

Increasing Efficiencies and Driving Value in the Insurance Producer Onboarding Process

Executive Summary

The processes involved in insurance producer management are often described as occurring in a lifecycle. Within the producer management lifecycle are the many steps involved in getting a producer ready to sell, beginning with producer onboarding. For most insurance carriers, this routine process for producer verification and appointment is fraught with inefficiencies and unnecessary costs.

The traditional, paper-driven approach to onboarding typically takes one to three weeks. This approach relies on labor-intensive processes involving hand-written applications, faxes, data entry and lengthy issue-resolution procedures. Producers must wait for slower carriers, which often lose good performers to competitors that onboard quickly and easily.

Some carriers receive third-party licensing and compliance assistance but with significant tradeoffs. These carriers are still subject to processing bottlenecks and the need for manual intervention. In addition, vendors frequently collect surcharges for license validations and electronic appointments that can prove to be cost-prohibitive for some carriers.

All these challenges and more are addressed by the VUE Producer Onboarding™ solution, a system designed from the ground up to create one-stop processing for the licensing, contracting and appointing phases of producer lifecycle management. The solution accelerates onboarding while optimizing efficiency, saving money and supporting a positive producer experience. The entire onboarding process can now be completed within hours instead of weeks.

The system starts paying for itself immediately by getting producers selling quickly, reducing administrative costs and virtually eliminating manual intervention. Added costs from third-party compliance vendors are also eliminated. Furthermore, the convenient, rapid process helps attract top producers, and licensing departments gain excellent visibility into the onboarding funnel. Optional recruiting and producer management solutions automate the full producer management lifecycle. As a result, carriers choosing VUE Producer Onboarding are strategically positioned to leverage automation for a significant competitive edge.



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Introduction

Technological advancements are transforming the insurance industry. When it comes to producer onboarding, routine processes are no longer good enough. In fact, failure to optimize the phases of onboarding can diminish profits and put a health, life, or property and casualty (P&C) insurer far behind its technology-savvy competitors.

This white paper identifies aspects of typical producer onboarding processes that are prone to inefficiencies with respect to time, costs and other factors. The paper describes how the VUE Producer Onboarding™ solution streamlines these processes by automating the licensing, contracting and appointing phases of onboarding. The paper also covers the solution's numerous advantages with respect to improved business processes, producer satisfaction, accelerated time-to-benefit and more.

Opportunity to Gain Competitive Advantage

For most carriers, onboarding has always involved hand-written applications, data entry, faxes, paper trails, back-and-forth communication with prospects, time-consuming exception-resolution procedures, appointment delays and various follow-up activities. Even the most industrious and efficient licensing specialist could not shave more time off the process, which usually takes one to three weeks and as many as six weeks in some cases.

The methods and amount of time involved in onboarding directly impact a carrier's profitability. With slow, cumbersome processes, new business can be delayed or lost, and good producers might choose another carrier. Carriers who onboard quickly and make selling easy and convenient emerge with early profits and a strong distribution channel comprised of loyal top producers. Therefore, it is worthwhile to tighten and improve onboarding processes as a means to increase profitability.

To be the best, a carrier must recruit and contract the best producers — and competition is fierce. Technology gives a significant competitive edge to carriers who use it strategically. The level of automation available in the packaged solutions available today makes it possible to critically examine existing onboarding processes with an eye for process efficiency. Even carriers using earlier forms of automation can benefit from such an examination.

Areas Where Existing Methods Fall Short

For most carriers, change is needed in a number of areas related to onboarding:

- **Speed of the overall process:** Manual efforts, bottlenecks and lack of visibility make timeframes unpredictable. In the time required for the customary one- to three-week process, a producer can quickly contract with and write business for a competing carrier.
- **Costs:** Carriers using third-party vendors for Producer Database (PDB) license verifications and National Insurance Producer Registry (NIPR) Gateway electronic appointments usually pay vendor surcharges in addition to NIPR service fees. Many carriers process appointment fees for producers who haven't sold yet because just-in-time action and accurate tracking are not feasible.
- **Flexibility:** Insurers often want to make onboarding business-rule adjustments, such as having producers pay out-of-state appointment fees under certain conditions. However, usually an insurer cannot accomplish this efficiently.
- **The producer experience:** Signing with a carrier can be a chore. Producers must complete forms by hand, gather and submit application paperwork, and often follow up. Time-consuming phone calls might be necessary. For insurers, a poor producer experience can mean a weak channel.
- **Need for data availability, quality, accuracy and consistency:** Carriers that either rely on manual benefit summaries or store data in disparate locations using various formats and systems will face data-related challenges.
- **Data entry:** Data entry is a time-consuming, error-prone manual phase, particularly if the same data is entered into multiple legacy systems. Background checks, license records and appointments are additional data-entry points. If an application contains omissions, mistakes or unclear handwriting, the candidate must be contacted.

