Accenture Insurance BPO Services

Achieving high performance through business process outsourcing

High performance. Delivered.

- Consulting
- Technology
- Outsourcing
The insurance business model is under intense strain. Growth has stalled, the pressure on premiums is unrelenting, and investment income has plummeted. At the same time, the frequency and severity of claims has risen. Unable to increase revenue in the short term, insurers have little option but to reduce expenses. However, after repeated waves of cost cutting, conventional measures are no longer having the effect they once did.

To achieve immediate, dramatic and sustainable cost reductions, insurers need to look beyond the tactical, narrowly-focused efforts that were common in the past. They need to adopt a more strategic approach, tackling the value levers that shape their cost structure at every point along the insurance value chain.

Accenture’s 30 years of experience working with many of the world’s leading property & casualty carriers, together with more than 10 years of intense research into the insurance business, have taught us that an optimized cost base is only achieved through changes to the business model. We have also learned that business process outsourcing can be a quick, safe and dependable contributor to a more efficient business model.

In brief...

Rapid cost reduction is imperative
Tactical methods are less effective than before
A strategic review of the cost structure is needed
BPO can contribute to a lower-cost business model
BPO is a powerful lever for achieving strategic cost reduction

In our experience there are four powerful inter-related levers that shape the cost structure of the enterprise and affect the way the insurer conducts every aspect of its business. These are:

1. Operating model integration
2. Optimized sourcing
3. Sales and service optimization
4. Operational excellence

Each of these levers contributes to an improved combined ratio. Business process outsourcing (BPO), by rapidly enhancing process effectiveness and efficiency, can help insurers meet the imperative of immediate cost reduction.

Accenture works with many leading insurers, helping them restructure their cost base and at the same time enhance their operational capability.

Different approaches are used by different carriers, depending on their circumstances and their objectives. Some seek to cut costs as rapidly as possible. Others strive to optimize their current cost model to move to higher levels of efficiency. And then there are those with more far-reaching ambitions. These companies are fundamentally reviewing their current operating model, with the intention not only to reduce costs throughout the value chain, but also to strengthen their operational capability in support of their business strategy.

BPO is a versatile, proven strategy

Accenture’s BPO services utilize optimized, shared processing platforms which are located onshore, near-shore and offshore. By capitalizing on operational efficiencies and the opportunity for labor arbitrage, carriers can typically reduce their operating cost by 30 to 40 percent. They can also improve the speed, accuracy and consistency of their operations through process optimization, standardization and automation.

Accenture offers its clients a variety of BPO models, covering the full spectrum of options, balancing speed, flexibility and impact on the business:
• Capacity Services BPO utilizes Accenture’s global resources and its low-cost, flexible BPO services capacity to rapidly augment clients’ operational capacity. This allows them to focus their resources on relevant areas as their business needs change.

• Lift-and-Improve BPO provides access to a low-cost operations platform, focusing on service levels and continuous process and productivity improvement.

• Transformational BPO enables significant changes to the underlying operating model, using a combination of technology, business process optimization and outsourcing.

The financial benefits of BPO can be realized within the first year of implementation. Insurers can opt for a simple deal structure and the outsourcing of individual functions only. Alternatively they can outsource their entire operation, negotiating a transaction-based arrangement that focuses on business outcomes, and in which risk and reward are shared.

Whichever route is preferred, BPO has consistently demonstrated its ability to help insurers reduce their costs.

Importantly, these efficiency gains have come not as a trade-off, but together with improved financial management—through variable pricing, better expense predictability and reduced capital investment—and enhanced operational capability. Together these benefits allow insurers to meet the demands of today’s contracting market, and to grasp future opportunities when growth is once again renewed.

In brief...

