High performance. Delivered.

The Digital Insurer

Reducing costs and time to market through life platform modernization

Not if, but when and how

A recent Accenture survey of insurance equity analysts found that they have high expectations of life insurance companies. The firms to which they give their most favorable ratings are expected to grow at an average rate of 9.6 percent and to achieve an average return on equity of 15.1 percent. For most carriers this is an impossible target – given the difficult economic climate, most would be content simply to retain the business they currently have.

And yet the reality is that the market leaders are achieving these levels of performance. They are adapting their business and operating models to meet customers' changing requirements, and they are doing so rapidly, ensuring that they are the first to market with novel products and service innovations. Notwithstanding their investment in these enhancements they are succeeding in reducing their operational costs throughout the insurance value chain.

The difference between the front-runners and those which are struggling to keep up is, in many cases, the engine that drives them. Old, outdated legacy platforms are costly to maintain and prevent insurers from competing effectively against those with modern, flexible systems that provide agility and flexibility.

The market has become more demanding and fluid than ever before. Platform obsolescence is a millstone which few carriers can afford. The question is not whether to modernize, but when and how.

The benefits of an optimized operating platform

Insurance has always been a challenging business. It doesn't help that at the very time that markets have slumped, carriers are confronted by unprecedented demands from both customers and regulators – while new competitors from all quarters are threatening their traditional market share. At the very moment when they need to be nimble, efficient and innovative, they find themselves hamstrung by systems designed for simpler, more leisurely, more forgiving times.

Those times are gone forever, and most insurers recognize that they need an optimized operating platform to achieve a number of critical objectives:

Reduce operational costs across activities and markets

Legacy platforms are expensive to maintain and upgrade, and they will become increasingly so as the specialist skills required to carry out these actions become scarcer and costlier (Figure 2). Many carriers have experienced the frustration of having to go back and re-do work intended to enhance their legacy systems. Even when these efforts are successful, the investment can have the long-term effect of increasing overall operating expenses due to the complexities of integrating the old with the new. A modern platform introduces back-office and process efficiencies that typically reduce IT operating costs by 20 to 30 percent, development costs by 20 percent, application and infrastructure costs by 25 percent, and service costs per policy by 30 percent.

Improve speed to market

Taking nine to 12 months to develop and launch a new product is a critical impediment when competitors are doing the same in two to four months. In a market where technology is changing daily, constantly creating new opportunities for insurers to improve their offerings to customers, the inability to keep pace is an embarrassing liability. Platform modernization allows insurers to swiftly modify existing products and launch new ones, reducing the time to market by anything from two to six months. What is more, it significantly reduces the cost of development.

Efficiently provide new, innovative services

All of Accenture's recent insurance research shows that consumers insist on a variety of channels for interacting with their insurer. Their preferences differ according to the type of interaction they require, and range from their agent and a call center to mobile, e-mail and website access. They not only demand a self-service capability, but cannot understand why their insurer is unable to provide a seamless experience as they move from channel to channel. An optimized platform replaces product silos with a much more customer-centric operating model. This not only improves transparency and enables more convenient interaction with customers. It also provides the flexibility to continually enhance distribution as new technologies emerge and as customer requirements change.

Be technologically nimble and cost effective

The rationalization of the IT environment offers far-reaching benefits. Simplification, on its own, reduces risk, enables better utilization of resources and cuts costs. Modern systems bring with them a host of advantages, including service-oriented architecture (SOA) compliance, the ability to reuse common services, and quicker transaction times. Software as a service enables a shift from capital investment to an operational cost model, while cloud supports the development and production environment. The latest systems deliver an integrated multi-channel distribution capability and support a global business model. This all adds up to a lower total cost of ownership and a robust, flexible platform for growth.

Improve underwriting and pricing accuracy

With the prevailing pressure on interest rates and premiums, accurate underwriting has never been more important. Modern core processing systems help insurers gain a better understanding of the risks they cover. More sophisticated analytics, a more flexible and robust underwriting rules capability, together with performance evaluation and modelling features, put the insurer in a good position to select, plan for and price its risk.

Reduce business and IT risk

The risk to the business is significantly reduced by eliminating unsupported technology, limiting the reliance on resources with specialist knowledge, minimizing defect density, and being able to carry out agile development and deliver projects in small iterations. In addition, modern systems are better able to provide the data needed to report on risk and to comply with regulatory requirements.

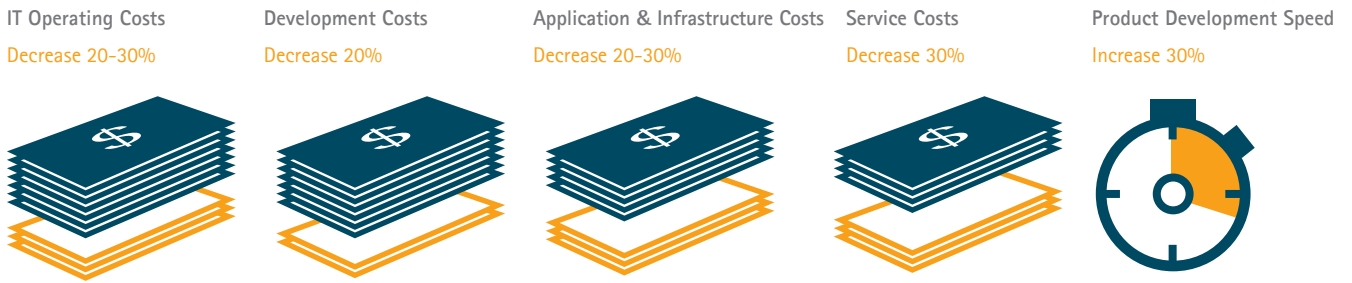## Figure 1: Typical benefits of platform modernization.

