

A new beginning for outsourcing closed book insurance policy administration

The drive to compete in an increasingly pressured marketplace and the imminent arrival of new regulations are giving insurers the opportunity to re-evaluate outsourcing options for their policy administration operations. Capgemini offers a business process outsourcing solution that can deliver strategic benefits as well as the efficiency savings and cost certainty associated with outsourcing.

Facing up to the challenge

In spite of recent technological advances in the insurance industry, the in-house management of closed book operations presents many obstacles to businesses looking for agility in an increasingly competitive environment. These challenges touch most areas of the business making it harder to reduce operational costs, complicating financial reporting, and obstructing new selling opportunities, to name but three.

In addition, maintaining the legacy systems often used for closed books flies in the face of current IT best practices. In many cases, individual closed books require independent

teams of developers, engineers and customer relationship managers. It is often difficult, if not impossible, to consolidate these fragmented operations and achieve efficiencies of scale.

The need to reduce costs and become more agile is all the more urgent at a time when new capital and risk regulatory requirements — including Solvency II and Retail Distribution Review (RDR) — are bearing down on the insurance industry.

So it is hardly surprising that insurance companies are redoubling their efforts to outsource the cost and complexity of their closed book operations to a third-party organization. *The question is, how?*



A new approach to closed book outsourcing

In earlier outsourcing contracts, success was measured simply by cost reduction goals governed by Service Level Agreements (SLAs). But today, offsetting the financial burden is no longer enough. Insurers are looking for ways to extract additional value from their closed book operations by integrating them within an overall client management strategy. As well as cost, success is driven by customer satisfaction, delivery of services and cross-sell/up-sell opportunities.

This multifaceted approach to outsourcing requires an equally agile solution. Based on our technology and business process optimization expertise, Capgemini has devised a new approach to closed book outsourcing that addresses the concerns of insurers and offers a rapid roadmap to benefits.

Removing complexity, accelerating benefits

The Capgemini business process outsourcing solution takes advantage of a 'lift and drop' approach to closed book outsourcing. Unlike solutions from other vendors, this involves a 'once only' migration at the start of the process. There is no need for a second migration phase after the initial legacy transition has stabilized. This means that insurers enjoy a clear, structured roadmap to benefits, supported by clear milestones and cost transparency. This removes the uncertainty and disruption associated with a second migration step that comes with other outsourcing solutions.

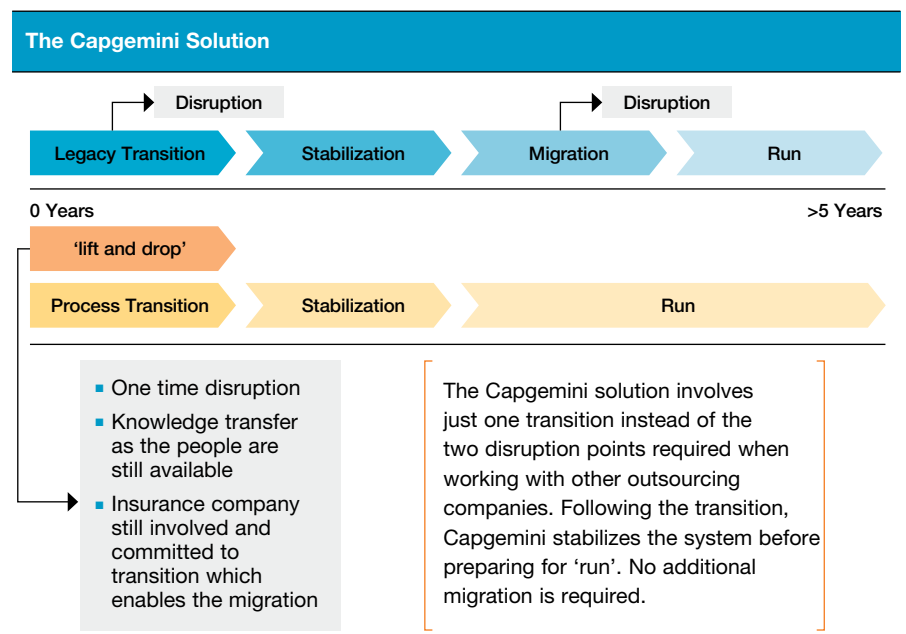
Oracle: a proven partner, an outstanding solution

Capgemini's closed book outsourcing solution transitions legacy systems to Oracle Insurance Policy Administration for Life and Annuity, a flexible rules-based system that helps insurers become more adaptive enterprises and achieve true business transformation.

