

Accenture Insurance BPO Services

Gearing up for high performance

How Accenture is helping life insurers weather the storm and prepare for future growth

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High performance. Delivered.

• Consulting • Technology • Outsourcing

Optimized Operations: How to survive and thrive in an uncertain market

Teaming with Accenture can help you
succeed, now and into the future

The insurance industry is being severely tested. The shocks to the economic environment, coupled with the market downturn, have confronted insurers with change that is rapid and profound. Established business models are under strain, and carriers are having to fundamentally change their cost structures.

While the volatility and softening demand present a challenge for many insurers, for high performing companies they offer a great opportunity to pull away from the competition—to optimize their operating model, significantly reduce their costs, and increase their market share through meaningful differentiation.

The old way of running the business is unlikely to deliver new results, let alone equip the organization with the new capabilities and attributes

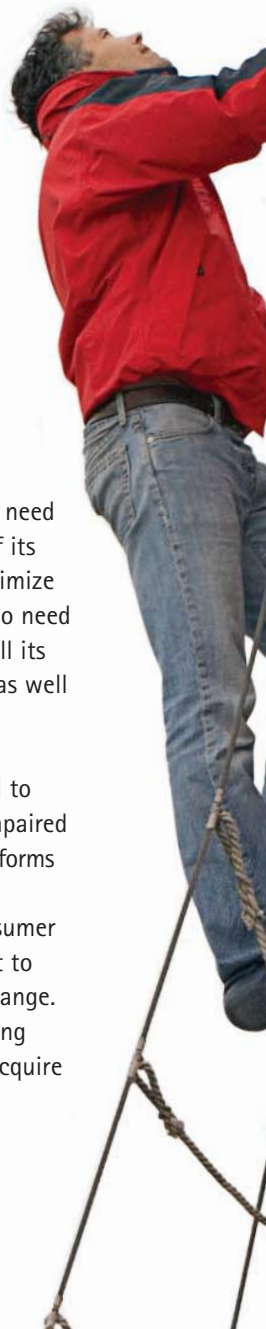
Three out of four insurance equity analysts believe transformation to improve operational efficiency is one of the most beneficial uses of invested capital.¹