There are many different approaches to cost reduction

BPO is a powerful lever for shaping the insurer’s cost structure

Shared platforms & labor arbitrage can cut operating costs by 30 – 40 percent

Other benefits are greater speed & accuracy, more predictable costs, reduced capital investment

Accenture offers a variety of BPO models that balance speed, flexibility and impact

Insurers can opt for a simple deal shape with savings in Year One
Achieving high performance through business process outsourcing

Accenture’s insurance BPO offerings improve performance across the value chain

Accenture’s property & casualty insurance BPO solutions are designed to help insurers achieve high performance by rapidly changing their cost structure, helping them enhance their operational capabilities, and giving their people the freedom to concentrate on the core aspects of their jobs that create real value for the organization. Accenture’s insurance BPO service portfolio comprises:

**Accenture Property & Casualty Policy Services**
This offering enables carriers to improve the efficiency and effectiveness of their underwriting and policy servicing operations across the full life cycle of the policy. Accenture utilizes advanced processing platforms which are located onshore, near-shore and offshore, and are supported by teams of experienced management consulting and systems integration experts as well as a Global Delivery Network with 83,000 specialists in 50 centers. This combined capability gives our clients the ability to increase the speed, accuracy and control of their policyholder operations, mitigate the risk of outsourcing, and swiftly and sharply reduce their operational expenses.

**Accenture Claims Services**
Claims Services is a BPO solution that supports the adjudication of a broad range of claim types, as well as specific functions such as subrogation and actuarial analysis. The use of our market-leading Accenture Claim Components Solution, and shared processing platforms in a variety of optimally priced locations, allows all aspects of the claim to be handled with the appropriate level of skill and experience, and at minimal cost. Greater accuracy and quicker turn-around times enhance customer and producer satisfaction, while reduced leakage and loss adjustment expenses deliver a swift impact on the combined ratio.

**Accenture Medical Records Optimization Services**
This BPO service falls within Accenture’s Claims Services. It improves both the accuracy and the efficiency of medical claim handlers’ decisions by making the information contained within medical records easy to access and use. A structured process and platform are used to assemble, analyze and present the data to the claims organization, while collaboration tools facilitate the sharing of this information. Medical Records Optimization Services typically improves claim handler efficiency by
20 percent and indemnity accuracy by as much as 15 percent. Medical costs, indemnity expenses and processing expenses are all significantly reduced.

**Accenture Medical Bill Review Services**

Also part of Accenture's Claims Services, Medical Bill Review Services allows insurers to improve the outcomes and reduce the expenses associated with workers' compensation and personal injury claims. Claims are reviewed by means of a set of configurable rules, and a combination of automatic and manual repricing that utilizes state fee schedules, usual and customary rates, and preferred provider organization network discounts. This BPO service has a track record of generating bottom-line medical savings of between 5 and 15 percent, and of reducing operational expenses by as much as 60 percent.

**Accenture Collections & Disbursements Services**

This BPO offering overcomes the complexity and redundancy that has accumulated in many insurers' systems over time. Standardization, simplification and the introduction of process improvements result in transactions that are quicker, more accurate and less costly. The use of a shared, offshore processing platform further reduces operational cost. But more important than these are the improvement in working capital and outstanding receivables, the increase in interest accrued, and higher levels of customer satisfaction.

**Accenture Finance & Accounting BPO Services**

Accenture's capabilities span a full suite of finance and accounting services that cover the entire finance value chain. Our BPO offering can manage core services (procure-to-pay, for example) or key functions (such as cash management). We also offer a number of value-added services, such as profit recovery and analytics, and retained services such as finance strategy, to help insurers develop a high performance finance organization. The result is improved cashflow and liquidity, lower costs and reduced risk, and support for growth.
Accenture has all the credentials of an ideal insurance BPO partner

Accenture was rated the number one outsourcing service provider in 2008, and again in 2009, by the International Association of Outsourcing Professionals. Among the criteria that make us the ideal partner for any insurer that is considering outsourcing are:

**A deep understanding of insurance**

Accenture has three decades of experience working with many of the world's leading carriers. We currently serve more than 34 of the top 40 companies, and more than half of all North American insurers—including the 10 largest in the United States. We have also, for many years, invested heavily in research to gain a better understanding of how insurers can achieve and sustain high performance.

In a recent Novarica study*, Accenture clients gave us a 100 percent rating for the statement: “Senior business staff are very knowledgeable about the industry.”

