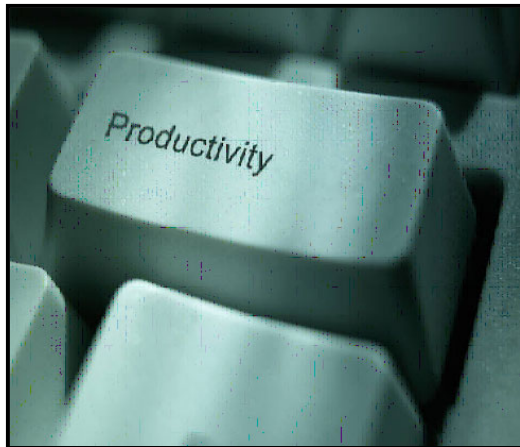


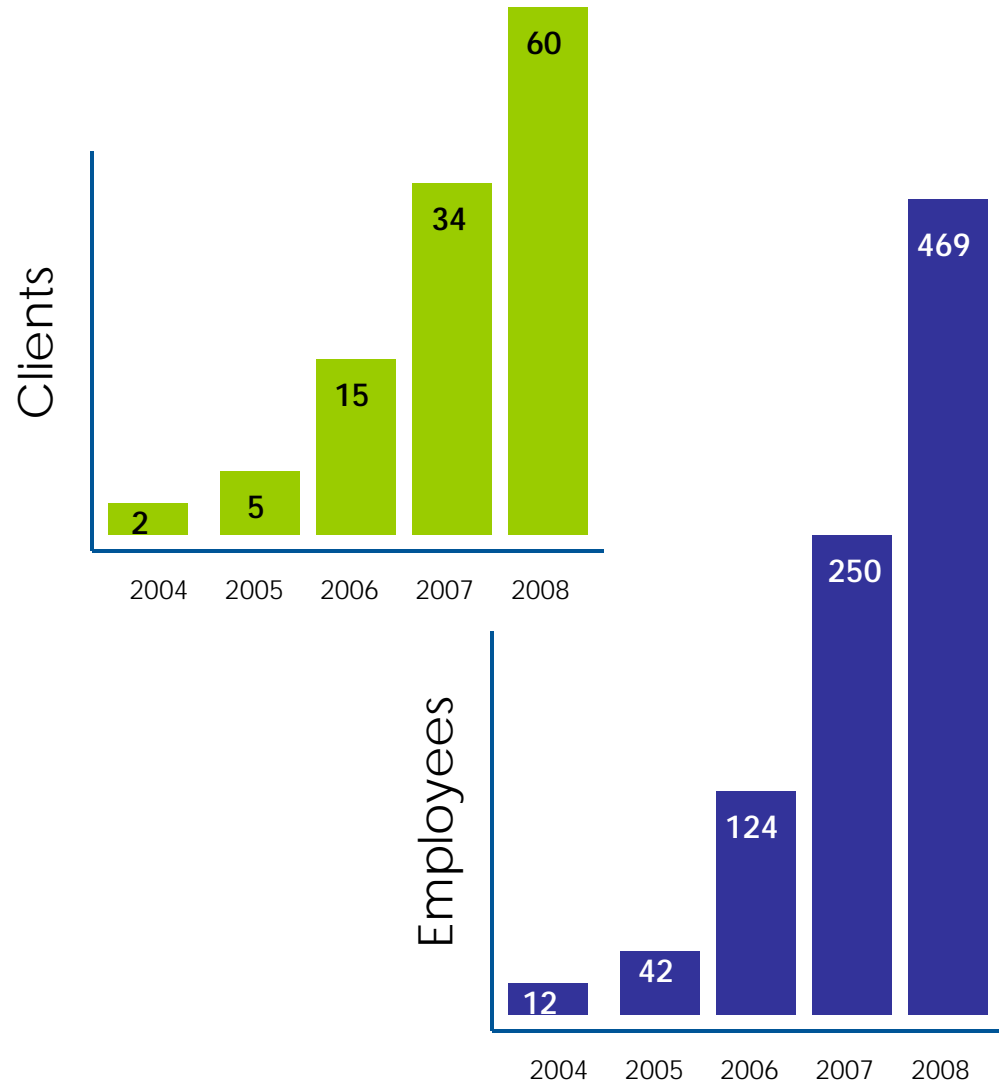
Extreme Makeover: Transforming Operational Efficiency through Lean



