



Life insurance policy administration: Operate efficiently and capitalize on emerging opportunities.

> RESPOND RAPIDLY TO
CHANGING MARKET
CONDITIONS

> DRIVE CUSTOMER AND
AGENT LOYALTY

> ENHANCE INTEGRATION
WITH AGENCY SYSTEMS

> MAXIMIZE VALUE FROM
EXISTING INVESTMENTS





Policy administration systems represent a critical part of an insurer's core systems because they handle policy applications, policy anniversary processing, changes and new business. Policy administration systems impact nearly all aspects of the business and serve, in many ways, as the engine for all operations. They are fundamental to an insurer's ability to operate efficiently and capitalize on emerging opportunities — adding new products rapidly and acquiring new business.

However, most insurers have inflexible systems that constrain their ability to respond to market changes and new business needs. Furthermore, these systems make it difficult for insurers to effectively utilize increasingly strong and diverse distribution channels to earn the loyalty of independent agents and customers. Inefficient, frustrating interfaces for policy application and policy changes, for example, make it less likely that independent agents and customers will do business with an insurer.

For more information on this solution, including demonstrations and customer case studies, visit ibm.com/insurance/flexibility





To deal with changing business demands, competitive pressures that are driving faster time to market for new products, and the need to provide agents and customers with easy-to-access and easy-to-use interfaces, insurers must modernize their policy administration systems. Insurers must:

- Closely integrate their policy administration systems with agency management systems.
- Streamline labor-intensive interactions with customers and agents to achieve cost savings and drive loyalty.
- Have the flexibility to optimally source different policy administration functions — using homegrown technologies, packaged capabilities from third-party independent software vendors or outsourcing — by drawing on standards-based integration.

Most policy administration systems represent huge investments that have been made over time. They are valuable assets that perform business-critical functions and cannot be replaced overnight. But with IBM software for life insurance policy administration, you can modernize policy administration systems incrementally. Leverage your existing investments to minimize the risk of changing core systems — positioning your organization to respond flexibly to business challenges and opportunities.

Turn the page to learn more about how your insurance company can:

- > Maximize your ability to respond to business change with highly flexible and integrated policy administration systems.
- > Drive customer and agent loyalty by enabling streamlined and personalized online self-service.
- > Help simplify integration with agents and business partners by using a standards-based approach.
- > Enable incremental modernization to help maximize value from existing investments.



**Introduce new products
to the market quickly**

**Leverage IBM's insurance
industry expertise
to transform your
life insurance policy
administration**

IBM solutions for the insurance industry bring together the extensive IBM portfolio of hardware, software and high-value services — and its wide network of Business Partners — to address the most prevalent challenges for clients in the industry. IBM solutions and insurance industry experience help each client accelerate its progress in becoming an On Demand Business — so it can respond with flexibility and speed to virtually any customer demand, market opportunity or external threat.

Creating business processes with a *service orientation* has emerged as the best way to achieve that flexibility and speed, as well as agility and resilience. Service orientation takes everyday business applications and breaks them into individual business tasks, called services. These services can then be shared with other departments within your company, integrated with your trading partners and exposed directly to customers to create new or modified business processes. As a result, you have the flexibility to easily respond to changing market requirements. And because these services can tie together existing enterprise resource planning (ERP), human resources (HR), customer relationship management (CRM) and supply chain systems such as SAP, Oracle, Siebel and JD Edwards, there is no “rip and replace” required. Furthermore, these services can be used across multiple processes — rapidly, easily and consistently — to help drive improved time to value and reduced costs.

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IBM software, a key building block of the IBM solutions for the insurance industry, is vital to employing a service orientation strategy. It helps our clients achieve business flexibility by enabling them to model, assemble, deploy and manage business processes for today's on demand business environment.

IBM software for life insurance policy administration is the middleware capability of the IBM life insurance core system solution, which enables your insurance company to modernize policy administration. IBM has developed this solution as an instantiation of the IBM life insurance industry vision for business and systems transformation based on world-class insurance industry consulting, integration, middleware, infrastructure and best-of-breed application providers.

Maximize your ability to respond to business change with highly flexible and integrated policy administration systems

Change is constant in the insurance industry — competitors introduce new products, margins are continually squeezed and market segments develop rapidly. To grow your business, you need to be able to introduce new products more quickly and acquire new business more effectively than your competitors. IBM software for life insurance policy administration helps you adopt a service orientation to help optimize and integrate business processes — and align them with your strategic goals.

