



Member Initiative Forum



Ray Steer, Markel

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Ray graduated from the College of New Jersey with a BS in Economics and earned an MBA in Professional Accounting from the Rutgers Graduate School of Management. He started his career with the Prudential and later joined KPMG in their audit practice.

When not spending time with his kids at college or the hockey rink, Ray enjoys spending time at the Jersey Shore, entertaining friends and doing anything to do with automobiles.

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Billing System Consolidation

By Ray Steer, Markel

Last October, I had the opportunity to participate in a panel discussion at the Annual ICE Conference representing the Benchmarking Committee to discuss our progress on the Key Performance Indicator (KPI) initiative. Led by moderator and mentor, Karen Furtado, we discussed results of the recent Financial Surveys and some of the initiatives at our own companies that made it simpler to gather metrics around the collection function. Based on our experience at Markel, what started out as an effort to accommodate our new business structure resulted in a solution that both improved the producer experience and consolidated collection information.

Billing Consolidation at Markel

In 2008, Markel Corporation started an initiative to regionalize its Wholesale P&C business. The Wholesale segment grew over the years by acquisition and there were four distinct entities that offered several product lines nationwide. Each entity had its own proprietary IT platform that typically encompassed Underwriting, Claims, Billing and Accounting systems embedded deep within its code. The goal was to move to five regional offices, all offering the full array of products to producers that were geographically served by production office.

In Billing, we recognized a huge opportunity to improve and streamline the Producer experience dealing with Markel. If you were a Wholesaler and dealt with Markel, you had to keep track of four different bills, lockboxes, payment terms and billing contacts. These were definitely not the "good old days".

We assembled a group of Subject Matter Experts at several levels to brainstorm on ways to make it easier to do business with Markel in the new regional format. We started with a clean slate approach and surveyed internal associates as well as select Producers. This project extended well beyond an IT strategy and required us to examine all workflow processes surrounding the Billing function.

Our goal was to provide a single billing solution that interfaced with the original four underwriting systems. Some of our "wish list" included better reporting, a user/supervisor "dashboard" to monitor workflow, automated statement processing/delivery and automated cash application to allow us to spend more time working accounts. Our charge was simple.....**One Bill, One Bank Account, One Contact.**

Questions and decisions along the way

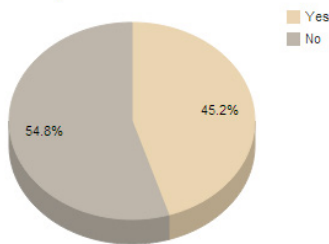
-Buy or Build? We chose to purchase software and... *(cont'd on next page)*



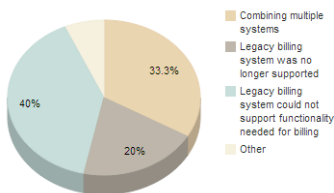
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Question of the Month

Has your company upgraded a legacy billing system within the last five years?



If so, what was the reason?



4 companies responded "Other":

- Legacy system has limited moder functionality and was inefficient
- Developed new platform for existing system, Scalability, still supporting the legacy system, however made customer facing changes such as web screens
- Legacy system could not support automated late notices and cancelation.
- Brings our AR subledger to the same platform as our General Ledger

Poll Date: October 28, 2013



...configure it to our needs. We used an Agile software development approach where user functionality is built out in a number of "sprints". It is an iterative process that encourages rapid and flexible response to change during the development cycle.

-Integrations to Existing Systems? Underwriting, Banks, Agency Management, General Ledger, Disbursements, Treasury, Imaging, Automated Workflow, Reporting Tools.....the list goes on.

-Data Conversion or Runoff? Data conversion is usually costly vs. the impact of Runoff methods on your customers.

-Payment Terms? This is an opportunity to clean up how we conduct business. Consider terms, installments, fees, etc.

-Billing Requirements? Statement Bill, Account Current, ability to accommodate Parent/Child relationships with Payable Centers at large producers and the ability to handle mergers/acquisitions that are inherent in the industry.

-Bill Design? This is an opportunity to clean up bill design to fit in with current marketing trends at your company and to provide a user friendly format.

After completing all of our development sprints and unit testing, we conducted end-to-end testing and developed communication plans for both internal and external parties. Minute-by-minute plans were constructed for our anticipated Go Live date and the cutover to the new system was a success.

Consolidated Reporting: More "Bang for the Buck"

In addition to our focus on improving customer service, this project allowed us to improve reporting. In today's system environment at Markel, there is one single source of the "truth" for billing information. This has presented us with the ability to design financial and management reports on a consolidated basis. This helped to streamline the number of reports and give us more consistency in our data analysis. In addition to required Statutory and GAAP reports, we can drill into business by producer or collections tech for management purposes.

Today, we are working to exploit all of the opportunities of having all of our Wholesale billing data in one source. We can obtain powerful metrics to help us manage staff size and even the optimal mix of skilled associates within our department. Recently, Markel made a sizeable acquisition and we are in the process of achieving "proof of concept" as we are integrating yet another underwriting system into our single billing platform. The project is going well and soon we will (again), have all wholesale data in one place for financial and management reporting. And the beat goes on...