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Case Study



Enhanced Customer Service and Operational Efficiency at Friends First





ABOUT FRIENDS FIRST

Friends First is one of Ireland's oldest and most established life assurance companies and has been meeting the financial needs of their customers since 1834. Friends First has nearly 200,000 customers and employs 300 people with total assets exceeding €4.6bn. Friends First is fully owned by Achmea, one of Europe's leading insurance groups which is active in 8 European countries including Ireland.

Friends First is focused on providing leading protection, retirement and investment solutions which are tailored to their customer's individual circumstances and focused on delivering the required benefits when they are needed most. Their products are also flexible offering a range of options, which enable customers to alter as their circumstances and goals change throughout their lifetime. The Friends First range of products and services are introduced to customers by independent financial brokers who can help in identifying financial needs and advising on the right product to meet these needs, now and in the future. Friends First are working to assist customers in meeting their financial goals and becoming Friends' customers for life.

About Achmea

Achmea was founded in the Netherlands in 1811 as a mutual insurance company with strong co-operative roots. Its main shareholders are the Achmea Association, a representative body of its customers and Rabobank, also a mutual organisation. Achmea remains committed to

the mutual ownership model with a strong focus on developing products and services that meet its individual and corporate customer's needs. As a result, Achmea is not listed on any stock exchange.

In the Dutch market, Achmea is the largest provider of non-life, health and income protection insurance and is also a leading provider of life and pensions. Achmea employs nearly 17,000 people across its Dutch business and insures over eight million people in a Dutch market that is one of top ten largest insurance markets in the world. Achmea operates through multiple distribution channels including a dedicated broker focused company in the Netherlands.

Achmea's aim is to consolidate its market leadership in the Netherlands and to build an integrated, pan-European Insurance group by developing significant market positions in a number of international markets where it is present. Achmea, resulting from its ability to adapt to a changed market environment but remain true to its mutual ethos, now aspires to become the most trusted insurer in its home market (not unreasonable given its leading position) and ultimately in international markets where it is present through operating companies.



INTRODUCTION

Friends First and FINEOS have a longstanding relationship dating back to 1998 when the FINEOS CRM & Workflow system was introduced. Enhanced and renamed to FINEOS Front Office, this FINEOS product solution has been an integral part of the Friends First operations for over a decade, integrating with Friends First's back-end policy and scheme administration systems.

FINEOS Front Office delivers a single view of customer across all channels and supports New Business, Broker and Customer Service Processing. Friends First's web portal (BrokerFirst), integrates with the FINEOS Front Office system, allowing brokers to securely interact with service teams working on the FINEOS System.

IMPROVING THE SERVICE OF INCOME PROTECTION CLAIMS

Friends First began a comprehensive review of its Income Protection (Life & Disability) claims operation, seeking to streamline and simplify some of the manually intensive and complex processes. The explicit goal was to enable skilled claims administrators to focus on value-added activities such as claim recovery and spend less time on the day-to-day administrative part of the job, allowing them to deliver better service to policyholders.

A project steering committee was established within Friends First, made up of participants from Health Claims, IT and Group Actuarial. The overarching objectives for the committee were to improve operational efficiency.

In addition to this, they also wanted to maintain and enhance upon the claims experience for policyholders.

The project objectives were established as follows:

- Fully automate the claims and payment processes for Income Protection, Hospital Cash and Critical Illness claims, covering all stages of the process:
 - Intake
 - Assess
 - Review
 - Decision
 - Appeal
 - Payments (including recurring payments) – income protection claims only
- Migrate legacy data to the new system and decommission the existing system
- Review and modernise all letters, forms etc. produced during the claim lifecycle
- Improve management information through the development of a new suite of MIS reports
- Improve auditing capability.

Friends First initially looked at building the new claims system in-house, but found that the intricacies involved in designing and implementing a system that could deliver this kind of complex functionality in an acceptable time frame made this approach unrealistic. Instead, they conducted a market investigation into the claims systems currently available and found that FINEOS had an impressive, comprehensive claims solution with a track record as the leading claims solution for Income Protection (Life & Disability) globally. As a result, they chose FINEOS to partner with on their claims initiative.

THE CLAIMS IMPLEMENTATION PROJECT

In February 2011, the FINEOS Claims implementation project began at Friends First. Friends First adopted an “Agile” approach, using “SCRUM” as the project methodology and “XP” as the engineering methodology.

