

Ball will discuss ways to make technology understandable, interesting and fun at FOCUS on Friday, June 11th in New Orleans.

Mobile and wireless technology will have an enormous effect on the wholesale brokerage industry and NAILBA member agencies. This change will likely be greater than the PC and the World Wide Web combined.

This article will cover routes used by wireless technology to improve and enhance the way in which NAILBA member agencies, carriers and vendors perform business operations on a daily basis.

The paradigm shift — where is the power?

The heart of this shift will be where the processing power lies. The processing power will not be in the computers we are carrying around – it will be in the vastly more capable computers we connect to over the Internet.

A great example is with voice recognition. Voice recognition technology has existed since the 1970s. However, one would have to stand beside a room full of computers to make it work. With high-speed wireless access, we will essentially carry the power of this “room full of computers” in the palms of our hands.

With this high-speed connection to the “computer in the sky” a vast array of new options open up. Options such as voice recognition will greatly increase the ease of use. It will lead to ubiquitous computing where your computer digital assistant will be able to help at nearly every turn. Options such as two-way portable video conferencing, geo-positioning, and micro and mobile payments will fundamentally change how we do business and conduct our day-to-day lives.

The impact for the wholesale brokerage industry is enormous. Here’s how the technology is emerging.

Bluetooth Enabled Devices

Bluetooth enabled devices are starting to be shipped in computers and a wide range of peripherals. Intended primarily to eliminate the need for wired connections between electronic products and accessories, it has a limited broadcast range of about 30 feet and is fairly fast (one megabyte per second transmission speed). Typical applications will include:

- wireless headphones connecting



Wireless Technology for the Financial Services Industry

Corbin Ball, CMP, MS, Consultant and Writer



to a cell phone

- wireless synchronizers between your computer and PDA
- Internet links from your notebook computer via your cell phone
- printing to a Bluetooth enabled printer without connecting cables
- enabling devices to serve as remote controls, keys, tickets and e-cash wallets.

Applications in the wholesale brokerage industry will include:

- the ability to easily set up a small local area network for a room full of PDAs or notebook computers
- the ability to exchange files, business cards, calendar appoints, etc. with groups of Bluetooth users
- connecting to localized content services in public areas

Wi-Fi (Wireless Fidelity or the IEEE 802.11b standard)

This is where much of the action will be. Wi-Fi is a wireless communication standard that is very fast (11 megabytes per second – seven times faster than a T-1 line) and has a range of 100 to 300 feet.

Airports, hotels, convention centers, and even Starbuck’s are beginning to provide Wi-Fi access. Principals in the independent brokerage community are starting to “Wi-Fi enable” their agents at relatively low costs (a wireless network is so much easier to set up than a wired one).

Individuals can currently make their notebook computer Wi-Fi capable for \$70 by sliding in a wireless network interface card into your PC card slot.

Wi-Fi provider networks are being established around the country linking together providers allowing Wi-Fi users to roam to different locations, log in and pay a small access fee to do so.

3-G (Third Generation of cell phone technology)

3-G is spreading around the world in Japan, Korea and Europe. We are starting to see inroads in the U.S. as well. With connection speeds of 10 to 100 times faster than today’s cell phones (at the minimum, twice as fast as the best modem phone connection today), this will be another way of gaining mobile high

speed Internet access. What the Web did for the Internet, 3-G will do for the cell phone adding color, pictures, sound and multimedia. We are already seeing convergence of handheld PDA/palm devices and cell phones now. It is likely that these new devices will also become Bluetooth and Wi-Fi enabled.

Eventually, we will see a convergence of all of these technologies and devices. Our cell

phone and PDA will merge. It will have access to multiple signals – 3-G, Wi-Fi, Bluetooth and new, even faster emerging standards. These high-bandwidth Internet-enabled palm/cell devices will change all of the rules and will be one of the most significant technology trends we have seen in decades.

Are you wired to take your brokerage business to the next level?

Corbin Ball helps clients worldwide use technology to save time and improve productivity. With 20 years of experience running international technology meetings, he is an acclaimed international speaker with the ability to make complex subjects understandable and fun. He is the technology columnist for five publications and serves on numerous hotel, corporate and association boards.

The Importance of Performance Management

How would you feel if your strongest performing employee were to give you a letter of resignation? How would you feel if you were handling specific work because a new employee wasn't managing his or her workload effectively? A solid performance management process can help motivate and retain that key employee and help you coach the employee who's performing below expectations.

Employee salaries are a sizable expense. It's smart business to provide regular feedback to individual employees. An understood and well-executed performance management system will allow you to provide feedback to enhance performance and to identify developmental steps to prepare employees for future positions.