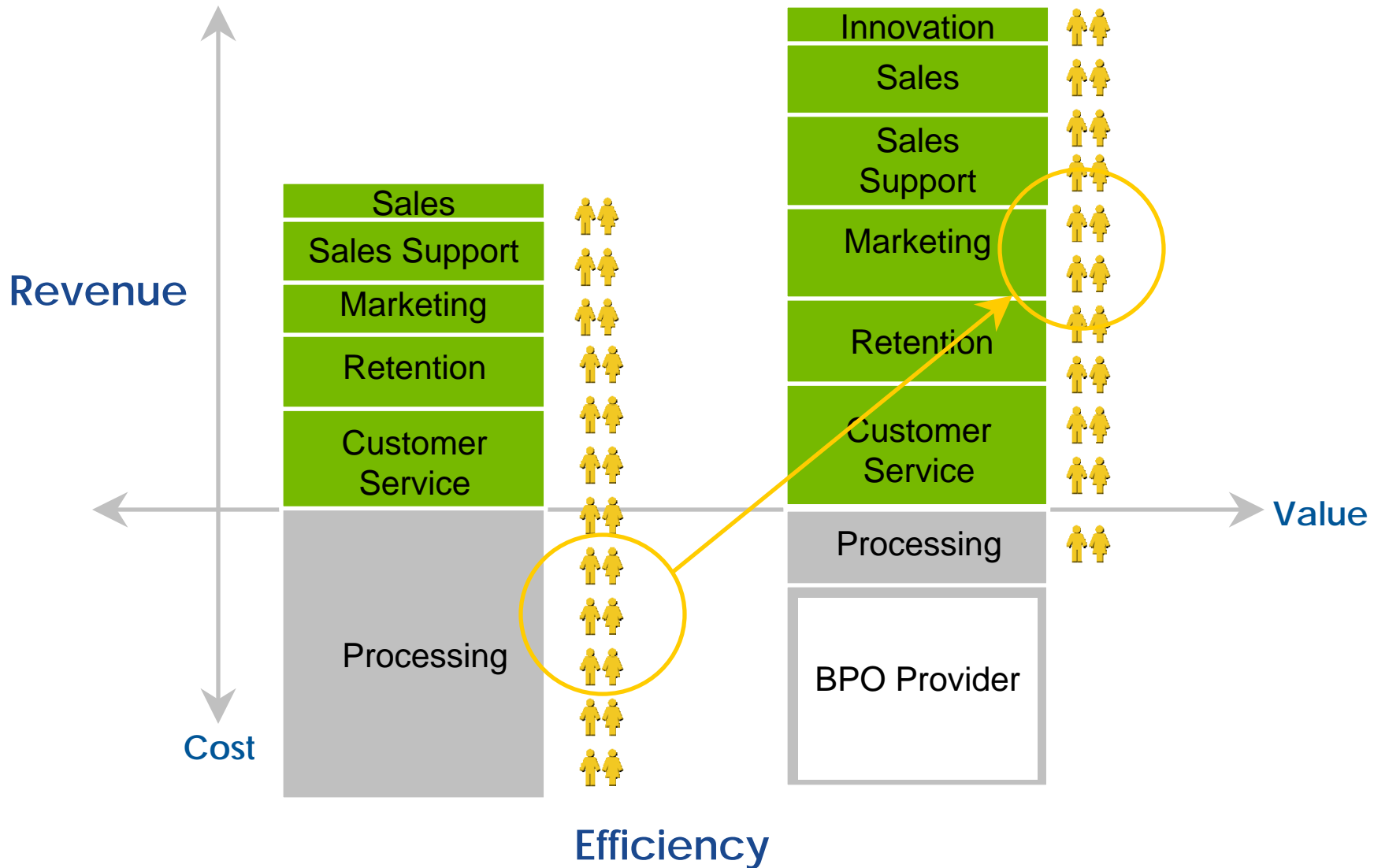
Dan Epstein, ReSource Pro
Judy Sigel, ReSource Pro
Helen English, Distinguished Programs Group

Who is ReSource Pro?

- Founded in 2004
- 600 employees in the US and China
- 80 clients
- # 57 Inc. 500 list of fastest growing private companies in US
- Focused on helping MGAs maximize the contribution of their employees



Processing is a Net Cost



Lean Lite

Shift of Focus:

