

# IA

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## WHAT WORKS

BY PETER VAN AARTRIJK JR., CIC

# The Tech Payoff

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## CHALLENGE:

Creating an efficient office in a small town

## SOLUTION:

Focus on workflow

There are potential downsides to a high-tech agency, as Ed Higgins will tell you. If they're not careful, CSRs can head into the restroom with wireless telephone headsets still on.

But things overall are looking up for the intrepid, energetic Higgins, one of the independent agency system's most passionate believers in updating technology to improve customer service and the bottom line. He has served on the Big "I" Agents Council for Technology (ACT) since its inception eight years ago, including a five-year run as chairman, and he consults for other agencies around the country seeking to create a paperless agency. And he puts his money where his mouth is in his two agencies.

Higgins, 60, is president and sole owner of two small firms: Thousand Islands Agency and MacIlvennie & Brown, Inc., located in upstate New York. The agencies are 35 miles apart, but connected as one via a virtual private network, or VPN, which enables shared applications and data in a seamless computer environment. The VPN is just an example of Higgins' commitment to improved customer service through technology. In the past five years, he's invested big time—\$150,000. Among the technology advancements:

- In 2001, the agencies converted to a paperless environment and don't receive paper policies from their largest personal lines carriers. Everything else is scanned; there are no physical filing cabinets. Higgins replaced single-page scanners at each desk to high speed, 50-page-per-minute scanners.
- Employees can work from home. When Higgins is on the road consulting, he can access 100% of data over the Internet.
- An Internet-based phone system connects the two offices, providing an automatic out-calling feature to give staff 24-hour notice of new claim calls.
- Data is backed up via a duplicate, in-house server along with both an Internet-based system and CDs of all scanned data.
- Some agencies have learned the value of dual desktop monitors for more efficient service workflow; Higgins' staff has moved another step to three monitors.
- His staff can communicate in real time from the management system (as opposed to phone, faxing or filling out Web pages) with four carriers, or 80% of personal lines volume. Higgins counts 50 such policy inquiries per month, per CSR, saving hours of time.

## What We Learned

**“Y**ou can’t do a paperless platform without the best employees,” independent agent Ed Higgins says.

He’s learned a few things about hiring. He hired an 18-year-old CSR, fully paid for her college education, and then watched her depart shortly after completing the courses. “It was a value issue,” he says. “She wasn’t buying what we were selling. We lost an investment of about \$15,000 with very little return.”

He hired another “wrong” CSR, he says, but this time recognized and admitted the mistake after one week, letting the staffer go.

Higgins is getting smarter at prospective interviews, he says. He tells recruits, “The first part of this interview is you convincing me to hire you. The second part is me convincing you this is the long-term place for you.”

Young people want to work in a place with superb technology, Higgins says. As he consults with other agents, he asks: “Do you have a technology platform to attract the young person of tomorrow to work in your agency? You are in competition not just for customers, but for employees.”

It’s not just technology, though, that attracts and keeps people, Higgins believes. Employees take advantage of summer hours to earn three-day weekends from April to November, as well as flexible hours to accommodate day-care needs.

And then there’s food—*free* food, that is. His agencies provide monthly lunches with the staff alternating between the two offices for a meeting. Every day, employees have gourmet coffee, snacks and soda. “We old guys don’t understand how important free food is. It’s huge for morale, and what does it cost? Three or four grand a year?”

—P.V.

Higgins says the smooth workflow allowed him to buy MacIvennie & Brown, an agency 20% larger than Thousand Islands Agency. The new firm was assimilated in a “near-perfect success story,” he says.

“People have this notion that small agents can’t do this—that technology stuff is for the big boys,” he says. “I’m still a small agent. If a small agent can do this stuff, anyone can.”

## Seeing Triple

When it comes to simple tech solutions that can make a big difference, Higgins crows about the value of more than one integrated monitor at every workstation in the office (most agencies still use one per desktop; his employees have three each). He provides some workflow examples:

1. Management system client file open on one screen, scanned claim documents all in one location on second screen and Internet browser opened to company Web sites on third screen. Without a pause, staff can respond to virtually any client question regarding the in-process claim.
2. Client file with real-time billing inquiry

completed on one screen, daily work area for scanned documents on screen No. 2 and Outlook on screen No. 3. The CSR can print the real-time inquiry screen to a PDF document into “today’s work” on screen No. 2 and then drag and drop it into screen No. 3 as an e-mail attachment and send to the client. The client receives an e-mail with detailed billing status less than 25 seconds after the initial inquiry to the CSR.

3. Insurance department Web site opened to re-licensing section on screen No. 1; agency certificates on stored documents scanned on screen No. 2. Copy and paste each certificate number for course completion into re-licensing screen and re-license an employee is less than three minutes.
4. Health plan client file on one screen, appeal request received by fax printed to PDF on arrival on screen No. 2 and Outlook on screen No. 3. Drag and drop PDF of incoming fax document from screen No. 2 to become an outbound e-mail attachment on screen No. 3. Complete documentation of activity in management system on screen No. 1.

5. Open client file for last year in management system on screen No. 1. Open a second session on screen No. 2 and display detail from last year for the same policy. Compare with the client the two policy terms without looking at paper.
6. Photos of home damage stored on agency server on screen No. 1, client file on screen No. 2 and scanned documents relating to claim on screen No. 3. Talk with the adjuster about the claim and damage repair.

