



Insurance Networking News

Electronic Solution to the Paper Chase

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Liability Insurance Administrators (LIA), Santa Barbara, Calif., was drowning in paper and all the costs associated with generating it, filing it and keeping it around. With an average of 15,000 to 20,000 active existing insurance policy underwriting files, the firm, which provides error and omissions policies to real estate appraisers, found itself having to hire new clerical staff to handle processing, as well as finding new space for all the documents. "In the beginning, we just had one clerical person who would answer phones, do the filing, issue quotes, and do all other clerical work," says Robert Wiley, LIA assistant vice president. "As the company grew year after year, we had to start divvying up those duties to stand-alone positions, receptionist, clerical staff and filing staff. Eventually we had to keep increasing our filing staff, and we're now at the point where we're an office of about 29 people. And we have four full-time file staff and three part timers." The firm designed a series of clever mechanisms and processes to expedite the handling of paper files, but recognized that it needed, urgently, to move to electronic forms. Wiley points out that many of LIA's customers are firms with up to 20 to 30 appraisers. "So the files get pretty big, especially after you've been renewing them year after year," he says. "The largest room in our office was dedicated to filing. However, we were even running out of that space. We either had to find more physical space or move to electronic storage."

Industry statistics bear out the magnitude of the challenge, as well as the opportunities presented with electronic forms systems. For example, one PricewaterhouseCoopers (PwC) study estimates that 90% of all corporate records still exist on paper, and the automation of office tasks with PC technology hasn't improved the situation. Many documents stored on local hard drives still need to be printed out as paper-based documents.

PwC also conducted a test in which researchers sought out 20 select documents through 20,000 filed; it took 67 hours of searching to find 20. This time can be cut down to three seconds if documents are stored on an optical imaging system. It is estimated that a typical five-file filing cabinet costs \$5,000 a year to manage and maintain.

LIA overcame many of the time lags in retrieving paper files through a series of rollaway filing cabinets that enabled quick access to account histories. Still, a glitch in physical searches of files often would slow down the process. "When an appraiser called with a question regarding their file, we'd have to send a request to the file room, to send a file up," says Wiley. "That could take anywhere from 10 minutes to maybe two hours if they have trouble finding the physical file."

TRIPLE THREAT

Dealing with paper documents and the physical space they require is but one concern; "documents actually can represent a triple threat to businesses," says James True, vice president of marketing at Cabinet NG. "First, there's the bottom line, the amount of wasted time spent looking for documents, materials, toners, printers-and the space

that's storing those documents. Compliance also demands document retention. Then there are security issues around documents."

LIA contracted with Madison, Ala.-based Cabinet NG to develop and install a solution that would help reduce actual stored paper documents, as well as improve the process of underwriting complex policies for the firm's real estate and environmental consultant clients. Liability's customer files typically have many sub-folder categories, (such as quotes and policies) and the company wanted to ensure that these documents could be easily converted to a searchable electronic format.

LIA's new system consists of records management software that was installed on its current servers, along with an electronic fax system and scanning stations with which active accounts are captured and stored. The company receives about 1,000 letters a day, all of which are automatically stored into pre-specified electronic folders. Underwriters can then see the entirety of a client file by using the subfolder tabs to locate the correct documents. The system's workflow feature also indicates the status of the documents in terms of their production and dissemination. As a result, underwriters can see at a glance when a document is printed and ready to be mailed. However, no matter how sophisticated an e-based document management system and associated input devices may be, a painful, manual migration process is still required to make the move from paper files to the new system. Back scanning is a difficult chore, Wiley adds. "We didn't realize it was going to be the huge issue that it became. When you take a file of policies for the past seven years, you have to prep every page of that file. You have to take off sticky notes, remove staples and make sure that pages are going to scan legibly. It takes a long time to prep a file that has possibly 200 to 300 pages for scanning." That raised Wiley's concern for the quality of worklife at the firm. "You don't want somebody sitting at a station for eight hours doing that every day. We try to break the task into half-day increments." For that reason, the firm decided it was efficient to limit the conversion to new and renewing files, Wiley says. "Those files that are being renewed, as they come up, we scan those as far back as they go. We don't have any plans to scan a renewal or a policy that doesn't renew, only because it's a lot of work scanning. It would be a year-and-a-half process from start to finish to back-scan all our files. Rather than incorporate time and manpower in scanning files where there's not necessarily going to be a any future policy issued, or premium received, we focus mainly on the ones that we know will be renewed or are active."

The older physical records for inactive accounts are stored at an offsite location, Wiley notes. As a backup security measure, all paper documents are maintained for about six months.

DIFFERENT TYPE OF EMPLOYEE

LIA reports measurable savings as a result of the transition to a paperless filing system, including reduced paper consumption, lower machine maintenance and the elimination of offsite storage fees. Along with the reduced office space requirements of maintaining electronic vs. paper forms, Wiley observes that staff productivity is increasing. "Our file crew spends less time physically filing now, and their focus is now on scanning. They're really becoming a different type of employee now. You really can't say they're a file crew anymore-now, it's an electronic documents crew." The insurance company also has increased its responsiveness to customer inquiries, Wiley adds. Before the electronic records implementation, employees may have spent anywhere between 10 minutes to two hours searching for a file. Now, he points out, "underwriters themselves can go into files electronically, within a matter of 15 seconds, and be able to discuss it right then and there with the appraiser." LIA tracks reduced costs for paper, folders, toner, printers and other expenses associated with generating and managing paper, Wiley adds. "We don't have to update and buy new machines and maintain those machines as much as before, so the expense there is greatly reduced. We estimate we'll recoup our investment in the electronic document management system-along with scanners and additional desk units-within five to six years." In the near future, LIA plans to more tightly integrate its electronic records system with its in-house underwriting program. The goal, according to Wiley, is to be able to automatically store outgoing letters to customers. "Rather than the physical letter having to go into the physical file, it could automatically it to Cabinet NG in the correct folder, at the correct spot, and with the correct

name-all done electronically in the background."

In addition, Wiley plans to integrate the product with other divisions of the company, including operations, marketing and accounting.

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