Business Process Outsourcing
Life Insurance

High performance. Delivered.
Life Insurance Challenges

Life Insurers are facing market shrinkage, increased customer volatility, cost pressure and ageing IT systems

**MARKET**
- Dampened demand in mature markets
- Declining investment income
- Unaddressed emerging markets
- Increased competition from online insurers, bancassurers & other new entrants

**OPERATIONS**
- Tighter regulatory environment
- Increased cost of compliance
- Ageing working force & limited access to certified resources
- Need to simplify & rationalise operating model

**CUSTOMERS**
- Customer fragmentation
- Decreasing customer loyalty & trust
- New distribution channels (mobile devices, web services, social media)

**TECHNOLOGY**
- Ageing legacy systems lacking flexibility
- Heterogeneous IT environment requiring rationalisation
Life Insurance Challenges

Life Insurers are facing market shrinkage, increased customer volatility, cost pressure and ageing IT systems

**Challenges for Life Insurers**

- **Life Insurance market shrinkage:**
  - Increased competition and saturated markets in mature countries
  - Emerging countries still to be addressed

- **Increased customer volatility:**
  - Fragmented customer base with emergence of generation Y
  - Declining customer loyalty, higher retention costs
  - New distribution channels (mobile devices, online insurers, …)

- **Increased cost pressure:**
  - Need to rationalize processes and operating model
  - Tighter regulatory environment
  - Ageing workforce and need to access to skilled resources

- **Ageing IT Systems:**
  - Ageing legacy IT systems lacking flexibility
  - Need for IT systems rationalization and modernization

**Key Drivers to Outsource**

- Scalable, global delivery capabilities
- Enable growth through new distribution channels
- Rationalize IT systems and processes
- Reduce closed books administration costs
### Life Insurance Business Outcome Value Chain

#### Offering

- **Life Insurance & Annuity**

#### Business Outcome

#### Business Outcome Indicator (BOI)

<table>
<thead>
<tr>
<th>Outcome Indicator</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Customer Retention per annum</td>
<td>• 35% faster speed-to-market through ALIP software usage</td>
</tr>
<tr>
<td>% New Business – New sales, Up &amp; Cross-selling</td>
<td>• 50% increase in cross selling through professional customer relationship management</td>
</tr>
<tr>
<td>% of Audits with Significant observations</td>
<td>• Policy management error costs reduced by 30%</td>
</tr>
<tr>
<td>% of Fraud cases</td>
<td>• Stock of requests and complaints reduced by two thirds in 3 months</td>
</tr>
<tr>
<td>Processing Accuracy % - Payments &amp; Policy Admin</td>
<td>• 30% reduction in payment time</td>
</tr>
<tr>
<td>% of Product-related Complaints</td>
<td>• 80-90% of the work processed electronically with ALIP</td>
</tr>
<tr>
<td>% “Competent” Overseers</td>
<td>• Policy processing costs reduced by 25-40%</td>
</tr>
</tbody>
</table>

#### Result

- **Strategic Value Improvements**
  - 35% faster speed-to-market through ALIP software usage
  - 50% increase in cross selling through professional customer relationship management
  - Policy management error costs reduced by 30%
  - Stock of requests and complaints reduced by two thirds in 3 months
  - 30% reduction in payment time
  - 80-90% of the work processed electronically with ALIP
  - Policy processing costs reduced by 25-40%
  - 19% reduced operational costs through centralization, streamlined processing and platform rationalization (ALIP)
  - 90-95% resources utilization through cross / up skilling (Insurance Academy)
  - 75% reduction in the volume of the hardcopy data inputs from employers

*In the Insurance industry, “Competent” is a clearly defined state. It requires specific qualification levels, structured training (actuarial, regulatory..). Competent overseers have deep insurance expertise and ensure that operations are compliant with regulatory standards.

