Agile IT helps customers choose Aviva Health

Overview

Customer challenge

Keen to double its business across Income Protection and Private Medical Insurance in three years whilst improving the customer journey but without increasing costs, Aviva Health found itself hampered by an ageing and inflexible IT environment and a complex set of highly manual processes.

Solution

In partnership with IBM, Aviva UK Health designed and built an agile, dynamic solution which is now being rolled out to other areas of the business. The IBM WebSphere® family of software products is used to automate processes and integrate existing systems. The hardware platform is IBM System p® running AIX®.

As part of the Aviva group – the world's fifth-largest insurance group – Aviva UK Health provides health and income protection insurance through a variety of channels. Whether selling directly to individual customers, through an intermediary or via an employer's insurance scheme, Aviva Health aims to be "the health company customers love to deal with and employees want to belong to."

With a long and successful history, Aviva UK Health had an ageing and inflexible legacy IT environment and a complex set of highly manual processes which varied between channels and also between different intermediaries and employers. Development and operation was costly and the company was struggling to quickly respond to the rapidly changing demands of the modern marketplace.

Leslie Ross, Head of Business Change at Aviva UK Health explains: "We wanted to double the size of our Income Protection business in three years while keeping admin costs flat. To do that we needed to remove our dependence on manual processes by integrating and automating processes and systems. Watching other providers substantially increase their market share by introducing electronic trading, we recognised a change in our industry and we had to act."

One Aviva, one solution

Aviva UK Health evaluated integration tools in conjunction with other colleagues in the Life area of the group who were looking at similar technology. The aim was to find a solution that would meet the needs of the entire Aviva group, and Aviva Life have now also deployed solutions using the chosen technology.

"As well as for efficiency reasons, we chose IBM WebSphere because we have a strong relationship with IBM and we're confident the company will continue to invest in developing this software for the long-term," confirms Ross.

Initially working closely with the Income Protection side of Aviva UK Health, IBM created an agile, dynamic approach. IBM WebSphere Process Server software automates business processes and integrates existing back-end systems. Integration with Aviva's primary human workflow application – a Siebel solution – was particularly important for the management of manual activities, especially those related to risk and error handling. The hardware platform is IBM System p running AIX.

Customer benefits

- Reduced costs – cost per Private Medical Insurance quote reduced by 44%

- Increased levels of business – met sales targets to double the size of the portfolio by 2009

- Improved customer experience

- Improved corporate partner and intermediary experience

- Increased speed to market for new products

- Increased business flexibility and competitive advantage.

"We've had a lot of added value from IBM. We've been in and out of the IBM Labs at Hursley for training and advice. We even took our entire Board there for a day to explore how our flexible approach could be a real differentiator for our business."

– Leslie Ross, Head of Business Change at Aviva Health

Efficient reuse

The first project using the new approach involved building an e-solution (known as Quote and Apply) for a key financial services partner in the income protection market. It is relatively simple to reuse much of the work when devising similar solutions for other partners and intermediaries that demand, as part of their selection process, that insurers have streamlined processing. New partners can now be brought on board in around one month, compared to several months previously, making Aviva Health easy and quick to work with.
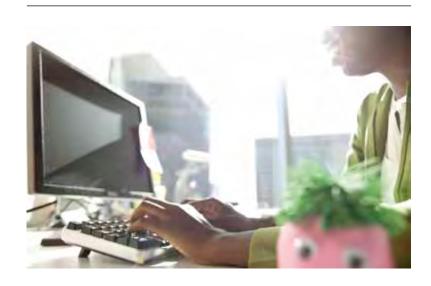
With streamlined processing in place throughout the whole of Income Protection, significant pieces of development work are being reused in Aviva's Private Medical Insurance business, enabling business volume to be increased very quickly at low additional cost.

"We're impressed at how much we've been able to achieve with a small in-house design and development team" says Ross.

