

# KMG Appalachian BPO Case Study



**Key Management Group**  
*Fostering Partnerships*



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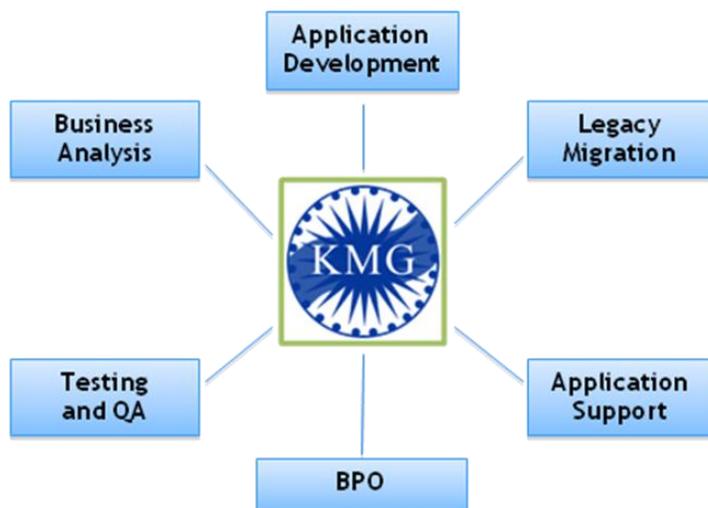
# 1 CLIENT OVERVIEW

The Client, located in Tennessee, offers a national wholesale brokerage outlet for agents looking to bring their clients a broad selection of quality products. Workers' Compensation is their primary lines of business and what the company was founded on. A few in-house solutions that they offer:

- Markets for Hard-to-Place Risks
- High Experience Modifications
- New Ventures Eligible
- On-line Rating Available
- Low-down Payments
- Flexible Direct Bill Payment Options

# 2 ABOUT KMG

KMG is a global software development, application maintenance and BPO operations company, which provides premium IT solutions worldwide using Microsoft, IBM & Java Technologies. In a wide-open sea of countless software development companies, KMG distinguishes itself as a company driven by excellence.



KMG was established in 1990 and is among Top 10 fastest growing Indian-owned companies in the US. It is also rated among top 50 software companies in India. It has a Dun & Bradstreet rating of "Good- 2A1".

KMG's onsite-offshore model and industry expertise enables the company to enter into long-term, mutually beneficial strategic partnerships with many Fortune 500 companies. Unlike most other Indian-based software services firms, KMG maintains a large development team in the US. This team is used to interact with the client & provide a longer overlap to the users.

KMG has its headquarters in New York with 4 Offshore Development Centers in India (Bangalore, Delhi/NCR, Chandigarh and Kolkata) and a sales and development Office in New York.

KMG has around 60 professionals in the US supported by another 250 in India. KMG has resource expertise that covers Microsoft.NET technologies, Java J2EE, Mainframe, IBM iSeries (AS/400) and Software Testing.

KMG provides software maintenance, development and testing, and BPO solutions to large and medium sized insurance, banking, financial service, healthcare and government organizations throughout the world. Indeed, the company has aggressively captured a niche market in the property and casualty insurance sector in the USA.

KMG has constructed a 600-seat state-of-art development centre near Chandigarh in the North West part of India. This centre houses a large training centre for providing training to in-house / external resources on legacy systems, QA testing methods, BPO processes and operations.

### 3 CLIENT SYSTEMS

#### Image Right

The Image Right content management and workflow solution is the leading provider of insurance-focused content management, enterprise workflow and business intelligence solutions. Nearly 500 companies around the world including agencies, brokerages, MGAs, carriers and reinsures use Image Right to streamline operations, increase productivity, enhance customer service, lower operating costs and increase profitability.

Image Right's workflow management system is used by the client to route all their transactional processes and then processed accordingly by the users in IMS.

#### IMS (Insurance Management System)

The IMS is a true enterprise application; it is client-server based, can support hundreds of users on a single database, and provides secure database connectivity to remote users. Designed specifically for MGA's and E&S Brokerage firms the IMS provides a scalable solution allowing remote underwriting offices to be established "turn-key".

All transactions are processed in IMS. It contains all the transactions details and history of transaction for all lines of business.

