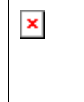
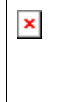
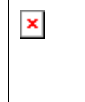
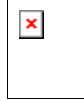
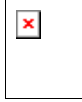


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By Eric Berlin

Being a technology executive means keeping your eyes firmly fixed on the big picture. This is doubly the case in the insurance industry, where even the most straightforward projects are saddled with layers of complexity, thanks to the ever-changing tangled forest of standards and legal requirements. There is seemingly no such thing as the subtle maneuver -- the project that will bear fruit next week. You want results? Come back in 18 months. We'll almost be finished with the preliminary analysis.

But this is 2002, in the era of instant messages, day trading, and 24-hour news. We may not be in a recession, but economic forecasts are still 'partly cloudy,' not 'partly sunny.' Belts are tightening. Boards and stockholders are demanding an impact on the bottom line today, not in early 2004. Long-term plans are often being put on back burners in favor of ideas and programs that will generate revenue or cut costs *today*.

Waiting 18 months to see if you've really got an ROI -- well, you might just as well wait forever. Too much can happen in a year and a half. Is there no possibility of initiating an idea and seeing some results, oh, six months down the road?

Sure there is. There are quick technology projects you can implement that offer a demonstrable return on investment -- and no, you won't have to wait till the next Presidential election to see results.

We asked a number of industry executives and analysts for their best suggestions for those types of projects. They do, in fact, exist; any of the following five ideas will deliver an ROI in six to nine months, if not sooner. Will they dramatically alter the course of your company? Doubtful. But, as we all occasionally forget, little things can sometimes mean a lot.

### Data Mining on the Cheap

Data mining is all the rage -- companies are setting up vast data warehouses and are poring through years of information, in search of broad patterns that will help their executives make better decisions in the future. But, as just about anyone who has tried to implement a data warehouse knows, data mining is by no means a short-term project. If your company is not yet willing to invest the time or the money, there are alternatives that suffice in the meantime.

Jamie Bisker, director of research for insurance practices at TowerGroup, suggests looking into tools for Online Analytical Processing (OLAP). Such business intelligence products include Computer Associates' CleverPath, IBM's DB2 OLAP Server, and Microstrategy's OLAP Provider. All of these integrate with common applications such as Microsoft Excel, and root through terabytes of data in search of the answers to your questions: *Why is this project taking so long? How much did this cost? What is this costing us across the country, in different geographical areas?* If the question deals with numbers, the answers are buried in the data already at your disposal. OLAP software finds the patterns that, once analyzed, will help improve your business processes.

"It's a cheaper way to do data mining," says Bisker. "Just a little bit of money and a little bit of time could deliver an ROI in two to six months. It takes a couple of months to get started, and then you have to do the analysis, which requires people who know what they are doing. But the point is, it doesn't take years to find inefficiencies in your business practices."

### Fraud Alert

Any effort at all put towards fraud remediation is time and money well spent, says Bisker. Even basic, ongoing fraud training -- just keeping the employees up to speed on the latest fraud techniques -- will produce a near-immediate ROI. Merely

spreading the word about such Web sites as the Coalition Against Insurance Fraud [www.insurancefraud.org](http://www.insurancefraud.org)) is bound to have an impact. The CAIF's site is updated with up-to-date scam information, and has a well-organized research center for employees looking to dig deeper into the issue.

For those looking to be still more proactive, there are variety of products to purchase, such as ISO's ClaimSearch [www.iso.com](http://www.iso.com) and HNC's Payment Optimizer [www.hnc.com](http://www.hnc.com). The technology behind Payment Optimizer is used by another HNC program, Falcon, to analyze close to 90 percent of credit card transactions in the U.S. Falcon performs a speedy analysis of the transaction, looking for anomalies in the card holder's spending patterns -- time of day, amount of purchase, and so on. Credit cards, of course, are less important in the insurance business. Payment Organizer instead analyzes, among other things, workers' comp claims and Medicare claims, searching for patterns and assigning each claim a score of 0 to 1000. The higher the score, the more likely it is your SIU investigators should be pursuing the matter.

Most fraud in the insurance industry is discovered after the fact, but today's tools can catch it as it happens. "You ask for a claimant's VIN," says Bisker, "and then you can automatically do a VIN search and cross reference it against existing claims, and if the number has been used a half dozen times before," that will send up a flag. You're then only a few pointed questions away from potentially exposing a fraudulent claim before it costs you a dime.

This is software that can be used beyond the walls of your company's fraud investigation unit -- agents and call center reps can and should be trained in the software, so they can spot the seeds of fraud as customers are given their first notice of loss.

### Open the Portal

According to [Craig Lowenthal](#), its vice president and CIO, Hartford Financial Products has discovered a "tremendous" ROI by merely having its own internal portal, set up with software from PlumTree [www.plumtree.com](http://www.plumtree.com). Akin to a customizable Web site like MyYahoo, PlumTree allows its users to embed "gadgets" into its product. These gadgets can run a wide gamut: Hartford's underwriters can do online research at financial sites such as EDGAR and Yahoo Finance... and, what's more, have the fruits of that research automatically filled in to the right blanks on a variety of forms, thus cutting down on grueling paperwork. They're also saving time and energy they need to order forms and other supplies. They do that directly through the system -- the right department gets the request, and makes delivery within the hour.

