

# Underwriting Innovation – A Long-Term Success Story

ACORD  
LOMA

INSURANCE  
SYSTEMS  
FORUM

**Dennis B. Sullivan**  
Chief Executive Officer  
Robert E. Nolan Company

**NOLAN**

**Mary Serian, CLU, ChFC**  
Vice President  
Nationwide Insurance



# Agenda

- An Industry Scan
- Why Do We Look Back?
- Project Focus
- Business Problem Defined
- Project Focus Vision
- Original Results
- 5 Years Later...The Rest Of The Story



# Insurance Executives Say...

- #1 reason for IT investment – efficiency and productivity
- Marketing and Sales have benefited the least (7% of the top successes and 41% of top failures)
- 88% said “process design was simultaneous”
- Only 12% conducted operational analysis before looking at a specific technology (need vs. “new toy”?)

Source: IASA / Nolan Insurance Survey  
“IT as a Business Enabler”

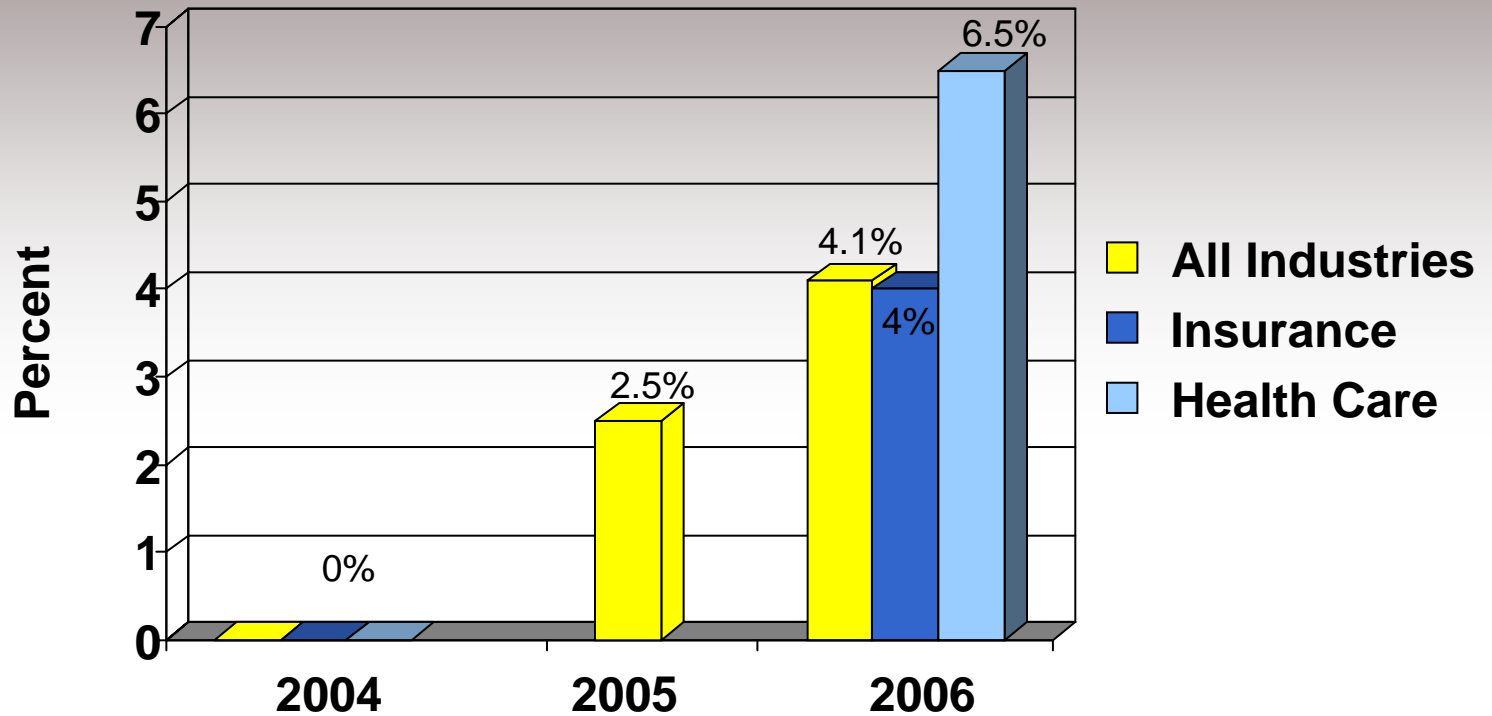