**A comprehensive approach to the business**

Accenture’s insurance process experts, systems integration specialists, IT professionals and insurance BPO practitioners—together with our tested procedures, tools and methodologies—allow us to assess the organization thoroughly, develop and roll out a pragmatic BPO design, and achieve a smooth, tightly integrated implementation.

**We know how to make BPO work**

We have more than 16 years’ experience in outsourcing, and currently service over 1,500 clients in some 30 different industries. Our 4,500 insurance specialists help more than 50 insurers worldwide achieve high performance through outsourcing. Experienced in both property & casualty and life & annuity insurance, they administer more than 2 million policies and handle more than 20 million transactions a year.

**A commitment to innovation**

Preparing for the future implies continual innovation, which is more easily said than done. Accenture helps its insurance clients achieve innovation in two ways. Firstly, we invest in it: we research it, we create insurance

France
• Provides policy services to more than eight insurers, managing 650,000 policies
• 200 resources

United States
• Life and P&C insurance BPO services
• 150 resources

Portugal
• Claims Providers Procurement Management service for 2 insurance companies
• 50 resources

Spain
• Back office for 20 pension funds, 70 mutual funds, and 130 property investment vehicles
• 35 resources

India
• Supports all segments of insurance
• More than 1,250 resources assisting clients in the US, UK and Europe

Italy
• Administers 15 defined-contribution pension schemes including the country’s two largest funds
• 55 resources in pension processing
• 130 resources in life insurance administration

Romania
• Pan-European BPO service provider
• 25 resources

The Philippines
• Services 13 US health insurers
• 2,000 resources in enrollment, billing and claims

High-performance insurance processing platforms
Our shared, optimized and highly scalable property & casualty platforms help insurers achieve high levels of standardization and automation—within individual functions or across their entire operation. They allow carriers to take advantage of the entire spectrum of onshore, near-shore and offshore sourcing options.

A dependable business partner
Accenture is a widely trusted service provider that has the financial stability, the global reach, and the depth of expertise to meet insurers’ needs no matter how they might evolve. Of our 100 top clients, 99 have worked with us for the past five years and 87 for 10 years or more.

Accenture Insurance BPO at a glance...
30 years working with leading insurers
16 years’ outsourcing experience
1,500 outsourcing clients
57 insurance BPO clients
9 insurance BPO centers
4,500 insurance specialists manage 2 million policies and 20 million transactions a year
Global Delivery Network has 83,000 professionals at 50 centers
4 Technology Labs and 3 claims-specific innovation centers
Insurance Data Migration Factory has successfully converted 30 million policies
Accenture has a solid track record of helping insurers reduce costs while improving operational capability.

Accenture pioneered the business process outsourcing market, and over more than 10 years we have built up an impressive track record helping some 57 insurers reduce costs and improve their operational capabilities through our BPO services. Examples of the assistance we have provided are:

**Large multi-national insurance company: policy processing**

In order to grow its portfolio the insurer outsourced the processing of its policies to Accenture. The resultant 30 percent reduction in processing costs and the rapid improvement in service enabled this goal to be met. The client is now assured of having sufficient capacity as volumes grow and transactions fluctuate.

**International insurance group: data migration and policy administration**

After acquiring two businesses, this carrier outsourced data migration and policy administration to Accenture. Within a short space of time its processing costs were halved, quality was enhanced, backlogs were reduced and customer satisfaction improved. All of these benefits were achieved without the need for a major capital investment.

**Multi-national insurance carrier: end-to-end core insurance processing**

To launch a new property & casualty product to be distributed in several European countries, this insurer turned to Accenture to establish a centralized insurance BPO operation and provide end-to-end core insurance processing. We helped the client achieve differentiation by means of product offerings, speed to market and producer services. Other benefits included improved financial performance, service predictability, reduced costs and improved processing quality.
Business process outsourcing delivers cost and quality advantages for RSA

Client profile
RSA is a leading multinational insurance group with almost a 300 year heritage. The company has operations in over 30 countries and provides its products and services to more than 20 million customers in over 130 countries. For 2008, the Group reported net written premiums of UK £6.5 billion.

