not want to overwrite). Carriers and management system vendors should take advantage of these processes. But agencies also must place data in fields where it belongs; e.g., if a field is defined (labeled) GL class, do not put "number of employees" in it. Agencies must

understand how to place data in a field that is not a data entry field so that it is not overwritten by the company download. (For example, the download may overwrite the "Remarks" section but not the "Notes/Notepad" section.) Each management system vendor should be able to provide this information.

An interesting conundrum results from this recommendation. If followed, it protects the agency data but when subsequently viewed, the agent cannot distinguish between what was updated (current) data and what was protected (old) data. The significance of this situation will vary by agency. It would be beneficial for agency management systems to begin to distinguish between these two forms of data in the future.

4. <u>Vendors and carriers don't upgrade systems and versions quickly enough</u>. Both management system vendors and carriers should make every effort to stay as current as possible. Agencies need to be aware of the fact that both need lead time to make changes to their systems. ACORD should put its most current forms online and encourage vendor and carrier links to this information.

5. <u>Carriers handle the data inconsistently</u>. Agencies and management system vendors need to document the specifics of this issue and work with the carriers to resolve. All standards have some level of interpretation. And sometimes a carrier has constraints due to the design of its data bases. Additional education within the agency also will ease some of the difficulty. Carriers should not split policies (single policy number) into separate policies for download. Agents would like to view package policies and BOPs on their screens as one.

6. <u>Vendors handle the data inconsistently</u>. Carriers and agencies need to document the specifics and work with the vendors. Vendors need to do what they can, within their basic system design, and load as much data as possible.

7. <u>Not all commercial policies are suited for download, but it's all or nothing in most cases today</u>. Carriers need to offer download by line of business, by agency producer code, by policy, and by transaction type. With these options, an agency can control what policies they receive. Additional education is needed for agencies, as many companies offer at least two of these options today. Companies and vendors also should provide a mechanism to enable agents to request an individual policy be sent in download.

8. <u>No entry into agency management system transaction/activity log.</u> Carriers and vendors need to implement the 5ACT group. This group allows the carrier to send a short description of what initiated the download image. This information could be loaded into the agency management system activity log. In this way, agents would see in the activity log the specific change that triggered the download. This information also should include reference to any special notices sent to the insured, such as contract changes at renewal.

9. <u>Agents need to educate themselves and prepare for download</u>. Many of the overarching issues can be addressed by additional education and awareness. Agencies need to know what information each carrier can send. They need to know what data their vendor can load and where that data is loaded. They need to know where to enter agency data that will never be touched by download. The agency management system vendors and the carriers need to provide this information.

General Recommendations

1. As they have successfully done in the past, <u>user group download committees</u> should bring together <u>carriers</u>, <u>agents</u>, and <u>vendors</u> in a meeting to discuss the recommendations contained in this report and to develop specific recommendations for each of the parties to improve the effectiveness of downloads into their systems.

2. <u>Carriers</u>, <u>vendors</u> and/or <u>user groups</u> should provide documentation describing exactly what is loaded, and where, on an ACORD form and/or in the agency management system. Either printed material or online access for this documentation is appropriate, but it must be communicated affirmatively to the agents. This information might vary by carrier depending upon the data provided.

3. <u>Carriers</u> and <u>vendors</u> should improve their certification process using live data from the carrier and include variously sized agencies in the beta testing to validate mapping and process.

4. <u>Carriers</u> should have standard procedures to notify vendors and agencies of updates in company specific code lists, coverages and processes, and these should be maintained on the vendor or user group web sites.

5. <u>Carriers</u> and <u>vendors</u> should consider using agent focus groups when designing any new download functions.

6. <u>Agencies</u> must take the responsibility to educate their staffs. They must prepare for download: understand what to expect; learn how to implement effectively; read the documentation available from carrier, vendor, and user group; and complete any clean up as necessary. The process is not magic nor is it perfect, but the benefits in efficiency and workflow make it worth serious review by any agency not currently doing download. Agents should not customize the agency management system.

7. <u>Agencies</u> must communicate specific concerns or issues, in writing, to their vendor, user group and carrier, understanding that it is not always obvious where the problem originated. Without specific details, the issue cannot be addressed. Work with user group automation and interface committees whenever possible.

8. <u>Agencies</u> need to consider that they may need to make some adjustments in their processes or data handling to take advantage of the benefits of download. They should also audit their implementation of the download process by their agency staff periodically to be sure they are building accurate electronic data bases.

9. <u>Agency user groups</u> and/or <u>vendors</u> need to communicate with their users in a formal manner, such as through regional meetings, to discuss these issues and recommendations and to provide education tailored to the specific requirements of their own systems.

The single overarching recommendation is education awareness of what data is processed, how it is processed and how that affects the agency's data. Better documentation and education will help everyone understand the issues. Better communications of the issues will begin to identify specific solutions between communicating partners. And better promotion of the benefits of

download will encourage additional implementations. The benefits of this process to the agency are huge. We need to continue to work on improvements through better understanding.

One of the findings of the AUGIE survey was that training and education on the download process is a key component for carriers and agencies alike. Confirmation is always satisfying.