# Why The Look Back?

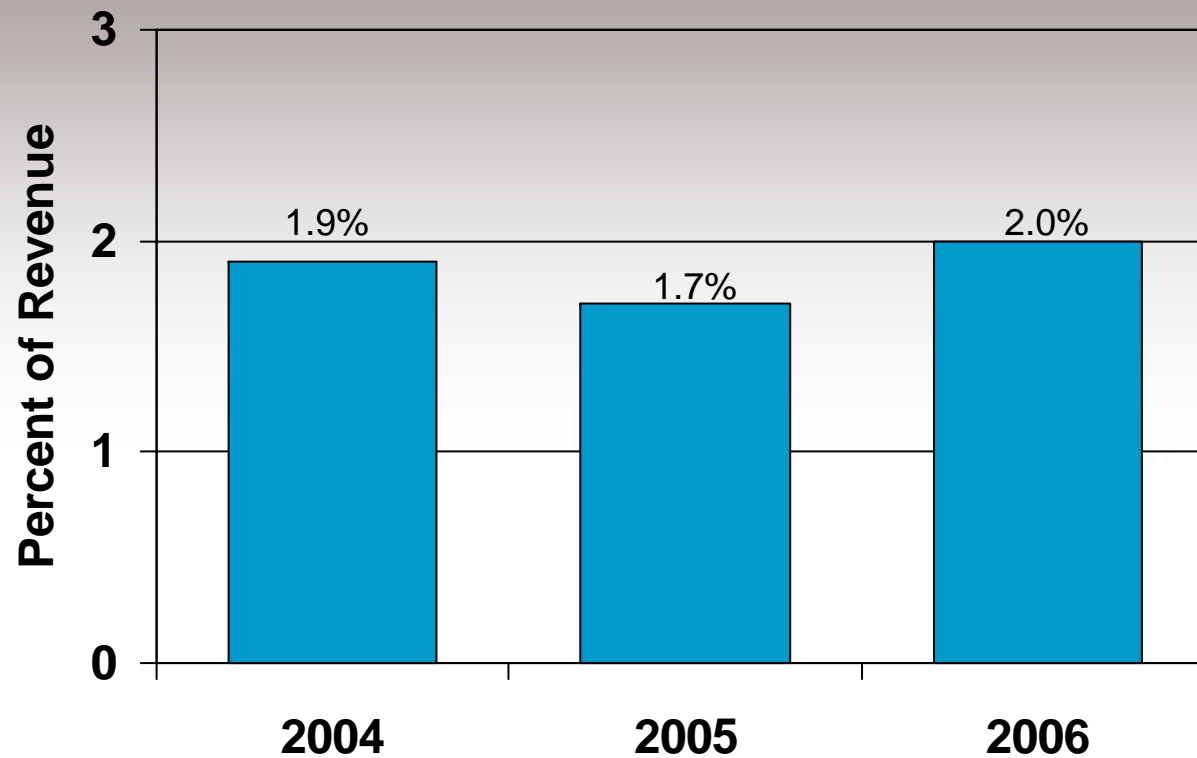
- Learn from our mistakes
- Understand / analyze our investment
- Build a better mousetrap!



# Economy Is Fueling IT Operational Spend



# IT Operational Budgets as Percentage of Revenue: Three-Year Trends



# Why Do We Need To Excel At This?

- Offerings in the Financial Services industry are racing toward a retail model
  - Banking – already there
  - Healthcare – racing toward consumer directed health products
  - Annuity and retirement products on the same track
- All this will require seamless technology solutions for all customers (agents, producers, and policy owners)

**NOLAN**

 **Nationwide<sup>®</sup>**  
Financial

# “My Projects Have Never Failed”

- In whose eyes?
- Consider the “Holy Trinity”
- Be smarter!!

“I gave you what you asked for!” ... “but I didn’t mean to ask for that.”



