

## ***The TOTAL COVER Insurance Company Case Study***

### **Case Study**

#### ***Introduction***

TOTAL COVER INSURANCE is an international insurance company. Over the last decades it's client base has grown continuously. However, the management observed stagnation in growth. As a result, an in-depth analysis of the insurance market was conducted. This analysis shows that the main competitors of TOTAL COVER installed sophisticated customer relationship management systems (CRMS) in the past years. Therefore they are able to offer a large variety of customer services and can adapt quickly to changes in customer demands. Therefore TOTAL COVER's management decided to build a new CRMS that improves the company's strategic position. Management's description of the new system is described below.

#### **Customer Relationship Management System (CRMS)**

A CRMS is a software system that "enables organizations to better serve their customers through the introduction of reliable processes and procedures for interacting with those customers" (adopted from wikipedia.org)

#### ***Description***

##### **Customers**

TOTAL COVER provides insurance for clients. The clients range from individual to organizational customers. The range of insurances for individual customers are vehicle, home, contents, life cover and hospital insurance. The range for organizational customers extends this set with professional indemnities and workers compensation insurance. Furthermore new types of insurance products are continuously conceived by TOTAL COVER's marketing department, resulting in new types of clients.

While individuals deal directly with TOTAL COVER for most part, organizations that deal with TOTAL COVER do so through one or two of their nominated representatives. These representatives are usually the employees of the Client organization dealing with TOTAL COVER. Individuals can also nominate their representatives – especially in cases of life insurance, wherein representations are required for a client who may not be physically capable of representing himself or at worst, may not be physically around. Thus, there are people who play more than one role in dealing with TOTAL COVER – most representing either themselves as personal clients, while others representing their organizations.

##### **Risks and Policies**

In insurance vocabulary everything that can be insured is called a risk. Hence, the clients take out insurance policies in order to insure them against a 'risk'.

Potential clients (which also include existing clients who are taking a different type of insurance) need to provide complete and correct details of the 'risk' item for which they

are taking an insurance proposal<sup>1</sup> (e.g. Vehicle insurance quote would necessarily involve the make, model, registration, extras type details, as well as details of the Driver, age, experience of driving, claims history etc.). When the client decides to convert a given insurance proposal into a real policy, there is a certain amount of avoidable duplication of data and procedure. One of the needs of the management is that the software support for inquiries should be provided in such a manner that should the insurance proposal be converted into policies, all the information provided for insurance proposals thus far is reused, and not lost. At the end of a detailed insurance proposal, (potential) clients are provided with a premium amount. This is the amount the clients have to pay if and when they decide to proceed with the insurance cover.

It is also worth considering additional terms and conditions under which a policy is issued. As mentioned earlier, a policy is provided for a particular item, which is also called a 'risk'. Thus, a policy insures a risk. A policy can cover more than one risk (e.g. a Car and a Home). Policies are also issued for a part of a risk (an item, e.g. only for the stereo in a car or jewelers in a home). Policies are issued on a monthly, quarterly, half-yearly and yearly basis. Policies are governed by regulations, requiring details of the insurance to be documented formally and provided to the respective government organization through an interface to their software system. This information includes what is being insured, sum for which it is insured, excess payments and details of the conditions under which excesses have to be paid, and most importantly, the terms and conditions under which TOTAL COVER is obliged to cover the item even if premiums have not been paid. For example, in a life cover, the person is covered even if premiums are not paid for a quarter, provided the unpaid debt premiums are paid in the event of a claim. There is additional need to interface with other government departments that help in legal issues, as well as departments that interact with hospitals and the police. This interaction becomes important if a claim runs into dispute and more so if it is a claim related to worker's compensation for injuries on work sites

## **Payment**

Insurance premiums can be paid in various ways – including by credit cards, checks, or cash. The client can also determine the frequency of payment - it can be paid on a daily, weekly, fortnightly, monthly, quarterly, half-yearly or yearly basis. Premium payments can be automatically renewed, or may need a signature for renewal.

