



Association
of Insurance
Compliance
Professionals

GREAT LAKES CHAPTER MEETING MINUTES

August 21, 2009

Call to Order

The Great Lakes Chapter meeting of the Association of Insurance Compliance Professionals (AICP) was called to order at 12:30 pm at the Experimental Aircraft Association (EAA) in Oshkosh, Wisconsin, with the President, Vice-President, Secretary and Treasurer present.

Policy Statement

Steve LeHew read the Policy Statement.

First Time Attendees

Several first time attendees were present, including many from American Family Insurance, Humana and Thrivent. Welcome to all!!

Introductions

Steve LeHew, President, introduced the Chapter Officers in attendance:

Mike Hollar, Vice President
Penny Kilberry, Past President
Kate Manthey, Secretary
Larry Wilk, Treasurer
Lea Stokes, Regional Director

Unfortunately, schedule conflicts prevented the attendance of Lea and Penny.

Reports

- Secretary – Kate distributed the minutes of the November 14, 2008 meeting. With no comments or corrections, they were approved as distributed.
- Treasurer – Larry Wilk reviewed the treasurer's report, which included \$16,090.99 in revenue and \$22,059.10 in expenses for a balance of \$13,114.84. This report will be placed on file for audit.

Regional Director Report

Mike shared the Regional Director's report on Lea's behalf. At the last board meeting in Toronto, Canada, emphasis was on Canadian insurance practices and how the AICP can benefit insurers in Canada. It was a very successful meeting resulting in many new insurer alliances.

Annual Conference planning was also a topic of discussion; many great sessions are being organized to make conference a valuable experience for attendees.

Unfinished Business

None

New Business

- Annual Conference
 - The 2009 Annual Conference will be held in Phoenix, AZ from October 4 – 7. As a result of feedback from last conference, we will have tables set up by chapter for the Monday morning breakfast. We will also organize the usual chapter activity for Tuesday night, although it will be very informal this year. As always, these events are optional but available for members.
 - As a result of the recent Canadian initiative, we will also have our first Annual Conference in Canada! The works are in progress for Toronto in 2013!
 - We are also looking for Silent Auction ideas for Annual Conference. If you have suggestions, please relay them to Mike or Kate.
- E-Day was held in March at the American Family Campus in Madison, Wisconsin. The event was very successful with some very positive feedback, and the chapter also netted a profit.

- The AICP would be nothing without the contributions of our member volunteers. Elections are open for another week for the roles of Vice President, Secretary and Treasurer. Next year, Lea's term as Regional Director will be up for election; please consider becoming more involved with AICP and running for office. Contact any chapter officer for more details.
- Our Volunteer of the Year award was presented to Raina Brichetto for her many contributions to the chapter. In addition to facilitating a chapter meeting/webinar at PCI, Raina has also been a very active participant of the Planning Committee and was instrumental in coordinating the artwork, materials and handouts for our recent E-Day. Congratulations and well-deserved, Raina!
- As this was Steve's last meeting as chapter President, a gift was also presented for his valuable years of service.
- Information on new laws, regulations, or filing information:
 - New York – issues with mini-meds and limited benefit health policy forms has New York requested information on these types of forms by September 2.
 - Michigan – there is a recent change to filing regulations which requires companies to file their homeowners product forms no later than September 14. This does not apply if the forms were already filed on the insurer's behalf by a rating service organization, but the thought is that many insurers have customized their homeowners products.
- Open positions – Florence Marafatsos shared that her company is looking for an Executive Assistant to the CEO. They are looking for insurance experience and would prefer someone with a background in compliance or possibly paralegal experience.

Speaker

Michael Fitzgerald, a Senior Analyst with Celent in Chicago, gave us an overview of the issues and trends the industry currently faces with product development.

Trends

- Budgets are decreasing, but we still want things quicker/faster/better
- Automation/automated systems – the tools are becoming easier to use
- Increased product development, esp. to fit 'life cycles' – even considered 'commodity' or 'staple' products are being revamped with life cycle in mind; product development is starting to have a higher priority within the organization
- Vendors are beginning to add tools and features to their policy administration systems in order to track development and product life cycle. This does not mean that the transition will be automatic; the tools will make it easier, but it takes more than just technology to move functionality back to the business units.

Best Practices

- Need a 'common language' when it comes to product development – only about 10% is truly new development. Another 10% is recraft; the remaining 80% is refresh.
- Within the industry, the mindset has to change regarding products and how they are developed. Create a good base product, then bolt on endorsements, rating plans and other features. When done right, the outcomes will include reusability, speed to market, reliability and ease of management. When you build a product like this, for example, you have a quote engine that derives the same rate as your policy administration system. This is because you are keeping the documentation/content in one central repository and building features to use that information in different ways. More sophisticated underwriting rules could also be added to this system. The key is that the system is centralized to achieve the four outcomes noted above.
- Before signing on, ask vendors the nitty gritty questions. Make sure they're willing to come on site to see how compatible the systems are, and if their process will work with your back end and support systems.
- DON'T AUTOMATE A BAD PROCESS!
- Be predictable with state insurance departments. One organization even moved to a relationship based system, with analysts dedicated to one or more states or products.
- Implement a system that helps you reduce your development backlog.

Bottom Line

- Within the organization, few understand what the tools can do – or what product development does for the organization.
- From a cost perspective, aim for an approximate 3 year return on investment
- Even the best technology will be constrained if the process is still manual.
- Talk to your leadership team now – get them talking about it – especially if a process change is required.
- When evaluating process change, keep these goals in mind: reduce handoffs, reduce bottlenecks, and economize/consolidate actions and activities. The number one key is to document the process so that people understand it.

Additional notes

- A product called Chameleon was an initial participant in the product configuration arena. According to Mr. Fitzgerald, they get it! While many of the vendors out there have added a products function to a policy administration system, Chameleon started as a product development system and has now introduced a policy administration system – the base product expertise supports the user system.
- 'Product configurator' is a generic term – Chameleon is just one example of such a system. This system puts product logic in a central place, available for use with other components (i.e., rules engine, form attachment logic, etc.). It is an 'add on' system; if you already have one piece (for example, a rules engine), you might not need the full blown rating processor to complete the system. You can economize and add however much is needed for rating within your system.
- Keep everyone on the same page in terms of product development. If one of your ten states takes two years to approve your product, communicate to your company that product development does not take two years for this product, but that the external bottleneck of the insurance department must be factored into the timing. Even though it will be faster (read, speed to market) to implement the product in one of the nine 'easier' states first, start your rollout in the difficult state. This will give the state longer to review it (which they require anyway), give you time to roll out to the easier states, and give others in your organization time to understand and become familiar with the product before the bigger, more difficult state rollout.

Raffle

Three names were drawn for some AICP goodies at the end of the meeting. Winners were:

- Tim Ebel – AICP sticky note set
- Kim Ingram – mini-computer clock
- Deb Williams – leather business card case

Adjournment

The meeting was adjourned at 2:10 pm.