Under a service orientation, modular business functions are combined within a standards-based framework to create adaptable, flexible policy administration systems. In contrast, most insurance companies currently lack a flexible IT infrastructure. Their systems have been built over time to meet the business conditions that existed at the moment they were deployed. But to remain competitive, policy administration systems need to be flexible — able to respond to business change.





For example, when you're ready to introduce a new life insurance product — such as a variable universal life (VUL) policy targeted to an emerging customer segment — how long will it take you to get it to market? Regulatory constraints you don't control will slow down the process to some degree, but how much will your internal policy administration systems constrain new product introduction?

With IBM software for life insurance policy administration, you utilize a set of flexible, reusable business functions to tackle new business initiatives. When you

introduce a new product, you don't have to battle application silos and hardwired processes that make even minor changes daunting and hamper your ability to introduce new products to the market quickly. Instead, your policy administration systems — new business application processing, policy changes and policy anniversary processing, customer data integration and even back-office tasks such as printing and mailing — are designed to adapt rapidly to new product introductions.

Furthermore, IBM software for life insurance policy administration integrates not only internally developed systems, but also those acquired externally. This is crucial for large insurers that — as a result of mergers and acquisitions — have multiple redundant policy administration systems.


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When you do bring a new life insurance product to market, IBM software for life insurance policy administration can help you process a new application in minutes — rather than in weeks. Respond with the speed that can make agencies and customers think of you as highly responsive — and that enables you to address competitors and market opportunities as quickly as you need to.

Enabling software that works with IBM software for life insurance policy administration helps you integrate policy administration processes and automate your business processes. For example, IBM WebSphere® Process Server can choreograph the policy application, approval and issuance processes across the organization. And IBM WebSphere Extended Deployment provides a truly flexible IT infrastructure that can direct IT resources to the priority business processes that need them — even during periods of peak demand.

Achieving flexible policy administration systems depends on effectively integrating not only business process, but also data. IBM software for life insurance policy administration leverages industry-leading IBM DB2® Information Management software to help you logically integrate policy information across multiple physical data sources. You can seamlessly access data across multiple underlying databases — and thus offer a highly responsive policy administration system without going through the pain of physically consolidating multiple data sources.



Drive customer and agent loyalty by enabling streamlined and personalized online self-service

Because insurance distribution channels have evolved, it is critical to maximize the loyalty of agents and customers — groups who are now critical to your business success. Brokers and broker dealers are becoming more prevalent than captive agents. And customers increasingly interact directly with insurance companies — online, they can apply for new policies, request simple changes, make inquiries and more.

Consequently, insurers must be easy to do business with and provide simplified, consistent access across distribution channels. Insurers that fail to do so will have greater difficulty attracting new agents and customers — or even retaining the ones they already have.

With IBM software for life insurance policy administration, you can provide sophisticated, online self-service capabilities to customers, agents and brokers. When combined with streamlined business processes, a self-service, customer-facing policy application process could reduce the time it takes to process a clean case or Jet-issued insurance policy application from between 5 and 28 days (the industry average) to as little as 30 minutes — and, for a manual underwriting case,

from between 28 days and 3 months to as little as 5 business days or less. This is possible when you integrate and automate processes for applying for, quoting, binding and issuing policies — automating manual functions and reducing delays associated with paper forms and human interaction. Agents can leverage similar self-service applications to administer more complex products such as VUL policies.



Streamline the policy application process



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IBM software for life insurance policy administration provides capabilities that help streamline the policy application process for customers and agents:

- Policy application requests can be rapidly filled out because the solution can prepopulate the application form with account, medical history and personal information, based on a centralized client file.
- Automated checks of form fields for validity and other conditions help identify errors before the application request is submitted.
- Using electronic documents and digital signatures to eliminate paper forms can speed the process and eliminate delays associated with mailing documents.

To achieve these results, IBM software for life insurance policy administration draws on a variety of tools that are compliant with ACORD messaging standards. IBM WebSphere Portal software and IBM Tivoli® access and identity management software enable easy-to-use, personalized, role-based access to executives, customer service representatives, and other employees, agents and customers. IBM collaborative software coordinates the efforts of policy administrators, underwriters, customer service representatives, specialists and others — within the company as well as at agencies or business partners.

Furthermore, IBM software for life insurance policy administration helps streamline labor-intensive interactions with customers and agents — helping minimize the costs of policy administration.

