

[2011]

ORBiT Commercial Working Group  
Canadian Broker Commercial Survey



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## INTRODUCTION

ORBiT is a not-for-profit, broker-driven organization formed to facilitate the implementation of Real Time workflows for the Canadian broker community. The Commercial Lines working group within ORBiT, focuses on any circumstances unique to commercial lines workflows within the broader ORBiT context. Between April 4th and April 20th, 2011, the Commercial Lines working group conducted a survey of the commercial lines departments of Canadian brokerages.

The goals of the survey were:

- i. Gauge the level of automation of Canadian brokers who have a significant commercial-lines portfolio.
- ii. Gauge the existing knowledge regarding real-time tools already available to a commercial-lines broker
- iii. Gauge the interest of brokers for using these real-time tools as it pertains to small and large commercial business.

Being ORBiT's first major foray into Commercial workflows, we really didn't know what to expect. Given the limited automation between insurers and broker management systems (BMS) and commercial management systems (CMS) in commercial lines, we would have expected a wide range of commercial lines workflows and few similarities between brokers.

We were not disappointed in finding that our predictions were in-line with the survey outcomes. While the actual workflows are disparate, the survey does show what brokers want, and a significant number of commercial brokers desire the same things. Hopefully our member companies will take note of these desires and work together to help overcome some of the bigger issues brokers face today.

ORBiT is pleased to have initiated and compiled this survey for our members. We deeply thank all of those involved in preparing and sending out this survey. We also deeply thank all of those brokers who care about what is happening in commercial lines workflows in Canada and took the time to answer the survey. It is through efforts like this that we will create practices to enhance the commercial broker's ability to service their commercial clients beyond today's disparate practices.

## DEMOGRAPHICS OF RESPONDENTS

There were 585 participants in this survey, the majority from Ontario (92.5%). We believe Ontario was so well represented because of how the survey was publicized to existing ORBiT members and by the IBAO to their solely Ontario members. It was also set out nationally via the CSIO broker mailing list. 28.5% of respondents were Principals, 16.8% were brokerage management, and the remaining respondents were commercial CSR's (23%) and Producers (20%).

Of the participating brokerages, 50.8% have less than 5 staff in their commercial department; 19% have 6 to 10 staff, and 17% have 11 to 20 staff in their commercial department.

In addition to most commercial lines departments being small in number of staff, the majority (63%) also reported servicing less than \$2,000,000 in commercial lines premium.

## BROKER DATA STORAGE

It is no surprise that brokers are using a variety of methods to store commercial lines data. The survey found it is actually most common for brokers to store their commercial data into **two or more** places.

## NON-STRUCTURED DATA

45 % of the total respondents use Word and/or Excel documents and 42% of the total respondents continue to use hand-written applications. In both cases these were almost always **used in combination with** some other software, like a BMS.

Only 6% of the total respondents use Word/Excel documents or handwritten applications **exclusively** without also storing at least some of the data electronically.

## BROKER MANAGEMENT SYSTEMS (BMS)

**42.86%** use TAM (**Applied Systems**) to hold **at least some** of their commercial lines data. Of those, 24.3% use TAM **exclusively** for their commercial lines data. The remaining 75.7% **use TAM along with** another data collection method, such as Word/Excel documents, hand-written applications, or a second piece of software like a CMS.

**22.6%** use **PowerBroker** (Zycomp). Of these, 23.4% use PowerBroker **exclusively** for their commercial lines data; the remaining 76.6% use PowerBroker along with another data collection method, such as Word/Excel documents, hand-written applications, or a second piece of software like a CMS.

Other broker management systems with smaller percentages were SigXP, The Broker's Workstation, and CIMDATA.

## COMMERCIAL MANAGEMENT SYSTEMS (CMS)

**28.7%** total respondents use **Policy Works** (Policy Works). Of those, 9.8% use PW **exclusively** to hold their commercial lines data (no data is entered into a broker management system).

**9.7%** total respondents use **comXP** (Keal Technology). Of those, 20% used this software **exclusively** to hold their commercial lines data (no data is entered into a broker management system).

There was a **mild relationship** between the amount of commercial lines premium a brokerage services and their decision to use a CMS system.

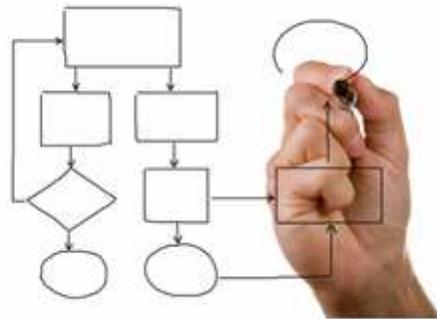
	Use a CMS	Do not use a CMS
> \$2,000,000 premium	111	121
\$500,000 to \$2,000,000 premium	30	98
< \$500,000 premium	13	61



A significant number of brokerages choose to use a BMS **and** a CMS **in tandem**. Here are the largest groupings of the brands of software used together.

