

Insurance

NETWORKING NEWS

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Vendors See Sweet Spot in Life Market

Improved economic conditions foster new interest in policy administration modernization projects by life carriers.

By Pat Speer

After a relatively quiet couple of years, life insurers are ramping up their efforts to replace legacy systems—policy administration in particular. These deals are notoriously time- and labor-intensive, and extremely costly, yet as life carriers acknowledge the need for organic growth and new business flexibility, they are actively participating in policy admin modernization projects.

Policy administration systems are often considered one of the most interconnected of core systems, so making the decision to modernize or rip and replace is not an easy one. According to a report authored by Matthew Josefowicz, partner at New York-based Novarica, core systems replacement represents a huge and disruptive undertaking that requires significant commitments from the whole organization, including evaluating options, rethinking processes, and managing change.

This means that if a carrier does decide to replace, the question then becomes whether to opt for a targeted replacement, or to take a more holistic approach that stresses making organizational and process changes alongside technological ones. And it requires communication from the top.

“Without a real sense of urgency from the CEO or equivalent senior business executives (not just ‘project sponsorship’), projects are unlikely to overcome orga-

nizational inertia, resistance to change, and fear of failure. But with a clearly communicated sense of executive urgency, these hurdles can be overcome to achieve the goals of improving speed-to-market, distributor and customer service, and operational efficiency,” he says.

So as insurers ramp up their interest in these undertakings, vendors, especially those that provide outsourcing services, are waiting in the wings to help insurers reach those goals.

DST Systems Inc. (DST) is one example of a vendor expanding its footprint in the insurance marketplace. DST claims to provide business solutions to 21 of the 25 largest U.S. life insurance carriers, and reports new plans to expand its insurance solution portfolio through a wholly-owned subsidiary, DST Insurance Solutions. DST Insurance Solutions was established to provide deliver best-in-class outsourced policy administration and payout technology and services for annuity and life carriers.

The company hired Bonnie Wasgatt, an insurance industry veteran with more than 30 years of technology and outsourcing experience, to serve as the organization’s president.

“Consumer product and service needs are shifting dramatically based on a convergence of economic and technological changes,” says Wasgatt. “This has created a perfect opportunity for carriers to examine their

approach to product, technology and operational innovation. DST has a 40-plus year heritage of ongoing investments in technology and process innovation, and rich domain expertise within the investment management, independent broker dealer, retirement and healthcare marketplaces. Expanding DST's portfolio of solutions to meet the needs of the annuity and life industry is a natural evolution for us and provides a unique opportunity for carriers."

DST currently supports global investment and insurance product providers with industry- solutions to support their strategies specific to U.S. and international recordkeeping, business process management (AWD), distribution support (DST Vision, FAN Mail), interna-

tional pension administration (Percana), and customer communications and output.

DST will compete with existing players CSC, Oracle, and Accenture among others for these types of services.

"We are focused on providing solutions to the insurance marketplace that combine service excellence, operational best practices, global resources and a robust, responsive, flexible technology platform," said Steve Hooley, president and chief operating officer of DST Systems. "We recognize a growing need for outsourced policy administration services in the annuity and life insurance space and are committed to providing comprehensive solutions to this vertical."