

ORGANIZATION

Mutual Trust Life

Insurance Company Saves \$275,000 /Year by Using COLD System to Reduce Printed Documents



INSURANCE

Implementation of computer output to laser disk (COLD) and imaging systems is saving MTL Insurance Company an estimated \$225,000 annually by reducing printed pages from six million to one and a half million, and \$50,000 per year by eliminating the annual fee for microfiche service. The \$225,000 cost savings was calculated by multiplying a nominal figure of \$0.05 per page representing expenses associated with printing, handling, and distributing hardcopy documents. The COLD system eliminates these costs by reducing printed documents by 75 percent. It does this by capturing reports created on the company's mainframe and downloading them to the network, replacing hard copy distribution with on-line access to the information. The imaging software permits on-line access to scanned documents such as insurance applications and policies. In addition to eliminating the need for microfiche, the system is improving customer service by allowing customer service representatives to retrieve scanned images in seconds. With microfiche they needed up to 15 minutes to access a document, which prevented them from answering questions during the customers' original call. MTL Insurance next plans to implement workflow software from the same vendor, which will reduce the time required for processing insurance policies.

MTL Insurance Company, based in Oak Brook, Illinois, is a member of the Mutual Trust family of companies that also include MTL Equity Products and MTL Agency Inc. MTL Insurance is one of the one-hundred oldest life insurance companies in the United States, having specialized in personal life insurance since its founding in 1904. The company administers 120,000 policies. Living benefits paid to MTL policy

owners greatly exceed the amount of death benefits. During 1999, more than \$14.3 million has been paid in death benefits to beneficiaries, including dependents and survivors, while more than \$88 million was paid to policy owners in the form of living benefits.



Printing and archiving practices

Large numbers of documents are required to operate an insurance company. Many, such as policy documents, billing notices, and correspondence with policy owners, are generated by the LIFE-COMM insurance administration system that runs on the company's IBM ES9000 mainframe. Policy documents run in length from 12 to 55 pages. The company also produces many internal reports such as those generated by the accounts payable and accounts receivable programs. In all, there are more than 800 internal reports. In the past when all external and internal documents were printed as hard copies, the company was printing more than 500,000 sheets of paper per month. The estimated cost per page was \$0.05, which included one cent for the paper, two cents for laser printing, and two cents for handling and distribution.

Two methods were used to archive these documents. Documents generated for

internal use were kept in the departments with an archival copy in large binders stored in the policy records area. After the initial retention period, these paper documents were microfilmed. Retrieving a document after the departmental retention period expired required a trip to the policy records area and a manual search of either or both of the paper and microfilm. Documents related to the insurance policies, including policy declarations and customer correspondence, were stored on microfiche. For a fee of \$50,000, an outside company handled microfiche filming and development with a 24-hour turn-around. The drawback to this archival method was that it took approximately 15 minutes to retrieve a microfiche document. The need was usually initiated by a call from a policy owner. The customer service representative had to go to the microfiche clerk and request the appropriate file jacket. The clerk went to the Diebold rotary file where the microfiche jackets were stored, pulled the right jacket and made a copy. Then he put it through the printer to make a second copy for the customer service representative. Since it wasn't possible to keep the customer on the phone during this process, the person's question wasn't answered immediately, and a return phone call was required.

MTL Insurance management began searching for technology that would reduce the cost of document printing and improve customer service. They learned that a COLD system, which reads host report files and distributes them over a network, would eliminate the need to print the internal



reports. Correspondence with policy owners would still need to be printed, however. In addition, some hardcopy documents, such as insurance applications, are returned to the company after being signed by the customer. That meant that in addition to the COLD system, they needed a way to archive images of these documents, yet with faster access than that provided by microfiche so they could address the customer service issue. MTL Insurance management decided to handle this with an imaging system that scans documents and stores them on CD-ROMs. Although these two systems would handle the immediate goals, management also wanted some type of workflow solution that would automate the routing of documents between the different departments within the company. "We knew we wanted to start with COLD and imaging, but we wanted a system that would let us grow into workflow so we could streamline our operations as much as possible," explains Vincent Peronti, MTL Insurance's Director of Information Services Operations.

