

Redefining Straight-Through Processing for Insurance

How a broader definition of STP can accelerate efficiency and growth throughout the sales lifecycle



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Time to Redefine Straight-Through Processing

Just over a decade ago, the insurance industry tried to bring about fundamental change. Efforts to begin automating and digitizing what had historically been a paper-based process were underway. However, digital transformation was still in its infancy. The primary focus was to achieve application data collection with fewer errors and include e-Signature to make the process both easier and more efficient. The term “Straight-Through Processing” (STP) was born.

Flash forward to 2019 when industry regulations and insurance sales processes are more complex than ever. Workflows for agents and sales staff—and the buying journey for customers—have remained largely fragmented. Electronic submission of applications is far from 100% and e-Signature adoption rates across the industry remain very low. For too many firms “straight-through processing” remains focused on just a small fraction of the entire sales cycle. The original workflow for STP is now a decade-old definition that is outdated and no longer reflects the technical advances available to the industry.

As an industry, we never implemented the wider workflow, nor did we tie what was introduced together to create a truly cohesive STP process. Instead, in the years since STP was first defined, companies and vendors have constructed a proliferation of single-purpose technologies to support a wide variety of insurance sales processes. The result is a vast selection of technologies targeted at supporting individual stages of the sales process or different technologies cobbled together into a disjointed “single” system that still contains disconnected data and workflow gaps that hinder sales.

In a world where people can apply for—and receive—a mortgage on their mobile phones, the big question is: Why doesn't insurance have a true STP? It's time to redefine what true straight-through processing can and should look like for the insurance and financial services industries using the technological advances available today.

Identifying the Workflow Gaps

Sales processes have become much more complex and broader, yet to date, the industry hasn't focused on creating cohesive experiences or eliminating disjointed workflows for even the application sales process. Today, the industry continues to experience various challenges using single-purpose technologies, obstructing the ability to achieve cohesive STP workflows. These challenges include, but are not limited to:

Disjointed Solutions – Agents are logging into multiple systems to open an account, run a quote, run illustrations, and finally to complete the application; delivering a disjointed, inefficient and laborious experience.

Disconnected Data and Data Entry Redundancy – Data that has already been collected about clients is not being seamlessly carried through the rest of the sales process. Data from the account opening, quote, and illustration are not prefilling from one step to the next, making agents re-enter data into the next workflow, causing a potential miss-match of data.

Upfront Checks Are Being Completed Post Sale – Licensing, appointment and training checks are not always taking place ahead of submission, creating errors at the carrier, frustrating the agent, and slowing down contract issuance for the client.

Inconsistent Processes and Experiences by Line of Business – Firms are leveraging completely different software solutions to complete the same process for each of their lines of business. Built with different technologies, the experience for agents is inconsistent with different user experiences, different workflows, and different integrations; additionally, it is quite costly for firms to customize and manage.

Different Requirements for Different Channels – More firms are getting into consumer solutions, and due to rigid user interfaces that are not capable of supporting different user experiences, firms are required to use different software to support different channels.

Low e-Signature Adoption – Many firms still have not implemented e-Signature into their workflow. For firms who have implemented e-Signature, it may be only used with one line of business because as noted above, the other line of business may be on a separate software and requires a separate integration.

The Encouragement of Paper – In many cases, the disjointed workflows encourage paper submission, which are often riddled with errors. Agents are already in the carrier website to obtain trusted rates and are pulling down the paper applications for submission while they are there because it is one less step. The process must be easier for the agent to achieve the many efficiencies that come with digital validations.

Beyond the Sale Workflow Hurdles – Once a sale is completed, agents are still battling with workflow breakdown. In post-sale activities, contract data is known by the carrier, yet the agent is usually manually entering that data, leading to inefficiencies when supporting existing clients.

Inability to Enforce Proven Process Is Followed – Of additional concern, these disjointed workflows make it very difficult for compliance to prove and enforce all steps in their defined process was completed. A defensible process is vital to compliance, especially with all of the new Best Interest regulations.

Achieving True STP

To achieve true straight-through processing, all aspects of the sales process need to be interconnected, e-Signature must be included, sales automation technologies need to be product and channel agnostic, and STP needs to extend beyond e-Application.

The perfect example of the transformative power of true STP can be seen if we look at the rise of app-based on-demand transportation services like Uber and Lyft. These companies use APIs to combine their best-in-breed technology with other best-in-class technology like Google Maps. With the APIs, they created an easy interconnected process. The new on-demand services implemented what is essentially true straight-through processing. Regardless of what state you're in or what car is being used, one, consistent, seamless experience is presented.

The same goes for insurance. While the order in which an insurance sale takes place might be different depending on any number of variables, the process should still be consistent and seamless, and all workflows should be interconnected.

