

Case Study



'Moving up the value chain' & 'Unlocking Value'

for the Insurance Arm of a Leading Re-insurer in
North America

Abstract

The present case study is an illustration of how Infosys BPO enabled a leading re-insurance company transform its business. Infosys BPO optimized the client's business, in varied areas like Indexing Support, Underwriting and Claims, Analytics in Workers Compensation etc. thus supporting the client in their pursuit to move up the business value chain.

Client Profile

The client is the subsidiary of a top re-insurance player providing Insurance services in North America. They are one of the pioneers in creative underwriting and innovating beyond 'off the shelf' insurance products. The client along with its parent company currently employs 2,000+ people around the globe. The client is a part of one of the world's leading Investment group and offers unsurpassed financial stability and capacity.

Key Business Challenge

The client's business was growing at a rapid pace, to stay competent in the business, but faced limitations resulting from lack of automation and standardization. The key limitations from the existing system included.

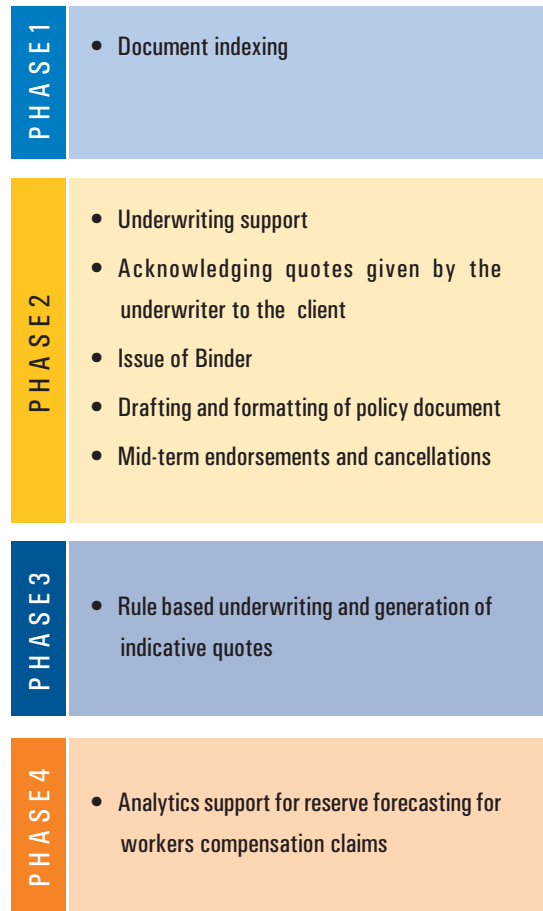
- The need to have their high – skilled resources like Underwriters and Claims experts etc, focus on core business areas rather than get involved with routine transactional activities
- Less focus on process efficiency, reduce human error, and improve the quality of processes
- Client Response Time (CRT) (Policy Processing, Underwriting Activities, Claims Processing) were not up to the industry benchmarks
- Piled up backlog of transactions (e.g. commitment to customer in terms of policies done) and poor transactional quality
- Lack of discipline in the underwriting processes

The above challenges urged the client to look for outsourcing service provider, who could provide them with scalable, flexible and standardized business process solutions in the insurance space. Client chose to partner with Infosys, for its domain and technology expertise, and its ability to transform businesses.

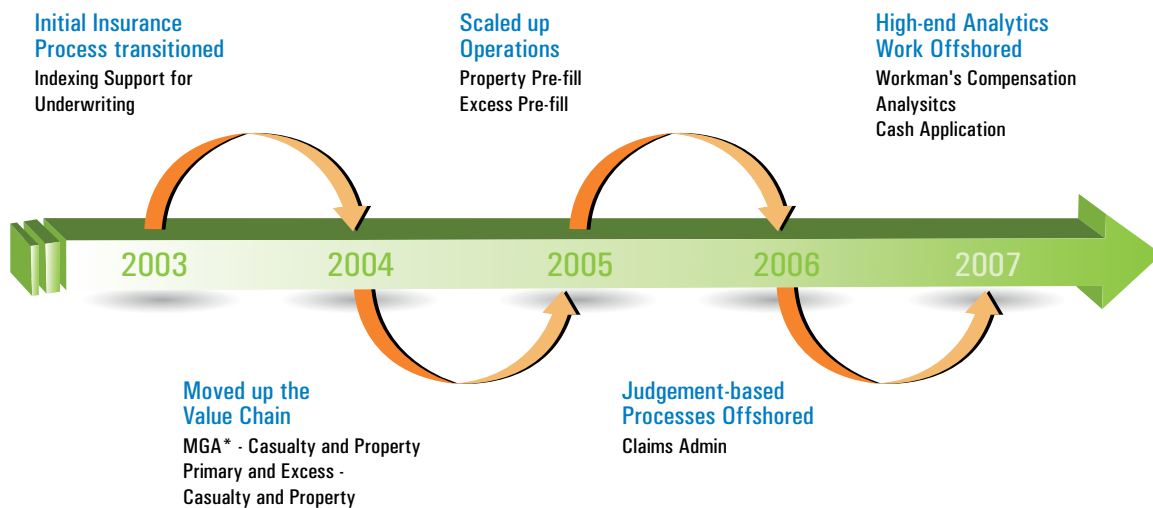
The Solutions Approach

Infosys designed a holistic phase-by-phase transition approach to amplify the performance and scalability of the processes. Infosys also instituted a strong change management process to enable a smooth transition.

The following is the phase-by-phase transition of processes between the client and Infosys.



Executing these processes flawlessly throughout each phase enabled Infosys to enrich the relationship further. The figure below illustrates the transition from entry-level processes like indexing to high-end, complex and business critical processes like Claims Payments and Analytics.