IT Operating Costs	Development Costs	Application & Infrastructure Costs	Service Costs	Product Development Speed
Decrease 20-30%	Decrease 20%	Decrease 20-30%	Decrease 30%	Increase 30%

Figure 2: Platform modernization enables insurers to move from issue to outcome with pace, certainty and strategic agility.

From Issue...

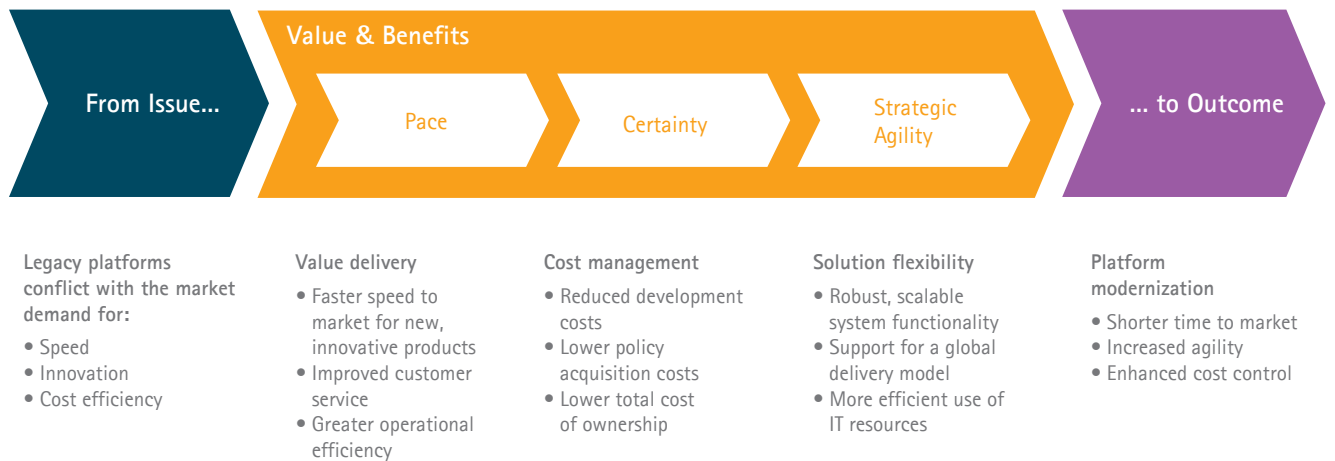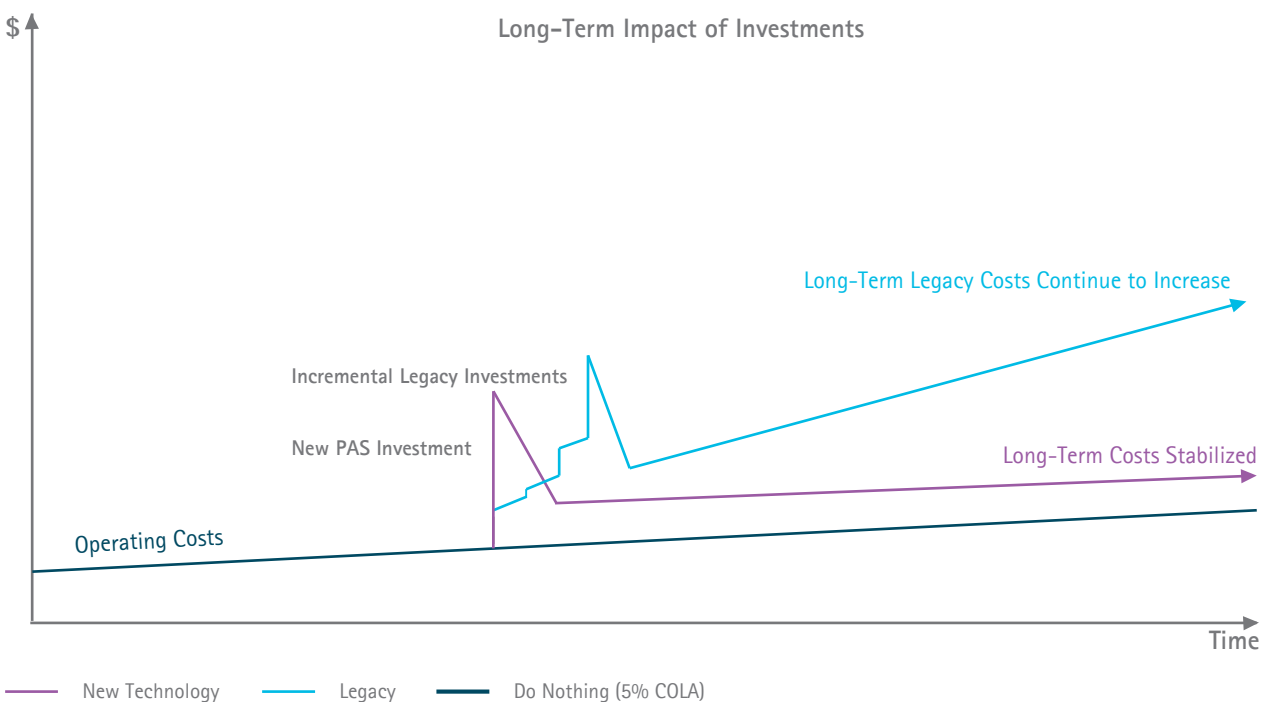**Value & Benefits**

