"Reducing 1035 Exchange Turnaround Time through the implementation
of a PC based Management and Tracking system"

National Life; Montpellier, VT

BACKGROUND

With a higher and higher percentage of new business coming from 1035 exchanges, rollovers, and replacements, insurers are scrambling to find ways to process this new business in a timely manner. By processing transfer requests as quickly as possible, insurance companies are able to apply sales and management fees sooner. In addition, by processing and providing transfer information in a timely manner, companies are able to maintain good relationships with their agents, brokers, and policyholders. Nowhere is this more evident than in the 1035 exchange process.

ISSUE

National Life Insurance Company, a 150 year old company located in Montpelier, Vermont reviewed the workflow in its New Business Replacement Unit. This unit was responsible for managing transfers and replacements. Unfortunately, the workflow was a very manual and time consuming process. This included determining state and existing insurer business requirements, policy tracking, and communicating with replaced companies, agents, and clients. A mainframe database had been used to hold basic information for regulatory reporting, but little else in terms of automation. This company began looking for a software solution that would help automate and improve their current transfer workflow process.

SOLUTION

This company implemented the CT **1035** system from Cooperative Technologies, a provider of software systems for the insurance and financial services industries. This system was the selected solution since it provides the ability to:

1. Schedule and prompt customized workflow and follow-ups related to a transfer.

2. Create customized correspondence in regards to the transfer.

3. Provide management reports on the status of transfers.

4. Document all steps in processing, which is becoming very important due to tighter compliance standards.

5. Manage and apply any State mandated requirements associated with a transfer.

6. Manage and apply any internal business requirements associated with a transfer.

7. Provide seamless integration to current new business and agency systems for data entry.

8. Access information on the existing insurer through the integration of the CT ***Company Requirements Subscription Service***. This database contains information on the location, address, phone/FAX, and the transfer requirements for the existing insurer.

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BENEFITS

After having the system in a production environment, this company documented several benefits:

- The time required for individuals to process and track replacements has been reduced by approximately 40%.

- A previously growing backlog situation of pending policies has been completely eliminated.

- Transfer turnaround time, as measured from the date the transfer request is received until the transfer payment arrives, has been reduced by approximately 15%. This substantial drop in turnaround time is attributed to the new system through a more active "hands on" approach by the company to each transfer. Paperwork is now being sent to the Replaced Company the day the transfer request is received. Previously, it took 2-3 days to ensure that the paperwork was in good order.

- The CT ***Company Requirements Subscription Service*** ensures that transfer request paperwork is sent to the correct address of the appropriate existing insurer's processing location. This also helps reduce turnaround time. This results in far fewer "kick-backs" from existing insurers due to paperwork not being in good order or being sent to the wrong address or location.

- A data import feature linked to the policy administration system substantially reduces errors through the elimination of re-keying of policy, client, and transfer data.

- The system's reporting and correspondence capabilities facilitate communications within the New Business Replacements Unit. This includes custom reports and letters for the Replaced Companies, Agents, and Clients.

- Since the CT **1035** system combines an easy to understand Graphical User Interface with intuitive workflow, the training time for new employees is greatly reduced.

- As an added bonus, the system was up and running very quickly when compared to similar PC based systems due to the fact that very little IT assistance was required during installation, testing, and implementation.

- Finally, service to the company's agents and brokers is substantially improved with policy status update reports being provided in a timely manner.

As a further testament to the success of this solution, this company has recently installed the CT **1035** system at another of its affiliate companies to improve their transfer processing.