Some managers conclude that they will simply terminate a poor performer. This may be an option if you've properly documented the performance problems. However, when you consider recruitment and retraining costs, it can be more cost effective to carefully manage the current employee by coaching him or her to strive for and achieve the desired performance standards.

The Performance Management Process

You should conduct a formal, written performance evaluation at least once a year. This is an opportunity to:

- Assess how well the employee has performed in achieving agreed-upon objectives
- Identify strengths which should continue to be utilized
- Identify developmental areas to help the employee to meet and achieve expectations in the current role
- Identify developmental projects to prepare the employee for future career progression (if current performance is already meeting expectations).

Ideally, you are giving feedback throughout the year. Frequently, managers intend to provide ongoing feedback, but they fail to do so. To make this happen, you should schedule regular one-to-one meetings (every 2 – 3 weeks) with every person that directly reports to you.



Managing Individual Performance For Maximum Results

Helen T. Cooke, PHR
 Managing Director, Cooke Consulting Group, LLC



These meetings provide:

- An opportunity to hear updates on how your employee is achieving specific objectives
- Timely feedback if there are specific aspects of the work (or their approach to the work) that are not meeting your expectations.

You should create documentation as you provide feedback during the year. This can be as simple as brief, written notes to yourself that include the date of the feedback. It will make the performance evaluation process much easier. If you do have an individual with ongoing performance issues, you will have the documentation you need to take disciplinary action. At the same time, you can and should provide positive reinforcement when the employee is doing well with specific projects.

It is imperative that you communicate "up front" with employees so they know the process and the timeline for performance management.

Elements of a Performance Evaluation

The performance evaluation form itself can be simple or complicated. A simpler approach makes it more likely that you and your managers will make time to follow through with this process.

The most important elements of a sound performance evaluation form includes:

- Name, position, date of hire, period of time being evaluated
- Goals – You should assess goals that were identified and agreed to at the beginning of the performance evaluation period. Goals for individuals should tie into overall organizational goals. This will help employees stay focused during the year. These should be Specific, Measurable, Attainable, Relevant, and Time-bound ("SMART" goals) and should address key job responsibilities, projects, and career development goals. You should set a limit of 5 – 7 goals, and they should be prioritized. Each goal should be given a rating (for example: Exceeds Expectations, Meets Expectations, or Does Not Meet Expectations (E, M, D).

- **Core Responsibilities** – These are the critical day-to-day responsibilities of a position (not already captured in the Goals section). You should use the same rating system (i.e., E, M, and D) referenced above for goals.
- **Areas of Strength** – These are demonstrated skills and competencies that are valuable and should be reinforced and encouraged.
- **Areas of Development** – After discussing the area(s) in need of improvement, if appropriate, you should strategize with the employee as to what development action can be taken (i.e., training, coaching, etc.)
- **Overall Summary** – This is an opportunity to summarize the employee's contributions and his or her impact on your agency.

You should assess an employee with a rating in the areas that are most important for success in your organization. For example, you may value a number of behaviors including Customer Service, Teamwork, and Reliability/Dependability. Another agency may not value Teamwork since that isn't crucial to success in their organization.

You should sign and date the evaluation and ask the employee to do the same. The employee should always be given the opportunity to respond in writing to the evaluation. Any written response should be attached to the formal evaluation and kept in the employee's personnel file.

On occasion, when an employee views his or her performance as significantly better than the manager's written evaluation, he or she may refuse to sign the evaluation. If this occurs, you should simply note on the evaluation that the employee refused to sign and date it.

Conducting the Evaluation Meeting

In preparation for the evaluation meeting, you should:

- Gather data about the performance period. You should review the objectives and results achieved. This may involve reviewing sales results, major accomplishments, and projects.
- Ask the employee to write a self-evaluation. This can be helpful because the employee may remind you of activities he or she was involved with that you're not remembering. It will also let you know whether the employee has a very different perspective than you regarding his or her contributions and performance.
- Write your evaluation and be sure to give a balanced perspective. If another manager in the office could provide insights into the individual's performance, you should solicit that input.
- Focus on patterns of behavior (rather than a single incident).
- Ensure that you have an office or meeting room available for the discussion, that you will not be interrupted, and that you've allowed ample time for the meeting.

During the performance evaluation meeting:

- You should acknowledge areas where you and the employee agree.
- For areas of disagreement, start with the areas that you rate higher and then discuss areas where performance is lower. It is important to note specific examples of the behavior you are highlighting.

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Ideally, you should have even more examples (if the employee is asking for them during the discussion).

- Don't rush the meeting, even though it may be difficult with certain employees. Don't interrupt the employee while he or she is making a point. Active listening skills will allow you to understand the employee's perspective.
- If the employee becomes emotional during the discussion, acknowledge that this type of conversation can be emotional. Use judgment regarding whether to give the employee a few minutes to regain composure. If necessary, close the discussion with plans to revisit it another day. In any event, do not change your assessment of his or her performance simply because the employee is upset.

