

Hot Technologies *for* Insurers

Companies that implement effective technology solutions can gain a competitive advantage in today's environment.

Industry analysts say the stakes have never been higher for insurance companies to reduce costs and improve efficiency. According to Christopher Formant, executive vice president, Global Financial Services, BearingPoint, "Several factors are converging on the industry, including the opening of new markets around the world, the formation of an emerging middle class in Asia and the aging of Western populations, which increase the

need for more diverse insurance products. Those insurers who can deliver products to market faster through advanced technology and delivery will be in a position to win big."

The proper use of technology can enhance a company's competitive position. Many industry suppliers have resources to help companies understand key issues and help them implement effective technology. Here are examples of what some solution providers and analysts say about technology:

Business Rules Engines Alone Are Not Enough

EDS Solcorp

According to Eduardo Alzamora, Portfolio Management Director Product Strategy, EDS SOLCORP, “the widespread adoption of business rules engines (BREs) is revolutionizing our industry. In essence, BREs are software applications that manage business rules and separate them from the application code. Business rules (such as regulations and product features) are constantly changing in our industry; therefore, BREs enable rules to be dynamically changed without having to go to IT to change application code every time,” says Alzamora.

“Business rules engines are not enough if you are simply exchanging programming for coding low level business rules. As the number and complexity of business rules increase, the time and cost savings normally associated with BREs can diminish as traditional coding is replaced with “XML coding.” This especially holds true for complex applications such as Policy Administration Systems (PAS).

“Fortunately, this is where another emerging technology comes to the rescue: Model-Driven Architectures (MDAs). This approach to software development enables the separation of business and application logic (in the form of abstract models) from the underlying technology that implements it. In turn, business logic/rules can be optimized and easily modified at a higher level of model abstraction (versus “XML coding” of many low level business rules). Because models are platform independent, their potential for reuse is virtually unlimited and when the PAS engine can interpret the models and associated business rules without the need for generating code, then the business models remain in sync with your systems. The application of an interpretive MDA to PAS development ensures the value proposition of BREs holds true as complexity and volume of business rules increase. PAS solutions using interpretive MDAs will enable the development of truly adaptive systems,” concludes Alzamora.

For more on EDS Solcorp, visit www.solcorp.com.

Bring Top Technologies Together

NaviSys

John Gorman, Executive Vice President, NaviSys, says, “To achieve transformational change, insurers simply need to bring today’s top technologies together:

■ **The web, for straight-through processing** of insurance from point of sale through policy issue. An east-coast life insurer has implemented NaviSys Enterprise Platform®, speeding products to market and enabling producers and home office personnel to work from the same electronic page.

■ **A mature rules engine** that recognizes the complexities of the insurance business. One of the largest insurance companies in the U.S. is implementing an end-to-end new business process for individual life insurance. The NaviSys solution captures application data, automates case management and risk assessment—and is enabling the consolidation of ten legacy systems into one.

■ **Web services and ACORD standards**, for seamless exchange of information with sales channels and service providers. Several of NaviSys’ mid-market customers distribute and underwrite life insurance far more effectively than most tier-one carriers.

■ **Service-oriented architecture** for maximum agility.”

“NaviSys’ long list of innovations includes the first J2EE rules-driven-platform for end-to-end processing of life insurance and the first web-based application and point-of-sale underwriting

system. NaviSys also played a key role in defining initial ACORD standards. Today, our highly scalable, proven systems are creating the standard for the industry,” Gorman says.

See the NavSys web site, www.navsys.com

Common Calculation Architecture

AdminServer

Richard Yeni, Director of Sales for AdminServer, says, “At the end of the day, every insurer has the same goal when it comes to their data and calculations—consistent results through their policy life cycle; ensuring that calculations are in sync for Illustrations, Re-Illustrations, Policy Pages, Anniversary Statements and Inforce Illustrations. This nirvana of a single-source for enterprise-wide calculations has been an elusive goal – that is, until AdminServer’s Common Calculation Architecture.

“AdminServer’s Common Calculation Architecture allows universal processing rules to be shared by any ‘consuming’ applications and lets them dynamically apply their own twists. And it is able to deliver this consistency of calculations across the enterprise by using widely accepted messaging

techniques and standard ACORD data exchange formats.