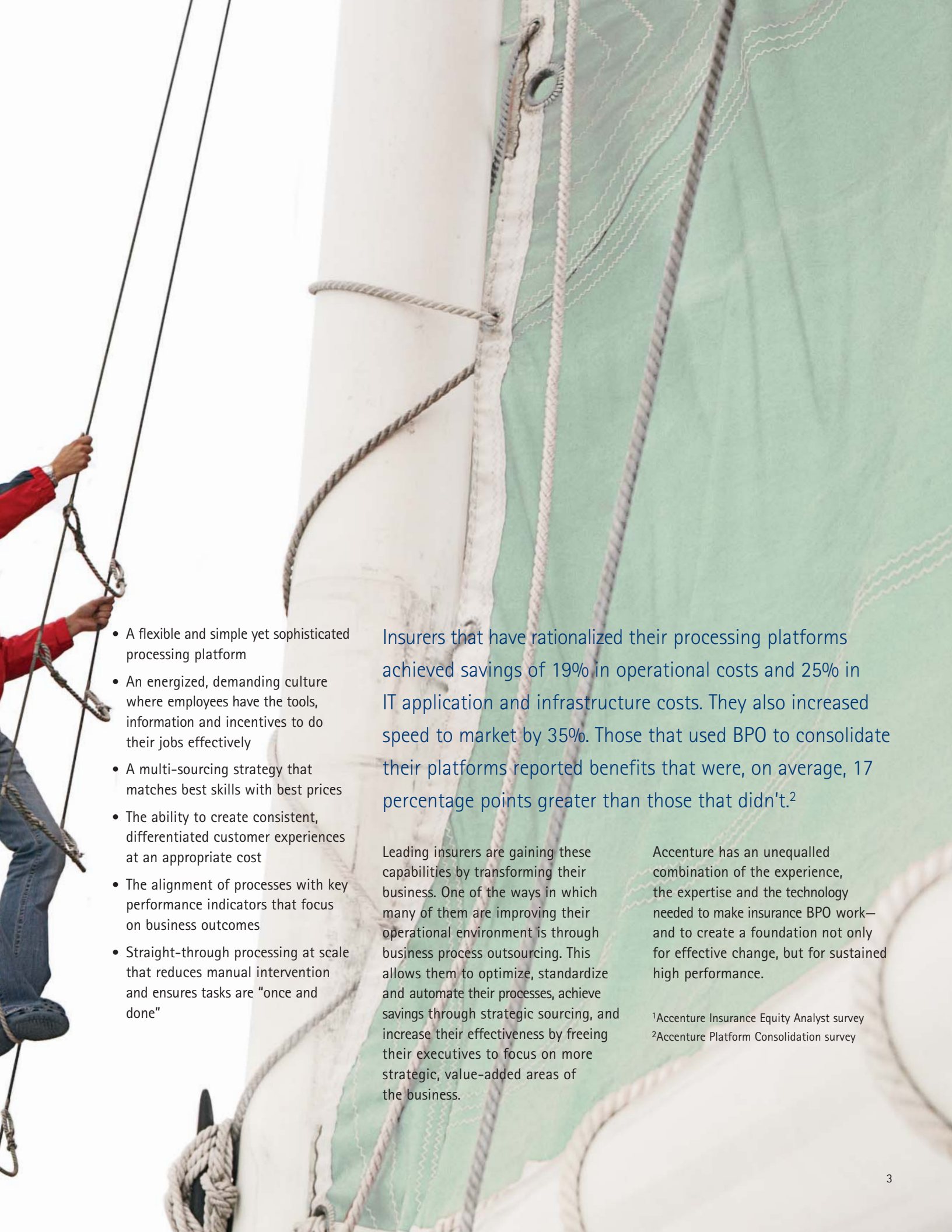
needed to compete effectively in a transforming marketplace. A fresh approach is needed.

Accenture has, over the years, conducted a number of research studies to gain a clearer understanding of the emerging forces that are affecting insurers, and how the most successful ones respond. Among these are our High Performance Business program—recognized by the Harvard Business Review as one of the 10 most notable achievements in the field in the past quarter century—our Multi-Polar World study and our Insurance Equity Analyst survey. All of these confirm the escalation of pressure on the modern

insurance organization, and the need for the ongoing improvement of its processes and operations to optimize its operating model. Insurers also need to become adept at growth in all its forms: organic and geographic, as well as mergers and acquisitions.

However, the flexibility required to effect these changes is often impaired by a multiplicity of products, platforms and interfaces. This complex environment is a voracious consumer of resources and an impediment to performance, innovation and change. To achieve an optimized operating environment, insurers need to acquire six key capabilities:





- A flexible and simple yet sophisticated processing platform
- An energized, demanding culture where employees have the tools, information and incentives to do their jobs effectively
- A multi-sourcing strategy that matches best skills with best prices
- The ability to create consistent, differentiated customer experiences at an appropriate cost
- The alignment of processes with key performance indicators that focus on business outcomes
- Straight-through processing at scale that reduces manual intervention and ensures tasks are "once and done"

Insurers that have rationalized their processing platforms achieved savings of 19% in operational costs and 25% in IT application and infrastructure costs. They also increased speed to market by 35%. Those that used BPO to consolidate their platforms reported benefits that were, on average, 17 percentage points greater than those that didn't.²

Leading insurers are gaining these capabilities by transforming their business. One of the ways in which many of them are improving their operational environment is through business process outsourcing. This allows them to optimize, standardize and automate their processes, achieve savings through strategic sourcing, and increase their effectiveness by freeing their executives to focus on more strategic, value-added areas of the business.

Accenture has an unequalled combination of the experience, the expertise and the technology needed to make insurance BPO work—and to create a foundation not only for effective change, but for sustained high performance.

¹Accenture Insurance Equity Analyst survey

²Accenture Platform Consolidation survey

BPO the proven strategy, Accenture the preferred partner

In 2008, Accenture was ranked the No. 1 outsourcing service provider by the International Association of Outsourcing Professionals—the same accolade presented by the publication InformationWeek.

