



By adopting e-signatures, a leading P&C insurer expects to save **\$2.5 to \$5 million annually.**

Customer Success Story

Multichannel Electronic Signatures Deliver Hard Cost Savings for Leading P&C Insurer

Executive Summary

Business Objectives

- Improve customer experience by completing application paperwork at the time of purchase
- Reduce the cost of acquiring new customers

The Problem

- Average time to complete application paperwork was 45 days
- Unreturned forms led to premium hikes or policy cancellations and unsatisfied customers

The Solution

- Keep the application process electronic from start to finish
- Equip call center, agent and Web channels with Web-based, e-signature solution

The Results

- 75% adoption to-date in call center channel and 92% on the Web (consumers are not dropping out of the online process as they did with paper)
- \$200,000 in hard cost savings from paper handling and postage in just 5 months
- Saved \$500,000 in manpower

A leading P&C insurance carrier, this Silanis customer is setting the pace in the Property & Casualty Insurance industry with regard to electronic signatures. The company recognizes that the introduction of e-signatures for customers via the Web is a competitive differentiator and a pathway to profitability, and is one of the first Insurers in the industry to implement an enterprise solution for electronic signature technology across all channels for all their personal home and auto insurance lines of business.

The company strategically managed deployment across all transactions and all channels by first successfully completing roll-out to their call center and Web channels. Building on the rapid and stronger-than-anticipated adoption of e-signatures – 75% in their call centers and 92% online in under a year – they subsequently deployed to their agent channel.

According to the carrier's director of

call center operations, coaching and statistical reviews of the advantages of e-signatures were the key to winning over hesitant call center representatives. During coaching sessions, the company showed each call center representative how much of his or her book of business was closed with e-signatures, and how many customers dropped out of the process. According to the director, the coaching is not about improving their e-sign results. Rather, he views the benefits of increasing a representative's e-sign percentage in terms of what impact it will have in improving customer satisfaction and retention.

The Challenge – Migrate Away from Wet Signatures to Straight-through Processing

The Insurer's former sales process, like many in the industry, relied on wet signatures - a process that was operationally inefficient and costly, creating customer satisfaction challenges and unnecessary risk to the business.

Under the previous manual process, upon completion and binding of a policy application online or through a call center,



“Electronic signatures can help insurers to increase the benefits of their existing STP frameworks and reduce paper handling, mailing and follow-up costs. Insurers should consider electronic signature as the next phase of straight-through processing for new business.”

- Gartner

paperwork was sent out by regular mail or courier to the customer for review and signing. The completed forms were then returned along with a number of trailing documents and forms including state mandated coverage selection forms in order to complete the process. Too often these documents, including Un/UnderInsured Motorist option forms, were not returned, and required persistent follow up by the issuing carrier. Unreturned forms would result in an increase in policy premiums for the client, causing customer satisfaction issues and even lost clients.

With significant upfront investments made both in marketing and underwriting, carriers estimate that it takes multiple years before profit is recognized from a new customer. In this fiercely competitive market, Insurers are aggressively looking at ways to reduce the cost to acquire new business. The Web channel is faster and costs less, making online customers more profitable sooner. More efficient processes also help improve customer satisfaction which leads to better customer retention. With the number of online consumer applicants tripling in the last five years, traditional carriers have been forced to take a serious look at the Web channel.

In addition to cost and competitiveness considerations, the paper-based process also presented significant risk to the business. The paper-based, new business application process involved greater risk because it was often difficult for the carrier to reliably demonstrate the process the insured went through during the application. Incomplete or missing paper forms made it a challenge to present comprehensive legal evidence in court. Also, the time between policy binding and return of the signed application package represented a

period of exposure for the Insurer, as the carrier is responsible for coverage during the time they are waiting for the paperwork to be returned.

The Solution – An Enterprise Platform for Electronic Signatures

The migration away from manual, paper based processes and wet signatures to electronic signatures and straight-through processing was a significant undertaking for the P&C Insurance Company, requiring a fundamental shift in strategy as well as the operations and technical infrastructure of the business.