- **Paper-handling:** Paperwork requires manual involvement and hinders carriers' agility and visibility into the onboarding process. The time required multiplies exponentially with the number of producers and the days and weeks spent in the onboarding funnel.
- **Communication with producers:** Frequent back-and-forth conversations make it difficult to maintain a consistent workflow, particularly when there are numerous applicants.
- **Exceptions and problem resolution:** Issues outside the routine processing procedures require extensive time and attention. Manual and legacy systems respond poorly to workflow disruptions.
- **Compliance:** Data entry is subject to human error. In addition, verifications to ensure regulatory compliance involve manual tracking and follow-up, and time can be lost in this process. Maintaining audit trails requires extra effort.

Common Methods and Solutions

Onboarding is receiving more attention now that numerous carriers are restructuring their distribution channels, which often requires mass appointing as new channels are added. Automation is becoming more common as a means to manage the complexity. As Figure 1 indicates, onboarding involves a number of critical activities.

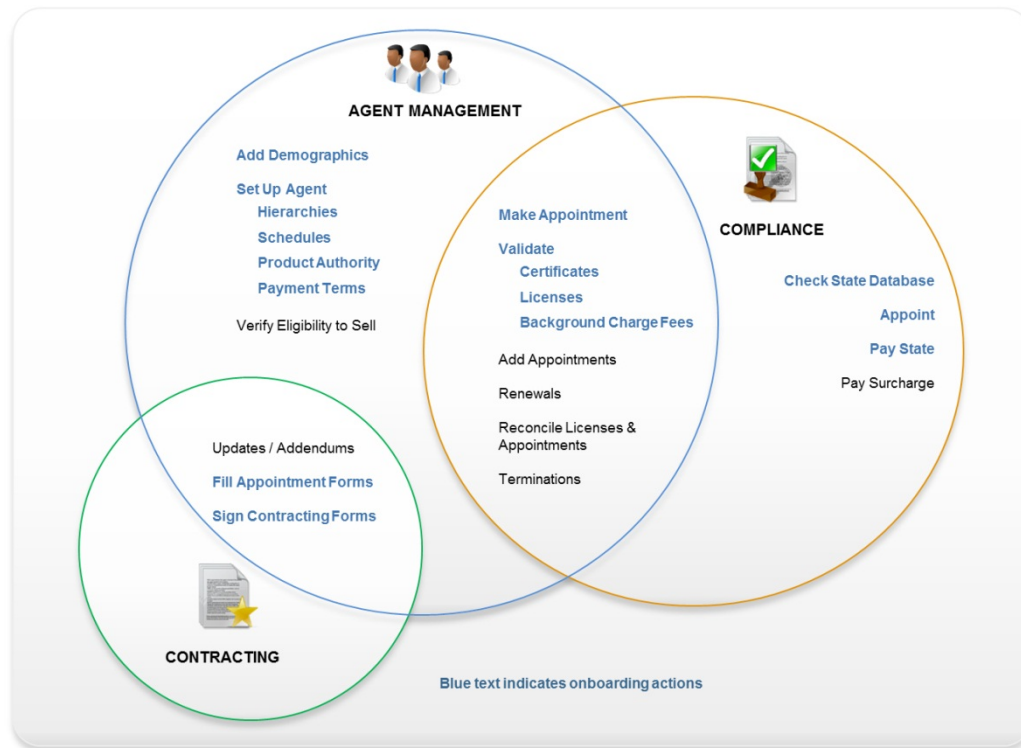


Figure 1: Typical onboarding processes involve three main functions: agent management, compliance and contracting. Agent management is at the core.

payments continue over time — with no end in sight. In addition to the costs, while third-party services might handle many paperwork-related tasks, manual involvement is still required on the part of the carrier. This further diminishes the value.

Larger carriers often prefer to pay for outsourced services and accept the downsides. Small or mid-sized carriers might avoid outsourcing due to expenses related to economies of scale, but they still face the paperwork burden, labor costs, the error-prone nature of manual data-entry and so on. Fortunately, there is an easier way.

Some organizations use homegrown onboarding solutions that combine manual processes with legacy technology pieced together over the years. However, any system not designed for onboarding from the ground up will eventually cause a carrier to falter as competitors leverage new Web-based technologies.

Some solutions on the market generate additional costs while attempting to meet the need. For example, when onboarding is sold as a third-party service, a carrier must continually pay surcharges on transactions. Fees and

VUE Producer Onboarding: A Rapid, Efficient, Automated Process

Designed for today's insurance organization, VUE Producer Onboarding automates the licensing, contracting and appointing phases of the insurance producer management lifecycle. VUE Producer Onboarding answers the need for an efficient, cost-effective system that accelerates onboarding while easing administrative burdens and providing a positive producer experience.

