

Enhancing Client Service and Operating Margin through Global Sourcing

Industry & Client Situation

One of the nation's largest managing general insurance agencies (MGAs) was responsible for marketing, issuing and servicing the policies of non-admitted insurance carriers. MGAs are broker intermediaries and the underwriters of last resort. Premiums tend to be higher and service levels lower than traditional channels. Retail agents are forced to share a portion of their commission when a wholesale intermediary is required.

In the soft market of 2006-2007, when policy premium throughout the market was falling and standard carriers began writing policies that were previously only available through non-admitted carriers, the managing general agent's value proposition was compromised. The client faced a classic wholesaler's dilemma: whether to offer lower prices or better service. At the moment, the client's service levels were consistent with notoriously poor service levels found throughout the industry. The client needed to architect an operating model that supported both lower costs and a differentiating service-oriented value proposition.

Approach

Bridge Strategy Group worked with the management team to identify those processes and functions that were necessarily co-located with the local underwriter and those that were truly clerical in nature and could be consolidated within a shared service located in India.

Bridge defined the detailed on-shore/offshore processes and technology required to support the shared underwriter services center. A business case provided by Bridge demonstrated the value available through the new operating architecture.

In parallel, one of the client's branch locations served as a pilot location for a "quick win" – offshore policy issuance.

The overall solution and implementation plan consisted of the following:

- Formation of a governance committee to review and approve the new operating model
- Blueprint of to-be operational architecture, shared service capability development plan, and local implementation plan
- Introduction of inexpensive workflow and imaging technology
- Onboarding and training of offshore staff as a dedicated extension of the underwriter's team
- Field-based business case endorsed by impacted management
- Quick win pilot followed by gradual rollout of pilot service offering to all locations

Results

As the formal project concluded, the client was still in the process of rolling out the program to all of its branch locations. Among fully deployed branches, policy issuance processing times have gone from an average of 10 to 2 days. Policies error rates dropped from 8% to less than 1%. The average cost to issue a policy has fallen by over 50%.

Concerns over job loss have subsided as management retrains staff to provide higher-value underwriter support services allowing lead underwriters to dedicate more time to new business.

The client's enhanced value proposition as a superior service provider is now in sight. With a successful pilot behind them, the client is now poised to implement the broader operating architecture.