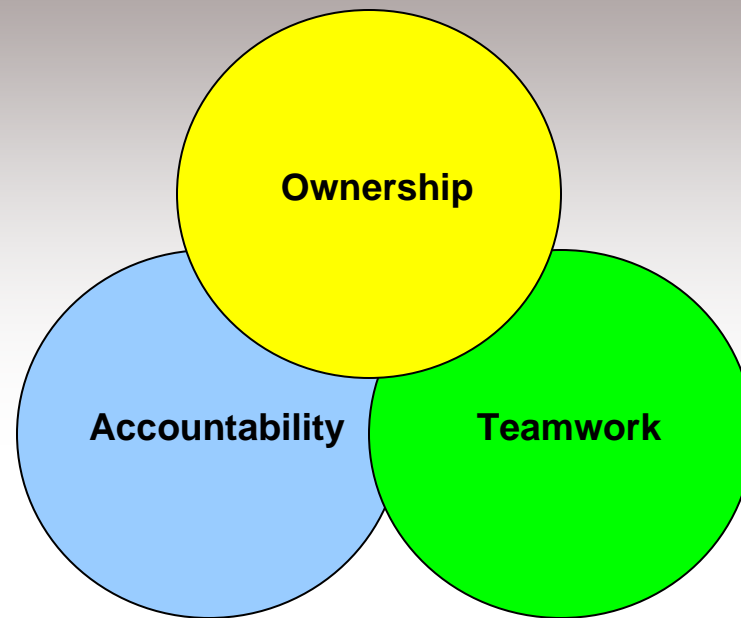
# Some Thoughts:

- Prior to:
  - Joint design with new enthusiasm and the “right” people
- During:
  - Just-in-time evolution and CBAs
  - Be nimble, ready to shift releases
  - Get the big picture right! “The bells and whistles are useless if the train is off the track.”
- After:
  - Listen to immediate feedback
  - Conduct 90-day CBA
  - Look for new uses
  - ***Learn***



# Culture – Smulture!

- Ownership Leads
- Accountability Rules
- Teamwork Grows
- Culture Changes



Results in “Culture Change”

# Needs To Be A Core Competency

- Successful companies do it well
- Oldest insurance challenge – Sales vs. Underwriting
- Today it is IT vs. Operations

*“Let’s not make the same mistakes”*



# Why Listen?

Learn from this case study:

- It is real!
- It is happening as we speak  
(change, enhancements. . . )
- It is improving!



