Neutrinos
Reinvent. Accelerated.

Power of Intelligent Process Automation in Conquering Not-In-Good-Order (NIGO) Applications in Life Insurance

Not-In-Good-Order (NIGO) is an issue that can hamper numerous organizations in their business operations. However, the adoption of modern, intelligent, and technologically advanced solutions can be a game-changer today!

Introduction

Not-in-Good-Order (NIGO) is a term used in the life insurance industry to describe applications or documents that are incomplete, incorrect, or not properly processed. In the underwriting process, NIGO issues can lead to significant delays and inefficiencies, as underwriters need to resolve these problems before moving forward. This not only slows down the issuance of policies but also increases operational costs and negatively impacts customer satisfaction.

Understanding NIGO in Underwriting

NIGO refers to errors or omissions in insurance applications that prevent them from being processed smoothly. These issues can arise at various stages of the underwriting process, leading to delays and additional work for both insurers and applicants. Common NIGO scenarios in underwriting include incomplete applications, missing or incorrect information, and discrepancies in submitted documents.

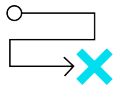
NIGO issues can also arise from misunderstandings or miscommunications between agents and applicants. Manual data entry errors, such as typos or incorrect data input, can also lead to inconsistencies that must be resolved before the application can proceed.

The impact of NIGO on operational efficiency is significant. Each NIGO case requires additional review and correction, consuming valuable time and resources. Underwriting teams must follow up with agents or applicants to rectify errors, which can lead to delays in processing and issuing policies. This drives operational costs up while also affecting the overall efficiency of the underwriting process.

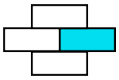
From the perspective of a customer, NIGO can be frustrating for applicants. Delays in policy issuance can lead to dissatisfaction and erode trust in the insurer. Applicants may need to resubmit information or provide additional documentation, which can be time-consuming and inconvenient. This experience can negatively impact their perception of the insurer, leading to lower customer satisfaction and potentially influencing their decision to look for alternatives.

Common Causes

NIGO applications are often the result of several common issues that can disrupt the underwriting process. Here are the most common causes:



Human error: From data entry to document handling, any stage of the process can face errors. These errors might include typos, misinterpretations, or incorrect data input, leading to inconsistencies and inaccuracies in applications.

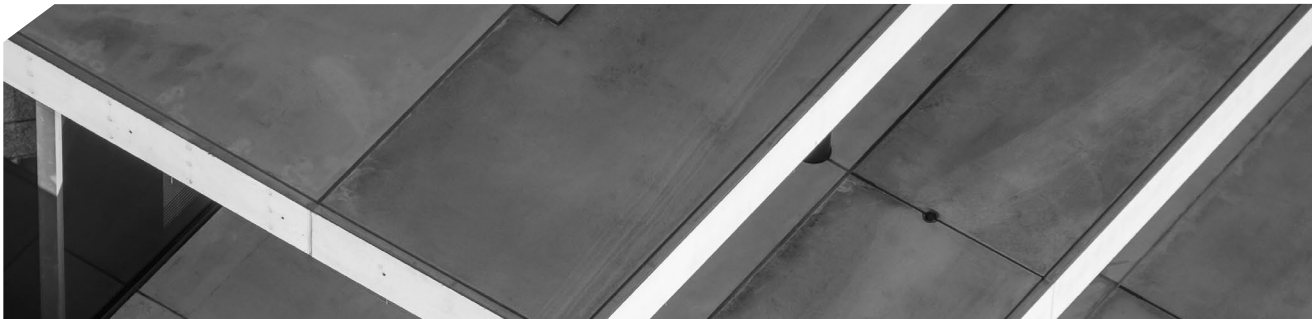


Incomplete form fields: Applications missing critical information, such as social security numbers or financial details, cannot be processed effectively. This oversight often necessitates additional communication with applicants, delaying the process.

Conflicting information: Conflicting information within an application can create confusion and slow down the underwriting process. This might involve discrepancies between different sections of the form or between the application and supporting documents.

Use of outdated information: Outdated information, like expired identification documents, outdated financial records, or previously submitted data that has since changed, can lead to incorrect assessments and further complications.