**To be used only for closed books business**
Value Proposition - Life Insurance BPO

Value Proposition

Accenture Life Insurance BPO Services helps clients improve the quality and speed of claims processing and reduce costs. We provide the full life cycle of Life Insurance services, spanning policy administration, call centre, accounting functions, document management and archiving, and support key business functions including Sales, Marketing and Distribution and Corporate Treasury. Accenture’s background in the Insurance industry, combined with our leading-edge technology assets such as ALIP, the strength of our global delivery network and our ability to innovate and bring business insights, enable us to help our clients improve their speed to market, launch new products, achieve greater flexibility and improved decision-making.
## Value Proposition - Life Insurance BPO

Recognized leadership & proven delivery of Business Outcomes make Accenture BPO the strong partner to tackle Life Insurers’ challenges

### Accenture BPO Offer

<table>
<thead>
<tr>
<th>Comprehensive Offering: Address changing market conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Technology:</strong> Address next Generation needs</td>
</tr>
<tr>
<td><strong>Innovation:</strong> Address changing consumer behavior</td>
</tr>
<tr>
<td><strong>Multi-shoring Capability:</strong> Address operational issues</td>
</tr>
</tbody>
</table>

### Accenture Value Proposition

- Deep Insurance Industry expertise: serving 34 of the top 40 insurers worldwide
- Recognized leadership in BPO – 1st place in the IAOP Global Outsourcing 100 rankings (2010)
- Services cover Life Insurance value chain for open/closed books processing & new business launch
- Accenture Software Group: designing leading-edge software platforms for the Financial Services Industry
- Accenture Life Insurance Platform (ALIP): “a modern, flexible, and powerful solution” (Celent, 2010)
- Accenture Insurance Data Migration Factory (IDMF): a proven, cost effective & industrial asset for data migration (50 million + policies migrated)
- Improve Business Outcomes for our BPO clients combining analytics, insight and innovation
- Insight BPO: help our clients increase market share & retention through analytics & customer insight
- On-Demand BPO: Provide clients with greater flexibility through technology innovation
- Global presence in more than 120 countries with 230,000+ professionals including 35,000 Financial Services professionals
- A Global Delivery Network united by standardized methods and tools
- Established global Insurance processing footprint with 2,000+ FTEs dedicated to Insurance BPO
Client Background

- Full spectrum of insurance and investment products
- 46 million customers and assets under management worth more than €398 billion
- More than 331 companies in some 40 geographical markets

Business Challenge

- In 2004, Generali purchased two life insurance companies: Le Continent and Zurich France
- Integrate two new closed blocks of business quickly and smoothly without complex system/process re-engineering, or investing heavily in new technology
- Establish and maintain a consistent level of customer services

How Accenture Helped

- Impressive track record of providing insurance BPO services to French, European and global carriers (more than 2 million life policies managed)
- Accenture life insurance processing platform proven to deliver high quality back office administration at a significantly lower costs
- Insurance Data Migration Factory converted and transferred 150,000 policies rapidly and accurately onto a shared processing platform
- Policy administration transferred to Accenture Insurance BPO services – standardization and automation of processes.
- Responsibility of customer care taken over by Accenture Insurance BPO Services’ call center

High Performance Delivered

- Data migration achieved at speed and Generali’s policy processing smoothly transferred to Accenture
- Immediate cost savings and quality gains through industrialized processing model
- Administration costs reduced by more than 50 percent
- Customer satisfaction improved and processing back-logs reduced: stock of requests and complaints reduced by two thirds in 3 months
- No major capital expenditure for Generali
- No diverted resources and energy from new product development to overseeing the integration project
Life Insurance BPO Services Overview

Accenture’s BPO Services Address Several Components of the Life Insurance Value Chain

Open books / New business launch

Closed books

- Product Development
- Sales Marketing & Distribution
- Underwriting & New business
- Premium Accounting
- Policy Administration
- Claims
- Corporate Treasury functions

