

Morning Session – Distributor Benefits

If “Straight Through Processing” were available, then how would your world change? For example:

1. For new business, what is your current workflow?
 - Big issue
2. What are the essential and value add parts of that current workflow?
3. What parts of current workflow would simply disappear?
 - Screening of apps
 - Inputting/data entry
 - Scanning apps
 - Scanning
 - Photocopying
 - Courier costs (in to distributor, out to carrier, and back)
 - Ordering paramedical
 - Supply costs and space of stocking apps
 - Lost apps
 - Staff
 - Office space
 - Wastage
 - Broker reply (IGO)
- 3.a. Reduced workflow:
 - Phone bill costs
 - Time
 - APS requirement
 - Postage
- 3.b. Comments/Discussion – Why this is Key:
 - “everyone has to have buy-in” to make this happen
 - “Doing this process is important” no matter how many best practices exist
 - “Buy-in is critical”
 - “Brokers will think of multiple ways” to process e-apps if we are not all on the same page
 - Need at least 50% of apps to come in electronically in order to pay for this initiative
 - Won’t work with a couple of carriers/distributors/advisors
 - Advisors have to say, “yes, this is how I do new business”
- 3.c. Concerns:
 - What are the carriers thinking? Are they all heading down different paths? Is this going to be standardized?
 - Byren – hopefully standardized process rather than individual systems
 - “We have to reinvent the process. That’s what the meeting is all about. Eliminate the duplications and proprietary software. Its all about giving the brokers a simple process. Something to repeat time after time. Process efficiently. Will take a change in attitude. Will depend on how we design the process. Means a change in how we think.”

- "We don't need 14 different apps for christ's sake."
 - "Delivery channel is not a competitive advantage, product is."
 - "You win based on product. Electronic processing is table stakes in every sector. Why make it proprietary here."
 - "Travel insurance moved into electronic applications. Brokers were resistant. Encouraged to do it with higher pay for the broker. Now it shows that it works. Even those that resisted, see it works. Do it on the internet. Email the policy. No delivering the policy, picking up check. It really works, although it was a big resistance from the brokers."
 - "In the mutual fund industry, have been very successful in moving data electronically. But have spent many years designing a standard app."
4. What would that mean for your organization?
5. Some potential benefits that might accrue to your advisors and your firm are below – do these apply? [Key – black bold is answer to the question in #5. Blue bold is how important this is to distributors.]
- More time – **yes** – **Big/high importance**
 - faster submission-issue cycle time – **yes** – **Big/high importance**
 - better underwriting decisions – **yes's and no's** – **Mixed (?)/No conclusion**
 - i. "As an advisor, sometimes its difficult to accurately put the information down on the application. The initial data the underwriter gets would be better formatted. May lead to a more favourable underwriting decision. Only get one first impression. If the underwriter is negatively impacted on first impression, have an uphill battle."
 - Interactive app – UW – **yes** – **Mixed/No conclusion**
 - i. "Issue here, some advisors feel awkward about drilling down deep into medical information. If this triggers a paramedical, why even bother? Let the health professional do it with similar software."
 - 1. "Would work more readily on the life app."
 - 2. "If an application triggers a paramed, multiple solutions should be offered to the advisor." Each advisor has a different level of comfort with a paramedical.
 - All (most) apps in good order – **yes** - **Big**
 - Less sequential underwriting questions/requirements – **yes** – **Medium to small**
 - i. "Have to train brokers in good habits."
 - Data captured once – consistent at all points – Distributor, Carrier, etc. – **yes** – **Big/high importance**
 - i. "You're going to drive manufactuers of the issues to drive more packaged products. The more standardization you can drive, with most people who don't need a paramedical, you're going to open up markets you just don't get. If its a 15 min conversation, it dramatically changes your ability to open up your markets."
 - ii. "What was going to have the biggest impact to the advisor. Yes, everything is important, but how are we going to get the carrier to buy-in." "Garbage in, garbage out."
 - More professional look to client/prospect – **yes** – **Small/nice to have**

