

# Insurance

## Policyholder Services Bureau/Renewals

### Case Study

#### SITUATION ANALYSIS

As the leader in personal lines insurance for high-net-worth individuals, ClientCo focuses diligently on service performance to maintain some of the industry's highest policyholder renewal rates. After deployment of a new Enterprise Resource Planning (ERP) technology, ClientCo executives came to appreciate the value of non-technology process improvement and periodically engaged The Lab to assist its internal Six Sigma teams' efforts. The Policyholder Services initiative was launched in this manner.

#### IMPROVEMENTS IDENTIFIED

ClientCo prioritizes factors that influence policyholders' perceptions of service quality. Billing errors generate the most negative perceptions, reduce renewal rates and are the most difficult to remediate. The Lab was engaged to evaluate the PS/Renewals operations.

Over the course of an eight-week Phase I analytical effort, The Lab and ClientCo's internal improvement team identified almost 200 activity-level improvements. While 30% required significant technology investment, 140 were near-term [6 months or less], non-technology, lean, Class I® improvements. The Lab consolidated these into a self-funding implementation work plan. Examples:

- 1. Customer Service Upgrades**—While ClientCo scored well against the routine expectations of policy holders, numerous opportunities were identified from external competitive benchmarking to go beyond these levels: Additional discounts for early premium payment; more "reasonable" payment terms, i.e., closer to competitors' terms.
- 2. Inbound Quality Improvement**—Compared to competitors', ClientCo's inbound NIGO [not in good order] rate averaged 50% higher. Numerous, non-technology improvements were identified to close this gap: Standardize the numerous templates on file within field sales that generate conflicting information for customers, renewals and new business applications.
- 3. Standardize the "Rework Factory"**—Items received in good order were processed in a standardized fashion and employee productivity variance averaged <15%. NIGO was processed in a more ad hoc manner and productivity variance routinely exceeded 60%. Improvements helped standardize NIGO remediation tasks, streamline rework, and reduce productivity variance.

#### OVERALL RESULTS

The six-month implementation effort helped ClientCo's lean improvement effort deliver quantified improvement benefits beginning six weeks after launch.

## Fortune 200 Insurer: Policyholder Service Operations

### Multiple Insurance Projects

North America; Europe

➤ **PROJECT SPONSOR:**  
**Senior Vice President**

➤ **PROJECT DESCRIPTION:**

Self-funding, non-technology effort for the centralized policy-holders service bureaus serving ClientCo's global market base.

➤ **REPRESENTATIVE PROJECTS:**

- Maintenance
- Changes
- Renewals
- Claims intake
- Agent support

**IMPROVEMENT BENEFITS:**

- Operating cost. . . . . ↓ 12%
- – Head count . . . . . ↓ 15%
- Break even point . . . . . 6 mos.
- ROI (12 month) . . . . . 3.0x
- Revenue producer uptime. . . . . ↑ 10%
- Service levels. . . . . ↑ 15%

