Atlantic Charter Pulls IT All Together

Some carriers piece a variety of systems together, but this workers' compensation insurer found one that is integrated from policy processing to claims handling.

By John McCormack

EXECUTIVES AT **A**TLANTIC Charter Insurance Company wanted to take one step forward. But they didn't want to take two steps back in the process.

Although the company had been successfully growing for many years, Atlantic Charter leaders realized they needed an integrated information technology system if the Boston-based workers' compensation insurer stood any chance of staying to course—or of moving ahead at a quicker clip.

"As we continued to grow, it became very important that we have a computer system that could handle the increased workflow," says Joseph Russo, treasurer and CFO. "But because we were successful, we didn't want to change the way we did things too much."

The challenge, then, was finding or developing an information technology system that would enable Atlantic Charter to streamline processes without requiring the company to throw the baby out with the bathwater.

In addition, the insurer needed a system that would help the company comply with all of regulatory requirements associated with workers' compensation insurance.

INTEGRATED SYSTEM NEEDED

The first impulse for Atlantic Charter executives was to go out and purchase a computer system that would help the company streamline its existing processes. Russo, however, quickly found out that doing so would not be so simple.

"We didn't want to change the way that we handle workers' compensation policies," he says. "We started looking for systems but we couldn't find one that would let us handle workers' compensation policies the way we wanted to."

As a result, instead of buying a commercial system, Russo decided that Atlantic Charter would have to develop its own system. To do so, he hired a couple of programmers to work on developing an integrated system that would meet all of the company's specific needs.

When the programmers couldn't come up with the ideal system, Atlantic Charter then hired a software development company to do the job.

That was strike two.

"A whole lot of time and many dollars later, we realized that it wouldn't work," says Russo. "We simply were not going to be able to custom-

develop a system that would handle all of our needs and,—at the same time—enable us to comply with all the reporting required in the workers' compensation environment."

So, once again, the search for a commercial system was on. Atlantic leaders, however, stuck to their guns and would only consider information systems that would support the way they had successfully been doing things.

"We simply were not going to change the way we did things to fit the intricacies of the computer system. We needed a system that would adapt to our way," Russo says.

Unfortunately, once again, the company discovered there were not many software vendors that could provide an integrated software system that would meet its requirements:

■ Automate processes across the board from policy administration to claims adjudication to reporting.

■ Enable Atlantic Charter to maintain the effective workflow and processes that had brought the company its initial success.

■ Help the company comply with workers' compensation regulations.

To make the search for a system even more challenging, Atlantic needed an integrated system that would support the company across functional boundaries. Buying separate systems for each function clearly wouldn't work.

After an exhaustive countrywide search, Atlantic Charter executives narrowed down the possibilities to five computer systems from various vendors.

A system from Tropics Software Technologies, Sarasota, Fla., however, was the one that caught Russo's eye.

"What stood out about the Tropics system was its workflow," Russo says. "I could visualize how we handled our work and see it being processed through the system from application to adjudication to binding to endorsement. The workflow fit the needs of our company."

The Tropics system, which was developed specifically for workers' compensation companies, would also help Atlantic Charter comply with workers' compensation regulations—a tall task.

Indeed, the regulatory requirements associated with workers' compensation insurance are complex, says Tom Lynch, CEO of Lynch Ryan & Associates, a workers' compensation consulting company based in Wellesley, Mass.

Because companies have been required to have workers' compensation insurance since 1911—and each state has its own laws—it's difficult to stay on top of the regulatory particulars, Lynch says.

"A large body of law has evolved since 1911, and every paragraph and sentence and phrase in every law in every state has been parsed to the zenith by lawyers," he adds.

FAMILIAR WITH REGULATIONS
The Tropics system, however, has been developed to support such regulatory complexity, unlike other insurance systems that do not take the workers compensation intricacies into account.

"Our system has been developed by people who have been working in workers' compensation for many years. They are intimately familiar with regulatory requirements and issues for workers' compensation across states," says Mike Mobar, president, CEO and founder of Tropics.

For example, he says, the software makes it easy for insurers to collect and report claims data to the National Council for Compensation Insurance (NCCI). In addition, the system makes it easy to report data to state workers' compensation bureaus.

"Each state is unique and requires different reporting," he says. "We acknowledge all of that in our system. So, forms are generated automatically when there are events that need to be reported to the state."

In addition, some states also require that data and claims be submitted electronically. The Tropics system is designed to help insurers submit data in compliance with the National Electronic Data Interchange standard, promulgated by the International Association of Industrial Accident Boards and Commissions, a Madison, Wis.-based not-for-profit trade association that represents government agencies charged with administering workers' compensation systems throughout most of the United States, Canada and other nations and territories.

What's more, the Tropics system makes it easy to adapt to the nuances of the individual states, while still complying with the national standard, Mobar says. With the Tropics System, rates, credits/debits, cancellation/reinstatement rules, discounts, and other underlying information is segregated by state, making it easy to automate the processing of multi-state policies and claims, he says.

The struggle to find a system that mirrors the business processes and workflow at Atlantic Charter has not been in vain. In fact, once the company started to implement the new system, it began to see how powerful automation could be. The results started to quickly roll in.

In 2002, Atlantic Charter implemented the Tropics Policy system, which automates policy rating, issuance and endorsement, as well as billing, audits commissions and other aspects of policy management.

DOUBLED ITS BUSINESS
In 2003, the company then implemented the Tropics Claims system, which enables the company to administer claims via electronic data interchange.

With these integrated systems in place, the company has almost doubled its business, from about $25 mil-

> "It was very important to us to have an integrated system. We don't work in silos so we needed an integrated system that would support that."
>
> — Joseph Russo, Atlantic Charter

lion to almost $50 million annually, according to Mobar. In addition, Atlantic Charter has experienced this significant growth while only increasing its staff by about 10%, he says.

In June of 2005, Atlantic implemented the Tropics Unit Stat module, which automates all reporting functions. This module has enabled the insurer to reduce the time it takes to produce state required bureau reports by about 85%, Russo says.

"We used to have two people dedicated to the reporting for two full weeks each month," he says. "Now, we have one person work on reporting for about two days per month, and the other for about an hour per month. It's made a huge difference."

In addition, the quality of the reports has improved substantially, he says.

The fact that the computer system is integrated also helps to reduce the need for information technology staff. Atlantic Charter has only two IT professionals administering the entire system, while companies of a similar size typically have as many as 10 IT professionals on staff, according to Mobar.

"A lot of insurance companies take software from different vendors and then try to piece them together. They spend a lot of time and hours rubber-banding these systems together," says Mobar. "With our system, there is no need for that. Everything works together from the get-go. It is so much easier and much less labor intensive." **INN**

John McCormack is a freelance writer based in Riverside, Ill.

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Atlantic Charter Insurance Company
25 New Chardon Street
Boston, MA 02114

Phone: 617- 488-6500
www.atlanticcharter.com