

WHITEPAPER



Optimizing Life Insurance Operations Using Oracle Insurance Policy Administration and RPA

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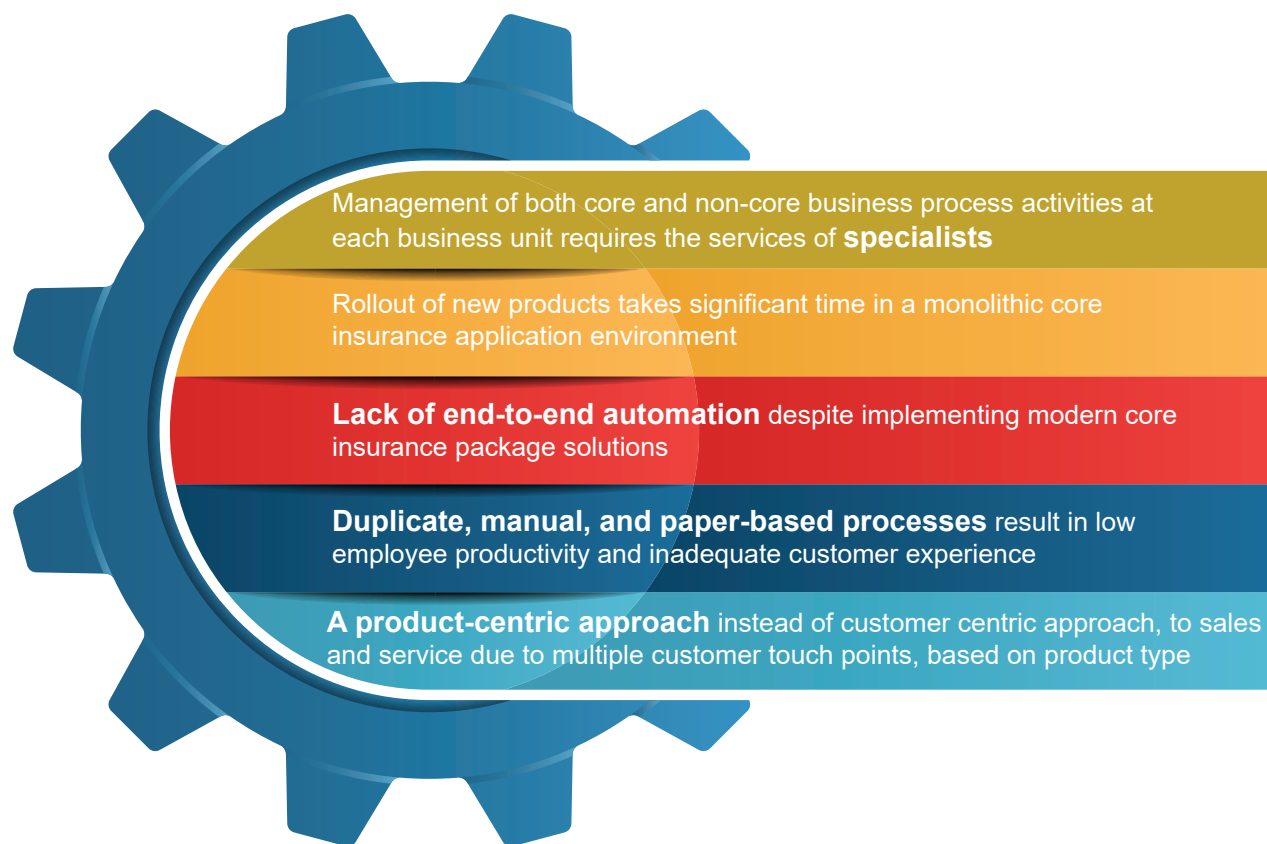
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Insurance customers expect a consistent and personalized service experience across channels of their choice, irrespective of time and their location. How prepared are insurers to deliver such seamless service? More specifically, are the Insurers' front and back-end systems capable of meeting this customers' expectation?

