

DRIVE

“TODAY – IT ALL STARTS
WITH THE CUSTOMER”

Wayne Lewin
HP WW Insurance Segment Executive



BUSINESS FUNDAMENTALS: CHALLENGING YEARS

AHEAD

By the Numbers

Substantial
Reduction in
Capital

Premium Income
Down

ROE Declining

Increased
Competitive
Intensity

Business Implications

- ❖ *Inorganic growth of any magnitude not an option at today's capitalization levels*
- ❖ *Investment income likely to be lower, meaning that organic growth must come from profitable customers*
- ❖ *Technology has shifted the paradigm to having far more knowledgeable customers, making the customer and agent experience "king" and leading to intense price competition*
- ❖ *The historic "soft/hard" pricing cycle no longer applies*
- ❖ *Risk profile, including both investments and product mix, must be more conservative*
- ❖ *Capital base must be rebuilt, mostly from organically generated earnings*
- ❖ *More regulation is inevitable (Solvency II)*

Technology Implications

- *IT Architecture that supports conventional business models, BUT enables innovation*
 - *Need to decrease time to deliver new applications*
 - *Evolve towards a service based delivery model*
- *Technology applications for Enhanced/new customer experiences*
 - *Mobility is key (iPhone, Kindle...)*
 - *Ability to manage risk*
 - *Support evolving Social networking*
 - *Interoperate with other services*
 - *Quickly evolve channels to market*
- *Durable foundation for data quality and analytics*
 - *Better business performance analytics*
 - *Risk management*
 - *Regulatory Compliance*



CIO'S SPEAK



- HPFS
- ITO
- BPO
- MPS
- Virtual desktop infrastructure

Cost Reduction

- Business Processes Analytics
- Apps modernization and Rationalization
- Document workflow

Transform Business Processes

- Business Analytics
- Web portals
- Dynamic marketing
- Document control and management