From routine insurance processing

to

Customer attentiveness

Empowering employees

Reducing operating costs

Service differentiation

Lean Process Management

How we can apply Lean to the program administrator context

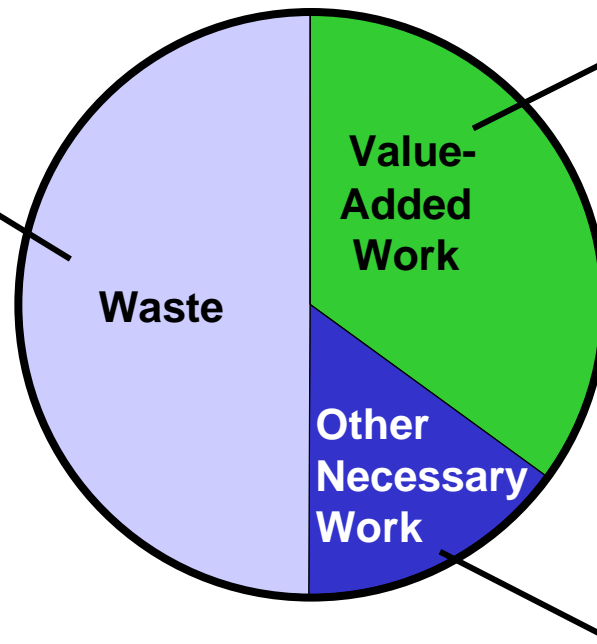
A collaborative process to:

1. Make workflows visible
2. Identify waste and redundancy
3. Identify process improvement solutions
4. Develop an implementation plan

Categories of Activity

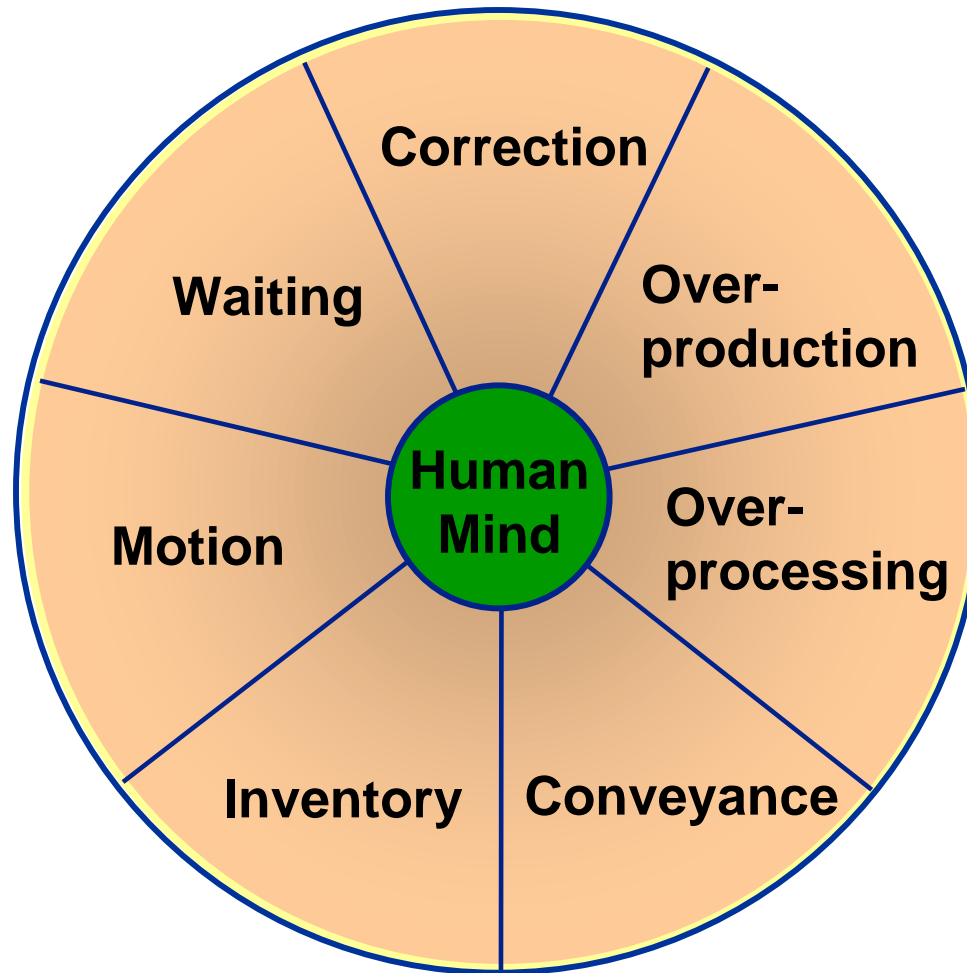
- Waste **adds no value** to products/services offered to clients

- Shouldn't be done
- Not necessary to advance the process
- Adds cost
- Customers don't want to pay for it
- Found in many places: processes, workspace, inventory



- Customers are willing to pay for it
- It physically alters the product or service
- Differentiates, increases competitiveness
- Needs to be done
- Necessary to advance the process
- Customers don't want to pay for it
- Customers would say "so what?"

Major Categories of Waste



Waste and Inefficiency in Insurance

Correction Correcting class code mistakes made in rating a policy.

Over-production Duplication of electronic and paper files from carrier and to client.

Over-processing Double entry of data into multiple systems.

