



## HOW ARE TPAS DRIVING INNOVATION IN LIFE INSURANCE ADMINISTRATION?

### Abstract

Third-party administrators in insurance drive innovation and bring insurance companies into the digital ecosystem for enhanced operational efficiency. TPA technology in insurance is transforming life insurance administration through AI-driven automation, blockchain technology, and advanced analytics to streamline claims management, policy administration, and billing. This allows insurers to not only optimise their workflows for scalable efficiency but also improve customer experiences while they focus on cost optimisation, product innovation, and risk management. As the insurance industry evolves, TPAs are becoming essential strategic partners, helping insurance companies modernise their legacy systems and driving digital transformation for operational excellence.



Third-party administrators in insurance have been helping providers manage different aspects of the end-to-end value chain of life and annuity insurance products for a long time. Whether it is policy servicing, premium collection,

claims processing, or regulatory support, TPAs support life insurance administration and streamline claims management. Going beyond simple support, the evolving TPA technology in insurance is also driving product innovation, personalisation,

and competitiveness for contemporary insurance providers. This has resulted in steady growth in the global insurance TPA market as experts estimate the market to grow from \$488.90 billion (2024) to \$650.80 billion (2029), with a CAGR of 5.9%.

## The traditional TPA model

Life insurance companies began to leverage TPA services as they lacked the back-end capacity to manage policy administration and were under pressure to lower their operating costs. Offloading policy administration and claims management to TPAs emerged as a viable option for addressing these issues. The traditional TPA model focused on supporting and maintaining the

existing policies. However, this presented a challenge of potentially missed opportunities when it comes to innovating and generating added value.

Moreover, the traditional TPA model also presented challenges when it comes to data conversations in life insurance process automation efforts. The underlying architectural differences between the

insurer's legacy systems and TPA platforms add a layer of complexity when migrating and mapping data and business rules between different systems. However, as the industry matures, the TPAs are also evolving, and the insurers are treating them as active partners in driving innovation, personalisation, customer satisfaction, and competitive edge.

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## Evolution of the modern TPA model

The evolving role of third-party administrators in insurance and the strategic focus of insurers to drive digital-

first operations is making way for a modernised, digital TPA model. This model focuses on not only automating the claims

administration process – for more efficient and cost-effective operations – but also bringing about unprecedented

breakthroughs in customer experience. Evolving from simple outsourcing vendors, contemporary TPAs have become strategic partners in the transformation journeys the insurers are undertaking. The key differentiators of a contemporary TPA include:

- Strategic support in forward-looking endeavours
- Access to an advanced technological ecosystem
- Modern conversion methodologies for streamlined data mapping and migration
- Consulting support for developing innovative and flexible solutions
- Digitalisation and personalisation of customer journeys
- Adaptive delivery and talent model for a global customer base



## TPAs to streamline insurance claims management

With TPAs tailoring claims administration and reducing overhead costs, they have to focus on many areas that need meticulous supervision. They can make or break an insurer's claims management. Modern TPAs offer a unified solution to streamline and optimise insurance claims management to save time, money, and resources across the following aspects:

### Enterprise claims management

Enterprise claims management is often vulnerable to mistakes or inefficiencies. However, TPAs can help insurers rapidly assess the incidents and prioritise claims to cut down lag time and optimise the overall claims management costs. The evolving TPA technology in insurance also makes it easier to streamline all the necessary information and leverage quick reporting capabilities for a more precise trend analysis and root cause investigation.

### Predictive analytics

Advanced analytics and artificial intelligence capabilities are helping

insurers leverage integrated claims analytics software solutions to drive life insurance process automation. Uncovering insights from past data, TPAs can help insurance companies predict future outcomes and facilitate faster and smarter decision management.

### Policy administration

Policy management and administration, from underwriting and renewal to data analysis and reporting, is a daunting task. Using a holistic administrative tool can help you see the emerging trends and ensure you have the appropriate level of coverage when administering policies and handling policy renewals. Additionally, with the technology ecosystem TPAs offer, you can centralise relevant policy data to make policy lifecycle management more efficient.