Final Considerations

Sometimes during these discussions, an employee will want to talk about his or her next career steps. Be careful not to make promises regarding what the next position will be or when that move might happen. Circumstances and performance may change over time.

In deciding your approach for performance management, carefully consider the type of organizational culture you want to foster. This process (and the evaluation form itself) should be consistent with that culture.

This investment of time and energy can reap significant dividends for your organization. Be sure to carve out time to implement a performance management process. It will be beneficial for your employees and it will further develop you and other managers in your organization. While managing employee performance is not an easy task, it can be quite rewarding.

Underwriting is one of the most important steps to managing the profitability of insurance products. One problem, however, is that the primary source of underwriting evidence remains the applicant's statement. The Achilles heel is that statement accuracy is limited by the applicant's veracity, the capacity of personal memory, perceived relevance of certain information, or the degree of editing performed by the individual interviewing the applicant.

As a protection against potential misstatements, third party sources such as the MIB, APS and laboratory tests are applied to develop a more accurate underwriting history. While these sources provide valuable evidence, they have their limitations as well.

Prescription Profiles

One new report, the Rx Profile, offers the ability to produce more accurate underwriting assessments in a shorter time frame at lower cost. Typically, an Rx Profile as defined within the context of this article, is obtained electronically within minutes and provides a detailed 12 to 24-month history of a proposed insured's pharmaceutical drug usage.

In most cases, the primary source of pharmacy information will be a Pharmacy Benefit Manager or PBM. Health insurance companies rely on a PBM to develop a specific formulary and negotiate the best prices for the health insurer. A PBM, therefore, will not have a record of cash or non insured purchases.

Life insurance companies do not have direct access to PBM information and must collect it through an Rx Profile provider. There are a limited number of Rx Profile providers. Not all providers have access to the same PBMs, meaning that the completeness of the report may vary by Rx Provider. In addition, since a proposed insured may have multiple PBMs during the historical period, the Rx Profile provider compiles the information into one consolidated history.

Obtaining a prescription drug history is similar to the process for obtaining an APS. The proposed insured must first sign a HIPAA compliant authorization. In today's legal and technical environment, this can be done instantly using electronic signatures, or paper in the traditional manner. The benefits of



Rx Profiles for Underwriting: myth or reality

by Ken Sapp, MSFS, ChFC, CLU
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completing them electronically with eSignatures will be articulated later.

While most Rx Profile providers typically provide only raw data to the insurance company, I am aware of one provider that converts the raw data into a more usable format by allowing the insurer to customize the report to identify

periods of eligibility for drug coverage, assumed diagnosis, prescribing physician, physician specialty and also filter drugs from the report that may be presumed to be benign. For example, a life insurer may want to eliminate all drugs that may have little presumed impact on mortality, such as birth control pills. A health insurer may want a different filter since they are more concerned about immediate morbidly risk versus longer term mortality implications.

Simplified Issue Life Products

Prescription profiles are a unique and potentially powerful tool for performing risk selection. They can be used as a primary screening tool or to augment existing requirements. Specifically, Rx Profiles may be of important interest for simplified issue products that rely primarily on "short form" applications and order third party information only "for cause."

Rx Profiles can also be used to increase the value of application data by providing a veracity check against the client statement. In a more creative sense, a custom profile can be developed from an assumed diagnosis of certain drug usages into hypothetical "red, yellow and green light" categories. If drug usage histories are revealed that would be other than a "green light," the company has an opportunity to investigate further, particularly if these conditions were not disclosed on the application.

The potential impact of prescription drug pre-screening is increased when an electronic application is used in conjunction with an electronic signature by allowing a policy to be approved in real time and with a greater degree of underwriting accuracy. More importantly, the capability of a more effective risk assessment allows these simplified products to be priced competitively with fully underwritten products and also provide better profit potential to the underwriting company.

While the application described here is intended for payroll deduction or affinity programs, consideration should also given for issuing lower face amount term insurance policies up to certain ages. I know of one re-insurer that is offering products based on this process and others are considering it.

Underwriting Triage

Typically, requirements for fully underwritten products are determined by age and

amount. Obtaining an Rx Profile in advance will allow requirements to be tailored to the specific risk in a timely manner. Ordering requirements beyond what is justified by the risk exposure increases both underwriting cost and issue time. Additionally, the value of requirements ordered “for cause” is typically greater than those prescribed by blanket age and amount guidelines.

Another unique opportunity is to order Rx Profiles using voice signatures or Internet eSignatures prior to a tele-underwriting interview. This capability allows the interviewer to clarify Rx information, obtain accurate prescribing physician details and to validate applicant answers in real time, therefore, resulting in faster more accurate policy issue. To be more specific, applicant statements acquired through this type of reflexive questioning can reduce the need for an APS by 50 percent or more according to a Best Review article.

