

KMG Insurance BPO Services Whitepaper



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1 Introduction

Business Process Outsourcing (BPO) is a process through which Insurance Companies can:

- Streamline back-office operations
- Reduce costs
- Free themselves to aggressively innovate and focus on revenue generation

YOU FOCUS ON YOUR CORE COMPETENCIES WHILE WE HANDLE THE REST.

The considerable growth of the business process outsourcing industry has led to the inclusion of new opportunities, making it a process that promises business growth. Be it taking best care of your potential customers, management of all your important data, trouble shooting technical problems or administration issues, BPO brings you advantages in all forms.

The need of the hour is to sustain and survive, generating business at the same time. What will be the ideal way to accomplish your endeavors? Let KMG's BPO professionals take the headache of your back office operations, while you focus on the core competencies of your business.

Trusting your back office operations to KMG allows your company to streamline processes and save money. As your BPO provider, we can integrate any back office processing needs with our services to provide one complete solution. By outsourcing office processing, your company can expect to improve business processes, increase efficiency and reduce risk - all in a cost effective solution that you could not match in-house.

Discrete business processes that are transaction-based are well suited for BPO.

2 Prerequisites for BPO Services

2.1 Business Knowledge

Providing any kind of service requires sound and robust domain knowledge. KMG ensures that each of its services team is comprised of both Business Analysts and Operators who have the knowledge of the business and its operations.

2.2 Business Workflow Knowledge

BPO is a highly process-oriented activity. KMG recognizes the importance of that, and before starting any activity, the workflow is jointly discussed and finalized by KMG and its clients. KMG then creates a workflow document to get the required sign-off. KMG also maintains and updates the documents from time to time. The proper versioning of the document is also maintained for audit purposes. This helps in defining processes like Incoming work management, Work Acknowledgement and Status communications.

2.3 Systems Knowledge

KMG will need to acquire knowledge of the systems that will be used for performing the services. Depending on the complexity of the system, the knowledge gathering is done either onsite with the Client IT team, or using various online collaboration tools.

2.4 Security Knowledge

KMG recognizes that BPO involves the handling of highly sensitive organization data. To protect and carefully handle such data, KMG has the appropriate infrastructure and security process in place to protect the sensitive company data, from multi-level security access to efficient monitoring technologies to periodical security audits.

3 About KMG

KMG is a global software development, application maintenance and BPO operations company, which provides premium IT solutions worldwide using Microsoft, IBM & Java Technologies. In a wide-open sea of countless software development companies, KMG distinguishes itself as a company driven by excellence.



KMG was established in 1990 and is among Top 10 fastest growing Indian-owned companies in the US. It is also rated among top 50 software companies in India. It has a Dun & Bradstreet rating of “Good- 2A1”.

KMG’s onsite-offshore model and industry expertise enables the company to enter into long-term, mutually beneficial strategic partnerships with many Fortune 500 companies. Unlike most other Indian-based software services firms, KMG maintains a large development team in the US. This team is used to interact with the client & provide a longer overlap to the users.

KMG has its headquarters in New York with 4 Offshore Development Centers in India (Bangalore, Delhi/NCR, Chandigarh and Kolkata) and a sales and development Office in New York.

KMG has around 60 professionals in the US supported by another 250 in India. KMG has resource expertise that covers Microsoft.NET technologies, Java J2EE, Mainframe, IBM iSeries (AS/400), Software Testing, Business Analysis and Insurance BPO.

KMG provides software maintenance, development and testing, and BPO solutions to large and medium sized insurance, banking, financial service, healthcare and government organizations throughout the world. Indeed, the company has aggressively captured a niche market in the property and casualty insurance sector in the USA.

KMG has constructed a 600-seat state-of-art development center near Chandigarh in the North West part of India. This center houses a large training center for providing training to in-house / external resources on legacy systems, QA testing methods, BPO processes and operations.

Rich Process Expertise With Efficient Resource Experience

Sound Domain Knowledge

KMG applies special focus towards satisfying the BPO needs of P&C Insurance companies. KMG delivers 24x7 service and potential benefits to its clients through deep industry expertise and knowledge coupled with strong delivery capabilities.

Your Processes, Our Team – As One

Using various delivery methods, KMG works alongside your internal insurance functional processing staff offering 24/7 support through a prudent delivery model with fast processing and top notch data quality.

Multi Faceted Delivery

With KMG, you can expect multi-faceted delivery including Policy Transactional Processing, Claims, Reinsurance, Accounting, Reporting and even Help Desk. KMG’s offshore BPO centers are well equipped to handle multiple teams and provide the 24x7 support required to keep the BPO processing units up and running.