The Insurer undertook a renovation of its business processes, adopting an electronic commerce and electronic application strategy, consolidating applications and user front ends, and upgrading its Web infrastructure to provide Web-based services. This infrastructure investment put the Insurer in the position to begin offering its clients more cost-effective and speedier transaction processing. It also laid the necessary groundwork for the introduction of electronic signatures and straight-through processing across all business channels, including, in time, online self-service.

In its business case to senior management for the electronic signature initiative, the Insurer set forward a series of goals centered on improving customer experience, cost reduction and compliance. These goals were:

- Improve customer experience through reduction in transaction processing time, avoidance of unnecessary premium increases, and the introduction of same day service.
- Improve legal and compliance position through the provision of immutable audit trails, stronger legal evidence of signing.



Customer Success Story

- Streamline processes and reduced costs associated with internal processing and review of forms as well as reduced printing, courier, postage and scanning costs for transactions.
- An easy way to introduce customers to e-Services through the provision of electronic signing across all channels
- Reduce lost business and policy cancellations through improved customer satisfaction, more expedient and easier forms completion methods, and a reduction in unexpected UM limit changes.

The decision to invest in an enterprise electronic signature platform was also fast-tracked due to the following additional considerations:

- The project team was able to present a favorable return on investment projection showing a return period of between two to three years;
- Project interdependencies were minimal there was no requirement to re-engineer core systems, and the need for internal, industry subject-matter resources was minimal, and finally;
- The implementation costs and risk were low strong commercial offerings for enterprise electronic signature platforms with mature functionality were readily available on the market. These commercial packages could be easily integrated into existing technology environments and platforms, and the solution could be universally scaled across all channels, business lines and transactions.

With the decision to move ahead and the investment approved the evaluation of market vendors and solutions followed three stages:

First, a cross-functional evaluation team representing legal/compliance, underwriting,

claims, sales, services, business analysts and IT was assembled. This evaluation team then developed a comprehensive set of business and technical requirements for the solution that aligned to the business goals for the project.

Next, the team conducted a build versus buy analysis. It was quickly determined that an investment of technical resources in building an electronic signature solution would not yield desired payback. The Insurer determined it would be more strategic to deploy internal resources on initiatives affecting core systems and products, such as the development of new products targeted at specific market segments – initiatives that could accelerate the company's competitive position. While historically there has been a tendency in the insurance industry to build proprietary systems, the evaluation team recognized the movement away from this trend and identified in this case that the market offered a ready supply of expertise around electronic signatures backed by mature commercial software offerings, eliminating the need to build.

The final stage of the market search involved the development of a request for proposal (RFP) which included comprehensive research looking at market vendors and respective offerings, demonstrations of software by a number of vendors, development of a vendor shortlist, and a scorecard analysis of the shortlist candidates using input from the RFP responses. The P&C Insurer also consulted leading industry analysts firms including Gartner, Forrester and Celent for input into the vendor selection process. The evaluation team set out a set of critical criteria for the desired solution:

Compliance

The selected electronic signature platform had to not only meet the criteria outlined in the Electronic Signatures in Global and National Commerce Act (ESIGN), and the Uniform Electronic Transaction Act, it was critical the solution provided sufficient evidence of the electronic signing transaction and process to help prove compliance and defend against legal claims.

Ease of Use for Customers

In the case of this particular Insurer, the impetus to invest in electronic signatures was principally centered on improving customer convenience while reducing transaction processing time and costs, so ease-of-use was considered of high priority in the selection process. The ideal solution needed to support single sign on and authentication capabilities, be compatible with all commercial browsers, and have no requirement for the signer to download software in order to use the system. The solution also had to be highly flexible, providing the Insurer with the ability to modify graphical user interaction, define processes surrounding signing ceremonies, while also providing the user with the ability to print and download signed documents as well as cancel or save transactions in progress.

