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CELENT MODEL INSURER ASIA 2013

CASE STUDIES OF EFFECTIVE TECHNOLOGY USE IN INSURANCE

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This authorized reprint contains an excerpt from a Celent report profiling and evaluating 17 different insurance case studies. The full report is 60 pages long. The report was not sponsored by eBaoTech Corporation in any way. This reprint was prepared specifically for eBaoTech Corporation, but the analysis has not been changed. For more information on the full report, please contact Celent at www.celent.com, maquino@celent.com, or +65 9168 3998.

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EXECUTIVE SUMMARY

The vision for Celent's Model Insurer research is to try to answer an apparently simple question: "What would it look like for an insurer to do everything right with today's technology?" Given the economy, this question is more applicable today than ever before. Capital-constrained insurers must leverage all available resources to the maximum to meet market challenges.

The approach Celent takes to identify Model Insurers is to offer, at a high level, some best practices in the use of technology across various areas of the industry—whether in components of the product and policyholder lifecycle or general areas such as IT infrastructure and management—that a "Model Insurer" would use. These areas are illustrated by case studies of specific initiatives and capabilities, selected from the many submissions and presented in this report as "Model Insurer Components."

Insurance in Asia-Pacific faces its own set of business challenges, and insurance technology has evolved along a distinctive path. Celent prepared this Asia-Pacific edition to identify "Model Insurer Components" that have recently been deployed in the region.

Model Insurer Components are used to group the case studies and represent portions of the insurance value chain. The components represented in the Model Insurer Asia report are:

- Agent portal
- Analytics
- Business process management
- Claims
- Distribution / New business
- Infrastructure/ Architecture
- Policy administration
- Risk management
- Service
- Underwriting

A case study typically includes multiple examples of best practices and/or outstanding results. Celent has organized the general benefits of initiatives into categories to allow readers a summary of the major value areas of each profile (see Table 1).

Table 1: Common Best Practices and Results

IT BEST PRACTICE	MEASURABLE BUSINESS RESULTS
Use of industry standards	Higher productivity, lower staff expenses
Optimization of infrastructure	Increased revenue or market share
Positioning for future reuse	Faster cycle times and more consistent processes
Automation, STP, and system integration	Better decisions, more accurate pricing, reduced

	losses
Data transparency and compliance	Decreased time to market
Improved use of channels	More efficient document/content management
Risk management through proper development, testing, and project management	Green organization
Solicitation of end user feedback and review	Improved agent/customer satisfaction and adoption
Use of metrics	Compliance and reduction of market conduct penalties

Source: Celent

INTRODUCTION

WHAT IS A MODEL INSURER?

The vision for Celent's Model Insurer research is to try to answer an apparently simple question: "What would it look like for an insurer to do everything right with today's technology?" Of course, the question is not nearly as simple as it appears. The terms "everything" and "right" mean very different things to different insurers depending on their size, the complexity of their operations and product sets, and their technological starting points.

The approach Celent takes is to offer, at a high level, some key best practices in the use of technology across the product and policyholder lifecycle and in IT infrastructure and management that a "Model Insurer" would use.

WHAT IS A MODEL INSURER COMPONENT?

Of course, there is no such thing as a "Model Insurer"—every insurer does some things well, and others not as well when it comes to technology. Accordingly, Celent gathered as many real world examples of effective usage of technology in Asian insurance as possible and then decided on a set that reflected important best practices. These case studies are presented as "Model Insurer Components" —components of a theoretical Model Insurer's IT systems and practices.

An important note is that a Model Insurer Component is recognition of an insurer's effective use of technology in a certain area, not necessarily a statement that the insurer is absolutely best in class (although some may be). Model Insurer Components are those that help insurers improve performance and meet market demands. In general, they represent the way things should be done.

Celent refines this summary of best practices and identifies new Model Insurer Components annually.

WHAT IS A MODEL INSURER ASIA COMPONENT?

Insurance in Asia-Pacific faces its own set of business challenges, and insurance technology in the region has evolved along a distinctive path. Celent prepared this Asia-Pacific edition to identify the Model Insurer Components that have recently been deployed in the region. These case studies are presented as Model Insurer Asia Components.