Protective Value

Any underwriting requirement must be evaluated relative to cost of obtaining the requirement versus the risk protection it provides. One factor also considered is whether the information would be routinely obtained from another source, therefore, deeming the information redundant and of marginal value.

Limited studies have been completed on the Protective Value of Rx Profiles. Those studies were completed on a retrospective basis and evaluated the impact the information an Rx Profile would have provided at the time of application. Reproduction of these studies is beyond the scope of this article but typically they revealed additional relevant information was provided on cases with an Rx Profile that was not provided on the application.

I am aware of one provider that converts the raw data into a more usable format by allowing the insurer to customize the report to identify periods of eligibility for drug coverage, assumed diagnosis, prescribing physician, physician specialty and also filter drugs from the report that may be presumed to be benign.

Myth or Reality

To paraphrase one well known underwriter, “I am in awe of the potential afforded by Rx Profiles, but my enthusiasm wanes at the lack of infrastructure currently available.” Currently, LabOne/Script Check and United HealthCare are providers of raw Rx Data while another company, IntelRx, provides the capability for refining this data in accordance with company specifications.

Current limitations are primarily focused on the potential “hit rate”- the percentage of applicants for which drug history information is available. This “hit rate” varies significantly by market and product and ranges from 30 percent to 80 percent. Data aggregators are adding to their PBM data sources regularly to improve coverage and the recent Medicare Rx legislation should significantly increase the number of individuals with PBM data.

“Hit Rate” limitations aside, the Rx Profile provides a powerful tool for evaluating contestable claims or providing “underwriting triage.” Given the cost of underwriting evidence and company pressure to reduce cost, the Rx Profile will certainly gain in value and credibility as a source of underwriting information. The creativity of re-insurers, underwriters, distributors and the demands of the marketplace for more user friendly new business procedures will no doubt cause the interest in Rx Profiles to increase in the near future.

Rx Profiles, myth or reality? It is in the eye of the beholder.

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This article is the third in a series dedicated to helping you better understand and use the power of marketing communications.

How to maximize your budget

Running a marketing campaign is much like driving a car: how far it will take you, and how fast it will get you there, depends not only on how much you spend on fuel but also on how clever you've been with the car's design. If your engineering is exceptionally efficient and your design unusually streamlined and inventive, you can go farther and faster — all while spending less on gas.

No matter what your advertising and marketing communications budget, you can maximize its effect on recruiting and overall agency growth if you concentrate on the following before you ever spend a cent on a letter, print ad or e-mail newsletter:

1. Truly know your target market – and never stop learning about them.
2. Maximize your message – create a clear “brand promise.”
3. Get creative – learn to surprise and delight your prospects.
4. Always invest in a dialogue – don't waste your money on a monologue.

Truly know your target market.

Successful GAs typically have years of experience, and a first-hand knowledge of what it means to be a writing agent and work with writing agents. But, as the pace of change quickens, relying solely on experience, even current day-to-day experience can leave you behind the curve when it comes to anticipating needs.

That's why it is always wise to be deliberate in taking the pulse of your prospects. This can be done through formal research, such as surveys (and some carriers have been known to include such costs as part of their co-op programs). But even without formal research you can gather your own very valuable input. At minimum, you should annually prepare a list of fact-finding questions and talk to a select list of agents for the expressed purpose of getting their input. You can do this one-on-one, or in your own informal “focus groups.” You'll be surprised at the insights you'll get — and you'll simultaneously strengthen your relationship



Putting More Life in Your Marketing

Third in a Series

by Chuck Kent,
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with agents by demonstrating that you listen to them and value their opinions.

Maximize your message.

The message, what you're actually saying to prospects, is the most important part of your marketing communications. So take a hard look at your current letters, brochures, etcetera, and then answer these questions:

- Do they all convey a clear, consistent core promise?
- Do they clearly differentiate you from the competition, or just say the same things in a different way?
- Do they provide valuable news or information?
- Do they give the prospect a reason to respond?
- Do they give the prospect an easy way to respond?

Until you can answer yes to all the above, you haven't maximized your message.

Convey a clear, consistent promise.

This is the heart of effective messaging. It's also the heart of understanding your business as a brand. Yes, just like Nike or Rolex, your business is a brand. And every brand is a promise — the promise of some meaningful benefit the user will get.

What are you promising agents — more opportunity? Greater efficiency? Better support? Some combination of these or other benefits? And does your brand promise meet the needs or solve the problems you've identified in your “research?”