CMS →	Policy Works	comXP	No CMS	Total respondents
<b>BMS ↓</b>				
TAM	39.9%	0	60.1%	243
Power Broker	21.1%	0	78.9%	128
SigXP	8.4%	47.0%	44.6%	83

### NEW BUSINESS QUOTING WORKFLOWS



For new business quoting and binding, the workflows vary somewhat depending upon the class of business: Individually rated commercial auto (IRCA), fleet auto, small commercial, mid-market or large commercial.

### QUOTE SUBMISSION WORKFLOWS

Quote submission method	Line of Commercial Business			
	IRCA	Fleet	Small	Large
Email -Word/Excel	37.5%	54.70%	29.2%	46.3%
Email -BMS/CMS	24.9%	24.7%	22.2%	34.7%
Fax or call centre	8.6%	10.4%	7.6%	10.6%
Type into Portal	13.6%	4.1%	32.3%	2.0%
Electronic (usually bridging)	1.4%	0.4%	2.5%	0.8%
Other (often comparative rating)	14.1%	5.7%	6.1%	5.7%

Regardless of the segment of commercial lines business, the **majority** of brokers currently **use their own Word or Excel documents** to submit quote requests to insurers by email or by fax. One of reasons for this is that many brokers created their own custom Word and Excel documents for medium to large accounts when no BMS or CMS system was available, or when many of the commercial lines applications which were developed in past by CSIO and ACORD did not easily accommodate larger accounts with multiple locations. Over time brokers have found it easier to store their data in Word and Excel and update these documents as needed for servicing or marketing.

**Second most common** is brokers' use of their **CMS** (commercial management system) or **BMS** (broker management system) to **email** the quote request to the company. With regards to CMS functionality, Policy Works, TBW and comXP all allow the marketing of medium to large size accounts. Those brokers who have invested in the automation of this process are **making good use** of these tools. However, there is very little, if any, electronic integration for medium to large accounts with company systems at this time. Integration will be difficult because medium to large size accounts rarely have a set rate or price. Due to market conditions, these prices fluctuate away from book rates. Underwriting these risks is more an art form than a science. However, if the industry could automate the **upload of the information** from the BMS/CMS for medium to large size accounts, the insurer could more quickly identify if they want to write the account and deliver quotes more quickly.

In the **small commercial** segment, where more insurers have developed **portals for quoting**, **32.3%** of brokers surveyed are **manually typing information** into **multiple insurer portals** to get a quote. This process is extremely inefficient and costly for the broker due to the duplicate or triplicate entry. The majority of this data also needs to be entered an additional time into the broker's BMS or CMS. The large percentage of brokers performing this duplicate entry causes one to question why, with the possible payoff being the increased speed at which a portal-base quote is returned to the broker.

**14.1%** chose the category "**Other**" when speaking of Individually Rated Commercial Auto (IRCA). It is assumed that much of this is the use of comparative raters, which are well used for IRCA. Use of comparative raters was inadvertently omitted from the choices in the survey.

Currently at most **2.5%** of brokers surveyed are using **electronic upload** to an insurer system. Electronic upload is typically interpreted as "bridging" to an insurer quoting portal; however this may also encompass real-time quoting with no portal.

This low number is of utmost concern, since this "real-time" functionality is often seen as a solution to keep the broker channel competitive against direct writers. Reasons for this low percentage could include:

- a) Lack of knowledge of the tools available to allow bridging (discussed further later in this document).
- b) Limited market share of those tools. In the small commercial segment, it's difficult to understand why so few brokers are using electronic bridging, while the number of brokers doing duplicate data entry into the quoting portal is fairly high. Perhaps few brokers have access to or an awareness of access to an electronic upload/bridging tool.  
To the question "Does your brokerage have the ability to upload commercial lines quote requests electronically from your BMS/CMS to an insurer system?", only **one third** responded with a **Yes**.
- c) Brokers are aware of the tools available, however find it's not an efficient workflow. In a bridging solution, the broker still has to go into each portal, maintain a password and finish off the submission. In many cases the portals are a faster way to get a quote but it is still seen as extra work for brokers. As discussed above, if the majority of brokers use email or fax instead of using the portal they find they get the same commission and avoid the duplicate data entry.

