

IIAT Employee Orientation Guide

PART FOUR

Agency Workflows and Procedures

Every agency needs workflows and procedures that are based upon their philosophy, goals, personnel, and organizational structure. The philosophy of your agency is undoubtedly driving customer service methods used by staff. The goals of the organization may be the reason attention is given to particular types of insurance instead of others. The desire to reach revenue targets may be influencing the skills the agency looks for in employees. Those employees and their individual traits affect who does what work and from what office.

Since, no two agencies are exactly alike, operating with different philosophies, goals, and people, each will have unique procedures designed for them. That difference may be great or small, but it will hope to accomplish several things.

- Make certain that **customer needs** are being met
- Ensure that **agency promises** are kept
- **Fulfill responsibilities** to the insurance company and others
- Take advantage of **sales opportunities**
- Work in a **timely and efficient** manner

Keeping these goals in mind can help you understand why certain procedures in your agency are in place. Knowing the why can build your understanding of how various workflows and your staff members work together.

Some exercises included in this part of the guide suggest you practice using the agency's automation system with these goals in mind. Other assignments may ask you to view another in your office correctly performing some of the procedures applicable to your operations.



Meeting Customer Needs

An agency can only meet their customers needs if they are communicating effectively and accurately, gathering information needed to analyze risks and properly requesting coverage from the insurance company.

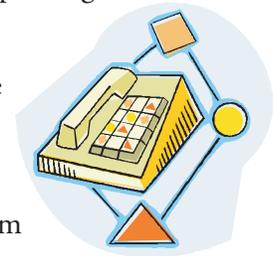
How do we communicate with customers?

1. Phone

The telephone is principle way agencies communicate with most of their customers and guidelines for using the phone well can help create a customer service oriented operation. Some sample phone use guidelines or procedures an agency might have in place follow.

Sample Phone Use Guidelines

- Every phone encounter with customers or prospects will be pleasant and productive.
- Every phone encounter should be treated as a sales opportunity.
- Calls should be answered on the first ring, but at least by the third ring.
- Every call should be answered, “ABC Insurance, this is Cindy speaking, how can I help you?”
- Phone calls for staff already on another call should be given the option of being helped by another staff member, holding, or having their phone call returned.
- All messages should be relayed using an open automation system activity to the correct staff person.
- Callers placed on hold should be reassured every 30 seconds that they haven’t been forgotten.
- All calls should be returned as soon as possible and always before the end of the day.
- A review of the action diary should be done before you respond to a customer or company representative.
- If there is a coverage or technical question you are unable to answer, strive to get the answer from another employee or the agency manager before ending the call.
- A system record of every call related to policies, accounts, quotes, proposals, or underwriting guideline will be kept with other like records.
- Do not conclude a call until both you and the customer or company person agree on a clear understanding of what needs to be done and by whom.
- Keep calls as brief as possible.



2. Fax

Fax machines are also an important component of an agency's communication system with customers. Although procedures for dealing with incoming fax messages will differ from agency to agency some simple guidelines usually apply. Some of these could include:

- All incoming faxes are reviewed by a designated person for delivery (if using a central fax machine), or by the individual when received directly.
- Each fax is acted on upon immediately.
- All confirmations or declinations of coverage are responded to.
- Written confirmation of declinations are sent as follow up.



3. Voice Mail

Some agencies leave their voice mail system on, even at times when the office is closed, while others will leave only a out-going greeting for after-hours calls. It's important that callers understand that a voice mail message does not represent an agreement to place or bind coverage.

Although voice mail can be a convenient way to share information, it can be easily misunderstood. You should attempt to receive few voice mail messages, instead speaking to customers directly or having another staff member help them at the time of their call.

4. Email

Communicating with customers via email continues to grow in acceptance and importance. While guidelines for sorting, reading, and responding to email messages will no doubt evolve as customer preferences change over time, there are some simple principles that will still apply.

- Email messages must be checked on a regular daily schedule.
- Priority messages must be handled immediately.
- Emails that relate to a specific customer or prospect should be stored in the automation system file, as should your response.

5. Producer Visits

Effective face-to-face communication with a customer during a sales or service visit requires a high degree of skill and lots of practice. Many styles of communication come into play during a visit as each person's personality and background are different. At minimum, the goal during these opportunities is help the prospect or customer understand and be understood.