### 4 PROJECT DESCRIPTION

The projects for which KMG caters services to the client are as below:

- 1) **Loss runs** - KMG supplies the Loss Runs reports by pulling the reports from different carrier systems and supplies the same to the insured, agents and underwriters.
- 2) **Endorsements and Renewal Quote** - Processed for workers compensation line of business. KMG caters processing limit changes endorsements which involve computing premium for increased limits and mailing address changes for insured.
- 3) **Renewal quote generation** - Here KMG has to study the policy documents and than issue the quote after comparison with IMS and the carrier site.
- 4) **Ordering Premium Audits** - Here KMG pulls a report and request vendor to provide there audit documents to verify the premium.
- 5) **Direct Billing** - KMG sends the invoices to collect the premium from the agents. Also, if there are any discrepancies in invoicing, KMG adjusts the premium and send them the updated invoice to collect the premium.
- 6) **Commercial Auto Rating** - KMG rates the commercial auto polices and provides the underwriters with the quote which they send to the agent or to the insured.

## 5 PROJECT ACTIVITIES

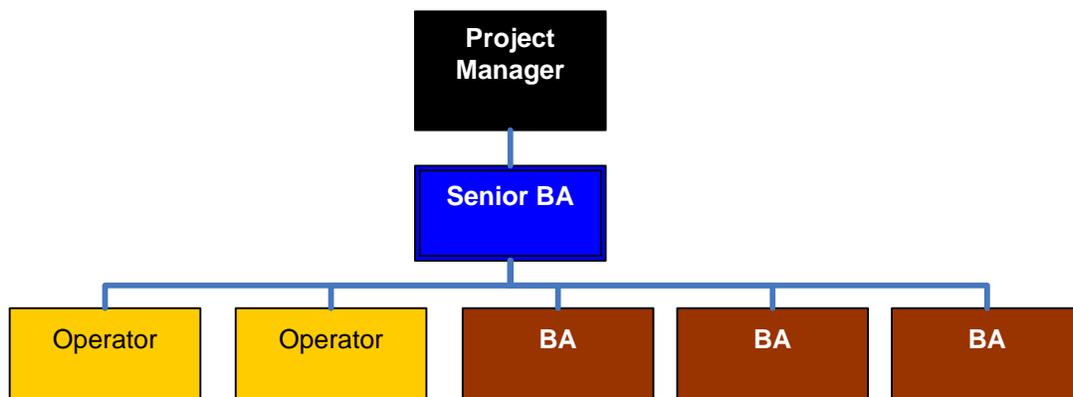
The project activities included the following work items:

- Work Analysis in Image Right
- Work Allocation to the Business Analysts and Data Entry Operators
- Policy Documents study for Quotes and Endorsements
- Cross QA
- Data Entries in Production Environment
- Making Corrections through Policy Endorsements
- Reporting Issues to the client
- Maintaining Client Communication and Status Reports