## BINDING WORKFLOWS

Binding Method	Line of Commercial Business			
	IRCA	Fleet	Small	Large
Update BMS/CMS-image	38.5%	38.1%	37.4%	37%
Update BMS/CMS	36.2%	36%	34.3%	33%
Paper documents filed	11.1%	13%	16.2%	18.3%
Electronic download	7%	4%	4.6%	3.7%

Regardless of the segment, the most common workflow when binding is to **manually update** the BMS/CMS and to **additionally store** an electronic image of the policy such as a PDF. Many brokers skip the step of storing the image of the policy.

A minority of brokers either don't have a BMS/CMS or do have one but do not update it with the binder information, and just file the paper documents. You will notice very few people have electronic download options.

## POLICY CHANGE/ENDORSEMENT

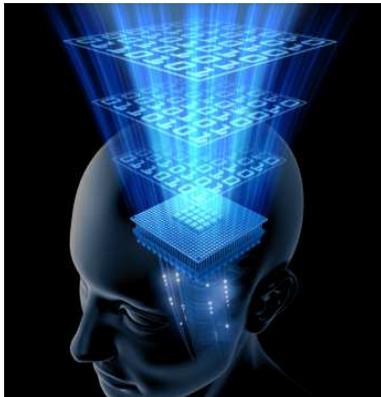
When asked about their workflows for processing endorsements, the answers reveal there is **huge inefficiency** in the way policy changes and endorsements are communicated between insurers and brokers.

There is virtually **no electronic download** being done from carriers to BMS systems for small commercial, IRCA, midmarket or large commercial business. This is supported by the fact that 9% of respondents say that no insurance company is leading with regards to technology when it comes to providing downloads back into a BMS/CMS system for commercial business.

Also surprising is that **15%** of brokers who participated in the survey are still **using paper** to record endorsements and changes done, and are using a paper filing system to store these changes. A small percentage are using regular mail to communicate these changes to insurance companies.

This also reflects a concern from a security and E & O perspective with the number of unsecured emails being used in many of these transactions between broker and insurer.

## KNOWLEDGE OF EXISTING TOOLS



When asked which electronic workflow tools **are** available in commercial lines, regardless of whether their brokerage actually used those tools, the results initially seemed to show **high familiarity**.

The overwhelming majority (usually **80% or higher**) answered that the **three (3) types of inquiry of policy, billing and claims, do exist today**.

More than **60%** thought that the **following functionality was available**, given the right broker tools on the desktop:

Send a quote request electronically from my BMS/CMS to insurers avoiding their portals.
Send a quote request electronically from my BMS/CMS to insurer portals (aka bridging)
Receive a quotation back from each insurer electronically in Real Time (no underwriter involvement).
Receive automatic notification of policy change, including a PDF, but my BMS/CMS is not updated.

However, when probing the knowledge of existing tools, almost **one third** of survey respondents **declined to answer** the questions. This impacts the reliability of the above numbers.

## PRIORITIES FOR FUTURE DEVELOPMENT

When given the choice to rank which Real Time functionality should be given priority, survey respondents **mostly preferred** inquiry and policy download:

Billing inquiry	59%
Claims Inquiry	56%
Policy Inquiry	58%
Have client in my BMS/CMS automatically updated when the insurer issues an Endorsement	58%
Have client in my BMS/CMS automatically updated when the insurer issues a New or Renewal policy.	57%

Next on the wish list in priority sequence were:

1. Receive a quotation back from each insurer electronically in Real Time (no underwriter involvement)
2. Send a quote request electronically from my BMS/CMS to insurer portals (aka bridging)
3. Receive automatic notification of policy change, including a PDF, without updating the client in my BMS/CMS

## CSIO FORMS

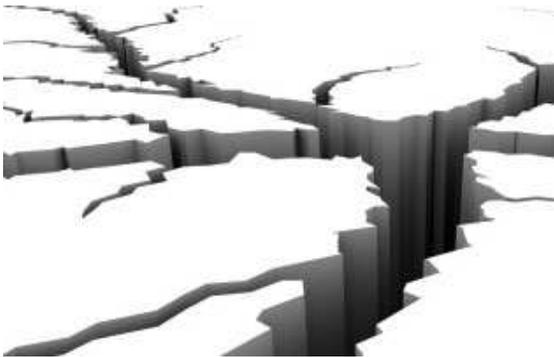
Two questions were asked on the survey to determine the popularity of the CSIO commercial lines forms and to learn if there is a need for any additional forms. The results show that although the majority of brokers are aware of each of the existing CSIO commercial lines forms, only the Commercial Vehicle Supplement is well used by the broker community.

The three top choices for additional CSIO form development were as follows:

OPF#4 Garage Auto	70.1%
Directors & Officers Liability	68.2%
Commercial Umbrella	64.2%

Considering that the majority of survey respondents are from Ontario and that the Ontario regulatory body already supplies a province-specific Garage Auto form, the top choice is a surprising one.