Flexible business rules

For Aviva UK Health staff, an increase in straight through processing has meant a redefinition of roles. Routine day-to-day tasks like inputting information and correcting errors have been automated leaving people free for more complex activities such as exception handling. Ross says: "To further improve efficiency, we set business process rules within IBM WebSphere which determine what is automated and what requires human input. From a cost, value and risk perspective this is extremely useful."

Aviva UK Health is just beginning to implement dynamic publishing driven by carefully thought out business rules. For complex insurance products, the accompanying documentation can be copious because it has to cover every possible variation – most of which don't apply to the recipient. Business rules can tailor documentation to individual circumstances, meeting Aviva's vision of "Customer Recognition" plus resulting in slimmer documents, lower costs and an improved customer experience.

"The new approach we've implemented with IBM has improved our ability to respond to market change significantly. For example, if we want to change our pricing it's a simple case of unplugging the old pricing component and plugging in the new. We can provide our partners and customers with the best possible offer extremely quickly and they are not impacted, they continue to use the same interface."

– Brian Gilfillan, Intermediary Sales Manager at Aviva Health

New approach, new opportunities

The new approach has brought increased levels of agility to Aviva UK Health, particularly through deployment of Service Oriented Principles. IBM has been working with the IT department to make sure the business understands the benefits and opportunities. A series of IBM-led training events have focussed on how the approach can be used for competitive advantage.

"We've had a lot of added value from IBM," says Ross. "As they are just up the road from our head office, we've been in and out of the IBM Labs at Hursley for training and advice. We even took our entire Board there for a day to explore how our flexible approach could be a real differentiator for our business."

Improved service

Providing self-service access to information and functionality is easing interaction between Aviva Health and its partners. According to Brian Gilfillan, Intermediary Sales Manager at Aviva Health: "In Private Medical Insurance, most intermediaries or brokers are now obtaining requotes online rather than asking our staff to do them. This not only removes a large burden of work from us, it also reduces the time taken for a broker to receive a requote. Typically the time taken has reduced from days to minutes. Feedback from intermediaries suggests that they currently view our quotation system as the best in the industry."

Sales staff can see what intermediaries are doing online in realtime and can interact with them when appropriate to offer help and assistance. As a result, quote to sale conversion rates have improved significantly.

Towards group integration

Aviva UK Health has succeeded in achieving its initial objective of significantly reducing the cost of supporting increasing levels of business. In Private Medical Insurance, the cost of a quote has been reduced by 44% and the number of employees required to support every £1million of annual premiums has reduced by almost 38%, enabling our staff to use their time more effectively to focus on delivering excellent customer service. In Income Protection, for example, between one third and half of all administration tasks have been removed allowing the team to focus on tasks where they can add real value – also, the removal of the more mundane tasks from their day to day work has helped increase motivation. At least two new major sources of business chose Aviva UK Health as a partner because of its ability to trade over the Web.

Working with IBM has helped Aviva UK Health remove the constraints of its inflexible legacy systems without the considerable cost and risk of replacing existing systems. "The new approach we've implemented with IBM has improved our ability to respond to market change significantly," confirms Gilfillan. "We can alter individual parts of an offering without affecting the whole. For example, if we want to change our pricing it's a simple case of unplugging the old pricing component and plugging in the new. We can provide our partners and customers with the best possible offer extremely quickly and they are not impacted, they continue to use the same interface."

The speed and accuracy of onboarding intermediaries and partners has increased, as has the complete business process from quotations and policy issue to provision of commission statements. Information is entered once and is available online instantly for validation, future reference and printing by the intermediary or customer.

In Income Protection, the time taken to accept a new customer for a policy has fallen from weeks to minutes. Aviva Health has used a combination of IBM technologies with other vendor products to automate underwriting rules so that simple quotes can be accepted at point of sale rather than being referred for underwriting.

"The Aviva group has just been through a major rebranding, one of the key objectives of which is to present ourselves to our customers as a single integrated company – 'One Aviva'. The approach IBM has helped us achieve within Aviva UK Health could be used to enable this. By integrating with our colleagues across the group we could provide a single entry point and consistent experience for our customers and achieve even higher levels of efficiency," concludes Ross.

For more information

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