Life insurers have traditionally been slow to adopt modern technologies and platforms for the functional requirements of their businesses, due to the fear of failure or non-availability of a modern core platform that suits their need. The core insurance application is one of the main functional levers for Life Insurers, and it must be supported by a strong operating model at the backend to derive full value. With cost pressures continuing to be a major concern for insurers, highly configurable core packages such as Oracle Insurance Policy Administration (OIPA) help insurers adopt new technologies faster. There is a potential for Life Insurers to optimize Insurance operations effort by 40-70% through digital transformation using core package like OIPA and additional automation lever of Robotic Process Automation (RPA) and Cognitive/Machine learning to cut down the manual tasks which cannot be supported by packages.

1. Challenges due to legacy applications and lack of automation

With the existing legacy technologies, life insurers face several process challenges in Customer service, policy and claims administration, billing and premium processing. These include:



2. Streamlining insurance operations using three important levers

Let's deep dive into some of the levers that insurers can use to address the challenges and enhance speed to market and customer experience.

2.1 Define an efficient and cost-effective operating model

At a business unit level, insurers manage a significant number of processes in a decentralized operating model. The use of specialists to conduct end-to-end activities within a business process not only increases the cost of operations significantly but also brings disparity in customer experience across business units. To achieve an efficient and effective operations model, business activities must be segmented and triaged based on critical decision points for business unit specialists and generalists operating at a centralized level.



Insurers must define several paths based on the complexity and intensity of various cases of underwriting and claims. For example, insurers can define paths based on line of business, risk to be insured, sum insured, reserve amount, and probable maximum loss, beside other parameters. Figure 1a and 1b show a sample operating model for New business & Underwriting, Claims Management. This may differ on a case-to-case basis based on the specific scenarios of different insurers.

Figure 1b

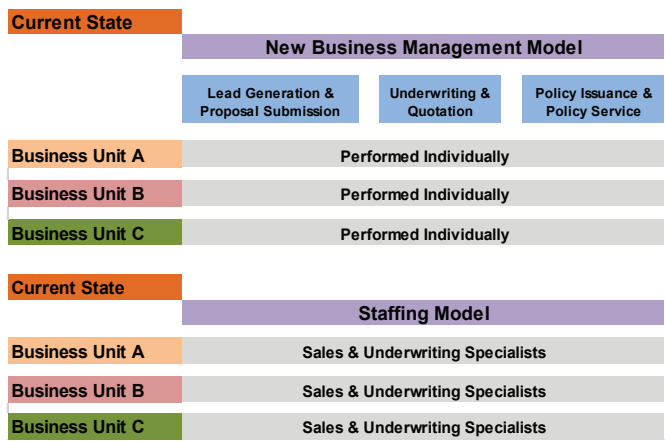
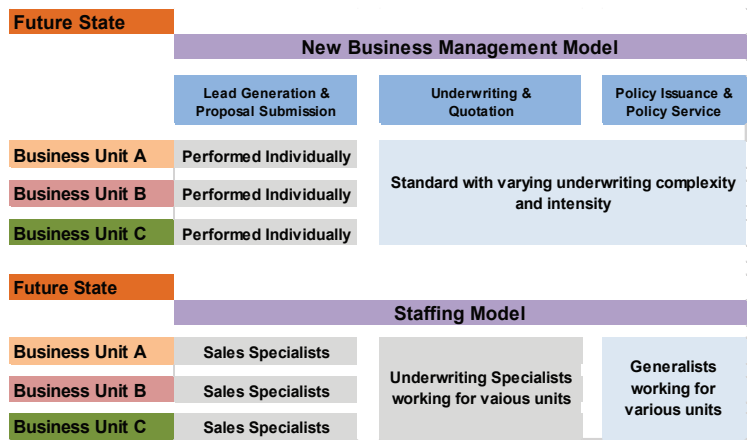


Figure 1b



2.2 Implement a modern core insurance package product such as OIPA

Today’s customers expect personalized experiences and customized design products from their Insurers. Legacy, monolithic applications that Insurers currently use, render this task almost impossible. The current application scenario significantly impacts customer experience and speed-to-market, and introducing a new product or customizing existing product takes months, not week or days. Packaged insurance products such as OIPA ensure ease of use and agility of configuration. OIPA not only helps reduce the time-to-market but also supports higher levels of straight-through-processing (STP) of up to 40-50%, enabling enhanced productivity and employee experience.