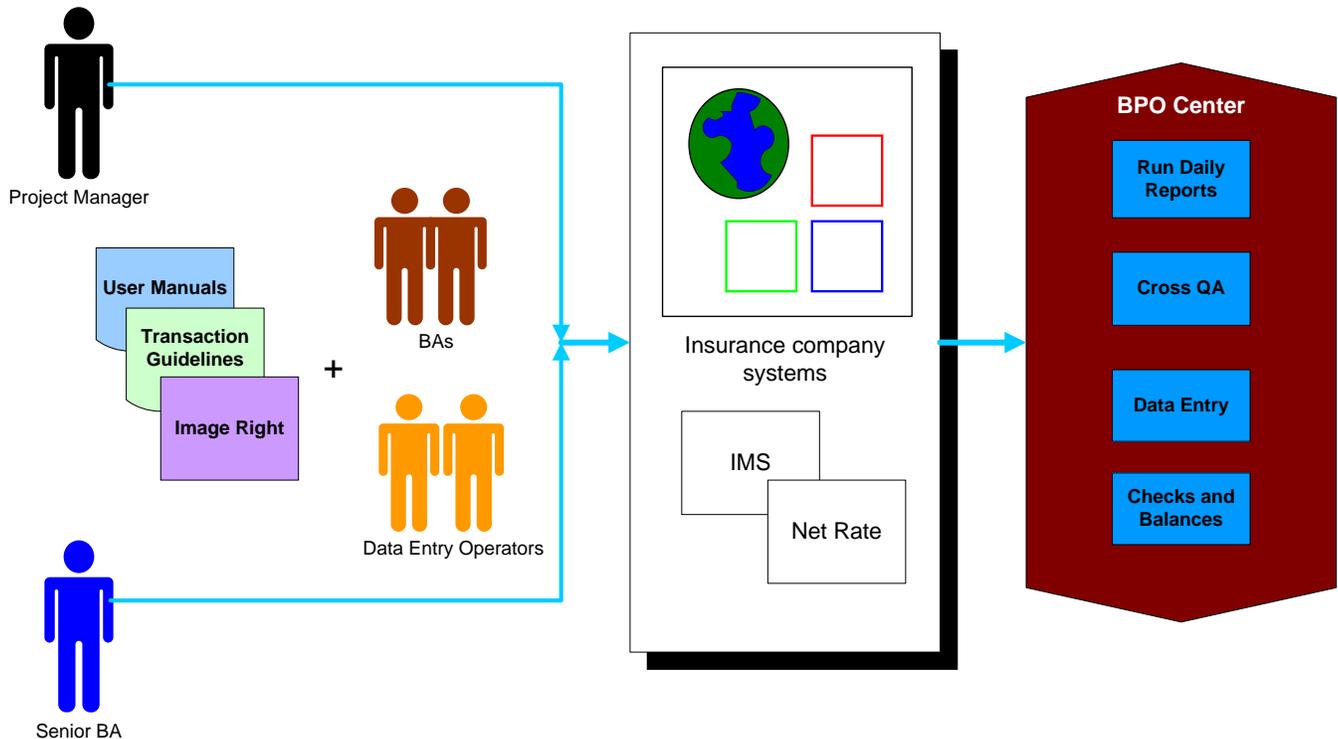
## 6 TEAM STRUCTURE

The team structure comprises of the following:

- Project Manager
- Senior Business Analyst
- Business Analysts
- Operators



## 7 WORK PROCESS



### 7.1 LOSS RUNS

Every insurance carrier guards their bottom line by attempting to insure only the best risks by understanding the exposure in detail. When a prospect applies for insurance the obvious reasoning is that there is some sort of risk of loss that the prospect doesn't want to be on the hook for. Therefore, the insurance carrier assumes risk for their insured in turn for premium. By doing this they share the cost of risk over many.

This sharing of risk among many is usually not a problem as this is the essence of insurance. However, the problems arise when too many of the carrier's insured have losses within a similar frame of time. The carrier then ends up having a substantial loss that directly impacts the viability of the company.

For this reason "Loss Runs" are tracked. In essence "Loss Runs" is an insured's insurance history at a glance. This report talks about past losses as well as open case losses. This report will state the time and the carrier along with other pertinent information. By having loss runs available an insurance company can then analyze the chance of risk with the prospective client.

KMG Supplies loss runs for the below carriers to the agents/underwriters and insured

- Chartis /AIG Company
- Meadowbrook
- Ace Insurance Company
- Guarantee Insurance Company
- RTW
- Berkley
- Accident Insurance Company
- Zurich Insurance Company
- Praetorian Insurance Company
- Sea bright
- SUA Insurance Company
- Advantage Insurance Company
- America Insurance Company
- Gateway Insurance Company
- Travelers Insurance Company
- Hartford Insurance Company
- Swiss Reinsurance Company
- Benchmark Insurance Company
- Tower Insurance Group

## 7.2 WORKERS COMP ENDORSEMENTS

An endorsement is a written document attached to an insurance policy that modifies the policy by changing the coverage afforded under the policy. An endorsement can add coverage for acts or things that are not covered as a part of the original policy and can be added at the inception of the policy or later during the term of the policy.

For a worker's compensation line of business we have the following endorsements:-

- Payroll
- Mailing Address
- Class Rates
- Name Change
- FEIN Number
- Limits
- Officer name change
- Change in workplace

KMG Processes Limit Enhancement and Mailing address endorsements received from all the agents and insured.

## 7.3 WORKERS COMP RENEWAL QUOTES

Renewal of policy refers to the continuance of insurance in force by the payment of a new premium. Generally, renewal is done under a provision for renewal contained in the contract of insurance, by payment of a new premium. Where there is no provision in the policy for its renewal, it is done by a new contract on the same terms as the old, but where the renewal is in pursuance of a provision to that effect, it is not a new contract but an extension of the old.

### Renewal Quote

Consumers purchase insurance policies to protect themselves against a loss. Policies may be purchased to pay for damage to a home or car, for medical expenses, or for loss of life. Insurance agents provide insurance policy quotes to potential customers to disclose the costs and terms of purchasing an insurance policy from their respective company. In most cases, the higher the risk of loss, the higher the cost of the insurance.

KMG provides renewal quotes to the underwriter so that they can further supply that information to the agents and insured so that they know that how much premium has to be paid to renew the policy. The premium is first calculated in Agency system and then compared with IMS quote which is also processed by KMG using Net Rate.

## 7.4 ORDERING PREMIUM AUDITS

A premium audit will be conducted on your Workers' Compensation or other commercial insurance policy. The primary function of the audit process is to determine the actual payroll, sales, subcontract cost, or other exposure used in calculating the final premium on your policy. Your premium will be adjusted as a result of the audit. If exposures have been underestimated, an additional billing will result. If exposures have been overestimated, a billing credit will result.