Here is what carriers and distributors should focus on to achieve true STP and seamless sales experiences:

Product-Agnostic Technology



Could you imagine asking a retail salesperson to use one system to sell sneakers and another one to sell boots and yet another one to sell sandals?

It no longer makes sense to build or buy rigid, single-purpose “specialized” technologies for a narrow set of products or processes. The result is a set of systems that isn’t agile enough to respond to complexities, which requires expensive and time-consuming customizations to deploy or manage.

Instead, a single, product-agnostic system that can support all lines of business unlocks the ability to quickly and easily sell multiple products. One customer, one system and one consistent sales process regardless of how many or what kind of products are being sold.

Single Solution for All Sales Activities

With a single, seamless sales process, sales teams will have accessibility and cohesive processes to offer comprehensive insurance and retirement solutions to their clients. Agents want a single place to determine product fit, run quotes, illustrate products, send all previous data to an application, process payment collection, ensure in good order, e-sign, and submit to carrier.



If everything is in one place, the agents will be able to quickly start the sales process, complete the sales requirements and data will flow from one phase to the next without requiring manual re-entry. The benefits of a single solution also include a quality control aspect so the firm can ensure a compliant and in-good-order process that is documented and provable.

Include e-Signature



e-Signature adds so many benefits to everyone. The client benefits from the ease of signing regardless of their location with the agent or remote. The agent benefits from ensuring they are collecting all signatures and the ease of collecting signatures regardless of the client’s location. The firm benefits from a reduction in errors, a fully electronic order with the data and forms, a full audit history, a defensible process, and a proven authentic signature. With so many

benefits, e-Signature should be built into solutions natively, not an afterthought or optional add-on. When e-Signature costs extra, adoption rate plummets and paper sneaks back into the process.

Technology with Flexible, User-Driven Workflows

Sales lifecycle STP means eliminating as many roadblocks for the sales team, back-office and the end customer. It is also important to point out that no two companies, salespersons, or customers do things the same way so flexibility to create unique workflows that vary by firm, sales channel, and product is critical.



Carriers need a solution that supports their various sales channels, distribution firm relationships and product offerings. If a carrier is offering a consumer-direct solution, it needs to be simple and intuitive for consumers to complete. Equally, distributors need a solution that can handle their unique business processes simply and consistently based on their agent demographic.

Choose technology that supports workflows and user experiences and is flexible enough to work for any channel and any distribution model.

Simplify Integrations



Integrations are vital to making a solution fit into each firm's internal and external processes. APIs are key to making their solutions robust and seamless. Firms need to be able to connect all pieces of the process, prefill data into their solutions easily, validate data entered to ensure accuracy, pull data into the system for ease of use and accuracy, and send data to all downstream systems like a CRM. Leverage technology solutions with easy API integrations.

Unlock New Levels of Success with Digital Transformation

In today's customer-centered world where Uber, Lyft and Rocket Mortgage solutions exist, it is no longer enough to solve for just one aspect of the insurance sales process. It is time we expand our definition of straight-through processing to include the entire insurance sales lifecycle, and it's time we look at solving today's broad pain points and inefficiencies and plan for what's to come.

Achieving true STP means ensuring agents and advisors are working in sales solutions that support a fully connected approach. It means ensuring all the key sales components are connected on a single sales platform for a simple and cohesive selling and buying experience for any line of business, through any channel and on any device or portal.

Amazingly enough, when companies solve for true STP, e-Application and e-Signature adoption rates automatically soar. Carriers and distributors who use FireLight®, for example, have achieved 98% adoption of e-Signature on FireLight submitted orders across all of their lines of business, while the industry numbers are around 20%. Carriers are seeing e-Application rates soar. Why? The components are all interconnected, integrations are easy with APIs and reusable in all activities, data is prefilled and validated, and e-Signature is available at no additional cost.

It's no longer okay for the insurance and financial services industries to be mired in a broken, paper-and-ink-based process while the rest of the world unlocks new levels of success through digital transformations. The time to move forward is now and companies that achieve the new sales lifecycle STP will be the ones enjoying a clear competitive edge in the coming years.

INSURANCE STRAIGHT-THROUGH PROCESSING

LEVERAGE A COMPREHENSIVE, SINGLE SOLUTION THAT SUPPORTS THE ENTIRE SALES LIFECYCLE



SUPPORT ALL PRODUCT TYPES



ALLOW FOR SEAMLESS INTEGRATIONS



SUPPORT ALL SALES CHANNELS



SUPPORT SINGLE DATA ENTRY



SUPPORT ALL WORKFLOWS



INCLUDE E-SIGNATURE



CONNECT ALL SALES ACTIVITIES



DELIVER COHESIVE SALES EXPERIENCES