The solution supports a flexible onboarding workflow with condensed timeframes and clear visibility at every stage. The entire onboarding process can be completed in a matter of hours:

- **Application information goes directly into the system, eliminating time-consuming, error-prone data entry for carriers:** A convenient interface accessible from any standard Web browser allows candidates to apply online, and the information goes straight into system records. Since data entry is eliminated, licensing specialists save valuable time and avoid potential copying errors. Data quality improves, and the candidate — the authority on his or her data — takes responsibility for its accuracy.
- **Candidates' time and effort are reduced dramatically via an easy application process:** The secure online application prompts candidates for basic information using a consistent format. Time-saving automated lookups verify and prefill all the pertinent license data for an applicant, doing away with the need to write license details on forms and send copies of licenses to the carrier for verification. Producers no longer get the impression that they must shoulder the bulk of the onboarding burden.
- **Automated license verifications save valuable administrative time:** The system automatically submits requests for license verifications and receives and logs the responses from the PDB and NIPR Gateway.

Excellent Funnel Visibility, Free of Paperwork

The producer funnel is readily visible. Instead of shuffling through paperwork for a producer's status or paging through files to investigate the cause of a delay, licensing specialists can view up-to-date onboarding progress immediately. Specialist involvement is only required when system prompts identify the need to handle exceptions.

Candidates sign applications and contracts electronically using Web-based security, so paperwork is unnecessary. Printing capabilities are available if paperwork is desired, but there is no longer any need to mail, fax or email signed forms.

Electronic tracking eliminates the need for repeated phone conversations and emails. Both licensing specialists and candidates can view application status online. With details available on their respective online interfaces, specialists and producers save time and have fewer questions.

Automated Background Checks and Built-in Compliance

Fully automated background checks occur with no surcharges. VUE Producer Onboarding submits producer information for credential authentication and background checks according to the specific carrier's preferred business rules. The system displays results automatically within the workflow and prompts the licensing specialist for those cases that need attention.

Because compliance is part of the workflow, errors are unlikely. The workflow prompts candidates and licensing specialists down the proper path, ensuring that information is collected and logged correctly. Built-in quality assurance means there is no need to spend time catching and fixing mistakes.

Flexibility and Control

VUE Producer Onboarding gives licensing directors the flexibility to regulate many aspects of onboarding that were previously too difficult to control. For example, the system allows insurers to indicate whether or not producers will pay for their own non-resident state appointments. Once the licensing director or specialist selects the desired option,

the payment requirement is implemented in the producer interface. Having been informed up front, producers are prepared to pay.

Flexibility and control extend to additional areas, such as the timing and frequency of background checks, certification requirements, and questions asked on the producer application. VUE Producer Onboarding has simplified the complex onboarding rules and processes, enabling licensing specialists to easily set up forms, questionnaires, contracts and workflows.

ROI From Efficiency, Just-in-Time Appointments and Cost Savings

Onboarding will always be part of the producer management lifecycle. VUE Producer Onboarding yields a return on investment (ROI) that increases over time, not only by keeping costs to a minimum but also from value-added capabilities. VUE Producer Onboarding begins paying for itself right away and drives continued benefits for years to come.

Speed and Efficiency for Carrier and Producer

Time is money, and slow onboarding is expensive onboarding. With traditional methods, licensing specialists are paid for data entry, paper-shuffling and repeated phone conversations. Meanwhile, producers wait for responses instead of initiating business and increasing profits. The dramatic efficiency improvements introduced by VUE Producer Onboarding transform a long, drawn-out effort into a rapid process measurable in hours. Unlike pieced-together

legacy systems, the solution provides start-to-finish automation where licensing specialists intervene only for exceptions.

A Positive Producer Experience

Making it easy for producers to onboard and do business is top priority for carriers competing for an effective distribution channel. VUE Producer Onboarding minimizes hassles and makes onboarding fast, convenient and easy for producers — an excellent start to a good carrier/producer relationship.

The solution uses technology to cater to producers in specific ways:

- The interface gives a professional look-and-feel to onboarding communications.
- Due to the natural intuitive flow of the application process, there is little effort and no training required.
- Producers can complete an application online at any time without a painstaking, drawn-out, back-and-forth communication process.
- The system's 24/7 availability and flexibility eliminates interference with producers' daytime sales activity.
- Producers can anticipate a rapid turnaround for new business with the carrier.

The newer generation of producers is extremely comfortable with technology, preferring online communication over handwritten forms, faxes and phone calls. Many older producers are retiring, and those who have been in business a long time are usually familiar with the speed and convenience technology provides.

