



WHITE PAPER

INSURANCE POLICY ADMINISTRATION

**SINGLE SOURCE PLATFORM:  
HOW A FULL-SERVICE SOLUTION ENABLES  
YOU TO GET THE WHOLE JOB DONE**

## A CARRIER'S CONUNDRUMS

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What is the number one topic insurance executives discuss when considering their operations and systems ability to respond to new market opportunities? Response: Our legacy systems are just too complex to respond to the market in a timely manner!

Everyone is in agreement; consolidation of operational systems on one platform can provide significant benefits. Carriers could reduce core budgets significantly, streamline operational process, redeploy staff for better value and simplify technology solutions. So what's holding them back? Some say it's too difficult migrating product portfolios from one platform to the next. Others view it as high risk and delivering low benefit having high failure rates. The bottom line is that this is a complex topic to address in one given area, and more over it's a long term decision – one that a carrier will commit to for the next 15-20 years.

## Improved speed to market, with more competitive L/H/A product offering.

Many insurance executives ask solution providers; how did we get here and why is this so pervasive primarily within the insurance industry? If we take a step back looking at the Financial Services industry as a whole, we can quickly see differences in technology strategy across Banking, Insurance and Capital Markets. First the early-adopter, Capital Markets exercise emerging technologies to attain competitive advantage, such as program based trading, real-time positioning, 'follow the sun 24x7' operations. These systems are typically refreshed (or replaced) every 18-24 months just to stay in the game. Technology programmers are imbedded within the business working side by side with traders for immediate response. Capital Markets requires the absolute latest high performance technology to hold onto a competitive advantage – worse, if the system is down; everything is down – millions of dollars are lost. Next, Banking takes lessons learned from Capital Markets leveraging best-of-breed technology and operations evaluating the opportunity to refresh their banking platforms every 60-72 months. Unlike Capital Markets, Banks are dealing with a slower paced business more aligned to consumers requiring easy-to-use technology and services. Insurance companies tend to leverage best-of-breed technology platforms from banking counterparts. Carriers' refresh cycle for opportunity is typically 72+ months for back-office operations having less dependence on technology to maintain its businesses.

## Dramatically reduce risk of cost overruns and delayed implementations.

General rules of thumb are certainly helpful in understanding refresh cycles in operations and systems, but why are existing system upgrades so complex? Well, 3 fold: It's hard and expensive to retrofit new products and services into "built for purpose" legacy systems that contain hard coded rules. Next, legacy systems lack agility extending existing capabilities launching new products and services. Lastly, legacy systems are typically architected for product centricity, therefore challenged by adapting to customer centricity which includes advisors and policyholders.

Certainly carriers cannot afford to be sleeping-giants lacking the need for product and technology innovation along with nimble operations. Many carriers today work around technology refresh cycles by adding many new niche Policy Administration Systems (PAS) into the mix, addressing specific business needs for new product-lines. Is this a desired situation? Absolutely not. This adds more complexity, costs and more systems integration, adding to the conundrum of appearing normal on one side of the equation while increasing in complexity and challenging steps on the other end.

## Addition through subtraction

Legacy modernization, at its essence, is a call to action for Policy Administration System (PAS) consolidation; another conundrum of addition through subtraction. Consolidation strategies require providers that offer both business agility and reduced complexity. Carriers need to work with partners who share the vision of a consolidated 'single platform' strategy for insurance business solutions.

Insurance companies hesitate to undertake PAS and broader core administration replacement projects because of the perceived risk involved migrating from the old system to a new one. Insurance executives need to update their knowledge about providers who possess multi-line deployments for better economics, accelerating new product development and business rules configuration.

Providers who have been diligently investing year-over-year in design upgrades will change the way executives think about PAS future investments and portfolio migrations.

Partners that can demonstrate mastery disciplines such as project management office, professional services specialists, business rules design and implementation, data conversion automation, ease of systems integration, easy-for-retrofit releases and incremental modular deployment that contribute to business agility and reduced complexity will be the partners of choice. All these capabilities can help a carrier dramatically reduce anxiety, the risk and realization of the benefits of modern core administration system.

