

Tele-Underwriting Case Study

**US top 10
Life Insurance Company**



Executive summary

This case study is for a new business processing solution Allfinanz deployed for a top 10 life insurance group in the U.S. This company's subsidiaries largely offer annuities, mutual funds, individual and group life insurance, disability plans and retirement plans.

As a major player in the life insurance market, they had been searching for an innovative way to solve two pressing problems: How can an Internet-based telephone personal history interview to gather intelligent data for their underwriting process be successfully implemented?; And, what is required to simplify the insurance new business process for their call centers?

Following an exhaustive and competitive tender process, these problems were effectively solved by selecting and implementing Allfinanz' Front Office solution for their underwriting automation and new business processing.

Background

The relationship with Allfinanz was initiated by the company when it began looking for a solution to simplify the new business process via their existing call center. The rationale behind this was obvious in so far as they wanted to achieve specific business goals without sacrificing the quality of products or offering, and specifically to acquire the:

- **Ability to process business directly from National Accounts and independent brokers/dealers without requiring their sales office as an active intermediary;**
- **Acquire new business submitted with as much or as little information completed by the producers, while being sent via multiple mechanisms including the web, fax, mail and telephone;**
- **Provide flexible and comprehensive statuses throughout the new business process;**
- **Decrease the time required to process an application from ticket submission to enforcement of a new policy;**
- **Improve service to customers, grow distribution/sales, increase application counts and decrease expenses (unit costs).**

Challenges

The client faced numerous challenges including a process that was difficult to scale, did not provide pro-active statusing desired by producers and was ultimately challenging to manage.

Their existing environment was highly manual and largely paper based which kept administrative costs and time high while limiting the amount of new business that could be acquired.

With multiple hand-offs between different departments and people, the process was further hampered and subject to even more setbacks due to human error and increased manual processes. To top this all off, there was limited status via the producer web. All these processes together limited the growth potential of the business through various channels.

The Solution

“Allfinanz really hung in there with us throughout this project and persevered to deliver the complete solution they had sold us. We believe this is a very strategic and scalable platform, which we expect will enable us to provide excellent service at a low cost with this rapidly growing segment of our business.”

- Company CIO

Front Office is a new business processing & expert underwriting system that effectively automates the sales process by electronically capturing application details, automating underwriting and taking care of all the data-capture, compliance, corporate approval, requirements ordering, documentation and workflow issues associated with ensuring completion of the new business process for each application.

Front Office was developed to process all insurance and investment products – including fully underwritten life products such as term life, whole life, and VUL - far more quickly and easily than existing products in the marketplace. By selecting and implementing Allfinanz Front Office, the client was able to overcome their challenges by incorporating and implementing the following:

- **Flexibility for producers by allowing ticket (new application) submission via multiple mechanisms including: Producer Web, fax, mail and telephone – all and any, at different points in the process;**
- **Ticket submission could take the form of a “short-form application” where producers might only submit enough applicant information to allow the call center operator to make an outbound call (at the applicant's chosen time) to complete the application and underwriting process via tele-interview;**
- **Reduction in the need to access paper files as most of the related information to cases was stored in an easy to access electronic format. This would further reduce hand-offs by automating many of the tasks currently done manually;**
- **Improved turnaround times, and visibility of cases through the process, through implementing automated work management capabilities;**
- **Detailed and standardised interview case files were passed to the underwriting department enabling faster completion of the manual underwriting process.**

The Solution (cont)

The solution to this project was implemented using a decisive three-phase approach:

Phase 1 was initially used to underwrite applicants who had been quoted for the term life products and its implementation dealt with the Allfinanz NT system. This system included two term protection products that required an interview/application process, reflexive underwriting questioning, automatic underwriting decisions assessment, production of completed application forms and other documents, and the sending of detailed interview case files to the underwriters.

Phase 2 added additional term, Universal Life and Variable Universal Life products. Additionally, a tele-interview for additional personal medical and avocational details was made available. Both phases contained the similar formats for Part 2 application questions, requirements ordering and underwriting procedures, taking into account the necessary State variations;

Phase 3 consisted of implementing the Java version of the Front Office release. This latest release of the Allfinanz Front Office system is built on the Java 2 Enterprise Edition (J2EE) platform providing a web-oriented environment in which Servlets and Java Server Pages run a business logic-oriented environment where Enterprise Java Beans run. This platform handles complexities such as transaction management, life cycle management and resource pooling, to mention but a few. This technology enables application specific developments to focus on the business problem at hand.

Having implemented Phases 1 and 2 successfully, the Allfinanz team and the client's business group set out to re-engineer the screen-flow, as it existed in the NT system. We wanted to take a critical examination of the screen flows prior to installing the Front Office system in Phase 3.

The joint team looked at the screen flows, product fields, and the basic layout of the pages, thus standardising screens for multiple products. Rather than create new pages for every new product, this streamlined the approach to standardized pages - the outcome being one set of screens for multiple products.

The Benefit

“ Streamlining the new business process at life companies and enabling straight through processing while taking out time and cost continues to be the Allfinanz focus. The completion of this phase for our customer represents a significant step for them towards straight through processing.

Our joint effort has resulted in the company achieving leadership in their distribution channels through innovation. Allfinanz has shown time and time again that it has an unequalled ability to successfully deliver tailored total solutions in electronic submission, automated underwriting, requirements management, underwriter workflow, and forms management. ”

- David Wal, Allfinanz CEO

From beginning to end, the entire project took just 15 months to complete. Following a few days of on-sight training, the client's business team used the Front Office Designer Tools to configure the new business process.

The Front Office Tools allowed for the creation and management (on an ongoing basis) of call center point-of-sale screens, interview flows, underwriting base questions and rules, product rules, compliance rules and documentation templates – all to be produced by the system at various points.

This resulted in the implementation of a tele-underwriting solution where various producers could submit a ticket in a variety of ways. Tickets could then be picked up in the client's call center, an outbound call made to the applicant at a time chosen by them, a personal history interview completed based on the underwriting rules setup and maintained in the system, requirements ordered and a detailed case files passed to the underwriting department for processing.

The outcome was that applications were processed in a matter of days rather than weeks, significantly reducing administrative and processing costs through process automation. Producers were even further delighted by the massive reduction in both hand-offs and iterative work.