“It is instantly clear,” Higgins says, “that there is a huge advantage to multiple monitors when you start to analyze workflow issues on a practical basis through the eyes of a CSR.”

## Self-Insured Plans

Higgins’ agencies are typical in their writings of personal and commercial lines, but atypical in a third area: fee-for-service administration and customer service for large municipal and school district self-insured health care plans.

The staff handles the administration of accounting, including premium collection, funding of claims accounts, management reporting; strategic planning; public relations and customer service. The public spokesperson role is important, Higgins says. For instance, instead of the groups talking to the media or other groups, “we give a single, articulate, insurance-based answer,” he says. “From a standpoint of political unrest, it really eliminates a large part of the trouble with them speaking. They don’t understand...insurance and risk.” And these issues come up often; with the rate of health premium increases, it is the second-largest line item in school district budgets after gross payroll, he notes.

The fee-for-service work—virtually untapped by most agents—is serious money for Higgins, at already 15% of gross revenues.

## Thousand Islands Agency and MacIvennie & Brown

Clayton and Adams, N.Y.

(pop. 5,000 each)

**FOUNDED:** 1947

**GROSS REVENUES:** 2005, \$667,000; 2006, \$655,000; 2007 (projected), \$900,000

**EMPLOYEES:** 8

**REVENUE PER EMPLOYEE:** \$112,500

**BUSINESS MIX:** Personal p-c, 50%; commercial, 35%; fee for service, 15%

**CLIENT COUNT:** Personal, 2,000; commercial, 225

**CARRIERS:** Allstate, Drive, Erie & Niagara Association, New York Central Mutual, Peerless

**RETENTION RATE:** 92%

**TECHNOLOGY:** Ebix

**OFFICE SPACE:** Own

**Big "I" AFFILIATIONS:** ACT, VU, Trusted Choice®

**CONTACT:** Edgar J. Higgins Jr., CPCU, president; 315-686-5536; [ed@edhiggins.com](mailto:ed@edhiggins.com); [www.tiagency.com](http://www.tiagency.com); [www.mac-brown.com](http://www.mac-brown.com)

And those revenues are expected to climb by 37% this year alone due to a marketing relationship Higgins established with a third-party administrator—and also to 10 years of success. "We've shown them the speed and efficiency of customer service possible in a paperless environment," he says. The key, he notes, is leveraging the existing management system to track all activity by division for the self-insured plans.

The new fee-for-service plan required Higgins to hire two employees, bringing his total to eight. He anticipates the new staffers will cost a total of \$75,000 to \$100,000 per year, but with the new plan generating \$250,000 in revenue, he'll have a nice profit. The overall per-employee revenue of about \$100,000 is "tremendous" for his area, he claims. "It would be at least \$200,000 per employee if we were

'If a small agent can do this stuff, anyone can.'



in Long Island because of the difference in premium structure between a rural versus metropolitan region—although the technology costs are identical between the two regions."

The fee-for-service revenue "allows us to move past the barriers of a small-town, rural agency limited largely to personal lines insurance to a realm of big business management at large-city income scales," Higgins says. The soft p-c market resulted in flat revenues from 2005 to 2006, so he'll rely on the fee business. Moreover, he sees virtually no competition in the niche.

### E&O Prevention

Higgins is so passionate about technology that he wants to win over other agents. "My entire approach to consulting is about the one commodity we can't increase: time," he says. "Technology allows us to leverage the fixed time element to yield the most production and best customer service with a strong focus upon E&O loss prevention through documentation, again leveraged by technology. The best way for a CSR to enjoy every day at work is to be sure *all* of the E&O potentials have been addressed."

With premium levels all over the place, the only clear common denominator among agents around the country, he says, is loss ratio. His is 26% for four years running. He tells his staff to "stand upside down" when people have claims. It's a significant amount of work, though, for no compensation. "Your mission," he tells employees, "is to write the people who don't have claims. If we don't have a problem with profitability, we don't have a problem with markets."

### Trusted Choice® in Action

The two agencies display the Trusted Choice® logo on the front doors and elsewhere inside, as well as in advertising and on every business card. The Pledge of Performance "pledge cards" are sent with every new policy and with every annual coverage review. Agency employees also tag e-mail signatures with: "A Trusted Choice® agency providing 24-hour local claim service."

—P.V.

### New Investments

Higgins' big tipping point was losing all the paper so inherent in the insurance business. "Of all our technology investments," he says, "the biggest macro thing is the incredible freedom you get from a paperless environment—and control. The consequence of going paperless tied with the VPN has completely released me from the office. Anyplace I get an Internet connection, I can do every single thing—not most things—every single thing. There is no piece of paper to be found."

And Higgins won't let up. He even speaks in tech geek about an emergency power supply. This year he'll install "dual, automatic, cut-over LP gas generators to provide continuous operating capability in all circumstances," he says.

He's also rebuilding his Web sites to provide real-time customer transactions and self-service.

While Higgins will continue to improve the office technology, the next big investment is an exit strategy: He's working on a five-year perpetuation plan. ☐

Van Aartrijk ([peter@aartrijk.com](mailto:peter@aartrijk.com)) is an IA contributing editor.

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## Thousand Islands Agency

853 James Street

Clayton, New York 13624

315-686-5536

[www.tiagency.com](http://www.tiagency.com)

## MacIvennie & Brown Inc.

10868 U.S. Route #11

Adams, New York 13605

315-232-4593

[www.mac-brown.com](http://www.mac-brown.com)