Pace → Certainty → Strategic Agility

... to Outcome

Legacy platforms conflict with the market demand for:
- Speed
- Innovation
- Cost efficiency

Value delivery
- Faster speed to market for new, innovative products
- Improved customer service
- Greater operational efficiency

Cost management
- Reduced development costs
- Lower policy acquisition costs
- Lower total cost of ownership

Solution flexibility
- Robust, scalable system functionality
- Support for a global delivery model
- More efficient use of IT resources

Platform modernization
- Shorter time to market
- Increased agility
- Enhanced cost control

Figure 3: The cost implications of investing in legacy and modern processing platforms.

Long-Term Impact of Investments

Long-Term Legacy Costs Continue to Increase

Incremental Legacy Investments

New PAS Investment

Long-Term Costs Stabilized

Operating Costs

Time

— New Technology   — Legacy   — Do Nothing (5% COLA)

Approaches to platform modernization

Given all of the advantages of modernization, why is it that so many life insurers are still reliant on a multitude of old, obsolete processing systems? The reasons are often as complex as the problem itself, but fit into two broad categories:

Expense

While it is often suggested that insurers should replace their existing systems with a new, modern technology platform, that argument can downplay the very significant financial investment needed to build and populate a new policy system. It is not uncommon for insurers to pay hundreds of millions of dollars to replace their obsolete technologies. The fact that in most cases their legacy systems are still functional (albeit sub-optimally),

and therefore represent value for the organization, can make it difficult to justify simply writing off the asset.

Impact on the business

Even when organizations decide to invest in new technologies, they quickly discover that implementing and migrating data to a new platform is not for the uninitiated. Relying on inexperienced resources – whether they are the insurer's staff or those of the vendor – to roll out a new enterprise-wide application is not an impossible task. However, most insurers that rely on novices face missed deadlines, a deterioration in customer service, an increase in underwriting and rating errors, and a decline in new business sales as key staff become focused on simply responding to system migration problems.

How, then, should life insurers embark on modernizing their processing platforms?

Every insurer faces a different set of internal and external circumstances. For this reason, there is no single approach to platform modernization which is ideal for all. In Accenture's experience the following approaches are all worthy of consideration, although it is likely that only one or two will meet the needs of any particular organization.

Legacy Wrap

Believed by some analysts to be gaining in popularity, this approach entails using tools which relate to business process management, portals, workflow, integration, reporting and so on, to "wrap" existing administration systems. A standard interface layer is created, peripheral value-chain components introduced, and non-supported technologies eliminated. These measures enhance the usability of the legacy systems and deliver moderate improvements in processes and speed to market. While the life of the legacy technology is extended, IT costs are increased and the problem of obsolescence is deferred rather than solved.

▲ PROS

- This approach introduces most of the required new capabilities. Usability is enhanced, and processes and speed to market improved – albeit minimally.

- It is less expensive than system replacement, and potentially less disruptive to the firm's technology investment strategy as incremental improvements can be funded year-over-year.

- Limited organizational changes are required.

- Existing institutional knowledge can be leveraged.

▼ CONS

- This is a tactical solution that offers little more than a 5 to 10 percent process improvement.

- The consolidation of rules is difficult to achieve without significant architectural changes.

- The underlying technology is often unsupported and costly – IT costs rise without the benefit of the retirement of outdated systems.

- Maintenance of the core systems is heavily reliant on an aging workforce.

- When business rules are well understood and legacy technology is difficult or costly to maintain, system replacement is a better option.

Legacy Renovation

Renovation is the quickest, safest and cheapest of all platform modernization approaches. The development of new technologies has enabled the automated conversion of as much as 90 percent of legacy systems' code to a modern Java- or .Net-compliant language. The renovated applications perform at a higher level – although within the constraints of the original functionality – and can run on a host or a distributed platform.

▲ PROS

- The cost, duration and risk of this approach are superior to the legacy wrap and system replacement approaches.
- All of the business capabilities of the legacy applications, including the business rules and processes, are retained.
- The renovated applications provide greater agility, scalability and flexibility than before.

▼ CONS

- This approach offers little enhancement of processes or functionality – these improvements have to be implemented after the renovation.
- New support skills may be required for the new language and the updated applications.

System Replacement

This comprehensive approach allows the insurer to introduce new end-to-end policy administration capabilities which create opportunities for immediate improvement across the entire organization. It also provides a robust, scalable platform for the future, with a simplified integration infrastructure that supports service-oriented architecture (SOA) capabilities. Insurers can rationalize and consolidate their systems within their existing assets, converting onto existing modern assets and retiring their old systems.

▲ PROS

- Modern policy administration systems are designed specifically for insurance. They provide a robust, configurable and scalable platform with advanced features and the functionality to deliver end-to-end processing.
- A new system offers the greatest potential to minimize costs.
- Speed to market for new products is accelerated and agility is maximized.
- A clear path to future upgrades allows the insurer to stay at the forefront of technology while minimizing costs.