2.3 Use additional automation levers such as RPA

Despite the implementation of modern core insurance package products, a significant number of manual touch points might exist both in the front-end and back-end insurance processes depicted in figure 2 below. For example, the consolidation of information related to policies and claims from customers, agents, third parties, other Insurers, or industry databases. Insurers receive this data in structured and unstructured formats such as hand and type-written forms, email attachments, and pictures, or through disparate applications. These can be further automat-ed with implementation of RPA and help in achieving an additional 20-30% straight through processing.



We implement BOTS to optimize Operations and improve customer experience

Our proposed solution framework for Service Value Rationalization is a blend of ITSM and TBM. Many enterprises have some form of discovery and even a degree of application mapping, with both focused on operational efficiency (see Figure 4). In addition, all enterprises have some form of IT asset cost management, though these costs are typically bundled and are not directly tied to business outcomes.

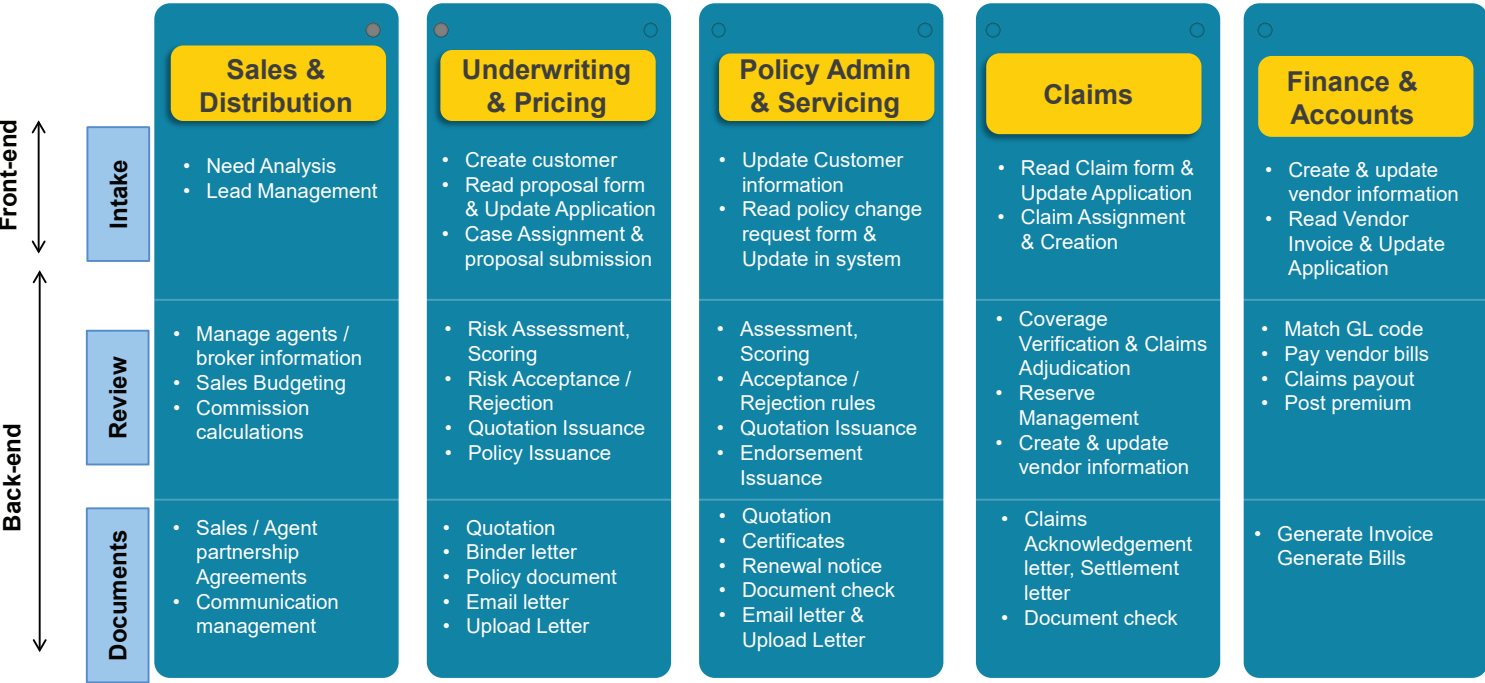


Figure 2: Automation opportunities in front-end and back-end processes

3. Hexaware delivers value by managing and accelerating the process optimization journey

Life insurers have traditionally been slow in modernizing their core Insurance platform. The core insurance business is typically managed using legacy and outdated technology applications. These applications are tightly coupled, difficult to use, and complex to adapt to evolving business needs. Although a few insurers have successfully migrated to modern packages, most insurers have either not initiated the journey or face challenges to start. Large transformation programs at life insurers fail to take off from the ideation phase or do not successfully move to the go-live stage due to a number of factors. These factors include selection of the wrong platform, misalignment of business and IT strategy, lack of change management initiatives at an organization level, and excessive customization of base product to suit existing business processes. Other challenges revolve around lack of documentation of legacy application functionality, business processes and rules, or unavailability of business and application subject matter experts (SMEs) to support the transformation program. This leads to significant increase in total cost of ownership (TCO) and many insurers play it safe by completely avoiding the risk involved in replacing the core platform or moving to a new operating model. Hexaware understands the challenges faced by Insurers and has introduced a Digital Managed Services (DMS) offering to help Insurers reduce the TCO while transferring the risk of transformation and performance to Hexaware. The services and approach taken by Hexaware as a part of DMS is defined below (figure 3):