# As Paul Harvey Would Say...

*“And now, here is the rest of the story”*



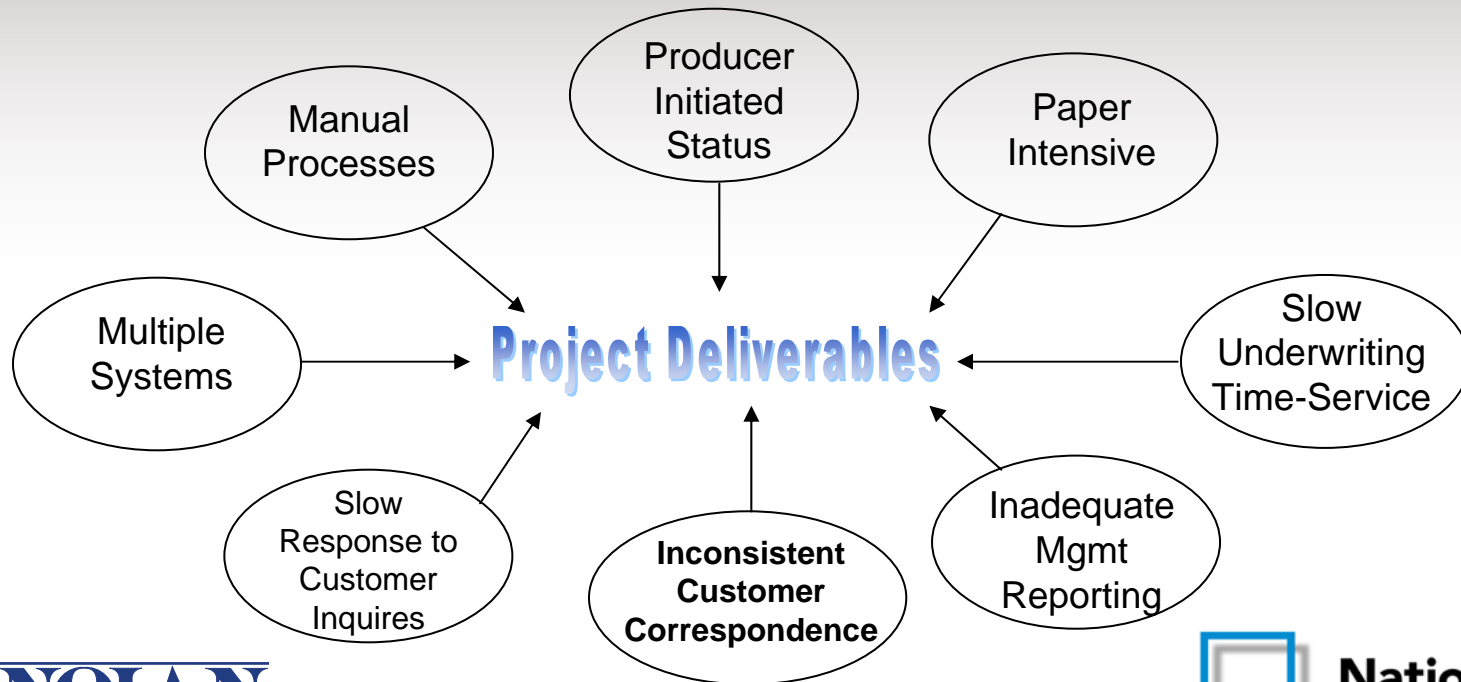
# Project FOCUS

- Project FOCUS was a 27-month, \$27 million dollar investment in NF's Life Operation
- Project combined technology, software development, and business process redesign
- Project Objectives:
  - Establish platform for growth
  - Reduce the amount of time it takes to issue a new life insurance policy
  - Reduce the overall unit cost of LHO
  - Improve service to our external Business Partners and our Nationwide Sales Partners
  - On-time, on-budget delivery