▼ CONS

- This approach may require more of an investment than others.
- The new technology has a far-reaching impact on the business and its IT, with an accompanying risk.
- The insurer needs to balance the desire to customize the new system with the advantages of standardization – the full portfolio of products may not be supported in the standard version, and configuration may be required.
- Implementation of the system will have a significant resource impact.
- There are relatively few vendors who can offer a modern architecture and the breath of functionality required to meet the insurer's transformation goals.

Outsourcing

A growing number of insurers are outsourcing parts of their system development and maintenance, as well as their non-core business processes and product lines, to third-party administrators or outsource partners. This may entail the outsourcing of end-to-end processes for specific coverage or blocks of business. Alternatively, it could involve the industrialization of business services through rationalization and consolidation of systems, processes and operating models, and the potential for business process as a service (BPaaS).

The options which business process outsourcing (BPO) offers range from a basic model which focuses on labor arbitrage to reduce the cost of non-core tasks, through to an "industrialization" model which aims to provide maximum value across broad areas of the business through platform consolidation and process optimization. Each model has its advantages and disadvantages, which differ according to insurers' needs and circumstances. In all cases they add flexibility to the operating and financial models.

▲ PROS

- BPO is a modern and increasingly popular solution to changing business needs.

- It is typically sold with a service-level agreement which promises enhanced service to customers, intermediaries and the business itself.

- It reduces policy processing costs and the cost of policy management errors.

- It creates a predictable cost and expense structure, with variable fees replacing capital investment.

- It offers a range of options to optimize sourcing and capitalize on labor arbitrage.

- It has the potential to accelerate speed to market.

- It frees up management to focus on product development and marketing.

▼ CONS

- The initial build-out can be relatively expensive.

- The organizational impact of transferring the processing to the vendor can be significant, especially if this is done without streamlining the processes and without ensuring that standard operating procedures are in place.

- Vendors may lack subject-matter experts with hands-on experience of the insurer's processes.

- Insurers are often uncomfortable with what they perceive to be the loss of control over their operational processing.

Hybrids

Most carriers explore hybrids of the four approaches described above. The intention is to combine a number of migration strategies – which may vary for different blocks of business – to meet specific objectives while considering system limitations. Hybrids allow insurers to increase new capabilities slowly and strategically over time.

Essential considerations when modernizing your platform

While the benefits of platform modernization are impressive and enduring, the effort, cost and risk involved in a project of this scale are sobering. Insurers that are contemplating it need to have a clear view of the implications, and a well-defined, realistic roadmap. There are also a number of of issues which they need to consider carefully and resolve before the detailed roadmap can be developed:

Prioritization of portfolios to be migrated

This involves the upfront analysis of the profitability of the portfolios under management: their acquisition and administration margins, the portfolio erosion, the IT and administration costs, and the asset / liability exposure.

Definition of the target policy administration system

This includes finalizing the investment required and the strategy for migration to the new system.

Migration

How will the cut-over to the new system be managed, and what resources are likely to be required? Will any policies be transferred to other products, will any portfolios be disposed of, and will any other commercial arrangements come into play?

Portfolio rationalization

What will consolidation and optimization of the policy administration process entail, and how will set-up costs be contained?

Outsourcing

Are there benefits to be gained by outsourcing the portfolios – either in their entirety or with a focus on either closed or open books?

Cross- and up-selling

How can the anticipated improvement in customer interaction and service be leveraged through the implementation of a cross- and up-selling capability?

Answering these and other questions requires input from a multi-disciplinary team that can align an understanding of the business drivers with the system capabilities and dependencies they imply. This calls for people with knowledge of:

• Existing and future customer, product and channel strategies.

• System architectures and the IT cost base.

• Servicing operations and the associated cost base.

• The future development priorities and the capacity to meet them.

Taking this view of the business places the emphasis on business strategy, products and operations rather than platforms to drive the right way forward.

The Accenture road to platform modernization removes impediments to change and high performance

Accenture has the insurance experience, the consulting strength, the technology expertise, and the software and tools to help plan and implement a successful platform modernization strategy and roadmap. We invest continuously in research and development, life insurance technology, and our global network of delivery and BPO centers to deepen our capabilities and expand our offerings. This commitment allows us to deliver positive, dependable outcomes to our life insurance clients.

Among our capabilities and assets are:

Consulting tools and reference models

Accenture has a wide variety of proven tools, frameworks and reference models which help jump-start the design of a new target operating model while enhancing quality, mitigating risk and reducing delivery timeframes. The Insurance Capability Assessment Model (ICAM) defines basic, competitive and leading practices for all key capabilities, facilitating agreement on the type of organization the insurer wants to be. Accenture's High Performance Operating Model for Life Insurance provides a basis to develop a target-state operating model, while our Business Rules Mining Methodology is a repeatable process which dramatically improves the speed and quality of rule mining and validation. Our Insurance Logical Process Architectures are used for client-specific process development that creates best-in-class capabilities. Finally, the Accenture Platform Consolidation Framework helps insurers develop a transformation strategy with a high probability of meeting the goals of the business.

The Accenture Life Insurance Platform

Our software suite is viewed by many analysts and experts as one of the industry-leading life insurance platforms. It combines a variety of key modules into a single flexible platform, speeding time to market, reducing operational costs and facilitating true multi-channel capabilities (see page 14).