Waiting Waiting for missing information from client or other departments.
Waiting for carrier to send quote, policy, endorsement etc.

Conveyance Moving an endorsement from mailroom, CSR and accounting

Human Mind Producer calling a carrier for missing quote. Account manager filling out supplemental apps, driver schedules, certificate holder list.

Today's MGA Case Study:

Improving a broken Claims Process

Problems:

- Too many complaints
- Senior Managers distracted by resolving complaints
- Dissatisfied Clients jeopardized account retention and new business
- Claims Admin focused on data entry instead of managing claims flow

What Did We Do?

Lean Lite Process

- Identify the problem
- Assemble team participants
- Create visual map “as is” process
- Identify improvement opportunities
- Redesign workflow for “improved” map
- Create and complete implementation list
- Monitor new process

DEFINE
MEASURE
ANALYZE
IMPROVE
CONTROL

Process Improvements

1. Speed of Process/Throughput increased 30%

- RSP “In Box” Distribution and Data Entry
- Eliminate waiting time from desk of Claims Admin
- Reduce Cycle/Wait times

2. Standardization

- Inbox monitoring provides security for brokers
- Guaranteed process for timely reporting claims to TPA
- Reduce/Eliminate Waste, Bottlenecks & Re-work

3. Measurement

- Claims information available immediately
- Crystal reports to assure TPA service standards

4. Increased Customer Satisfaction

- Fewer Complaint and Follow-Up Calls
- Proactive heads-up on Reservation of Rights and Denial Letters

Highest and Best Use of People

- **Redeployed claims admin**
 - Reactive to Proactive
 - Better Job Opportunity
 - Focus on Client Service
- **Reduced Time that underwriter spent handling claims problems**
 - MORE time on accounts
- **Reduced Time the Product Manager spent on discussions with TPA**
 - MORE time for Profitability Analysis and Market Relationships
- **Reduced Time Sales Manager spends on Broker Complaint Calls**
 - MORE time on Sales Calls and managing broker relationships

Reducing Management Distractions

Management Time Saved	Original Process	Revised Process
Underwriter		
# Complaints / month	5	0.5
# Hours / complaint	5	3
Total Hours / month	25	1.5
Total Hours / Year	300	18
Sales Manager		
# Complaints / month	2	0
# Hours / complaint	2	0
Total Hours / month	4	0
Total Hours / Year	48	0
Product Manager		
# Complaints / month	3	0
# Hours / complaint	3	0
Total Hours / month	9	0
Total Hours / Year	108	0
Monthly Aggregate Hours	38	1.5
Annualized Aggregate Hours	456	18

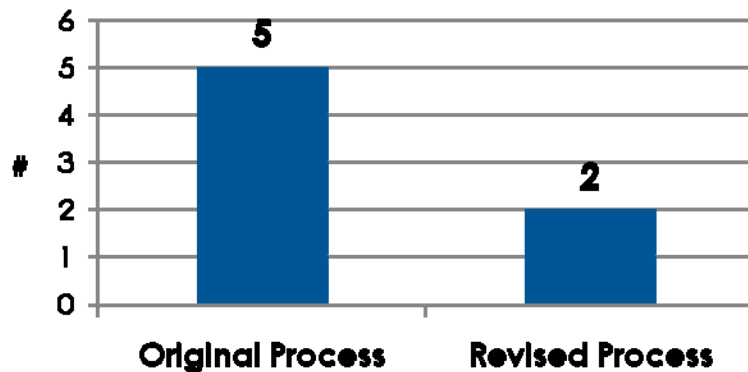
Cost Savings Per Complaint

Cost of Complaints	Original Process	Revised Process	% Improvement
# Complaints per month	5	2	60%
Total # Management Hours/Complaint	38	4.5	88%
Total Aggregate Cost/Month	\$3,100	\$182	94%
Management Total Cost/Year	\$37,204	\$2,188	94%

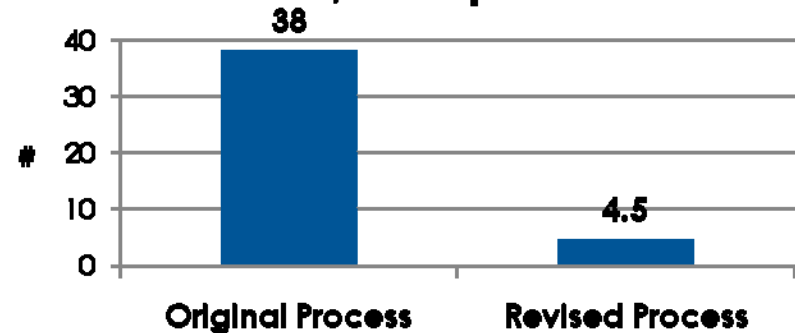
Net Annual Savings	\$35,015
Equivalent Revenues @ 25% Margin	\$140,061
Equivalent Premiums @ 14% Commission	\$1,000,434