NOMINATION AND SELECTION PROCESS

For this report, Celent identified Model Insurer Asia Components through the following process:

- Invitations and self-nomination forms were sent to over 200 insurers and 80 vendors (vendors were asked to pass the form along to their insurer clients, and were allowed to work with them to nominate their initiatives) starting in July 2012.
- Nomination forms were reviewed by Celent insurance senior analysts, and cases that demonstrated the most effective use of technology, a clear best practice approach, and quantifiable success metrics were selected.
- Insurers were interviewed to review their cases and provide additional information if necessary to create the case study.
- Celent senior analysts drafted case studies, which were approved by the insurers for accuracy and confidentiality.

The Model Insurer Asia selection process was competitive. Almost all categories had multiple qualifying "winners."

CLIENT DISCLOSURE

There were no fees charged to insurers or vendors mentioned in this report. Some of the nominating vendors, and some of the selected insurers, are or have been clients to Celent's retained advisory service (Celent serves dozens of insurers across the globe in this capacity). However, Celent was not directly involved in the creation or deployment of any of the initiatives that have been recognized, and no preference was given to clients in the selection process.

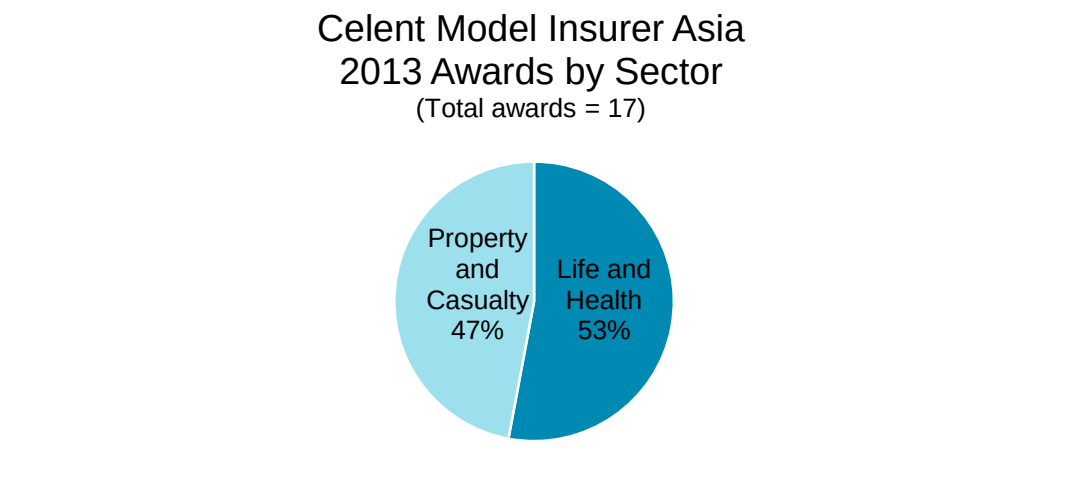
ABOUT THIS REPORT

This report is divided into sections for each of the Model Insurer Components of the product and policyholder lifecycle. Each section contains an overview of what makes a component important and how a Model Insurer can distinguish itself in this area through technology. This is followed by one or more Model Insurer Component case studies that illustrate the best practices discussed.

Since there is a high degree of overlap in best practices for effective use of technology between life/health insurers and property/casualty insurers, Celent has combined both into a single volume to avoid unnecessary duplication. However, differences between the sectors are noted and separated where appropriate.

Fifty-three percent of the 17 cases included in this report are life/health insurance projects; 47% are property/casualty initiatives.

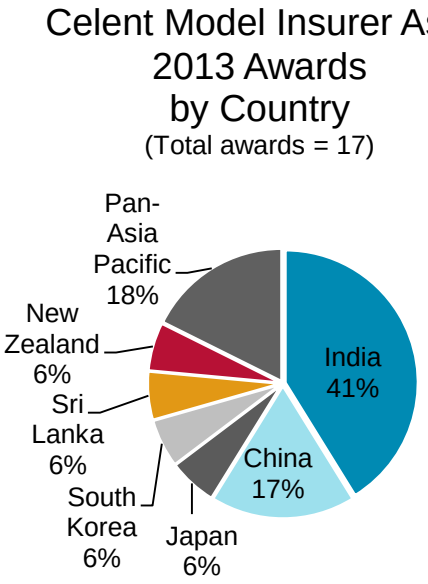
Figure 1: Celent Model Insurer Asia 2013 Awards by Sector



Source: Celent

The cases cited in this report are initiatives from India, China, Japan, Korea, Sri Lanka, and New Zealand. There are also some pan-Asia-Pacific projects that were implemented in multiple Asia Pacific markets.