6. Correspondence

There are times when the most appropriate or efficient way to communicate with a customer or prospect is with a letter. Most agencies develop standard form letters on topics that for errors and omissions loss control purposes demand written documentation of the communication of a message.



Assignment: 1-2 hours

Ask your mentor if your agency has written procedures for communicating with customers and obtain a copy if so. After reading your agency's procedures, ask your mentor or supervisor any questions you have.

Next, agree with your mentor on a good time for you to observe other staff members demonstrating the communication techniques below. (It may not be necessary for you to observe some techniques based upon your responsibilities.) You should try to observe those persons who have the most experience and skill in each area to better learn the proper techniques for following your agency's procedures.

- Answering phone calls
- Responding to a fax message
- Responding to a voice mail message
- Handling an email message
- Visiting a customer or prospect in person
- Accessing and sending agency form letters to customers

What do we do with gathered customer information?

Before the agency can begin to shop for insurance, or put a policy into effect, information gathered during the communication process must be recorded in the agency automation system and placed into applications or submissions that will go to insurance company underwriters.

There are many specific types of information that might be called for in your automation system: names, addresses, contact information, locations, descriptions and more. Your system may require codes be entered regarding the type of customer or type of insurance needed. Only through observation and practice can you become acquainted with and master these input tasks.

There are other ways that customer information is used. Applications need to be completed; submissions to insurance companies may require schedules. Spreadsheets or numerical summaries may be useful in understanding the account. Additionally, narratives about the customer or prospect may contain key pieces of information the underwriter will need to consider.



Exercise: 1 hour

Agree with your mentor on a good time to:

- Observe others placing customer information into your agency automation system (if you haven't already) making notes of specific tricks or requirements of your system
- Practice putting information into the system yourself through a practice program or live, and have your mentor or another more experienced employee check your work for accuracy.

Your mentor may wish you to practice this input process several times. Agree on a schedule for building your skills at a pace consistent with your agreed upon goals.

Keeping Promises

The agent's obligation

Think of all of the promises insurance agencies make.

- To contact customers with information
- To secure a specific type of insurance for a customer
- To renew insurance policies
- To make changes to policies
- To cancel policies
- To file claims
- To issue certificates of insurance
- To issue auto ID cards
- To send copies of policies
- To send premiums to the insurance company
- To pay commissions to producers or other agencies

It's vital that each of these promises be kept for an agency to prosper and succeed. Many of these promises if broken will likely get the agent and the agency sued for making an error or omission, or for breach of contract.

The policies and procedures put into place in your agency are designed not just to provide quality customer service, but to ensure that promises made are recorded, tracked, and kept by various parties. Many of the entries you will make into the agency's automation system are there to trigger action, follow up, or make a payment. Accuracy and consistency are critical.

Keeping your eyes on the forest

As you may have seen while completing Part Three of your guide, there are many tasks involved in securing coverage from insurance companies. The chore of completing applications or creating submissions on a commercial prospect can get fairly complicated. At this stage of your orientation, try to not get too bogged down in the many details that take a long time to master, but instead focus on understanding the various input procedures and processes in your agency. Look for where the information flows, to whom, and how. See how your agency's systems and procedures help it keep promises. Ask questions. Ask why a lot. This will make later work assignments easier for you to complete when you've seen the big picture and know why each step is important to the agency's success.

Assignment:

Agree with your mentor on a time when you can observe others in your office completing the following tasks or processes. If your agency has written procedures for any of these, obtain a copy and make necessary notes for discussion with your mentor later. If appropriate, take some time to practice each process yourself under the supervision of an experienced employee.

- Submitting an application/submission (electronically or hard copy) to an insurance company
- Processing the renewal of a policy (either in personal or commercial lines)
- Processing a change to a policy
- Processing a policy cancellation (ask what a “LPR” is and why it’s needed)
- Submitting a claim report
- Issuing a certificate of insurance
- Issuing an auto ID card
- Sending or transmitting a policy to a customer
- Processing a customer’s premiums (new, renewal, additional, or return) including coding commissions payable to a producer or another agency
- Processing a commercial policy audit received from the insurance company

Fulfilling Responsibilities to the Company and Agency

Underwriting guidelines

The amount of authority granted to an insurance agent by companies varies by company, by type of policy, by type of customer, and other criteria. Automation, particularly in personal lines (application through the company website) has made this authority grant from the insurer irrelevant in some cases. But still today, insurance agencies have the legal authority to place insurance for customers with insurance companies with a binder.

