



FINEOS InfoMatters - Information that Matters to the Global FINEOS Community

Welcome to the third quarter 2009 edition of FINEOS InfoMatters, our regular update of news and events for the Global FINEOS Community.

We at FINEOS hope you had a safe and enjoyable Summer! As we gear up for Fall, we look back on what was a very productive and exciting quarter for FINEOS. We signed on two new clients in North America, announced that FINEOS Claims has been validated for the IBM Insurance Process Acceleration Framework, and ran a very successful webinar geared toward the life insurance industry, presented by life insurance industry expert, Nancy Bush, and Randall Day, Head of Claims Solutions for FINEOS. A recording of the webinar, entitled "Claims Automation for Life Insurers, the Final Frontier", is now available for playback.

We attended a number of industry events, including the Disability Management Employer Coalition (DMEC) Annual Conference in Portland, Oregon, TINTech and the Claims Forum in London, and the National Association of Dental Plans (NADP) Conference in Phoenix, Arizona. Despite the downturn in the economy, interest remains high in FINEOS Claims as companies strive for even greater efficiencies in claims processing.

We have also been planning for our own annual conference, the FINEOS Claims Global Summit, which will take place in Chicago, IL in November. You can read more about the event in this newsletter.

We hope you enjoy this third quarter edition of FINEOS InfoMatters. Please contact us with any questions or comments.

SEPTEMBER 2009

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Come See Us!

If you plan on being at any of the industry events listed below, please contact us to arrange a meeting.

International Claims Association Annual Education Conference

October 4 - 7, Marco Island, FL USA
Sponsoring Exhibitor

Post Claims Club Annual Conference

October 8, London, UK

Insurance Institute of Ireland Annual Conference

October 8, Dublin, Ireland

Insurance Times Forum

October 15, London, UK, Sponsor

New Ideas for Managing Claims and Delivering Improved Performance

FINEOS Executive Briefing in Association with IBM
October 20, London, UK

4th Annual DI Society Conference

October 31 - November 3
Las Vegas, NV USA, Exhibitor

The Future of General Insurance

November 3 - 4, London, UK, Exhibitor

FINEOS Claims Global Summit

November 4 - 6, Chicago, IL USA

New Ideas for Managing Claims and Delivering Improved Performance

FINEOS Executive Briefing in Association with IBM
November 10, Glasgow, UK



FINEOS included in the IBM Insurance Process Acceleration Framework

FINEOS' software has been validated for the IBM Insurance Process Acceleration (IPA) Framework. Insurance solutions offered by IBM are built on the IBM Framework and aim to create more flexible, responsive companies through the progressive transformation of operational processes. As part of this, IBM has teamed up with leading software vendors in the core insurance space. FINEOS, a long established partner of IBM, offers solutions that improve the efficiency of core processes in areas such as Claims and New Business. FINEOS Claims is the only solution in the market today that has been successfully implemented globally across multiple insurance lines including Life and Disability, Property & Casualty, Workers Compensation and Compulsory Third Party.

The IBM Insurance Framework offers insurance process solutions and industry-specific software accelerators based on a Smart SOA™ platform. It provides companies with an approach that allows them to progressively transform their core processes while also addressing the challenges of complex legacy systems that prolong delivery time, increase project risk and drive high delivery costs. FINEOS has been an IBM premier partner since 2002 during which time FINEOS and IBM have worked together successfully to deliver claims solutions to the insurance industry. In recognition of the strength of the FINEOS offering, delivered with IBM technologies and services, IBM has chosen FINEOS as the leading claims solution for insurance companies.

“Working with IBM and leveraging the full power of SOA enables us to offer total solutions that will help our clients lower costs, increase customer satisfaction, and ultimately improve business agility”.

Michael Kelly, CEO, FINEOS Corporation

FINEOS solutions are built on the FINEOS Insurance Platform, a customer and case centric, component-based product platform that delivers powerful core processing against an enterprise business model. The basis of the FINEOS Insurance Platform is the rules-driven FINEOS technical architecture (FINEOS TA) which is web-centric and deployed on a JEE-based technology stack with a pre-built data model ensuring that systems can be easily integrated within an existing legacy environment.