Cost Savings Per Complaint (Alternate)

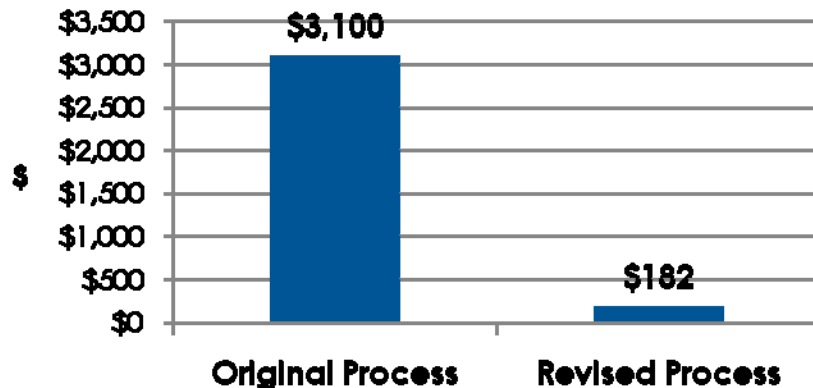
Complaints per month



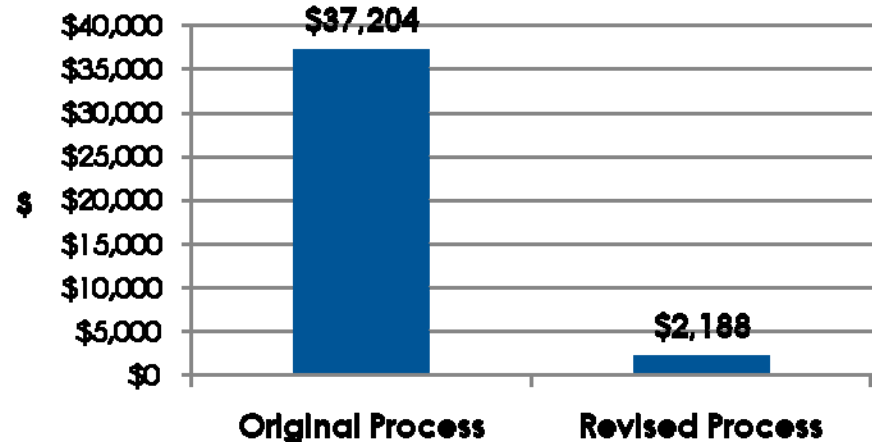
Total # Management Hours/Complaint



Total Aggregate Cost/Month



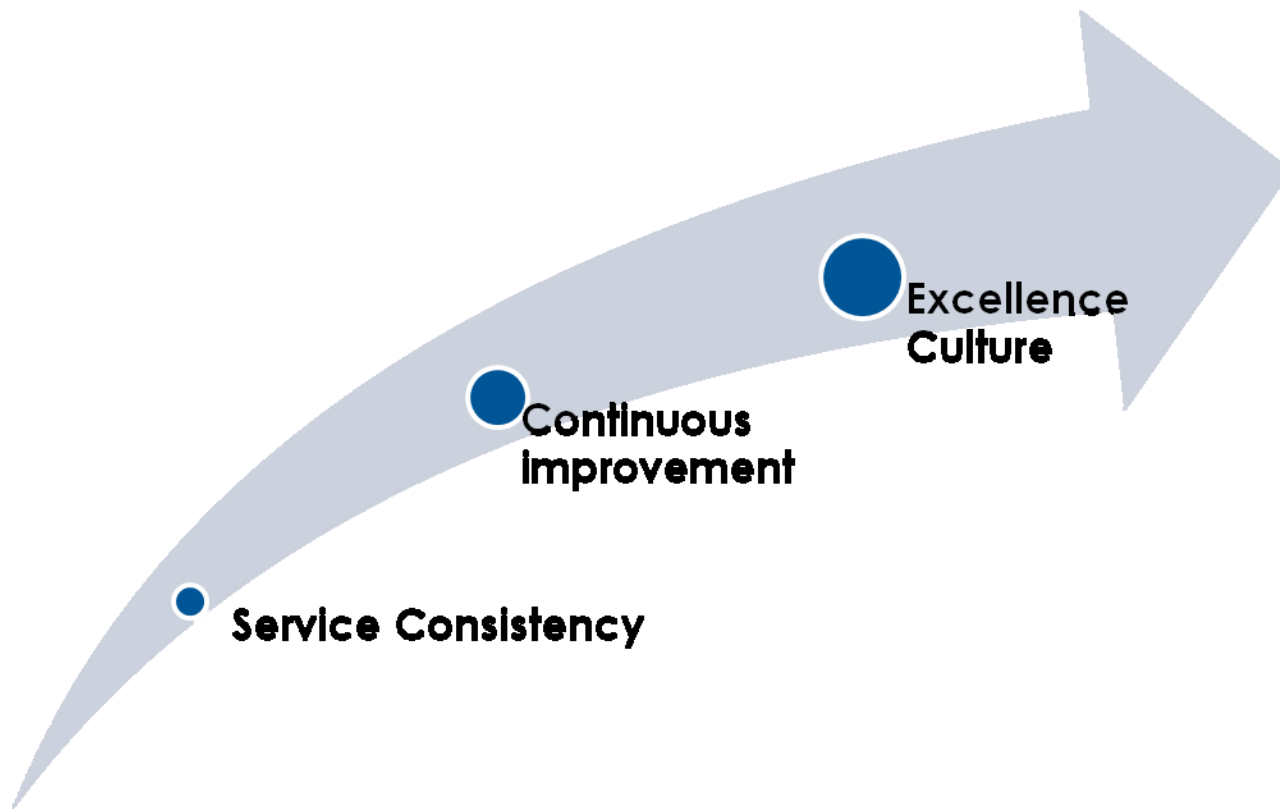
Management Total Cost/Year



Results

1. Throughput increased 30%
2. Management time spent on complaints reduced 96%
3. New opportunities created for employees
4. Increased customer satisfaction
5. TPAs held accountable to service levels
6. Time increased for new business/revenue retention activities
7. Time increased for Marketing and new product development
8. Increased accounts/underwriter

How Cool is This?!

