



AN ARTICLE FROM

CSC WORLD

COVER STORY: GLOBAL EXPANSION DELIVERED Swiss Re



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GLOBAL EXPANSION DELIVERED

by Cal Harrison

When a hurricane strikes the U.S. coastline or floods paralyze Northern Europe, chances are Swiss Re is funding a portion of the resulting insurance claims. Swiss Re provides insurance coverage to insurance companies — for catastrophic events and multimillion dollar life and health claims. Swiss Re’s reinsurance products help insurers grow without taking on too much risk.

With operations in more than 25 countries, Swiss Re makes risk taking easier for hundreds of insurers and millions of businesses and consumers. Behind the scenes, Swiss Re gets support from a global IT and business solutions provider with deep industry experience. CSC is midway through a 10-year, \$700 million agreement for software and business process outsourcing (BPO) services to support Swiss Re’s global expansion and the management of critical risk data for its Admin Re® business unit in the United States.

“CSC is a global partner with a significant resource base, and that’s important, providing flexibility and stability at the same time,” says Markus Schmid, Swiss Re’s global head of IT. “We frequently rely on CSC to take care of the technical development and everything related to the process, which frees us up to focus on business engineering and change management. And that creates value — not just for us, but also for our clients.”



◀ SWISS RE HEAD OFFICE
NEAR LAKE ZURICH,
SWITZERLAND

ZURICH, SWITZERLAND ▶





Swiss Re



Founded:

1863

Total revenues:
Swiss Franc (CHF)

25 billion

Total assets:

CHF

240 billion

Global operations:

In more than

25 countries

Employees:

11,560

Financial services:

Reinsurance, insurance,
insurance-based corporate
finance, risk management
and related services

Creating a global technology platform

Like most global corporations, Swiss Re has grown through acquisition as well as targeted geographic expansion. Consequently, the company's IT Division was left supporting multiple reinsurance systems in various regions around the world. This environment created numerous challenges to integrate accounting and claims information. And for a company like Swiss Re, reliable data is crucial to understanding risks.

Swiss Re has organized its reinsurance business under two major lines of business — life and health as well as property and casualty. Since the mid-1990s, Swiss Re has used CSC's SICS software for its property and casualty reinsurance business to manage a wide range of risks — from relatively simple homeowners claims to highly complex commercial liability lawsuits.

SICS is the world's leading reinsurance administration system, used by nearly half of all global reinsurers. Swiss Re ultimately

decided to use SICS to consolidate systems and implement a single global software platform for its property and casualty reinsurance business. The company worked with CSC to introduce a modern Web services architecture to the product in 2005.

"It definitely helped to start with a strong and mature core CSC application," Schmid believes. "It was also critical to the success of the partnership that CSC could take care of the whole technical build process. That freed up Swiss Re to focus management attention on the business reengineering and change management elements of the project."

Once the platform was successfully tested, CSC helped migrate all P&C reinsurance business units on a worldwide basis, a task described by management as "one of the most ambitious Swiss Re has ever undertaken."

The end results are worth it, however. Shared processes are cutting back-office

administration costs and improving productivity. When looking at new P&C reinsurance business, underwriters, business planners and risk managers can assess profitability by considering issues encountered in managing similar business in the past. Claims and client managers can operate more efficiently.

The company also uses SICS for its Zurich-based life and health business, which will be one of the next areas under review for systems consolidation. "SICS is part of our broader architecture, but it's at the heart of the P&C administrative process, technical accounting and claims, and it provides us with a rock-solid platform," says Schmid.

Supporting major acquisitions

Recently the company bought the entire commercial insurance operations of GE, including its reinsurance subsidiary, Employers Re, to make further inroads into the U.S. market. What followed was a massive effort: The transition from the GE acquisition alone involved the

MUNICH, GERMANY



conversion of 1.5 million contracts, 2.4 million claims and 144 million booking records to the new system. CSC's development team now provides ongoing support for customizing the software to meet the company's unique needs.

According to Schmid, CSC was a major contributor to the "very successful" and highly ambitious platform development project. "We clearly see competitive advantage now resulting from this effort in terms of lower operational costs and also in our ability to ensure that business is managed in a consistent fashion around the world," Schmid says.

Founded in 1863, Swiss Re built its business on helping insurers manage risks through traditional reinsurance arrangements. But in recent years the company has also focused on helping insurers manage capital and risks by divesting noncore businesses through Swiss Re's Global Admin Re® operations. Since 1995, with its first small purchase, a block of 45,000 policies from John Deere Life Insurance Company, Swiss Re has invested more than \$7 billion in capital into life and health insurance acquisitions worldwide.

Pioneering Admin Re®

In 1995, John Deere, a leading manufacturer of agricultural and related equipment, sold its life and health insurance operation to Swiss Re. In connection with that transaction, Swiss Re partnered with CSC for the first time in an acquisition context. Under an agreement with CSC, Swiss Re transferred the responsibility for day-to-day administration of the policies to CSC's BPO operations. Subject to Swiss Re's overall management and oversight, CSC undertook all policy support tasks, including customer service, managing billing and accounting, and paying claims.

