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Insurance Agent Licensing Compliance moves to the Digital Age with ACCLAIM IQ



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 W. Brian Harrigan**

CEOCFO: *Mr. Harrigan, what is the focus at Acclaim IQ?*

Mr. Harrigan: Acclaim IQ (www.acclaimiq.com) is focused on Insurance Agent Licensing Compliance Management which provides for the digital transformation of the agent appointment and licensing process for insurance Carriers and MGUs, (Managing General Underwriters). The process has traditionally been paper based and manual. We are taking the process from a manual approach to a complete digital platform saving our clients significant expenses as once they digitally enable their process, they can review the staffing that has typically been required to track agent licensing and appointments.

If a company is insurance focused, they will find our ACCLAIM software extremely valuable as they transform their appointment and licensing compliance process from a manual/analog environment to a digital environment.

CEOCFO: *Why has it taken the industry so long to get in a digital frame of mind?*

Mr. Harrigan: The insurance industry is the last of the financial services segments that has moved to digital. I think it is due to the complexities of the industry. There is no central authority, there are many verticals in terms of life, accident, health, and property & casualty products. There is a significant regulatory overhang for the industry. You must be compliant in 51 jurisdictions, so that means all states plus the District of Columbia. One must deal with the insurance commissioners and their rulemaking in each state to deliver products to individuals or entities.

There has been significant movement to digital in terms of product delivery. The digital transformation has started on the front end with customer-facing insurance transactions and what might be referred to as

the “back end” which is the claims side of the business. The compliance and regulatory teams inside of insurance companies have largely been ignored for digital transformation because the priorities have not been there.

The industry is moving rapidly to an all-digital platform but the compliance activities which are viewed as non-revenue producing have been running under the digital radar.

CEOCFO: When did you recognize the need for Acclaim and what were some of the challenges in putting together your offering?

Mr. Harrigan: We recognized the need about five years ago when we created the Agent Carrier Compliance Licensing Appointment Interface Module (ACCLAIM). We built the application and bundled it with software facilitating underwriting workflows and consumer facing transaction processing, through a sister company InsurIQ (www.insuriq.com). As our clients were all insurance companies and MGUs we had built ACCLAIM as a collateral product to assist with agent appointment and license tracking. We are now marketing ACCLAIM on a stand-alone basis, unbundled from our other software offerings.

We have seen heightened awareness in the market for digital agent licensing compliance management and so we decided to take the ACCLAIM software and put it in its own separate entity (Acclaim IQ, LLC) and bring it to market as a single product offering.

CEOCFO: Would you tell us how the product works and what is involved in implementation?

Mr. Harrigan: The product allows an insurance company to manage all aspects of the agent appointment and licensing process. This can be cumbersome when performed in a manual environment. ACCLAIM automates all the workflow and notifications of upcoming license or continuing education renewals. Implementation is simple; it is a cloud-based application. We literally “turn it on” on behalf of our clients who can then upload all their agent data and onboard new agents through a digital appointment process. It has been the burden of the internal insurance compliance departments to create a process that meets both the company and state regulatory requirements.

Agent licenses can renew on one-to-two-year cycles and on different dates for different states. Keeping up with an agent who is licensed in 50 states can be tricky to track. While it is often manual, there is regular agent appointment processes that goes on with insurance companies. They appoint an agent to sell business and that agent must answer a series of questions on behalf of that company. They must upload their W9 and their E&O insurance, then the carrier will typically access the National Insurance Producer Registry (NIPR). There they will get all the agents’ state licensing information and lines of authority in order to do business with that insurance company.

That has always been manual and typically it has been performed by mail or fax with the forms coming into the insurance company licensing unit, somebody must track them in some home-grown system or using Excel spreadsheets. Now what we have done is made it into in a database and is easily accessible by our clients. Turning it on is very

easy, uploading the data is easy and can be done in a bulk manner, so if they already have their agent information with Excel spreadsheets, it can be easily uploaded into ACCLAIM and then they are in business with respect to having a complete database that is integrated with NIPR for tracking.

These licenses typically expire and must be renewed periodically. Oftentimes, agents who are licensed in multiple states cannot even keep track of the dates that they are licensing or coming up for expiration so the system does all of that and sends automated notifications to each individual agent so they know they have a renewal upcoming or they know if they have continuing education requirements which most states now have, if they are late or have upcoming continuing education the system will remind them on an automated basis, no one has to remember dates or times and events.