Just as it pays to periodically do that research by interviewing your prospects, you will profit by periodically reassessing yourself as a brand. Ideally, you would have a consultant or marketing agency help with this, both for their expertise in the process and their outside perspective. But, even if you don't want to invest the money in outside help, at the very least you can do a “brand essence” exercise internally, with your key staff. By taking a look at your organization from several angles — including structure, “personality,” products and functional and emotional benefits — you can arrive at a focused statement of your essential value to your agents and prospects, i.e., your brand promise. Then, you'll know what

should be at the core of all your messages.

(Note: If you choose the “do-it-yourself” route, a good book on the subject is *Building Strong Brands* by David Aaker, principal at the big-time brand consultancy Prophet; you can buy it on their Web site at www.prophet.com.)

Get creative.

Some people like to think that business-to-business advertising should be, well, all business. But being “all business” doesn’t have to mean boring, just-the-facts, no-fun-please communications. In fact, just the opposite is true. If you want to break through the media clutter and get the attention of your prospects, you have to get creative.

That doesn’t mean wild and wacky. It does mean surprising and unexpected. It can be the unexpected use of color (does anyone really need to see another blue logo in financial services?), unusual imagery, an atypical use of media, or anything that sheds a new light on you in a relevant way.

The more you can surprise and delight your prospects, the less you will have to spend to get their attention.

Always invest in dialogue.

It’s simple. There is no good reason to spend money talking to yourself. Yet if you look at much of advertising, in any category or medium, what you too often find are messages that simply make statements about the advertiser without inviting or facilitating response. In essence, such ads are expensive monologues.

Effective marketing communications create and sustain dialogue. If you’re recruiting, you don’t just want an agent to know about you — you want them to call, to talk, to respond. So all communications can and should be looked at as direct response marketing.

By taking a look at your organization from several angles — including structure, “personality,” products and functional and emotional benefits — you can arrive at a focused statement of your essential value to your agents and prospects, i.e., your brand promise.

Take a look at your latest ad, blast fax or outbound e-mail. Does it provide useful information? Does it make a special offer as a reason to respond (and the offer doesn’t have to be a promotional item but can simply be more information in the form of a brochure, newsletter, etc.)? Does it prominently feature a toll-free number, reply card, Web site or e-mail address, to make it easy to respond?

Of course, it isn’t enough to simply initiate a conversation — you need to keep it going.

An effective marketing contact strategy requires an on-going series of meaningful “touch points.” Depending on your objectives, those might include a mix of ads, direct mail, outbound calls, e-mail newsletters and so on. The key is to make sure that every message:

- Consistently builds on the others, reflecting and extending your core brand promise.
- Delivers something of real use or value to your prospect.

Maximize your marketing, minimize your budget

The point is this: you don’t necessarily need a big budget to be effective. Regardless of your budget, you do need to understand and keep learning about your prospects, making sure that your core brand promise speaks meaningfully to their needs as you pursue an on-going dialogue.

Tell us what works for you

Would you like to share what marketing does for your firm? If you have an advertising or marketing success story — or a question or comment related to this series — please e-mail it to us at marketinglife@nailba.org. And, watch this column for ways to “Put More Life in your Marketing.”

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I'd like to share the first life insurance application I wrote fifteen years ago. My General Agent (GA) counseled me prior to the sales appointment, made certain I had all of the necessary forms, and drilled me on what HAD TO BE SIGNED. Within a couple of hours, I had a signed application and premium check in hand. That was a glorious day filled with joy and elation. But, I didn't have a clue what to expect next.

The next morning, I proudly turned in the application and asked, "What happens next?" The GA responded, "Don't worry about it. We'll take care of it from here."

The curtain descended, and I was left in the dark. The policy was "pending." Two months later the policy arrived with a commission check.

Today, we no longer have such dark periods. Agents and case managers don't face the mysteries of pending applications.

For 18 months, a group of dedicated, talented, and committed experts have been working together to define solutions to this information gap. This group comprised of representatives from the major requirements service providers, administration and agency management systems—supported by key carriers, have been battling business and philosophical battles to come to a common message that we all can implement and support.

The ACORD Working Group on Underwriting Requirements is solving the pieces of this dark puzzle. They met recently to tackle laboratory testing reports and transactions. Many steps in the underwriting process can now be reported to providers and made available to all parties in real time. You don't need to know how to read an XML tag to understand the potential savings of time and money.

Since joining the largest provider of underwriting and requirements services, I have an appreciation for the complexity inherent in completing tasks that used to take place "behind the curtain" in my mind. The number of steps, the number of times information must be touched, updated, and moved, the myriad varieties of handling instructions are a world unto themselves. What I used to think of as a simple paramedical examination with specimens being tested at a lab, has taken on a

Technology and Knowledge Improves Efficiency

by Jean L. Skahan
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new meaning. Bar codes now have enormous significance to me—not only for images—but also for lab processing.