Efficiencies introduced by the solution give licensing specialists time for additional tasks in their job descriptions. Carriers save money because specialists can accomplish much more with the same pay.

Ease-of-use is critical, because producers who find it easy to do business with a carrier tend to write more business for that carrier. VUE Producer Onboarding makes an excellent first impression by attracting serious producers with smooth, convenient process on the front end and a rapid start to selling (see sidebar "A Positive Producer Experience"). Speed and efficiency represent not just cost savings but revenue: The carrier attracts better producers, and they start selling sooner.

Just-in-Time Appointments Without Added Fees

With just-in-time appointments, producers are not appointed until they are about to close on their first new-business transaction. Event-driven workflows make it simple to delay appointments until producers begin selling. Insurers save money by appointing only those

producers who are writing business and eliminating appointment fees for those who never sell. Appointments are automated, so licensing specialists do not have to intervene.

Additionally, VUE Producer Onboarding allows carriers to set up accounts directly with the NIPR, eliminating third-party intermediaries. Unlike third-party licensing and compliance vendors, VUE Producer Onboarding does not add a surcharge on top of PDB and NIPR Gateway fees. Carriers only pay the actual cost of those services, reducing total transaction expenses.

Dramatic Savings for High-Volume Onboarding

Savings escalate as more producers are onboarded. Whether an insurer brings in 20 or hundreds of producers a month, the solution scales to meet the need — without additional costs.

Without the right solution, high-volume onboarding generates errors and increases paper-handling exponentially. VUE Producer Onboarding solves problems accompanying large volumes by improving accuracy, keeping records current and indicating producer status at a mouse-click. Increased efficiencies keep carriers from being bogged down administratively so new business flows quickly. Combining high volumes with automated just-in-time appointments and the permanent elimination of PDB and NIPR Gateway surcharges adds up to an unbeatable ROI.

Convenient and Secure Technology Structure

VUE Producer Onboarding is offered as either an onsite implementation or Software as a Service (SaaS). Getting started is straightforward and easy. VUE Software® provides tools for the initial setup and for transferring existing data to the new system. The result is clean and correct producer information from the start, without the need for painstaking data re-entry.

Both the administrator interface and the producer interface provide convenient, password-protected 24/7 access from any industry-standard Web browser. The producer interface is also user-friendly and intuitive, contributing to a positive experience that gives a good impression of the carrier.

Options for Automating the Full Producer Management Lifecycle

As shown in Figure 2, onboarding is just one aspect of producer lifecycle management. Insurers that implement VUE Producer Onboarding receive all the solution's benefits while positioning themselves to optimize the entire producer lifecycle. The following optional pre-onboarding and post-onboarding solutions enable carriers to achieve seamless, efficient, automated producer lifecycle management by integrating with VUE Producer Onboarding:

- **Recruiting:** Many carriers actively seek new producers. Those who use marketing and recruiting techniques can leverage the customer relationship management (CRM) capabilities built into VUE CRM for Insurance to facilitate successful campaigns. CRM-based recruiting makes lead-generation and tracking easier,



Figure 2: Licensing, contracting and appointing are the onboarding phases of the full producer management lifecycle.

helping carriers pursue prospective producers via a flexible marketing platform. Automation in the area of recruiting is particularly valuable for carriers that recruit captive or career agents.

- **Producer management with compliance:** After onboarding, carriers need to maintain and track producer data and manage reporting hierarchies. VUE Producer Management enables accurate tracking of the producer at each stage of engagement with the company while streamlining and strengthening the relationship between carrier and producer.
- **Compensation management:** Once a producer has written business, he or she must be accurately compensated. Design, implementing, automating and evaluating compensation plans are critical activities for insurers. The VUE Compensation Management™ solution eases the burden with a full-fledged commission and incentive compensation management system designed for insurance. Sophisticated tools allow insurers to automate plans, measure achievements and leverage analytics for maximum performance.

Affordable Long-Term Approach

Many carriers have been unable to make much-needed changes in their onboarding processes. VUE Producer Onboarding is an excellent alternative to outsourcing for insurers seeking a convenient, easy-to-use method. Those carriers for whom third-party assistance is cost-prohibitive will find that VUE Producer Onboarding is ideal for their situation as well.

The shift to automation across the insurance industry is inevitable. Though change may seem difficult at first, forward-thinking organizations recognize automation as an imperative. Designed for optimal efficiency, VUE Producer Onboarding is one of the key success factors separating truly competitive insurers from those who are left behind.

Demonstrations of VUE Producer Onboarding are available on request at www.vuesoftware.com. Carriers that are proactive in choosing this automated solution will quickly reap the benefits of efficient processes, high productivity and overall competitive advantage.

About VUE Software

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