With that authority comes the responsibility to stay within it, so it's important that agency employees understand the limits. They need to know how much insurance they can bind, for whom, for what kinds of property, and under what circumstances. If they inadvertently exceed the authority given to them by the insurance company, and a loss occurs, the agency and the agent can be sued for breach of contract.

The limitations on the authority given to the agent are understandable. Insurance companies usually have their own limits on how much risk that can or are willing to assume. There are limits to their own authority under the license granted to them by the insurance department of the state. They may also want to consider certain types of risks on a case by case basis and are unwilling to trust the agent to make decisions for them.



Today, most prospects are submitted to the insurance company by the agency long before the coverage is actually needed, so authority isn't an issue very often. But sometimes, a customer has a new exposure that needs insurance, or there is a crisis where coverage is needed immediately. These are when knowledge of the agency's authority can be vital.

Assignment:

Ask your mentor to let you review the latest summary or procedures that outline the limits of the agency's binding authority. If a copy isn't available, then discuss with your mentor how best to obtain that information from others in the office. You may wish to use a chart like the sample on the following page, or something else that suits your needs.

EXAMPLE:

Agency Binding Authority

Company External Fire Ins. Co.

Coverage	Dollar Limitations	Class or Type Limitations	Other Restrictions
Commercial Property	Nothing over \$750,000	<ul style="list-style-type: none"> • No lumber yards • No furniture stores 	
Commercial General Liability	Nothing over \$1,000,000 per occurrence	<ul style="list-style-type: none"> • No roofers • No operations involving explosives • No manufacturers • No residential contractors 	No endorsements without prior approval
Business auto	Nothing over \$1,000,000 CSL	<ul style="list-style-type: none"> • No auto dealers • No taxi drivers • No trucking or transportation risks 	No endorsements without prior approval
Inland Marine	Nothing over \$50,000	No miscellaneous tools	

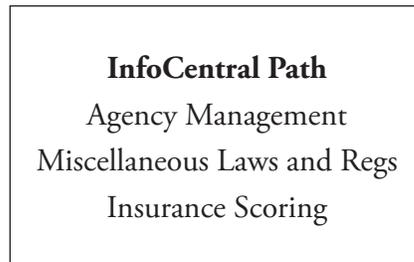
Company underwriting tools

Insurance companies use a variety of underwriting tools to help them determine which customers are acceptable or how much premium they should charge. Agents are frequently required to use these tools before they write a policy with the company.

1. Insurance scoring

This controversial topic, more commonly called “credit scoring” by the public, is a technique for determining the chance of a customer filing a claim by examining several variables connected with their financial past in conjunction with their actual claims history. It is used primarily in personal lines, but is also used by some insurers to underwrite small commercial applicants. Each insurance company uses its own factors and variables in determining the “score” for the customer, and usually is an automatic feature built into their website rating system.

Insurance agents have no real control over whether credit scoring is used by a specific company, but they may have obligations that have been placed upon them to notify customers of their rights. For a more thorough explanation of these possible notification implications for agents and insurance scoring in general, follow the path outlined in InfoCentral below.

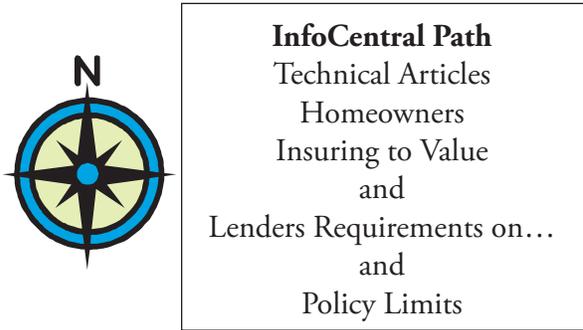


2. Property valuation systems

Since many property policies, including most homeowners policies, promise to pay to replace the building should it be destroyed, knowing the construction cost for that property is an important part of setting the limit of insurance. And since, the limit of insurance is the primary variable in determining the premium for the policy, insurance companies use estimator programs to help in rating the policy.

These computer programs allow the agent to input a variety of characteristics of the property such as square footage, construction type, roof type, number of rooms, the age of the building, and whether or not there is a garage or a deck. The software then calculates an estimate of how much it would cost to rebuild an identical building.

For more information about limits of insurance for customers homes and some things agents should keep in mind see the articles referenced in the path below.



