

BEST'S REVIEW

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Coming Into Compliance

Increased regulatory requirements have more carriers turning to automated solutions to handle compliance tasks.

by Lori Chordas

Key Points

- ▶ **The Trend:** Insurers are facing increased regulatory and compliance requirements.
- ▶ **The Issue:** Carriers have been slow to add automated technologies to help with compliance-related tasks and activities.
- ▶ **What's to Come:** Some vendors are using existing services to help automate that process.

With increased regulatory requirements and more scrutiny expected to come in light of the economic downturn, it's no wonder compliance and regulatory-driven business issues are causing some sleepless nights for insurance professionals.

Added to that, budgets are set to decrease and current automation isn't positioned effectively to respond, according to Celent's *U.S. Insurance Compliance Survey 2009: Doing More With Less*.

The survey of more than 200 insurance compliance professionals found current satisfaction with existing compliance technology tools ranks just "good" to "fair," and solutions being used tend to lack integration and consistency.

The result? Higher costs and lower quality of service.

"Many carriers still rely on shared file folders on common network drives," said Mike Fitzgerald, senior analyst for Celent's insurance group and author of the report. "Increased amounts of data and different sys-

tems doing different functions have carriers looking for something to bring that all together."

That's creating big opportunities for vendors.

"There's an opportunity for low-cost, integrated database framework solutions that can be used in the compliance area," Fitzgerald said. "Vendors that already serve the policy administration and product development space can improve compliance technology by extending functionality that already exists to these areas. For example, some solutions include work flow management that controls the building and maintaining of new insurance products (forms, rates, rules). Such tools can also be used to manage the filing process."

Also, vendors have existing services, such as business-process consulting services and system integration, "that can easily be applied to modernize and streamline compliance activities," he added.

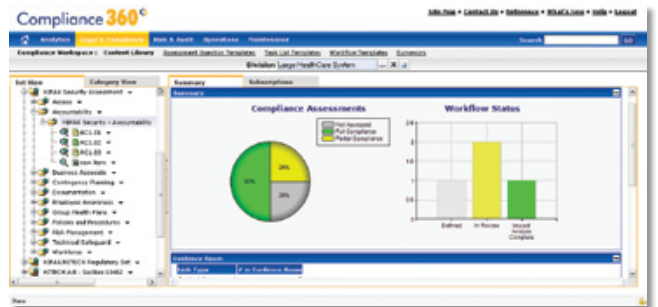
Best's Review took a closer look at several compliance tools being used in the industry today.

Compliance Workspace Compliance 360, Alpharetta, Ga.

The Compliance 360 suite of GRC applications helps carriers manage increased regulatory requirements and oversight and create an “audit ready” state for their organizations, said President and Chief Executive Officer Steve McGraw. The solution is used to gather laws and regulations into a central, active content repository called the Compliance Workspace. As laws and regulations change, the system generates automated alerts to ensure that appropriate individuals are kept abreast of the latest updates.

Upon receiving notifications of change, Compliance 360 enables automated assessments to identify the extent of gaps in compliance and subsequent risks. Subsequent updates to policies and procedures are fully managed within Compliance 360, using automated work flow and version control to streamline the process, provide central management, monitoring and audit trails of all individual actions.

“Carriers are beginning to consolidate their compliance activities, across various regulated entities and regulatory lines, into one system of record,” said



McGraw. Some are also moving to cloud computing. “By accessing their applications over the Web, insurance carriers can now interconnect things that they couldn’t before.”

One Compliance 360 client not only eliminated state sanctions for late filings of reports and achieved total completion of code-of-conduct attestations with more than 3,000 employees in just six weeks, but also reduced time spent managing policies and procedures by 95%, cut time to manage corrective action plans by 70% and reduced the amount of time preparing annual regulatory reports by three-fourths.

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Compliance 360 for Insurance

Compliance 360 is the leading provider of enterprise governance, risk management, compliance and audit management solutions for insurance companies that operate in highly regulated environments. With these solutions, insurance companies reduce risks, improve efficiencies and protect their brands using a single platform to address their comprehensive GRC requirements. Compliance 360 helps insurance companies address State and Federal regulatory mandates including State-specific market conduct exams, 3rd-party “delegated entity” compliance, management of corrective action plans, code of conduct management, NAIC Model Audit Rule, accreditation with NCQA and URAC, fraud, waste and abuse and internal audits. Over 150,000 active users rely on Compliance 360 everyday to manage their risk, audit and compliance programs. To learn more about the Compliance 360 solution for insurance, visit www.compliance360.com/insurance.