MTL Headquarters in Oak Brook, Illinois.

Peronti took one year to research the technology. During this time he evaluated eight different systems. One of the most important selection criteria was the ability to get all three components-COLD, imaging, and workflow-from the same vendor. Cost was another consideration. What Peronti learned was that while it was easy to find an economical solution to address any one of these needs in isolation, the higher end systems capable of handling all three in a single integrated solution generally ran into millions of dollars and years of implementation time. Then he heard about Metafile headquartered in Rochester, Minnesota. He found that Metafile offers COLD, imaging, and workflow in a single integrated solution at a very reasonable price. The company provides print capture and imaging products that feed a single print output and imaging warehouse. The information stored in this warehouse can be accessed with a viewer client or over the web and managed with built-in workflow software. Documents can be easily written to CD-ROM for storage. "Metafile had the best price-performance ratio of any of the integrated systems I evaluated," says Peronti. "Another

feature that made this software stand out was its full text search capability. Many of the other systems did not provide this, which is helpful to us since it lets people in accounting, for instance, search for a dollar amount, and customer service representatives can search for policy numbers."

Easy implementation

MTL Insurance purchased a license covering the use of the COLD and imaging software by 35 simultaneous users for approximately \$50,000. (That fee does not include the cost of the workflow software, which will be purchased after the COLD and imaging systems have been implemented.) They set up a three-part implementation process, starting with COLD. After a brief training session provided by the software vendor, Peronti and his colleagues set up the COLD system, indicating which reports should be posted on the network. They selected 825 of the company's internal reports. No host code changes were required. "We appreciated the fact that we were able to do this ourselves in a few weeks without the need for consultants," Peronti adds.

The COLD system reads the spool files and converts them to compact, searchable files that reside on a Windows NT server. The software automatically scans a specified location for a new spool file and, if it is found, automatically downloads and indexes it. The information is then available to users on their computer screens, so that instead of waiting for reports to be distributed, users can access information almost as soon as reports are created. Rather than paging through reports to find the relevant information, they can perform a text search and zero into any section of interest in a few seconds. Users may print reports if necessary, but since the implementation of the COLD system, this is rarely done at MTL Insurance. This is evidenced by the fact that the number of printed pages has decreased by 75 percent. The remaining 25 percent are primarily documents that must be printed for mailing to customers such as billing notices and letters.

Phase two, implementation of the imaging system, is currently underway. Paper documents related to all new issues are scanned into Metafile when they are received. The company has begun the process of

scanning in existing documents as well. They use a Kodak 3500 scanner. The person who performs the scanning enters the insured's name, policy number, and taxpayer ID associated with the documents, allowing Metafile to perform a search on these fields. Peronti set up the system so that when Metafile performs a search of a policy, it retrieves all documents associated with the policy such as correspondence. Even though phase two is still in progress, the company has already eliminated the \$50,000 fee to the outside microfiche contractor. As more documents become available in Metafile, the 50 customer service representatives are making fewer trips to the microfiche room. What formerly took 15 minutes is now done in a few seconds with the documents that are imaged in Metafile. This is already improving customer service since many questions can now be answered while the caller is still on the phone.

Phase three, implementing workflow, will automate the movement of documents from the mailroom to the desktop. Documents will be scanned in the mailroom, then directed to the underwriting and issuing area for review. They will then flow to the policy issue area where the information will be entered into LIFE-COMM, which will issue the appropriate documents and correspondence. By distributing documents electronically through the Metafile system, MTL Insurance will reduce the time required for processing policies. After phase three is completed, the company is considering making some of the information in Metafile available over the web. "The Metafile system's support for the web will play a role in our future plans," says Peronti.

The savings resulting from the elimination of the microfiche service and 75 percent reduction in printed pages have more than paid for the cost of the Metafile system. The company expects further savings as it uses the system to streamline the flow of information. Just as importantly, the use of the system is improving customer service dramatically as questions can now be answered within minutes. With Metafile's technology MTL Insurance is better able to compete in the competitive world of life insurance.

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