3. Dun and Bradstreet reports

[Dun and Bradstreet](#) is a company that maintains the world's largest database on businesses. Insurance agencies and companies often order these reports to help them understand the history, operations, and financial condition of prospects. Some insurance companies may require a report be ordered before a quote will be considered.

4. Limitations of coverage and documentation

An important aspect of sales in insurance is helping the customer understand what the policies they have purchased won't pay for, as well as what they will. Thus many agencies have procedures and guidelines for communicating these limitations to the customer. Customers may be notified during a phone call, in person during a visit, by email, mail, or in language included in a quote or proposal. These notifications are an important part of giving them realistic expectations about the response of their policy.

Some types of insurance coverage (Personal Injury Protection and Uninsured Motorist on an automobile policy) require a written rejection by law. For other policies, a written rejection from the insured is protection for the agency.



Coverage Rejection Example:

I understand and acknowledge that a Flood insurance policy has been offered to me and that I have decided not to purchase the coverage at this time. The financial impact of not having this important coverage has been explained to me and I realize that my rejection of this option may result in a denial of claims in the future.

_____ *Customer Signature*

_____ *Date*

Assignment:

Agree with your mentor on a time and method for you to become familiar with your agency's procedures for using each of the following:

- Insurance scoring methods used by your agency's customers
- Cost estimators used to write property insurance
- Business reports (such as Dun and Bradstreet)
- Disclosures, disclaimers, notifications, and rejections of coverage

Sales Opportunities

The best independent insurance agencies work hard to maintain a sales culture in the organization. Policies and procedures are put into place in order to encourage sales growth and profitability. Some of the policies could include:

1. Sales meetings

Many agencies regularly meet with the staff to discuss the best techniques for making more sales to prospects and additional sales to existing customers. In these meetings, success stories are shared and celebrated, methods found successful in the past are explained and encouraged, and unsuccessful efforts are evaluated.

Specific prospects may also be discussed with opportunities for individuals to share their personal connections with key decision makers or other information about the prospect that might be helpful to approaching them regarding their insurance purchases.

2. Goals and campaigns

Your agency may have sales goals for individuals and departments where targets for sales growth are set and incentives are offered to employees. The types of incentives vary by agency, but often include additional pay or non-cash awards. Sometimes agencies organize campaigns the sale emphasis of a particular type of policy over a period of weeks or months.

3. Reports

Reports on the progress toward goals may be run on a routine basis to gauge the success of individuals and teams. Sometimes these are used as part of the evaluation process. A common measurement of success in agencies is revenue (or commissions from sales) per employee. This indicator, often tracked by type of policy, is an important reason for proper coding in your automation system. With good data, the agency can track their contacts with prospects and evaluate the activities that turn into sales.

Assignment:

At your next meeting with you mentor, ask about the things the agency is doing to foster a sales culture and what you can do in your job to contribute.

Efficiency and Timeliness

Finally, insurance agencies put procedures in place to improve or maintain the efficiency of operations. These may include rules or guidelines on the length of breaks, lunch, or personal phone calls. Your agency may have guidelines on tracking and correcting backlogs of work that may accumulate and handling today's work today.

Assignment:

Discuss with your mentor the procedures the agency may have in place to make efficient use time and maintain efficiency.

You're done with Part Four. Complete the checklist on the following page and discuss your next step with your mentor.

PART FOUR

Orientation Checklist

I'm comfortable in my understanding of our agency's procedures regarding...



- | | |
|---|--|
| <input type="checkbox"/> Phone use | |
| <input type="checkbox"/> Faxing | <input type="checkbox"/> Issuing auto ID cards |
| <input type="checkbox"/> Voice mail | <input type="checkbox"/> Sending policies to customers |
| <input type="checkbox"/> Email | <input type="checkbox"/> Processing premiums |
| <input type="checkbox"/> Form letters | <input type="checkbox"/> Processing a commercial audit |
| <input type="checkbox"/> Putting information regarding customers into the automation system | <input type="checkbox"/> Staying within the agency's binding authority |
| <input type="checkbox"/> Submitting an application to the company | <input type="checkbox"/> Using required underwriting tools |
| <input type="checkbox"/> Processing a renewal | <input type="checkbox"/> Disclaimers and rejections of coverage |
| <input type="checkbox"/> Making a change to a policy | <input type="checkbox"/> Building and maintaining a strong sales culture |
| <input type="checkbox"/> Processing a cancellation | <input type="checkbox"/> Efficiency and backlogs |
| <input type="checkbox"/> Issuing a certificate | |