Long Term Partnerships

KMG’s aim is to form long term partnerships with P&C Insurance companies, offering tremendous value for the costs incurred. Our consultants will work with your company to build the most effective solution for any given situation and our dedicated teams will be constantly available, depending on the requirements of the project.

4 Services Offered by KMG

KMG offers a host of BPO services to its clients as listed below.

KMG P&C Insurance BPO Service Offerings

Policy Entry & Admin	Accounting Services	Reinsurance Operations
Claims Processing Services	ISO Rate & Reporting Changes	Help Desk
24*7*365 Call Center	Process Business Analysis & QA	Regulatory Reporting Services

4.1 Policy Entry and Administration

- Entry of Policy Data in the system, based on Insurer documents like: Binders, Rating Worksheets, Booking Protocols etc.
- Policy transactions on already-entered policies (viz. Endorsements, Cancellation, Reinstatements, Corrections, Renewals etc.)
- Maintenance of Transmittal
- UAT for Policy System enhancements
- Reconciliation Report Generation: Reconciliation of Premiums, Commissions and key financial and non-financial parameters based on Transmittal and the Database report generated at each day-end.

4.2 Accounting Services

Billing and Accounts Receivable are one of the most important parts of any organization. It is critical for any company to keep track of its invoices, especially over-due invoices and also make sure all cash and payments are posted into their books timely and accurately.

Depending on the nature of the business and industry, KMG's business analysts have the knowledge of billing and accounts receivable processes and third-party applications that are generally used. KMG's personnel have the working knowledge of the popular billing applications in the marketplace today.

Some of KMG's services in this area are:

- Premium Balancing between Policy System and Accounting System (Report generation & Review)
- Invoicing
- Segregation of Current and Past-due Invoices
- Distribution
- Cash Posting
- Invoice QA
- Billing and Accounts Receivable reports, automated and manual
- Customer Service and Reconciliation Support
- Cash Disbursement - Commission Checks, Premium Refunds

4.3 Claims Services

To survive in today's fast paced business world, insurance carriers need to converge all their focus to maintain and further the core business activities. And for this to be possible they need to divert their time and resources from the peripheral tasks to pursue their prime business objectives, at the same time making sure the former is catered to. Claims data entry and processing is one of those peripheral yet important tasks.

Using high efficiency procedures, we can process large volumes of content with a high rate of accuracy and pace. Our Claims Services cover a range of activities including but not restricted to the following:

- Claims Help Desk and Customer Support
- Entry of FNOL
- Policy and Coverage Verification
- Acknowledgement Faxing and Emailing
- Setting up of Reserves (Indemnity & Expense), Payments and Recoveries, based on client data sheet
- Managing Claims life cycle
- Reconciliation of Source data sheets and Claims Database outputs for key financial parameters
- Claims interface Error Analysis (for Claims Data that gets transferred from Claims System, via ETL, to Corporate Records database)
- Analysis of errors
- Segregation of errors due to User entry errors and System Issues
- Notifying Users for remediation action for User issues
- Creating tickets for resolution of System Issues
- Generating Error Reports

4.4 Reporting Services

In the P&C Insurance domain, Statistical and Bureau reporting is one of the major tasks of the operations staff. Being a part of the US Insurance market, every participating insurance company needs to provide data to ISO and the various governmental agencies.

KMG has been actively participating in this area for many years and has developed an expertise.

ISO Bureau and Statistical Reporting

- Data Extraction from Corporate Record
- Receive CEP (Commercial Edit Package) from the client
- Iteratively run the CEP over the data to be reported to ISO, and making necessary Data Cleansing and Validations
- Report Premium and Loss Data to ISO once desirable data quality is achieved
- Quarterly and Annual Submissions
- Error Handling and Reporting
- Recommendations for improving data quality in the data capture systems
- Recommend changes to the policy and claims application to meet the changed requirements

NCCI Reporting for WCPOLS

- Receive WCPOLS Reporting manual from client
- Extraction of WC Policy Data, and segregation for NCCI and State Bureaus
- Create the weekly file by formatting the data based on reporting requirements
- Report data

Data Calls

- Data Extraction from Corporate Record
- Submissions of reports required
- Routine review of regulatory circulars and bulletins
- Recommendations for improving data quality in the data capture systems

4.5 ISO Rate Changes

- Analyze ISO Circulars for changing requirements
- Loss Cost Revision
- Company Exceptions analysis
- Perform GAP and Impact analysis in data capture systems
- Making rate revision / open ticket for system changes
- Testing to ensure that rates are appropriately updated

4.6 Reinsurance Operations

In the P&C Insurance industry, KMG has an advantage of being able to execute Reinsurance operations for its clients.