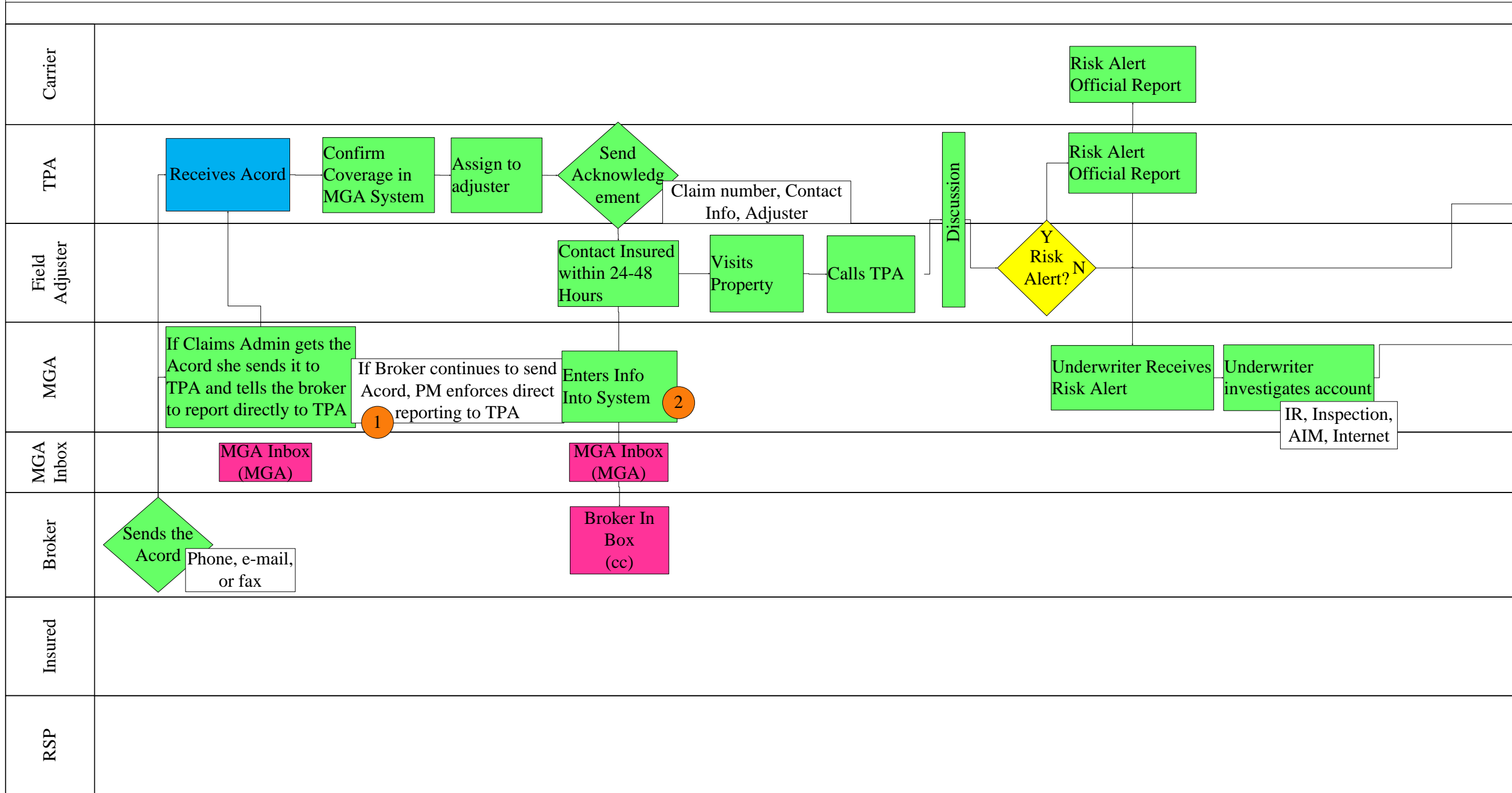


Happier
Clients

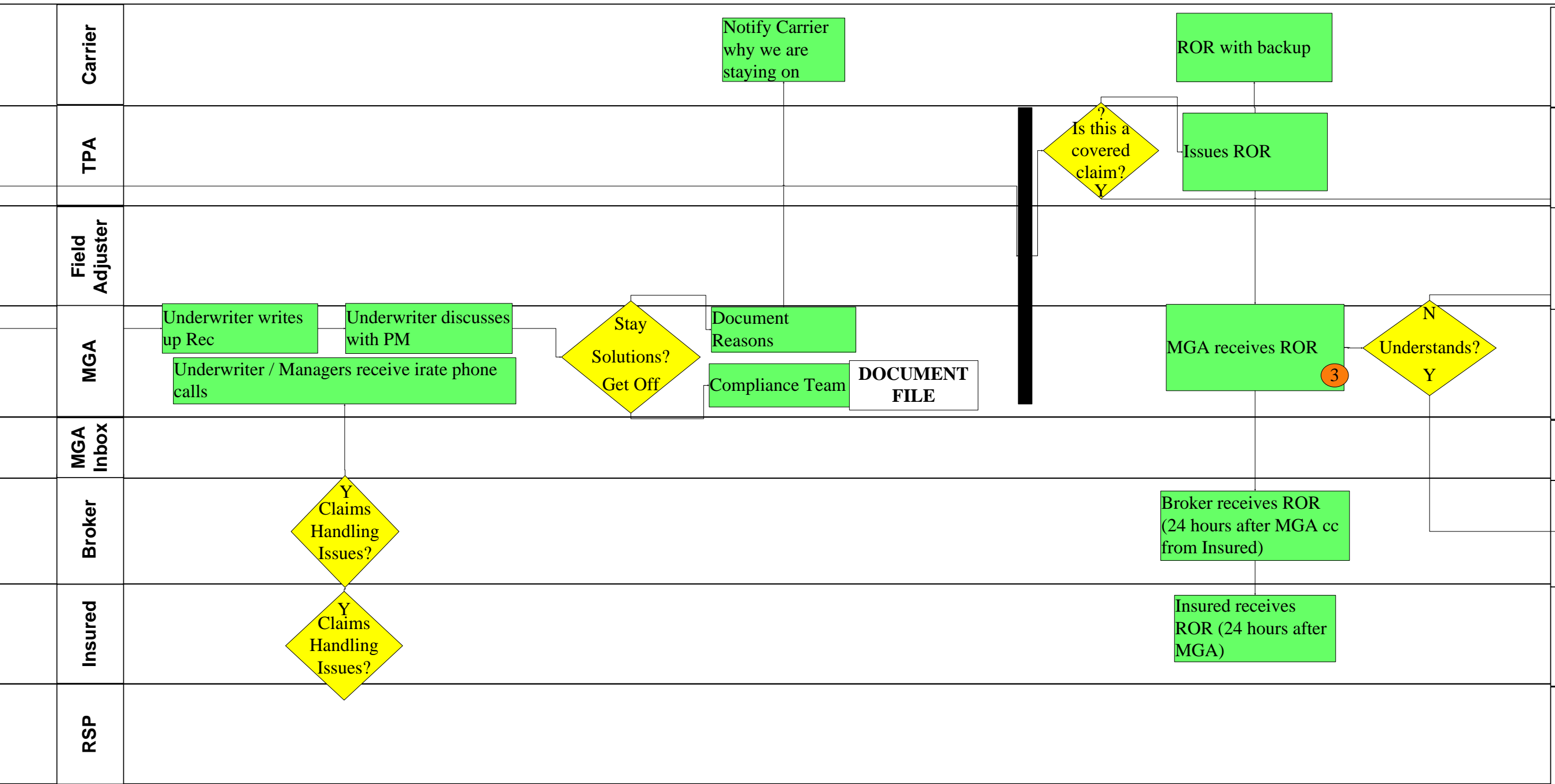
Happier
Employees

Improved
Financial
Performance