The Accenture Insurance Data Migration Factory

We offer a proven, consistent and industrialized set of products and services that help clients quickly and successfully migrate data from legacy systems to new, optimized platforms. It has supported more than 85 implementations and migrated more than 60 million insurance policies globally.
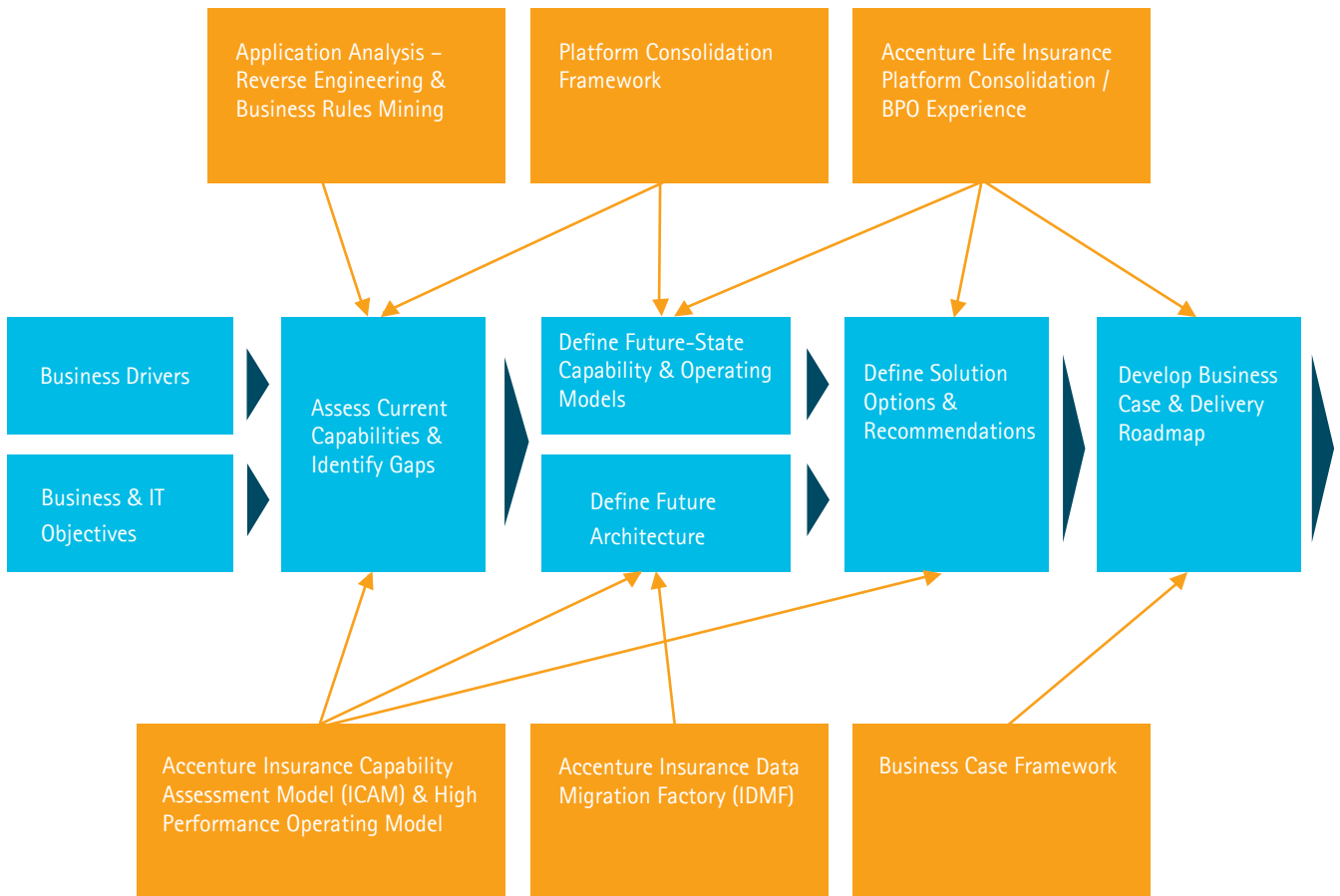
Life Insurance BPO

Accenture is regarded by many industry analysts, third-party advisors and insurers themselves as the world's leading insurance business process outsourcing provider. Our BPO centers comprise 4,500 insurance specialists in nine countries, providing a range of onshore, near-shore and offshore services to more than 50 carriers. They have the proven ability to take over an insurer's non-core functions and, in less than four months, be fully operational with cost reductions of between 30 and 50 percent.

Accenture Global Delivery Network

Much of the responsibility for effectively applying the tools and models described above, and providing an efficient BPO service, lies with the Accenture Global Delivery Network. With 154,000 professionals in more than 50 centers, it is the largest and most diversified group of technology, systems integration, business process and outsourcing specialists in the world. It delivers our solutions consistently across engagements and delivery centers, helping to realize the business case, minimize risk, increase delivery efficiency and accelerate the pace of transformation.

Figure 4: Accenture's assets and assessment approach will build out the insurer's future-state vision and platform modernization roadmap.