Customer Retention

- Solvency II
- HP Security Offering

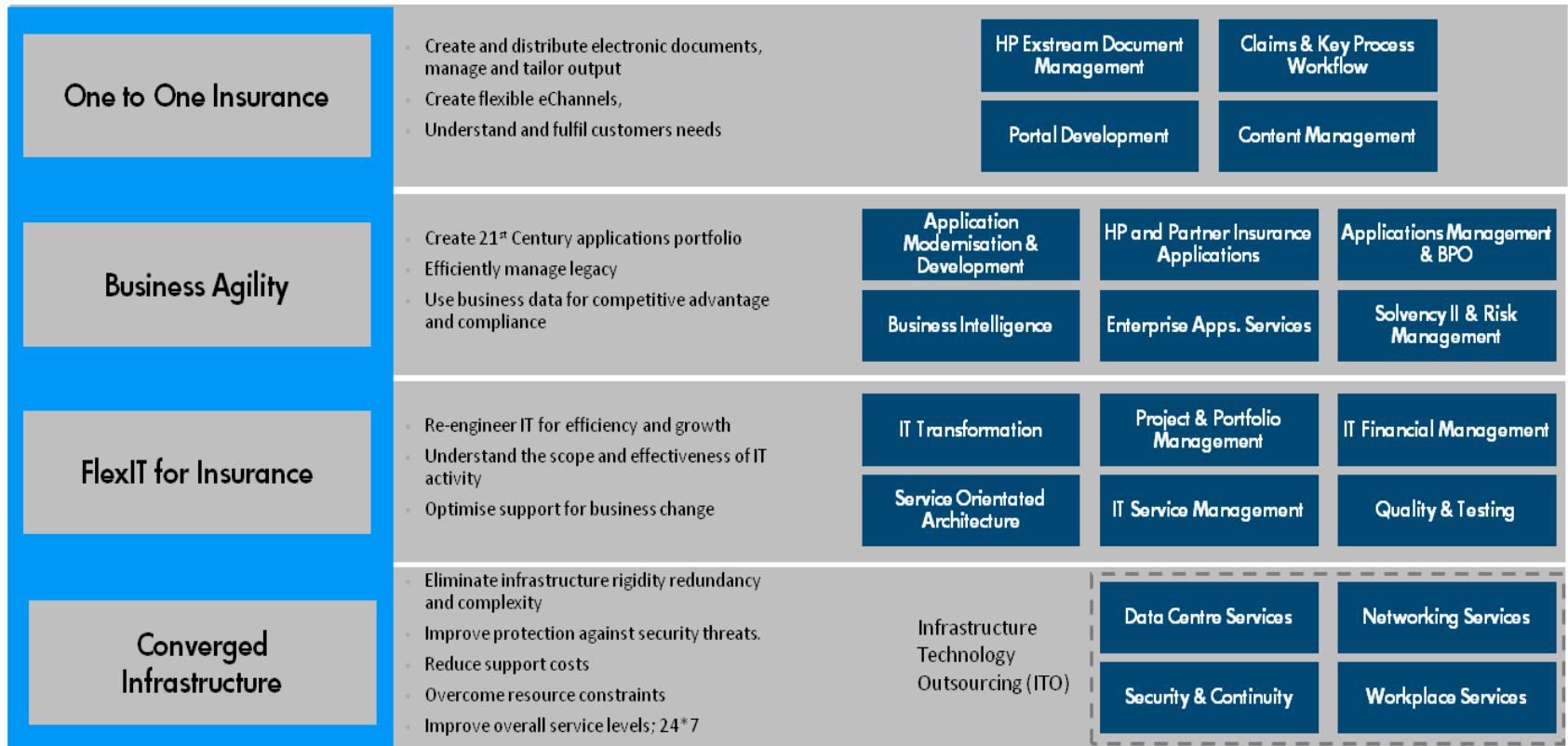
Information Security and Compliance

- ITFM
- BTO
- ITSM

IT Transformation

HP INSURANCE

A comprehensive portfolio to address the industry's agenda...



Supported By

HP Financial Services financial services to manage, refresh & finance IT

Global Delivery Rightshore and world wide delivery. Mphasis offshore insurance practice

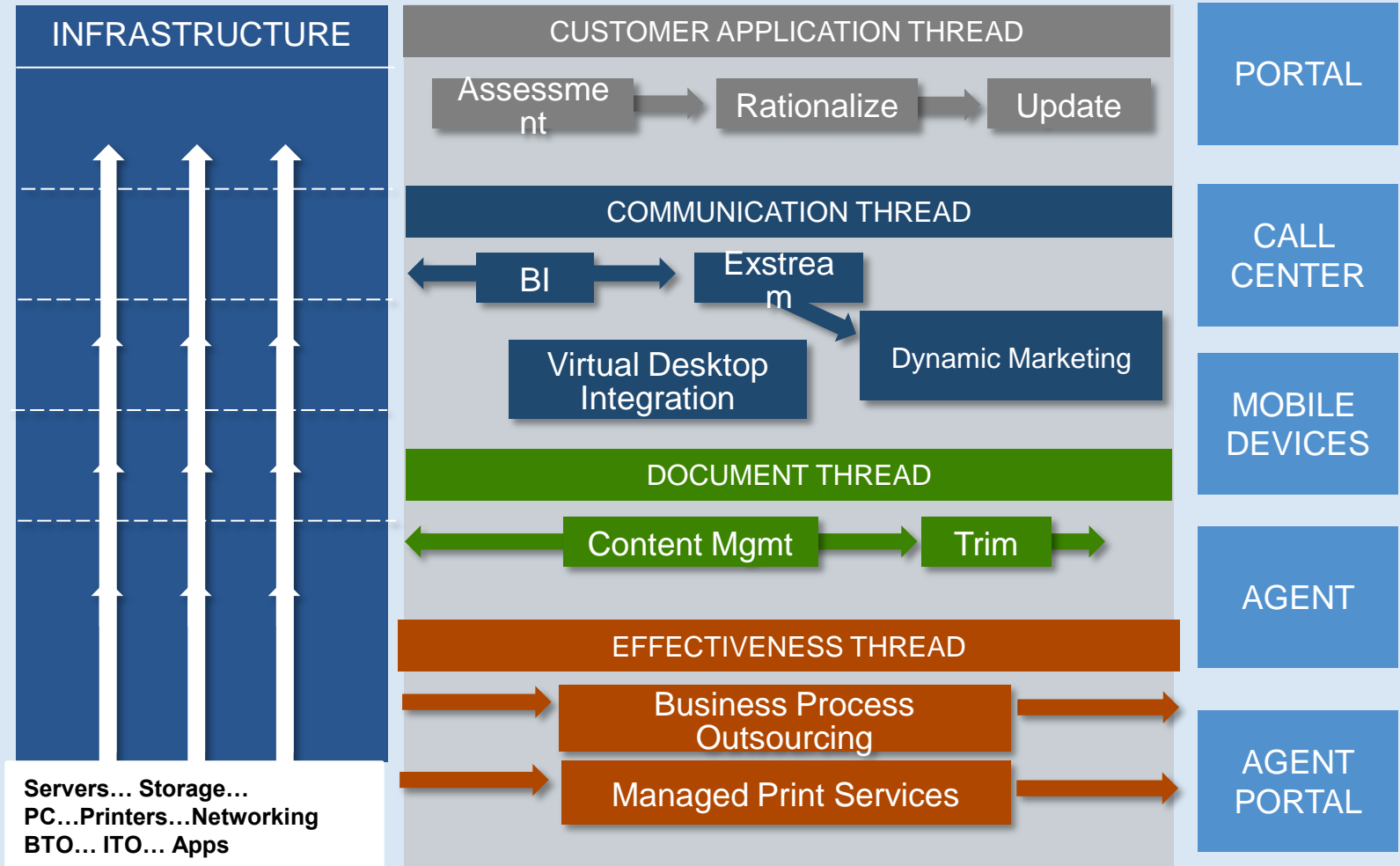
Innovation Turning "what if..." questions into relevant applications