Addressing these common causes involves a combination of improved data handling practices, enhanced training, and the implementation of technology solutions like intelligent document processing.



Challenges Stemming from NIGO Applications

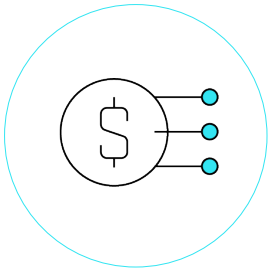
A 2017 report from Celent[1] has insurers stating that 69% of all applications received were not in good order. High NIGO rates in underwriting can create significant challenges for insurance companies. These challenges are not just limited to operational inefficiencies; they also have substantial financial repercussions.

Increased operational expenses

When applications are incomplete or incorrect, additional resources are required to resolve these issues. This often involves multiple touchpoints, including back-and-forth communication with agents, producers, and sometimes even the applicants themselves. The extra time spent on these tasks can lead to higher labor costs and delays in the underwriting process.

Producer challenges

NIGO issues create unnecessary complications for producers, often leading to extra paperwork that can harm potential sales. This inefficiency risks losing clients to more efficient competitors and can strain the relationship between producers and carriers.



Carrier challenges

For carriers, NIGO applications lead to extra costs and consume valuable underwriting resources. These delays slow down premium collection and can negatively affect the carrier's reputation with producers and policyholders, potentially impacting retention and market share.

[1]Monks, K. (2017, March 2). Digitizing Life Insurance New Business with Technology and Tools. Celent. https://www.celent.com/insights/166869184

Policyholder challenges

For policyholders, NIGOs can create a poor first impression and lead to buyer's remorse. This may prompt clients to reconsider their options or seek alternatives, increasing the risk of losing customers.

High NIGO rates can also negatively impact customer retention and satisfaction. When customers experience delays due to incomplete or incorrect applications, their first impression of the insurance provider may be tarnished. These delays can cause frustration and lead to dissatisfaction, making customers more likely to seek alternatives with competitors who offer smoother and more efficient processes. This, in turn, can increase churn rates, as customers may not feel confident in the insurer's ability to manage their policies effectively.

Frequent NIGO occurrences can strain professional relationships, as

agents may become frustrated with the additional work required to correct errors and the resulting delays in policy issuance. This strain can lead to a lack of confidence in the insurer's systems and processes, potentially affecting future business opportunities.

Strategies to Mitigate NIGO in Underwriting

Establishing Clear Guidelines and Workflows

To effectively reduce NIGO occurrences in underwriting, it is essential to establish clear guidelines and workflows. This involves setting standardized procedures for document submission, verification, and approval. By clearly outlining the required documentation and submission criteria, underwriters and agents can ensure that all necessary information is provided upfront, minimizing the chances of incomplete or incorrect applications. Additionally, implementing a step-by-step workflow for processing applications can help streamline the process and reduce errors, making it easier for teams to identify and address potential NIGO issues early on.

Training and Education for Underwriters and Agents

Another crucial aspect of mitigating NIGO is providing comprehensive training and education for underwriters and agents. Regular training sessions can help them understand the common causes of NIGO and the best practices for avoiding these issues. By equipping underwriters and agents with the knowledge and skills needed to handle applications correctly, insurers can significantly reduce the frequency of NIGO incidents. Ongoing education also ensures that staff stay in the know about industry updates and technological transformations, further enhancing their ability to prevent NIGO.

Proactively Using Technology Throughout the Underwriting Lifecycle

Value-driven technology plays a vital role in preventing NIGO during the underwriting process. This includes using technology to automate data validation and document verification, which helps catch errors before they become problems. Implementing an intelligent rules engine can automatically check for missing or incorrect information, alerting underwriters and agents to address these issues promptly. Additionally, using reflexive digital forms that adjust based on the data entered can guide applicants in providing the correct information, reducing the likelihood of NIGO. By incorporating these proactive strategies, insurers can create a more efficient and accurate underwriting process, ultimately improving customer satisfaction and reducing operational costs.