Service providers once maintained an enormous amount of detail and status for every step of the order process. No new business, administration, sales, or agency management systems have been able to take back these updates and display it to users. Requirements are all too often reported as "pending."

I can remember sitting with an experienced case manager at a large agency in the Boston area three years ago. It took her over an hour to enter a new application and order the necessary requirements. The process included keying the application data twice in two systems, with lots of copying, faxing and telephone calls.

Today, new products can automatically link data from an agent to an agency, automatically generate requirements, place orders and e-mail notifications to the client and carrier.

Consider for yourselves, the power and true process revolutions that have transpired. A life insurance sale can be done with a minimum level of manual steps. An insurance client can select a carrier, product, and obtain a face

amount online with a quote within minutes. Furthermore, he/she can complete the application online and pre-set a paramedical appointment.

Updates on the progress of the case, while in the hands of paramedical and lab companies, can be sent to the agent and broker automatically via e-mail or data feeds. The completed paperwork can be delivered to the carrier as images, along with an electronic transaction that makes processing flow smoothly. New business and images can be routed automatically to the appropriate carrier departments. New business submitted this way can be approved more quickly. Since carriers are now sending out Pending Case download updates several times a day to agency management systems, these approved policy decisions can reach the writing agent more quickly than in times past.

One of the most rewarding aspects of participating in the ACORD Working Group on Underwriting Requirements is that many of us are implementing these new messages as we develop and define them. We are proving our ideas in production environments. The technology and knowledge improves the efficiency of new business processing. Adoption of new workflows and behaviors are increasing.

It is a joy to meet people across the country and witness the light in their eyes when they realize the difference that these electronic messages and connectivity between trading partners can make in their lives.

To learn more, please consider attending the "15 Minutes of Fame" sessions that will take place at FOCUS June 10-12 in New Orleans and at the ACORD LOMA Systems Forum May 23-25 in Las Vegas. Together, we truly have improved efficiencies with technology and knowledge.

Jean Skahan's expertise with insurance e-commerce technology builds on a 20-year career in the financial services industry. As e-Business development manager at Hooper Holmes, a global provider of health information services to the life and health insurance industries, she focuses on strategic partnerships, corporate marketing initiatives, and technical sales support. Presently, Skahan serves as co-chair of the Requirements Working Group for ACORD TXLife transactions, as co-chair of the ACORD Forms WG subcommittee to standardize Part 2 forms, and as a member of the NAILBA Technology Committee.



The Changing World

It's the nature of things. As times change, we adapt to survive. Managing General Agents (MGAs) are no exception. The industry has been changing quickly, and MGAs (as well as carriers) are responding by adapting and evolving. Increased competition, more complicated products, widely different benefit plans, business requirements, federal legislation and state variations all have put pressure on MGAs to evolve. Markets, distribution and even clients – most importantly, clients' needs – are changing.

As the affluence level in the United States continues to increase, especially among women, the market for advanced marketing concept sales continues to grow. More Americans need estate planning than ever before. Additionally, the rise in the number of small businesses has increased the need for business succession insurance. A growing number of people need more sophisticated life insurance products and planning concepts, driving the increased interest and focus in this area. This market growth is creating a new client base for MGAs.

All of these changes require that MGAs become more sophisticated to keep up with increasing complexity of the products and clients they support.

Bigger Markets, Growing Clients

While MGA clients used to be primarily independent representatives/agents, now they're also investment-oriented representatives, planning organizations and wirehouses. Now all MGA clients are looking for significant service and support from them, including independent insurance advice, packaging, advanced planning concept expertise and underwriting advocacy with carriers.

Representatives are now looking for sophisticated advanced market concepts/niche products. The person who used to do college, investment and retirement planning but who never ventured into life insurance before is now being told, "Get more sophisticated. Get more-relationship based. Extend the offerings you provide each client."

A Multi-level Response

As representatives continue to expand their product portfolios, they need local support to serve their clients well in life insurance. Some

The MGA Evolution

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MGAs have responded by adding local point-of-sale networks. Others have responded by adding regional locations, extended hours and increased telephone support.

By offering more extensive telephone support and sophisticated packaging (to help the rep present the case), MGAs are expanding their traditional roles. Also, MGAs are bringing in outside expertise to handle those responsibilities. In some cases with these point-of-sale networks, MGAs accompany investment-oriented representatives on client visits, or they dig through specific cases and do all the leg-work for them. Sometimes MGAs will conduct seminars. In other cases, MGAs provide more extensive support, via long-distance, with detailed, walk-through phone contact.

Successful MGAs are learning how best to strike a balance with the representatives who don't want to give up control over a client, but who can't serve that client well in life insurance without assistance. They offer a local presence, consistent service and supportive technology with measurement and monitoring tools.