KMG orders audit for 8 carriers (Accident Insurance Company, PMA, QBE, Sparta, Republic, Benchmark, Madison and SUA). The process starts with pulling out a report from the report manager. As priority we work on due and due in 30 days audit. We would request the vendors located in different states to provide us the audits for the above carriers. In case we do not receive an audit within the stipulated amount of time we would follow up with them which we call a second order request to the vendor. All the updates and ordering is done through IMS.

## 7.5 DIRECT BILLING

Direct billing in the insurance industry consists of a paper invoice mailed to an insurance company's customers whenever premiums become due. Included with the paper invoice is a return envelope into which the customer puts a check or money order, then stamps and mails the envelope back to the carrier's payment processing center.

KMG sends the invoices to collect the premium from the agents. Also, we would adjust the premium according to the Final invoice receive from the agent in IMS and than send the final billing invoice accordingly so that they can remit the money to the client Appalachian Underwriters accordingly.

## 7.6 COMMERCIAL AUTO RATING

Commercial auto insurance is a vehicle insurance policy that provides financial protection for a business' vehicles and its drivers. Employees involved in on-the-job collisions will receive coverage for medical injuries as well, regardless of fault. Commercial vehicles are any vehicles and trailers that a business or company uses to transport job-related materials, goods or equipment. Work vehicles have insurance premiums paid for by the company, unlike policies for personal vehicles that the vehicle owner pays for. Factors that can increase premiums include the type of vehicle driven, safety devices such as air bags and automatic seat belts, anti-theft devices and parking locations. A company's previous insurance claims can also affect the cost of insurance.

KMG rates the commercial auto policy in IMS netrate. The most common type of commercial auto insurance is liability coverage, which most states require. It covers a driver liable for damaging cars or injuring others. Other types of commercial auto insurance include collision, uninsured, gap and personal protection.

All the information is entered in IMS netrate following the guidelines of that state and the factors according to the type of vehicle and radius, a quote is then generated which is than imported to Image Right and than send to the insured by the underwriters after review.

## 8 CHALLENGES

- **Accuracy of Work:** Client maintained stringent guidelines on accuracy & quality of the work, as the entries were being done in the Production environment
- **Training on System:** Training on the multiple insurance systems was provided by the client through Webex (Application sharing & Conferencing service). We had to get trained on the system remotely & directly work on the system in the Production environment.
- **Knowledge Transfer:** Data Entry operators were deployed for the entries. We had to train them on the insurance concepts & terminology so that they are comfortable with the applications and work. There was a need to make them aware of the financial implications of the entries.
- **Tough Working Hours:** Client worked on stringent timelines. Working hours hover around 12-15 hours.
- **Quality and Compliance Issues:** In case of erroneous information, Analysts need to think of a way to correct it in the system so that the financial balancing does not get affected
- **Reporting Issues:** Consolidation of the work status needs to be done at the EOD for reporting purposes. The work was allocated to multiple operators and analyst
- **Working on different Systems at the same time:** We used to work simultaneously on the Image Right, IMS and Net Rate systems. It was essential to maintain load balance among the team members and to allocate the work among multiple systems and resources.

## 9 KMG BPO BENEFITS

- **Cost:** Inexpensive Labor pool
- **Unique skill/expertise combination:** Our Analysts have an expertise for Property & Casualty Insurance. They have the exposure to different applications. Hence, it was easier to understand the intricacies of different systems.
- **Rich BPO Experience:** KMG has learnt through experience of working with a variety of Insurance clients, the key to successfully transition and implement various Insurance back-office operations
- **Efficient Resource Backup Management:** There is a flexible model to add additional resources on an “as-needed” basis during time of heavier workloads
- **Ownership lies with Offshore**
- **Client could focus on other important Business objectives and new client acquisitions**
- **Process Optimization**

## 10 **KMG ADVANTAGE**

KMG has gained a robust experience and expertise in the field of BPO. We are committed, we are determined, we are for quality. And above all, we bring a perfect match of all. We welcome you to be a part of our finest BPO solutions to fuel your business dreams.

- **Rigorous Project Management**
  - Work Allocation
  - Issue Reporting
  - Work Status
  - Work Quality
  - Client communication
- **On Time Deliveries**
- **Meeting SLAs**
- **Maintaining the Quality standards**
- **Rotational Shifts to maintain daily goals**
- **24x7x365 call centre support**
- **Domain and process specific knowledge**
- **Availability of well defined BPO processes**
- **Continuous focus on what the client needs**

**This BPO engagement is a Success Story in KMG.**

**The Client appreciated for our meticulous planning, stringent quality standards, dedicated team efforts and most of all meeting both short term and long term goals.**

**This is a growing account for KMG.**