

THE COMPUTERWORLD HONORS PROGRAM

CASE STUDY



LOCATION:
*Minneapolis, Minnesota,
United States*

YEAR:
2006

STATUS:
Laureate

CATEGORY:
*Finance, Insurance
and Real Estate*

NOMINATING COMPANY:
Keane

ORGANIZATION:

Austin Mutual Insurance

PROJECT NAME:

Austin Rating Tool (ART): Online Policy Administration System

Summary

Austin Mutual Insurance Company (AMIC) operates in eight states and offers 13 lines of insurance. Working with IT services partner, Keane, Inc., AMIC developed a Web-enabled policy administration system (called the Austin Rating Tool, or ART) to replace its existing, highly manual policy quote, issuance, and endorsement process. Together, AMIC and Keane developed a solution that provides Web access for their agents without impacting the existing business and operations process. Using new and old technologies, AMIC and Keane automated the firm's personal lines of insurance, including homeowners, automobile, and personal liability, in less than 18 months. The resulting Web-enabled system cut the policy processing time dramatically – from 14 days down to only one – and was rapidly and easily adopted by AMIC's agents.

Introductory Overview

Founded in Austin, Minnesota in 1898 with the mission to provide crop hail insurance to local farmers, Austin Mutual Insurance Company (AMIC) now operates in eight states and offers 13 lines of insurance. When AVP Gary Franssen joined the 108-year-old property and casualty insurance company, managing the policy lifecycle was a highly manual process. It took on average 14 days to process a paper application. With more and more independent agents doing business online, Franssen recognized that if he didn't make it easier for agents to work with his firm, he would risk curtailing state expansion and losing business. For customers, this would mean less competitive insurance options; for employees and agents, it would mean fewer growth and employment opportunities down the line.

Having spearheaded the move to an Internet system at a previous company, Franssen knew that lower expense ratios and increased productivity were among the benefits of such a project. However, one of his biggest requirements was to go online while maintaining the company's AS-400 insurance system — the back-end system that processes applications, rates policies, and enables fulfillment.

Franssen brought in Keane to Web-enable the insurance company's policy administration process. "It would have been an expensive proposition for us to change a system that the company



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made a sizeable investment in, so our requirement was that Keane's Web interface connect with the existing system," said Franssen.

Keane performed an architectural assessment of AMIC's systems and proposed to Web-enable its existing policy administration application using the .NET programming language. After developing an architectural design, Keane proceeded with its rapid software development lifecycle. The agile nature of Keane's rapid software development lifecycle relies on close interaction with client personnel and breaks down development into small increments that consist of define, design, build, test, and deploy so that changes can be made in response to the client's business needs at any stage of the project.

Over a year-and-a-half period, Keane automated AMIC's personal lines of insurance, including homeowners, automobile, and personal liability. The resulting Web-enabled system successfully met AMIC's goals of providing agents with an easy-to-use, Web-based tool for administering policies – and in the process, drastically reduced policy processing times. It also helped Franssen put in place a 100% paperless process for AMIC's personal lines of business.

Benefits

The resulting Web-enabled system cut the policy processing time dramatically – from 14 days down to only one. Agent adoption of the new system was equally dramatic: within three months of deployment, 84% of AMIC's personal lines business was coming in via the new ART system. In just nine short months, all of AMIC's agents were using the online system exclusively. As a result, agents, underwriters, customer service personnel, and customers are reaping the benefits:

- By incorporating an Intelligent Underwriting system and Business Rules into the front end, the ART system takes the agent through the company's underwriting rules, allowing only acceptable business to be uploaded and bound by the agent. ART also reads the various reports -- MVR, CLUE and Credit -- that are used to determine eligibility. As a result, agents are able to spend less time on administrative functions and can focus on managing accounts and applying their expertise to more difficult cases. Because it is now far easier for independent agents to do business with AMIC, the company expects to see significant growth in the number of policies written per month.

- At present, 65% of the auto business and 55% of the homeowners new business is issued without human intervention, which has fundamentally changed how policies are issued. Agents and customer service reps are able to use their time more productively – to manage their accounts and customers, rather than track down errors in paperwork and enter data manually.

- The new system benefits customers in a number of ways. Because policy processing costs less and takes less time, policy holders receive their policy faster and rates are reduced. AMIC customers also benefit from agents and customer service reps who now have more time to focus more on account management and customer care issue. Finally, the ART system added new features that now allow customers to pay online.

