

Zimnat Life Assurance Company – Individual Life Administration

Zimnat Life Assurance Company Ltd (Zimnat Life) (www.ta-holdings.com/investments/life.htm) was incorporated in 1954 as The Assurance Corporation of Rhodesia. Zimnat Life is a 100% owned subsidiary of Freecor Holdings Ltd, which in turn is wholly owned by TA Holdings Ltd.

Nature of business

Zimnat Life provides life assurance, pension and asset management services to a wide range of individual and corporate clients in Zimbabwe. The company's products and services are classified under the following categories:

- Individual Business (Unit Linked Products, Endowment Policies and Whole Life)
- Group Business (Group Pension Schemes, Credit Life and Group Life Assurance).

Zimnat Life has reinsurance treaties with Swiss Re and Zimbabwe Reinsurance Corporation Limited for individual business. The individual life business is targeted at individuals within both the formal and informal sectors while the bulk of the employee benefits business is derived from the formal sector. The key marketing strategy used by Zimnat Life is product differentiation.

Zimnat Life operates from thirteen branches located throughout the country.

REQUIREMENT:

Zimnat Life Assurance Company was looking to embark on a transformation of their information systems to better support their operations, and facilitate and manage the projected revenue growth. Strategic information technology was to be used to facilitate consolidated reporting, and to assist in faster turnaround of management data. They were looking for the following objectives and goals:

Objectives

- q A system that provides information to support timely forecasts for decision makers
- q An integrated system that provides access to all appropriate users of the information
- q Standardized internal reports that deliver relevant information to the end user
- q A fully implemented system that is flexible and upgradeable
- q Documented procedures and processes that are simplified, standardized, efficient, and effective

- q To support Zimnat Life Assurance Company 's business strategy of being a Financial Services Group and transcontinental in scope.

Goals

- q Rapid product launch
- q Finance staff and operating department staff to become users and analyzers of information, rather than processors
- q Processes and procedures should be standardized
- q There should be increased effectiveness and efficiency of processes
- q End user information should have improved usability and flexibility
- q To provide complete, accurate & consistently structured information at all levels of the organisation.
- q Manage people and process change issues.
- q Exploit emerging technology
- q To diversify into related and unrelated business

The solution was required keeping in view the fact that previously an attempt was failed to provide and implement a solution with a different service provider to meet the above objectives and goals. *Sidat Hyder* was then chosen, from among 3 short listed international companies through an open tender, for an effective and viable solution and delivery.

SOLUTION:

The catalyst for making the above changes at Zimnat Life Assurance Company in order to meet the above objectives and goals was the implementation of the Life Insurance Administration System by Sidat, Hyder, Morshed & Associates (SHMA) in a phased approach.

With a 6-person team, it took around 15 months to incorporate changes in the the already developed system to meet the user requirements, followed by a long testing cycle before finally going live into implementation.

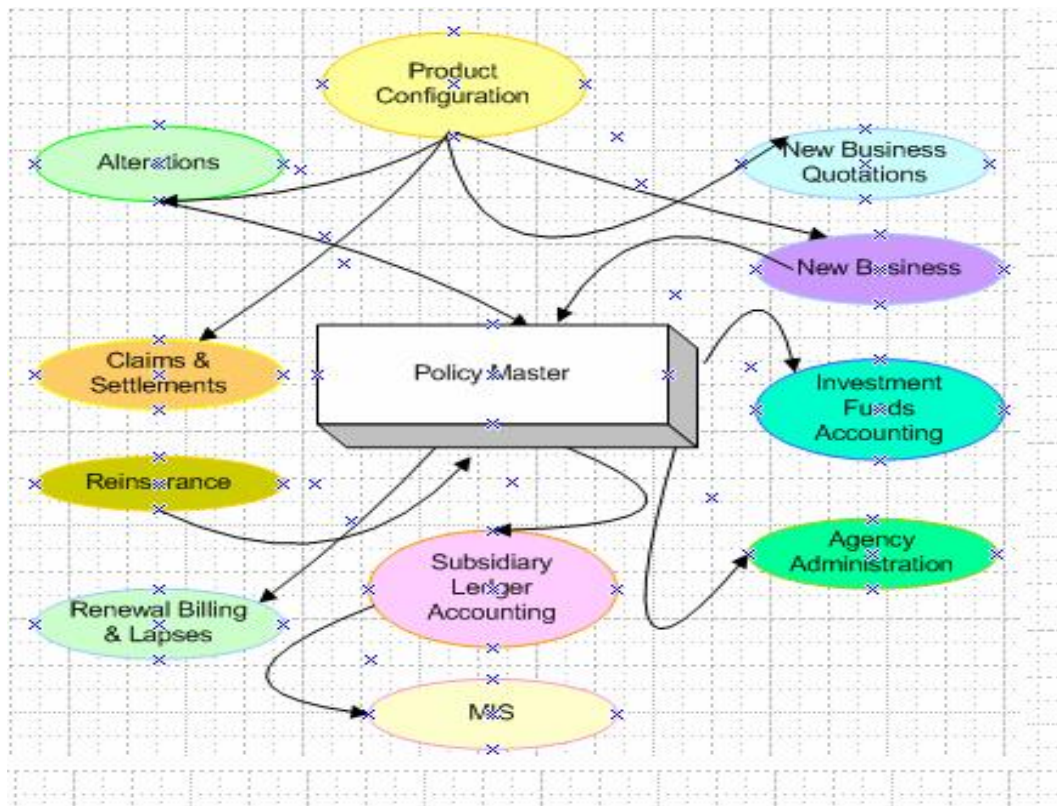
The solution methodology was based on different phases comprising of:

- p Carry out a detailed study of the company's requirements in the light of the requirement document prepared by Zimnat, including the functionality of the existing system.
- p Prepare the new/ revised requirement specification for the system to be developed based on the study of the functionality of the existing system and the requirement document prepared by Zimnat.
- p Prepare screens, based on the requirement specification document, for those requirements not covered in the SHMA Life Insurance Administration System.

- Develop and test the system
- Provide user and technical documentation
- Provide user training and support in the implementation of the new system

Solution Components

The complete solution was based on eleven core functional modules:



Product Configuration This module assists the user to configure the product by defining rules, common features, validation parameters and the calculation methods/procedures. The benefits of the Product Configuration are manifold. The efficient product configuration module minimizes the impact on the system when a new product is launched as almost all products would be capable of being defined using the product configuration facility, thereby not requiring the modification of the system code and consequential heavy testing. In addition to that the setup of the existing products can also be modified whenever required with the effect on the system being instantaneous.

New Business Quotations This sub system allows the user/ client to process new quotations and edit/ revise or review existing quotations. The New Business Quotation sub system is fully integrated with the New Business module of the Individual Life Administration System. Hence any

quotation where the client shows his interest can easily be processed to convert into a proposal for speedy and efficient processing. This sub system is web enabled, but can also be used for the walking clients or the agents without logging into the Internet.

New Business/ Underwriting This module deals with processing of the new business proposals submitted for issuance of policies.

Alterations This module deals with the processing of policies where the client requests the company to alter any of the changeable details of the policy (which also includes changing the policy status from lapsed to reinstated or from enforce to paid up). Practically the alteration to the policy may fall into one of the two categories, the one being non-financial part where there is no monetary implications like address change, name change, beneficiary change etc. and the other one being the financial part having some monetary implications like Sum Assured Change, Term change, Premium Change etc.

Claims & Settlement This module deals with two broad categories one is the claims which includes death and injury claims and the other includes settlements which includes maturities, refunds, surrenders, partial surrenders and loans etc. In case of Claims the processing starts from the intimation of claim. The overall claims cycle includes intimation of claims, determination of the amount to be settled and the actual payment of the settled amount, whereas the cycle of other than claims area includes determination of the amount to be settled and the actual payment of the settled amount. The actual payment of the settled amount is the part of the Accounting Sub Ledger.

Renewal Billing Lapses & Auto Non-Forfeiture This module basically deals with renewal billing of the policies. This is done by generating premium renewal notices, premium reminders and lapsing the policy or converting it to Auto non-forfeiture based on the related ANF option attached with the policy..

Investment Fund Accounting This module deals with accounting of units related with the investment funds as a measure of the cash value of the policy using the bid price of units as on a certain valuation date.

Agency This module deals with various activities like appointment of agents and creating the master records, agents warning/ terminations, promotions etc. relating to sales administration.

Reinsurance This module deals with the reinsurance arrangements with the re-insurers in maintaining the record of various reinsurance activities like list of policies qualifying for reinsurance under a specific reinsurance

treaty, the net reinsurance premiums to be paid on premium due date to the re-insurer by deducting the reinsurance commissions, the amount of risk that is being shared by the re-insurer etc.