## BROKER PAINPOINTS



When asked open-ended questions about what brokers would like to see in commercial-lines automation, loud and clear commercial brokers want what personal lines brokers have.

**Download** was at the top of the list with 39 respondents asking for it directly, followed by 16 people asking for SEMCI which, in many cases, includes download. An additional 13 people are asking for upload and download. A resounding 68 brokers are asking for download into their CMS or BMS to update their system, which is the dominant request from brokers.

After this the upload, SEMCI and upload download represents a combined 42 people.

Many brokers expressed “upload” and “download” differently while generally saying the same thing. They want a common system to upload a risk to multiple companies (one way of doing things) and get rates back.

Some blocks and hurdles we need to overcome are:

1. **Company Unique questions on smaller risk:** the industry needs to find a way to deal with this uniqueness. Perhaps we can capture all of the data in the BMS or CMS, with the ability to answer modified questions (e.g. alerts or screen that brings up company unique info) to submit in real time, without no portals

2. **Inconsistent rates on medium to larger risks:** We need the ability to upload information to the company so they can provide a rate or identify if they can write the risk.
3. Brokers want real time, round trip quotes.
4. **SEMCI** – Single entry, multiple companies was another big issue. Brokers want to enter all of the required data to rate, issue and bind a commercial risk , then press a button to send it to multiple companies. They then want these quotes to come back in real time without having to go into the company portals.

A number of the brokers were saying the same thing but did not have the appropriate terminology to use. This shows that the lingo and the language being used in our industry have been inconsistent in commercial lines and needs to be improved

When asked open-ended questions about what brokers see as the **greatest challenge** to commercial lines automation, the answers are very telling:

1. Lack of consistency and a standardized process between the BMS or CMS and the company system.
2. Because each insurer has their own system and questions, brokers cannot easily submit one (1) common application to multiple insurers. The amount of extra questions and special forms bog down the quoting process. Many companies do not allow brokers to capture all the information in the BMS or CMS to submit a quote properly, without duplicate entry elsewhere.
3. Lots of extra paper documents and wasted time to bridge the gap.
4. Quotes and new business take too long to be received.
5. The BMS is not updated with information through a download from the carrier in commercial lines. Brokers have a lack of confidence in marketing and quoting risks because they feel the information in the CMS/ BMS is not being kept up to date, creating a concern that the actual policy coverage on the policy documents differs from their BMS/CMS.
6. A number of brokers noted the lack of a standardized application process or a pdf that can be sent to all companies.
7. A number of brokers are not paperless in commercial. Without a commercial download , this makes paperless a problem. Some companies are making a PDF available to be downloaded to avoid scanning, however some brokerages have not adopted this. Some brokers do not have a paperless solution built into their BMS or CMS.
8. A few brokers expressed concern about being able to generate a good proposal with their CMS or BMS.
9. The main point is the broker need to capture the entire data variable in one system and then be able to move this data to the companies.

## INSURERS WHO ARE LEADING THE WAY AND HOW



Here is what brokers say **who** and **how** their commercial lines carriers are seen to be **leading the way** in automation:

**26 %** say **Intact** is leading the way

**20%** say **Gore Mutual** is leading the way

**18%** say **Aviva** is leading the way

**10 %** say **The Dominion** is leading the way

**8%** say **AXA** is leading the way

**6%** say **RSA** is leading the way

**3 %** say **Lombard** is leading the way

**0.85%** say **Chubb** and **Coachman** are tied in leading the way

**0.42%** say **Trisura** and **L'Unique** are tied in leading the way

**9%** feel that **no** carrier is leading the way in automating commercial lines

When asked for open-ended comments, Gore Mutual got the most positive comments including:

- They are innovative
- Allow brokers a better “point of sale” capability
- Allow clients of brokers more self serve options

On their **small commercial** policies, both **Gore** and **Intact** are seen as doing more than other carriers with regards to BMS and CMS **connectivity**. Many of the leading companies are seen to be taking what has been done on personal lines and applying it to small commercial lines.

## CONCLUSION

Our Direct writing competitors are setting their sights on commercial lines. Some have aggressive commercial growth plans for 2012. We can bet they will be applying their personal lines technology to commercial lines to achieve their growth targets.

We have a golden opportunity to get it right in commercial lines. Brokers are sharing what works best at the front line. We need our carrier and BMS/CMS vendors to deliver. Hopefully the numbers presented in this survey can be used by those carriers and vendors to speed up the decision making process and thus speed up the development of real-time functionality in commercial lines.

Questions regarding this survey can be directed to: [commercial@orbitcanada.ca](mailto:commercial@orbitcanada.ca)

For more information about ORBiT, visit [www.orbitcanada.ca](http://www.orbitcanada.ca)