Orchestration of Multiple Workflows

The vendors' configuration and integration capabilities also had great bearing in the decision process. The selected solution needed to be easily integrated with the carrier's existing applications using standard data exchange and integration protocols. The solution needed to run across a variety of enterprise platforms, and manage and



Customer Success Story

secure multiple types of forms. And, the solution needed to support e-signature process management, making it possible for the Insurer to quickly change the user interface, modify workflows and define business rules, approval cycles and notifications.

Total Cost of Ownership and Return on Investment

The ideal vendor needed to offer a simplified licensing model that did not put the burden on the Insurer to track and maintain records of transactions. The total cost of the solution was also taken into consideration, factoring into the project cost integration and implementation services (workflow design, data feeds), supporting hardware and maintenance costs in addition to the software licensing costs. The company prepared a return on investment analysis that looked at the window for financial return, and determined that the business could conservatively realize return on investment in as little as two to three years.

Vendor Viability

Finally, the viability of the vendor was considered. The chosen vendor needed to bring to the table a proven methodology and expertise in solving like challenges in the Insurance industry. The vendor needed to provide strong support for their solution, and technical resources with extensive and specific market expertise, and finally, the vendor needed to have an established customer base and demonstrated financial stability.

After an exhaustive search and evaluation period, where the Insurer shortlisted three vendors, including CIC, Interlink, and Silanis, and after a detailed examination and scoring process, the P&C Insurer chose Silanis' Approvelt® Web Server. Silanis was selected for its enterprise capabilities including: its ability to support a continu-

ous transaction process across multiple lines of coverage; its ability to provide an enterprise solution that spans all channels; its extensive expertise and customer references in the insurance marketplace; and finally the company's track record for financial stability.

The Results

Today, the P&C Insurer has an automated end-to-end solution for straight-through processing that is universally accessible to all sales channels, and integrated into its existing shared services architecture, Web-based applications, publishing and document management systems. Thanks to electronic signature enabled straight-through processing, an agent can now provide documents via the Web to customers within 20 seconds of the customer's agreement to purchase, and transactions can be closed immediately with a customer over the phone.

Although adoption goals seemed ambitious at the project outset, both call center representatives and consumers have embraced the new process. The Insurer has already realized 75% adoption by call center representatives – only 5% away from the initial target – as well as 92% adoption online, meaning that consumers are no longer dropping out of the process like they used to with paper.

Implementation to Go Live in a Short Timeframe

The insurer has been highly satisfied with the performance of the Silanis team and its technology. Within 60 days of the decision to move ahead with Silanis, the vendor had a working prototype up and running of the solution to allow for troubleshooting and refinement. Phase I implementation from project start to go live was smoothly executed, requiring a ten person team for the entire project. Since electronic signatures are merely an extension of existing pro-

cesses, there was no need for the Insurer to re-engineer any core systems to enable technology. And, the Silanis Approvelt® platform was easily integrated into the Insurer's existing technology infrastructure. The solution is also universal across all channels, lines and transactions simplifying user training, system usability, and system administration.

Dramatic Bottom Line Impact

The Insurer has \$10 per transaction cost savings from service (\$6), paper (\$2), and scanning (\$2). Other benefits of electronic signature adoption include: an increase in net promoter scores and a decrease in unmet claim endorsement volumes.

Downstream Benefits – Increased Customer Satisfaction & Cross Selling of eServices

Downstream anticipated financial benefits will result from Web-based transaction savings, which will come during the project's Phase II roll out. The Insurer conservatively estimates that these additional savings will cut a full year off the return on investment period. Finally, the Insurer recognized that there are many additional benefits that are realized through electronic signature technology, such as improved customer satisfaction and opportunities for cross-selling of new eServices as they come on line.

If you are investigating electronic signature technology as a way to add value and accelerate straight-through processing in your business, visit our Web site at www.silanis.com, view a two minute explainer or call us at 1-888-Silanis (745-2647) to learn how our e-Sign Enterprise Platform can support your full spectrum of e-signature, e-transaction and e-vaulting needs.

1. Gartner, Inc. article titled "The Electronic Signature Solutions That Are Most Effective for Insurers' New Business Processes" authored by Steven Leigh, Juergen Weiss, June 2008



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