Carriers seeking improved speed to market for Life, Health and Annuity (LHA), must embrace new product development capabilities creating the tipping point for a 'single source' administration system.

A carrier can achieve speed to market through non-technical means by prototyping new products in a rules-based product configuration engine.

Carriers should evaluate a provider's focus on time-boxed deployments, which dramatically reduces the risk of cost overruns and delayed implementations.

Whether the purpose is consolidation, replacement of existing systems or simply adding new products, carriers can launch new lines of businesses or move into adjacent markets through flexible product configurator capabilities. Despite economic conditions, analysts are seeing a growing number of core administration projects being planned. In fact, more carriers view core replacement as a top priority project ahead of any other type of project according to the insurance experts at Celent.

“The technology supporting group life and annuity products and individual products has long mirrored the siloed product management approach used by most insurers,” says Craig Weber, senior vice president of Celent’s global insurance practice. “But vendors such as FIS are giving insurers reason to rethink this strategy by supporting group and individual products on a common platform. This is an intriguing option for insurers that support both product types and that are hoping to create efficiencies.”

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### Legacy modernization: extending beyond traditional pas implementations

When evaluating single source platforms insurance executives must consider providers that can administer Life, Health and Annuity lines of businesses globally. Deployment needs to be as simple as “insurance-in-a-box” ease of implementation.

A comprehensive strategy that goes beyond traditional PAS implementations must also include quoting & illustrations, underwriting, claims, billing, accounting, investments, actuarial modeling/valuation and compensation management, across the multiple product lines, as one configurable package.

Analysts agree about the need for extended PAS deployments that incorporate the broader implications of core-administration across business solutions, services, workflow and operations along with technology.

A fundamental differentiator for a single source platform is the facility for non-technical subject matter experts to enter various business rules driving workflow process that quickly enables new product and services launches.

Having a central rules-based engine enables the orchestration of multiple composite business solutions and is the key to cost-savings and time to market. All preconfigured application interconnects drive the broader core administration landscape of insurance solutions controlled by the technology fabric and governed by the rules engine.

### Success will favor carriers that recognize the power of collaboration and act on it sooner rather than later.

Carriers considering a single source platform for legacy modernization projects should seek partners who have the capability and strength to provide guidance and advice, as well as contribute effectively to delivery which are essential both in deriving strategy as well as achieving “getting it done faster”.

Applying best-practices not only accelerates response time of technology deployments but also impacts business operations through cultural changes – for example, accelerating product launch lifecycles from annual to quarterly. This can cause some mixed feelings about legacy modernization, though executives agree they are generally happy with the acceleration results. The number one capability clients ask for is flexibility and configurability of the providers’ platform. Additionally, most features and functionality must also score well, especially billing and financial accounting. Customer references should also include positive “issue resolution” response times and availability of subject matter experts must also rank very high.

Carriers should short-list providers who have the ability to deliver business solutions and advisory services that include a broad portfolio of flexible and integrated solutions – from the back to front-office – and should be a partner backed by a large financially strong company with a global footprint.

## Gaining new market share

Building upon the foundation of legacy modernization utilizing a single source platform we turn our focus on how carriers can gain new market share. Very few providers possess the comprehensive functionality of a Product Configurator. Having a rules-based Product Configurator provides subject matter experts with a non-technical user interface to design new product prototypes. These prototypes can be thoroughly modeled in a 'test environment' before being launch into a production environment.

How does success favor carriers that recognize the power of collaboration and one that acts on opportunities sooner rather than later? At the heart of legacy modernization is the ability to drive down costs while growing top-line revenue by developing new products and services much like the way manufacturing industry develops prototypes.