Application Analysis – Reverse Engineering & Business Rules Mining

Platform Consolidation Framework

Accenture Life Insurance Platform Consolidation / BPO Experience

Business Drivers

Business & IT Objectives

Assess Current Capabilities & Identify Gaps

Define Future-State Capability & Operating Models

Define Future Architecture

Define Solution Options & Recommendations

Develop Business Case & Delivery Roadmap

Accenture Insurance Capability Assessment Model (ICAM) & High Performance Operating Model

Accenture Insurance Data Migration Factory (IDMF)

Business Case Framework

Why Accenture?

Accenture has deep industry knowledge based on decades of collaboration with many of the world's leading insurers. Our track record confirms we have extensive, practical management consulting expertise, significant experience in platform transformation – across all of the various implementation approaches – and extensive systems integration and other technology capabilities. We are one of the very few organizations that can help insurers from the beginning to the very end of their modernization journey: from business case and strategy development all the way through to delivery of the expected business outcomes.

We also have a core policy administration system which is regarded by many as a market leader. The Accenture Life Insurance Platform is rated by most analysts as a front-runner which offers considerable technical, product and functional depth.

However, if platform replacement is not a suitable option for our clients, we have the capabilities and the experience to help them implement any of the other modernization approaches. We can also plan, scope and execute a phased or a comprehensive implementation, depending on the insurer's need for rapid transformation.

Our work with life insurers has confirmed that platform modernization can deliver far-reaching benefits and help them to:

- Reduce costs and improve efficiency throughout the enterprise.

- Rapidly and less expensively introduce innovative insurance products through multiple integrated channels.

- Deliver a more personalized, competitive customer experience.

- Enhance the collection and exploitation of customer and enterprise data.

- Optimize the response to human resource requirements.

- Meet the terms of increased regulatory scrutiny.

- And take advantage of multiple strategic sourcing options which can reduce the cost base and introduce variable costing.

These benefits go a long way toward helping insurers gain a better understanding of their customer segments, strengthen customer acquisition and retention, meet the challenges of an uncertain market, and improve financial performance.

To find out more about Accenture's life insurance platform modernization services, and how we can help you achieve high performance, visit our website at www.accenture.com/insurance.

The Accenture Life Insurance Platform

The Accenture Life Insurance Platform has enabled successful life insurers to accelerate their product development cycle by 30 percent, lower their business operations costs by as much as 20 percent, and reduce their IT and operational costs by up to 40 percent.

Our life insurance software suite combines decades of Accenture life insurance experience in a feature-rich, flexible system that is easily customized to your business needs. In addition to a complete policy administration system, the modules include Illustrations, Electronic Applications, and powerful underwriting and rating engines.

All products are housed on the single platform, providing a customer-centric view of your business. This straight-through-processing ability facilitates the speed, accuracy and efficiency required by policy administration while arming distribution and claims professionals with powerful and flexible tools.

The modular platform can be implemented as part of a complete transformation or within a phased approach. By using an existing, proven platform such as the Accenture Life Insurance Platform, insurers can avoid the risks associated with designing and implementing custom software solutions, while taking advantage of the platform's feature-rich components.

Analysts acknowledge the strength of the Accenture Life Insurance Platform

Celent

In Celent's recently published North American New Business and Underwriting Systems ABCD report*, the Accenture Life Insurance Platform New Business and Underwriting solution was awarded the XCelent 2012 Customer Base Award.
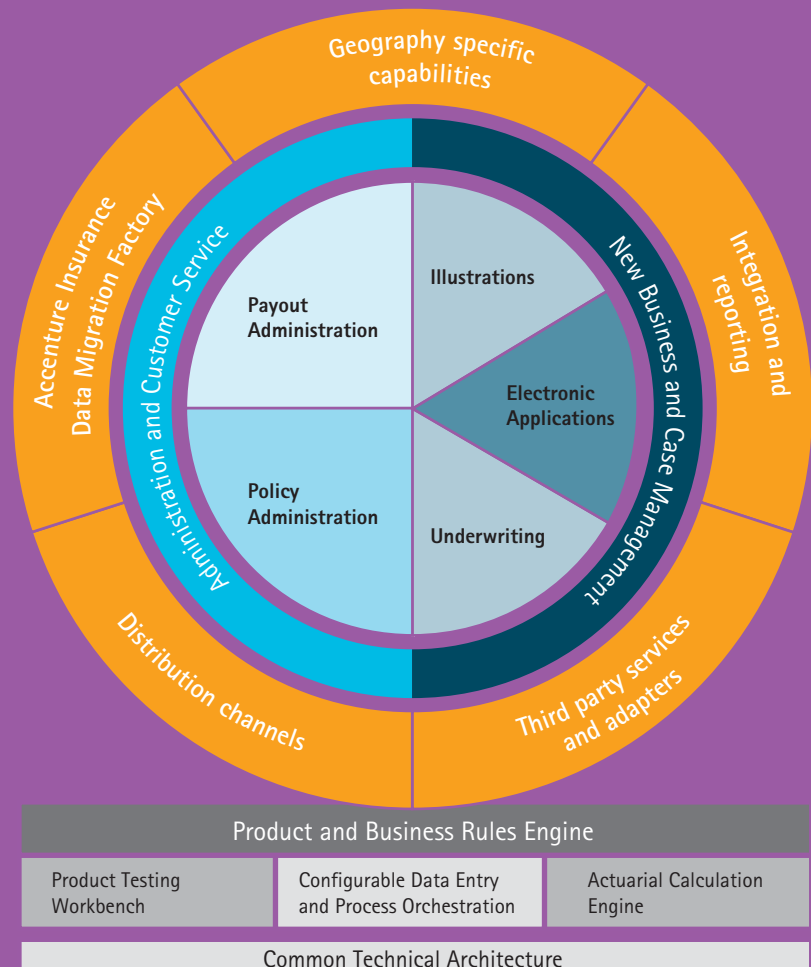
In addition, the Accenture Life Insurance Platform is featured in the top right quadrant in both technology / functionality and base / service, indicating the platform's strong capabilities across all of the rated areas.

