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Case Study

Penn Mutual's New Business Processes Move into High Gear

By John McCormack

Frederick Rackovan didn't know exactly where all the ringing was coming from. But it was pushing him over the edge.

With more and more phone calls pouring into the new business department at Penn Mutual Life Insurance Co., despite the fact that business had been holding steady, Rackovan figured the deluge could only mean one thing: inefficiency. And, he realized that maintaining the status quo would mean that Penn Mutual's annuities business would have trouble growing.

So, Rackovan decided that he would have to take action. And, he had an inkling that computerization might be what could help remedy the situation.

"We were a paper shop. All of our applications were done on paper. And, we didn't have any automated workflow processes in place. So, we knew that we were behind the curve," says Rackovan, who serves as vice president of new business in both the annuity and life departments at the Horsham, Pa.,-based insurer.

Having successfully worked with Computer Sciences Corp. (CSC), he decided to turn to the El Segundo, Calif.-based information technology services company for a remedy to the problem.

"We had been with CSC for quite a while and had used their systems for other applications. We knew we were behind the curve on the new business front and realized that we had to do something," Rackovan says.

Pinpointing problems

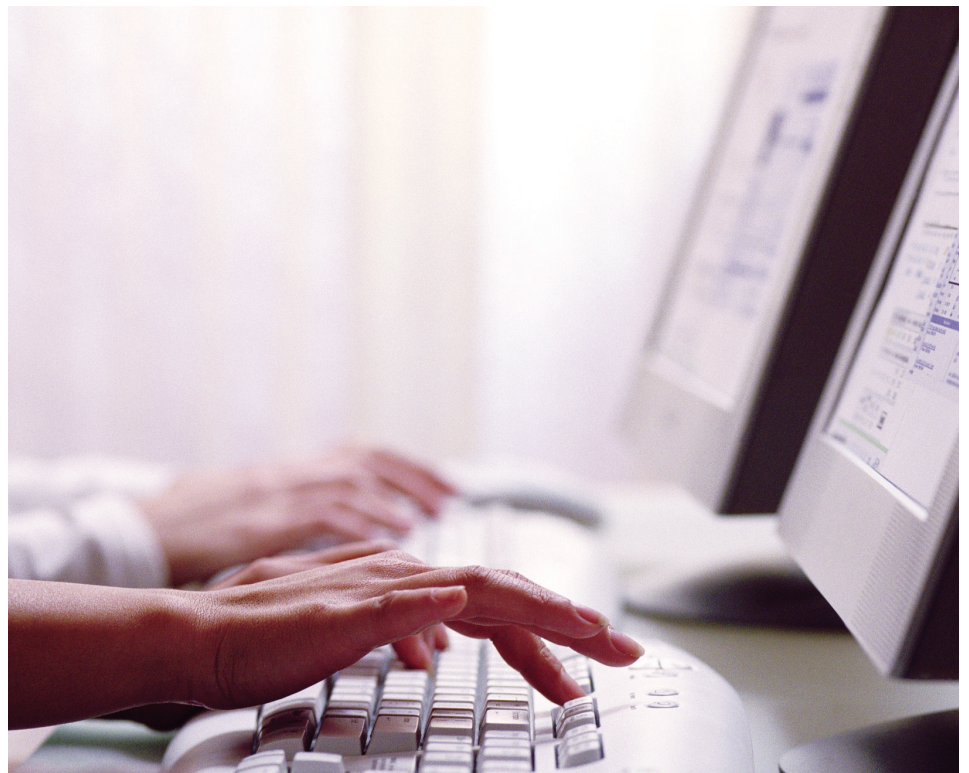
Working together, CSC and Penn Mutual started to evaluate workflow processes in attempt to go beyond vague notions of a problem and

move toward a more defined diagnosis, says Jose Mireles, director of new business at CSC.