To underpin this partnership and maximize customer benefits, Capgemini has invested in an Oracle Insurance Policy Administration Center of Excellence to build expertise, foster innovation and support the creation and standardization of processes and methodologies specifically to support policy administration transformation using Oracle Insurance Policy Administration. The Center of Excellence brings together over 75 professionals with hands-on experience implementing Oracle Insurance Policy Administration with our global insurance clients.

This next generation policy administration solution has been:

- Tested and proven in real-world implementations
- Designed to address requirements for global reach without losing local focus
- Ranked highly by independent analysts including Gartner and Celent¹
- Created using a state-of-the-art approach that supports next generation platforms such as service oriented architecture



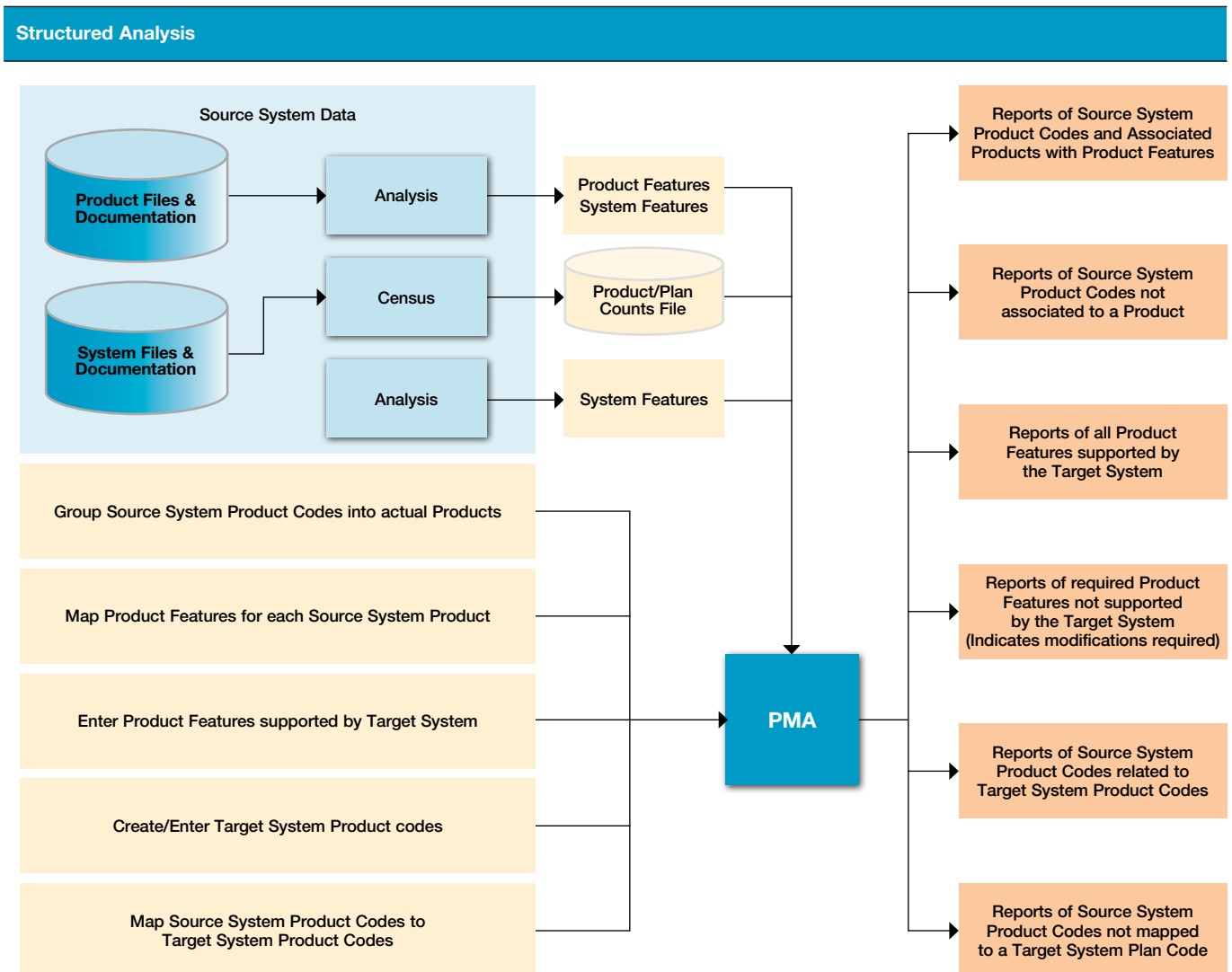
¹Gartner, Inc.: "MarketScope for North American Life Insurance Policy Administration Vendors," June 2010; Celent: "North American Policy Administration Systems, Life, Health, Annuities ABCD Vendor View," January 2010