Figure 2: Celent Model Insurer Asia 2013 Awards by Country



Source: Celent

COMMON BEST PRACTICES AND RESULTS

No two projects in the insurance industry look exactly the same, making it difficult to judge which ones qualify as Model Insurer Components. The projects that rise to the top, however, tend to demonstrate a number of similar elements: a cross-section of best practices and quantifiable gains.

This report does not present an exhaustive list of best practices or expected results, but Celent has attempted to identify a number of the most important items. Any insurer striving to be a Model Insurer in its approach to an IT initiative should consider the following best practices. And any insurer looking to achieve Model Insurer results should plan in advance to measure the following business gains and returns on investment in a quantifiable way.

Table 2: Common Best Practices and Results

IT BEST PRACTICE	MEASURABLE BUSINESS RESULTS
Use of industry standards	Higher productivity, lower staff expenses
Optimization of infrastructure	Increased revenue or market share
Positioning for reuse	Faster cycle times and more consistent processes
Automation, STP, and system integration	Better decisions, more accurate pricing, reduced losses
Data transparency and compliance	Decreased time to market
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Use of metrics	Compliance and reduction of market conduct penalties

Source: Celent

IT BEST PRACTICES

Industry Data Standards

Model Insurers understand that they need to think beyond successful point solutions and create lasting systems that work within a larger infrastructure. Critical to this is the use of industry data standards, such as XML and ACORD.

Using data standards means that an insurer avoids reinventing the wheel and instead manages risk by working with accepted, well-tested, and well-defined models. Even if it requires a little extra work or planning, the reduced risk will save time.

Perhaps more importantly, working with industry data standards helps position a new system for easier integration, whether the systems are internal or external to the insurer. As more and more systems within the organization conform to the same industry

standards, it becomes easier to have them communicate. When looking to bring in vendor software or integrate with a third party source, such data standards enable a common ground from which to start.

Not every project needs to define itself around industry data standards, and it's likely that even the most disciplined team will find the need to add some unique customizations to suit their needs. However, any Model Insurer will spend a good deal of time in the planning phase determining how best to utilize these standards, deciding to reject them only when the benefits and risks have truly been weighed.

Optimization of Infrastructure

Model insurers do more than just build or buy modern systems; they also work to rationalize and optimize their existing systems into an ever-modern infrastructure. This can mean different things, depending on the project and the circumstances. An insurer with several policy administration systems may consider consolidation a higher priority than bringing in a modern system. An insurer looking to manage expenses in a difficult financial market might seek ways to better leverage its existing system in a modern environment rather than replace it.

Optimization of the infrastructure doesn't have to trump other business realities. An insurer that licenses a modern policy admin system might decide that, rather than going through an expensive conversion process, it will keep the legacy system for existing business and use the new PAS for new business going forward. Although this may create a suboptimal infrastructure, the Model Insurer knows that the optimal scenario balances many factors.

Positioning for Reuse

Any insurer struggling with a legacy system that is decades old understands that today's technology investment might become tomorrow's burden. And any insurer with multiple systems duplicating similar functionality knows that bringing in a new system might add to the burden even before the day's end.

This is why a Model Insurer thinks about reuse when investing in new technology projects. Any system added to the infrastructure will likely be stretched beyond its original intentions, in terms of both functionality and shelf life. It will be easier to achieve these goals by using a service-oriented architecture, industry standards, and easily configurable systems, but a Model Insurer knows the challenge is not just about the technology but also about the way a system is tested and used by the enterprise.

For example, a new rating engine needs to be leveraged by the policy admin system, the agent portal, and any other user getting quotes. Otherwise the investment has resulted in additional processes to keep multiple rate models in synch. In several years, when the legacy policy admin system is no longer supporting the business, the older rating engine needs to adjust easily to support the replacement.

Automation, STP, and System Integration

Many of the technology best practices involve thinking about an IT project as a full enterprise strategy rather than an isolated solution. Nowhere is that as crucial as when planning a reduction of manual processes and an increase in automation, a high-ranking item on most insurers' priority lists.

Manual processes are a burden on an insurance organization, increasing errors and requiring additional staff. Manual processes most frequently arise for one of two reasons:

- A system does not provide the correct functionality and cannot be easily adjusted, requiring manual workarounds.

- A system does its job well, but is poorly integrated with other systems, requiring a manual process to pass data or jobs from one system to the next.

