



Mortgage Business Process To A Higher Power

UNDERWRITING ■ POST-CLOSE ■ LOAN EXPORT

CASE STUDY: UNDERWRITING PMI Mortgage Insurance Company

PMI deploys PLX to enhance competitive advantage by streamlining mortgage underwriting and increasing service levels.

SUMMARY

COMPANY: PMI Mortgage Insurance Co
HEADQUARTERS: Walnut Creek, CA
INDUSTRY: Mortgage Lending
APPLICATION: Underwriting
PRODUCTS:

- Pyramid Loan eXpeditor
- FileNet eProcess
- FileNet Image Services

BENEFITS

- Improved service to lending customers
- Reduced underwriting turn times
- Increased underwriter productivity
- Balanced workload across regional offices
- Anticipated ROI in 1.5 years versus 3 year standard timeframe
- Simplified underwriting process
- Eliminated the costs of paper storage and transfer



PMI

"During the mortgage boom, PMI made a significant number of process improvements, but mortgage underwriting still remained a paper-intensive area. By leveraging BPM to transform our underwriting process and restructure our field offices, we saw an opportunity to better serve our customers and enhance their competitive advantage."

*Stan Pachura
Vice President Corporate Systems, Infrastructure & Operations*



IN BRIEF

With over 500 lending customers throughout the U.S., PMI Mortgage Insurance Co, a wholly-owned subsidiary of The PMI Group, Inc. is one of the leading private mortgage insurers in the country. The company's drive to respond to the needs of its customers has led it to implement a new electronic underwriting and content management system that leverages Pyramid's Loan eXpeditor (PLX) solution and FileNet Business Process Management (BPM) technology. The combined solution streamlines its contract underwriting and quality control operations. The capabilities of this new Business Process Management system have enabled PMI to restructure its underwriting operations to improve responsiveness and increase competitive advantage. Using workflow automation and electronic document management, PMI has been able to reduce costs, increase process visibility, and set the stage for continuing operational improvements that will benefit customers and stockholders alike.

INTRODUCTION

With mortgage lenders looking for more efficient underwriting resources, productivity and service have become the key ingredients to achieving competitive advantage. As a private mortgage insurer, PMI has made a strategic commitment to structure its business around the needs of its customers. During 2004, the company decided to make a dramatic change to its operational model to optimize the service levels it provided mortgage lenders. By transitioning to a Business Process Management (BPM) system that combined electronic content management with automated workflow, PMI was able to centralize operations into fewer underwriting centers, reducing costs while improving service levels.

Using the new system, PMI currently underwrites over 4,000 loans per month for its customers. By leveraging BPM technology, the company has succeeded in increasing productivity by enabling fax or hard copy file delivery, rapid workload balancing and seamless hand-offs of electronic files between employees and offices. In fact, the solution has addressed key strategic objectives—financial performance, customer service, process excellence, learning, and growth. Moving forward, the company sees the use of Business Process Management continuing to be an opportunity for differentiation and enhanced customer service. By providing its staff with the processes, content, and connectivity to make better decisions faster, PMI will continue to optimize operations and expand the positive business impact it can offer its customers.



PYRAMID SOLUTIONS

30150 Telegraph Road, Suite 200, Bingham Farms, Michigan 48025 248-549-1200 FAX 248-549-1400
www.pyramidsolutions.com

THE GOAL

To increase operational efficiencies and provide seamless service to its customers, PMI recognized that its field office structure needed to be revamped. To successfully accomplish this, PMI recognized it needed a system that combined electronic document control with automated workflow. The goal was to provide its customers consistent, faster service, increase the productivity of its underwriters, and provide customers with options that would enable them to work with PMI in a way that best suited their business.

THE CHALLENGE

PMI had traditionally received paper files from its customers that were manually reviewed, annotated, and evaluated. Each underwriter was responsible for obtaining any missing documentation, and manual retrieval of these items slowed the process. PMI's manual paper-based work flow prevented the company from providing the kind of performance it needed to accomplish its objectives.

WITNESSING PLX PERFORMANCE

When PMI saw one of its customers using an automated processing system based on Pyramid and FileNet technology, the company discovered the means to achieve its strategic objectives. It was noted that underwriters working with this lender's system were twice as productive as those using manual processes. PMI decided that the slow-down in the mortgage market offered the ideal time to implement a new system without any disruption in service.

THE PROGRAM

Working with Pyramid Solutions and its Loan eXpeditor™ product built on FileNet Enterprise Content Management (ECM), PMI implemented a new contract underwriting system which it internally branded as "pmiPAPERLESS." With an aggressive implementation schedule of 120 days from project initiation, the team re-engineered PMI's processes, established its electronic document repository, trained all underwriting staff, and rolled out to eight regional offices by July 2004.

A DIGITAL WORKFLOW

PLX and FileNet BPM technology has brought a new era of productivity to PMI. Applications and supporting documentation delivered to PMI are quickly digitized and indexed, enabling fast, cost efficient entry into the pmiPaperless system.

In redesigning its processes, PMI automated 13 steps and simplified an additional four. Underwriters are now able to annotate documentation electronically and provide customers with these items without the delay of reproducing or mailing.

In addition to benefiting contract underwriting operations, pmiPAPERLESS has also improved the company's quality control operations. Now PMI employees working on-site at lender offices can communicate easily regarding documentation with appropriate supervisors or expert resources. This enables PMI to quickly identify and mitigate risk, including training issues, and helps ensure compliance with lender requirements. This also eliminates the delay and expense of overnight delivery of files for review while improving the accuracy of underwriting decisions.

TANGIBLE BENEFITS

By automating its business processes with PLX and FileNet BPM technology, PMI has increased responsiveness to its customers, sped underwriting turnaround, and seamlessly consolidated its operations from 18 to 8 offices nationwide. Today, customers can deliver loan applications to an underwriter within a matter of minutes rather than days. Additionally, by automating routine steps in the underwriting process, PMI has focused underwriters' attention to the areas where they can add the most business value for the customer.

From an operational perspective, pmiPAPERLESS has also allowed the company to standardize its processes. Moving forward, this will allow PMI to better apply performance metrics and ensure consistent service to its customers. Additionally, the company has been able to balance its workloads across offices with a very positive impact on its customers. In fact, when hurri-

canes caused its Florida location to shut down, the office in Charlotte, NC was able to continue work on those loans being handled by the Florida office - minimizing consequences for the business and customers. More than disaster recovery, this new system has ensured disaster continuity for PMI and its customers. With PMI, lenders can count on continuous service regardless of local conditions or events.

For PMI, the cost-savings that the new system enables is only one part of the story. The FileNet and Pyramid Loan eXpeditor solution also allows greater management visibility into the process and introduces an important opportunity for ongoing systems optimization. In its efforts to respond directly to customer needs, PMI sees its new underwriting system as a tool for creating more knowledge-driven relationships.

Through information access and faster responsiveness, PMI can help its lending customers transform their relationship with the company into market advantage. As the solution becomes more fully implemented, the company hopes to expand the benefits it delivers to customers.

“As a Balanced Scorecard company, we evaluate our performance based on a number of variables, including financial returns, customer service, process excellence, and learning and growth. From ease of use to an implementation transparent to our customers to faster turnaround times, the Pyramid Loan eXpeditor and FileNet solution delivers results across all areas we have identified for strategic growth.”

*- Dan Roberts
Chief Information Officer*