### Billing

Policy billing cycles are often intricate and complex. Third-party administrators in insurance offer a complete solution

that can help insurers tailor their billing process to the specific needs of their policy products, simplifying the overall process and facilitating life insurance process automation. This can include automatic invoice creation and distribution, handling instalment payment plans, and automatic communication workflows for renewals, cancellations, late payment warnings, and late fees.

### Information security ecosystem

With data taking centre stage in every industry, ensuring data protection becomes paramount in life insurance administration. Agile and mature TPAs are working with regulatory authorities to build a robust information security ecosystem – including strategies like digital workforce management, data security training, and stringent data security measures – that will protect the personal, medical, and financial information of the customers.

## Emerging trends in life insurance process automation

The insurance sector today is extremely fast-paced, with customers expecting prompt responses and personalised products for their needs. TPAs are playing an instrumental role in helping insurers move away from legacy systems and tedious, time-consuming processes to optimise policy management and administration, boost productivity, and ensure exceptional customer service. The TPA technologies in insurance making it possible include:

### Artificial Intelligence (AI)

AI has been the driving force behind life insurance process automation – not only automating repetitive tasks but also improving decision-making workflows for enhanced customer interactions. The

AI-enabled enterprise ecosystem is helping insurance companies drive operational and process efficiencies for seamless policy administration and management.

### Blockchain technology

Blockchain technology is the building block of a decentralised and tamperproof digital ledger that ensures secure and transparent transactions across the insurance ecosystem. TPAs can leverage blockchain solutions to streamline transparent claims processing, enhance data integrity, and mitigate fraud risk. Moreover, blockchain technology also enables smart contracts for self-executing agreements to facilitate quicker claims settlements while reducing administrative burden, ensuring regulatory compliance,

and cultivating stakeholder trust.

### Advanced analytics

Rapidly advancing analytics capabilities and access to customer data have allowed insurance companies to leverage data-driven insights to enhance their decision-making capabilities. Going beyond simple predictive analytics, third-party administrators in insurance can help harness the power of prescriptive analytics to guide the course of action that will lead to the desired outcomes. This goes beyond simple robotic process automation and helps insurance companies future-proof their processes and products for a sustainable competitive advantage.



## Benefits of digital third-party administration technology in insurance

The path to digital transformation and life insurance process automation is not a one-size-fits-all approach, and insurance companies must find the right product-market fit when finding the right TPA partner. However, TPA technology in insurance offers distinct advantages to all, including:

### Scalability

The talent shortage is a real challenge in the insurance industry, and finding

experts across back office and contact centre operations is a challenge every insurer faces. But with a TPA, they can easily scale their operations, leveraging TPA's experience, expertise, and bandwidth to ensure consistent customer experience as the customer list grows.

### Enhanced efficiency and cost-effectiveness

Efficiency and cost-optimisation are some of the biggest stakes in life insurance administration. Third-party administration

in insurance helps insurers to reimagine their workflows to not only optimise efficiency but minimise overhead costs as well. This separates modern TPAs from their legacy peers.

### Innovation

Combining insurance administration and technological expertise, modern TPAs are constantly testing emerging tools to evolve and improve their service delivery. This facilitates innovation within the digital



TPA ecosystem for enhanced flexibility, personalisation, and efficiency.

#### Focus on core competencies

By automating policy administration and claims management, TPA technology can help insurance companies focus their resources on their core competencies. This

enhanced focus on product development, underwriting, and risk management can help insurers offer services that distinguish themselves from the competition and build lasting customer relationships.

#### Legacy system modernisation

Legacy systems and processes are often the

biggest hurdles in insurance companies' journey towards digital transformation.

A digital-first TPA can help accelerate this process, combining necessary operational expertise with digital capabilities for legacy system modernisation.

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## Conclusion

Although [third-party administrators in insurance](#) are not new, they have been pivotal in driving innovation and digitisation efforts over the last few years. By integrating advanced technologies, such as artificial intelligence, blockchain, and prescriptive analytics, TPAs are facilitating

life insurance process automation through streamlined policy administration, improved claims management, and a secure data ecosystem.

This operational model is helping insurers reduce costs while enhancing service delivery and customer experience.

TPAs allow insurers to focus more on their core competencies, taking legacy modernisation off their plates for enhanced customer experience, risk management, and competitiveness in today's increasingly digital marketplace.

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