To reduce these burdens, insurers need to build or buy a system that can be configured to fit the company's business process needs and be integrated into the larger infrastructure.

Manual processes are not just about flaws in the technology, of course. Straight-through processing (STP) is becoming a reality in selected lines of business. However, some decisions, such as complex underwriting, need to be made by a human. The goal, however, is to maximize STP, extending or bringing in systems that can be configured to automate as many decisions as possible. When a process requires human intervention, the workflow should be simple, allowing the people at an insurance company to focus on their high-value jobs rather than dealing with systems.

Like the best practice of "Positioning for Future Reuse," these goals will be helped by service-oriented architecture, industry standards, and easily configurable systems, but they require foresight and planning, and, in many cases, a change to corporate culture.

Data Transparency and Compliance

In an economic environment where regulations are likely to increase, it is important to have a good view into corporate data. Many otherwise excellent projects fail to consider how data will be utilized by other systems, how actions will be audited, or how historic records will be archived and made accessible. Even projects focused exclusively on business intelligence sometimes create new silos of data that only exacerbate the larger problem.

Data is critical in the insurance industry, and Model Insurers know that any project needs to fit into a broader data strategy. This doesn't mean an insurer can only be a Model Insurer if it has a centralized enterprise data warehouse—in fact, at many insurers, failed attempts at just such projects linger as models of how not to approach an IT initiative. But new projects will make data accessible and usable, allowing good reporting even if such reports come in a later phase. This allows Model Insurers to make good decisions about their business and prepares them for audits and to comply with whatever regulations the industry may face.

Improved Use of Channels

The IT Best Practices listed in this report focus on an approach to a project rather than a specific "feature" of a system, which is why Celent does not demand that new technology utilize the web to be considered a Model Insurer Component. It is crucial, however, that insurers think about all their channel options when implementing new technology or enhancing existing systems. Clearly, being a modern insurer typically requires providing agents and customers with easy-to-use web applications, though direct integration to agency systems or simplifying existing paper processes are also important. The use of a mobile application, for example, might push the envelope of innovation, but it does not win any awards if it is not adopted by agents and customers.

A Model Insurer project that succeeds in this best practice might be an initiative entirely focused on improving a channel, such as a new producer portal. But it also might be a project in a different area that effectively considers how new functionality will impact existing channels and leverages it appropriately.

Risk Management Through Proper Development, Testing, and Project Management

Model Insurers don't need to have highly paid or prestigious IT teams to succeed, nor does a project timeline have to accomplish huge amounts of revolutionary change in a minimized schedule. By following best practices in project execution—development, testing, and project management—an insurer can accomplish great things over time.

Although best practices in execution help guarantee many things, when it comes down to it, they are there to help companies manage risk. What is the risk the project will be late? What is the risk there will be bugs in production? What is the risk the right features won't be available? What is the risk that, by the time the project goes live, the needs have changed?

The best practices associated with execution are too numerous to list, but involve good requirements gathering, proper interaction with the business, use of both automated and manual test cases, executive support and user buy-in, and much more. One of the most crucial practices is having a team of players who can communicate effectively. Many projects finish late and over budget not because execution failed but because the IT group failed to properly estimate and explain the true timeline.

A team that, on the same day, rolls out several new nationwide systems for multiple lines of business can point to its accomplishment as a huge success, but this isn't a best practice. Maximizing results by maximizing risk is not typically best for an insurer. Celent considers a company that plans several stages of development, with smaller, localized pilot programs to be a true Model Insurer.

Solicitation of End User Feedback and Review

While it may not sound like an IT best practice, solicitation of input from end users can be crucial to a project's success. Many times in the industry, after immense efforts are put forth by an IT organization to launch a system, the response is only lukewarm. This is not because of a failure to deliver the requirements, but because the requirements were misaligned from the beginning. By building a user group to review early designs and milestones, a project path can be readjusted before time has been wasted on low priority features.

Sometimes a user group consists of other staff members who sit right down the hall, and getting their participation is easy. But other times, such as when building a portal for independent agents, an insurer must go out and build relationships. Typically, agents and others who will be using a system are happy to participate, perhaps even excited at the chance to give feedback. Model Insurers use this as an opportunity not just to build the best system, but also to get a head start on training.

Use of Metrics

Without the ability to quantify results, it is impossible to know what constitutes a successful project. All of the business results and returns on investment listed by Celent as necessary for a Model Insurer Component require the use of metrics, meaning that metrics are an implied best practice for all winners.

