

Bancassurance's Transition into a Paperless Environment

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CASE STUDY

“The only thing that is constant is change.” – Heraclitus

Mr. Ali Raza, Head of the Bancassurance Department at The Millennium Insurance Inc., walked out from the Chief Operations Officer’s office, after having being informed that it was high time his department had accepted the change in their work environment and gone paperless, as this change was here to stay. Though the introduction of the Filenet System was not a very new concept and his people had known that this department would be next; but then again, knowing and the acceptance are two different things.

The seven second walk from the COO’s office into his department, seemed the most difficult walk he had ever had. He had to re-think his strategy as to how he planned on ensuring that a paperless environment was successfully implemented in his department and re-define the ground rules laid down for the successful transition. Moreover, he understood the perspective of the higher management and the importance Filenet had towards the growth of the company, simultaneously he understood the issues his team would face due to this structural change. He knew that this change required patience and time at the managerial level, and to provide support to the operational resources who were struggling with the same. He reflected back on his own heated arguments and the debates amongst all the departmental heads at the very beginning of this entire system.

It was now time for the contribution of his department in the journey of advancement of the company and for that the smooth launching and operation of Filenet was crucial.

Background

Business industries are growing globally and the changing dynamics have their effect on all that form the industry. The change may start at one point but travels all the way down to companies in different parts of the world and their operations. The local companies take references from their global counterparts to bring efficiency in their processes and keep in pace with the changing dynamics. The same holds true for the Insurance industry. The insurance companies around the globe keep in touch with the changing trends and challenges in the industry and use their examples to anticipate any that might have an adverse impact on them in the near future.

The foundation of the Insurance Industry lies on the records gathered and maintained over several years.

The data collected from their clients helps in the assessment of risk that the company has and enables them to make trends for future growth. Data for them is the oil, which ensures the successful growth of the industry, the same holds true for The Millennium Inc. Being the pioneers in the industry and a brand in itself, they take pride in their ability to having managed data for years.

However, being in industry for almost 25 years, their data bank had expanded overtime and was growing at an increasing rate. It was imperative for the company to think of efficient ways to manage their records. Since the start of the company, the company had maintained their records in warehouses, owned by the company itself. They had five warehouses, each of them having its own team of individuals managing the warehouse. This practice was highly inefficient and expensive. Moreover, the senior management could foresee the increase in the no. of warehouses. With the growing trends of storing data on cloud, the company had to think of a cost-effective, efficient and safe way to manage their valuable data.

Growing Concerns

The yearly increase in costs was a growing concern for the company as well as the growing hassle of managing all the records and maintaining them. Using five different locations to store the data also gave way to mismanagement of the records. The entire process of coding and storing the data was manual, as it was compiled by employees; therefore, there was always room for human error.

In the Insurance Industry, each shred of documentary evidence against each case is worth millions if there are litigation issues or claimant complaints, and that was what worried the higher management of the company with the growing space issues of data keeping and how it was being managed. The importance of maintenance of records is highlighted in the Insurance Ordinance, which makes it binding for all Insurance Providers to maintain detailed records of all policies issued by the company. Moreover, recently SECP has introduced various regulations which are client friendly; one of them being is the introduction of Complaint Centres mentioned in Circular 5/2016, Awareness among policyholders about availability of the Complaints Resolution Forum, issued in January 2016. Therefore, clients can approach them in times of fraud/ mistreatment. These also impacted Insurers’s needs for maintaining detailed records for longer periods of time.

Furthermore, the growing costs for transportation (to and fro of transporting files), warehousing (the five different locations), human resources (filer boys and supervisors for the stores), shortage of space (the growing records) and the threat of litigation in the loss of a single document were growing concerns for the company's management.

The Move Forward & the Challenges

The management decided on developing an In-house workflow system that would host all the pictorial evidences and records against each policy number. It was during this time when they were brainstorming for the in-house system, when a team from IBM approached them regarding Filenet. Filenet Content Manager is a single repository for enterprise content to provide centralized access and better control. The added security features provide a safe environment for companies to store and manage their data. After several detailed discussions and an extensive feasibility report, Filenet was acquired by the company.

