



Groundbreaking Change at RBC Insurance





EXECUTIVE SUMMARY

In 2004 RBC Insurance (RBCI), the insurance arm of the Royal Bank of Canada (RBC), acquired the UnumProvident Canada Operations (UPC). This acquisition gave RBCI a number one market position in Canadian Living Benefits (Individual Disability Insurance and Critical Illness Insurance) and a strong presence in the Group Long Term Disability (LTD) market. By purchasing the Canadian business from UPC, a contractual agreement was struck to repatriate the purchased business data from the UPC-housed administration systems to a Canadian RBCI Life & Health Platform.

RBCI's existing systems and technology could not support repatriation and integration of the purchased business within RBCI without extensive development. The existing systems had been developed primarily to support Individual Life insurance, but were not adequate to support the conversion of the purchased Living Benefits (LB) business. Building on the old foundation to support repatriation would increase the risks that the existing technology presented, raise administrative costs and continue to constrain the business going forward. Therefore, a robust industry standard technology platform was necessary to handle the conversion of the purchased LB business. The intent would be to leverage this platform beyond the conversion – for LB new business, as well as for other RBCI Life & Health products in the future. This platform would accommodate most functions, including policy administration, compensation administration and claims administration.

FINEOS Claims® from Dublin-based, FINEOS Corporation, was selected to provide the software for the claims processing component of the project which went live in 2008. With the successful conversion of data, RBCI has now established an enterprise-wide platform which will allow it to continue to improve business results and to respond in the future to new products and changes in the business. Today FINEOS Claims is delivering enhancements in straight-through processing and improvements in operational efficiencies especially in the area of claims cycle times.

This project should be considered groundbreaking and challenging because RBCI chose to undertake a complete overhaul of their entire operation platform all at once - Policy Administration, Claims, and some related peripheral systems, including linkages to some legacy systems. The prevailing approach is to upgrade one system at a time, but RBCI's approach was particularly aggressive, bold and unique.

“The implementation of the FINEOS system in our Living Benefits Claim operation has provided us with an effective workflow and claims paying tool. It has also positioned us well for the future in terms of adding new products and new lines of business as we leverage our recent investment in a new technological infrastructure.”

- Rebecca Smith, Director, Life and Health Claims



RBC Insurance[®]

RBC AND RBCI OVERVIEW

Royal Bank of Canada and its subsidiaries operate under the master brand name RBC. RBC is Canada's largest bank as measured by assets and market capitalization, one of North America's leading diversified financial services companies and among the largest banks in the world, as measured by market capitalization. They provide personal and commercial banking, wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis. RBC employs more than 80,000 full- and part-time employees who serve more than 18 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 52 other countries.

RBC Insurance, through its operating entities, including RBC Life Insurance Company, provides a wide range of life, health, travel, home, auto and reinsurance products as well as creditor and business insurance services to more than five million North American clients. As a leading provider of individual living benefits and life insurance products in Canada, RBC Insurance offers a comprehensive portfolio of individual and group life and health insurance solutions, including term and universal life insurance, group benefits, disability critical illness, and long term care insurance as well as segregated funds. These products are distributed through more than 17,000 independent brokers affiliated with producer groups, financial planning firms and stock brokerage firms, as well as through direct sales and a network of career sales representatives.

BACKGROUND

Following the acquisition of the UPC operations, a requirement was identified for an RBCI technology platform to enable the repatriation of purchased business data from the 200-plus systems at UPC. As a result, Program NEXUS was born. NEXUS focused on the implementation of the systems necessary to set up the new business environment for Individual Living Benefits, to provide the platform for repatriation of inforce data and position the business to add Life products, and others, at a later date.

Program NEXUS was very broad in scope across RBCI's entire technology platform. FINEOS was selected as a partner for Phase Two which dealt exclusively with claims processing and this part of the project was managed under the broader umbrella of NEXUS to ensure optimum synergies and coordination. Several solutions were considered and FINEOS Claims was selected after a thorough evaluation of all competitors. While many factors went into the decision, workflow management was one feature that distinguished FINEOS from the rest of the field.