All of the benefits, no surprises

Capgemini's 'lift and drop' approach to closed book outsourcing is founded on precise analysis and realistic projections that enable us to determine clear time to benefit and cost transparency. By exercising thorough due diligence at the outset, Capgemini works with insurers to understand the complexities of their existing operations and identify the right approach that takes into account the business and technical objectives of the insurer.

Structured Analysis

By putting in the hard work up front using Capgemini's structured analysis process, it becomes possible to measure the risk and cost of outsourcing a closed book operation.

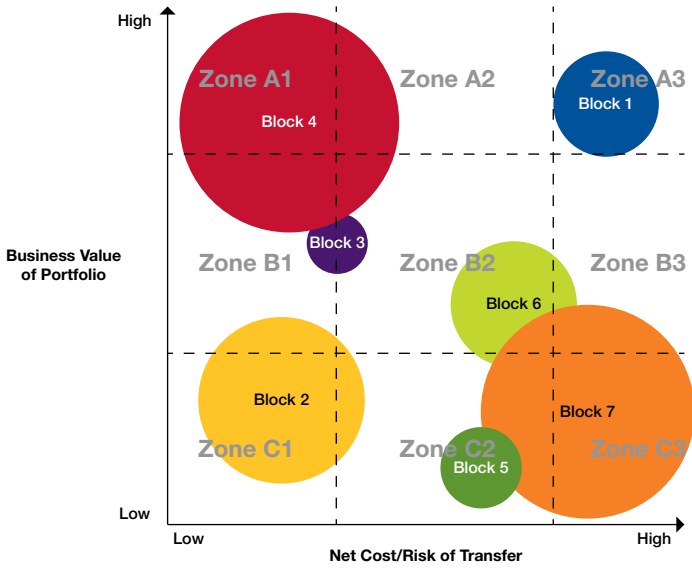


Measuring the opportunity – and the risk

The structured analysis enables the insurer and Capgemini to position the size of the opportunity against the business value of the portfolio and the net cost/risk of transfer. Most closed book operations are associated with Zone C1 (Block 2).

