

Making Baby Boomers a Booming Business

How One U.S. Life and Annuity Insurer **Got Innovative Products to Market Faster** to Meet Aggressive Growth Objectives

With \$12 billion in premiums, this US-based insurer is recognized as one of the most successful providers of life insurance, annuities, and other needs-based products in the financial services market. Market conditions, like the mass retirement of baby boomers and highly diverse customer demographics, are creating significant opportunities and, accordingly, the company had established aggressive revenue and profitability objectives. But, first they had to improve their ability to get reasonably priced, innovative products that address customers' savings and income needs to market more quickly. While the Company had significant IT resources, they also had an extremely complex technology infrastructure that included multiple policy administration systems and other proprietary and homegrown legacy solutions. This complexity tied up IT resources and made it impossible to tackle more than one major

product initiative at a time. This had to be overcome if the company was going to meet its aggressive growth goals.

Developing New Products: Expensive, Slow and Risky

This market leader found it was taking too long and was costing too much to create new products or to make even simple product changes. On the Annuity side alone, they had over 60 different systems that needed to be updated every time they wanted to release a new product. It was taking anywhere between 6 to 18 months to go from product inception to launch and their overtaxed and expensive IT resources had to be integrally involved in the process. The IT development portion of product development, which was taking a minimum of five months, was risky and difficult because extensive programming and testing of disparate

systems was required. Each product-related project was costing from \$500,000 to \$2 million to develop and even the simplest product change took two months.

Creating an Open Technology Platform

This insurer knew they needed a more modern, open technology platform to meet their objectives and embarked on a major IT initiative to migrate key applications to a Service-Oriented Architecture (SOA). In the early stages of this project, they realized that they needed a solution that would drive product rules and calculations across the enterprise and they didn't want another homegrown system that only internal IT resources could maintain. Product rules had to be externalized from their policy administration

Finding a New Way to Develop Products

Because of the complexity of their infrastructure, the large number of systems involved and the fact that some have been in production since the '70's, it was clear that a thorough analysis was needed to determine the best approach. Using their deep knowledge of the industry obtained through years of experience working for and with some of the world's largest insurance companies, Camilion's professional services group worked closely with the insurer's IT and business groups to provide a project plan that outlined how to implement ProductAuthority to meet the insurer's specific needs. As part of this process, Camilion assessed all the systems that were impacted by new product development or changes and

Overall, the implementation of SOA is projected to reduce future enterprise IT costs by as much as 75% and with the adoption of ProductAuthority, the projected savings in IT costs associated with product development are up to 75%.

systems so that they could be easily re-used by other systems like new business, underwriting and illustration. After investigating what was available in the market, they chose Camilion's ProductAuthority® to help them accelerate the product development process.

evaluated their openness enabling the insurer to develop a more precise cost benefit analysis to present to senior management. In the end, it was determined that some systems were good candidates for SOA while others were not.



The next step was to develop two products, a Variable Annuity and a Variable Universal Life offering, to demonstrate how ProductAuthority supported the creation of these complex products. In the final step, Camilion created the

cost savings. They will see a 23% reduction in costs from the elimination of the manual processes required to input product definitions into other impacted systems. Because ProductAuthority integrates with existing

The insurer will see a 23% reduction in costs from the elimination of the manual processes required to input product definitions into other impacted systems.

required interfaces to integrate ProductAuthority with several of the insurer's existing systems including policy admin, new business and illustration. With the new product definitions developed and the existing systems successfully integrated, the insurer is already enjoying significant return on their investment in ProductAuthority.

Business is Booming with More Revenue and Lower Costs

This insurer expects to achieve multi-million dollar annual benefits. Along with the additional revenue made possible by getting more products to market faster, they expect to contribute to greater profitability through significant cost reductions. Overall, the implementation of SOA is projected to reduce future enterprise IT costs by as much as 75% and with the adoption of ProductAuthority, the projected savings in IT costs associated with product development are up to 75%. The insurer does not even have to wait for a complete SOA implementation to see

systems, product definitions can automatically be fed to other external systems as web services without the need for programming. Also, because ProductAuthority can automatically create accurate and up-to-date product specifications from the re-usable information stored in the product repository, cost reductions for creating them should be as much as 91%. Further cost savings will be realized because "Day 2 issues", the functionality that a product needs post implementation to handle things like renewals and anniversary dates, can be built into the product from its inception. This eliminates the need for costly workarounds and reduces the risk of lost renewals.

Positioned for the Future with ProductAuthority

Camilion's ProductAuthority helped this insurer overcome many of the challenges of its intricate technology infrastructure and create more capacity in the IT department enabling them to work on concurrent product initiatives and

capitalize on new market opportunities. Its centralized, enterprise repository, containing everything related to their products, allows them to easily create new and re-use existing products to get innovative offerings to market faster. And, because ProductAuthority was built using SOA, it easily plugged into their new platform and integrated with their legacy systems. With

its innovative new technology platform and product management solution, this insurer is positioned for the future and a booming business.



ProductAuthority is an enterprise product development solution that has a central product repository where all product definitions and rules are stored. These product definitions and rules can then be accessed from the repository by all the enterprise systems involved in the product development process. This allows existing products, including all calculations and rules for issue, underwriting and investment, to be easily re-used and configured and ensures that these business rules are consistently applied across all systems.

ProductAuthority also provides tools business users can use to build their own product definitions and rules, reducing their dependency on IT. Up-to-date and accurate specifications can also automatically be generated from the product repository. Built for business users on a modern technology platform utilizing SOA, ProductAuthority integrates with any policy administration system, other legacy systems and any solution an insurer may acquire in the future.



www.camilion.com

Camilion Solutions, Inc. is a leading provider of product development and policy administration systems for the insurance industry. Camilion's solutions enable insurers to develop and implement new products more quickly and efficiently than competitors, automate underwriting, enable straight-through processing, and deploy a flexible platform to support current and future growth. Designed to capitalize on a Service-Oriented Architecture (SOA), Camilion's Authority Suite® is open, scalable and conforms to key technology and insurance industry standards. Founded in 2000, Camilion is a privately-owned corporation with offices in Toronto and New York.

Corporate

123 Commerce Valley Drive East
6th Floor, Markham, Ontario
L3T 7W8

Regional

Rockefeller Center
1230 Avenue of the Americas
7th Floor New York, NY 10020

T 905.482.3450
F 905.482.2805
E info@camilion.com