- Better records – **yes – Big/high importance**
 - i. Discussed with g. Data captured once
- Population of app from existing data (CRM, Illustration, etc.) – **yes -**
- Integration of illustration and app – **yes – Big/high importance**
- Better, quicker feedback and status updates – **potential benefit, not guaranteed – Mixed (?)**
 - i. Many have issues matching data with inforce feeds
- Higher placement ratio –**yes - Big**
- Ultimately real-time underwriting decision possibility – **yes (not strong) – Big/high importance**
 - i. “In order for electronic applications to succeed there has to be a compelling driver.” “If I can complete the deal right then...that would be a huge win for the agent.”
- Faster commission payments- **yes (strongly) – Big/high importance**
- Reduction in administration and other paper work – **yes – Big/high importance**
- “drop-ticket” potential – start mini-app for completion by other(s) – e.g., Tele-Underwriter, Assistant, etc. – **yes - Small**
- Additional benefits (captured while discussing the points above):
 - i. Product – more, diversified
 - ii. Markets (mass) opened up
 - iii. Initial payment
 - iv. Opportunity for cross-selling (live)
 - v. Suitability/compliance
 - 1. Audit trail
- Additional benefits (captured during the table discussions):
 - i. Professional industry to attract more advisors to the business
- Comments:
 - i. “Observation or prediction, someone or maybe many of us, if we implemented STP/apps, it’ll be a value-added service. Not sure if distribution will be a savings.” “With a potential up lift in sales.”
 - ii. People savings – “reduction in work will be 33% savings in people, \$144,000 saved.”
 - iii. If sales productivity could increase – 20% uplift in sales
 - iv.

Metrics to consider:

- Gross \$, new business \$, etc.
- # apps processed per New Business staff
- Time saved – staff – if all or most of your applications are entered In-Good-Order by advisor, how many staff could you free up in your New Business process
- New Business Follow up / Pending Case Status
- Other staff costs, rent, benefits, technology, management time/supervision, etc.

-
6. How could these people now be utilized in your business (new, enhanced, better support, etc.)?

7. What about service to your advisors? How would this change/improve?
8. Would your inclination be to take any savings and add it to your profit, invest in new services to advisors, upgrade your business, expand your business or other?
9. Given the potential for cost savings for you as a Distributor (staff, time, courier, etc.) would you be willing to pay to use this new service? Assume also that the carriers would be paying a portion.

FROM JAMIE'S PRESENTATION THIS MORNING

Distributor Perspective – Savings

- **In Good Order (IGO) applications**
 - **Less back and forth between carrier and distributor**
 - **Lower error rates on policy issue**
 - **Higher broker satisfaction**
- **Faster cycle time**
 - **Less wastage**
 - **Higher case counts/employee**
 - **Higher broker satisfaction**
- **Electronic movement**
 - **Significantly lower courier costs**
 - **Substantially lower stockroom/storage cost**
 - **Reduced document storage cost**
- **People - Application Input / Policy Delivery**
 - **IGO checking**
 - **Para ordering**
 - **Input**
 - **Scanning**
 - **Transmission**
 - **25/day = approximately 15 minutes per application**
 - **Accuracy verification**
 - **Input**
 - **40/day = approximately 9 minutes per policy**
- **People – Case Management**
 - **Confirmation of receipt**
 - **Verification of requirements**
 - **Follow-ups – 50/day – touch once per week**
 - **ITM = 250 cases**
 - **75% - update and advise**
- **People – Commission posting**
 - **Confirmation / verification**
 - **Posting**
- **People – Mail distribution / Supplies**
- **People:**

- Salary / benefits
- workstations, computers, phones, etc.

Distributor Perspective – Service

- Data consolidation and accuracy = Increased sales opportunities
 - Renewals
 - Conversions
 - Target marketing
 - Book value

Distributor Perspective – Opportunities

- Education
- Recruitment
- Business planning
- Compliance

Presenting the Distributor Perspective: Supplemental Notes

Jamie McGeachin

CLIEDIS Executive Member; CAILBA Technology Co-Chair; VP Operations,
HUB Financial

- Redundancy in how we do business between carriers and distributors.
- NGO costs us a lot of money at all levels, for every partner.
- Recognizes that each carrier app is different
 - Product apps within carriers are even different
- If a faster cycle time is achieved, more likely to have a client complete the purchase
- Employees can handle more cases
- Average 75 cents per application cost to move an app (for each step) from an advisor to distributor to carrier and back
- An e-application will save up to four hours per day in administrative time.
- Currently 75% of cases are updated and revised; an e-application would eliminate this

(Remainder in presentation.)