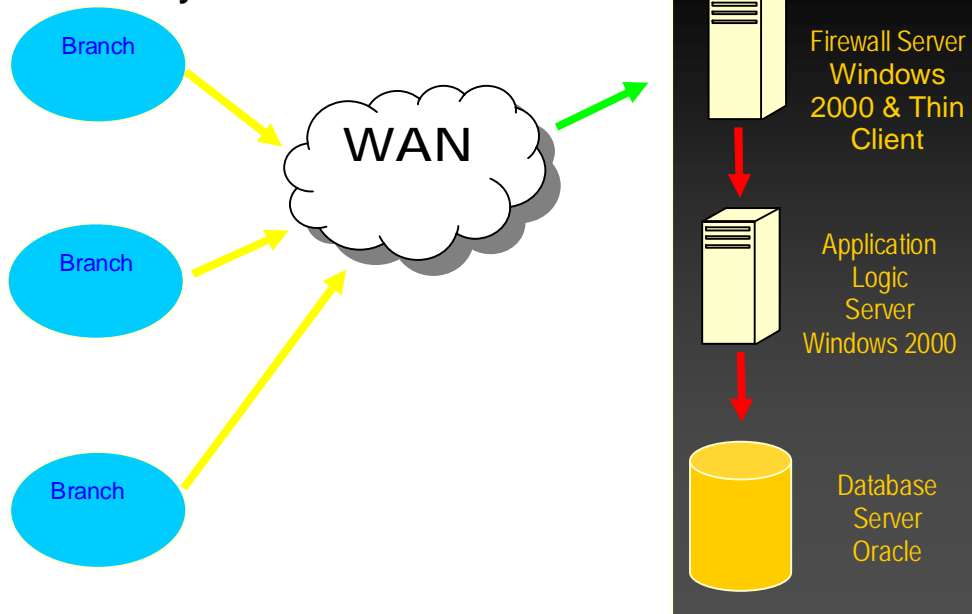
Subsidiary Ledger Accounting This module is a built in component of the individual life administration system, which provides the facility of maintaining the accounting sub ledger even though the full SHMA Accounting System has not been acquired..

MIS Reporting The system produces several Management Information reports, based on the various activities in the system, at the detail as well as at the summary level.

Application Security & Log

The security layers comprise of operating system level security followed by database level security layers.

Connectivity Model



The software deployment for *Individual Life Administration and the New Business Quotation System* is on application server (i.e. Four central citrix servers) placed at Head Office. The Connection is present from the branches using thin client to access the main database server at HO as and when required.

RESULTS:

Secondary market research reveals that all the features incorporated were not available in any one pre-packaged solution and product.

Some of the core features available as part of this solution include:

- Product Configuration to define nature, limits, allowable and Calculations
- The facility to capture proposals and receipts from branches thereby reducing the time and efforts at HO allowing efficient and timely processing of proposals.
- Auto computations of TSAR, Over/ underweight Rating, Premiums, Initial & Override Commissions etc.
- Maintaining Bulk Receipting Mechanisms through Direct Debit & Stop Orders
- Auto validation of Mandatory Proposal Information
- Underwriting Requirement Generations for New business, alteration and claims etc.
- Managing Underwriting decisions like Acceptance, Deferment & Decline
- Managing post policy issuance activities like premium allocation, vouchers generation, investment allocation and production of relevant letters with policy schedule through word
- Follow up system for generating reminder to requirements, conversion to NTU for outstanding requirements/ payments and automatic policy issuance etc.
- Catering both financial (i.e. sum assured change etc.) and non-financial (i.e. name change etc.) alterations to policy and producing endorsements
- Processing Claim (i.e. Injury & Death) and Non-Claim (i.e. Refund, Surrender, Partial Surrender, Maturity etc.) Payments through Payables
- Generation of Renewal Notices and Reminders
- Generation of Lapse and ANF (i.e. APL, Auto-Surrender, Auto-Paid-up, Auto-ETA) Letters
- Managing Multiple Investment funds and Auto allocation and de-allocation of units
- Maintaining Regular and Adhoc Premium for Investment to Funds
- Managing Treaty and Facultative Arrangement by generating cession advice and definite certificates.
- Maintaining statement of accounts for reinsurance
- Managing sharing of claims between company and re-insurer
- Maintaining Transfer of Money from one policy to another
- Maintaining cancellation of receipt due to cheque bounce and auto reversal of premium, commission and investment fund accounting
- Managing Knock off payments and generating cheques and bank transfers.

- ▮ Generating Text file for SUN Accounting System
- ▮ Maintaining agent's master data with sales force hierarchy
- ▮ Managing Agents evaluation like promotion, demotion, warning and terminations
- ▮ Maintaining business targets and generating variance statement
- ▮ Generating Initial and override commissions and applying claw backs
- ▮ Generating text file of commissions for the payroll system
- ▮ Managing other agency payments like persistency bonus, incentive bonus etc.
- ▮ Web enable quotation system for choosing suitable products
- ▮ Auto conversion of quotation into proposal
- ▮ Generating all essential MIS Reports for the company by maintaining an MIS Database.

Technology Landscape:

Oracle Form6i, Oracle 8i, Windows 2000

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