

Agencies Outsourcing to China to Reduce Backlogs, Free Up Resources

ReSource Pro Gains By Offering Half-Price, Off-Hours, Highly-Efficient Back Office

By Kenneth J. St. Onge

As more insurance agencies look for new ways to improve productivity and lower expenses, more owners and managers are investigating the potential of outsourcing operations.

The trend has helped power tremendous growth at New York-based, ReSource Pro. Between 2005 and 2008, this privately held firm – which specializes in helping retail and wholesale agencies outsource parts of their business to China – grew from a company with revenue of \$330,000 and five clients to one with \$7 million and 60 clients. It also grew from 42 employees to 469, over the same time period. The company now has more than 500 employees – about 80 percent in China – and nearly 80 clients, about half of which are retail agencies.

Dan Epstein, CEO, said that insurance operations in particular find major operational efficiencies and cost savings when they hire back office support from China.

ReSource Pro was created as in-house company in 2003 by a managing general agency in New York, The Distinguished Programs Group, which needed to rewrite 13,000 policies in 10 weeks—a backlog created by the collapse of one of its carriers. In a bind, they reached out to a former employee who had recently left to teach English in China, asking him to help them set up an outsourcing operation. It worked; ReSource Pro was born. Within a year, it was outsourcing for its first insurance client – Paul Hanson Partners in Napa, California.

“As we have evolved over the last five years, we have really become an insurance processing specialist,” Epstein said. “Most agencies are built by producers and they’re focused on production and service – but not focused on building operational efficiencies and excellence. It often eludes many agencies.”

One of ResourcePro’s organizing concepts is measurement: specifically, of productivity. “We measure everything we do,” Epstein said. “Every task can be timed, we know who performs it and what the trends are. You can only manage what you measure.”

ReSource Pro can perform more than 1,000 tasks, everything from checking policies and processing renewals to more complicated insurance tasks – all of them handled from a single office in Qingdao, China

Having a worker on the other side of the world can have major cost advantages. If an office worker earning \$30,000 a year costs about \$75,000 once payroll taxes, training, equipment, space, utilities and other factors are added in, ReSource Pro says outsourcing cuts these costs in half.

But equally important is the timing. An insurance agent can leave a pile of paperwork pending at day’s end, and return the next morning to find it all done because his back office in China was running while he slept.

It’s not just that work gets done overnight, it’s also that it reduces instances of overqualified people doing routine work and frees staff to focus on working with clients, delivering

quotes, answering questions and bringing in new business.

“It is more productive because our counterparts in China are not disrupted by the telephone, so our staff is able to concentrate on the client relationship,” said Sheila Kenyon, senior vice president of J. Rolfe Davis Insurance in Maitland, Florida, which has been working with ReSource Pro since Feb. 2007.

Richard Augustyn, CEO of the New

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Jersey-based program manager, NIP Group, said outsourcing has been a boon to his 150-employee company. “As you peel back the onion, you quickly discover that the true value to your agency is to transfer the non-core activities to a remote branch that has developed into a ‘center of excellence’ in efficiently and effectively performing these tasks,” he said. “This results in a better process, higher quality work, and faster time service at lower costs. It’s a solution your CFO and CSRs can wildly agree over—how often does that happen?”

Augustyn said outsourcing has allowed NIP Group to continue building its business, even during this market downturn. ■