PROJECTED BENEFITS

Projected benefits of the **overarching strategy** included:

- Enable the conversion of the UPC data to RBCI systems as a result of the acquisition
- Maintain functionality that existed on legacy UPC systems, while also enhancing functionality through built-in features of the Nexus platform systems
- Decrease risks and costs, and increase efficiency and productivity by eliminating manual intervention and work-arounds
- Increase sales and market share through the implementation of robust systems, capability, and capacity, enabling product speed to market and service excellence
- Derive value-add and benefits through business architecture, as well as business process analysis and reengineering
- Improve capabilities for future growth and acquisitions
- Create a single view of the customer to eliminate data duplication issues.

From a **claims-specific** perspective other benefits, both immediate and “opportunity for future”, were sought:

- Better claims processing efficiency and effectiveness
- The ability to ensure consistent claims handling and application of best practice
- Improved customer service
- Incorporation of new products
- Effective interfaces with other applications within RBCI, including the Policy Administration system.

THE IMPLEMENTATION EFFORT/ SUCCESS CRITERIA

The claims project associated with the larger Program Nexus was managed jointly by FINEOS and RBCI and supported by IBM. Risk management controls were put into place and team structures and responsibilities were clearly defined.

Project success criteria included the following:

- A timely and on budget rollout of the new claims system, in conjunction with other systems such as Policy Administration systems
- Timely repatriation of data currently residing on the UPC systems
- Successful repatriation of Canadian data which had resided on complicated multiple legacy systems due to prior acquisitions
- Smooth rollout with no business disruptions
- An easy to use system with the features that business users require
- Minimal lost functionality from UPC systems and increased efficiency and effectiveness of the claims operations by improving 1) customer service and 2) productivity.

The project communication plan was well designed and executed. Certain modifications were required by RBCI to meet their unique business needs. All team members were fully trained in the FINEOS product and had access to product specialists on an as needed basis.

The design group was representative of the user community in order to incorporate the views of the user personas and to help facilitate the change management process.

Other expected benefits included:

- Unification of the legacy systems so that a single view of the customer is enabled
- Capability for all internally created documentation to be viewed online
- Better customer service
- Document creation such as claims management plans in the on line claims file
- Workflows
- Flexibility for the future.

The project went live in September 2008.

RESULTS

At the conclusion of the project, the repatriation of the Canadian data residing on the UPC systems was completed with no major disruptions to RBCI’s business, a truly impressive feat given the overall scope of NEXUS.

Feedback from the end users in RBCI’s claims department has been positive. In particular the intuitive nature of FINEOS Claims, along with the flexible search features was praised. The payment functionality is seen to be user friendly, saves time, and promotes accuracy. The movement of fields into the Action Plans assists claims professionals in the management of their workloads.

With the successful conversion of data, RBCI has now established a platform across the Life & Health business which will allow it to continue to improve results and to respond in the future to new products and changes in the business.

“These enhancements will directly benefit our clients by shortening the time it takes to process their claims.”

- Al Tinney, Senior Vice-President and Head of Insurance Technology, RBCI



“RBCI and FINEOS worked together to achieve an early go-live which included a very complex migration. RBCI had a strong focus on requirements and balanced this with a pragmatic release schedule. The relationship that developed during the project became one of the key success factors.”

- Michael Kelly, CEO, FINEOS Corporation

FINEOS Claims is the only claims solution in the market today that has been successfully implemented globally and industry-wide for insurers, bancassurers, and government agencies. FINEOS Claims delivers all aspects of a total claims solution:

- Fully automated claims and case management
- Integrated customer management
- Comprehensive financial management
- Optimal provider management
- A flexible, modern, rules-driven technology platform.

ABOUT FINEOS CORPORATION

FINEOS is a global innovator of enterprise software solutions for insurance, bancassurance, and government. FINEOS solutions address core business processing requirements including claims & case management, CRM, new business/underwriting, and policy administration. FINEOS solutions are built on a rules-driven, service-oriented, component-based enterprise platform that serves as a flexible infrastructure for new product introduction, legacy enrichment, and business transformation. FINEOS is delivering documented benefits for some of the world’s leading insurers, government agencies and banking institutions. The company is headquartered in Dublin, Ireland with offices in North America, Europe and Australasia. For more information, please visit www.FINEOS.com.

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