Gartner

The Accenture Life Insurance Platform received a "Positive" rating in Gartner's "MarketScope for North American Life Insurance Policy Administration Vendors" report, published in June 2012.

* Celent 2012 North American New Business and Underwriting Systems ABCD report, December 18, 2012.

Figure 5: The Accenture Life Insurance Platform

Navy Mutual selects Accenture Life Insurance Platform to modernize its operations

Navy Mutual is a non-profit mutual benefit organization for active duty, reserve and retired members of the US sea services: Navy, Marines, Coast Guard, the National Oceanic and Atmospheric Administration, and US Public Health Services. It is headquartered in Arlington, Virginia, on Joint Base Myer-Henderson Hall. In 2011 it had 93,102 members plus 111,904 dependents, and a premium income of $86 million.

Business challenge

Navy Mutual wanted to replace its existing systems with a modern underwriting and policy administration system that would make it possible to:

- Improve service to members by bringing better products to market faster, supporting straight-through processing and improving access to information.

- Maximize return on IT investment by avoiding the maintenance costs associated with legacy systems, minimizing reliance on scarce skills, and ensuring compliance, audit functionality and documentation.

- Optimize talent by retaining employees and eliminating non-value-add activities.

How Accenture helped

In 2012 Accenture helped Navy Mutual implement the Accenture Life Insurance Platform, which supports all of Navy Mutual's policy administration and new business functions and completely replaces the insurer's previous systems.

As part of the project, Accenture converted 138,000 policies from Navy Mutual's legacy systems using the Accenture Insurance Data Migration Factory, an end-to-end data migration solution. This conversion allows the insurer to handle all new business and service existing policies on a single platform.

High performance delivered

The cost-effective implementation of the Accenture Life Insurance Platform provides Navy Mutual with maximum flexibility while limiting operating costs and improving service quality and member satisfaction. The new platform is helping to drive US growth by reducing the time it takes to create and launch new products and services.

Throughout the implementation and data migration, client data security was maintained because sensitive information never had to "leave the building".

"The new system, which supports virtually all of our processing needs across our business, is a key component of our growth agenda. We expect the Accenture Life Insurance Platform to deliver simplified product development functionality based on pre-configured processes, as well as real-time testing capabilities that should allow us to respond even more effectively to changing market conditions."

Bruce Engelhardt

President and CEO,
Navy Mutual Aid Association

Platform replacement success story

Allianz chooses the Accenture Life Insurance Platform to improve operational efficiencies

Allianz Life Insurance Company of North America, a leading provider of retirement solutions, including fixed and variable annuities for individuals, sought to replace its mix of older, siloed legacy systems with a new technology platform.

This new platform would improve the speed and cost of new product introduction, increase operational efficiency within policy administration functions, and optimize its responsiveness to the demanding needs of the market and regulatory environment. Part of this plan entailed implementing a new policy administration system across all product lines.

How Accenture helped

The company chose the Accenture Life Insurance Platform to support its new business and policy administration processes for the fixed and variable annuity business as well as the life insurance business. Key elements of the life insurance software solution include:

• More robust business-rules management and engine functionalities.

• Expanded self-service capabilities.

• More flexible workflows.

• Automated end-to-end business processes.

High performance delivered

The Accenture Life Insurance Platform's centralized management function now supports routine product and system updates across the company's multiple software applications – a functionality it lacked before when it operated with a silo-based structure. Not only did this simplify platform integration during the build phase, it also allowed the company to sharpen its competitive edge and reduce costs during the application's run state.

The insurer's technology support costs are to be reduced by 30 percent. Through the broad functional and process reach of its software solution, Accenture is also expected to help Allianz to:

• Improve speed to market.

• Support distribution growth and self-service objectives through the software suite's robust configuration of business rules, flexible workflows and expanded service-based architecture. Where channel variations required customized code and / or development of sub-systems to meet specific challenges, the Accenture Life Insurance Platform delivered improved agility through its platform.

• Support continuous process improvement efficiently and economically through its configurable business rules and workflows.

Generali France transforms back-office systems for growth and high performance

Generali is one of the world's largest insurance companies with operations in more than 60 countries. It has more than 83,000 employees serving more than 65 million clients. In 2011 the group achieved €69 billion (US$92.7 billion) in gross written premiums, approximately two-thirds of which was derived from its life insurance products.

Business challenge

When Generali turned to Accenture in 2006, it comprised several operating entities. While united in name, these entities each operated separate IT systems, processes and workflows.

The company was hobbled with an aging technology suite that was comprised of many back-office IT platforms, point solutions and duplicate systems. Not only was this collection of platforms difficult to modify and improve; the sheer number of technologies being utilized resulted in inflated maintenance costs. The company realized that in order for it to retain its position as one of the country's leading insurers, it would need to rationalize its various stand-alone operations into a single, robust technology platform.