"Their process was outdated and they knew they were getting a lot of phone calls but they couldn't really identify the point of failure in the process. There were a lot of touch-points, which made it a little more difficult to figure out exactly where things were going wrong," Mireles says.

Eventually, however, CSC and Penn Mutual determined that paper processing, a lack of systems integration and inadequate document imaging were all causing blips in the new annuity business processing – and making the department fall short on the efficiency barometer.

"We didn't have automated workflow systems



or imaging systems. And, that was really hampering our ability to grow and move forward," Rackovan says.

Although it was obvious that automation was needed, CSC executives determined that a piecemeal solution simply would not do. What was needed was an integrated system that would enable Penn Mutual to implement straight-through processing — that is, the automation of an entire business process from inception to completion without any need for manual intervention or re-keying of data.

Penn Mutual implemented CSC's nbAccelerator (nbA), a system that provides straight through processing via the automation of the full gamut of new business processes from application submission to workflow processing to productivity reporting to policy processing.

The system provides sophisticated workflow processing — using a rules-based engine that is primarily based on tried and true best practices. In fact, it is one of the only systems based on the Lincoln National Life Underwriting Manual, which contains assessment rules for about 500 diseases.

With this sophisticated knowledge-base, the system is poised to reduce the time it takes to capture an application by average of about 50% for most insurers.

Users such as Penn Mutual, however, can make the system even more effective by tweaking it to meet their own individual business needs.

With such capabilities, Penn Mutual has been able to covert entire processes from manual to fully automated. For example, as soon as an application is passed to nbA, it is automatically validated and then processed based on the system's rules as well as customized rules entered into the system via Penn Mutual.

As a result, the new business application

process is streamlined considerably. For example, case managers used to review applications, figure out what forms are missing and then call producers to get the missing information. With nbA, the system determines if the necessary forms are in place — and, if something is missing, the system automatically sends an e-mail to the producer with a query for the missing information.

As such, the case managers no longer have to be involved in the processing of each application. Instead, they only become involved on an "exceptions" basis.

Power in numbers

Although the workflow rules engine packs a powerful punch, the real key to the success of the automation effort lies in the fact that nbA is integrated with both front end and back end systems, making it possible for processes to be executed literally from start to finish without case manager intervention.

"That's what really appealed to us, having the ability to process everything from just one screen," Rackovan says.

Most other workflow automation systems just enable users to prioritize steps or tasks in a process. For example, with one of these systems, Penn Mutual would receive a new business application and then automatically communicate to a case manager when and where to send the application for processing. The case manager or another staff member, however, would still have to enter the application for processing.

"With other systems, staff members would have to go into our back end system to process the transaction," Rackovan points out. "And, like all backend systems, ours is not particularly user friendly. So, it would take a lot of time to do it."

The nbA system enables new business applications to be processed in the back-end system

— which happens to be CSC's VANTAGE-ONE system — without any manual intervention.

This high level of integration also makes it easier to add new products or make changes, Mireles says. "If systems are not integrated, then you have to make changes in multiple places. With nbA, users can just make changes in one place. There's no need to track the change across multiple systems," Mireles says.

Real results

After having used the system for only about a year, Penn Mutual is already reaping results. Most notably: The annuities new business department has increased the volume of new business by about 20%, yet the department is still running with the same number of staff members.

"We have substantially built our annuity capacity, which is putting us in a position to grow our business," Rackovan says. "The beauty is that we have been able to do so without adding any staff members. We are still operating with the same eight case managers."

In addition, the automation has resulted in greater scalability and operational efficiency; increased customer and producer satisfaction; and improved real-time decision-making.

Rackovan views the success of the automation effort as a green light to consider using nbA to support new business processes in the life insurance area.

"The results on the annuity side have been great," he says. "Now, we are taking a step back to see if we might be able to use the technology to get the same type of results on the life side of the business."

And, if the results mirror those realized on the annuity side, that will most likely be music to Rackovan's ears — a vast improvement over the annoying ringing that he was hearing just a year or so ago. ■



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