Life and Annuity Policy Services

Claims Services

Finance & Accounting Services

Call Center

Document Management
# Life Insurance BPO Credentials

<table>
<thead>
<tr>
<th>Scope of Services</th>
<th>FTE</th>
<th>Delivery Location</th>
<th>Benefits Delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generali</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Run-off of 6 Life Insurance portfolios since 2005</td>
<td>36</td>
<td>France</td>
<td>• Reduced policy administration costs</td>
</tr>
<tr>
<td>(350 products – savings, pensions, protection, group life – 105,000 policies)</td>
<td></td>
<td></td>
<td>• Improved process efficiency</td>
</tr>
<tr>
<td>• Premium posting</td>
<td></td>
<td></td>
<td>• Reduced IT costs through platform rationalization</td>
</tr>
<tr>
<td>• Policy administration &amp; services: financial / non</td>
<td></td>
<td></td>
<td>• Quality of services and client retention increased</td>
</tr>
<tr>
<td>financial changes</td>
<td></td>
<td></td>
<td>• Savings: 50%</td>
</tr>
<tr>
<td>• Claims management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Call Centre services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BNPP</strong></td>
<td>48</td>
<td>France, Bucharest, Morocco</td>
<td>• Reduced IT costs through platform rationalization</td>
</tr>
<tr>
<td>• 8-year BPO agreement to manage a significant</td>
<td></td>
<td></td>
<td>• Access to an industrialized platform to manage BNPP's group life policies portfolios</td>
</tr>
<tr>
<td>portfolio of group life policies ($6Bn) on Taiga</td>
<td></td>
<td></td>
<td>• Reduced policy administration costs</td>
</tr>
<tr>
<td>• Partnership to help client on business development</td>
<td></td>
<td></td>
<td>• Improved process efficiently and services quality</td>
</tr>
<tr>
<td>• New business data entry</td>
<td></td>
<td></td>
<td>• Increased market share</td>
</tr>
<tr>
<td>• Premium accounting and Accounting management</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Policy administration &amp; services: financial / non</td>
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<td>financial changes</td>
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<td></td>
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<tr>
<td>• Claims management</td>
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<tr>
<td>• Corporate treasury functions and Asset Management</td>
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<td>• Call Centre</td>
<td></td>
<td></td>
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<tr>
<td><strong>Groupama</strong></td>
<td></td>
<td>France</td>
<td>• Reduced policy administration costs</td>
</tr>
<tr>
<td>• 12 year + BPO engagement to handle the processing</td>
<td></td>
<td></td>
<td>• Improved process efficiency</td>
</tr>
<tr>
<td>of a significant life insurance portfolio (open books –</td>
<td></td>
<td></td>
<td>• Reduced IT costs through platform rationalization</td>
</tr>
<tr>
<td>260,000+ policies)</td>
<td></td>
<td></td>
<td>• Quality of services and client retention increased</td>
</tr>
<tr>
<td>• Partnership to help our client on PERP product launch</td>
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<td></td>
<td>• Revenue growth through the improved ability to cross / up-sell</td>
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<tr>
<td>• Policy administration &amp; services: financial / non-</td>
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<td>• Claims management</td>
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<tr>
<td>• Cross-selling / Up-selling</td>
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Offering Roadmap – Life Insurance

3rd Generation

- Value Prop based on:
  - Labor arbitrage
  - IT rationalization
  - Process efficiency
  - Cost reduction

4th Generation

- Focus on business outcomes
  - Revenue generation
  - Improved control
  - Process efficiency
  - Cost reduction

- Focus on back-office work
  - Per FTE & per policy pricing
  - Rely on AIS CRMS or client platforms
  - 2-tier delivery model with 80% onshore

5th Generation

- Support of full policy lifecycle and all customer interactions managed (voice, paper, web & mobile)
  - 1:M service utility models & standardized processes (TBD)
  - Outcome / value based pricing models (Private Equity model – TBD)
  - End-to-end automated solution including mobility & self-care

- Use of ALIP as BPO platform solution

- Flexibility delivery models & resources optimization through BPM tools

- Analytics for operational efficiency and client insight
  - Underwriting analytics (e.g.)
  - Claim analytics (e.g.)

- Pricing per policy & per transaction (OPC)

- Outcome / value based pricing models (Private Equity model – TBD)