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Insurance Companies Use NetSuite to Automate Processes, Reduce Errors, and Improve Productivity

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Insurance Companies Use NetSuite to Automate Processes, Reduce Errors, and Improve Productivity

Insurance providers and brokers need unified systems to run their complex operations. Here's how NetSuite and Caravel are helping these companies best use technology to save time, minimize errors, and improve compliance.

Ranging from small startups to very large corporations, insurance companies and their brokers generally specialize in certain types of coverage. One may work only within the healthcare space, for example, while another may provide general liability, property, casualty, and business insurance. Others focus solely on reinsurance, where an organization provides coverage on behalf of another insurance provider.

Regardless of their specialty areas, most insurance companies and brokers rely on third-party software to capture and store policy information and operate on a “pay when paid” approach. When a customer signs up for new coverage through a broker, the buyer remits payment to the company that’s providing the insurance. This structure introduces complexities that can’t be readily solved by disconnected, third-party applications, basic accounting solutions, and spreadsheets.

“A lot of insurance companies have financial systems in place that don’t support the complexity of their businesses,” said Scott Curry, managing NetSuite

Alliance Partner Caravel | BPM Technology Solutions. “For example, many of them have anywhere from 1,000 to 1,500 general ledger accounts because the information in those accounts has never been properly classified.”

These firms also need systems to help them track items based on the different types of insurance they offer. A firm that’s using a basic system like QuickBooks probably lacks good subsidiary tracking, for example, while one that’s using FinancialForce can track those subsidiaries but probably can’t access reliable, accurate reports. To fill in these gaps and support their financial processes, insurance companies wind up using a considerable number of Excel spreadsheets.

“A lot of insurance companies compile information in Excel, make manual adjustments, and then generate reports that would keep any good CFO up at night,” said Curry. “They’re filing actual compliance reports and could get in trouble for being out of compliance, which is a particularly big pain point for any public company, or for one that’s owned by a publicly traded organization.”

Reducing Errors While Improving Accuracy

There's a perception in the financial services industry that there is no financial software that works for insurance companies, banks, and other entities. Because the "account" drives most activity in the typical Enterprise Resource Planning (ERP) solution, insurance companies often require highly customized financial statements with summary groupings that provide insights to their boards and allow these firms to gain a full picture of their operations.

"In most cases, an insurance company will have an internal application that doesn't 'talk' to its ERP," said Aaron Thompson, director, managed services at BPM. "We come in and help them align their financials and segment their business properly with NetSuite. We also integrate their processes in a way that reduces errors and manual effort, improves accuracy, and enables real-time reporting for managers who were previously waiting months for those reports."

Arbi Villena, EPM director at BPM, said the NetSuite Partner also helps insurance companies improve their planning and budgeting. For example, even a firm that's not fully leveraging the cloud can integrate its

Excel reporting with NetSuite Planning and Budgeting, which automates labor-intensive processes like producing budgets and forecasts, modeling what-if scenarios, and generating reports.

This is an important win for the many insurance companies that are still getting Excel spreadsheets and reports from different constituents who handle policy issuance and management.

"With their existing systems tied into NetSuite Planning and Budgeting, insurance companies can refresh reports quickly and maintain high levels of security for their data, which is no longer being downloaded, adjusted, and then fed into a report," said Villena. "Companies can just do a 'refresh' versus having to use highly manual reporting processes."

Caravel also helps insurance companies normalize their policy-related data in NetSuite, regardless of whether those organizations have an existing policy management platform in place. In some cases, companies want to be able to handle their accounting calculations outside of their ERPs. Others want to create calculations within NetSuite. Caravel can meet both needs.



“We create the extended custom records to house rate information data by policy, policy type, and policy holder — that way, when NetSuite ‘consumes’ the raw data, the ERP will calculate both the revenue and the payable side of the equation,” Thompson said. And going back to the “pay when paid” concept, in most cases the insurance broker doesn’t want to pay anything out until it actually gets paid. This assures they do not have financial exposure.

Caravel addresses this point by developing suite scripts that handle that logic for the company, which no longer has to review large data streams to figure out whether it has received a payment for a specific transaction — and whether it can go ahead and pay a claim.

“Insurance companies can just rely on the intellectual property that we bring to the table to handle all of that for them,” said Curry.

Leveraging the Insurance Translation Engine

Caravel has handled many NetSuite implementations over the years, from straightforward ones to more complex projects that require deep hands-on experience working with verticals like insurance. The company takes a consultative approach to each new client, makes suggestions, and then provides the technological underpinning that’s most applicable for the specific organization. And, at the parent company level, BPM has focus groups dedicated to the financial services sector.

“We bring a high degree of business acumen to the table,” said Curry. “Our offering is unparalleled in the financial services industry. We have a lot of people onboard who came out of that industry and who can weigh in and provide specific guidance.”

Caravel also offers a selection of prebuilt solutions that were developed for the insurance sector. That intellectual property (IP) can be customized according to the client’s needs.

“We speak the insurance companies’ language,” said Curry. “When you talk to someone in the banking or insurance industries, they use different terms that are not necessarily traditionally ERP-centric. We have a very good ‘translation engine.’”

Rationalizing and Standardizing Data

In some cases, Caravel can get insurance companies and brokers live on NetSuite’s core financial functionalities within 90 days. Knowing that insurance companies are usually grappling with large streams of data that need to be rationalized, however, Curry said an average implementation time for a larger company or one that houses a lot of data is closer to five months. Some of that time will be spent both rationalizing and standardizing the company’s data.

“The bottom line is that many of these companies are still dealing with the ‘land of spreadsheets,’ which means we’re spending a lot of time getting all of the related data into more of a structured or repeatable framework and format,” said Thompson.

Once in place, NetSuite helps insurance companies improve the quality and reliability of their transactional data, reduce error rates, and avoid misclassifications at the general ledger or accounting transaction level. Companies also get faster access to accurate data and the ability to generate reports within seconds versus days or even weeks. With these reports at their fingertips in NetSuite, executives can make faster decisions and speed up their companies’ time to market.

“When we talk to insurance companies it’s not at all unusual for them to say, ‘Oh, it takes me about 45 days to close the books.’ What’s the main reason? It’s the manual nature of getting and reconciling all those accounting transactions. With NetSuite, that timeframe is reduced to just 15 days.”

Scott Curry, Managing Partner, Caravel

Driving the Move to NetSuite

Insurance tends to be a recession-proof industry for one basic reason: People and businesses need to protect their assets, possessions, and health regardless of the current economic conditions. As the companies that operate in this sector continue to grow, expand their customer bases, and add new product lines, they'll need unified ERP solutions to manage their growing transaction streams, data, and other processes.

Companies that stick with their spreadsheet-based business management techniques risk margin erosion and spend too much money hiring, training, and retaining employees to manage processes that would be best handled with automation. With NetSuite and Caravel's industry-built IP in place, human resources can be reallocated to more important projects.

NetSuite also helps insurance companies address the pervasive problem of employee burnout in an industry that's known for its long hours and intensive work. And it helps insurance companies and brokerages put the kind of systems in place that make regulators, private equity investors, and other stakeholders happy.

“A lot of insurance firms have to answer to third-party constituents who want timely access to business insights. Right now, we're seeing more of those constituents driving companies to move away from their manual systems and over to a unified cloud ERP like NetSuite.”

Scott Curry, Managing Partner, Caravel



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