Accenture is regarded by many industry analysts, third-party advisors and insurers themselves as the world's leading insurance BPO provider. Our track record of contributing to high performance—helping reduce costs, improve service, and enhance flexibility through process optimization—is testimony to an offering that works.

We 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. We can achieve this by virtue of our deep insurance and BPO expertise, our mature software assets and Global Delivery Network, and our robust transition and operating methodologies.

Accenture's insurance BPO services are differentiated by the comprehensiveness of our solution, the key components of which are:

Our understanding of insurance

For the past 30 years we have worked closely with many of the world's leading insurers. We currently serve more than 85 percent of the top 40 insurance companies, and more than half of all North American carriers—including the 10 largest in the United States.

Our experience in making BPO work

We have more than 16 years' experience in outsourcing, and currently service over 1,500 clients in some 30 different industries. Specific to insurance, we have approximately 4,500 specialists helping more than 50 insurers worldwide achieve high performance through outsourcing. Experienced in both life and annuity and property and casualty insurance, they handle more than 10 million transactions annually,

administer more than 2 million policies, and provide pension fund administration to over a million members.

It goes without saying that all of our BPO professionals operate in compliance with ISO, Six Sigma and other leading-practice guidelines.

Our methods and services

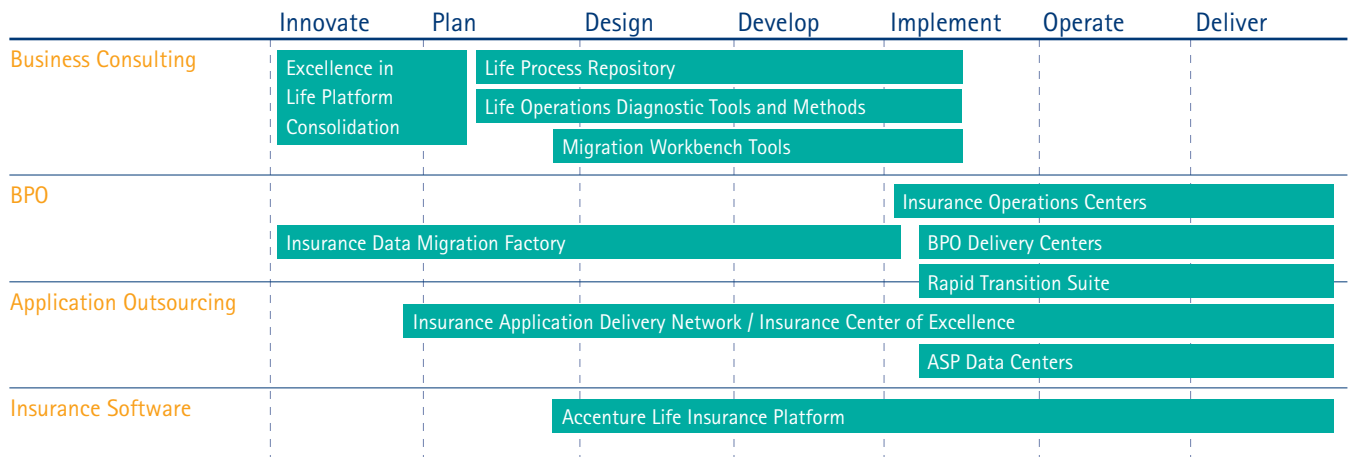
The Accenture Insurance BPO Services organization offers a holistic approach to process improvement and a foundation for sustained high performance.

These include:

- Administrative support for new business, policy services and claims
- A simple, optimized operating environment
- Straight-through policy processing through standardization and automation
- Industry-proven practices and the latest technology

Figure 1. Accenture offers the entire solution set needed for insurers to optimize their operating model

Accenture's Life Insurance Solution Set



Our BPO services extend throughout the insurance value chain. They are ideally complemented by our related services and assets, which together make up the entire solution set needed for insurers to optimize their operating model (see Figure 1).