## **Interactions**

Clients, both personal and organizational, continue to interact with TOTAL COVER by traditional means of face-to-face contact, phones and faxes. A need is felt for this interaction to be better supported by providing the staff who handles the interaction with detailed information on the caller – especially if the caller is 'known' to the organization. This would first require software support in identifying the caller followed by detailed information on the caller to be flashed on system screens in front of the staff once the caller has been identified. Furthermore, the traditional means of contacts may no longer suffice. There is a need to facilitate client contact with TOTAL COVER through emails, on the Internet website, and very soon through mobile technologies. This demand to enhance the interaction through the new technologies is not only the need for TOTAL COVER's business people, but also for its clients – especially large corporate clients

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<sup>1</sup> An insurance proposal is called a 'quote' in insurance jargon.

who want to automate the process of inquiries, payment of premiums and submission of claims with TOTAL COVER.

Business managers at TOTAL COVER realize the acute need to free their crucial sales staff from answering mundane and routine inquiries, so that they can pursue genuine leads. Therefore, they want a sophisticated inquiry facility on their Internet website that will not only provide regular information to clients & potential clients but also provide some basic calculations on insurance proposals for premiums. A quick market survey indicates that existing clients as well as many potential clients prefer an internet-based access to information, doing some basic calculations and comparisons, and also making routine payments of premiums (for example through periodic charges to credit cards) etc.

### **Offering Combinations of Risks for a Policy**

While the business is continuously coming up with new ways of insuring clients, and also new ways of packaging insurance, they are keen to utilize the potential of the new software support to enable them to provide additional cross-sell and up-sell opportunities. (For example, when home contents insurance is provided, building insurance should be offered; or when motor vehicle insurance is provided, additional insurance to cover injuries etc. should be offered.)

Support of the CRMS for these combination offers is needed. TOTAL COVER's business department must be able to edit the types of offered combinations. When new combination offers are created, the system must facilitate that the offer is provided to existing clients, who have a policy that fits in a combination (or who have at least a policy that could be extended to a combination). Additionally prospective clients should be provided with combination offers, when they request an offer that is part of an existing combination.

Essentially, business is looking for 'proactive' system support.

### **System Administration**

A large insurance company like TOTAL COVER requires a huge amount of administrative actions. Some of the administrative functionality is already implicitly hidden in the aforementioned services. However, the management explicitly states the demand that the system must enable to add, remove and query clients, policies and risks. The access to these actions is of course limited to authorized personnel only.

### **Possible Extensions**

#### **Employee Portal**

In addition to dealing with the Clients, TOTAL COVER management also wants a substantial spin-off benefit of putting the Employee details of TOTAL COVER on the potential CRMS package. This would include the name, address of the Employees and other contact details, as well as the workers compensation details. Leave accrued, salaries, tax and such details once placed in the employee portal will substantially reduce the administrative overheads of TOTAL COVER and improve information flow amongst employees. TOTAL COVER also uses many 'contract' staff. There is a need to be able to manage their timesheets in an effective manner. Using the employee portal would free the management from routine timesheet management, and an interface with accounting department would speed up processing of invoices and payments.

Eventually, the software package's HR (Human Relations or people management) module can be tailored to handle internal career tracking and management for employees.

### **Thinking Ahead**

TOTAL COVER's management is keen to consider all new age technologies in this project. For example, mobile technologies remain a serious and key consideration in this new CRMS project. The ability to provide 'on the spot' insurances (especially for travellers) by simply dialling in a number from their mobile phones, and having a 'one-off' premium appear on their mobile bills is a new age concept that TOTAL COVER feels will provide it with great advantage over its competitors. TOTAL COVER is also keen to explore the concept of 'eServices' when the new application is implemented. This is because TOTAL COVER believes it can provide insurance service from 'system to system' thereby eliminating the overheads of dealing with insurances manually. The concept of eServices takes the business of providing insurances as a suite of interactions between two systems representing the client and the insurance organization – as against two people representing these organizations.