Minimizing NIGO with Value-driven Technology

How IDP Can Reduce NIGO Applications

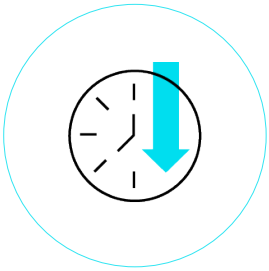
Intelligent Document Processing (IDP) is a cutting-edge technology that uses artificial intelligence (AI) and machine learning to automate the processing of documents. In the context of underwriting, IDP helps streamline the intake and handling of applications and related documents. By leveraging technologies such as optical character recognition (OCR), natural language processing (NLP), and data extraction, IDP can efficiently categorize, validate, and process large volumes of information. This automation not only reduces manual errors but also speeds up the underwriting process, making it more efficient and accurate.

IDP offers several key benefits in addressing Not-in-Good-Order (NIGO) issues in underwriting:

Enhanced accuracy

IDP reduces human errors by automating data extraction and validation processes. This ensures accurate capture of all required data, minimizing the chances of incomplete or incorrect submissions.

Time efficiency



By automating routine tasks such as data entry and document classification, IDP significantly reduces the time required to process applications. This leads to faster turnaround times, benefiting both insurers and applicants.

Cost savings

Reducing NIGO rates means fewer applications need rework, which translates to lower operational costs. Insurers can be more efficient with resource allocation, focusing on core underwriting activities rather than resolving preventable issues.

Improved compliance

IDP helps ensure compliance with regulatory standards by systematically checking for missing or incorrect information. This mitigates the risk of regulatory penalties.

Leveraging Intelligent Automation to Drive Efficiency in Underwriting

Automation platforms play a crucial role in minimizing NIGO rates in the underwriting process. These platforms streamline operations, reduce errors, and enhance efficiency, addressing common challenges associated with NIGO issues. By automating repetitive and complex tasks, these platforms allow underwriters to focus on more strategic activities, ultimately improving the overall underwriting process.

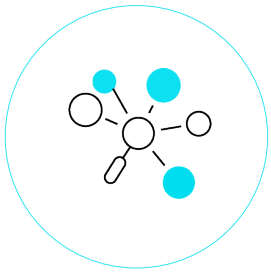
Automation platforms help reduce NIGO rates by ensuring consistency and accuracy in the underwriting process. They automate the collection, validation, and processing of application data, significantly lowering the risk of human error. Automation also standardizes workflows, ensuring that all necessary information is captured and processed correctly, which is essential for reducing discrepancies and omissions that often lead to NIGO cases.

Modern underwriting automation tools come equipped with several features designed to enhance the underwriting process:

Data validation and verification

These tools automatically verify applicant information against internal databases and third-party sources, ensuring the accuracy and completeness of data. This feature helps catch discrepancies early, preventing NIGO issues before they arise.

Risk assessment and scoring



Automation platforms can integrate advanced algorithms and machine learning models to assess risk profiles quickly and accurately. This capability helps underwriters make informed decisions, reducing the likelihood of NIGO due to incomplete or incorrect risk evaluations.

