

# SWISS RE EXPANDS GLOBAL LIFE INSURANCE OPERATIONS

## Top Reinsurer Manages Critical Risk Data for Its U.S. Admin Re® Operations with CSC's BPO Services

Swiss Re provides insurance coverage to insurance companies — for catastrophic events and multimillion-dollar life and health claims. The company'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 has 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 U.S.

"CSC is a global partner with a significant resource base, and that's important, providing flexibility and stability at the same time," said 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."

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

### CASE STUDY

- Built Virtual Company Managing 3 Million Policies with 30 Employees
- Collaborated with CSC on More than 30 Acquisitions
- Converted Large Blocks of Policies to the CSC BPO Platform

### Swiss Re

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Markus Schmid, Global Head of IT, Swiss Re



to support more than 30 acquisitions totaling more than 3 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,” said 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 said. “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.

The U.S. Admin Re operations have just 30 full-time employees supporting the day-to-day management and oversight of 3 million policies.

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

## ABOUT SWISS RE

Founded in 1863, Swiss Re provides reinsurance, insurance, insurance-based corporate finance, risk management and related services to hundreds of insurers and millions of businesses and consumers around the world. With total revenues of Swiss Franc (CHF) 25 billion and total assets of CHF 240 billion, the company operates in more than 25 countries, and employs more than 11,500 people.



financial and the future operational risks of the business.

“Quite often, a non-core business is running on legacy IT systems, and the client is also looking to divest operational responsibility,” Stewart explained. “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 1 million policies consisting of a wide range of life and annuity insurance products.

The conversion to CSC’s CyberLife 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 recalled. “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 added. “But since it so heavily relies on the human element, it is also one of the most rewarding aspects of these deals.”

### Building on a Solid Relationship

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 said.

**To learn more about CSC’s life and annuity software and services, call 800.345.7672 or send an e-mail to [inforequests@csc.com](mailto:inforequests@csc.com).**



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