Using metrics does not mean an insurer needs to practice Six Sigma or a highly repeatable and measurable review methodology to succeed. It does mean that an insurer needs to take a good look at the important metrics of a system before and after a project. It is not enough to measure the time to underwrite new business in a new system if that cannot be compared to the previous toolset. It is difficult or impossible to determine the highest priority IT needs if such self-analysis is not available.

By identifying critical business factors and performing realistic measurements, a Model Insurer is able to focus on the most important IT efforts, point to successes, and continuously discover areas for improvements.

MEASURABLE BUSINESS RESULTS

Higher Productivity, Lower Staff Expenses

The insurance industry—like most industries in today's market—is looking for ways to cut expenses without sacrificing service quality or speed. Smart technology can help insurers

achieve more with less. Technology can reduce cycle times, automate tasks (and sometimes entire processes), and give workers the information they need when they need it. Increased productivity allows the same number of staff to handle increased volumes of work (submissions, service requests, claims, etc.), or a smaller number of staff to handle the same volume of work.

In either case, the key for a Model Insurer seeking this benefit through a given initiative is to identify where and how things will change, establish baseline measures and project changes, and then track those changes after deployment. The largest cost impact will generally be among operating staff, but savings in IT will often be seen as well.

Increased Revenue or Market Share

Growth is a goal for nearly all insurers. Growth may be absolute (increase NPW by 8%) or relative (increase market share to 4%). Growth in a shrinking market means taking business away from competitors. A Model Insurer also remembers that improving retention of current business is a foundation of growth (and profitability as well).

Measuring growth is a challenge, but sometimes secondary metrics (for example, number of submissions received, or approved, or renewal rates for claimants) are more readily available.

Faster Cycle Times and More Consistent Processes

Manual, inconsistent, and time-consuming processes are expensive and error-prone. Many initiatives automate tasks or simplify processes. Specifically, several Model Insurer winners automated underwriting rules and shortened the cycle time for new business submissions. Since complex processes span systems, better system-to-system integration reduces the staff time needed to accomplish hand-offs.

To optimize labor costs, an insurer needs to look across the entire infrastructure before beginning an IT initiative. How will a new system link to existing systems? Will it reduce the overall burden on staff or add to it? Sometimes an organization needs to recognize that the first phase of an implementation will actually increase everyone's manual process load, especially when the new system has gone online, but the old system still maintains half the business.

A Model Insurer also knows that new systems do not just take existing processes and put them online. Rather, these new projects provide an opportunity to rethink processes: their complexity, linkages, and effectiveness.

Better Decisions, More Accurate Pricing, Reduced Losses

IT projects can help to grow areas of business but also help an insurer be smarter about existing business. Managing insurance risk is what insurers do, and that is best done with good data and insight into the customers and policies, and good tools for all the people involved in the process of pricing, selling, and approving business. Measuring this, however, can be difficult, and many IT initiatives are started not to make better product decisions but simply to provide the tools and data needed to understand the decisions that are being made.

Not every project is directly tied to these types of risk decisions, but Model Insurers recognize that all initiatives involve opportunities for gathering data. The IT department must think about all systems as an opportunity to feed data to the business.

Decreased Time to Market

Time to market is a "cycle time," but it differs from the faster cycle times and more consistent processes category in that it takes place before any business is transacted. Whether a company attempts to roll out an entire line of business or make one change to

a rate table, the time to market can take anywhere from minutes to months. Being nimble enough to adjust pricing strategies and provide competitive new products is crucial to a company's ability to adapt to a difficult marketplace, but overburdened IT departments required to write code for every alteration can create huge bottlenecks for the business. Time to market is one of the most frequently cited reasons for licensing new systems.

It is not enough, however, to recognize that time to market is a problem. Many insurers see an unacceptably long delay for product adjustments and leap into a technology acquisition instead of calculating ROI for a new project. While decreasing time to market may be a critical factor in the business, an IT initiative is not always the right or only solution. Once IT is able to implement a change to a rate in a day, an insurer may discover that a six-week bottleneck exists in another area, whether it is business users seeking approval or the time spent updating marketing material. A Model Insurer knows to analyze the whole process and to measure each step before any projects begin.