Document management

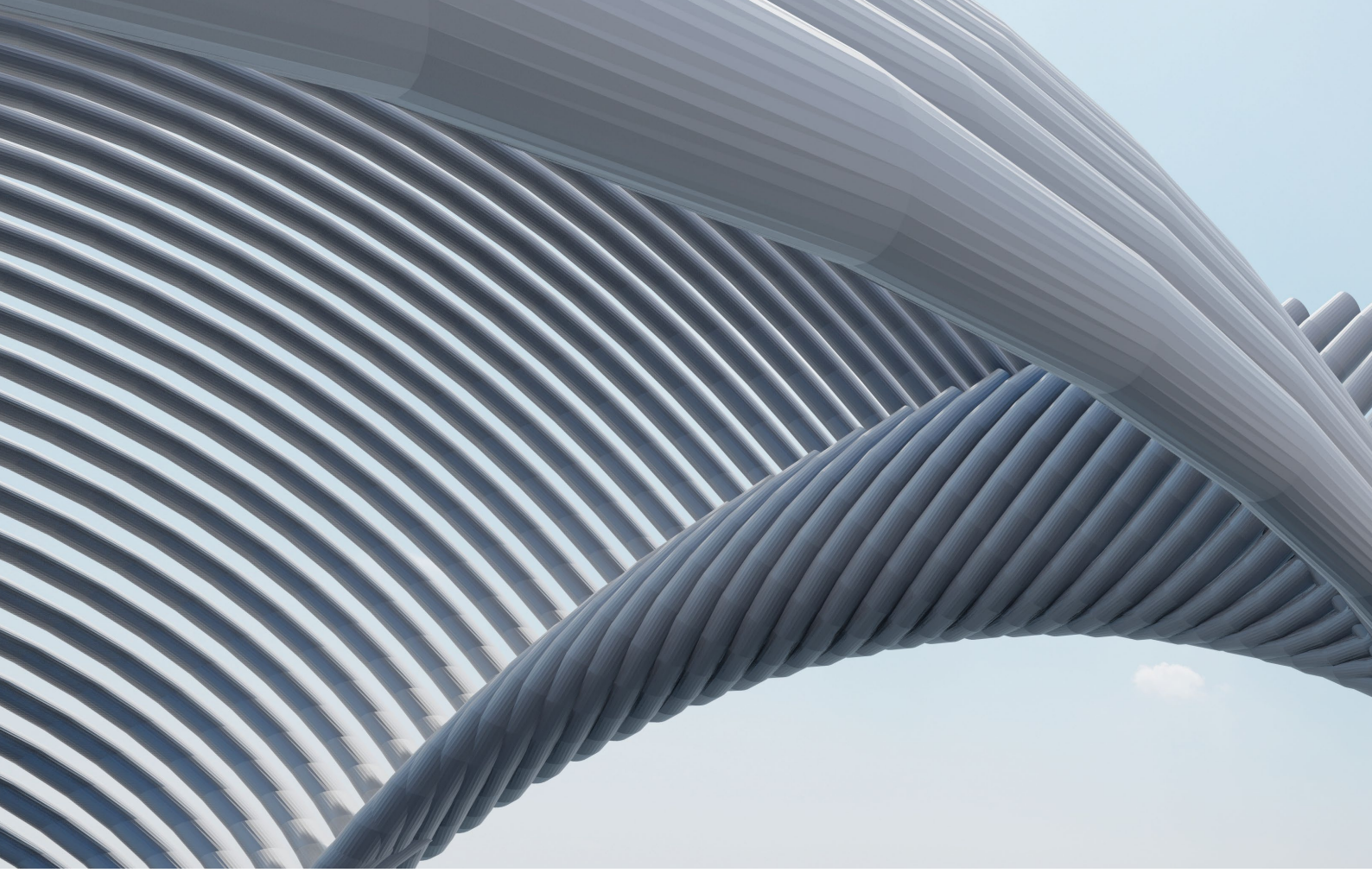
Efficient document management systems within automation platforms organize and store all necessary documents in a centralized repository. This system not only facilitates easy access to information but also ensures that all required documents are present and correctly formatted, further reducing NIGO occurrences.

Automated communication

Automated communication features help keep all stakeholders informed throughout the underwriting process. This includes notifying underwriters, agents, and applicants of missing or incorrect information, enabling timely corrections, and reducing delays.

Integrating Intelligent Document Processing (IDP) with automation platforms can significantly enhance the underwriting process. IDP uses artificial intelligence to extract, categorize, and validate information from documents, further streamlining the data entry and verification process. When combined with automation platforms, IDP can automatically classify documents, highlight discrepancies, and ensure that all necessary data is correctly captured and processed.

This integration results in a seamless workflow where data flows smoothly from document submission to final underwriting decisions. It leads to faster policy issuance and improved customer satisfaction resulting from reduced manual effort, lowered chances or mistakes, and accelerated processing times.



Neutrinos - Purpose-built to Accelerate Your Reinvention

By integrating advanced technologies, Neutrinos streamlines the underwriting process, ensuring that applications are processed correctly and efficiently. This broad approach includes automating data validation and extraction, managing documents, and improving communication, all of which contribute to reducing NIGO rates.

Neutrinos is a technology company that automates business processes for insurance enterprises. The Neutrinos AI-infused intelligent process automation platform includes everything needed to design, automate, and optimize complex processes end to end. Our holistic insurance expertise, intelligent automation platform, and pre-built accelerators, help leading insurers accelerate their enterprise reinvention across underwriting, claims, and distribution – resulting in faster growth and superior omni-channel experiences. To learn more go to www.neutrinos.com.

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