



Winning Small Business: Time Savings and Error Reduction

In 1982, Mikel Walton, a native Southern Californian, formed Mikel's Insurance Services, an independent insurance agency in Downey, California. His goal: to serve the insurance needs of businesses and individuals in the greater Los Angeles/Orange County area.

Much has changed since then. The agency has grown, as has the area it serves. Mikel spends less time in the office, but the Walton family continues to deliver on his vision of providing top-notch service to customers, throughout the state and beyond.

Richard Walton, Mikel's son, recently took time to answer questions about the agency, its operations and what the future holds.

Q. Richard, can you please describe your agency?

A. We are a small, family-operated agency based in Downey, California, about 13 miles south of Los Angeles. The agency was started by my father a little more than 25 years ago. About 60% of our business is in personal lines. Nearly 40% is commercial lines P&C. We do a lot of small business—BOPs and workers comp—and certain segments of professional liability, including a successful program for California dentists. Health insurance represents a very small part of what we do—for now.

Q. What is your role in the agency?

A. I joined the agency four years ago as a producer in the commercial lines operation. In addition to handling a sizeable and growing book of business, I'm always on the lookout for new ways to help our agency maximize its people and technology resources.

Q. What drives your interest in such improvements?

A. The business-to-business firm I worked at before joining the agency grew from a small, family-run operation to become a large, international corporation. Mergers and acquisitions were key to the expansion, but adoption of leading-edge technology—in particular, Web-based ordering—provided a platform that made managing the growth much easier. During my time there, I was able to observe how transformational technology could be, and I wanted to bring the same efficiencies to the agency.

Q. How has this experience played out at Mikel's?

A. At the other company, I helped set up the customer-facing ordering solutions and workflows. There's a parallel between that and what our we do through our agency management system, Nexsure, and SeaPass. I've been able to streamline our ordering and distribution. In our business, that's the application, quoting and policy issuance workflow.

Q. What role does technology play in your operation?

A. We try to make the best use of available technology. As I mentioned, we focus a lot on small businesses, and we're using technology to help drive more business. With high gas prices, Southern California traffic congestion and low profit margins, we have to sell smarter. We use the Internet to extract background information and so we can underwrite from our desks.

We have what we believe to be a state-of-the-art management system. It lets us manage all of our client information and sales. Integrating with SeaPass lets us rate the business very efficiently.

We're working on getting the most out of our system by scanning and attaching documents. One of my sons comes in after school and does that.

Q. What got you interested in SeaPass?

A. During a visit, one of our carrier reps mentioned beta testing that was underway. We went online and found that all but one or two carriers we write for were available to rate through SeaPass. After doing the research and after the carrier had a lit-

tle more beta testing results, we talked with the carrier rep again, who said the product was working well. So we signed on.

Q. How were you rating before?

A. When time allowed, we'd rate each company one by one. That meant going in and inputting the same information repeatedly on each Web site. That was very time consuming. Without interruptions, we could easily spend an hour or more rating four companies for a piece of standard, Main Street-type business.

Q. What took the most time?

A. Part of the time was spent simply guessing which companies had appetites for what business. Hopefully, you picked right. Of course, keying information into four Web sites takes time. Some companies have a lot of questions to go through—questions unique to them. Multiply that by four, and you can easily eat up a lot of time.

Q. How does SeaPass fit into your workflow?

A. We're now able to handle quotes for multiple companies in a single process. Once the basic information is in the SeaPass system, we're presented with general interview questions from the different companies. Following this interview, the system automatically, simultaneously signs us on to each the carriers that fits the class of business.

Q. What kind of volume are you pushing through SeaPass now?

A. We did about 2,500 submissions in 2008. That represents a little more than 500 or so separate accounts quoted with, on average, between four and five submissions for each one. Much of this work was part of a size-

able book-of-business rollover we undertook last year.

Q. What benefits have you seen?

A. The time savings and error reduction are significant. Because we enter the information once for all of the carriers we want quotes from, we can cut the rekeying by up to 75% or more. Plus, we do away with the time we needed to spend figuring out which carrier to present the business to.