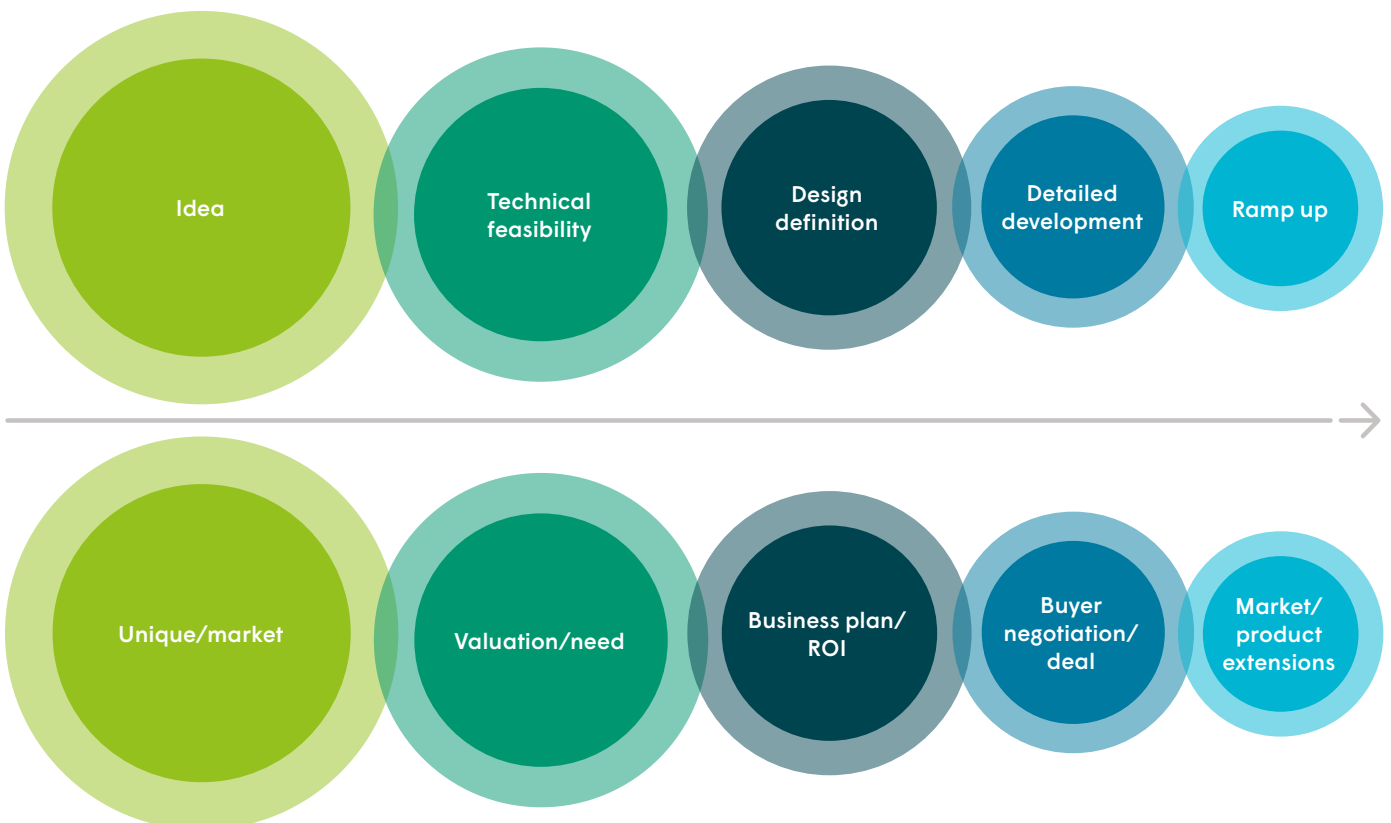
The question is how does the average insurance company producing 2 to 3 new products a year begin developing 100's of prototypes? Technology plays a critical role in meeting these challenges by allowing underwriters, actuaries, and marketing staff to electronically collaborate across disbursed locations. On average, any given carrier will be managing 5 to 10 new products in a given cycle. As few as 1 in 10 products ever see release to production. Carriers need a way of dramatically scaling up bench testing of product development projects by 50 to 100 prototypes simultaneously.