- Reinsurance Contract Management
- Analysis and profiling of Treaty contracts
- Participant management (Reinsurers / Brokers)
- Manual data entry of Ceded Data, Facultative Premiums, Assumed entries etc.
- Data entry for assumed premium and loss coding
- Weekly Production Review to ensure that Reinsurance systems properly capture the Premium and Loss data, by comparing the data with the Policy and Claims system output.
- Reconciliation of financial data between the Source Datasheet and Reinsurance Database to ensure flawless entry of data.
- Factory type Reinsurance Accounting Services:
 - Formatting and generation of bordereaux reporting through existing capabilities of the Reinsurance system.
 - Subsequent invoicing and collection services
 - Standard reporting - trial balance maintained on the Reinsurance System as sub-ledger, open items, ageing reports, etc.
 - Customer Service and Reconciliation support of items billed and due.
 - Cash receipt and application
 - Cash disbursement
 - Facultative Premium Settlement.
 - Individual Provisional Notice and Proof of Loss reporting. Coordination with Claims department for details of loss for attachment purposes to invoices.

4.7 Help Desk Services

KMG's helpdesk support services provide both technical and business support.

Technical Helpdesk - Provide support by taking inbound calls during peak and off peak hours for troubleshooting in terms of problems with remote desktop users, applications not working, web link not responding, passwords resets etc. KMG provides Level 1 support by answering these calls and either providing quick resolution or by escalating issue to Level 2 support staff for further course of action.

Business Helpdesk - Provide support by taking inbound calls from Agents during peak and off-peak hours troubleshooting policy entry and issuance problems, helping the agents quote, bind and issue the policies. Same goes for Claim and Check entry etc.

In a steady state, KMG performs the following activities independently:

- Accepting the inbound calls from the customers
- Conducting root cause analysis during the calls
- Resolution or reassigning as per the analysis of the call
- Escalating the problem to the different departments according to the issues
- Verification and Validation of the suggested solution
- Improved Customer and User satisfaction

4.8 File Indexing

File Indexing is a process where submissions from various third-parties are received and then routed to the correct pre-configured electronic department baskets for processing by the department users.

This is the electronic version of a filing clerk.

This is a popular process especially in the P&C Insurance industry where Submissions are received from external agents and producers for new or renewal business and endorsements.

KMG was involved in the following steps:

- Analysis of request coming from multiple agents
- Distinguishing the request Submission or Endorsement
- Processing the request through the eFiling system
- Routing the request to the respective Underwriter Queue
- Developed quality metrics by spell checks and 100 % proofing of the policies on weekly basis on the work performed
- Focused Training was provided to mitigate the areas of errors, increase the efficiency and productivity of the work force to consistently achieve the quick turnaround time
- Developed the standard operating procedures and established common checklist to process the exceptional endorsements

4.9 Forms Automation

In the P&C Insurance domain, having the most recent and updated forms in the database is one of the major and critical tasks of the Policy Operations division of an insurance carrier.

Due to regulatory changes, an insurance carrier needs to either revise their versions of ISO forms or their own company forms.

Having a technical team that is well-versed with the P&C insurance industry and the ability to understand the ISO circulars and updates, KMG is in an advantageous position to implement the various forms changes.

The KMG Advantage

- Understanding of P&C Insurance domain
- Well-defined process of reading ISO Circulars - new forms, revisions to existing forms etc.
- Analyze and prepare implementation plan
- Content and Layout Proofing
- Coding Form changes
- Testing
- Production Implementation

5 The KMG Advantage

KMG has gained a robust experience and expertise in the field of BPO. We are committed, we are determined, we are for quality. And above all, we bring a perfect match of all. We welcome you to be a part of our finest BPO solutions to fuel your business dreams.

What makes us an ultimate BPO company?

- Availability of well defined BPO processes
- Continuous focus on what the clients' need
- Use of robust technologies
- Domain and process specific knowledge
- Workflow orientation
- 24x7x365 call center support
- Effective business process outsourcing solutions
- Advanced processes maximizing high returns on investment
- Significant cost reductions

5.1 Insurance Expertise

The heart of any Insurance BPO is the extensive know-how of Insurance processes and operations. KMG's expertise is focused on P&C Insurance, and it has a resource pool of Analysts, who work as a part of the BPO team, and help facilitate

- Continuous Business knowledge education to the team on an ongoing basis
- Coordinate the BPO operations effectively with our clients
- Knowledge transition and implementation of any new BPO Services
- Establishing work-flows

5.2 Rich BPO Experience

KMG has learnt through experience of working with a variety of Insurance clients, the key to successfully transition and implement various Insurance back-office operations.

