

## MyLife Succeeds at Sovereign

Leveraging the Automated Underwriting and Risk Analysis (AURA) Technology supplied by RGA Technology Partners (RTP) allows for Middle Market Expansion

New Zealand's leading life insurer is never short on ideas. But as anyone in the industry knows, many ideas are just one detail shy of being usable. This was the case in early 2007, when Sovereign observed a market trend and wanted to sell a direct-to-consumer product.

"Our main goal," said Stephen Potter, Chief Underwriter, Sovereign, "was to develop a 'no advice' direct-to-consumer product that was simple, fast and used technology where possible to remove manual tasks of processing applications."

Direct-to-consumer products have been around for quite some time, but with small face amounts, sales of these products have been largely limited to only niche markets. Sovereign envisioned an insurance product that would reach a broader middle market with larger face amounts and leveraging technology to achieve straight-through-processing.

The initial channel they chose for marketing involved a sister company, the Auckland Savings Bank (ASB). ASB has a sizeable clientele utilizing its FastNet Classic Internet portal (launched in 1997). Sovereign surmised that the clients already choosing to use the Internet to for their banking transactions would appreciate the ability to quickly and easily apply for insurance online. With the target market established and the sales channel identified, it was time to bring in expertise in underwriting automation.

An RFP was sent out to vendors in May 2007. Six potential vendors presented their automated underwriting solutions in June, and in July 2007 Sovereign had selected the AURA solution from RGA Technology Partners (RTP).

The project began in August by developing the underwriting rules and system specifications around the newly developed marketing concept. The new insurance portal would initially support life cover, and be



called MyLife. The AURA business analysis process identified several areas where MyLife would need additional work to support the business effectively. In most implementations, AURA's default underwriting rule sets need to be adjusted to match the business and underwriting philosophy. In the case of MyLife, the rules set design needed to be highly efficient by presenting a very limited number of questions while still gathering quality underwriting data. The team worked jointly to develop the customized underwriting rule sets to achieve Sovereign's business and usability objectives.

**“The relationship with RTP has developed very well. They were very responsive to our needs and were able to point out better ways of achieving a solution to a problem, particularly through the rules customization project. All of the required programming changes were completed very quickly.”**

“Knowing that we needed a specific level of information required to make an underwriting decision, and understanding that this had to be balanced with how much time we could realistically keep the customer online, finding that balance required some work,” said Stephen Potter.

Besides simply setting the system up to ask reflexive underwriting questions, it had to be able to provide help to the end-user who might have questions during the process.

Another set of issues revolved around integration. Sovereign is part of a large organization with a number of legacy systems, many of which would need to be integrated with the new technology to give them web functionality. Teams were developed within their realms of expertise to handle the IT integration and the underwriting issues. Two additional teams covered the new marketing efforts and the look and feel of the front-end user interface. A web design firm was brought in to give MyLife a polished look. The project moved along quickly. Regular, high-quality communication was essential to keeping the teams on track. There were over 100 people involved in various aspects of development and testing, so project managers maintained a high level of organization and oversight.

Work was completed in January 2008 and MyLife was launched in March. Prior to the launch, Sovereign's testing group used both invented sample cases and real employees to test AURA and the MyLife application processes. The result has been a successful project and product, by almost any measurement.

Currently, MyLife's auto acceptance rate averages in the high sixties, to low seventies of the cases processed. The number of new policies is well ahead of plan and customer feedback has been very positive.

### Automated Underwriting Benefits the Direct Market

- No additional underwriters needed
- Gets policies on books (and premiums in-house) in quickly
- Perfect for large volumes
- Short implementation cycle
- No manual processes (even policy is auto-generated and mailed)
- No agent needed
- Customer focus – 24/7 application availability, no time spent waiting for approval

Best of all, AURA is proving itself as a valued addition to the improvement of straight-through-processing at Sovereign. Currently, Sovereign is reviewing how AURA can be used in the future for a larger portion of its business. In addition, MyLife is so successful that Sovereign is looking at options for the same type of product to roll out to additional channels.

“The combination of user-based design, coupled with an efficient rules philosophy has been commented on by a number of industry players,” said Stephen Potter. “We at Sovereign believe we have achieved the best on-line product of its type in the world.”