Business challenge
In 2003, under the leadership of Andy Haste, the new Group CEO, RSA announced aggressive action to reduce costs. The company set an annualized expense savings target of £270 million, to be achieved by year-end 2008. Some of the strategies for reducing costs included improving processes through systems transformation, and selective use of business processing outsourcing (BPO) and information technology outsourcing.

In the area of outsourcing, the company sought a partner with a history of delivering impressive results for clients. Offshoring is the fastest growing segment of Accenture’s business, a recognized leader in BPO. A successful outsourcing program could deliver multiple benefits: increased flexibility through alternative resource pools, labor arbitrage savings, and access to highly educated, skilled work forces.

RSA formally selected Accenture in November 2003 to deliver its BPO solution.

How Accenture helped
Accenture began by identifying the key processes suitable for transition to an outsourced model. RSA agreed with a phased approach, starting with a pilot group of 100 full-time-equivalent employees before transitioning operational processes from further business units to create a total of 1200 full-time-equivalent roles offshore. To date the BPO program has transitioned over 900 of the UK full-time-equivalent roles to Accenture’s BPO facilities in Bangalore and Mumbai since commencement of the service in March 2004.

Processes delivered in India encompass front-line customer service as well as back-office administration services across RSA’s sales, service, claims and customer accounting functions, supporting both direct customer and intermediated business. Accenture is using its Strategic Delivery Model—an industrialized approach to deliver outsourcing services rapidly, reliably and cost-effectively—as the foundation for a high-quality solution to create sustained business value. This approach combines Accenture’s world-class business skills, delivery capabilities and global assets to maximize return on investment, reduce costs and manage enterprise risk.

For RSA, Accenture is utilizing multiple workforces and using the Accenture Delivery Centers in Bangalore and Mumbai. Accenture’s team of UK and Indian consulting staff collaborate with RSA executives and subject-matter experts to manage the project and transitional activities. Using components of the Accenture Delivery Suite for Outsourcing, Accenture is continuing to adapt key assets, tools, methods and processes to enable consistent, collaborative work practices and smooth transitions between locations and teams.

As RSA continues to operate service centers in the UK, the company is determined to maintain standards for consistency across front- and back-office processes, and is keen to maintain an ongoing relationship to ensure that the service and interactions the customers have with the BPO center leaves them feeling valued. Consequently, RSA trainers are responsible for delivery of the process training to the majority of BPO staff in India.

High performance delivered
Outsourcing is helping RSA by reducing operational costs while maintaining high service levels. Accenture’s deep insurance industry experience and strategic insights helped to identify major BPO opportunities. In less than a year, the financial benefits were already visible due to Accenture’s commitment to a well executed transition. All activity has been transitioned to India on time and to plan, due to Accenture’s extensive experience developing high-performance offshore operations. BPO is expected to deliver labor arbitrage and increased staff productivity.

In addition to cost reductions, RSA is benefiting from high service levels, which are essential for customer satisfaction and future revenue growth. Performance reports indicate that calls transferred back to the UK are minimal, sales rates and service levels are at similar levels to the UK, and claims utilization exceeds the UK level.
Taking the first step toward transforming your cost base

In order to mitigate the risk of a large-scale transformation program, and to deliver rapid cost savings, Accenture offers insurers two simpler options: one that augments the organization’s operational capacity, and another that includes process and productivity improvements. An engagement based on full-time-equivalent rates and a service level agreement could avoid up-front transition costs and allow a BPO migration to be fully operational in less than four months. This would enable savings to be realized as early as the first year of implementation.

A simple deal shape such as this could be the first step toward a more comprehensive, transformational relationship. As this arrangement evolves, fees could be based on transaction volumes, the deliverables could be more directly linked to required business outcomes, and a share of Accenture’s remuneration could be made contingent on the attainment of these outcomes.

To find out more about Accenture’s insurance BPO services, and how they can help you achieve swift and significant cost savings, visit our website at www.accenture.com/insurance.

In brief...

Simple deal shape:
• Full-time-equivalent rates & service level agreement
• No up-front transition cost
• Up & running in 3 – 4 months
• Cost savings in Year One

Option to migrate to a more comprehensive arrangement:
• Transaction-based fees
• Support business outcomes
• Share risk & reward

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 181,000 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.