

ERS INSURANCE

DOCUMENT PROCESSING



In 2013, Equity Red Star had new owners, a new strategy to be a motor and broker only insurer and a new name, ERS. The changes went far deeper than rebranding and the new leadership wanted to establish a reputation for subject matter expertise, service excellence and exceptional value, to differentiate their offering in an increasingly competitive marketplace. To achieve this ERS needed to modernise the way they handled core business activities; more efficient, automated and “less paper” back office processes delivered by SPS are part of that process.



overall

improvement in accuracy and accessibility

The Challenge

Profitability is an issue for the insurance industry as a whole. The impending Solvency II legislation and fierce competition on price mean that profits are being squeezed and companies are looking for back office efficiencies to protect margin. The specific chal-

lenge for the new management team at ERS was to align back office processes to their strategy, create efficiencies and savings and strengthen customer focus. This required a fresh perspective on traditional challenges. Paper has always been the dominant communications channel in the insurance industry and had dictated the pace of processes but times have changed. Consumers are now demanding faster responses, regulators are demanding detailed reporting and increased transparency and competition is putting premiums under pressure.

To meet these challenges and claim a position in the first rank of insurers ERS planned to reduce paper and increase automation thereby reducing costs and to improve access to information enabling their staff to focus on front line activity and client relationships. They also wanted to integrate automation across channels to provide a customer centric view of activity.

Why SPS

The business relationship with SPS had begun in 2005 when ERS wanted to implement a scanning solution in the UK to support an offshore processing operation. ERS needed to balance the cost of investing in an in-house solution with their concerns about handing over a key process to a third party. SPS was able to demonstrate an established track record of successfully managing sensitive data and to offer a



About ERS

ERS is a Lloyd's underwriting business which has been a leading motor insurer for more than 60 years. ERS offers a diverse range of insurance for private cars, classic cars, vans, motorcycles, taxis, minibuses, fleet, haulage and agricultural vehicles. Owned by US venture capital company Aquiline ERS is a broker only insurer that differentiates by offering unique products and a unique understanding of motor enthusiasts' requirements.



Learn more about our solutions:



transactional pricing model, giving ERS the confidence to opt for an outsourced approach.

In 2012, when ERS began to implement their new strategy SPS was already an established supplier with a reputation for quality and accuracy and an understanding of the commercial significance of document processes in the insurance industry. SPS had consistently delivered a high standard of service and had the capacity, resources and technology to provide secure off-site delivery for more sophisticated services at their ISO accredited Document Processing Centre. With the expertise and experience to design, implement and manage automated document processes SPS was able to provide ERS with a pathway to fully integrated, multi-channel back office processes.

The Solution

SPS focused on two main areas, the claims and underwriting scanning process, and the mailroom. Much of the documentation still entered the business on paper so the SPS solution focused on converting to digital at the earliest opportunity, a strategy that would deliver significant benefits at every stage of the document lifecycle, and help to make ERS a digital operation.

Extracting more value from scanning

The initial scanning service had included basic preparation and scanning only. Claims documents came directly to SPS and were sorted into referenced or un-referenced, then scanned and sent to a secure FTP server. They were retrieved by ERS's off-shore processing supplier in India where key data from the document was indexed and entered directly into Opraflow, an ERS system. Underwriting documents were delivered to ERS and sorted by the appropriate departments before being sent on to SPS for preparation, scanning and loading onto the FTP server. Accuracy levels for both services ran at 99.9% but the scope of the activity was limited and SPS knew that there was the potential to use technology to enhance the service.

In 2013 when ERS were looking to improve back office services, SPS proposed and implemented an enhanced scanning service,

including auto classification of claims documents. OCR technology is used during scanning to highlight key data specified by ERS such as name and policy number. These are checked against client databases to ensure they are accurate, and the images are uploaded to the secure FTP server. By providing additional information with the image, the automated process has reduced the volume of keying required in India and speeded up the workflow. This has improved accuracy, reduced offshore costs, provided faster access to information for cli-



faster
access to information



lower
offshore costs

ent facing teams, and improved the customer experience, fulfilling one of the primary aims of the business. Following the success of the enhanced claims process, the service was extended to include underwriting documents in 2014.