Time is of the essence. If you take too long identifying markets and entering data, the opportunity to make the sale may be gone. Overall, we probably cut the amount of time it took to quote multiple carriers by 60% or more, depending on how we input data.

On the book roll, I can't imagine how much time it would have taken to do that without SeaPass. The technology certainly allowed us to handle it in a mere fraction of the time we would have spent doing it "the old way."

Q. Has the increased speed allowed you to sell more?

A. We haven't tracked that information. But I do know that we're able to respond more quickly when we're talking with a prospect. It just takes a couple of minutes to enter the information into SeaPass. I've actually done it while talking to clients on the phone—key it right in during the conversation.

Q. Do you present quotes while the client is still on the phone?

A. We probably could if we wanted to. But we don't. We take the time to evaluate each quote and what each company offers. As independent agents, that's part of what we bring to the table. We don't simply spreadsheet carriers—on paper or electroni-

cally. It's part of our responsibility to our clients and to the carriers we represent.

Q. How much of your commercial business can you quote this way?

A. We currently rate CNA, Hartford, OneBeacon, Travelers and Zurich using SeaPass. This represents between 90% and 95% of the business we write through national carriers. There are some smaller, regional carriers that we use, particularly for workers comp and some specialized commercial. But they're not on SeaPass yet.

Q. How has using SeaPass changed how you approach the market?

A. Before, if we were crunched on time, we might only target one or two carriers. Sometimes, we'd make a wrong choice and end up having to go to more markets or else miss getting a quote from the best carrier—one that offered a better combination of coverage and price. Now, every carrier is at the table, since we handle multiple quotes in roughly the time it used to take to get one.

Q. How does SeaPass interact with your management system?

A. A couple of months after we started using the base SeaPass product, we implemented what's called "Upload," which lets data move right from our system to SeaPass. The way it flows from Nexsure is pretty simple. A few clicks and it does the sign-on for us, goes out and preloads our user ID and starts the process. Some of the information, such as named insured, address and other basic information is pre-filled. Having vehicle identification numbers upload is a big benefit. They go right from the management system into SeaPass. This is a huge time-

saver. Plus, it reduces the likelihood of errors.

This speeds things up, especially for renewals. Our management system is our customer relationship management system—our database for all of our prospect and client information. It's a big time-saver being able to get the information transferred straight to the carrier system automatically.

Q. How has Upload helped?

A. In the last half of 2008, slightly more than a third of the accounts we submitted to quote started through Nexsure Upload. This has given us an additional 20 or so percent in time savings—something that is particularly important in a soft market. You have to sell more just to maintain revenue. I've noticed that, since we started using SeaPass, it's easier to manage the quoting process. It used to be if I had four quotes on my desk that needed to go out the next day, I wouldn't know how I'd be able to get them done, in between everything else we do running the agency. Now, I feel like I've gotten a better handle on my time.

Q. Has it boosted sales?

A. Yes. We are able to quote more business more quickly. We target our prospects pretty well and are generally able to find a market for a piece of business. So if we can quote more in the same amount of time, we sell more.

In the P&C business, there are so many factors at play. In 2008, of course, the market continued to soften. The economy took a major hit, especially here in Southern California. We did notice, particularly toward the end of the year, an increase in call referrals. And when we do quote, our

hit ratio is up by about 15%. The efficiency gains from SeaPass, coupled with our niche market efforts, allowed us to grow 10- or 15% in a market where a lot of other agencies considered themselves fortunate if they stayed level.

Q. Has it affected your carrier relationships?

A. Companies need to be on their toes to be competitive. We notice which ones are making it easier for us to deal with them. It's a paradigm shift that some carriers get, some don't.

One of our companies that traditionally had not been very competitive has been telling us for some time that they want a shot at more business. Every time we tried to get a quote, we hit a wall. After starting with SeaPass, two things happened: First, we were able to provide the carrier's rep some specific data on where they didn't compete; and second, we did write more business with them, because we found instances where they were competitive. Before, we might not have quoted the carrier, but they are on SeaPass, so they get an automatic look.

