

What Should You Expect from a Book of Business Management System?

And what will BobTrak Bring You?

The Basics

A Book of Business Management system – or, more formally, an Insurance Distribution Channel Management system – must provide a few core functions. First, it must track, with historical accuracy, which agents, agencies, or brokers are selling and servicing which policies. This is the foundation. It's not enough to know who is servicing the policy today. A CRM system could do that, more or less. We must also know who was servicing that policy last week, last month, last year. This is something most off-the-shelf CRM systems can't do. Policies can be transferred between producers, and many of the metrics that matter are based on who was servicing that policy at a particular moment in time, not just today.

Second, the system must operationalize the connections between producers and policies. As business events occur, and transactions are generated in core systems, they must be enriched with the correct servicing hierarchies as of the relevant transaction date. A premium comes in; we need to know which producers to whom to credit it. Even if the CRM system has the right data, it is an integration task to get that data onto the transactions other systems need.

And third, and this is the most complicated part, the system must perform aggregations of the transactional data. Insurance is all about the value of relationships across time; individual business events don't tell the whole story. If the system won't tell you the annualized value (and true-up), the rolling NN months' value, the persistency, then you will still have a lot of heavy lifting to perform to get to the numbers you need. This is not the level of aggregation CRM systems can provide.

And further, every insurance provider has different metrics they must track; different from other providers, and even different metrics per line of business internally. The system must give you the tools you need to write the aggregation rules yourself to support your business requirements.

BobTrak provides date-effectivity for producer-to-policy servicing relationships. BobTrak operationalizes that data with transaction enrichment. And BobTrak provides business-user generated aggregation rule processing to create value across time calculations.

But what else can you expect from the system that isn't necessarily obvious from the core functions listed above?

Producer Consolidation

Independent producers might have multiple relationships with a carrier due to longevity in the business, mergers and acquisitions, and even clumsy data entry. Mostly this doesn't matter; they can still sell and service policies even if the carrier can't reconcile their business across the relationships. But there are compelling reasons to consolidate these relationships into a single view of a producer. One is the



producer experience. If an agent has different versions of herself modeled in the different policy management systems, how can you do accurate tax reporting? How can you see the totality of her business with the company? How can you generate, say, a persistency bonus, when there are multiple systems tracking her that don't speak to each other? Most importantly, how can you solve this problem?

It's all just good or bad data, and that data is all they have to work with, so carriers can't solve the multiple instances of a single producer problem themselves without heroic measures. But the agents can solve it. BobTrak will provide producers reporting and workflows they can use to tell you that "Mary Jones" in System1 is the same person as "M.J. Jones" in System2, is the same as "M.J. Smith" (her married name) in System3. And the way BobTrak models the data, those instances of Mary can be consolidated systematically, complete with recalculated metrics based on all of her business, not just the business associated with each version of Mary. And Mary will know that the systems are modeling her inconsistently because she will have been given three different logins to her BobTrak portal. For her own convenience, she'll want the different versions of herself pulled together, and BobTrak makes it easy to do that.

Contract Differentiation

In consolidating multiple instances of Mary, it is critical that carriers do not also consolidate all the contract relationships she has with them. The business she is servicing under one contract can't necessarily be combined with business she's servicing under a different contract. So while BobTrak will allow a wholistic view of Mary, it still maintains the distinct contract relationships under which she is serving policies and customers. With BobTrak, you can see all of Mary's business, while still digging down to the business Mary sold as a level 3 agent at the Johnson Agency, or the business she is conducting as the owner of her own Smith Agency.

Book of Business Transfers

Imagine that Mary decides to retire and sell her book of business to another agent – say, Larry. Now stretch your imagination and consider the possibility that she calls the carrier to tell them this. How easy would it be to transfer all of Mary's policies to Larry? When the policies live in siloed systems, and when it's not even clear what name to look under to find them, how many would the carrier miss on the first pass? There might not even be a systematic approach available to transfer Mary's book; it might be a lot of manual effort to find each individual policy and flip the agent of record name to Larry. Is Larry licensed and appointed to service all of these policies? The system must check that too.

BobTrak gives carriers the tools they need to find all of Mary's policies – or just a few of them if she decides to only sell her P&C policies in Delaware to Larry (she's keeping the ones in Maryland). Mary can create a workflow to let the administrators know about the sale, which lines of business or geographies, the effective date, and information about Larry if he's not already in the system. And it can all be done in a few mouse clicks.



Retroactive Book of Business Transfers

Now let's be more realistic about the scenario. Maybe the first you'll hear of the book of business transfer is when Larry calls to ask why he hasn't received any commissions for Mary's policies for the last three months since he bought the book from her. Evidently no one thought to call the carriers, or they did call, but there was no system in place to make the changes. Now the carrier policy administrators must scramble to figure out which policies go to Larry. They must figure out how much his commissions should have been for the last three months. They have to figure out how much to recover from Mary, which might not be the same amount since the aggregation and commission rules might be based on how long Mary or Larry have been servicing the policies. Hint: this is one of the reasons why we need to track the agent of record with historical accuracy.

Retroactive changes in financial systems can be a nightmare, but BobTrak was architected from the ground up to handle retroactive changes seamlessly and painlessly. BobTrak automatically recalculates the aggregations when a policy transfers, and it gives you a ledger to see what was calculated the first time, what was backed out, and what was recalculated. When Mary (or Larry) calls to question the churn in commissions, the answer is right there where Larry, Mary, and the admins can see it. BobTrak gives you the trail of breadcrumbs so there is no need to try to manually recreate the results in the system to handle queries and disputes.

Contract Changes

Carriers would like to fine tune their producer contracts to optimize their go-to-market strategies, but the lag between conceiving of a new form of aggregation or commission, and the implementation of it in the policy management system, can be a multi-year-long business and IT project. For this reason, these changes are often not implemented because the cost is too high for the expected return of the new contract.

BobTrak provides a human-readable business rules editor that will allow business users to create new aggregation rules and try them out, and it only takes hours or days to write them, not years. BobTrak provides guiderails to prevent logical inconsistency; the rules you can write have insurance distribution built into them. This opens the way for quick strategy changes to accommodate changes in the business.

Conclusion

None of this stuff happens by accident. You can't force fit this kind of functionality into a system that wasn't designed explicitly to do it. BobTrak's data model and processing models were created to support all of these functions, and more. We believe that once you get used to this kind of functionality, and when you see the analytics you can pull out of the system, you will find the BobTrak will be an always-on system for administrators, producers, and management.

