



Straight-Through Processing and its Application in the Insurance Industry

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In response to the growing need of insurance carriers to respond to shifts in the marketplace, Cognizant has become a major player in straight-through processing (STP) for insurance products. Our model of straight-through processing for insurance carriers can be applied to all distribution types.

Cognizant insurance consultants understand that achieving top-level returns on technology investments in the insurance marketplace is an ever-increasing challenge. Certain technology investments – including integration of data across systems, business process management (BPM), customer relationship management (CRM), service-oriented architecture (SOA), Web, portals, e-mail and interactive voice -- can provide carriers with the power to deliver service excellence while they meet business unit objectives, such as increasing productivity and sales, as well as retaining existing customers. –

When business units gain insights into effective utilization of these IT improvements, they can drive vital changes in their activities, led by requirements studies. The traditional view of a paper-driven environment has been changed as IT replaces every step in the long stream of transaction processing. Today's insurance operations are increasingly entering into the long-promised, but not yet achieved, realm of a paperless environment.

Cognizant consultants have worked alongside and partnered with technology vendors to bring customized IT solutions and services to insurance carrier operations. As partners on multiple projects, we've been very successful in providing requirements documentation, process flow automation, rules-based engines and a single view of customers, even when data has been captured in multiple application silos. For self-service Web sites, we've even been able to create environments through which customers can receive individualized and validated cross-sell and up-sell information as part of their standard site interaction.

Conventional transaction processing encompasses multiple manual steps, including application review and the ordering of credit and medical reports. Automation is now seen as the only way to improve the process, which is where STP comes in. STP is a method of adopting automation as a processing goal. STP brings automation to all steps in the transaction process, from the initial request to its completion, and the concept is readily applicable across all lines of business and activities.

Carriers have been moving toward STP, as evidenced by the utilization of BPM to automate the business process; CRM to automate the customer relationship process; and SOA to enable the development of links necessary for BPM integration. The insurance industry has a need to adopt the STP concept even if the realities of specific policies and risks require some human intervention. Our view of STP for insurance carriers is to ensure that all necessary data is captured only once and is available throughout the enterprise for all applications. Even with each step in every application automated, we still recognize and build business rules that require human intervention. A significant advantage of the STP process of integrating external rules engines with legacy applications is its significant impact on competitiveness, removing many of the advantages of start-up operations.

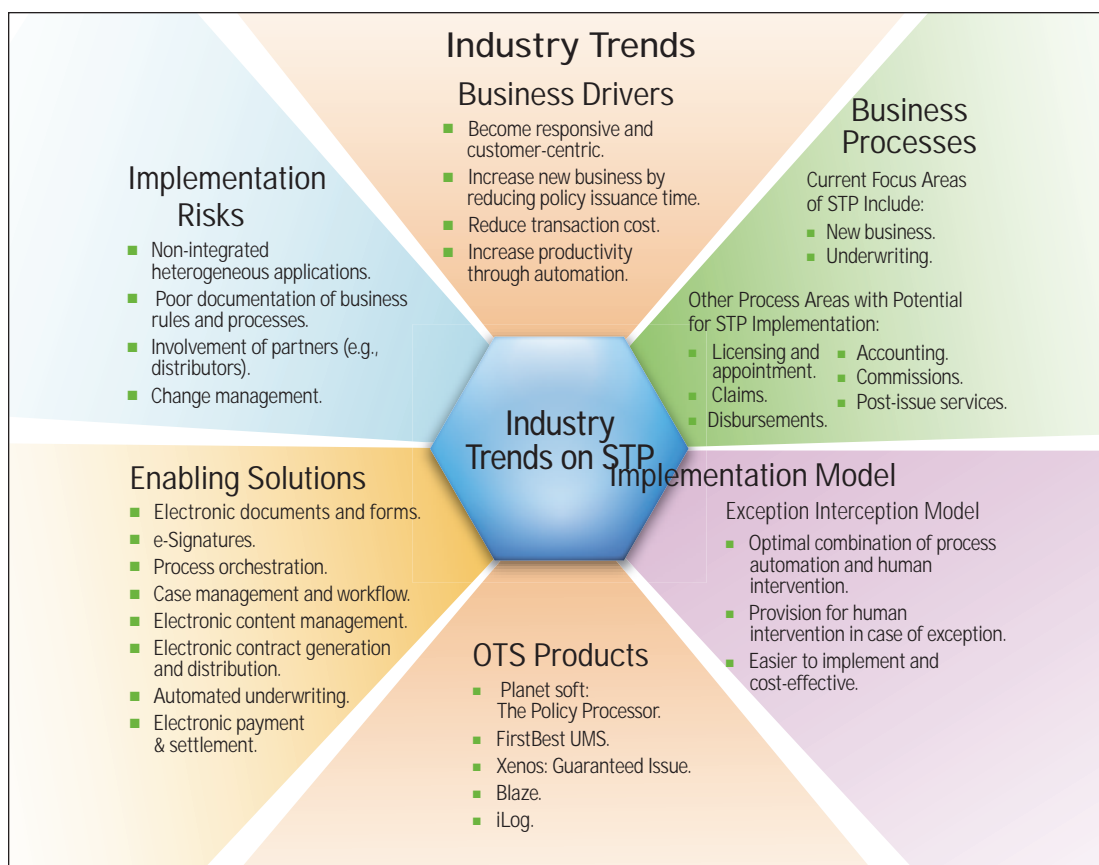


Figure 1: Industry trend in Straight through processing

Straight-through processing provides the insurance industry with a framework for meeting the goals of rapid response to change; improved time to market; real-time transaction processing; improved productivity; decreased operating costs; improved audit trails; maximized legacy systems efficiencies; and greater satisfaction in the distribution channel and among customers.

Data access processes must perform independently of any specific database. STP applications incorporating BPM, SOA, DMA and CRM processes offer simpler systems that integrate well with existing platforms and can be easily modified. Various application programming interface (API) design models can be utilized, but the core technology is Web services. Succeeding with STP requires a close partnership with an expert who understands how to effectively create an optimized business services organization.

To discuss how to implement STP or obtain our white paper on which this article was based, please contact your account manager. The white paper addresses the core issues for any organization wishing to adopt straight-through processing techniques to modernize its operations. Learn how STP, integrating and processing real- or best-time data through all channels of information across your enterprise can optimize your legacy systems running on multiple platforms and enable more timely and effective strategic and operational shifts to meet today's and tomorrow's business requirements.

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