Insurers have the choice of embarking on a strategic transformation program, tactically outsourcing just a single business function or process, or opting for anything in between. In fact there are three basic approaches that describe the ways in which companies typically utilize BPO:

- The first is often used by insurers to pilot a BPO strategy or familiarize themselves with a service provider. It is focused on immediate cost reduction, which is achieved by moving the processes offshore, where they are run on the client's application.

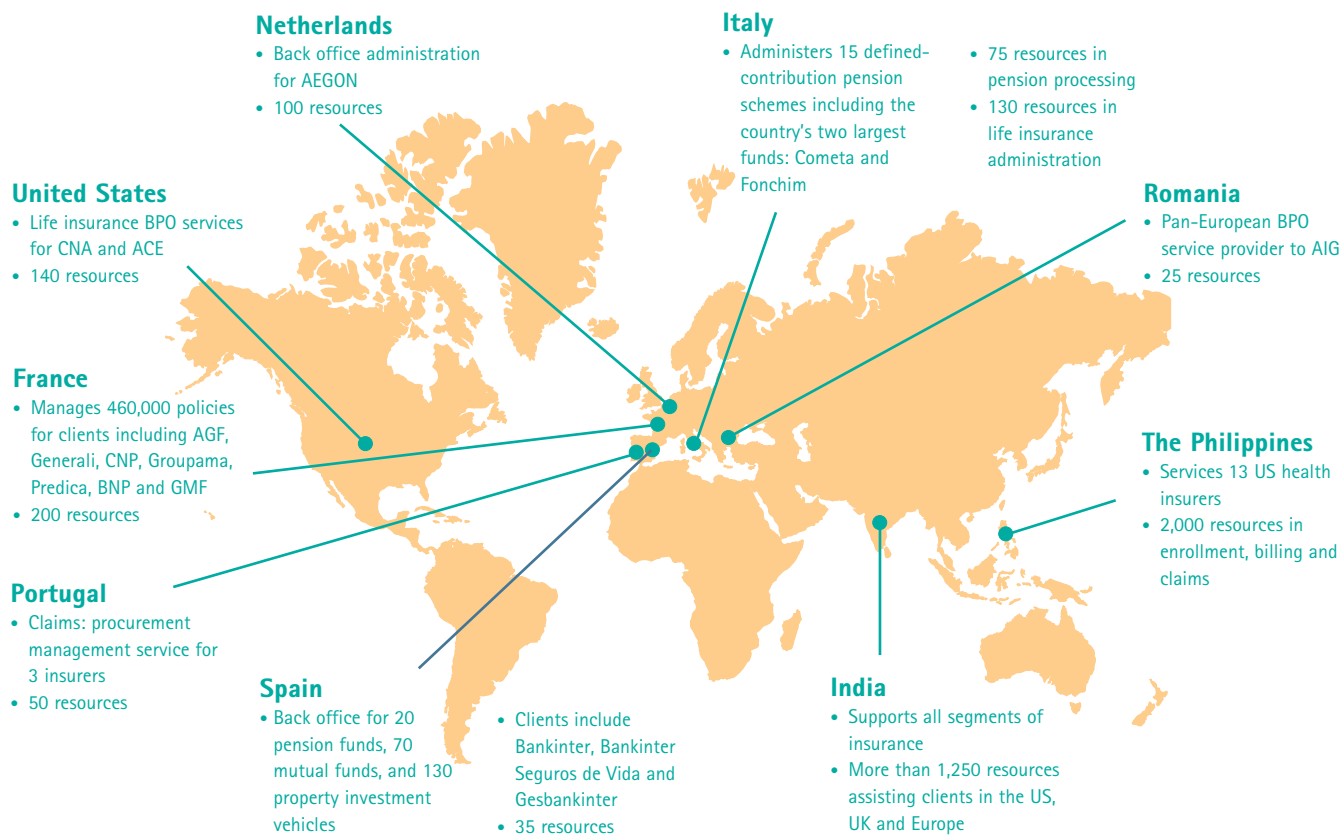
- The second approach involves on-going process improvements within a fully automated workforce-enabled environment, either onshore or offshore or a combination of the two. The insurer's objectives are not simply processing cost reductions, but also IT savings and shorter time to market.
- In the most strategic of the three approaches, the service provider would take responsibility for the client's people, processes and technology, probably migrating the processes to an optimized processing platform. The outsourcing agreement could include a risk-sharing provision, where specified technology and business performance improvements were guaranteed.