Design for Run™ HP Enterprise Services blueprint for successful IT led change



Today It All Starts With The Customer

Transaction & Administrative Engines



Customer Expectations



CUSTOMER SEGMENT CHARACTERISTICS

	Pure Vanilla Auto	Pure Vanilla Homeowners	Combined Auto/Home	Life/Wealth Management
Price Sensitivity	Extreme	Moderate	Moderate	Low
Source of information	Web	Web/Phone	Web/phone	Web/ Magazine/ F2F
Access method preferred	Web/Phone	Phone/F2F	F2F/ Phone/ Web	F2F/Mail/ Phone/Web
Expected speed of close	Instant	Instant	Day or two	Medium (week)
Preferred Payment	Electronic	Electronic	Electronic/Check	Electronic
Claims expectation	Instant/ Electronic/ Check	Day or two/ Electronic/ Check	Day or two/ Electronic / Check	N/A

OPERATIONAL IMPLICATIONS

	Pure Vanilla Auto	Pure Vanilla Homeowners	Combined Auto/Home	Life/Wealth Management
Underwriting	Real-time	Real-time	Overnight	One week
Policy Administration	Real-time	Real-time	Overnight	One week
Distribution	Web; low cost	Web; low cost	Agent/Web /Phone/mail	Agent/web/phone
Web	Must be effective	Must be effective	Must be effective	Must be effective
Call Centers	360' view of client	360' view of client	360' view of client	360' view of client
Claims	Web; instant adjustment	Web; instant adjustment	One Day; adjuster/agent	Not Applicable
Marketing	High expense; many outlets	High expense; many outlets	High expense •TV •Agent •Magazine	High expense •TV •Agent •Magazine
Agent Support	Nearly none	Nearly none	Moderate	High



CALL TO ACTION FOR INSURANCE EXECUTIVES

- ❑ It is essential to **evaluate the profitability** of each customer segment served (or hoping to serve)—incorporating ALL costs, including IT
- ❑ **Determine** the minimum (or desired) **level of services, marketing, distribution, claims handling required** to be successful in the customer segments selected
- ❑ Identify areas where **cross-organizational efficiencies** can be realized and MANDATE those (for example, collaboration tools, document management, client devices, self-help services for internal administrative tasks)
- ❑ Identify **business processes that can be re-engineered** to bring down costs and/or improve service—especially where IT can be brought to bear
- ❑ Completely eliminate the mindset that views IT as a separate, stand-alone cost center. **IT must be viewed as just another component in a profit chain that starts with a customer segment.**

ASR nederland (formally Fortis)



Expertise in policy administration development and implementation, innovative and game changing platform, technology excellence, rapid implementation, project management processes, cost and risk benefits

Challenge	Solution	Results
<p>“We needed a solution that would allow us to quickly launch new products with limited IT efforts,” said Frank Oeseburg, Program Director ASR.</p> <p>“HP’s RADIENCE Administration was selected because of its unique model-driven architecture, which ensures flexible integration within ASR’s existing and future application landscape.”</p>	<p>A combined team of ASR Insurance and HP Enterprise Services professionals completed the implementation and integration of HP RADIENCE Administration in an aggressive timeframe, including the implementation of all key enterprise applications.</p> <p>To test the time to market improvements, the first task for the new application was to model two complex new insurance products, a unit-linked savings product with varying tax requirements and a risk based Universal Life product marketed for mortgage protection.</p>	<ul style="list-style-type: none">• Within 11 months the RADIENCE platform has been implemented and integrated within the overall ASR application landscape.• The flexibility of the RADIENCE platform has enabled ASR to adjust their implementation plans and better align with the marketing/sales organization.• The model driven development has significantly reduced the product time to market.• First implementation has been focused on business line individual life. ASR is considering to extend the usage of RADIENCE for other business lines, e.g. pensions and income.

Penn National



Real-time documents provide faster time to market with personal touch

Challenge	Solution	Results
<p>Penn National Insurance has a network of more than 700 independent agencies in nine states and needed to deploy a single, comprehensive document solution for its batch and real-time document applications.</p>	<p>Penn National implemented the HP Exstream document automation solution (in six weeks).</p>	<p>IT improvements</p> <ul style="list-style-type: none">• HP Exstream's open architecture enables it to interact with Penn National's policy administration system to produce both batch and real-time documents.• Software architecture compatible with SOA <p>Business improvements</p> <ul style="list-style-type: none">• Time to specify, test and finalize documents reduced from 6 months to 6 weeks• Generating quotes is easier and faster so number of policies quoted has increased• Combined print stream for EOBs and vendor payment checks reduced costs by about \$60k in first year alone.

For more information on how HP
has the solutions to power your
business....



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