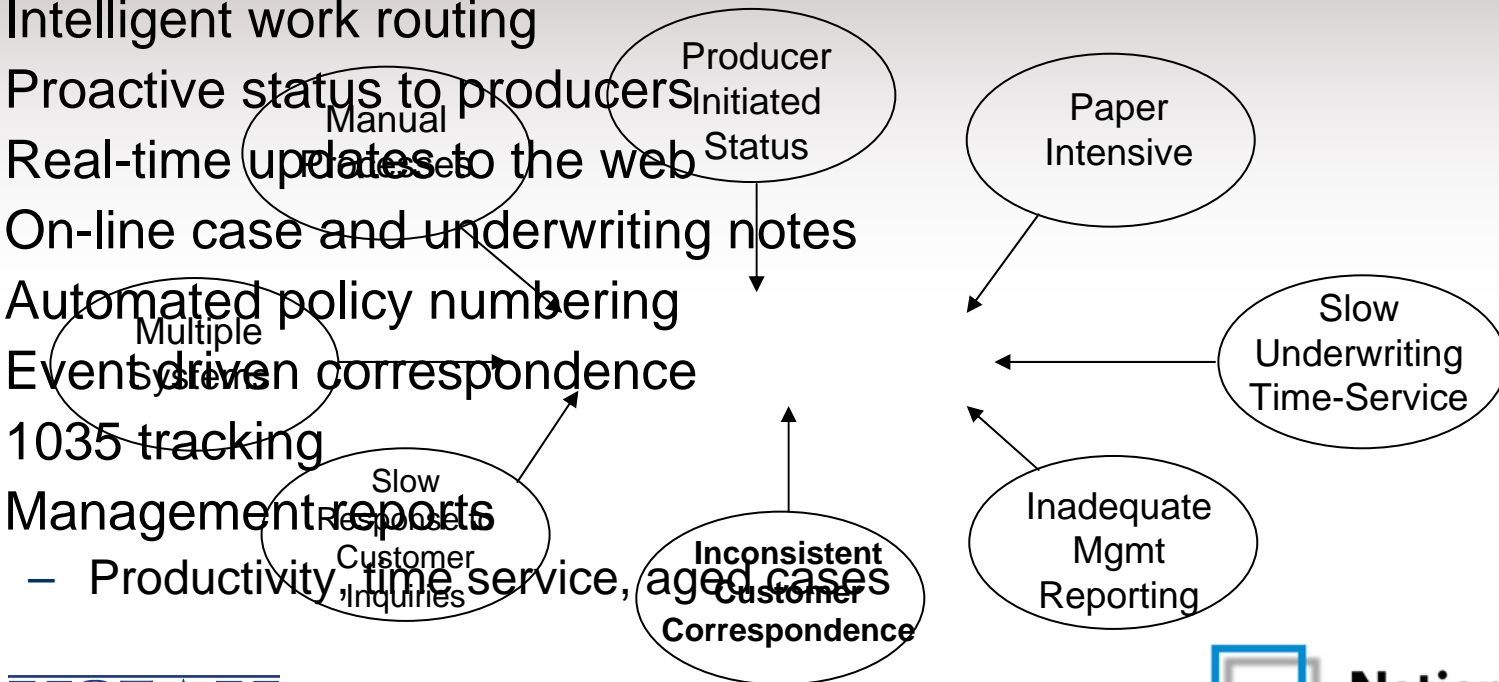
# Business Problem Defined

- To meet these objectives, our project identified the underlying business problems in order to target our project deliverables:



# Business Problem Solved

- Common front-end for multiple lines of business
- Automated requirements management
  - Determination, order, receipt, status and follow-up
- Imaging
- Intelligent work routing
- Proactive status to producers
- Real-time updates to the web
- On-line case and underwriting notes
- Automated policy numbering
- Events driven correspondence
- 1035 tracking
- Management reports
  - Productivity, time service, aged cases



# Initial Results

- Saved \$10M in 2 years
- Reduced time service from 42 to 19.8 days
- Improved communication and satisfaction for producers
- Completed project on-time/on-budget



# 5 Years Later...The rest of the story

- Would we do it again?
- What did we learn?
- What's stayed the same?
- What's changed ?



# Would We Do It Again?

# YES!!

Proven platform to build upon to gain efficiencies and provide continuous improvement.



# What Did We Learn?

- Beauty should not just be in the eye of the builder....
- Electronic communication/status to producers and real time status on the web did not reduce the number of producer calls or the need to pick up the phone to call producers.
- Unit cost still under pressure despite investment in sophisticated technology.
- Continual investments in technology and process redesign required.



# What Has Stayed the Same?

What have you done for me lately?

- Operational expense pressures
- Need for continuous improvement
- Field satisfaction is elusive...can always do better



# What Has Changed?

- Underwriting Enhancements
- Vision Enhancements
- Electronic Application  
Teleunderwriting
- Time Service Increases
- Business shifts: Trial applications -Broker  
General Agents, older age market.  
(Shopping Trials)

**NOLAN**

 **Nationwide<sup>®</sup>**  
Financial

# Underwriting Desktop Enhancements

- Rules engine refinements:  
Medical tests, MVR's
- Vendor feeds streamlined
- Status to producers streamlined
- Automated feeds to reinsurance system
- Electronic application - instant issue  
Tele-underwriting capabilities/challenges
- Trial application capabilities/challenges



# Vision Enhancements

**Vision- Imaging system that is a common receptacle for all customer data that can be shared across the organization.**

- Implemented across all post issue operations.
- Policy print automation between underwriting and remote policy issue location
- Automated feeds from administrative systems
- Continuous tweaks for improvements .



# Summary

- “Big” technology and business process improvements are never one time events... they need continual nurturing and feeding.
- Scope management....do not try to eat the elephant at one sitting.
- Strive to understand and consider producer usability/impact and incorporate during design.
- If you build, they may not come!!
- Do not over rely on technology alone to manage producer and customer relationships.
- The rules of the game keep changing...choose your platforms wisely.
- Hindsight is a wonderful tool if you learn from it.



# Questions?

**Dennis Sullivan**  
CEO

Robert E. Nolan Company  
860-658-1941  
dennis\_sullivan@renolan.com

**Mary Serian, CLU, ChFC**  
Vice President

Nationwide Insurance  
614-435-8010  
serianm@nationwide.com