*MGA - Managing General Agents

Besides its technical expertise, Infosys brought in an in-depth knowledge and experience in Insurance and demonstrated results as illustrated in the following key areas.

Transition

- Proven and tested transition methodology
- Transitioned FTEs from US, across multiple Lines of Business (LOB) in phases
- Shorter transition timelines due to prior knowledge and experience of the processes being transitioned

Domain Expertise

- Grew in complexity from simple Indexing process to Analytical & Decision based process
- Key services spread across majority of functions of client
- Domain knowledge is delivered to its employees through both internal and external training modules, thus providing a trained workforce delivering best-in-class services to the client

Technology

- In-house developed tools and technologies to bring about process transformation
- Effortlessly integrated and worked with the client applications like Mainframe Systems, Viewstar & Documentum

Resource Optimization

- High focus on technical career path & insurance certifications
- Staffing flexibility and scalability for both skillsets and resources

Operations Methodology

- Strong focus on Quality implementation, Data & Physical security and Governance Structure
- Deep rooted Domain expertise & Six Sigma culture

Key Benefits

Infosys established multiple benefits for the client in the initial processes, which ascertained their confidence in Infosys to deliver high-end applications as well. This association was further strengthened by enabling the client to leverage the relationship with Infosys as a strategic partner who could provide competitive advantage by doing a wide range of processes faster, better and at lower costs. Infosys was able to provide the following additional value adds to the client's processes.

Transformation Initiative

- Reduced Turn Around Time (TAT) - from 2.5 days to 2.5 hrs with assurance of 100% accuracy by installing an in-house developed macro-based tool for Cash Application

<The cash application process at the client's end required excessive manual validation and processing for all steps. Infosys stepped in to automate a large part of the process through macros. Thus manual intervention was required only for getting inputs into standard format and handling discrepancies>

Key Six-Sigma Initiatives

- Reduced process training duration for new agents by 30-40% by implementing a Six-Sigma project, this project was initiated keeping in mind the drawbacks of the existing training module at the client's end, thereby increasing the training efficiency. USD 12,319 savings per annum attained by the client each year from the time of the outsourcing deal started
- Reduction of TAT by almost 50% from 55 mins to 28 mins for Policy Drafting to handle the spikes in volumes by developing in-house training for shortcuts; Infosys developed a feedback system, thus tracking the areas which require improvement; Job Aids are also provided to improve the TAT and reduce errors
- Increase in the quality score from 76% to 100% by implementing a six-sigma project on the Quality of Policy drafting

Scalability and Flexibility enabled

- The outsourcing journey with the client began with a low complexity process like data processing and moved up the value chain to handle complex tasks like Underwriting and Claims, Workmen's Compensation Analytics etc
- Phased employee growth from 12 FTEs initially to 102 FTEs at peak and 86 FTEs currently
- Able to match the client's expectations each time in the area of staffing flexibility. Infosys was able to scale up both skill-sets and resources rapidly when required by the client thus matching their business strategy and needs

Unlocking Value through offshoring processes

- Infosys was able to bring about efficiencies in the underwriting process of the client. This enabled cost savings of about 3 to 4 points on their combined ratio*
- Client has saved (over USD 1million in 2007 alone) on office space rent and real estate investments
- Eliminated backlogs in processing insurance claims and meeting all the service standards
- Enabled far greater oversight of Managed General Agents books and updated the insurance company with this information at regular periods
- The client was able to service multiple submissions from agents and customers, thus improving their customer service and responsiveness

Infosys not only partners with its client's but also prides itself on delivering efficient and superior services to the customers of the client. This is evident from the core Customer Satisfaction (CSAT) score of 6 out of 7 (7 being the highest). This has been consistently maintained in the last 3 years. This efficient delivery has resulted in getting new business from the parent company as well.

**The Combined ratio is a measure of profitability used by an insurance company to indicate how well it is performing in its daily operation. It comprises of the claims ratio and the expense ratio.*

A note of appreciation from the COO on the transformation initiative taken-up by the Infosys team

"I wanted to drop you a quick note to say how impressed I was by your efforts to map spreadsheet data in to our mainframe systems.

In the past, we have tried to do transformation in to these old systems, and each time it has failed. You designed a macro process that builds in end-user intervention and it works wonderfully. In my mind, you have proven the synergism between BPO and ITO and it is, as I said in Bangalore, "magical"

The benefits we see from this are certainly tremendous time savings, for example, being able to process the account has decreased from 2.5 days to 2.5 hours in duration, as well as the data quality improvement as it has cut down on duplicate entry"

Highlights

of the client appreciation note in their internal news letter, about consistent performance in WC Analytics

"Over the past year, our department has been able to achieve many high-level goals which would not have been possible without the assistance of Infosys WC analytics team. They each possess such a willingness to learn without the least bit of hesitation. They are always cooperative, pleasant and professional. They have eagerly gained a working knowledge base in a very short period of time and apply what they've learned in a logical and appropriate claim assistant manner.

The support provided on my claim files makes it possible for me to quickly assess a situation to determine what's needed and keep the file moving forward toward resolution.

With the Infosys offshore team, the WC Unit can now concentrate the majority of our efforts on Job One - settling cases and mitigating exposures! So, there you have it, an excellent partnership indeed"

For more information, contact bpo_marketing@infosys.com



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About Infosys BPO

Global organizations depend on Infosys BPO Ltd, the business process outsourcing subsidiary of Infosys Ltd (NASDAQ: INFY) to deliver measurable business value. Infosys BPO's strong focus on industry solutions, technology and a consulting based approach has created new engagement models to help clients build tomorrow's enterprise.

For more information about Infosys (NASDAQ:INFY), visit www.infosysbpo.com.