



About this article: *There are significant industry efforts underway to improve the efficiency of the E&S markets, but those efforts are at a crossroads. The involvement of independent agents is needed now to push for the acceptance of ACORD applications in this market, as well as for the implementation of automated real-time data uploads and downloads by their general agent and wholesaler business partners.*

E&S Market Moves to Enhance Efficiency
Independent Agents can be catalyst for further progress

By Jeff Yates, ACT Executive Director

Two years ago, ACT, AAMGA, NAPSLO and ACORD banded together to start the E&S Joint Working Group to bring much needed efficiency to the E&S market. We realized that many of the efficiencies we take for granted in the standard market were possible for excess and surplus lines as well, such as—use of ACORD standard applications, real-time uploads of data, downloads and general agent websites with more functionality. We also understood that the E&S market is really important to the independent agent with the mean agency placing 29% of its commercial lines revenue and 16% of its personal lines revenue with a market access provider, such as a general agent or wholesale broker (“GAs”) (2009 figures, 2010 Future One Agency Universe Study).

The E&S Joint Working Group & industry have made good progress over the last two years, but we stand at a crossroads right now. As I will describe further below, we have developed some standard ACORD E&S application supplements, created “proof of concepts” for real-time upload and download and published a roadmap for general agents on needed functionality for their websites. Now we need to take these standard applications and technology demos and put them into practice throughout the E&S industry.

This is where the independent agents come in. Independent agents need to get involved and ask their GAs to accept the standard ACORD applications and supplements, rather than requiring a plethora of company unique applications. It also is important for agents to push for real-time uploads and downloads from their GAs. The independent agents were the players that created the momentum for these improvements in the standard market and they need to be the catalyst in the E&S market as well.

Independent agents and their user groups also should encourage their vendors to implement the new ACORD professional/specialty applications and E&S supplemental applications promptly into their systems, so that it is easier for agencies to use these forms. Below I describe the specific help we ask of independent agents and other E&S stakeholders to make these improvements happen in the E&S market.

Progress to Date

We have 353 E&S industry stakeholders participating in the E&S Joint Working Group – retail agents, general agents, wholesalers, E&S and program carriers, and technology providers. We have four active subgroups: one working on standards and forms, a second on interface (retail agent—general agent (multiple systems)—E&S carrier—and back), a third on efficiencies with Lloyd’s and Lloyd’s brokers, and a fourth on communications.

At the recent AAMGA Technology Conference which featured a presentation by the Joint Working Group, the attendance increased by about 100 and the buzz at the meeting was all about the ACORD standards – how to implement them and which vendor systems incorporate them. There was also great interest in the round trip data interfaces that were demonstrated – from the retail agent’s agency management system to the GA’s agency management system to the E&S carrier’s rating system to the GA’s policy issuance system and then back to the GA for download to the retail agent.

ACORD, working with the Joint Working Group, has introduced two new E&S supplemental applications for vacant buildings (ACORD 106) and apartment buildings (105) and is about to vote on two additional supplements – Restaurant/Tavern (183) and the Liquor Liability Section (803).

In addition, ACORD has introduced a number of important professional/specialty lines applications and supplements: Professional/Specialty Insurance Application (825), Directors & Officers Liability Section (807), Employment Practices Liability Insurance (827), Fiduciary Liability Coverage Section (828) and Miscellaneous E&O Section (832).

Also noteworthy at the meeting was the increased contingent of Lloyd’s brokers and representatives who attended and indicated their strong interest in increasing efficiencies with their business partners in the U.S. market. To tie all of these positive developments together, the Communications Subgroup unveiled the Joint Working Group’s new website (<http://www.esjwg.org/>) which is a great place for agents and other E&S stakeholders to go to learn more about the initiative and to join the effort.

Pushing for the Use of ACORD Standard Applications

Independent agents were instrumental in getting carriers in the standard market to accept ACORD applications – applications that have the great advantage of being automatically generated by their agency management systems. It is now important for agents to start to press your GAs to accept these ACORD applications where they fit for your E&S business. The GAs, in turn, will press the E&S carriers to accept them based upon the increased requests they get from their retail agents. If the retail agents make this an issue with the E&S community, the E&S stakeholders will get more involved in the ACORD process to generate additional E&S supplements where needed for frequently written lines of business.

To the extent your GA needs additional information beyond the ACORD application to rate a risk or to determine appropriate exclusions, then the GA should follow up with the retail agent to get the needed additional information. Ideally, the retail agency would send the completed ACORD application directly to the GA from its agency management system using Real Time, and if the GA needs additional information, a pop up would appear for the agent to add the information. Or, the GA can send a real-time activity notification/alert or an email to the retail agent requesting the additional information.

It is also time for retail agents to start to use the new ACORD specialty/professional applications and supplements and the published ACORD E&S supplements with their markets. The best way to get these ACORD forms more broadly accepted is for retail agents to just start using them. Think of the benefit of completing one ACORD application for a particular risk, rather than having to complete multiple carrier specific applications.

To the extent your agency management system provider has not yet incorporated these new ACORD forms in your system, please urge your vendor and user group to do so. In addition to the obvious advantage of being able to automatically generate the form, your system will now incorporate the necessary fields to store the data required to complete it.

Even if your agency management system does not yet incorporate these new ACORD applications, I encourage you to use them. As an agent, you can access the ACORD static forms by just registering on the ACORD website (www.acord.org). By becoming an ACORD Advantage member at a modest cost, you can access ACORD fillable forms online.

Urging GA Partners to Provide Real-Time Upload & Download

We have seen demonstrations where GAs can accept data from independent agents using Real Time and where GAs are able to download data back to the retail agent. We need to take these examples and make them the common workflows in the E&S market, just as they have become in the standard market. The best way to accomplish this is for independent agents to press their GAs to provide them with this functionality. GAs have a great incentive to provide the upload functionality as well, so that they do not need to re-enter the data on their end and deal with the inevitable errors that will arise as a result. GAs that can provide their retail agents with these ease of doing business advantages will attract more business.

Getting Involved in the E&S Joint Working Group

I encourage retail agencies that write significant amounts of E&S and program business to get involved to help shape the future for this market. Just go to the E&S Joint Working Group's website mentioned above and click on "Contact Us." It is also important, of course, for more GAs and E&S carriers to get involved.

It is wonderful to see the enthusiasm that has been generated among the E&S stakeholders as to the opportunities they have to enhance their ease of doing business with their retail agents, along with the opportunities they have to enhance the integration and functionality of their own systems.

Independent agents will play a key role from this point forward in the evolution of improved efficiencies in the E&S market. If they want to see ACORD applications replace company unique applications and want to have real-time upload and download with their GAs, then they need to start to push for these things with their business partners. Just as we have seen in the standard market, independent agents can make it happen, if they decide to get involved to make a difference.

Jeff Yates is Executive Director of the Agents Council for Technology (ACT) which is part of the Independent Insurance Agents & Brokers of America. Jeff can be reached at jeff.yates@iiaba.net. ACT's website is www.iiaba.net/act. This article reflects the views of the author and should not be construed as an official statement by ACT.