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Does your year-end review include an agency audit?

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At the end of each year, agency ownership/management does the typical “crunching of the numbers” to assess how the agency fared. An overall review will include an evaluation of premium and policy count changes, an assessment of how well various objectives/metrics were met and a careful dissection of the agency’s financial picture.

Looking at these issues, as well as producers’ hit ratios and by-customer policy numbers, reveals your status from the business side of the equation. Yet how well do they determine the agency’s “E&O health?” To a significant degree they don’t, creating a need to perform a review that probably does not get as much attention as it should. Namely, “auditing” many of the key agency procedures to verify to what degree each of the staff is meeting the various agency expectations.

Most important

If your agency has not been performing a staff audit, now is a good time to start, focusing on those procedures/expectations that are most important. This includes documentation — is it being done promptly, accurately and professionally? — the handling of e-mails, policy checking, and more.

Employees not meeting the agency’s expectations increase the potential for an E&O issue to arise, so it is best to discover the issue and resolve it before it grows. Moreover, the possibility that agency expectations are not being met could result from employees not completely understanding those expectations, which suggests a need for further training.

When it comes to producers, how comfortable do you feel with the way they perform their duties? When was the last time the agency owner/sales manager “rode along” with a producer to see how the call is handled, hear what is said and note how those discussions are documented?

Throughout the year

Ideally, an audit process — essentially a review of a set number of files per-person based on his or her position — works best when the review is broken down and performed at periodic times during the year. Most agencies should perform this review quarterly. It is more efficient that way, and allows for a “quicker” identification of problems or issues that must be addressed via training or individual/group consultation.

While performing periodic quality control audits helps management understand what's happening within the agency, it will also demonstrate that the staff is being held accountable for their work product and the performance of agency procedures. While the mention of an audit process might get some folks nervous, the staff must realize that auditing is performed in virtually every business and helps ensure the organization's health.

Trust, but verify

If you don't have an audit form today, don't worry about getting the process perfect right from the beginning. As you perform quality-control audits, you will be able to identify areas that must be added — or deleted — from the audit form.

How many files should be reviewed? Many agencies strive for a 10% sampling, although the proper number will depend greatly on the amount of work performed. The goal is to review the number of files that provides credibility to the final score. If, for example, you are reviewing files for all customer service representatives, make sure it really does include all customer service representatives. While you may want to trust that your 30-year veteran is doing his or her job, it's still best to "trust, but verify."

Because your agency probably consists of numerous disciplines — marketing, customer service, sales, accounting, etc. — ensure that each of these is reviewed. Each area has procedures that, if disregarded or not performed properly, could cause problems for the agency. Now is also a good time to review the agency's website and promotional material to determine to what degree they continue to accurately portray the agency. Are you using any of the "dangerous words" such as "expert" or "specialist?" If so, you might want to change them.

Make it complete

Results should be tabulated and reviewed for each of the areas within the agency and for each employee. Advise staff members who performed well on the review and thank them for their efforts and commitment. For those that struggled or did not "pass" the review, meet with them individually to better understand the reasons. Is there a need for additional training or another reason, such as the employee thinks his or her way is the better way? Consider factoring the audit results into an employee performance review to add some "teeth" to the process.

Bottom line, it is difficult to grow in professionalism and efficiency without an auditing process. Your year-end agency review is not really complete without a review of the year-end audit results.