CEOCFO: *Do you need to know the different requirements in different states or jurisdictions, or are you providing an easy way for your clients to access the information?*

Mr. Harrigan: We do need to know the regulatory requirements for each jurisdiction. There must be a fundamental understanding of the state licensing requirements in every state, but ACCLAIM tracks the information on a uniform basis. We know that every state has a licensing requirement, different lines of authority that an agent could be licensed in, and then we have the specific carrier requirements. Each individual company when you are being appointed has a series of questions about you. They will also perform an OFAC check, and a background check. The questions are unique to that individual carrier, so we need to know the specific questions and we get that from their historical paper application process.

We just take their application and digitally enable it so that now an agent can come in and complete the form online, upload all their collateral: W9, E&O, continuing education information, and now it is all part of a database.

CEOCFO: *Do they change often or is it steady?*

Mr. Harrigan: It is steady; they do not change that often. It is unusual to see a state make a change in a licensing requirement, and they have both resident and non-resident requirements. They might vary slightly but it is pretty much steady state on that front. Carriers will also link to the National Insurance Producer Registry (NIPR) which is handled automatically through ACCLAIM.

CEOCFO: *Are your prospective customers welcoming; are they excited that they could do it more easily or do they need some convincing that it makes sense to do so?*

Mr. Harrigan: The nice part is that they do not need to be convinced that this is a problem. They are excited about the fact that there is a solution, and that somebody is finally focusing on the compliance unit. We often refer to the "forgotten compliance professionals" in an insurance company, they are the last bastion to be considered in the company to get digital assistance. If you think about the fact that the industry is moving late to the digital party and you are in the back office

or if you are performing a non-revenue producing activity, you are further in line to become digitally enabled.

There is more excitement around the compliance professionals who are saying, "Gee, finally somebody is looking to do something to help us because otherwise it would be just forever paper, more spreadsheets, more faxing, no way to catalog the agents effectively and to look at all the data across all of the agents."

I would say that yes, they are very welcoming and do not need to be convinced that it is a manually intensive process, and they are excited there is a solution now that they can embrace.

CEOCFO: *Are there competitors looking to do what you do with ACCLAIM?*

Mr. Harrigan: Yes, there are competitors which we think is a good thing because it is providing more points of education and validation for the industry to know that this problem can be solved. Some of those competitors link their agent compliance system to their core system offering. There are many insurance companies in the marketplace that are attempting to digitally enable their underwriting process, or the sale of insurance products and they have built proprietary systems to do that. Those companies need a module that can be linked to their core system of record.

That is why we have carved ACCLAIM out as a standalone offering. It can be integrated with any system of record for an insurance company, and they do not have to worry whether their systems vendor has this capability or not. It can be standalone or integrated with a core system and we play nicely with those systems.

Yes, there are competitors oftentimes linked to a core system as we did historically when we introduced ACCLAIM five years ago. We linked it to our core system but that can be cumbersome and burdensome, and we did not want our clients to think you had to buy a core system to get ACCLAIM. That was part of the rationale of carving it out and making it a separate standalone offering.

CEOCFO: *How are you reaching out?*

Mr. Harrigan: We are reaching out in a variety of methods including general marketing to the industry and at industry events. We have been in the business for over thirty years, so we are well connected to quite a few points of distribution. We also are working with some strategic partners who tend to be companies like the ones I mentioned, who have core offerings but do not have an automated licensing compliance module. We found several of them very welcoming around the idea that we could integrate with them, and we can bring ACCLAIM to their client base.

CEOCFO: *What does the next six months to a year look like for Acclaim IQ?*

Mr. Harrigan: The next six months look very good from a sales and marketing perspective. Our whole focus now is marketing ACCLAIM and selling it in the carrier agency and MGU market. That is what we need to focus on. The product has been built, we do not need to spend a lot of time doing anything other than maybe tweaking the product, so our

entire focus is all around selling, marketing, and implementing on behalf of our client companies.

CEOCFO: *Would you tell us a little about the size of the market?*

Mr. Harrigan: We think it is about a \$1.4 billion market. There are about 6,500 insurance companies that are targets, about 3,500, MGUs (Managing General Underwriters), and managing general agents, they sort of get lumped together. There are about 24 million insurance agents in the country so there is quite a large market and untapped. The attention has not been on compliance offerings historically so that it is a wide-open field if you have a solution that is valuable to a client base.

CEOCFO: *That's a lot of agents! You have a big market potential there!*

Mr. Harrigan: Yes, we have.