MGAs also have to be better at technology to handle all the increased complexity of business requirements, so they don't end up drowning in the inevitable sea of paperwork. They've responded with increased levels of automation: they've automated both their own shops as well as their carrier interfaces. MGAs have made investments in their own business to modernize and keep pace with the times.

Within the wide range of MGA businesses – from family-owned to larger, more institution-sized operations – there's a spectrum of development. This evolution has been especially significant for the smaller companies, the family-owned businesses. These MGAs have made great strides, and have advanced dramatically in order to support their clients well.

Carrier Evolution

In turn, we as carriers are also evolving, to help MGAs better meet the shifting needs of their clients. Most MGAs have needed to take on more carriers because of the increasing sophistication of the business and due to the fact that more carriers compete in this market than before. However, successful MGAs balance their need for product choice – so they can provide independent and objective service

for a wide variety of clients – with the need to have meaningful partnerships with a reasonable number of companies. Partnering with too few won't give them a broad enough portfolio to meet their clients' needs; too many brings confusion and the loss of importance to any one carrier. MGAs need real partnerships and are looking for carriers that offer product breadth and excellent customer support. In order to get dedicated carrier resources, the focus needs to be on quality, not quantity. MGAs need to have strong partnerships with a limited number of carriers, to keep it manageable and in-depth.

Lincoln's goal is to help MGAs become indispensable to their clients. Not all producers do the same thing or pursue the same concepts or markets. To that end we are seeing the genesis – at Lincoln – of a "Concept Portfolio" for MGAs producers. This is a combination of concept, advanced sales support, software, and interface to help MGAs connect with producers in those areas that are meaningful to them and profitable to MGAs. We call this idea High Value Producer, or HVP, interaction and we're deeply committed to it.

We offer varying levels of support for different MGAs, depending on the level of the MGAs' need. We develop deep partnerships with a select number of MGAs through our:

- Unique distribution model;
- Traditional strength of our advanced sales department;
- Extremely experienced, in-depth underwriting capability and support;
- Product balance and scale;

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- *Syndicated (private label), compliance-approved web content*
We offer video and audio, with metrics to track usage of the presentation, which provides a good list of contacts for follow-up. This content boosts MGA sites quickly, as it looks like the material is coming straight from the MGA site.
- *Sophisticated technology*
Our Brainshark product provides automated delivery of sales concepts
- *Education/training support*
We have created schools for MGAs

to help with training investment-oriented reps

- Consistent service
- Joint due diligence meetings
- Competitive, broad range of products

One example of where we've been working as a company in conjunction with our MGAs is the program we've been developing which supports MGAs efforts to further penetrate the growing market for life insurance for affluent women. We bring advanced marketing programs and concepts as well as increased support and focus on this market. As such, Lincoln is proud to sponsor the Women in Brokerage Seminar at FOCUS on June 10th in New Orleans.

We see the tremendous changes happening in the industry, and continue to develop a myriad of new strategies to meet the evolving needs of MGAs to help support their clients. We are all intertwined in this industry and when something impacts one segment, the others all feel the impact too. Success is measured in how quickly and appropriately we act, not react, to the changes that shape and redefine our industry.

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Common Forms for the life insurance industry has been as elusive as the cure for the common cold. Many noble attempts in the past have been made with the best of intentions. The problem stemmed from a lack of broad industry collaboration and a commitment to get the job done.

Thanks to the efforts of the NAILBA Technology Committee working with ACORD, it is now a reality. The standardized forms project highlights the strong industry collaborative influences of the NAILBA Technology Committee and its members who are working side by side to develop the life forms in direct response to many current business trends. These trends include: the complexities of brokerage due to the multi-carrier environment, globalization, heavy legislation and deregulation of insurance and financial services, time-to-market constraints for new and diversified products, rapid expansion of new distribution channels and supply chain partners. The expected outcome of the forms initiative will be its strong contribution to increasing revenue and reducing costs.

Any time a member agency, carrier employee, service provider, or consumer touches a form, there's a cost involved. ACORD estimates that life insurance carriers and brokerage agencies are paying anywhere from \$25,000 to \$5 million (and perhaps higher) annually to develop, file and maintain forms, which includes costs for maintaining forms libraries; monitoring new laws and changes to existing laws; developing and revising forms; legal reviews; state filing fees; training; and labor costs. There are enormous costs to physically produce, manage, maintain, and update a database of forms. Anything that reduces form handling cost is a significant gain, whether in labor and handling costs, storage costs, or printing costs.

Why ACORD forms? ACORD began over 30 years ago working with Property and Casualty firms to standardize forms utilized in the marketplace. It has resulted in millions of dollars of annual savings in the Property and Casualty industry. ACORD Forms expertise has gained a proven track record of avoiding court challenges due to industry collaboration on standardization efforts. They have gained the respect, cooperation and most importantly



Common Forms Available: Collaborative Effort Works

by The NAILBA Technology Committee



approval and acceptance of their forms by state regulators.