Within the project significant emphasis was put on test automation to support the process, building up the software through an iterative process. The process allowed continuous validation by the business management team, ensuring that requirements were clear to all involved. The core project team was made up of Friends First staff supplemented with FINEOS consultants in support as required. The automated testing approach worked particularly well, allowing the test team to run full system regression tests in a matter of hours rather

than weeks (which would have previously been the case). The testing framework was also instrumental in the data migration exercise, allowing all existing claims data to be automatically input into the new claims system in a matter of hours, ensuring that data integrity was maintained throughout the process. The project ran smoothly and the system configuration and integration work, as well as on-going testing, was all completed within the time-frame allocated.

The rollout of the live claims system at Friends First was relatively seamless since users were already familiar with their existing FINEOS Front Office system. Friends First also worked with FINEOS on the training approach and creation of training collateral ahead of the go-live, so users were well-equipped to begin using the new system.

FINEOS Claims went live in October 2011, within the budget and timescales set for the project. Friends First took prime responsibility for the claims system implementation, with FINEOS providing roughly 100 days of support consultancy to the Friends First design and implementation team.

The FINEOS Claims system integrates with the Friends First Policy Administration System, the Group Pension Administration System, the Megapay Payments System and SAP Business Objects for Business Intelligence Reporting. During the claim intake process, data is automatically populated from these systems. The project was delivered with publishing of services and data through their web portal in mind.

“The project was a huge success, having delivered far more than we had set out in the project objectives. Looking back, we could never have internally developed a solution of this scale or complexity in the same timeframe and budget.”

- Derek Corbett, IT Project Manager, Friends First



In 2012 Friends First won a FINEOS Innovation & Excellence award for their claims implementation. Lisa Feely, Chief Operations Officer, accepts the award on behalf of Friends First from Ireland's Taoiseach (Prime Minister), Enda Kenny and Michael Kelly, CEO, FINEOS

BENEFITS OF THE NEW CLAIMS SYSTEM TO DATE

The FINEOS Claims system enables Friends First to pay valid claims for the right amount and for the right duration through active claim management. The rules and workflow automation in the system build in timely triggers and activities to enable a more proactive approach to claims handling, resulting in better management of return to work goals for the policyholder.

Key benefits delivered by the system include:

- Enhanced claims management capability, with separate and identifiable processes in place for the assessment and review of claims
- Allows greater segmentation of Income Protection claims portfolio, with appropriate skilled resources allocated to highest priority claims
- Improvements in claim recovery rates, due to more focused claim review activities
- Quantified increases in claim recoveries for the HY 2012 compared to the same period in 2011
- Quantified administration efficiency improvements in 2012, allowing the release of more skilled and experienced resources to more value-added claims management work
- Automatic claim authority limits associated with each level of user, improving security and controls
- Allows segregation of key responsibilities on both claims activities and payment tasks
- Streamlined processes which have significantly reduced manual intervention
- Easier to manage and more transparent payments - any change in circumstance is now automatically recalculated by the claims system
- Correct and consistent application of policy terms & conditions
- Improvement in data quality
- Better reporting capabilities, benefitting both the Health Claims and Actuarial teams
- Improved ability to unearth unusual or spurious claims that could become fraudulent through tighter reporting and auditing
- Supports future innovation allowing Friends First to extend their current on-line proposition, if and when required
- Defined structure of user competencies, skills, authority levels
- Meets Solvency II (regulation on risk and reserve) reporting requirements
- Elimination of multi-keying and duplication of effort
- Improved reassurance reporting
- Lower training costs – faster employee induction
- Identification & elimination of process bottlenecks
- Automated work allocation, routing and reminders
- Active supervisory operational information
- Automated letters and templates reducing number of manual errors.

“We have replaced an end of life legacy system with the market-leading solution that aligns with industry best practice. The new system assists us to deliver enhanced customer service and operational efficiency, while also ensuring we have reduced any potential risk. Reducing risk is particularly important given the introduction of European Solvency II regulations. We now have a platform that supports future developments and which allows us to continue to improve our claims service going forward.”

- Lisa Feely, Chief Operations Officer at Friends First

ABOUT FINEOS

FINEOS is a market leading provider of enterprise solutions for insurance and is the global market leader for Life and Health claims management solutions. Our flagship product, FINEOS Claims, is the insurance industry's best-in-class solution for Life, Disability, Property & Casualty and Government Compensation Insurance. Established in 1993, the company delivers innovative solutions to a global market and has customers, employees and established bases in North America, Europe, Africa and the Asia Pacific markets. For more information, visit www.FINEOS.com

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