



E&S and Specialty Lines

# **Navigating the Path From Manual to Automated** and the Critical Steps In Between

**A Guide to Successful Business  
Process Optimization**

# Introduction

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Let's start with this:

- AI in the insurance market is projected to reach USD 40.1 billion from 2022 to 2030 – Report by Market Research Future (MRFR)
  - According to a 2022 survey by Salesforce and Vanson Bourne, demand for automation by business teams has increased over the last two years, said 91% of respondents.
  - According to Gartner, the RPA software market grew 19.5% last year compared to 2021 and is expected to grow 17.5% in 2023. And by 2025, 70% of organizations will implement full automation in infrastructure and operations, an increase from 20% in 2021.
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It is clear that in the coming years, the combination of AI and RPA is set to play a pivotal role in transforming the insurance industry. As these technologies continue to advance and gain broader acceptance, insurance companies that embrace and implement them strategically are likely to gain a competitive advantage in the market.

However, the road to automation is paved with challenges and complexities that require careful planning and analysis.

While the promise of increased efficiency and streamlined process beckons, successful implementation hinges on a number of different factors.

This Guide focuses on **business process optimization**, a critical step in the transformative journey to automation and one that is often underestimated. It sheds light on the importance of optimization and provides insights to help organizations across the E&S sector maximize the potential of automation by first improving their existing processes.

## Why business process optimization gets overlooked

Many organizations eager to embark on digital transformation fail to prioritize the audit and optimization of business processes. Often, this is due to the allure of quick fixes and immediate gains that automation promises. When faced with pressure to improve efficiency and reduce costs rapidly, organizations may jump straight into implementing automation solutions without thoroughly examining their existing workflows.

This rush to automate can lead to the automation of inefficient or outdated processes, exacerbating inefficiencies rather than resolving them.

Another reason for neglecting process optimization is a lack of awareness or understanding of its benefits.

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**When something in a company doesn't work as it should or works slowly, a common explanation is: "It's just how the process works." However, the reason is usually simple - the process is set up poorly.**

Some organizations might view process optimization as a time-consuming and resource-intensive endeavor, not realizing the long-term advantages it offers. In pursuing automation, they may overlook that optimizing business processes lays a solid foundation for successful automation initiatives. Without streamlining processes first, automation can become a band-aid solution that fails to address underlying issues.

Furthermore, the complexity of some business processes may deter organizations from attempting to optimize them. They may perceive certain workflows as too intricate and challenging to revamp, leading them to opt for automation as a simpler solution. However, automating complex processes that have not been cleared of deficiencies can lead to automation bottlenecks and fail to deliver the desired results.

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**The most common reasons process optimization is overlooked:**

- Focus on the quick fix
- Lack of awareness of the benefits
- The perceived complexity of streamlining processes

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**Steps to Success:**

Auditing manual processes before implementing automation solutions

For automation to be successful, it is critical to ensure the process that is going to be automated is in a good state - streamlined and free of any deficiencies. Chances are the longer the process has been around, the more inefficiencies it has.

Use the steps outlined below to help guide you through the audit process.

## Step 1: Review Task Manuals and SOPs

Begin the audit process by reviewing existing task manuals and Standard Operating Procedures (SOPs). These documents provide valuable insights into how processes are officially structured. However, it is important to recognize that the actual practices might differ from what is documented, as employees may make ad hoc modifications to processes over time. Being aware of these potential discrepancies sets the stage for in-depth observations and understanding.

## Step 2: Observe Processes in Action

Merely relying on documentation is insufficient to gain a holistic view of business processes. Physically engaging with the teams and observing how processes are executed in real-time provides a border picture. This on-the-ground approach allows those auditing the process to witness the process nuances, identify bottlenecks, and fully understand the challenges faced by employees. It also provides an opportunity to gather direct feedback from those performing the tasks, ensuring a comprehensive understanding of the process.

## Step 3: Document the Current State

Create a detailed document that highlights the existing process as it is documented, as it is practiced and the ideal state the organization aims to achieve. This comparative analysis sheds light on gaps between the current and desired states, providing a roadmap for improvement. It is also important to ask a series of questions during this documentation phase: What steps are necessary? What steps can be removed or streamlined? Is there a more efficient way to achieve the desired outcomes?

## Step 4: Benchmark Against Best Practices

Incorporate insights from similar companies and industry best practices into the audit process. Studying and analyzing how successful organizations handle similar processes can offer valuable benchmarks for optimization. Comparing your current processes with industry-leading practices helps identify areas that require attention and enables you to adopt tried and tested methods.