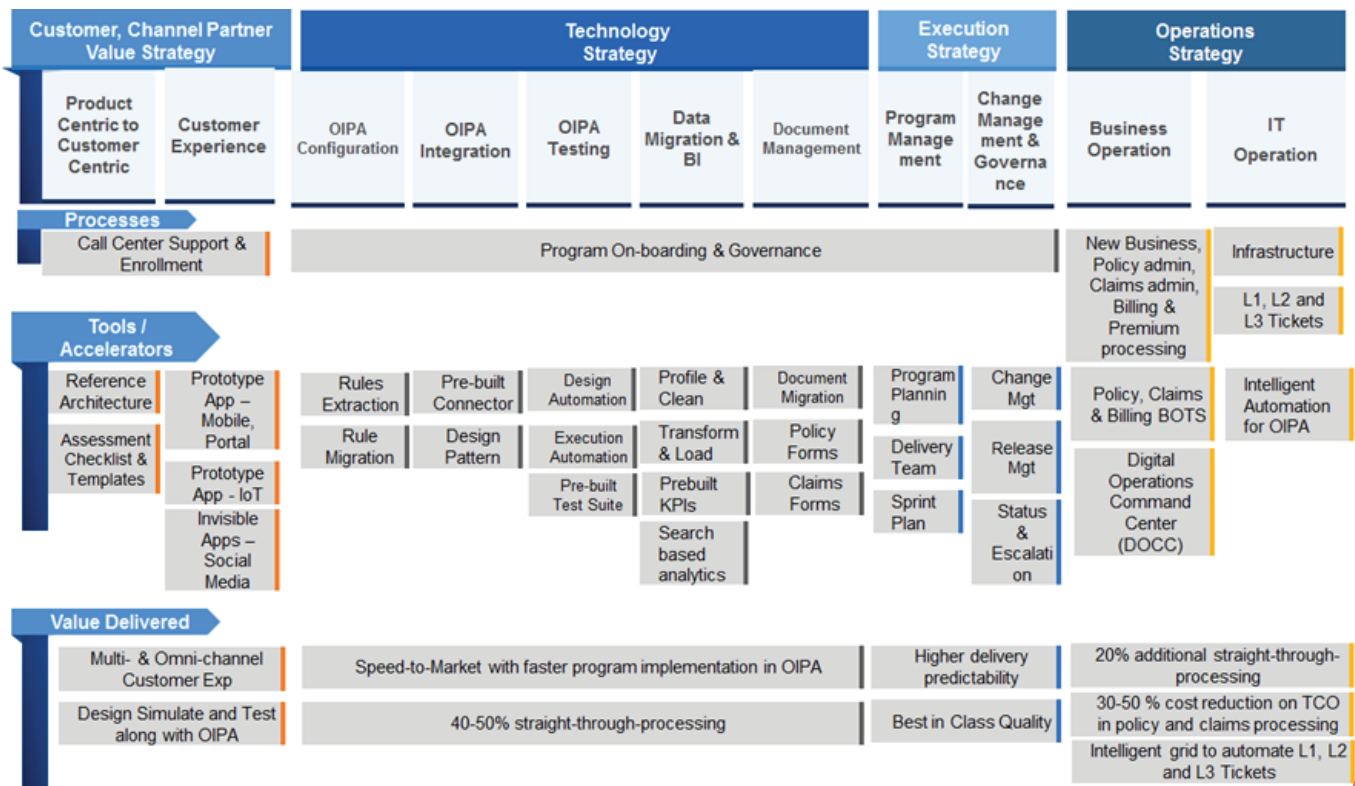


Figure 3



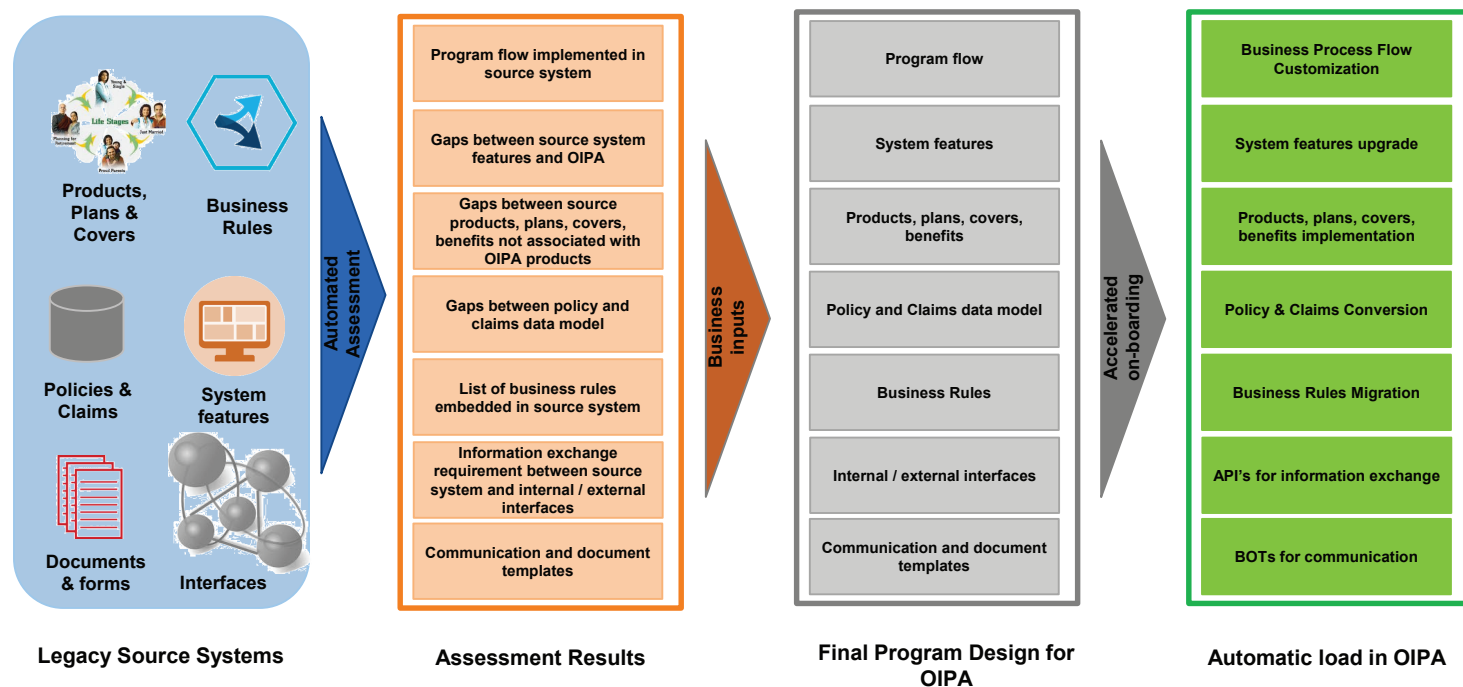
The end-to-end program on-boarding and support is backed by our automation framework. The various components of the framework and the value it delivers are summarized in Figure 4.