When they select Accenture as their BPO partner, insurers can not only select the approach that suits them best—they can also migrate over time from one to another. In fact, many outsourcers use the savings achieved by enhancing and outsourcing one area of their business to fund the improvement of another, in this way incrementally optimizing the organization.

They can also take advantage of only the labor arbitrage benefits of offshoring, or capitalize on the full spectrum of skills, assets and advanced methodologies that Accenture offers—onshore, nearshore and offshore.

Finally, they can tailor-make the combination of business process optimization, architecture strategy, IT outsourcing and BPO that is most appropriate to their needs.

Figure 2. Accenture's Insurance BPO processing centers



Our assets and resources

Accenture is renowned for its experienced business process specialists. These experts, together with large groups of systems integrators and technology infrastructure specialists, are available to support all BPO programs and, where required, to offer an all-encompassing solution.

We have nine established, specialist insurance BPO facilities located throughout the world (see Figure 2). They provide clients with experienced insurance processing personnel and shared, optimized processing platforms. They also utilize our Insurance High Performance Process Excellence tool, which is a suite of industry-leading practices that includes a logical operating model, a set of 1,500 insurance capabilities and 100 benchmark scales, a portfolio of insurance process architectures, and a management operating system for new client engagements.

Our suite of proprietary software solutions captures our extensive experience in insurance processes, providing consistent, optimized processing. The most notable of these is the Accenture Life Insurance Platform (see Figure 3). Acquired from NaviSys, it is rated by Celent as one of the leading platforms on the market. It is ideal for both open and closed books of life and annuity business, and it supports the rapid deployment of new products. It is highly configurable, with a powerful rules engine and workflow, and it enables straight-through processing from the front office to payouts and the back office.

Assisting in the implementation and maintenance of our BPO offerings is the Accenture Global Delivery Network (GDN), a large complement of highly skilled professionals with the proven capacity to build, manage and deploy solutions of all sizes and levels

of complexity. The GDN applies our proprietary Accenture Delivery Methods and associated framework and tools consistently across engagements and delivery centers, helping to increase delivery efficiency, accelerate the pace of improvement, mitigate risk, and realize the business case.

The transitioning of books of business to new processing platforms is made much easier, quicker and more accurate by virtue of Accenture's automated tools and methodology and its team of 200 insurance data migration experts. In its six years of operation the Accenture Insurance Data Migration Factory has successfully converted more than 30 million policies.

Figure 3. The Accenture Life Insurance Platform



Why choose Accenture?

Experience: 30 years in insurance, 18 years in BPO

Expertise: 4,500 insurance BPO specialists

Market-leading platform: formerly NaviSys

Global Delivery Network: 65,000 outsourcing and IT professionals

Insurance Data Migration Factory: over 30 million policies converted

Integrated capabilities: consulting, system integration, application outsourcing and BPO skills

Insurance process expertise: embedded in our operating procedures, software components and processing platforms

Innovation: in technology, processes and contracting

The building blocks of high performance

Over the years, Accenture has helped many life insurers improve their business performance.

The benefits for our clients have been significant and enduring. They have helped insurers meet their short-term commitments to customers and shareholders, while at the same time creating the foundation, and the impetus, for improved long-term performance.

Among the most important benefits that Accenture's insurance clients gain from business process outsourcing are:

Cost advantages

BPO can save insurers between 30 and 50 percent of the cost of their outsourced business process, through a combination of economies of scale, labor arbitrage and process optimization. It offers other cost benefits too. By allowing them to switch from fixed to variable pricing, it makes costs more predictable. It reduces the need for up-front capital investment, and

provides the flexibility that obviates over-investment in often under-utilized capacity. BPO also affords greater cost transparency, making it easier for insurers to price their products accurately.

