



Technology Brings Immediate Compliance Improvement

A Mid-Sized US Life Insurer Experiences Greater Efficiency and Confidence by Upgrading Their Regulatory Tracking Process

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Chief Compliance Officer

Background

- A mid-sized US life insurer needed a dedicated system for full monitoring and tracking of regulatory activity to replace an outdated homegrown system.
- Dissatisfied with a previously selected commercial solution, the insurer chose NILS INcompass for tracking of regulatory activity and associated implementation work.
- In less than two weeks, NILS INcompass was implemented. The company is now realizing measurable as well as intangible gains in its regulatory monitoring process.

The Challenge to Insurers: Navigating a Complex Regulatory Landscape

Insurers doing business in the United States face a complex and dynamic regulatory environment. An insurer must conform daily to a different set of laws and regulations in each jurisdiction in which it does business. Furthermore, there is a tremendous volume of changes to the laws and regulations of any given United States jurisdiction. In a given year, up to 3,000 unique bills or regulations affecting the insurance industry will be adopted or enacted across the United States. Enacted bills will have a direct impact on insurance organizations. The specific degree of impact will vary according to the number of jurisdictions and lines of business in which an insurer operates. In fact, in the first six months of 2009 alone, more than 10,000 pieces of legislation with potential impacts on the insurance industry had been introduced throughout the US. For the majority of insurers, a diligent, massive effort is needed to ensure that the insurer is in full compliance with any new requirements.

Failure is not an option. Insurers not in compliance with all relevant laws and regulations often incur significant costs. These costs include market conduct fines, customer remediation for non-compliance events, and lost business due to high-profile non-compliance events, among others.

Seeking a Solution: One Insurer's Story

A mid-sized US life insurer saw a need to improve their processes for monitoring regulatory activity and tracking related implementation projects. The company's existing system had its limitations, including:

- a large amount of manual steps in order to capture key details of regulatory changes
- no automation of information sharing and communication.
- time intensive reporting on the status of activity.

The Chief Compliance Officer summed up the overarching issue: “We were doing a good job of finding out about regulatory changes and documenting them, but our system for tracking them from that point on involved a lot of manual work and was somewhat inefficient..”

Evaluating and Finding a Solution

In February 2007, the insurer evaluated and selected a commercially available tracking solution. From the beginning, however, some significant hurdles to speedy implementation and long-term success became apparent. Specifically, the solution's less-than-optimal user interface and limited email functionality severely limited user acceptance and jeopardized successful implementation. Beginning in mid-2008, after failed attempts to solve the challenges, the company chose to investigate other options.

One solution, NILS INcompass from Wolters Kluwer Financial Services, rose to the top. A web-based workflow tool created to improve management of the regulatory monitoring process, from initial notification of a regulatory change to completion of resulting implementation projects, seemed to offer everything the company was looking for and more. In addition to automation of incoming regulatory changes, increased confidence in the data being shared, and visibility needed to improve the process, NILS INcompass offered the user friendly features their staff was looking for. In October 2008, NILS INcompass was implemented.

Like other insurers of all sizes, the company faces numerous challenges to maintaining compliance with laws and regulations, including:

- a need for more complete reporting
- significant manual work at key points in the process
- inefficient tracking of accountability
- inefficient communication across business units.

NILS INcompass helps insurance companies address and overcome these challenges.

- Provides full visibility into regulatory activity and projects company-wide through a suite of reporting tools—including a management dashboard that provides a one-click view of project progress against required milestones.
- Significantly reduces manual work through automated delivery of regulatory activity, detailed summaries of the activity written by insurance experts, and seamless distribution of information to affected business units.
- Introduces accountability into the process through the use of milestones and automated notifications to appropriate staff and management when these dates are missed.
- Improves company-wide communication through email notifications of new activity as a project moves among business units.

Realizing Immediate Benefits

Following an implementation period of less than two weeks, and after less than a year of daily use, the insurer is already realizing some important measurable gains and qualitative benefits with NILS INcompass.

Immediate gains in efficiency and productivity

The company quickly began to see substantial reductions in staff hours dedicated to multiple points in the regulatory tracking process. For example:

Under their old system, four people shared the responsibility of finding new regulatory activity, reviewing and summarizing that activity, and compiling that information into a format that could be shared with the rest of the organization. These activities consumed an estimated 50 to 70 person-hours per week. With NILS INcompass, however, those tasks are now significantly automated and detailed summaries are delivered automatically. Consequently, they require less than 30 person-hours per week. (See Appendix 1 for detail.)

Obviously, those staff resources now have significantly more time to focus on more value-added activities. These gains in productivity have not gone unnoticed by management. "We have already seen a 50% reduction in the number of person-hours that are being spent on monitoring the regulatory environment, and my goal is to become even more effective in monitoring regulatory activity. NILS INcompass has put us in a position to do this.," remarked the Chief Compliance Officer.