The acquisition of Filenet was a step towards a paperless environment, an environment which the company had been trying to build for several years. It all started with the implementation of inter-branch connectivity. Cable connectivity was later established amongst the branches to support communication and access important content. This led to the provisioning of scanners in each branch, in order to scan all documents they hosted and the same was done for each warehouse.

The challenge was to channel all the scanned data to a centralized location, which was accessible to all of the company's employees at all times, as and when required. Another challenge was the sorting of data and re-matching it against each case so as not to skip any single documentary evidence. These issues were resolved once Filenet was successfully implemented across all departments.

Launch of Filenet & Issues that followed (2010 onwards)

Filenet was launched in 2010, in the most fundamental department, Underwriting Department. This department was responsible for the processing of fresh business. It had the most basic processes and tasks that were well-defined and simple. This was where the first signs of resistance were also witnessed. The department did not take this change as a positive step towards the

growth of the company. The employees across all levels considered it to be hurdle, as they felt that an extra step had been added in order to accomplish the same job. This was because all cases now received were first scanned, then once all of them had been scanned a time based scheduler was run which then uploaded the documents and the cases were sent to the respective underwriters. Previously, they had to input the cases in the system, assembled them in files and hand them over to the underwriters. They made several attempts to stop the change, by blaming the system for not working efficiently especially during month-end closings when the influx of cases was more. The resistance was mainly because the employees were never informed prior to the launch of Filenet as to why was it being introduced and why did the company feel that this change was required. Lack of training, accompanied with the fact that automation of processes might make certain jobs redundant, thereby leading to down-sizing. This eventually did come true as Filers and other employees whose job roles became redundant were laid off. This added to the uncertainty which the employees were facing making them more resistant towards the system. Moreover, the underwriters, were also not comfortable with the introduction of Filenet as that made them more dependent on the system, therefore, any issue in the system would create a lag in their performance. Given that it had been recently launched, technical issues were very frequent, thereby, frustrating the underwriters as it caused created delays in their work. Despite the resistance received from the employees, the system was implemented. This is because the company had invested a lot of capital in acquiring this system. Moreover, the management could see the need for this system in the long-run which the employees could currently not understand. Therefore, resistance would only exacerbate the situation, and eventually they had to give in and accept this hard hit structural change.

The first workflow was designed by the service providers using the input of the department, which was later, used as a basic sample for all workflow designs made across other departments. It took a few years in developing, testing and deploying the system in this department, after which it was then moved to other departments (Group Life and Client Services).

The management took a different approach when implementing this change in the Group Life Department, as they enabled the department to decide on how they would go about implementing the system based on their requirements. However, after the successful

implementation of Filenet in the Client Services Department, the management soon realized the mistake that they had done with respect to the implementation of Filenet in Group Life Department. This is because due to the limited involvement of the Senior Management, the department had implemented the system based on how they felt it could be best utilized. They used a Pool based approach, in which all of the data was dumped together. Therefore, all tasks related to one policy were grouped together with no distinction between them. However, Client Services had used the Individual approach in which various tasks were identified in order to make data more manageable and easy to retrieve. Group Life Department had not incorporated the fact that with time as the tasks pertaining to policies increased in number it would be extremely difficult to manage them as they had made no mechanism to distinguish the various tasks performed against them. Therefore, a team was devised to re-visit the implementation of Filenet in the Group Life Department.

The entire groundwork was re-visited and redeployed using the Individual approach used in the Client Services Department.

It was after several brainstorming sessions and heated debates at the managerial level, that the management was able to devise effective workflows in order to efficiently use Filenet. However, despite the importance laid on the efficiency of processes and how they could be effectively incorporated in this new system, the human factor was somewhere kept at the back-seat. The impact of which would be realized later.

The same was happening in the Bancassurance Department, as the Head of the Department could see the resistance his team had towards the change. He felt he was fortunate enough for the system to enter into the department at a matured stage (5 years after it was first introduced in the company), therefore all technical issues had been resolved by that time and the system was running smoothly across various departments. But, he still knew his people were facing the same difficulties in accepting this change, which the other departments had to go through.