Other gadgets are even more impressive: Data can be grabbed off of the company's legacy systems, arranged into reports and displayed for executives: A permanent, real-time exhibit of the company's financial progress -- sales for the month vs. budget for the year, quarterly goals and whether they're being met, and so on.

[Lowenthal](#), who works out of New York City, even created a gadget to smooth out security snafus for visitors to his office. Hartford's New York office was originally based at 7 World Trade Center but was forced uptown due to September 11. The new building, like many others, didn't have security in place prior to then, and there were a lot of problems making the adjustment. "Our visitors couldn't get up to see us," says [Lowenthal](#). "You don't want to have your guests undergoing a shakedown in the lobby. So we worked with the building management and came up with a pass generator as yet another 'gadget'." Anybody with an appointment is now e-mailed a secure PDF file that allows them to come right through security without waiting on line. Only one Hartford staffer was needed to create this new gadget.

Amazingly, all this took about two months to set up -- does a tech project get shorter term than that?

### Get Into a Scrape

Todd Eyler, an analyst at Forrester, believes that if you're going to take on a short term project, it may as well directly benefit the consumer. "Ask yourself: Where are my key pain points right now?" he suggests. "Often, the answer is going to be something related to customer service, and the effectiveness of the people in your call center at delivering a positive experience for the customer."

Eyler has worked with insurance companies who have upgraded their front-end systems with new software from companies such as Altio [www.altio.com](http://www.altio.com). Using XML and other, more up-to-date open technologies -- and working in tandem with back-end integration experts at IBM -- these companies are creating more easily

used browser-based front ends.

Of course, all the old information is hiding out in the now-replaced legacy system. Making the transfer to the new system has become a lot easier, however, with the development of screen-scraping software from companies such as Jacada [www.jacada.com](http://www.jacada.com) and Red Oak Software [www.redoaksw.com](http://www.redoaksw.com). Screen scrapers work by literally taking a picture of the green computer monitors' screens (from behind the scenes) and remapping the information on those screens pixel by pixel over to the new system; it's essentially paperless OCR. Screen scraping software takes only a few months to install, and gives insurers access to data that would otherwise be trapped on a legacy system. This data can then be given to the call center rep, or even the customer, over the Web.

Eyler believes that insurers are "biting off way more than they can chew" in terms of data manipulation, demanding nothing less than full access to everything, all the time. Companies are spending millions integrating legacy systems with more modern systems. Screen scraping is a more phased approach -- costing far less -- that converts old data for real-time use.

### Up to Speed and Up to Date

It seems almost too obvious to mention, but simple efforts to improve employee retention often fall by the wayside, especially in a time of scaled-back budgets. Bisker reminds us to "keep your people trained and up-to-date, and make sure they get rotated to new and interesting assignments," the better to convince them you want them around for the long haul.

"It's kind of funny," says Bisker, "because companies -- especially insurance companies -- tend to cut training first. They cut the travel budget and they cut training. And in fact, they probably shouldn't do that."

He continues: "I think the industry is suffering from a knowledge drain. Every industry has to deal with this to some extent as people head for other industries or retire, but it's particularly a problem in the insurance industry because many companies have built their own proprietary systems." This can lead to truly serious problems if the people who built or maintain those systems head unhappily off to other companies. Bisker believes that doing something -- even something small -- to aid employee retention will keep valuable expertise within the company. There's no cheaper or quicker project than merely communicating with one's employees to see how they're faring, and it's far less expensive to keep an employee than to find and train a new one.



In other perhaps-you-already-knew-this news: There's something to be said for spending money on software you already own. "Make sure your software is at its most current upgrade levels," advises Bisker. "Say you already have a product from SAS or Microstrategy -- if you haven't upgraded to the newest version, you may be missing out on new features that can help your current users, or help your customer base, or reduce errors -- any one of which is a nice return on investment." Further, this may only be an investment of time. If you've already spent money on the licensing costs and are now simply paying maintenance fees, odds are your upgrades are included in the package.

Lowenthal, back at Hartford Financial Services, has also made a habit of what he calls "traditional workflow enhancements."

"You can't add more employees these days," he says, "so it's good to focus on technology that presents any type of automation in the workflow, whether it be imaging or automatic letter creation. Anything that allows you to process more business with your present roster of employees."

These are small projects in their own right, but perhaps it is helpful to think of them as the foundation of a larger scheme: Make use of OLAP software while the kinks are worked out of the new data warehouse; make use of screen scrapers as the first step in ditching those legacy green-screens. In this way, larger projects get sliced up into more digestible, bite-sized pieces. Each project may in itself be just a small step, but many small steps will eventually carry you a long way.

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