Growth

Accenture's insurance BPO services help insurers achieve growth not only by enhancing the interaction with customers and producers, but also by raising sales effectiveness through an average 50 percent improvement in new product development cycles and costs, and by helping to create new channels and grow existing ones.

Agility

As the pace of change accelerates, the flexibility to maneuver rapidly and effectively becomes a decisive differentiator. Our BPO services give

insurers a rationalized, optimized processing environment, making it quicker, easier and less costly to modify existing products, launch new ones, expand into new market sectors or geographies, and integrate merged or acquired businesses.

Strategic focus

One of the most important benefits of BPO is the extra time and attention that senior executives can devote to those aspects of the business that differentiate the company and add real value. While the non-core functions targeted for outsourcing are important and often time-consuming, they are not strategic and should not distract managers from their true priorities.



Solutions for critical times

Accenture's insurance BPO services are ideally suited to insurers that:

- Want to reduce the cost of their closed books of business, while maintaining or raising their service levels
- Plan to launch a new product—into either an existing market or a new geography—with maximum speed and minimum cost
- Need to address the labor issues that are an inevitable part of employing a large body of administrative workers
- Require the flexibility to manage business fluctuations without large investments in capacity
- Have multiple locations and large workforces, and want to reduce expenses by moving their services to the most cost-efficient location
- Need to consolidate diverse operations within an efficient, optimized environment
- Struggle to comply with an increasingly onerous regulatory environment
- Are underperforming and require dramatic cost reductions and the ability to improve service and bring new products to market
- Are growing strongly and need administration efficiency, rapid new product delivery, and the ability to scale operations with skilled personnel

An impressive track record of helping insurers transform

Accenture has many longstanding relationships with leading international life insurers.

Over the years, through our BPO services, we have helped to set our clients on the path to high performance.

Generali

Generali is a global life insurance group operating in 44 countries, with approximately 46 million customers. Accenture helped it merge two large books of business, generating immediate cost savings and quality gains while avoiding complex reengineering and heavy investment in new technology.

RSA

RSA, formerly known as Royal & SunAlliance, is one of the world's leading multinational property and casualty insurance groups, with more than 20 million customers. As part of a broader cost-reduction initiative the insurer outsourced a number of its front-office and back-office

processes to Accenture. The result was not only lower operational costs, but also a consistently high level of customer service.

Great American Life

Great American Life is a subsidiary of the American Financial Group, which at the end of 2007 had assets under management of \$18 billion and more than \$2 billion in annual premiums. GAL outsourced parts of its policyowner functions to Accenture, reducing its costs by 40 to 50 percent while simultaneously cutting its processing turnaround times.

Cometa

Cometa, the largest pension fund in Italy, has 500,000 members employed by 12,000 companies. By outsourcing its administration function to Accenture Insurance BPO Services it was able to

offer its members a quicker, more accurate and more efficient service, with significantly improved access to information.

The proven ability to help insurers improve performance

As a means of advancing on the path to high performance, BPO is by no means a new strategy. Accenture Insurance BPO Services has more than 50 clients worldwide who have strengthened their position in the market, and improved their finances, by optimizing and outsourcing their business processes.

To learn more about how Accenture is helping life insurance companies achieve and sustain high performance—and how we might help your organization—visit www.accenture.com/insuranceBPO.

"Overall I was very impressed with the quality of the operation in Bangalore. Given my experience of BPO activity, it is clear to me that the quality of your people is high."

Bridget McIntyre, CEO, RSA

"We really think of Accenture Insurance BPO Services as a partner, rather than just a service provider. Together we have built a very strong and efficient business model. Thanks to Accenture we have been able to dramatically improve the service provided to our members, and to face the challenges of the market."

Maurizio Agazzi, General Manager,
Cometa



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About Accenture

Accenture is a global management consulting, technology services and outsourcing company. 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. With more than 186,000 people serving clients in over 120 countries, the company generated net revenues of US\$23.39 billion for the fiscal year ended Aug. 31, 2008. Its home page is www.accenture.com.