How Accenture helped

Generali France turned to Accenture for help in transforming its IT operations. Accenture facilitated planning sessions with stakeholders, identifying risks and issues with the planned transformation and establishing a well-defined project scope and budget. As part of the collaborative transformation effort, Accenture:

- Worked with Generali to develop a comprehensive functional design that incorporated all business requirements, functional abilities and technical demands, documenting the unique needs of each operating unit and consulting each team on business and regulatory requirements.

- Designed a common platform to be used across all operating units, providing solutions that could easily support new products and opportunities.

- Leveraged its Insurance Data Migration Factory to convert and transfer client and policy data from the existing systems to the new platform and database, minimizing disruption to service levels while expediting deployment.

High performance delivered

As a result, Generali France now benefits from a single IT platform for each product line and operating unit, helping the organization leverage economies of scale, streamline employee training and improve service levels. Some more specific achievements of the project with Accenture include:

- Knowledge and data silos have been replaced by standardized processes, workflows and management reporting, enabling executives to fully understand business results and metrics.

- The switch to a robust and fully proven platform has resulted in higher levels of system reliability and reduced downtime substantially.

- Systems and IT operating and maintenance costs have been reduced by 30 percent due to the decommissioning of five IT platforms over five years and the consolidation of that business on a single platform.

- The new rationalized system simplifies new product development timelines, allowing Generali to introduce new and improved products more efficiently.

- Incomplete, inaccurate or missing data was identified during the migration process, allowing the Insurance Data Migration Factory to update the information prior to launch. This has led to higher service levels and more accurate actuarial analysis and reserving capabilities.

Business process outsourcing (BPO)

In addition to the above initiative, when Generali France acquired two life insurance companies in 2003 (Continent and parts of Zurich France, which earlier had acquired Eagle Star), the company looked to Accenture's BPO services for its data migration and policy administration requirements. The aim was to address the following challenges:

- Integrating the acquired companies into its business as quickly as possible.

- Converting the fixed costs of managing the acquired companies' life portfolios to variable costs.

- Eliminating legacy systems and ring-fencing the business functions that supported them to reduce complexity and cost.

- Reducing future capital requirements.

Based on the successful long term relationship between the two companies—which also included integration of six portfolios into a single system between 2005 and 2008—Accenture signed an agreement with Generali France in February 2012 to manage a portfolio of approximately 100,000 individual life insurance policies that the insurer no longer underwrites, markets or promotes. Through to 2025, Accenture is processing all incoming and outgoing flows into the back office for these policies, and has also taken responsibility for front-office customer contact by mail, email and telephone.

To maintain superior customer service on behalf of Generali France while lowering operating costs, Accenture is reengineering the insurer's policy management processes and increasing automation through the Accenture Life Insurance Platform. This platform has been customized for the French individual life insurance market.

Accenture has not only translated the software into French, but has aligned product configuration around French market needs across universal life, term life and whole life insurance offerings. The software is tailored to 16 tax regimes within France and fully configured for local business processes, standards and rules.

The agreement enables Generali France to focus on client relationships and product development while reducing costs and operational risks. It also allows it to increase productivity by standardizing and automating its policy management processes.

Benefits include:

- Reduced policy administration costs.

- Improved processing efficiency.

- Profitability of declining books through variable pricing.

- Reduced IT maintenance and development costs through platform rationalization.

- Access to a specialist service without having to manage the processing resources.

- Enablement of focused product, market departures or systems decommissioning.

- Increased customer retention.

"I am personally convinced of the success of the program and I am certain that it will contribute to the profitable growth of our activities."

Regis Lemarchand

COO of Generali's Professionals / SME Market Unit

"Since April 2007, the team has worked with enthusiasm to design the direct platform with a strategic and diligent approach, allowing Generali to offer our clients, intermediaries and internal staff high-quality service. Today this program has become a reality and a great success."

Béatrice Honnoré

Director of P&C and Personal Insurance Business Analysis, Generali

Author

Brian DeMaster
Global Platform Modernization Offering Lead, Accenture

About the series

The Digital Insurer is an Accenture series that provides insights on how insurers can achieve high performance in the digital age. Digital is not simply a new distribution channel—it offers an entirely new way of doing business. Insurers are learning how to provide easier access to more relevant products and services at a lower cost, and this series presents pragmatic discussions on analytics, back-office digitization, marketing, mobility, social media and more.

Related resources

You can find the full collection of related resources at accenture.com/digitalinsurer, including the following items:

Analytics

- Reaping the benefits of analytics: Six ways to make your business intelligence smarter (2012)

- Analytic insurer (video, 2012)

Back-office digitization

- New era in insurance: Cloud computing changes the game (2012)

- New technology and efficient pricing: Is telematics the next insurance revolution? (video, 2012)

Digital insurance

- The digital insurer: Change now to get ahead (P&C and life insurance) (2012)

- Accenture technology vision: What it means for insurance (2012)

Digital marketing

- Customer experience platform: A foundation for growth for insurers (2012)

- Empowering agents to employ digital as a competitive weapon (2012)

Mobility

- New age of mobility (2012)

- Selling more with mobile solutions: Building the right strategy, innovation agenda and sales representative experience (2012)

Social media

- Insurers and social media: Vast potential, significant challenges (2012)

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 259,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

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