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Electronic Licensing Gets Geico Stamp of Approval

By Therese Rutkowski

RAPID GROWTH. IT'S A "PROBLEM" MOST COMPANIES would welcome. Yet, along with accelerated growth comes a bevy of new challenges. At Geico and its affiliated companies, for example, when written premiums grew from \$4.1 billion in 1998 to \$4.9 billion in 1999, the company had to process twice as many agent licenses with state insurance departments—just to keep enough agents on the phones selling auto policies.

"In one year, we jumped from about 27,000 active licenses and 48,000 appointments to 55,000 licenses and 115,000 appointments," says Dan Corridon, director of licensing administration at Government Employees Insurance Co. (Geico), the Chevy Chase, Md.-based direct insurer. "We needed a system that was going to do more for us than what we were using."

That's not surprising, since Geico was using paper. In 10 regional offices, Geico staff manually completed and processed all the forms required by the various state insurance departments to license and appoint its "insurance counselors."

The paper-based system was time-consuming and cumbersome, says Corridon. "Any time you're chasing paper, it's very difficult. We had problems confirming the licenses that agents were supposed to receive in the mail to get their appointments—and the appointments were all processed on paper too. It was a nightmare."

THEN AND NOW

That was then, but this is now: Geico uses an Internet-based system called Compliance Express—from Okemos, Mich.-based Sircon Corp.—to license, appoint and renew its producers electronically.



Integrated with Geico's PeopleSoft-based agent licensing (ALIC) database, the system operates as a gateway to the Producer Database (PDB) developed and implemented by the National Insurance Producer Registry (NIPR), a non-profit affiliate of the National Association of Insurance Commissioners (NAIC), Kansas City, Mo.

Since switching to the electronic licensing system, Geico staff now enters appointment records into the ALIC system, and those records are downloaded every night to Sircon, which disperses the data to the state insurance departments.

INDUSTRY PRIORITIES

Keeping up with top-of-mind executive concerns

“One of the reasons we selected Sircon was because they have Sircon for States,” says Corridon. Sircon for States is an Internet-based tool regulators can use to process transactions electronically. In particular, California and Texas use the system, and Geico has large call centers in both states.

“Because Texas and California are Sircon states, we were able to just drop the system in place and use it immediately,” he says. “We sped up our Texas and California licensing process by about 30 days by going with Sircon.”

When the system was first implemented in 2000, Geico staff had to enter producer data twice, once into the ALIC system and again into Sircon. But that changed in 2001 when Geico built a data exchange bridge to Sircon’s technology, enabling the companies to download records offline.

Overall, Geico has reduced the time it takes to process licensing and certification letters with the states from six-to-eight weeks down to one-to-two weeks, and in some cases, days.

And, because Geico receives a tracking number for each transaction and a response file from Sircon that confirms appointments, the carrier can resolve discrepancies much more quickly than during its paper-chasing days.

“We chop out all that time it was taking to confirm those paper appointments,” he says. “And, we have a tracker number in Sircon. So if a transaction has been out there for three weeks and we still don’t have a confirmation, we have a basis on which to contact Sircon and the states proactively and say, ‘We sent this transaction on this date. What’s the status?’”

SIX-FIGURE SAVINGS

In addition to productivity gains in Geico’s compliance operation, the carrier’s agents are licensed and appointed more quickly. That means they are

on the phones selling insurance more quickly, notes Corridon. Geico sells nationwide and employs approximately 12,000 insurance counselors—each with an average of seven licenses.

Because these agents are salaried employees, Geico covers the costs for pre-licensing education, licensing exams and licenses, appointments and continuing education. And Sircon acts as Geico’s billing agent, paying the insurer’s fees (most electronically) to the states for those requirements.

The billing service alone saves Geico hundreds of thousands of dollars per

When Geico’s business more than doubled several years ago, the number of agent licenses it had to process doubled too. As a result, the company switched from a time-consuming paper-based licensing administration process to an electronic system.

year, says Corridon. That’s because Geico now processes 10,000 to 15,000 checks per year compared with 70,000 before implementing the technology. “I can’t tell you the exact savings we’ve seen from this, but I can say it’s in the six digits per year,” he says.

What’s more, the system enables

Geico to reconcile its producer data more effectively. “Reconciliation is huge with us,” Corridon says. “It’s a mantra.”

To do that, Geico extracts producer data from its agent licensing system on a quarterly basis, then sends the file to Sircon. Sircon matches that data with the NIPR’s Producer Database and sends a file back to Geico. “We then put that file through what we call a ‘spin cycle,’ which matches the people in the Sircon file with the people in our database,” Corridon explains. The company can then reconcile any inconsistencies.

After using this procedure for two years, Geico’s producer data is now 98.7% in synch with NIPR’s Producer Database. “I can’t think of many companies that can make that claim,” he says.

In addition, Geico’s agent licensing database is integrated with SalesTalk, the company’s internally built sales application. “If an agent or producer isn’t licensed and appointed properly, they are automatically locked out of the sales system,” says Corridon. “Between that feature and our 98.7% matching rate with the PDB, we’re in good shape as far as compliance.”

The company is also in good shape with Sircon’s technical expertise and contacts on its team when dealing with the state insurance departments, he says.

“We sometimes run into snags with the various insurance departments, and we’ll often call Sircon to help us when that happens,” Corridon says.

For example, when the state of Georgia recently went to an online licensing application, the state still required agents to be involved in the process. But Geico administers all the details of processing agent licenses and appointments. “We don’t want to drag agents off the phone to work on their

license renewals when we can do it for them,” says Corridon.

In this case, Gary Gummig, Sircon’s vice president of government affairs and business development, intervened to explain to the state insurance commissioner that this requirement slowed down the process.

“Gary is a well-respected technician,” says Corridon. “And the commissioner ‘saw the light’ and said, ‘Okay, we’ll fix it,’—and they did.”

Corridon doubts Geico would have had such a fast resolution without Sircon’s assistance.

“If we worked on our own with the insurance department, it would have taken a lot longer to resolve this issue.” And that’s significant, because Geico employs approximately 3,000 sales agents in its Macon, Ga., facility. That “fix” saved thousands of dollars in processing that paperwork, he says.

Geico is using an Internet-based application to license, appoint and renew its producers electronically with the states.

In the end, Corridon envisions one-stop shopping with the states and a totally electronic system. “We need to go to one place to submit all our trans-

actions,” he says. Right now, however, some states are building their own electronic systems, some are implementing NIPR’s and some are using Sircon for States, he notes. “By the time they’re all done, the process may be as complicated as with paper.”

To attain his vision, Corridon is also working with the NIPR to release an online address change feature for agents. “We’re sending 20,000 pieces of paper out for changes of address per year,” he says. “Most of our insurance counselors are young—20- to 27-year olds—and they change their address more frequently than they change their socks.”

If Geico can enter an agent’s address change once online, with the system automating the distribution of that change to every state the agent is licensed in, the company and the state would benefit, he says. “The states are constantly complaining about return mail—and here’s the answer to it: An updated address at all times.” **INN**

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