



Distribution Evolution in the Insurance Industry

An Integration-as-a-Service Approach to Profitability

In the current economic climate, growth is a top priority for North American life, health and annuity insurers. Focused on this goal, carriers increasingly recognize the need to refresh their distribution strategies. Insurers need the ability to accelerate the quote-to-issue process and share data with their producers and service providers to remain competitive in today's market.

Some carriers are adopting an integration-as-a-service approach when rethinking their distribution channels—in particular, one that provides direct integration-as-a-service connectivity to their producers and service providers. Carriers that leverage a centralized distribution approach, such as a data exchange, can trade data from a single, secure touch point in real time with producers and service providers, improving the ease of doing business across their distribution channels and enabling straight-through processing.

Today's IT System Hurdles

A recent survey conducted by Oracle Insurance asked insurers how they could deliver more value if they were not limited by their current IT systems. Both business and IT respondents were very clear in the challenges they currently face. More than 60 percent of business and more than 70 percent of IT respondents said they could provide more efficient, faster service. Additionally, more than 50 percent of business and almost 70 percent of IT respondents said they could provide self-service options (such as Web portals) if they were not limited by their current technology.


IT constraints include slow application processing, involving multiple Web portals, email, and other connection points which can have a negative impact on new submission turnaround times and placement ratios for new policies. In addition, producers struggle with having to enter data into multiple carrier and back-office systems (such as their own agency management systems), which can further slow time-to-issue and raise error risk.

Insurers are increasingly outsourcing critical business processes and looking to software-as-a-service (SaaS) offerings as an option for gaining highly available, cost effective services. An insurance data exchange combines both of these concepts, and enables carriers to



"Oracle Insurance Data Exchange has provided us with significant time savings. Checking case status and commission information from multiple carriers can be overwhelming for a company of our size, and Oracle Insurance Data Exchange delivers the timely and accurate data we need in a consolidated fashion directly to our lead relationship management system, which has improved our overall efficiency"

PAT WEDEKING
PRESIDENT
QUICK LIFE



provide faster, more efficient service to existing producers, while attracting new ones through a ready-made channel.

Connecting carriers, producers, and service providers, an insurance data exchange provides a single, secure online service for data distribution, consolidation, and sharing among these primary stakeholders, eliminating the need to create and support multiple distribution connections. By automating manual processing with a data distribution solution, carriers and stakeholders can improve efficiency, reduce errors and accelerate new business submission, resulting in accelerated quote-to-issue, improved placement ratios and greater profitability. Insurers can also reduce overall maintenance costs by using a single solution for multiple data services — including appointment status, new business submissions, service orders and status, pending case status and commission statements — rather than using disparate hardware, applications and connectivity services.

Key Considerations for a Data Exchange

Selecting a data exchange is an important business decision for insurers that will impact core distribution processes. When making this critical decision, carriers should ask the following four questions.

1. Does it improve ease of doing business for producers?

Producers are more likely to do business with carriers who are easier to work with. The use of a data exchange can help eliminate many of the administrative hoops that independent agents must jump through and help make the carriers who use the exchange more attractive. A data exchange should give producers better visibility into their overall book of business, and provide data in the formats producers want, when and how they want it. Plus, by offering a single service from multiple carriers, agents no longer have to maintain or access multiple portals for each of their carriers.

2. Does it provide carriers, producers and other stakeholders options for accessing, exchanging and viewing their data?

For example, it should enable:

- » Direct-connect data services for agency systems: This approach enables insurers to integrate a data exchange solution with back-office agency management systems, front-office customer relationship management (CRM), lead retrieval software and other systems. It provides the producer with a convenient option to access their data from multiple carriers throughout the new business submission cycle. It also eliminates costly, time-consuming and error-prone data re-entry into multiple systems. By placing the latest information directly at the fingertips of their customer service representatives, producers can improve customer service and focus on selling more.
- » Secure, online access: With the advent of increased mobility, insurers are feeling the pressure to provide producers with real-time, online access anytime, anywhere. In addition to providing direct connectivity with back-office systems, agents can securely and reliably view their pending case status, check the status of service orders (such as attending physician statements and paramedical exams) and view commission statements using an online portal. A front-end Web portal enables insurers to view real-time data exchange through a single login, eliminating the need to visit multiple carrier websites. It also gives carriers a single view and more visibility into the status of new business submission and other data for their producers.

“Oracle Insurance Data Exchange provides us with a robust solution that enables us to receive and organize information exactly how we need it to align with our specific business models — which allows us to work with more than one company efficiently. With Oracle Insurance, we have gained the ability to further raise the bar on the level of service we provide to our clients”

MICHAEL G. COLLINS
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3. Does it offer data format flexibility?

An exchange should be able to aggregate carrier, service provider and agency data using industry standard formats, including National Association of Independent Life Brokerage (NAILBA) and Association for Cooperative Research and Development (ACORD) XML. It should also be able to translate data from one format to another for seamless integration and distribution throughout the network (e.g. the exchange receives an XML file from a carrier and formats the output to an Excel spreadsheet or report for the producer).

4. Does it have a large, ready-made pool of producers already using the exchange?

Signing up for a data exchange that already has thousands of agents and producers on board can open up an entire new sales channel for a carrier, literally overnight.

In Closing

As the insurance industry continues to focus on new opportunities for driving growth, life, health and annuity carriers are taking the opportunity to refresh their distribution strategies. Those carriers that use an integration-as-a-service approach may be better positioned for the future. They will gain the ability to provide faster and more efficient service to existing producers, while attracting new ones through a previously untapped channel. Additionally, automating manual processing with a single solution for data distribution among all stakeholders can improve efficiency, reduce errors and accelerate new business submission. The result? Accelerated quote-to-issue, improved placement ratios and greater profitability.

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