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Canal Insurance Streamlines Its Claims Operation

By D. M. Maas

Case Study

Canal Insurance Co. executives recognized a few years ago that its paper-intensive claims process wasn't keeping pace with the complexity of today's environment. Although there was no real glaring weakness with its previous claims system, the Greenville, S.C.-based carrier determined it needed an upgrade.

“Our old system was very solid. We were able to record information from 46 different states on our mainframe, but we were able to capture only limited data, so part of the data was in paper files and part of it was on the mainframe,” says Adrian Brown, chief information officer at Canal, which specializes in long-distance trucking insurance.

Recognizing a need

Canal's limited mainframe and paper-based claims process might have been a challenge for a smaller insurer. But for Canal, which reported annual net written premium of \$470 million in 2003, the limitations were an unnecessary hindrance: Paper forms were routed and labels had to be printed and affixed.

In addition, special identification folders and logs were necessary to track claims as they were being

processed by different employees. “All of the different forms made the process very, very people and paper intensive,” Brown explains.

Nevertheless, the carrier's previous system, however outdated, had served the company and its customers well. “Twenty plus years and evolving all the time, it was a very custom system tailored to what Canal needed to do,” Brown says.

The time for change had come, however, given the competitive insurance environment and Canal's growth in recent years. In 2004, the carrier reported more than \$514 million in annual net written premium. “The technology had been so stable for so long that the company was aware that they needed a new system,” Brown says. “In the last few years, the company experienced double-digit growth, making the need a more pressing issue.”

Canal began its search for a new claims system in 2001 and formed a search committee to identify the needs of the company and the employees. Company executives knew there were certain issues that needed to be addressed, such as the capture and storage of information and the need to streamline the claims process. The search committee spoke to employees from different levels throughout the organization, including managers and field representatives, to determine what exactly they needed from the new software.

After an extensive search, Canal determined that ClaimCenter, a Web-based solution from Guidewire Software, Inc., San Mateo, Calif., was the best fit for its needs.

“One of the things that we looked at in our due diligence process was the need for the software to easily fit Canal’s model for doing business, which is very unique,” says Daniel Walker, Canal’s vice president of claims. “Very few software packages can be configured as easily, if at all, as Guidewire’s ClaimCenter.”

The conversion process

Canal’s conversion to ClaimCenter involved five distinct steps. The initial phase involved assembling project teams from both organizations to install the software.

“In this early phase, we installed the system immediately so that the client can get familiar with the system right away,” explains James Kwak, vice president of marketing for Guidewire.

The next step was the design and discovery phase. “We spent the first couple of months identifying specific requirements that Canal had by looking through the system’s complete set of screens and deciding what information to capture in these specific areas,” Kwak says. The teams also investigated the need for interfacing with other systems, such as policy administration.

“We had a need to integrate the ClaimCenter software with systems outside the claims area on many different levels,” Canal’s Brown explains.

Once that phase was completed, the teams began focusing on configuration and integration of ClaimCenter. All of the needs and information from the discovery process went into making changes to the graphic user interfaces, from data fields to pull-down menus. Also, software code was written to enable Guidewire’s software to interact with the other systems throughout the company.

“The configuration and integration process took about three months, but it went relatively smoothly,” says Alex Naddaff, vice president of implementation services for Guidewire. User feedback was very important in this

stage. “We took different sections of the system in conference room pilots and looked at their functionality piece by piece and provided feedback,” Canal’s Walker says.

Testing during the pilot phase was done in the “sandbox,” a system with simulated data that ran each piece as it was added. “The sandbox was great; it really helped us get our arms around the process,” Brown adds.

The fourth phase involved testing the system as a whole. “We pushed data through the system to make sure the interfaces worked in relation to the department’s software, and we had end-user testing where we had actual claims adjusters work on

the system to make sure the system did what it was supposed to do,” Kwak says.

Eight months after ClaimCenter conversion commenced, Canal was ready to pilot test the new system. Ten to fifteen claims adjusters logged onto the system to process claims for a month as the final tweaks were made. But these pilot participants were not the only employees to get their hands on the system before they went live.

“Along with training from the implementation, team ‘play stations’ were set up around the office for people to get on and get a feel for the system. It is a Web-based system, so if you can surf the Web, you can navigate in ClaimCenter,” Walker explains.

Almost nine months to the day after Guidewire’s arrival—and more than 2 1/2 years since the search for a new system began—ClaimCenter went live throughout Canal. “Going live was a very gratifying moment,” Walker says. “Looking back on all of the hard work that went into the process makes you feel good.”

Employee satisfaction, productivity and accuracy

Another gratifying aspect of the conversion for Canal Insurance has been employees’ acceptance of the solu-

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At-A-Glance

Canal Insurance

Headquarters: Greenville, South Carolina

Annual Revenues: \$514 million

Total Employment: 240 employees

Number of Agents: 60 agents

Major Lines: Trucking, cargo, general liability

Web site: www.canalinsurance.com

“From a security aspect, if we were to have a major earthquake or fire, we can now run our claims operation from anywhere because it is a Web-based application”



application,” Brown notes.

Claims managers are also pleased with the new system because they can now easily manage employee workflow and determine the productivity of each employee who uses ClaimCenter. The system also tracks all of the steps and compliance dates, something the managers had to do with a paper trail and logs before ClaimCenter.

“The software not only is efficient, it also

tion. As happens with most software conversions, there was some resistance from users in the beginning.

“Some of our long-term employees were skeptical, but everyone has really enjoyed the transition. Now they tell me, you can never take this away from us,” Walker says.

Among the benefits cited by Canal employees is the fact that ClaimCenter is a Web-based application. “From a security aspect, if we were to have a major earthquake or fire, we can now run our claims operation from anywhere because it is a Web-based

is accurate,” Brown says. “If a date is missed, the software will send an e-mail to the appropriate person.”

Even though the initial implementation of the system is over, Canal is still tweaking and adding to the system on a regular basis. “One of the best things that has come out of this process has been the strengthened working relationship with our IT department. We are continuing our weekly meetings and are already identifying areas that we can improve in the future,” Walker says. ■

The logo for Guidewire, featuring a stylized blue 'G' followed by the word 'Guidewire' in a green, sans-serif font.

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