Third Annual FINEOS Claims Global Summit

The FINEOS Claims Global Summit 2009 is a unique, interactive event for FINEOS clients and partners to come together to share claims best practice and hear how their peers are driving improvements with innovative approaches to claims management.

Last year's event was attended by representatives from over 20 organizations from the USA, Canada, Australia, New Zealand, Europe and Africa, and we hope to make this year even more successful! The event will be held at the Intercontinental Hotel, located on Chicago's Magnificent Mile. Don't miss this opportunity to network with peers and to get the latest news and information on claims management.

Please contact Alison Murphy at 617-649-0034 or alison.murphy@FINEOS.com for more information and to register.

Date: November 4 - 6, 2009

Location: Intercontinental Chicago | 505 North Michigan Avenue | Chicago, IL 60611 | USA | (800) 628-2112

Attendees should make hotel reservations by calling The Intercontinental directly at (800) 235-4670 or by clicking [here](#). The Intercontinental has given us a room rate of \$179 per night for the nights of November 4 and November 5. Please mention FINEOS when making your reservation to receive this rate. Reservations must be made by October 12, 2009.

The event will begin with a welcome cocktail reception on the night of November 4, and run over a day and a half with sessions, ending by 2pm on Friday, November 6.



New Ideas for Managing Claims and Delivering Improved Performance

FINEOS & IBM Executive Briefing Series

FINEOS, in association with IBM, will be hosting executive briefings in London and Glasgow in October and November respectively. Along with a small panel of respected market commentators and analysts, the events will provide short but effective insights into the issues affecting the insurance market today; the impact of these issues on business; and some new ideas for ways to address those problems.

The briefings promise to be a lively forum for exchange of ideas amongst a group of specially invited senior claims professionals.

London Briefing:
IBM South Bank, 76 Upper Ground, London SE1 9PZ
08:00am to 10:00am Tuesday 20 October 2009

Glasgow Briefing:
Malmaison Hotel, 278 West George Street, Glasgow G2 4LL
08:00am to 10:00am Tuesday 10 November 2009

For more information on either of the above events, please contact Victoria.Jamison@FINEOS.com.



Claims Automation for Life Insurers: The Final Frontier

Customers purchase life insurance products and put their trust in insurance companies primarily for one reason: so that when it comes time to file a claim, the process is as simple and seamless as possible. And yet, this most important interaction has been the last to receive investment dollars.

That may be changing in the future, as recent analyst research suggests that companies are shifting their thinking and prioritising those technologies that support customer service through improved claims processing.

Register to view the recording of this 45-minute webinar, originally aired on July 22, 2009, where we explore the reasons Claims has been such a low priority historically and outline simple process improvement methods that can be applied to achieve real business benefits. The presentation includes a sample roadmap for a phased approach to claims automation.

Presented by: Nancy Bush, Life Insurance Industry Consultant and Randall Day, Head of Claims Solutions, FINEOS.

Please email info@FINEOS.com to request access to the recorded webinar.



An Ageing Industry

by Tim Crossley,
FINEOS Corporation

An ageing workforce alongside ageing IT systems is a looming problem for the UK insurance industry. We must act now, says Tim Crossley.

The UK Life and Pensions industry faces an Intellectual Property (IP) brain drain as many of its insurance company 'lifers' – back-office and middle-management employees who have been in the industry for 20-30 years – approach retirement. These employees are the backbone of the company and can be found in underwriting, claims and IT functions. Often they represent a handful of people who have had direct experience or knowledge of a rare case or unusual set of circumstances.

The problem is mirrored in the Independent Financial Adviser (IFA) community. As pointed out by David Heeney of Pacific Life Re at the recent Protection Review Conference, a large proportion of IFAs are over the age of 55. Given that the vast majority of advice businesses have less than ten employees, we can not be too surprised that there has been little focus on, or investment in, succession planning. So IFAs are going to be relying more and more on the experience of the providers, who in turn are going to have less and less average years on the job. All this is happening with a backdrop of increasing service expectation from the consumer. Better service is expected quicker with less tolerance of error and more focus on reduced cost.