Figure 4



4. Structured tool based analysis approach to reduce OIPA implementation timeframe

Hexaware has developed innovative tools to perform analysis of the legacy source system and extract the business logic. The automated structured approach of assessment, program design and load in OIPA is depicted in the figure 5 below:



5. Conclusion

Rising customer demands, regulatory changes and increased cost pressures are making it difficult for Insurers to remain profitable. Concurrently, to remain competitively different in the market, Insurers must optimize expenses, reduce the time to launch innovative products and also administer superior customer and channel partner experience. This needs an optimal operating model supported by a solid platform like OIPA for insurers to remain ahead of competition. Hexaware enables Insurers accelerate this journey through our strong partnership with Oracle and innovative accelerators to deliver concrete business benefits for our customer.

If you are embarking on an operations optimization or digital transformation journey you can leverage our expertise and experience. Get in touch with us for a detailed discussion on how Hexaware can help transform your business while reducing the cost of operations.

About the authors

Madhur Virman is a has around 15 years of experience in the Insurance & IT Industry with a focus on Digital Transformation and Operations Optimization programs. Madhur holds a Bachelor's degree in Mechanical Engineering with additional qualification in Insurance. He is a visiting faculty at National Insurance Academy, Pune, India and an examiner at Insurance Institute of India, Mumbai, India. He is a Chartered Insurer and a Fellow of Chartered Insurance Institute, London. He also holds a Fellowship from Insurance Institute of India. Madhur can be reached at madhurv@hexaware.com

For more information

To learn more about Hexaware Insurance Operations Optimization offering, please contact corporatemarketing@hexaware.com or visit www.hexaware.com



About Hexaware

Hexaware is one of the leading, global providers of IT, Application, Infrastructure, BPO and Digital services. Our business philosophy of Shrink IT, Grow Digital allows customers to significantly shrink commodity IT spend while partnering with them to embrace digitalization. The Company focuses on key domains such as Banking, Financial Services, Capital Market, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics. Hexaware focuses on delivering business results and leveraging technology solutions by specializing in services like; Application support, development and maintenance, Enterprise Solutions, Human Capital Management, Business Intelligence & Analytics, Digital Assurance (Testing), Infrastructure Management Services, Digital and Business Process Services. Founded in 1990, Hexaware has a well-established global delivery model armed with proprietary tools and methodologies, skilled human capital and SEI CMMI-Level 5 certification. For additional information logon to: www.hexaware.com

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Safe Harbor Statement

Certain statements in this press release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.