Options & Implications

The Head of the Department had two major options as to how to go about ensuring that this change was implemented effectively. He could take the hard approach, as was done when Filenet was introduced in the company. The employees were not given an option;

they were informed that this had to be done and that it had to be done in a particular way. This did create a lot of resistance from the employees but it was of no avail as the final decision had already been made by the senior management. However, over time the employees soon realized how this system helped them in improving their efficiency and manage their work effectively. Later onwards, the higher management even started taking feedback from all levels to make the system more user-friendly. This approach had been tried and tested, and the results were highly visible. The senior management also approved of this approach as the change was implemented quickly and the benefits of the system were also visible within a short-span of time.

On the other hand, the importance of the human element could be taken into consideration. Raza felt that for that he would have to create a sense of urgency within the department, by making them understand that there was a serious concern which had to be addressed. However, he was unsure as to how would he create a buy-in in order for people to accept this new system. This approach was time consuming and the results were uncertain. Raza had been given a two week deadline for the complete transition of the department onto Filenet. Therefore, he had to act fast in deciding as to what approach he would take.

Conclusion

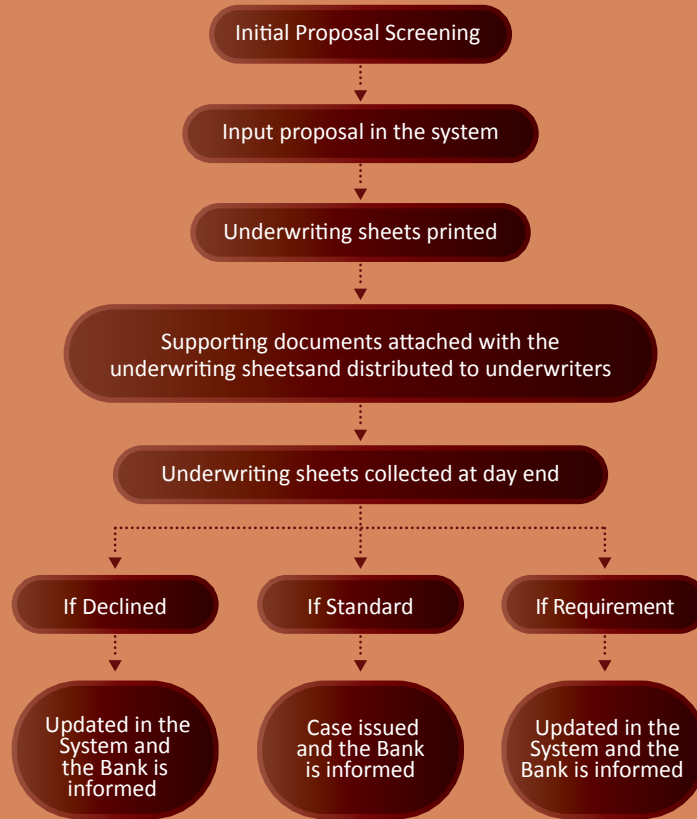
The decision that would be taken by Raza regarding the way the change would be implemented had long-term effects on the department. Change is inevitable; however, successful implementation of change brought with it a lot of uncertainties. Will the Bancassurance department be able to successfully transition into a paper-less environment and overcome the challenges it currently faces in the process?

Annexure 1

Operational Transition Of The Millennium Inc.	
Early 2000's:	Branch connectivity followed by Cable Connectivity Followed by scanning of all the documents (head office and the branches) Workflow (in-house system)
2008-2009:	The closing led to the rising space issues for record keeping
2010 onwards:	The introduction of Filenet
Mid 2010-2011:	Filenet launched in the New Business Department
2012-2014:	Launched in Group Life and Client Services Department
2015:	Filenet launched in Bancassurance Operations Department

Annexure 2

Process Flow of Proposal Processing – Before the Launch of Filenet



Annexure 3

Process Flow for Proposal Processing – After the Launch of Filenet