Carriers are now cultivating skills and evaluating partners focused on accelerating product development processes in order to grow top-line, remain competitive with industry peers and reach new and adjacent markets. Corporate annual reports typically highlight strategic top-line growth statements that indicate the development of innovation platforms. This enables employees and agents to collaborate on generating new products and services that will keep the carrier's competitive edge. This strategy places the carrier at the forefront providing specialized products and services for producers and customers.

Usually, it's the smaller nimble carriers who are able to respond more quickly to niche market segments, getting the early jump on opportunities. Larger carriers are typically held back by their inability to quickly mobilize their organization or lack solutions to prototype, test and quickly modify master product catalogs. Carriers need to meet both general market development as well as niche product design in order to quickly respond to competitive pressures in a fraction of the time.

Comprehensive single source platform suite of solutions provides the scalability, change management and straight through processing testing resulting in improved product development cycles which helps increase both the number and quality of new product launches. Additionally, insurer's now have the ability to work with producers to refine prototypes with a better focus on customer needs.

## End to end lifecycle



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## Who is making it happen?

### Wealth Management:

A major insurer in South Africa was challenged by their legacy transformation program that was spurred on by regulatory and compliance oversight impacting their wealth management programs. Insurance executives and regulators required the pension fund to provide independent trustees, lower costs, more efficiency and more transparency. The carrier went through a cultural change in the way they work, but it's something they welcomed because integrity was at the core of their wealth programs.

To accelerate the insurer's initiatives they chose a single source platform for underpinning their programs administration. They responded before the regulatory spotlight fell on their retirement funds, so they were already one step ahead of achieving their corporate goals. They now have a clear path moving other lines of business onto the 'single source platform'.

### Wealth Management:

A major carrier in Canada launched an initiative, so as to align itself with the growth objectives of its parent company, to become a leading provider of private financial wealth management product and services. The strategy combined experienced subject matter experts designing new retirement savings programs with the power of technology. To help launch this new service-line they deployed a single source platform that streamlined business processes across retirement products and services. These new products provided advanced features that prepared the carrier to better serve existing customers, stay competitive and increase producer sales.

The carrier needed to set itself apart from profit-driven financial services groups that have to answer to their shareholders, compared to how the carrier wanted to instill its values of humanity, cooperation, equity, solidarity and social responsibility. In order to achieve that difference they put money to work for people, never the other way around. Executives maintained a passion for customer satisfaction, integrity and commitment, innovation and efficiency to achieve results with social responsibility.

### Central Product Management:

This multinational global carrier wanted to deploy an integrated capability to better support the ambitions of the corporate strategy. It was a huge cultural change for the carrier, dealing with a lot of existing corporate priorities. The new system helped to propel the team into new product management capabilities. Executives looking back at accomplishments were satisfied on how far they have come and what has been achieved. Having teams work collaboratively in different parts of the world uncovered new opportunities to include those ideas that bring different approaches to green-field markets.

The executive management team cite single source platform as the central ingredient to the acceleration and success of new business initiatives working under great pressure to deliver on-time within budget.

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## Consistency in execution requires a trusted advisor

What underscores these success stories deploying a single source platform is having a solid partnership between the carrier and provider of business solutions. Carriers who are serious about taking the next step towards legacy modernization must evaluate the provider's professional services specialists focused on time-boxed deployments that dramatically reduces the risk of cost overruns and delayed implementations. How? By providing experienced on-site senior insurance advisor engagements, product configurator template driven processes and professional services best-practices.

A best practice provides a professional services engagement that begins with readiness assessments that develop a carrier's profile of strengths and weakness. These assessments are used to develop implementation roadmaps revealing a plan for setup, training, product design and quality assurance testing.

**Professional Service business analysts can help insurers with operational efficiency challenges to either cut costs and or position for growth and scalability.**

Provider services on-site teams establish a trusted-advisory relationship that works with the carrier's executive team to agree on the project, strategy, objectives, deliverables and approach. Day-to-day project plans reveal product designs, regulatory and operational requirements. Next, assessments uncover a carrier's capability to meet those requirements from an integrated business process and technology perspective.