More Efficient Document/Content Distribution

The interaction of an insurer with its agents and clients all comes down to content: product information, application forms, policies, marketing materials, policyholder statements, adjuster reports, bills, and all manners of correspondence. Moving all of these documents off paper and into an electronic format has been an industry focus since computers started showing up on desktops. It is not just about reducing printing and mailing costs; it is also about creating easier, less error-prone ways of interacting. Many companies have gone through the effort of providing agents or customers an online channel for submitting business, only to print out those submissions in-house in order to feed them back into an older process. For certain insurers this might be the right first step, as long as there are plans in place to update the back end document process as well.

Similar to the result faster cycle times and more consistent processes, a Model Insurer doesn't just take a paper process and put it online. Instead, a Model Insurer looks to use new channels to interact in a better way, allowing agents and customers options as to how they will receive policies and information. With more efficient document and content distribution, an insurer can reduce the costs associated with printing and mailing, reduce manual process times, reduce storage needs, and reduce errors associated with rekeying data. In addition to these reductions, an insurer can increase agent and customer satisfaction.

Improved Agent/Customer Satisfaction and Adoption

There has been a great focus in the last few years on providing portals and tools to agents and customers to allow them to more easily interact and transact business with the insurer. Many of the reasons for this investment tie to previously listed business results: reduced cycle times, more efficient content and document distribution, greater productivity, and increased revenue. But these investments also result in a less tangible increase in agent and customer satisfaction. Increased agent and customer satisfaction leads to higher productivity and increased revenue, so it may be seen as a means to an end rather than an end in itself - but a Model Insurer knows differently.

One way for an insurer to measure agent and customer satisfaction is to talk to its agents and customers. Though only briefly touched upon in the IT Best Practices section, an important part to making any IT initiative succeed is input from the targeted users of a system, even if those users are outside the organization. This also allows an insurer to track how changes are being received and adjust accordingly. Another way to measure satisfaction is the more concrete metric of system adoption. If a new agent portal is being used by only 5% of the agent force, it's a sure thing that the agents are either unhappy with it or do not know about it. Working with the agents to determine their opinions will both help an insurer build the best possible system and kick-start the agent education and training process.

Measuring system adoption is not just to gauge user satisfaction. Presumably, a system has been put in place to achieve certain benefits to the organization, and unless the system is being used, those goals will not be realized even if the features are there.

Compliance and Reduction of Market Conduct Penalties

Doing business in the insurance industry means conforming to a broad set of regulations. Noncompliance can impact the bottom line, through both market conduct penalties and, even more significantly, a tarnished image among producers, prospects, and policyholders.

Given legislators' and regulators' proclivity to pass laws and issue new regulations and guidance, the job of compliance is a constant. Given that any insurance process can be the subject of regulation, achieving compliance is a job for both business and IT leaders, using the best available governance and project management methodologies. These include process, rules, and document management, and reporting and data transparency.

POLICY ADMINISTRATION

OVERVIEW

Policy administration systems are often called core systems, and with good reason. They are at the core of an effective technology strategy for insurers. No matter how impressive an insurer's distribution and claims systems may be, in most cases the overall effectiveness of the company's IT environment comes down to the capabilities of the policy administration system in three key areas:

- Launching and modifying products quickly and inexpensively.
- Supporting electronic distribution and improved workflow.
- Providing access to detailed information for business intelligence.

These days the traditional line between a policy administration system and other systems has blurred. Many vendors include product configuration, rating, underwriting, agency portals, workflow, or new business automation as part of their offering. Although an end-to-end replacement may be in order, a Model Insurer also knows to look for the core functionality that will help run the business.

Key technology elements include:

- Straight-through processing, the seamless flow of information in a consistent electronic form through the various automated and human interface systems involved in processing insurance. Humans may review and act on it, but the information never changes its electronic form significantly, gets stuck in a cul de sac, or exits to be stored on paper. STP in insurance enables things like automated decisioning, but it does not necessarily imply them. It is also important for data quality and process monitoring.
- Accessible data. Policy administration systems' databases should be accessible to external business intelligence and reporting systems, and should use standard data models that make the data easier to parse and analyze.
- Flexible, tools-based configuration. A major improvement to the current generation of policy administration systems is the combination of modular functionality and tools-based configuration, which makes it possible for expert business users to add products, change rating schema, adjust workflows, or make other modifications without placing a burden on IT.
- Intuitive user interfaces. Good user interfaces on core systems reduce training costs and make employees more productive faster.
- Suite core systems combine multiple insurance application areas such as policy administration, claims, and billing into a single automated solution. Such an approach offers the advantage of dealing with a single vendor and a single application environment for these important functions. However, because of the wide breadth of functionality, implementation of a suite approach involves significant complexity and requires superior coordination. Model Insurer designees offer approaches which successfully address these particular challenges.