Looking forward, the new system will enable AMIC to provide expanded services. The scalable infrastructure was built to support the business whether five policies are electronically processed or 100 policies are processed. Accordingly, AMIC estimates it will be able to grow 40% before adding staff to support its customer base. The company is poised to execute both state and



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product expansion with the same infrastructure and number of staff.

The Importance of Technology

AMIC uses CSC's POINT system for policy administration. This package was developed primarily with COBOL and resides on AMIC's AS/400. The proposed solution had to have the ability to interface with POINT while also providing Web access to AMIC's agents in the field.

The ART system is an entirely custom system designed and built exclusively for AMIC. The AMIC-Keane team chose Microsoft-related technologies for the front end and IBM Websphere MQ for the middle layer. .NET – a development platform used successfully by Keane and Franssen in the past – was selected for its performance and maintenance advantages over other technologies such as ASP and JSP/J2EE.

The primary technology and components used to create the ART system include:

Front End:

- ASP.NET with C# was used to develop all the Web pages
- C# was used for all the underwriting and business rules code

Middle Layer:

- C# in conjunction with MQ Server was used to handle communications between the ART front end and the POINT back end
- SQL Server was used for the staging tables
- XML, XSL, XPath

Additional technologies:

- Third party connectors (custom built) for Choicepoint, MediaView, MI Rater etc.
- Recent technologies, such as Ajax (the commercial Component Art product)
- Third party Address Verification Service.
- Compuware QA center for QA support

Originality

What's exceptional about the ART are the dramatic results that were achieved without changing the underlying system or retraining AMIC's agents, underwriters, or customer service reps. The new architecture makes it quick and easy to plug in different enhancements, i.e. address scrubbing, geo coding, and up-front report ordering. Additionally, the system is highly intuitive – as the high agent adoption rates prove – and interfaces easily with different vendors, such as comparative raters.

What sets this project apart is not simply the use of new technologies to enable major change – companies replatform their systems all the time. The key to this project's success was Franssen's vision that he could put a valuable new face on existing technologies and business processes. This is a strategy that is often overlooked when determining IT direction.



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Success

Today, more than 800 agents plus home office staff are using the new system. “The agents have just jumped on and are using new additions like endorsements, mobile homes, and homeowners, without any training,” said Franssen, adding that the interface is very intuitive. The policy issuance process has been reduced from 14 days to only one day. AMIC also added address-scrubbing software to assure the information entered by the agents is correct. This also allows for the geo-coding of the new business. The policy issuance process has been reduced from 14 days to only one day. AMIC also added address-scrubbing software to assure the information entered by the agents is correct. This also allows for the geo-coding of the new business.

Franssen said, “We are going to increase business as a result, because we will be able to work more and more with agents who can produce applications using the online tool.”

In addition to providing new growth opportunities, the deployment of the ART system fulfilled one of AMIC’s key requirements: to not change AMIC’s business processes or the back end systems. Franssen estimates that linking the ART system interface to AMIC’s existing AS-400 system saved the company about \$400,000 in development costs. This approach also required no additional staff or specialized training before rolling out the ART system, which was an added cost-saving measure.

In addition to these savings, Franssen expects to see a significant drop in expenses. Underwriters and customer service personnel are already using their time more productively to manage the business, rather than to track down errors in paperwork and enter data manually. The automated ratings rules engine built into the system frees underwriters from having to review the applications of people who meet basic requirements in order to issue policies, saving their time for more complex scenarios and customer attention.

Only three months after the launch of the ART system, 84% of AMIC’s personal lines of business was coming in via the new Web interface. In just nine short months, all of AMIC’s agents were using the online system exclusively. Today, more than 800 agents plus home office staff are using the new system. It also helped AMIC put in place a 100% paperless process for AMIC’s personal lines of business.

Difficulty

With change, comes challenges – technical challenges in the case of the ART project. AMIC is fundamentally an AS/400 shop, so embracing the .NET technology and its rich feature set for the first time presented a learning curve for the IT department. Through staff training and the addition of resources to assist in the enhancements to the new system, AMIC overcame the .NET challenges and is now able to support the ART system without assistance from Keane.

Securing the major investment of funds also proved challenging. As a mutual company, which operates for the good of the policy owners, AMIC has always been very conservative. This major investment in technology not only brought AMIC equal with some of our competitors, but ahead of others. Once the vision became a reality and people realized that they were not going to be replaced by an automated system, more and more people jumped on board. And once it was seen that ART was working – agents liked it and were using it on their own with little or no training – AMIC’s board fully recognized that this was the only direction to go....paperless for AMIC’s business.