Help simplify integration with agents and business partners by using a standards-based approach

Because policy administration touches so many aspects of your company's external interactions, you need a solution that makes it easy to integrate with independent agents and business partners as well as customers. IBM software for life insurance policy administration helps you tie together a wide variety of policy administration application capabilities,



using a standards-based approach and a service orientation. As a result, you can optimally source different policy administration functions. This flexible approach allows you to easily adapt to changes in your business relationships with agents and partners.

IBM software for life insurance policy administration enhances IBM WebSphere Partner Gateway with insurance-specific integration capabilities

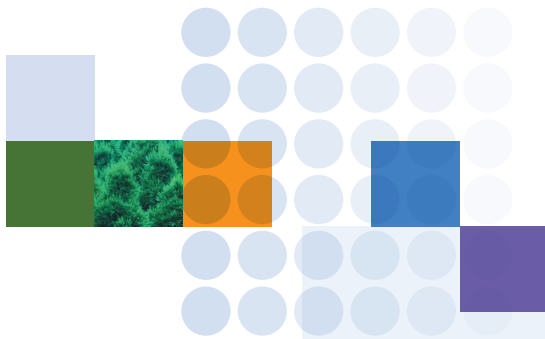
that can integrate and transform transactions across organizational boundaries — based on the widely used ACORD industry standards. Using these industry standards, insurers can integrate best-of-breed application capabilities to achieve flexible integration not only within the boundaries of your enterprise, but also across the value chain.

Enable incremental modernization to help maximize value from existing investments

Despite the clear and numerous benefits of modernizing policy administration systems, you cannot replace your existing systems and resources overnight. You can deploy IBM software for life insurance policy administration in an incremental fashion to help minimize the risk of introducing new systems. Establish workflows that coordinate with your existing systems, then reuse assets for future deployments.

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IBM software for life insurance policy administration enables insurers to adopt a service orientation — they can combine best-of-breed application capabilities with the advanced software capabilities from IBM. Rather than “rip and replace,” insurers can focus on those areas that constrain their ability to compete effectively. Over time, they derive increasing value from IT as they incrementally modernize components and deploy new capabilities.

To help you understand your existing processes and determine which areas need to be modernized first, IBM software for life insurance policy administration leverages IBM WebSphere Business Modeler software to help you model, simulate and optimize the

policy administration business process. Additionally, IBM Rational® software development and design tools help you adopt a component-based approach to developing and deploying new software capabilities.

As you upgrade and develop modernized parts of your policy administration systems, use IBM WebSphere Business Monitor to monitor and manage the overall business process. The software helps you verify that key performance indicators — such as policy issuance time — improve.

Thoroughly plan process changes — and adjust implementation as needed

When you use a service oriented approach to optimize the business processes involved in life insurance policy administration, you can obtain the flexibility and responsiveness needed to bring innovative products, services and strategies to market. But successfully improving your processes depends on having a good plan and diligently tracking your progress. As many as two thirds of process implementations fail to produce the expected benefits because their true impact is not known prior to execution.*

That’s why IBM offers industry-leading tools to help your staff plan, monitor and adjust the implementation of process changes. Leverage easy-to-use tools that help your teams:

- Easily reuse, create, modify and collaborate on process models.
- Simulate and analyze the impact of processes before implementation.
- Enable your IT team to quickly create supporting applications by leveraging your process models.
- Monitor and optimize processes by specifying key performance indicators during process design.



Business Partners help further leverage IBM software capabilities

IBM software for life insurance policy administration is complemented by applications and services provided by our IBM Business Partners — including the hundreds of

Business Partners specializing in service orientation — helping to make this solution a world-class foundation for success.

Working together with our clients, IBM and IBM Business Partners can help meet the needs of today's insurance industry organizations.

For more information

IBM is unique in its combination of unmatched insurance industry experience, deep service orientation skills, unparalleled Business Partner network, and software and technology product excellence — and as a result is a clear leader in service orientation. We can help you get started with service orientation, whether for the enterprise, a departmental initiative or a single project. IBM is the ideal resource for insurance firms seeking to meet the challenges of driving to greater levels of customer and agent loyalty and simultaneously improving operational efficiency in this dynamic and rapidly changing industry.

To learn more about IBM software for life insurance policy administration, including demonstrations and customer case studies, visit ibm.com/insurance/flexibility

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*Omar A. El Sawy, *Redesigning Enterprise Processes for e-Business*, 2001.

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