“Not only is consistency in calculations critical to the day-to-day business, but given all the latest compliance issues from 7702 and 7702a to Sarbanes-Oxley, consistency in process, data integrity, and maintenance of tight internal audit controls have become necessities of doing business.

“In addition to the obvious benefits of accurate and consistent calculations, AdminServer’s Common Calculation Architecture employs AdminServ-

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er's proven rules-engine, enabling business rules to be re-used by all systems, resulting in consistency in process as well as an ability to define and deploy new products to market in a fraction of the time required by traditional methods," Yeni says.

Visit AdminServer at www.adminserver.com.

Resolve Your Systems Concerns This Year **LIDP**

If you're like most carriers, for the last several years you've been struggling with the same systems issues for the past few years, says Keith F. Guard, Director of Sales, LIDP. "Your existing systems are complex, inflexible, and entrenched. You can't sell more insurance until you can implement new products. You can't implement new products because your systems can't process them. You can't replace your problem systems because the integration costs are prohibitive."

"Sound familiar? You're not alone. But fortunately, over the past several years, carriers and vendors have come together like never before, because it's time for all of this to stop, for good."

"Thanks to innovative data and messaging standards by ACORD, a nonprofit standards organization, systems are talking today. These standards have been created, refined, and approved by ACORD member companies—carriers who inherently understand the business, and the vendors who proudly serve them. The ACORD standards are fast achieving what our industry has needed for a long time—an industry language for systems."

"At LIDP, our solutions are flexible, ACORD compliant, and ready to run in a service-oriented environment. So if you're faced with systems challenges, we look forward to the opportunity to help you move to the environment that you need."

Contact: Keith F. Guard, Director of Sales, LIDP Consulting, Inc., Phone 630.829.7100, guarke@lidp.com

Underwriting Technology **RGA Technology Partners**

Jym Barnes, Managing Director,

RGA Technology Partners says, "In underwriting, most of the technology thus far has been aimed at reducing the time it takes to process an application. Much of it has also been directed toward effective tracking, getting the best data from the applicant, and automating workflow requirements, such as testing and correspondence. Our own product, AURA®, does all of this very well, and integrates effectively into any environment. But just getting faster doesn't answer management's needs to learn and then adapt their products and processes."

"We think the next natural step is to use the technology to capture and analyze Management Information (MI) data. Every movement of an application, every decision, every item of data is now filed in a database and accessible to management. The AURAMIDashboard makes it very easy for anyone within the organization to customize and automate reporting on crucial data, allowing insurers to learn and adapt quickly. Instead of fighting fires, organizations can learn how to prevent them. After all, insurers' competitiveness relies upon their abilities to inform themselves and act accordingly. We believe that MI tracking, combined with effective reporting may be the item with the greatest long-term value in the organization."

Contact RGA at 866-832-3931.

Finding a Competitive Advantage **McCamish Systems**

"Carriers are constantly fighting for shelf space with their distribution partners, and those that are able to overcome obstacles for contracting, appointing and paying their producers have a competitive advantage," says Alan Katzman, Vice President of Producer Services for McCamish Systems. "To respond to this opportunity for our clients, we have shifted the focus of PMACS® (the Producer Management and Compensation System) and our Producer Services BPO operation from streamlining data entry to eliminating it."

Like everyone else, distributors are drawn to product partners that differentiate themselves by being responsive,

easy to work with and offer value added services. Insurers that are more transparent to the producer and offer more information and capability over the web can set themselves apart from the competition. "My bank immediately reflects an ATM transaction online, allows me to download my recent activity and lets me apply for a home equity line in a matter of minutes," added Katzman. "Shouldn't insurers be able to show me my appointment status, allow me to download my commission statement and process an address change request just as easily? We think so, and PMACS® helps our clients get there."

