



Case Study: Reducing Time and Expense To Underwrite & Issue New Life Insurance Business

One of the world's largest insurance groups was struggling with its North American New Life Business Operations. They found themselves celebrating the prospect of a 100% increase in business, but stressing over the challenge to grow profitably with the current operating model. Feedback from agents along with the observations of management made it clear that the end-to-end new business process needed to be faster, more efficient, flexible, while quickly adapting to changing external agent expectations.

Early attempts to improve the process were largely reactionary, ineffective, and did not engage the application submission and underwriting functions. This along with a siloed organization structure, supervisor turn-over, and general pressure from the business was hurting employee engagement and indirectly driving more variation in response time as well as the agent and customer experience.

The executive team selected Guidon to leverage a collaborative approach to improve the new life business. A cross-functional team of underwriters, managers, IT, sales, data-entry and submission staff were assembled to assess the current operation. In two weeks the team defined key performance metrics and targets, absorbed voice of the customer feedback, and documented the end-to-end process flow and performance from preliminary request for information thru to policy issuance and acceptance.

The first step of the roadmap was to train the team in improvement methods including Lean Six Sigma that the Guidon consultants would employ. To begin, the teams held three rapid process improvement (Kaizen) events over two months to eliminate "waste" in the core functions. They eliminated unnecessary hand-offs between roles, more significantly, the team reduced the number of "touches" that the underwriter incurs with an application or policy from as many as 50 to less than five.

After much waste was eliminated, the team met for another Kaizen event to establish better overall flow of work across the operations. Roles were redefined and metrics established to track the new process performance intra-day. The new end-to-end process was piloted for one month with 35% of the new business volume.

The pilot demonstrated impressive results such as 40% improvement in response time and overall end-to-end servicing that the agent and customer experience. Based on the pilot outcomes, the operations team created a phased implementation plan to roll-out the new operating model over two months. The improvements sustained, and made available approximately \$1.7M in underwriting capacity to absorb new business volume - cutting overall unit cost for a paid policy by about one third.

Client: One of the world's largest life insurance groups serving 45 million customers in 27 countries

Industry: Insurance

Service: Rapid Process Improvement (Kaizen) Events

Challenge:

- To maintain their unit cost per paid policy, while at the same time preparing for a 100% increase in business over the next two years
- End-to-end new business process needed to be faster, more agile, and customer-centric for the business to grow

Solutions:

- Leverage a collaborative approach to improve the new life business
- A team was assembled to assess the current operation and create new process

Results:

- Within 4 months the team:
 - Improved by 50% the total time to process applications (from submission to policy issuance)
 - Also reduced by 40% + the required underwriting capacity, freeing \$1.7M of staff to absorb new volume



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