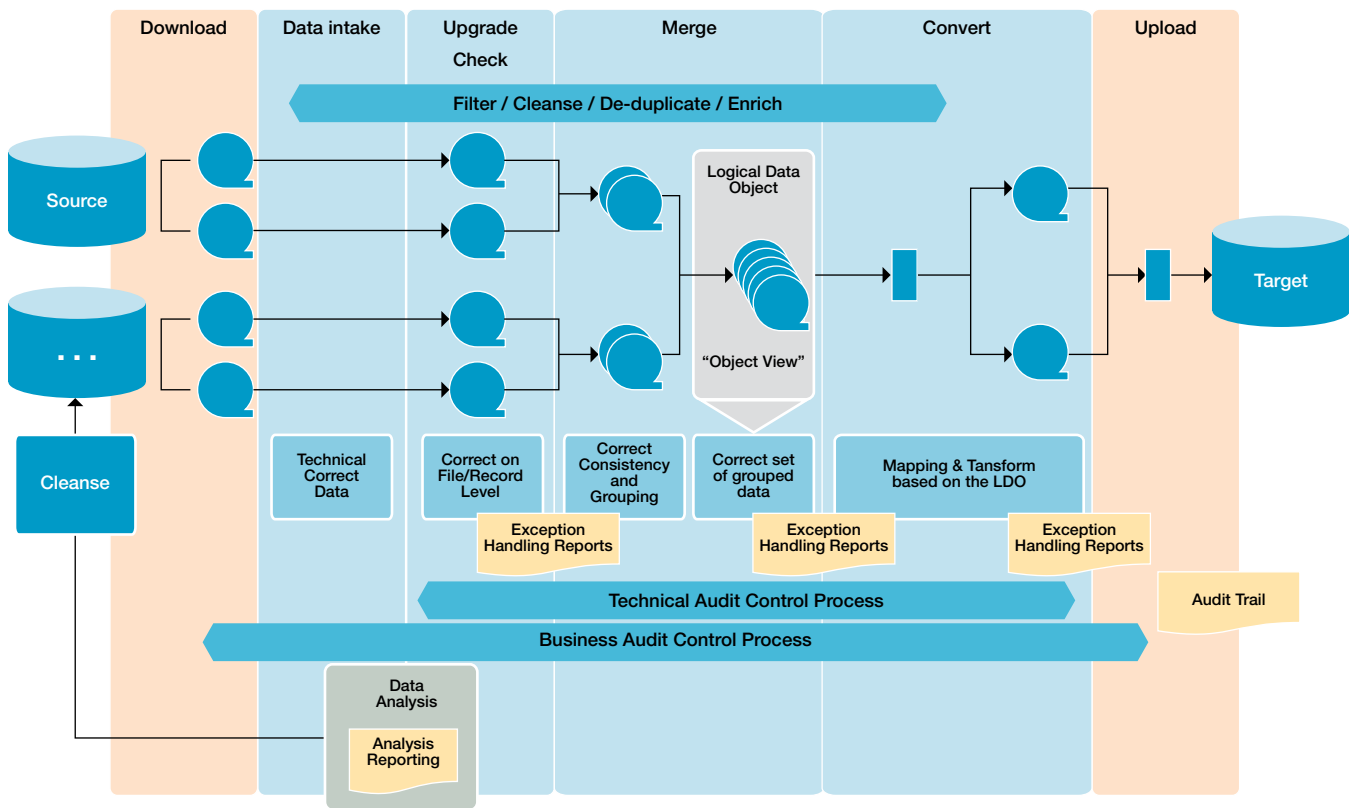
Data migration as a standard process

If the decision to migrate to the new solution is taken, Capgemini uses its proven data migration model to clean, consolidate and upload data to Oracle Insurance Policy Administration. This process is 99 percent automated.



NB: The size of the circle indicates the size the Block

Data Migration as a Standard Process



Implementation and configuration

This structured, predictable approach to analysis, migration and deployment ensures that Capgemini outsourcing projects maintain their momentum across their lifespan. Because Capgemini has the tools that make this a measured and seamless process, projects don't run the risk of running into delays that postpone or even prevent the delivery of long-term benefits. In addition, it ensures that both data and functionality migrate smoothly to the Oracle platform. As part of this step, Capgemini takes advantage of the highly configurable functionality associated with Oracle's technology to implement insurance products.

A global solution

Working with Capgemini offers the opportunity to take advantage of our global delivery model called Rightshore®. This means that insurers who opt for our outsourcing solutions can realise the full benefits of Capgemini business process optimization experts at multiple locations worldwide. Again, part of the solution involves working with the insurer to determine the optimum location for outsourced operations based on specific skill sets, languages and more. From a customer service point of view, once the closed book operation has been migrated, Capgemini can offer services in any languages that are required.

