LANSA Case Study

Merchants Insurance puts agents in control with LANSA

The Merchants Insurance Group markets tailored property and casualty insurance products through over 500 independent insurance agents in northeastern USA. A LANSA Web-based solution for agents, developed with the help of LANSA business partner MindTree Software Services (formerly Linc Software Services), has improved customer service and increased productivity. Merchants has also seen a significant reduction in customer service calls, eliminated rating diskettes distribution and reduced manual paper work.

Dr. Clark Sykes, vice president of information technology at Merchants, says, "Agents now directly control the insurance transaction from the point of sale, increasing both their own productivity and the service they provide to their customers. We are impressed with the flexibility and versatility of LANSA as a development tool and have recently started to re-architect our core insurance system with LANSA.

Staying Small and Lean

The small and start-up business sector forms a very large part of the U.S. economy and is a very high growth area. Local independent insurance brokers are key to building and maintaining the relationship with small businesses in their own neighborhood and add value by explaining and comparing insurance offerings, which can be quite complex.

"We have the financial size and strength to meet the business challenges in our sector, but we are small and lean enough to respond quickly to customer needs and the changing market place," says Sykes.

"I am striving to maintain that same leanness and flexibility in our IT department, while we are growing our business quite aggressively at the same time."

"In the past we would send the agents rating diskettes for some of our products, which they would install on their PC. They would print out a quote and send it into us. We then re-keyed that information in WINS, where it might result in a slightly different quote. This would create a problem for the agent, especially if the WINS quote was higher than what the agent had charged his client."

"This solution was awkward, very labor intensive. Re-keying data and distributing updated rating diskettes at least once a quarter created a burden for us. In many cases agents would just call us for a quote."

Merchant Insurance Group Internet development team: From left to right. Back row: John Salvisburg, Chuck Reed, Kathy Wilkins, Dale Dohm and Jerry Ovitt. Front row: Clark Sykes, Julie Reynolds and Haidee Kolb.

"Agents now directly control the insurance transaction from the point of sale."

"From a business perspective we wanted to provide our agents with direct access to policy and claims information over the Internet. And a measure of control over managing that business."

"We felt that the LANSA tool set allowed us the greatest amount of flexibility, rapid development and flexibility for changing needs in the future. The business decision drove the selection of LANSA as the tool and then MindTree Software as our preferred provider of LANSA services," says Sykes.

Integrated Solution

Merchants bought the base WINS package in 1994 and customized it to their own business needs. The logic in commercial lines has been extensively enhanced, because its nature is quite complex and has many variables that determine how risk is assessed, coverage is provided, and the policy is priced and underwritten.

Merchants used LANSA for the Web to extend selected information and transactions of the WINS system to authorized agents. Agents can get quotes, issue policies, enquire on policies and claims, view billing information, run various reports and access electronic manuals. Policyholders can view their policies and bills and pay online.

The agent creates the quote online, prints out the proposal and application on his local printer and has the documents signed by the customer, as required by U.S. insurance law. The agent then clicks the button to issue the policy, which is automatically imported into WINS, printed at Merchants and mailed directly to the customer.

"Most of our Web development is done offshore by MindTree in India, but we have a state-side business system analyst who is responsible for helping us develop the system specifications and system testing. It is working well," says Sykes.

"I try to maintain a balance between in-house development and outsourcing. All WINS enhancements and support is done in-house by our own IT staff."

Putting Agents in Control

"All of our business comes from independent insurance agents and it is our mission to make it as easy as possible for them to do business with us," says Sykes.

"Agents directly control the insurance transaction from the point of sale, increasing both their own productivity and the service they provide to their customers."

"The LANSA Web site integrates in real time with WINS. The two systems share the same data and the same logic. There is no duplication of data, there are no synchronization issues and there are no inconsistencies. The quotes are accurate, and the policy is issued by a click on the button."

"We have seen a drop in calls from our agents. But more importantly, we have reduced a lot of internal manual work. We don't have to re-key data for these products anymore."

"We don't have to produce rating diskettes any more. And we don't spend as much time following up with the agent on inconsistencies and other problems caused by the manual system."

"Now it takes on average only one day from the time when an agent requests a policy to be issued to when the policy actually gets issued and mailed to the customer. Previously this took between several days and two weeks. In terms of customer service and time to market, we have improved our record dramatically."

Merchants has also successfully experimented with Wireless claims enquiry from PDAs to policy information, using a LANSA for the Web browser interface.

Corporate Headquarters Buffalo, New York.

"The business decision drove the selection of LANSA as the tool."

"It worked well," explains Sykes. "But we did it as a proof of concept only and saw little real business benefit at the time to bring it into production."

"Most agents consider us to be technologically advanced. The Web site is a powerful sales tool and helps in getting new agents on board."

"Being able to demonstrate Wireless Web access adds to the power. This year we will be appointing between 50 and 80 new agents, similar to the numbers last year," says Sykes.

An Insurance Factory

"We have invested a great deal over the years in what we consider to be a kind of insurance factory. We feel that we can increase our business growth dramatically without a corresponding increase in our cost to maintain the factory. The capital investment has been made and the operations cost are pretty much steady regardless of the volume of business," explains Sykes.

"We intend to redevelop our core insurance WINS system with Visual LANSA. LANSA's flexibility and its ability to deploy and extend the same code to different platforms, such as PDAs or Linux servers, are very important."

"Secondly, the reusability of LANSA components will reduce the maintenance burden. So we look forward to developing applications rapidly and reducing our overall maintenance costs."

"It would be an enormous undertaking to try to rewrite the whole WINS system in one project, so it is going to be a gradual process, which is feasible because LANSA integrates with COBOL-based WINS data and functionality easily."

"We also have some XML integration opportunities with third parties for which LANSA Integrator is ideal. For example, using LANSA Integrator to get an electronic report from the Department of Motor Vehicles in real time, allowing us to approve an application instantaneously, instead of waiting for a fax."

"LANSA's ease of use and business focus match our philosophy. We have about a dozen programmers that are split in teams by functional business unit. We need to be multi-skilled. Our LANSA skills are growing and our COBOL programmers find LANSA easy to pick up. We will keep investing in LANSA training," concludes Sykes.

Company and System Information

- The Merchants Insurance Group, consisting of the Merchants Mutual Insurance Company and the Merchants Insurance Company of New Hampshire, Inc., is headquartered in Buffalo, New York. Merchants writes over $175 million in premiums annually and has $349 million of combined assets. For more information visit www.merchantsgroup.com

- Merchant uses an iSeries model 810 for its internal operations and an iSeries model 820 for its Web site and development.

- WINS is a registered trademark of AIG Technologies, Inc. Headquartered in Livingston, NJ, AIG Technologies is a member company of American International Group, Inc., a leading insurance and financial services organization. For more information visit www.aigcorporate.com

- Mindtree Software Services (formerly Linc Software Services), founded in 1988 and headquartered in Bangalore India, has subsidiary offices in the US and the UK, and customers around the globe, Mindtree Software Services specializes in application, enterprise and Internet services around IBM mid-range, in the Manufacturing and Distribution, Finance and Healthcare industries. Mindtree Software Services employs over 200 IT professionals. For more information visit www.mindtree.com

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