## Step 5: Question and Analyze Every Step

Encourage a culture of inquiry during the audit, where every step of the process is questioned and analyzed. Challenge the “we have always done it this way” narrative and identify areas where processes might be unnecessarily complex or outdated. Emphasize the need to innovate and embrace change, even if certain practices have been in place for years. This type of evaluation ensures that only the most efficient steps are retained in the optimized process.

## Step 6: Involve a Diverse Review Team

To gain comprehensive insights and perspectives, involve a diverse team of individuals from different departments. Engage those who are closely associated with the process on a daily basis, as well as others who may offer a fresh perspective. A mix of technical and non-technical staff ensures a well-rounded examination of the processes, resulting in better decisions.

## Tools and methods to help you analyze business processes

### Key Performance Indicators (KPIs)

Define specific KPIs that align with your business objectives. This will help you track the performance of different processes and provide a clear understanding of their effectiveness.

### Surveys and Feedback Forms

Gather feedback from employees and customers through surveys and feedback forms. This data can provide insights into areas that need improvement.

### Process Mapping

Create visual representations of your business processes using flowcharts or diagrams. This helps in identifying inefficiencies within the processes.

### Benchmarking

Compare your internal processes with industry standards or best practices to gain insights into areas where you can improve performance.

# Prioritizing which processes to optimize and automate

Frequently, decision-makers don't have firsthand experience with the day-to-day processes within their organization. This can result in misconceptions regarding which processes are most suitable for automation. For example, it is natural to be tempted to automate numerous processes at once or those that have been around the longest. However, these are usually not the best measures of automation suitability.

Before delving into the resource-demanding and costly journey of task optimization and automation, consider the following:

## Is the task repetitive and involves minimal human input?

When identifying processes for automation, start with tasks that are highly repetitive and involve minimal human intervention. These tasks are usually the most suitable for automation as they often follow set patterns and are prone to human error.

## Is the task frequently performed?

Focus on automating high-volume processes that have a significant impact on daily operations. By automating frequently performed tasks, organizations can realize substantial efficiency gains and rapid returns on their automation investments.

## Is the projected benefit of automation worth the investment?

Before deciding to automate a task, perform a benefit-cost analysis. Will the anticipated benefits of automation justify the investment? Calculate the potential time and cost savings, improved accuracy, and increased productivity that automation can bring to the process.

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## Establishing task optimization and automation priorities

- Repetitive tasks with low human input
- High-volume tasks
- Benefit-cost analysis

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## High-volume and repetitive tasks in E&S operations:

- **Submission logging**
- **Policy issuance**
- **Endorsement processing**
- **Renewal reminders**
- **Data entry and validation**

## Wrap-Up: Must-Do's and Pitfalls to Avoid

### ✓ **Must-Do: Understand, review, and document the steps**

First, gain a deep understanding of the tasks you are considering automating. Review and analyze the existing workflows, SOP, and other related documents, observe the employees in action, and talk to key individuals who are most familiar with the process. Documenting the process, including all the steps and decision points, will provide a clear roadmap for optimization and automation.

### ✓ **Must-Do: Standardize the process**

Before moving to automation, make sure the process is standardized. This involves creating a uniform and consistent approach to executing the task. Eliminate variations, inconsistencies, and redundancies wherever possible. This lays the groundwork for successful automation. The more standardized a process is, the easier it will be to implement and manage automated workflows.

### ✓ **Must-Do: Involve key stakeholders from the get-go**

The earlier you seek input and feedback from employees who are directly involved in the process, the easier it will be to get the answers you need. Engage with management and gain support with automation goals. This will ensure that automation efforts address the needs and priorities of all parties involved.

## **✘ Avoid: Automating a faulty process**

Attempting to automate a flawed process is a recipe for disaster. Automation will only magnify the inefficiencies and complexities within the process. It is essential to first analyze and optimize the process before introducing automation.

## **✘ Avoid: Using inaccurate data**

Data is the backbone of any automation initiative. Relying on irrelevant or inaccurate data can lead to skewed Key Performance Indicators (KPIs) and unreliable insights. Thoroughly check, clean, and structure the data to ensure you have the most accurate information that will guide your decisions.

## **✘ Avoid: Having a short-sighted vision**

Automation projects should never focus on immediate needs and inefficiencies. As organizations grow and evolve, their needs change. That's why it is critical to always look at the big picture and consider the long-term implications of the automation solution. Is it scalable and easily adaptable to future business requirements? Will it yield benefits and savings in the future?





# Need help getting started?

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