See McCamish at www.Mcamish.com

The Reinsurance View **TAI**

Referring to reinsurance, John Carroll, President of TAI, says, "Over the past couple of years, businesses have been bombarded with investigations and regulations, and the insurance industry has not escaped scrutiny. Last year most companies with whom I had spoken were so involved in meeting Sarbanes-Oxley requirements not much attention was given to software purchases, at least in the back office operations, like reinsurance administration. In 2006 that trend is changing as companies are now focused on improved productivity and implementing updated web-based software solutions. That is why TAI has developed its .NET System for reinsurance reporting. This intranet application allows access to anyone who has rights to the server and the appropriate security to access the System, whether in the office or at a remote location. It also facilitates sending information to other secure sites. Applications like this web application provide clients with the competitive advantage to maintain their viability in the marketplace."

Visit TAI at www.taire.com

Communications **Important** **Document Sciences**

Evolving regulations, competitive markets, and incompatible, disparate systems can challenge an insurer's ability to retain strong customer and agent relationships. More than ever, today's insurer

ers need to respond in real time with personalized, accurate and compliant customer communications via print, email and the Web. But for many insurance organizations, customer and regulatory content is maintained in technology silos, causing duplication and maintenance nightmares.

“To remain competitive and improve profitability, it has become increasingly critical for insurers to consolidate their legacy systems and data,” says Nasser Barghouti, Chief Technology Officer of Document Sciences Corporation. “Document production is an area where insurers commonly run multiple systems to generate policies, statements and letters. This fragmented approach to document creation often prevents business units from achieving optimal efficiency and containing operating expenses.” Barghouti explains, “Insurers can maximize productivity and reduce costs by standardizing the production of policies, statements and customer correspondence on one document publishing platform.”

Document Sciences’ award-winning dynamic content publishing suite, xPression[®], enables insurers to consolidate the creation of all vital customer communications onto a single, highly flexible, scalable and secure platform. Built on a J2EE service-oriented architecture, xPression enables seamless integration with enterprise systems, like ECM, via Java, XML and Web Services, offering an enterprise solution for creating 21st century customer communications.

See Document Sciences at www.docscience.com

Business Process Automation Seen as Important

A recent study by BearingPoint emphasized the role of technology in improv-

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ing efficiency and improving costs. The study, “How To Create A Platform for the 21st Century Insurance Firm,” suggests that those insurance companies that have not already implemented business process automation technology, including straight through processing, integrated client information systems and service oriented architecture (SOA) for customer service and administration functions, can improve efficiency by doing so. The resulting increase in efficiency and productivity can mean greater capacity and as much as 30% costs savings contributing to overall better profitability...

Other key trends detected by the study include:

- Insurance companies will act as an information network hub, with agents, banks, and policyholders as the spokes, able to initiate, or respond independently to requests.
- Business process automation solutions are the next breakthrough technology for the Insurance industry. These solutions will enable automated work assignment, eliminate manual tasks and unlock productivity through better use of information.
- The customer experience will be a key differentiator regarding how insurance and financial products are sold, delivered and fulfilled.

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- The modernization of the large Asian economies will create a new, multibillion-member middle class. A key differentiator for insurers’ long term growth will be how they adapt to the China’s market, and Asia in general, where, the study said, consumers’ technology sophistication is often beyond that of Western countries.

According to Genworth Financial CIO Scott McKay, there is “an entirely new operating environment being created for insurers, with many not having the technology capabilities to service this new landscape. The companies that do will be in an advantageous competitive position.”

“Our research shows that just by aligning business and IT, you can free up management to concentrate on customer service, product innovation, sales, marketing, branding, and corporate strategy,” said Marcel Nickler, global insurance lead for BearingPoint, based in Zurich. “The potential results can include cost savings and increasing the speed of bringing new products to market.”

“Insurance companies need to recognize that this century will be dominated by a handful of global behemoths that will be able to leverage their technology for massive information repositories and analysis to better meet their customers’ needs,” said Paul McDonnell, senior vice president and lead of BearingPoint’s U.S. Insurance segment. “A successful technology platform must be at the center of this evolution, one that will eliminate internal silos and allow customers and employees to access needed product information and business services.”

The global study was developed in conjunction with Datamonitor plc, a premier business information company specializing in industry analysis. Datamonitor conducted the study for BearingPoint in 2005. ■