We've also narrowed down our markets a bit. We had to make a decision as far as the long-term partnerships we maintained. We realized one carrier was not going to be a good fit over time. We knew how we wanted to operate going forward, technology-wise, and this carrier did not have it in their culture or nature to be part of our future.

Q. How did you handle the business you had with that carrier?

A. We're rolling it to other carriers we represent. SeaPass is helping tremen-

dously in this book rollover. It's the same process as when you're rating something coming in the door. Do you have the time to rate it multiple times, or do you go with your gut? When we're moving 20 or 30 policies or more a month and we need to get letters out for acceptance, it helps to be able to approach our various markets in a single process.

Q. Has it changed how you work your renewals?

A. Normally, agencies can't justify devoting a lot of time to \$500 renewals. By having a tool that lets you easily go in and shop the markets, we're able to make sure our clients continue to receive good value. Of course, on the book roll, we're able to move a lot of accounts through the system quickly and easily, where it would have been a difficult process earlier and we might have missed the best opportunity for our clients.

Q. You mentioned a dentists' program. How do you process that?

A. Well, that represents about 10 percent of our business. The professional liability is written directly with a specific carrier. But dentists also need other coverage—workers comp, general liability, property insurance and whatever else we can offer. So as we work to round out those accounts, our hope is that every one of those dentists will eventually end up being rated through SeaPass.

Q. What other business do you rate through SeaPass?

A. We also do commercial auto. The majority involve one vehicle, but we do have a few fleets here in the agency. Many of these include a couple of vehicles for artisan contractors, maybe an electrician or air conditioning serv-

ice guy or something. It's nice to be able to just enter the information once—VINs especially—and rate them with multiple carriers, without having to worry about making a mistake when entering them in every carrier Web site.

Q. What challenges did you face when you went with SeaPass?

A. It was actually one of the simplest things I've done. All we had to do was set up our existing company user IDs and passwords. It's nice not to have to key those in every time we go to a different carrier's Web site. With any system, there are a couple of little things you have to learn—little tricks that maybe didn't seem obvious at first. We found SeaPass to be very responsive in getting answers to us quickly.

Q. What does the future hold?

A. These days, you can't very well afford to throw bodies at problems to get things accomplished. So we have to always look at ways to work smarter. If it makes sense, when there's something we can use to improve the quality of service and reduce the amount of time expended to service a customer, we'll take advantage of that.

Technology is a big part of that—whether it's Nexsure, SeaPass or other automation that helps streamline our operation and make us more successful. I believe that agencies that don't grasp technology and stay on top of it will fail to be as competitive in the future, or they'll be acquired by larger agencies that have mastered integration of product and service.

For our part, we're looking at how download can help us manage client information better. We've seen an improvement in download quality, but

we have more to do—especially internally. Part of that will involve making sure we're using consistent workflows in the agency. It's important to look at what and how our CSRs input, how they set up accounts.

We recently set up online health insurance rating links to our Web site. We intend to grow this segment, which now represents less than 2% of our revenue, with the convenience of instant rates made available online for our Web site visitors. Of course, a big challenge that comes along with that is attracting traffic to the site.

This year (2009), we intend to promote the Web site overall to our current insured base. This would be an open invitation to encourage them to look at our entire product offerings for commercial and personal lines, in addition to the health insurance.

I also see us making even greater use of our management system, not only as a client database, but a prospect database, as well. This will drive even more efficiency throughout our organization, and will help us reach clients more easily.

As we see greater time-savings, I hope to capitalize on the vision my Dad had when he invested in our Nexsure management system in 2002. I'll be able to spend time making sure we're moving in the right direction with that and our other automation. Recent changes we've made allow me to sell more—that's what I do best. Perhaps, as our revenue increases, we'll be able to bring someone in to look closely at how we operate, and help us capitalize on some of the best practices we know will move us forward.