It is also clear that NILS INcompass will significantly reduce the number of resource hours spent on assembling mandatory periodic reports related to regulatory monitoring. For example:

In the old system, it was estimated that 2 to 3 person-days were required to assemble, organize, format and compile the information into a useful report. But with a single location for information and easy-to-use reporting tools, NILS INcompass reduces these tasks to a matter of hours instead of days. The power of these reporting tools also represents a significant upgrade in visibility into the internal process. NILS INcompass can generate reports at high levels or very granular levels to accommodate different needs and different users of the system. With more actionable information available at users' fingertips, there is a greatly reduced chance of key compliance dates being missed organization-wide.

NILS INcompass empowers users to quickly research and respond to inquiries from within the organization on specific regulatory activity and the steps taken in response to it. For example:

With the old system, a request to provide details on a specific bill or regulation and the response to it would have required one or more people to dig through email archives, paper archives, and other sources in order to prepare a detailed response. Just locating the needed information typically required an hour or more. Now, with the NILS INcompass' single-query interface, this same research takes just 10 minutes or less. Further, the information can be quickly printed or copied for easy sharing with others. Significant reductions in time spent researching a past project frees up more time for value-added activities.

Immediate qualitative benefits

The company also began realizing some distinct intangible benefits from NILS INcompass. First, there is a much greater overall confidence that their regulatory monitoring program is able to efficiently capture and manage all regulatory activity affecting the company.

This is due in large part to the fact that they have an existing relationship with Wolters Kluwer Financial Services; and use the NILS INsource research product extensively in their regulatory research. Based on their confidence in the content, it seemed natural to implement NILS INcompass, which leverages the NILS INsource content directly. "We have a relationship with Wolters Kluwer. We have always appreciated the service and support we have received, and we have a great deal of confidence in the quality of the content provided by the products," noted the Chief Compliance Officer.

This high level of confidence in the product also extends to the executive management level. With NILS INcompass, the compliance group is better equipped to provide complete reporting to executive management on specific tracking activity metrics, including:

- number of regulatory items reviewed at a high level
- number selected for a more detailed review
- the current status of all items that were distributed to business units for implementation

With NILS INcompass, this quarterly report can be compiled in a few keystrokes, providing executive management with the compliance information that they are looking for.

Finally, a critical component for the company of a new solution's successful implementation is the speed and ease with which users embrace and adopt into their daily routines. For example, NILS INcompass offers very robust email functionality allowing a user to complete assigned tasks without ever actually logging into the system interface. An email automatically notifies a user of a new task. The user can then view important details and complete steps by linking to it directly from the email. For users, this functionality feels very similar to the old, familiar system of emails and spreadsheets, but is far more powerful, efficient, and effective. As a result, new users have adopted full-time use of NILS INcompass relatively quickly. "The activity is already filtered down for me into only the things that I need to pay attention to... and the ease of use has been great. I have been able to pick it up quickly and it has fit easily into my daily work," comments a NILS INcompass user at the company.

Summary

By implementing a technology solution, NILS INcompass, a mid-sized US life insurer has significantly upgraded its regulatory monitoring and tracking program. The company realized that a homegrown system of emails and spreadsheets had limitations, and that it could realize significant gains through investment in a dedicated regulatory tracking solution. Less than a year since implementation, they are already realizing a variety of measurable productivity gains and more intangible qualitative benefits as a result of the features provided by NILS INcompass.

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Appendix 1 – Breakdown of Productivity Savings Realized by the insurer after Implementing NILS INcompass

Total resource hours spent per week on monitoring, review, and compilation of new regulatory activity, as well as research of past regulatory activity.

Activity	Prior System	NILS INcompass	Reduction
Monitoring for new activity (state websites, bulletins, etc.)	15-25 hrs.	10 hrs.	~50%
Reviewing and summarizing new activity	30-35 hrs.	15 hrs.	~50%
Compiling information into a format that can be shared with organization	5-10 hrs.	1-2 hrs.	~80%
Researching past implementation projects	Up to 1 hour	10 minutes	~80%

About Wolters Kluwer Financial Services

Wolters Kluwer Financial Services provides best-in-class compliance, content, and technology solutions and services that help financial organizations manage risk and improve efficiency and effectiveness across their enterprise. The organization's prominent brands include Bankers Systems, VMP® Mortgage Solutions, PCI, AppOne®, GainsKeeper®, Capital Changes, NILS, AuthenticWeb™ and Uniform Forms™. Wolters Kluwer Financial Services is part of Wolters Kluwer, a leading global information services and publishing company with annual revenues of (2008) €3.4 billion (\$4.9 billion) and approximately 20,000 employees worldwide.

Today, the Wolters Kluwer Financial Services team is 1,200 strong, with offices in New York, Massachusetts, Minnesota, Illinois, Louisiana, Arizona, and the United Kingdom. Our staff is attuned to your needs and dedicated to bringing you solutions that deliver results. In today's ever-changing regulatory landscape, it is more important than ever to be nimble and prepared. Having a compliance partner you can depend on is essential.

Wolters Kluwer Financial Services' Insurance Compliance Solutions team is dedicated to responding to the unique needs of insurance compliance professionals with solutions and services that help you reach your compliance management goals. The majority of our staff are former regulators, compliance professionals, attorneys, and analysts with an average of more than 10 years experience in the industry. We capture this expertise in the only solutions that are created by insurance professionals for insurance professionals.

Please visit www.Insurance.WoltersKluwerFS.com/INcompass for more information.

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