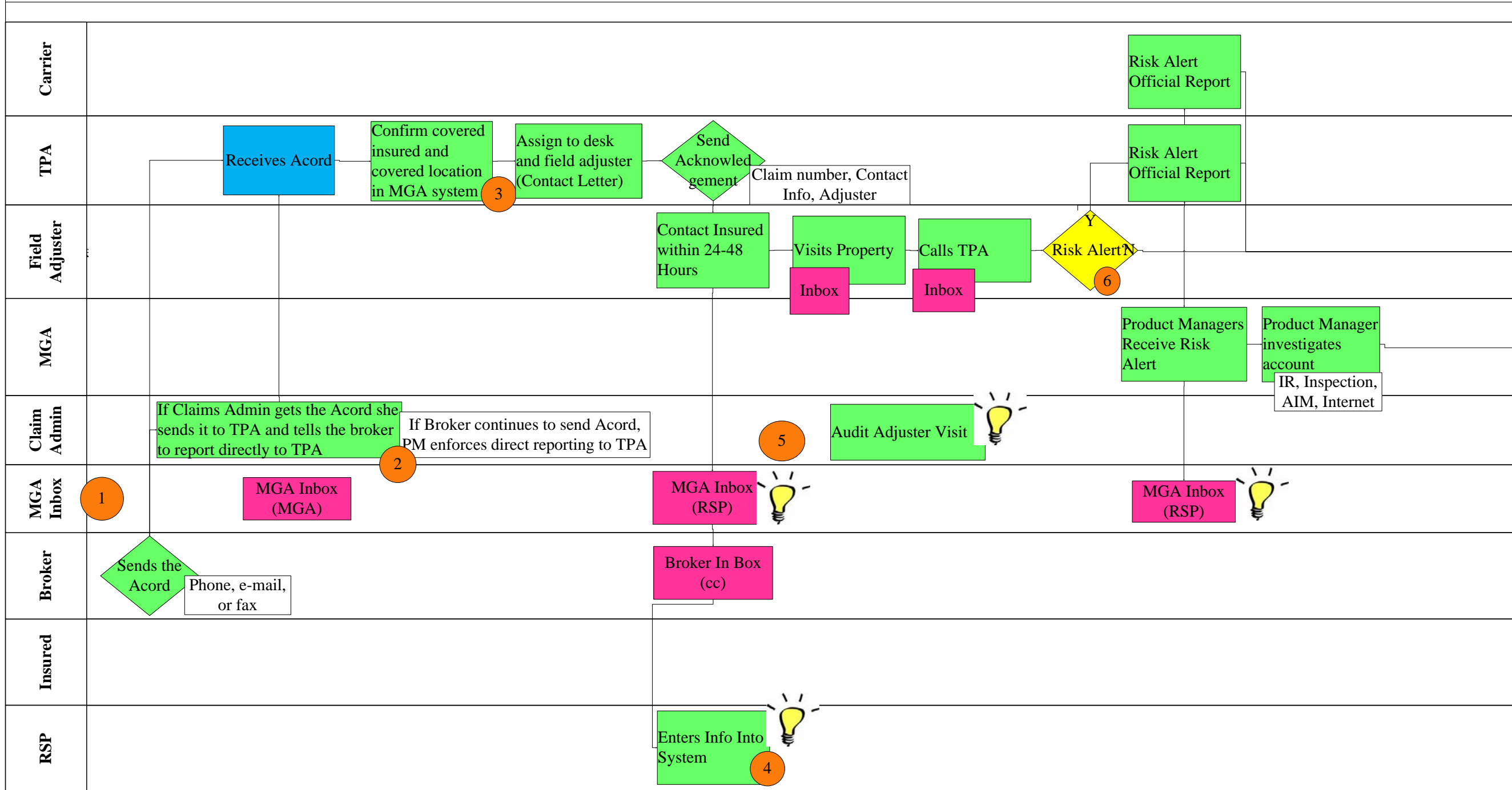
MGA Case Study : "As Is" Claims Process for Property



■ Operation ■ Document ■ Storage
◇ Decision ◇ Transportation ● Opportunity



MGA Case Study : "To Be" Claims Process for Property



Operation
 Decision
 Document
 Solution
 Opportunity
 Transportation