AIG ASIA PACIFIC

Implementing a distribution-focused policy fulfillment platform supporting the SME market segment.

AIG Asia Pacific went live in five countries on a new platform that was created as part of a project called AIG @venture. The objectives of the project were to:

- Rationalise their product offering to the SME (small to medium enterprise) market segment, defined as businesses with turnover up to $10 million, capitalising on best practice across the region in design and flexibility.
- Implement a distribution-focused policy fulfillment platform, allowing agents and brokers to complete new quotes and policy issuance, allow maintenance of existing policies and access renewal invitations to engage with clients and make adjustments in preparation for renewal binding.
- Provide full automated workflow between agent/broker and underwriter, with real time notification between parties; automated communication via SMS/email to agents on referral action. The automated workflow provides a historical conversation and transaction history for all policies written within the platform.
- Generate documents in real time in PDF format, including cover letter, insurance schedule, dynamic policy wording, record of answers, debit notes, and insurance certificates where required. Agents/brokers can distribute documents by either printing locally and providing them to customer, or sending them to a mail house, and documents are printed and distributed to customer by the mail house vendor.
- Provide a robust pricing and underwriting platform which fulfills compliance requirements and delivers the flexibility required by underwriters to manage their portfolio.

To realize the above objectives, AIG Asia Pacific implemented eBaoTech Collaborus (enterprise platform of former TekInsure, a Sydney-based insurance software company. TekInsure was acquired by eBaoTech in October 2012) full policy lifecycle insurance distribution platform, and integrated it with several other systems:

- Siteminder for authentication and single sign-on
- Back end policy booking system for automated downstream financial recording
- Claims database for information extract during renewal
- SMS service to notify agents of approval or other actions
- Email gateway
- Extracts for reporting and mail house service

The Transact platform went live in Indonesia, Malaysia, Hong Kong, Singapore, and Thailand successively from January to September 2012. Approximately 10,000 external agents and 75 to 100 underwriters, claims, and distribution staff across five countries now use the system.

Branded AIG Transact, the enterprise platform, allows for electronic distribution of insurance products through multiple channels including agent, broker, bancassurance, affinity, and direct; and provides external real time access to policies and portfolio for AIG distribution partners.

Agents formerly used manual policy proposal forms, and submitted paper application forms to underwriters for pricing and assessment. Now all agents are able to electronically access their policy portfolio in real time. Agents can now quote, bind, and make changes to existing policies on their entire portfolio 24 hours per day. Transactions can be managed in real time online, with the customer. This allows agents to provide a higher level of service to prospects and existing clients.

Significant benefits provided by the project include:

- A streamlined process:
  - Up to 100% of the policy fulfillment process can be outsourced to agents, with a target 70% of transactions to be completed by agents without any engagement to AIG staff.
  - Eliminate over 300,000 transactions from processing via paper and emails.
  - Customers can receive policy documents in soft copy format real time (email from agent).
  - Redeploy staff previously involved in manually processing policy documentation and transactions into back end systems. These staff are now involved in underwriting policies from agents, and working to aid distribution of product.
- Increased flexibility in doing business:
  - Increased spread of time at which producers are binding risks (up to 25% of policies are sold after business hours) with more convenience for producers and customers alike.
  - Multilanguage allows for internal AIG staff to switch language within policy files in real time. Although an agent may have written a policy in Thai, AIG global office in Europe can view the policy in English.
- Improved business quality and risk management:
  - Underwriters are notified in real time on policy referral submissions from agents. This allows a much higher service level response time from AIG underwriters. Current target is less than four hours average response across five countries.
  - Renewal rate of existing policies increased by approximately 3–5% across all countries.
  - Granular reporting available to analyse portfolio for pricing and coverage.
  - Enable real time audit of policy files remotely from anywhere globally within AIG.

- Reduced cost:
  - Reduction in paper use by 50% as the growing acceptance of policy delivery by email.
  - Reduction in internal paper storage by 90%.

AIG Asia Pacific's AIG Transact project was chosen as a Model Insurer Asia component because of straight-through processing, system integration, positioning for reuse, and improved use of channels.

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