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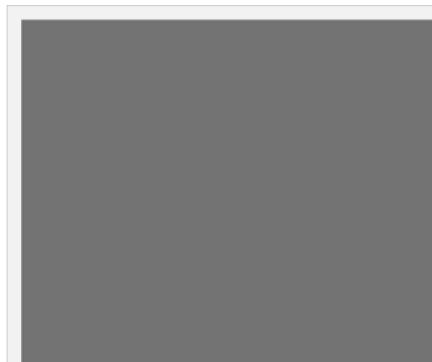
Insurance Networking News, September 2006

Pat Speer

If it can do all it's purported to do, business process management (BPM) has a tall order to fill. As a structured approach to employing methods, policies, metrics, management practices and software tools to manage and continuously optimize activities and processes, BPM holds great promise. But whether the insurance industry and vendor community fully grasps its capabilities remains to be seen. Like a supersonic jet liner, BPM, also known as business process optimization, is taking off, and a host of insurance carriers and vendors alike are riding the contrails hoping for a quick lift.

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Not surprisingly, the demand is on the insurance side, and the push is on the vendor side, claims Marc Cecere, vice president of the financial services team at Forrester Research Inc., a Cambridge, Mass. research firm. "On the insurer's side, BPM really has great value, once companies get more comfortable with what they can do with it."

There are several reasons why BPM has taken hold as the latest and greatest tool in the insurance industry's toolbox, chief among them: Insurers are discovering that BPM enables them to design, monitor and manage a variety of processes in a near real-time environment. Reduced cycle times and the ability to win more business with fewer resources follow on as other popular reasons.

Still, some vendors, hungry for wins of their own, see a propitious opportunity for the insurance-centric solutions they provide, slapping the BPM label on enterprise solutions that have little to do with process anything.

"There is some confusion in the marketplace, and the term BPM has become watered down," says Eddie Jones, senior vice president, product strategy at Fiserv Insurance Solutions, an unit of Fiserv Inc., Brookfield, Wis. "Everyone is saying they do BPM. But there is also a healthy curiosity out there among carriers and lots of room for insurance companies to tackle that learning curve and partner with the right solution provider to take advantage of what BPM has to fully offer."

Whether they take advantage of what BPM has to offer depends largely on the insurance company's ability to understand BPM's capabilities-and confront their own existing complexities.

"When you ask a carrier, 'What is your process?' that's a frame of reference-and it requires a new language-a new discussion," points out Jones. "Quote a policy' could be made up of 100 small processes, so they have to reduce it to 10 medium processes and begin there."

FRONT END FIRST

While BPM may be top of mind, cautions Cecere, "it's limited in use." Cecere maintains that vendors are slow in creating BPM capabilities for core applications, opting instead for the quick wins of front-end processes, such as call center applications.

For some carriers, full BPM functionality is seen as more of a journey than a destination, and getting there means taking an initial hard look at front-end processes.

When Jack Schumaker, vice president of call center operations at Electric Insurance Co., (EIC) Beverly, Mass., sat down with his team to kick around the idea of how to leverage an inbound call, he immediately saw other call center business processes that would benefit from a rules-based system running BPM.

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"We knew it would fit into a larger piece of our architecture, but the initial application started as a proof of concept," recalls Schumaker. "So we created two applications: one to enable customer service reps (CSRs) taking billing inquiry calls to cross-sell, and the other to improve overall productivity of the transaction, which is now supported from the beginning to end."

Licensed in all 50 states, EIC's roots date to 1966 when it provided insurance for employees of General Electric. Today it has expanded its P&C direct-to-customer rates to the general public.

BPM technology from Pegasystems, Cambridge, Mass., is now tied to EIC's multi-variate rating model, enabling CSRs to offer customers a chance to save money by bundling various lines of business.

"A visual client-alert button tells the CSR that something on the policy should be brought to their attention," Schumaker says. "It could be a cross-sell opportunity, it could be that the customer called many times, and the rep needs to be extra sensitive, or it could be a note from underwriting stating that paperwork is needed from the customer. Without rules-based BPM, information tied to this had resided in too many places."

MANAGING WORKFLOW

For one carrier, starting from scratch made BPM a viable alternative for the entire enterprise. Splitting off from Seattle-based Safeco Corp. less than two years ago, Symetra Financial's focus has been to build a nimble and more entrepreneurial organization.

As the Seattle-based company's business lines quickly grew to include employee benefits, retirement plans, annuities and life insurance products, the company implemented a "process innovation program" that would ultimately drive BPM into place.

Beginning with installation of its internally built platform, the company installed BPM in its new business unit, where processing was initially cumbersome and labor-intensive, says Margaret Harder, Symetra's operations manager.

"We worked with a vendor to conduct business flow analysis to establish a new process," she says.

That vendor was Dallas-based Global 360, which counts larger carriers, such as AIG and Aflac, among its customers. In Symetra's case, Global 360's BPM technology manages workflow for receipt of new applications for life insurance, the underwriting process and policy issue.

"The entire process has been streamlined from a very cumbersome paper process with lots of human touches, into an efficient paperless process where the system does much of the work," says Harder.

A follow-on BPM implementation in Symetra's client services' business unit used the first process as a model, basing the follow-on process on the company's proven work distribution method.

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