Providers must engage with carrier organizations at key levels to map current processes and future operational impacts aligned to the key administration initiatives.

Baseline workshops set the tone and strategy to establish project controls, escalations and 'change-management' enhancements that fall outside of the project time-line and scope.

Senior services advisors conduct executive strategy sessions to establish the joint team on key project requirements and how those requirements could impact a carrier's culture and business.

## Professional Services provides carriers with highly skilled industry experts performing PAS operational assessments, rules-based setup, analytics, front end user interface design and solutions integration.

Project advisors will then lay out the overall project approach and the steps in the development of policy administration system readiness assessment reports as well as go-forward roadmaps and target schedules. Project plans harvest the carrier's current technologies, operations workflow and business process to target areas needing review and possible refinements as part of the business process and technology readiness assessments.

In order to be successful, joint teams across customer and provider are designated key assignments. These are monitored on a periodic basis to satisfy project controls. Executives will be present to evaluate actual progress against baseline outlining key policy administration achievements and potential areas of further or following 'change management' impacts in the business.

## Conclusion

FIS has a powerful set of skills and platform capabilities as well as a wealth of experience that can solve a carrier's conundrum today. C-level executives contemplating technology refresh-cycles for legacy modernization projects should consider a single source platform for reduced costs to manage the bottom-line expenses, and accelerating top-line growth by launching new products and services.

FIS has introduced a full line of business solutions for the traditional life, whole life and variable policy administration system across underwriting, suitability, new-business, issuance, claims, billing, and actuarial to get the job done! We describe our unified technology platform as one that enables carriers to effectively administer all life, health and annuity insurance products on a single source platform. Core to this platform is its ability to accelerate product configuration providing non-technical subject matter experts the ability to create new products and services for traditional and emerging markets. FIS offers this new system through a traditional licensing model or by way of various co-hosting options.

With the introduction of Compass's Life Platform, FIS becomes the only global platform to offer individual life & annuity, group life & health, and savings & retirement policy administration on one common platform which utilizes a common technology platform.

Andrew Sam, FIS' SVP of Compass, asserts that customers are demanding legacy modernization due to increasing competition and user demands in the insurance market. "Carriers are focusing more and more on the need for robust and new unique products supported by technologies and systems that will enable insurance executives to respond to customers and producers more effectively."

We see a tremendous opportunity with Compass focused on the emerging and middle markets which has had few global partners and options to date. We are a world leader in group and worksite segments.

Given that this new individual life PAS offering utilizes the same underlying technology as our other Compass solutions, this provides carriers with a cost effective way to expand into new adjacent markets. Carriers will be able to utilize Compass to a huge advantage when it comes to new product development accelerating cross sell and up sell opportunities.

### About FIS' Compass

FIS' Compass solution provides insurance, wealth management and retirement providers with a flexible, efficient and comprehensive policy administration system for their back-office operations. Compass is a highly configurable, rule-based solution that allows for the effective management of multiple lines of business on a single enterprise platform. It supports both group/institutional and individual/retail lines of business utilizing a single individual record, enabling greater efficiency and holistic customer service. Compass offers broad functionality that spans all facets of the administrative process, including new business, underwriting, policy servicing and maintenance, billing, collections, claims and disbursement. Compass can be deployed on-premise or hosted, and is relied on by clients in the North America, EMEA and APAC regions.

### About FIS' Solutions for Insurers

FIS empowers insurers across life and annuity, health, property and casualty business lines with solutions that support their end-to-end process needs. Our integrated products and services enable companies to increase system and process efficiency, control costs, manage risk and capital better, improve business decisions, design more competitive offerings, and engage successfully with their customers. We provide comprehensive support across the functional ecosystem, including actuarial and risk, finance and accounting, investments, reporting and compliance, policy and claims management, and member services. FIS partners with insurance firms at over 1500 sites in more than 65 countries, helping them to stay ahead of change and meet their goals.

### About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit [www.fisglobal.com](http://www.fisglobal.com)

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