

AGENT CHARGEBACK FOR AUTO INSURANCE

ORGANIZATION

The client is a leading auto insurance provider specializing in non-standard auto insurance policies, which constitute 90% of their business. They cater to drivers who typically do not qualify for standard policies or premium market rates. The remaining 10% of their business focuses on standard personal auto insurance, commercial auto insurance, and collector automobile insurance. The client prides itself on delivering accessible and reliable coverage to a wide range of drivers, ensuring they meet the unique needs of this niche market.

CHALLENGE

The client faced a significant challenge with their internal quoting system, which independent insurance agents used to generate quotes for potential customers. During the quoting process, various third-party reports were generated to assess the customer's driving history and evaluate their risk of accidents. While these reports were essential for determining policy rates, they came at an average cost of \$35 per customer. If the quote was not converted into a policy, the client absorbed this expense, leading to unnecessary financial losses.

Initially, the client accepted these losses as part of the cost of doing business. However, over time, they noticed a troubling trend: an increase in the number of reports generated and a simultaneous decline in the quote-to-policy conversion rate. This inefficiency was driving up operational costs and impacting profitability.

To address this issue, the client designed a program to encourage agents to prioritize converting quotes into policies. Under this program, agents were charged for report fees associated with unconverted quotes if they failed to meet a predefined quote-to-policy conversion threshold. This approach aimed to balance financial accountability with incentivizing better performance among agents. However, implementing this program required an automated and efficient system to manage data, apply business rules, and process charges seamlessly.

TECHNICAL SOLUTION

XTIVIA delivered a scalable and intelligent solution leveraging Service-Oriented Architecture (SOA) and Complex Event Processing (CEP). This robust, configurable system automated the agent chargeback process, reducing operational complexity while maintaining transparency and efficiency. The solution collected data from the quoting system, agent database, and reporting systems to identify which agents should be charged and calculate the corresponding amounts. These charges were invoiced to agents monthly at the end of the assessment period. The solution included the following components:

Pre-Process and Validation of Events:

- Captured incoming events and validated their integrity.
- Eliminated duplicate entries and ensured accurate event sequencing.
- Filtered out irrelevant events, minimizing unnecessary processing.

Data Enrichment:

- Loaded and refreshed reference data dynamically.
- Enhanced events with additional attributes based on enriched reference data for better decision-making.

Business Rules and Process Automation:

- Applied standard business rules and calculated key metrics, such as conversion ratios and charges owed.
- Incorporated a state machine to track event progress and automate decision logic.

Services and Scheduling:

- Scheduled end-of-period processes to calculate agent fees.
- Automated data insertion into commission and reporting staging tables, streamlining invoicing and reporting workflows.

BUSINESS RESULT

The agent chargeback process was automated and the new solution was successfully rolled out in all the focus states. The client realized the following key benefits from the XTIVIA solution:

Key Results:

- **Cost Reduction:** Minimized the financial loss associated with unconverted quotes by automating the agent chargeback process.
- **Improved Conversion Rates:** Boosted the quote-to-policy conversion rate through incentivized accountability for agents.
- **Increased Revenue:** Enhanced overall revenue by improving operational efficiency and reducing waste.
- **Scalable Solution:** Established a low-maintenance, configurable framework that could adapt to evolving business needs.

KEYWORDS

Service-Oriented Architecture (SOA), Complex Event Processing (CEP), Enterprise Service Bus (ESB), Enterprise Messaging Service (EMS), Tibco Business Works, Tibco Business Events, Tibco EMS, Business Rules Engine, Event Processing, Revenue Growth

SOFTWARE

Tibco Business Works, Tibco Business Events, Tibco EMS

ABOUT XTIVIA

At XTIVIA, we've been providing IT solutions and consulting services for over 30 years with a wide range of services, including technology assessments, IT service and asset management, software development, data analytics, cloud migration, DevSecOps, ERP, and enterprise content management. Dedicated to each discipline, ensuring that our clients receive the best possible service. Through strategic acquisitions, we've acquired talented people who are experts in their industries, passionate about what they do, and committed to providing exceptional service to our clients. Whether you need to improve your IT infrastructure or implement new software solutions, XTIVIA is here to help you achieve your business goals. XTIVIA has offices in Colorado, New York, New Jersey, Texas, Virginia, and India. www.xtivia.com