



CASE STUDY

FINDING THE RIGHT PARTNER

Operational Excellence Helped a Massachusetts Insurance Company Improve Efficiency

> EXECUTIVE SUMMARY

One Massachusetts auto insurer faced a challenging situation. The fulfillment vendor that handled its transactional documents and other client communications proved to be unreliable. The vendor's lack of inventory control caused a number of critical stockouts, which significantly delayed invoice printing and mailing. This left the insurer improperly exposed to risks for which it had not been paid.

The carrier turned to The Allied Group, the largest print and fulfillment management company based in New England, for a solution. Allied's Print and Fulfillment Management Program eliminated stockouts and saved the company time and money. Allied became a valued partner, carrying out a number of innovative and valuable services for the insurer. Several projects went well beyond the capabilities normally expected of a full-service fulfillment vendor.

> THE COMPANY

A Massachusetts auto insurance carrier with ties to a major national multiline insurance company.

> THE PROBLEM

The insurance carrier outsourced printing and fulfillment of its Declarations Pages, Invoices, Cancellation Notices and other transactional documents. Its fulfillment vendor had few systems in place to control and monitor inventory levels. This resulted in regular stockouts of custom envelopes and other key items. It was not uncommon for the vendor to report: "We can't mail invoices or cancellation notices for two weeks until the new shipment of envelopes arrives."

This was a totally unacceptable situation. It left the carrier exposed to risks for which it had not been paid well beyond the thirty days mandated by law. The insurance company turned to The Allied Group for a solution.

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> THE SOLUTION

An account team, headed by the carrier's CIO, a key I.T. manager, Allied's Vice President of I.T. and the Senior Client Manager assigned to the account met regularly to discuss the insurer's priorities and systems. Allied's I.T. department wrote custom programs to handle the carrier's data files and format invoices and other transactional documents to the insurance company's specifications. They set up Allied's document management system to generate Low Stock Notices whenever any item's inventory reached predetermined levels. This allowed sufficient time for the carrier's key personnel to determine whether the item coming up for reorder should be reprinted as-is or revised. In addition, their Allied Senior Client Manager could recommend reorder quantities that would maximize discounts while minimizing expenditures and the risk of obsolescence.

The transition process was smooth and stockouts were soon a thing of the past. The Account Team, including CIOs from both companies, met regularly to monitor performance and work on other initiatives. The team set up checks and balances from data delivery to mail stream, assuring that all the insurer's transactional documents would be consistently accurate.

The company requested a system to allow agents access to PDF files of each document sent to their insureds. Allied set up that program, which has worked well for a number of years.

> COLLABORATIVE SOLUTIONS TO MAXIMIZE EFFICIENCY

The success of the transactional documents printing and fulfillment program helped to foster a spirit of trust between the two companies. Now, as the insurer's CIO and his team worked to improve the carrier's efficiency, outsourcing burdensome functions to Allied became an easy option.

One example of this was distributing marketing materials to agents. At one time this activity added a substantial load to the carrier's marketing department's weekly schedule. But by storing marketing materials at Allied, agents could request brochures directly from The Virtual Office, Allied's e-commerce site. Allied's personnel worked with the carrier's marketing department to set appropriate limits on what any agent could request at one time.

“Allied eliminated stockouts, saved the carrier time and money and became a valued partner, carrying out a number of innovative and valuable services.”

The combined Account Team soon produced more cost-saving solutions. One relieved the insurer of a significant “thorn in the side.” That thorn was dealing with returned mail. Allied’s process CASS certified each address before mailing, to assure accurate delivery and maximize postage savings. But a number of insureds who moved would invariably fail to notify either their insurance carrier or the post office. This would result in a regular flow of returned mail coming into one of the insurer’s facilities. A worker there would have to open each envelope, sort all the returned documents by agent and mail them in bulk to each one. This onerous task required a substantial number of hours each week.

The carrier’s CIO came up with a brilliantly simple solution: Allied would change each document’s layout so that the agent’s address would appear in the upper left-hand corner. Double window envelopes would replace the single window envelopes then in use. That way, any mail that was returned as undeliverable would go directly to the agent for follow up.

> A TRUSTED PARTNER

After several years of working together the carrier began to view Allied as a trusted partner and asked them to handle initiatives normally entrusted to their own employees. One of these was the Annual Mileage Program. In order to assure that insureds were rated correctly and received the proper discounts, the carrier would send Allied a regular file composed of insureds coming up for renewal whose annual mileage had not yet been verified. Allied would print and mail them the state-approved Annual Mileage Questionnaire. This fulfillment partner’s Vice President of I.T. suggested adding a bar code indicating the auto policy number. Insureds would return their questionnaires to a post office box controlled by The Allied Group.

Allied personnel would receive completed questionnaires, scan the bar code to bring up the correct policy information and enter each insured’s self-reported mileage. Completed electronic files, formatted to directly match the insurance company’s database, were sent to the insurer each month. The Allied-supplied files proved to be so accurate that the carrier was able to use them to adjust premiums.

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In the fall of 2011, Massachusetts Attorney General Martha Coakley reached a settlement with fifteen auto insurers, including the carrier, that required them to send rebate checks to motorcycle insureds. The carrier entrusted The Allied Group with the assignment of printing, imaging and mailing refund checks. In conjunction with the insurer's CIO, Allied set up a system to track checks through every step of the process, achieving total accountability. If checks came back marked "undeliverable," Allied reported the forwarding address supplied by the post office to the insurance company. This assured the carrier of an accurate address, which would subsequently appear in a file instructing Allied to reissue the check. The Allied Group carefully adhered to both the standards of operational excellence required by its ISO 9001: 2008 certification and the insurer's explicit instructions. This allowed the carrier to trust Allied enough to disburse money on its behalf.

Could your company benefit from a similar innovative partnership?

REASONS FOR SUCCESS

The collaboration between this Massachusetts insurance company and The Allied Group has succeeded for several reasons:

- The carrier's philosophy of fostering trusting, mutually-beneficial partnerships
- The intelligence and cooperative spirit shown by the carrier's CIO and his staff
- The Allied Group's customer-centered approach, supported fully by senior management
- Allied's commitment to excellence in I.T., fulfillment, inventory control and account management
- Both organizations' willingness to break new ground