CSC immediately reopened the John Deere Life processing center in Jacksonville, Ill., and rehired most of the former employees. They became one of the key back-office alternatives for the Admin Re® business. Since then, the two

companies have worked together to support more than 30 acquisitions totaling more than three million policies.

"CSC made the investment in operational brick and mortar, and we grew the business, completing a lot of smaller deals at the outset," says Ken Stewart, managing director and head of Swiss Re's U.S. Admin Re® business. "We've worked very closely with CSC over the years as our Admin Re® business has evolved, and assisted them in development of their BPO business model. It's been a successful partnership."

Over the years, CSC has assisted Swiss Re's due diligence teams in assessing many acquisition opportunities. CSC also contributes to Swiss Re's development of the pricing assumptions for migrating and managing the day-to-day operations of the acquired policies.

"With the expertise we have collectively developed over the years, our due diligence efforts are keenly focused on the key areas necessary to assist Swiss Re in the execution of a smooth and successful delivery of the Admin Re solution to our clients," Stewart says. "We institutionalized a lot of our processes and methodologies and are best in class when it comes to evaluating migrating life and health insurance operations."

Stewart notes that while Global Admin Re® is still a relatively young business in the U.S. and UK, it's one of the highest-growth areas for Swiss Re's worldwide life and health segment. Admin Re® assists its clients in refocusing their human and financial capital resources to areas supporting their current core strategies.

A typical U.S. Admin Re® target block of business consists of whole or term life insurance policies no longer being marketed by a client. Since many of these policies may remain in force for 50 years or more, Swiss Re's acquisition typically includes assuming both the financial and the future operational risks of the business.

SAVING THE PLANET ONE DESKTOP AT A TIME

CSC's BPO operations are making the move to desktop virtualization, and the transformation is already paying off by reducing waste, beefing up security and supporting Green IT initiatives.

Under the program, nearly 2,500 PCs in our BPO locations are being phased out in favor of thin-client Sun Ray desktop devices. Information and applications are now stored on a central server that can be accessed from employee desktops with a smart card.

The CSC Anywhere Desktop ensures a more secure environment for client data, plus, it simplifies the job of desktop support. Better still, the new thin-client devices help reduce power consumption and stop the cycle of obsolete hardware replacement every few years — giving BPO clients a low-risk approach to lowering costs and protecting the environment.



Want to learn more? Read about desktop virtualization at www.csc.com/sunray.

"Quite often, a non-core business is running on legacy IT systems, and the client is also looking to divest operational responsibility," Stewart explains. "We provide an administrative solution through our relationship with CSC that allows these clients to not only harvest the financial benefits of the business but also eliminate its future operational strain."

Scaling the Admin Re® model

One of the most challenging Admin Re® deals came in 2005 with the purchase of the life insurance operations of CNA Financial Services, including its subsidiary, Valley Forge Life Insurance Company. The purchase involved the complex transfer of one million policies consisting of a wide range of life and annuity insurance products. The conversion to CSC's CyberLife



30 ST MARY AXE - SWISS RE UK HEAD OFFICE
LONDON, UNITED KINGDOM

system was phased in over 18 months and six major conversion streams, during which the Admin Re® team not only managed the day-to-day operations and more than 300 former CNA employees in Nashville, Tenn., but also led the migration and transformation of the business to CSC.

“We developed a plan with CSC to convert the IT systems as well as reengineer the administrative processes supporting the business,” Stewart recalls. “Once the migration was completed, we transferred day-to-day administrative responsibility to CSC, and many of our employees became CSC employees at the new Nashville site.”

“One of the most challenging parts of navigating these complex transactions is managing people and the operations through change,” he adds. “But since it so heavily relies on the human element, it is also one of the most rewarding aspects of these deals.”

CSC as change enabler

For the most part, Swiss Re has been content to manage in-force blocks of policies, so it doesn't compete directly for new business with its insurance clients. However, there was one notable exception with the acquisition of the GE commercial insurance business. One of GE's business units, called CyberComp, was a highly successful Internet-based carrier for workers' compensation insurance. CSC's BPO operations had supported the CyberComp Web site, which allows insurance agents to quote and acquire new business in a matter of minutes, since its launch in 1997.

Under the agreement, Swiss Re bought the CyberComp technology, intellectual capital and vendor contract rights, but not the existing book of business. Therefore, Swiss Re needed to restart the business as quickly as possible.

Within 30 days of the purchase, CSC's BPO staff was operating the organization as a Swiss Re company, processing new

business and providing full back-office services. Within six months, CyberComp wrote \$36 million in premiums. Within two years, the business has grown to more than \$200 million.

Building an award-winning relationship

Like Swiss Re's U.S. Admin Re® operations, which have just 30 full-time employees supporting the day-to-day management and oversight of three million policies, the CyberComp operations were established as a virtual company with a relatively small team managing outsourced operations. The arrangement has been so successful that both Swiss Re and CSC were honored with a first-place award for “Outsourcing Relationship Excellence” by *FSO Knowledge Xchange* magazine in 2008.