This journey began over three years ago as a group of pioneering NAILBA member agencies and carrier companies teamed up with ACORD to start the ball rolling by making a commitment to work together to make this elusive dream a reality. "Many people said it would never happen," said Alan Musselman of Centrelink Financial and co-chair of the common forms working group. "Well, we did it!"

Their goal is to bring standardization to a number of typical forms used within the life insurance sector of the insurance and financial services industries targeting New Business forms first. While writing this article, over 25 states have accepted and approved Part I of the form. More than 40 states will approve this form by June 2004. Carriers will begin using the form once a significant number of states have adopted the forms.

A total of 21 forms are complete and are now working through the approval process (states and carrier). Four forms are now on the ACORD Web site, including the Producer Appointment Form, which is a non-filed form ready for use and implementation. Other forms are active, a work in progress, within the forms working group. For a complete status on the ACORD Forms project, go to the NAILBA Web site at www.nailba.org.

The NAILBA Technology Committee is now focusing efforts on the first form adoption and implementation. The criteria includes a form that is complete through the ACORD Standard process, a form that can be easily adopted, does not need state approval, and can be implemented in a relatively short period of time. The Producer Appointment form clearly fit these criteria. By starting implementations with the Producer Appointment form, we've opened the door to adoption with a major accomplishment that will prove beneficial to carriers and agencies.

Many NAILBA members and carriers have spent hundreds and even thousands of hours on this project over the last three years. NAILBA wishes to recognize and thank those companies for their enduring commitment to this project.

The following NAILBA member agencies and participating carriers are the pioneers of

this effort and have contributed greatly to the achievement and accomplishments to date: Member agencies include:

Alan Musselman, Centrelink Financial
 Jon Shaw, Shaw American
 Craig Thomas, JL Thomas and Associates
 Steve Stark, Select Quotes Services
 Dan Smith, Bisis

The list of carriers who participated in the project includes the following:

First Colony / GE
 ING America
 LBL
 MONY
 Mutual of Omaha
 New York Life
 Prudential Financial
 One Life (formerly Zurich Life)

Additionally, the forms working group facilitated a hands-on session at the last NAILBA Technology Committee meeting. Agency members, carriers and vendors spent several hours filling out the new forms individually and exchanging feedback. All of the participants gave the completed forms their approval and some finished in record time.

Carriers that wish to use the forms first must authorize ACORD to file on their behalf by signing a Forms Authorization form available directly from ACORD. The Authorization form doesn't obligate them to use any of the ACORD forms, it just "enables" ACORD to file to the states on their behalf. Carriers can

use one, two, ten, or choose to use no ACORD forms. The authorization in no way obligates the carrier to use or implement the ACORD form. In order for companies to use the forms they must either be ACORD members or pay a fee for usage and distribution.

As soon as a form is approved in a state, companies can choose to use the form in the particular state. However, they are not required to do so.

A carrier's obligation begins when they decide to use a specific ACORD form that has been filed and approved. At that point all agents and brokers soliciting business for that carrier can also use the form. Regulator notification is not necessary.

If the form is revised, the revised form is filed again and approved. It replaces the previous edition. At this point, the carrier must use the latest edition of the form. Older editions of the form cannot be accepted by the carrier from their agents and brokers, unless the individual carrier notifies all regulatory states that they intend to continue to use the older version of the form. If the form was revised because of a change in law or regulation in a particular state, the state will not approve use of the older edition. The carrier then must decide to either (1) use the latest edition, or (2) discontinue use of the form.

The list of carriers who have authorized ACORD to file on their behalf include: CNA Valley Forge, Federal Kemper Life, Fidelity

Life, First Colony GE Capital, ING America, Lincoln Benefit Life, Mutual of Omaha, Old Republic Life and One Life (formally Zurich Life).

The forms working group is also working on the "electronic representation" or fillable use of these forms compliant with the ACORD standard. Both Microsoft and Adobe are involved in the forms effort and are introducing new features in their software products to exploit full advantage of the ACORD forms.

Current procedures at your NAILBA member agency should not significantly change. These new procedures impact upon your agents filling out the forms, acquiring the proper signatures, processing to carriers. During the phase-in or transition period, adopting carriers will weave the approved standardized "generic" forms into their existing forms libraries.

Ultimately, the goal is to have a single set of forms for all states accepted by all carriers. This will allow for a single repository of forms. The benefits will be tremendous.

We encourage all NAILBA member agencies to discuss this revolutionary project with your core carriers. Working together we can make it happen. For more information, please contact the NAILBA Technology Committee chairs Jon Shaw at jonshaw@sahwamerican.com or Alan Musselman at alan@centrelink.com.

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