

## **ELAN – The SIGNAL IDUNA External Service Electronic Application Procedure**

### **Organisation and Purpose of the Project**

In 2003, SIGNAL IDUNA began work on a project to introduce and develop an electronic application procedure (ELAN, to use its German acronym). The general purpose of the project, in which representatives of the following have participated -

- the business organisation
- the application development department
- the sales / marketing department
- the departments of the individual insurance classes

- consists in optimising the *global* application process, from the client or agency application to the handling, policy issuing and archiving of the application at the head office. The procedure should be designed in order to fully enable the performance of all process steps including the signing procedure, electronically, without the need to use paper (avoiding integration gaps), ensuring completely automatic processing and policy issuing of the generated application.

With respect to the sub-process of the application admission, this also means that with the electronic application the agent no longer has the compelling need to print off a copy of the application for the client, since a so-called 'application protocol' is automatically generated in the head office, which is given to the client together with the policy. Any additional forms required for the application and procedures established by the EU agent directive regarding the legal duty of consultancy and documentation (in particular the consultation protocol) are fully electronically covered by the ELAN procedure.

The ELAN procedure has several advantages, both for SIGNAL IDUNA altogether and for the individual agents and clients, including:

- Considerable reduction of the application turn-round times (on average it takes 3-4 days from the application date until the insurance policy arrives at the client's offices, constituting a clear improvement of customer service)
- Quality improvement by automatically generated and validated applications (no transmission errors due to illegible handwriting, missing data, typing mistakes, etc.)
- Cost reduction in external and internal service (as a result of the decrease in control and recording activities, simplified application submission, less queries, avoidance of the use of paper forms)
- Faster agent commission calculation
- Reduced risk of early cancellation due to fast policy issuing

The implementation of the ELAN procedure therefore leads to an overall improvement in process results and lower process costs.

## History and Status of the ELAN Project

### Concept and Development Phase

When the project was started, certain fundamental decisions were given priority, e.g. with regard to the technical data processing, relevant distribution channels, signature requirements and the ELAN pilot area to be selected. As far as the electronic signatures were concerned the legal setting, market prospect, product selection and validation, as well as the testing implementation of the required hardware and software were all considered. In addition to cost aspects, the quality requirements, handling of signature detection equipment and organisational and technical integration possibilities of the signature detection into the existing application process of SIGNAL IDUNA also played a decisive role.

With regard to this last requirement, the products of StepOver GmbH offered several crucial advantages for SIGNAL IDUNA compared to other electronic signature solutions available on the market. Firstly, thanks to the signature detection using signature pads, the external service could still use their notebooks. Secondly, the generation of electronic signatures and their integration into application documents could also take place without additional, separate signature software. In fact, the limitation on the integration of the driver module and signature API (for all necessary signature functions, including encryption routines) offered by StepOver GmbH (for the hardware drive) in existing SIGNAL IDUNA applications was possible.

This way, for the user (i.e. the agent) the electronic application ‘only’ involved small-scale extensions of the dynamic PC application, procedure they are already familiar with. After recording all application data in the advisory software and automatically generating the application document, checking its completeness and plausibility, the required signatures are requested by clicking a button, entered into a dialogue box and integrated into the document. When the application is saved, it is encrypted with several keys (a process which also protects it from later modification); subsequently, the agent can send it electronically from his agency system to the head office.

After deciding in favour of the StepOver products for the electronic signature, further criteria were established for the pilot phase. During the first stage, the use of the electronic application should be limited to the exclusive distribution of SIGNAL IDUNA (i.e. no use in broker sales) and introduced into accident insurance as a pilot component. On this basis, the specialised and technical design of the individual ELAN process steps was performed, followed by the implementation and testing as required. In addition to the adaptation and optimisation of the existing systems/procedures, several original developments were also necessary, which once again constituted the basis of later lines of business. The examples given below also provide an overview of the individual process steps of the ELAN procedure at SIGNAL IDUNA:

- Adaptations within the advisory/offer software and the agency system, which constitute the basic components for the application process (plausibilities, interfaces, data telecommunications components for the application submission, etc.)
- System engineering incorporation of the signature hardware (signature pad) and software for the acquisition of electronic signatures
- Components for the electronic transmission of documents (PDF) and application data (XML) to the head office within the agency system
- Direct electronic archiving of the application with document access for the different sections should a subsequent processing be required
- Automatic verification, transcoding and initial processing of the application data (e.g. automatic testing of the client relation with the possible assignment of the application to an existing policyholder or allocation of a new insurance number)
- Automatic determination of the respective procedure and data provision for a processing by the sections or for a fully automatic policy issuing; if required, the integration of the existing workflow procedure also takes place
- Automatic generation of an application protocol and a consultation protocol for the clients, sent to the clients together with the policy
- Provision of all required data to the peripheral systems
- Statistical procedure / information of ELAN for the distribution and class sections

### Field Test Phase

After the realisation of the ELAN procedure for the pilot area of accident insurance, an initial field test was carried out for a period of two months, with subsequent research into the selected agents. The purpose here was to collect information on the acceptance level and evaluation of the procedure, from the perspective of the agents and the clients, the recording of improvement suggestions and the assessment of the potential benefits and usage rates in sales.

The results from the field test were highly positive. The former scepticism, stating that clients might reject the electronic signature on a signature pad, was proven unfounded. No problems were detected on the clients' side or on the agents' side, and no acceptance problems were detected. The procedure was judged by the agents as slim, comfortable and trend-setting, which was also reflected in the higher usage rates evaluated by the clients. The clients also found the use of signature pads for the signature performance and the complete electronic processing to be a professional form of applying.

### External Service Equipment with Signature Pads

For external service equipment, the basic strategy was chosen to make the ELAN procedure initially available to a selected circle of agents, rather than to all. This way, further experiences (in the external and internal service) with the new procedure could be gathered and the effects and any possible weak points could be limited. After completion of the field test, in autumn 2004, approximately 400 agents were equipped with signature pads.

Additional provisions were put in place in the course of 2005 and during the first six months of 2006, so that now 9,600 pads (including replacement devices) are available in the exclusive distribution network of SIGNAL IDUNA, which can use the ELAN procedure. Together with the distribution of the pads, the corresponding training was organised.

### Integrated insurance classes

In addition to the accident insurance, for which ELAN was introduced in autumn 2004, this procedure is also productive in the fields of health insurance, life & pension insurance, private property & personal liability insurance, motor insurance, as well as for several financial products.

At the introduction in the individual classes, in order to facilitate an early provision of ELAN functionalities in the external service, differences in the degree of central automatic processing between the classes were deliberately accepted at the respective point of introduction of ELAN in each class. However, the optimisation with respect to the target processes (in particular the fully automatic policy issuing) take place continuously and concurrently in the individual classes.

### Use of ELAN

The gradual incorporation strategy, with regard to the hardware equipment (signature pads) of the external service and the integration of the individual insurance classes, initially gave rise to a naturally low volume of ELAN applications and relatively limited usage rates (defined as the ratio between ELAN and overall applications), even though the response in the external service was already very positive in the pilot phase. However, since then, a continuous and clear increase of the ELAN application volume and the usage rate has been observed.