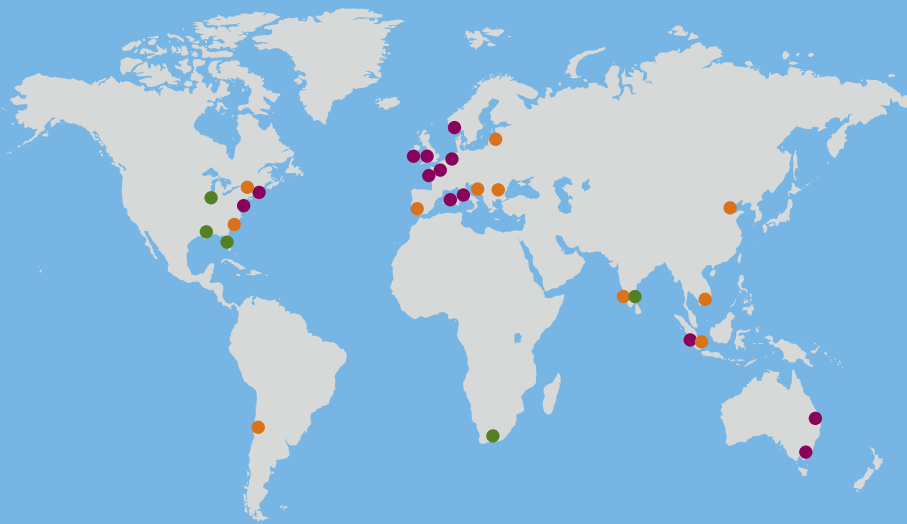
Swiss Re's relationship with CSC is expected to develop in a number of new directions, where CSC's knowledge and experience will continue to add value.

For example, Swiss Re's primary insurance and reinsurance managers are considering how the CSC technology and processes used for Admin Re® in North America might be applied to their business services. At a technology interface level, Swiss Re is keen to make sure that its platform works easily with SWIFT (Society for Worldwide Interbank Financial Telecommunications) standards for electronic trading in Europe, and CSC is supporting its requirements there, too.

Ultimately, according to Stewart, the success of the relationship comes down to the talent and commitment of the people supporting it.

“We have good communication and processes around the handoffs between the two companies, and we also have really high-quality people who support the operation of this business,” Stewart says. ●

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CSC's integrated network of world sourcing centers delivers mission-critical services, such as call center and back-office processing, IT infrastructure management and hosting, and application development and support.

- Business process outsourcing
- IT infrastructure outsourcing
- Application outsourcing

A JOB WORTH DOING IS WORTH DOING WITH WORLD-CLASS BPO SUPPORT

What do your customers hate the most? Dialing in to a call center, navigating the telephone system, waiting to be transferred to the right department and being asked to repeat basic account information. Every extra minute your customers are on hold hurts your relationship with them.

We understand the importance of providing superior customer service, which is why our insurance team developed Customer Service Accelerator, a Web-based software product that seamlessly integrates the telephone system, call center and back office. When a call comes in to CSC's BPO operations, the customer's information automatically appears on-screen for the call center representative. All related policies and information are managed through a single common system, eliminating the need to hand off callers to other departments.

The combination of leading-edge technology and global operating guidelines gives large organizations such as Swiss Re the confidence to outsource mission-critical operations.

In fact, CSC supports more than 100 financial services companies with a globally connected network of BPO operations on three continents.

We manage more than 6.5 million policies and contracts using a common digital imaging and work management system,

ensuring that workloads can be easily shifted to avoid backlogs. Customer-facing service can be handled in the United States, while many back-office tasks can be routed to our staff in Noida, India, and Cape Town, South Africa.

At the foundation are CSC's BPO operating guidelines, which standardize business practices, procedures and workflows. "With these best practices and tools in place, CSC is able to ensure that every policyholder gets consistent, high-quality service," says John Albanese, vice president of CSC's Life and Annuity Division.

High-quality service is essential to the long-term success of the business, according to Ken Stewart, Swiss Re managing director. "When we buy a block of business, one of our main objectives is to keep the policyholders happy and improve our persistency," Stewart says. "We must migrate the business efficiently and maintain or improve the service standards for administering the policies."

CSC manages the business to pre-arranged service level agreements (SLAs) that govern a wide range of measurements, including transaction turnaround times, call center answer times and the availability of support systems. An online system called STARS gives clients a real-time view of key business metrics.

"CSC's technology gives us a lot of confidence in our ability to service the business and manage that service across multiple locations," Stewart says. "Our team also leverages CSC's technology tools to efficiently monitor and oversee the day-to-day operation."



BUSINESS SOLUTIONS
TECHNOLOGY
OUTSOURCING

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About CSC

The mission of CSC is to be a global leader in providing technology enabled business solutions and services.

With the broadest range of capabilities, CSC offers clients the solutions they need to manage complexity, focus on core businesses, collaborate with partners and clients, and improve operations.

CSC makes a special point of understanding its clients and provides experts with real-world experience to work with them. CSC is vendor-independent, delivering solutions that best meet each client's unique requirements.

For more than 50 years, clients in industries and governments worldwide have trusted CSC with their business process and information systems outsourcing, systems integration and consulting needs.

The company trades on the New York Stock Exchange under the symbol "CSC."

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