Integrating Email

ERS wanted to have a complete view of all the claims documents and integration across channels, so in December 2013 the receipt and capture of claims emails was added to the contract. OCR technology is again used to index the emails and they are sent to the FTP server with meta data, which enables instant search and retrieval by the claims team.

Modernising Mail

The next step towards creating a more efficient digital business came in May 2014 when SPS implemented an off-site digital mail solution to replace the two traditional mailrooms. All incoming mail is now routed to the SPS Document Processing Centre at Royal Wootton Bassett where it goes through security screening and is prepared and scanned according to ERS business rules. Confidential mail is returned to ERS to be delivered to the recipient in hard copy and digitally processed mail is routed either to an individual or to a "digital desk" where all team members can see correspondence that requires action. By processing and banking incoming cheques by 3pm on day of receipt, SPS also helps to accelerate the flow of cash into the business.

The benefits of digital mail start accruing from day one. Speed of delivery, improved access to and tracking of incoming mail all contribute to processes that are more efficient, and consequently faster response handling and a better service to brokers.

Reducing cost and carbon footprint with digital archiving

SPS also reviewed the current arrangements for archiving and destruction. Hard copies of claims and underwriting documents scanned at the DPC were stored on site by SPS for 2 months, then collected and taken to an archive facility near Brentwood which required a 260 mile round trip. SPS discovered that documents were rarely requested after the initial two month period and proposed that a digital archive, using the existing scanned images would provide improved access to documents and would eliminate the cost of transport and long term archiving. The hard copies are now securely disposed of, on-site, by SPS after the initial two month storage period.

Outcomes and Benefits

- Initial savings of 40% compared with the cost of building a scanning operation in house
- Fixed overheads are replaced by transaction pricing, helping to drive down costs and support competitive premiums
- Reduced required FTEs in offshore keying operations by six

SPS 
Swiss Post Solutions

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- Claim handling process reduced by 24 hours by indexing scanned images
 - Processing time for incoming mail reduced from 48 hours to six hours (receipt/sort/scan/deliver to desktops)
 - Mail is delivered to desktops within 4 hours supported by digital tracking and archive
 - Cheques banked on day of receipt improving cash flow
 - Cost savings on premises and staffing (10 FTEs) by closing the central mailroom
 - Significant savings on the archiving of hard copy originals and transportation
 - The business is able to comply with regulatory requirements and disclosure requests
 - Reduced risk. The SPS DPC has full DR facilities so digital files can be accessed and business continuity maintained should an incident occur
 - The SPS solution provides a platform for increased automation and further efficiencies that will enable ERS to offer more competitive premiums and increase profits, in addition to enhancing service
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40%

initial savings due to
outsourcing scanning
operations

Conclusions

The move away from paper and towards digital is delivering operational and strategic benefits and the agility to respond quickly to changes in the market. The speed at which information enters the business along with the increased accuracy and accessibility helps all the stakeholders. Underwriters have quicker and clearer visibility of trends, which informs risk assessment and pricing and claims handlers can have access to all the information they need to resolve claims more quickly without the burden of paper based administration. For a typical ERS customer their vehicle is their passion or their livelihood, and the fact that ERS shares that

passion and is now able to handle claims with urgency and understanding, is helping to underpin their reputation for quality of service and value.

"Ours is a highly competitive industry. Customers have significant choice and can readily compare suppliers and their performance before making their decision. Consequently, getting the customer experience right first time is a top priority for us. The work SPS does for us ensures that our front line teams have immediate access to the information they need to help customers, and that directly impacts our reputation and success. Moving from paper based to digital processes with SPS is improving the speed and quality of our business' interactions with our customers, whilst also enabling us to offer more competitive policy pricing thanks to the cost savings realised from improved processes."