Managing employees

Identifying the right approach to staffing is a key component of an outsourcing strategy, and with more than 40 years of outsourcing and business process optimization experience, Capgemini is well equipped to carefully manage this issue. The insurer's staff have a vast amount of knowledge and experience which needs to be retained. Accordingly, the right balance needs to be struck between staff transfer and transition to new arrangements. Capgemini has a network of world class Delivery Centers that offer effective and efficient operations. This capability must be effectively balanced with an appropriate strategy for the client's existing personnel.



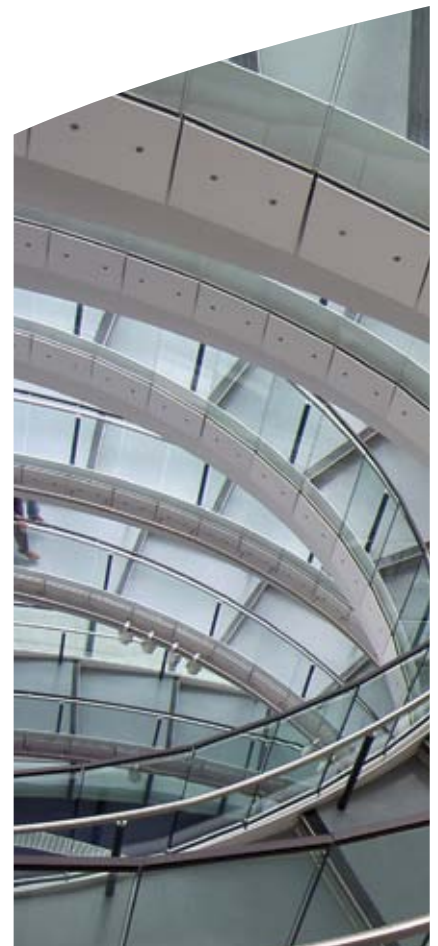
Conclusion and call to action

Nobody is pretending that successful outsourcing of closed book operations is easy. That's why selecting the right carrier with the best blend of technology skills, consultancy skills and operational capability is paramount. Capgemini has invested in proprietary methodologies, models and tools to help insurers make the right business calculations to drive IT investments for the future.

Capgemini's commitment to helping insurers with policy administration transformation includes more than 15 years of experience with life insurance policy migrations using our proprietary methodology and toolset. Using proven methods, Capgemini has achieved a consistent conversion success rate of over 99 percent predictability and accuracy of the migration with portfolios ranging from one hundred to over 500,000 policies.

Capgemini is also one of the leading service providers in IT outsourcing, with clients in the life insurance domain. Over 36 percent of Capgemini's 2010 revenue came from outsourcing, primarily application and infrastructure management. We have more than 400 insurance clients across the globe and our financial services business in 2010 was €1.6 billion.

To find out more about Capgemini's business process outsourcing solution for insurance policy administration, contact us at lifeinsurance@capgemini.com



About Oracle

Oracle Corporation (NASDAQ: ORCL) is the world's largest enterprise software company, providing database, middleware, and collaboration products; enterprise business applications; application development tools; and professional services that help customers collaborate, grow, measure outcomes, and report results with confidence. For more than 30 years, Oracle has led the industry through continuous innovation and a relentless focus on customer success.

Oracle believes that insurers should be able to leverage technology to help transform their business. Oracle Insurance provides adaptive, rules-driven systems that let insurance companies easily change business processes as their business needs change. These systems position insurers to become more adaptive themselves, ready to respond to dynamic market conditions and take advantage of new opportunities as they arise. Engineered to work together, Oracle's solutions support the entire insurance lifecycle – from product development, to marketing and sales, to customer service and support, to management and compliance.

For more information on Oracle Insurance, please visit oracle.com/insurance, contact us by e-mail at insurance_ww@oracle.com



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™.

The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients.

Present in 40 countries, Capgemini reported 2010 global revenues of EUR 8.7 billion and employs around 110,000 people worldwide.

Capgemini's Global Financial Services Business Unit brings deep industry experience, innovative service offerings and next generation global delivery to serve the financial services industry.

With a network of 17,000 professionals serving over 900 clients worldwide, Capgemini collaborates with leading banks, insurers and capital market companies to deliver business and IT solutions and thought leadership which create tangible value.

For more information please visit www.capgemini.com/financialservices