The 'permafrost' of middle management in the UK Life industry is finally beginning to melt – and providers, BPO providers and IFAs alike need to find an answer to this problem. Our research shows that UK insurers are going to lose nearly half of their total employee time in service in the next ten years. There is massive IP value locked up in the collective minds of these employees – and loss of that IP will create a huge hole in the knowledge base and skills of the industry.

The 81,000 50-59 year olds, (out of 324,000 total people employed in the UK's insurance sector, ABI, 2006), represent 25% of the total skill base in the sector. They have spent, on average, 30 years with their current employer. And as a result, these people account for half of the total number of years served in the UK insurance sector.

THE HEARTBEAT OF A LIFE OFFICE

Although they are often perceived as a barrier to change, these employees have learned over time how to work effectively with multiple paper based procedures, counter intuitive IT systems and complex embedded business rules to accurately deliver the customer outcome needed, whatever the circumstances. As such, they often form the heartbeat of a life office. The UK Life and Pensions industry must find a way of capturing the detailed nature of these employees' skills, knowledge and best practices and replicate them through a standardized system before their expertise is lost to the industry forever.

Let us look at the challenges and opportunities in more detail, first from a systems perspective and then from a business perspective.

On the systems side, there has been a long term approach of building systems specifically to support new product developments, creating silos of business and IT expertise. This specialization has been magnified by acquisitions where subsequent cost cutting has often driven out hidden talent. As a result, we now have a situation where companies have tens if not hundreds of 20-30- year-old systems, but you can count on the fingers of one hand the number of IT people who really understand the impact of change to each of these systems.

Whisper it quietly, but I have come across situations where there is no confidence whatsoever that a system will be able to be restarted if it falls over. The option to rehire back the retired employee who knows what to do at highly inflated consulting rates is rapidly disappearing. This is taking place today in an industry that describes risk management as its core competence.

This specialist systems knowledge is not generic expertise that you can replace with outsourcing or off shoring. These initiatives have their place but smart and keen as he is, you cannot expect a 25-year-old graduate from one of the top technical universities to have an interest in learning about obsolete software programs that have been withdrawn from sale before he left school! How does that help his long term job prospects?

SILOS OF BUSINESS EXPERTISE

The silos of business expertise are an even greater problem. The barriers between sales and service teams have been reinforced by the historical approach of end to end product lifecycle management, and, only now are insurers looking to understand the broader client-centric picture that spans several products. There is no doubt that the rewards are great if these barriers to working more effectively and in a more client-centric manner can be removed. At one level, the ability for a claims handler to manage different types of product claims increases business efficiency and operational productivity. For an individual worker, release from the monotony of Maturities and Surrenders, day in day out, is surely a prize worth fighting for?

From a client perspective, expectations will be set by 'joined up' government when it eventually arrives in the UK. It is coming soon. Just as in many countries now the birth of a child automatically triggers actions by several agencies without the parent needing to intervene, it should be possible for an insurer to proactively take all the steps necessary to terminate cover, refund premiums and pay claims without the need for the bereaved to make more than a single phone call or write more than one letter. Having to resolve these kinds of issues is something that we could all do without and sadly often creates a great deal of stress or takes a lot of time and money if handled by professional Executors. It is surprising that there is apparently so little interest in a 'joined up' approach between the Life and General Insurance businesses of UK companies given the opportunities that would arise for differentiation through service as well as price where appropriate, not to mention cross selling and retention benefits. The axiom that it is five times easier to sell to an existing customer has never been truer, and we are all aware of the multi-year profitability gap that insurers face when policies are 'churned' well in advance of their anticipated longevity.

The UK Life and Pensions industry needs to take action now. Doing nothing is not an option if the opportunities for growth over the next decade are to be capitalized upon. Where to start? Everyone will have their own priorities and challenges, but here is a five point plan for consideration and discussion:

- Ask HR to work out your own IP brain drain quotient.
- Perform an independent risk assessment of systems and business skills gaps.
- Use technology to consolidate the silos with the most closely related functions.
- Automate manual work or allocate to lower skilled staff where possible.
- Implement a Single View of Customer.

While these activities are worth completing in isolation, when performed together they should substantially reduce the impact of the IP brain drain on the UK Life and Pensions industry and provide a solid foundation for sustainable long term market growth.

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