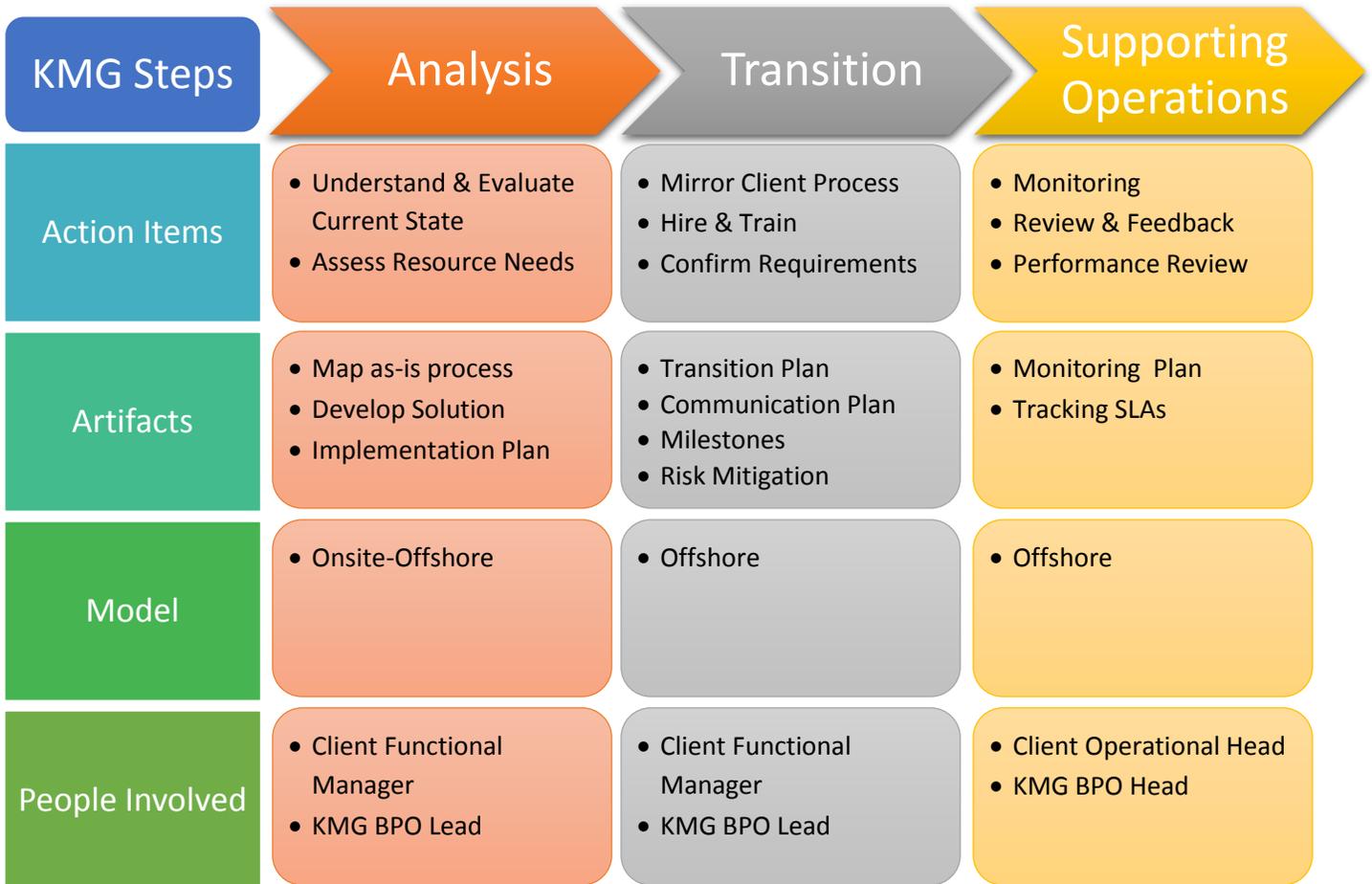
5.3 Security

KMG appreciates the fact that the BPO services require a secured zone for operations to safeguard its client's sensitive production data. Therefore, it ensures that there is multi-level security for access to the BPO area, as well as proper mechanism of monitoring the system-access of each team member. It also performs a regular audit check for the access privileges granted to the user.

5.4 Efficient Resource Backup management

KMG understands that BPO services may require working in unconventional shifts. Therefore, all necessary arrangements are made to ensure that work goes on uninterrupted. Also, there is a flexible model to add additional resources on an "as-needed" basis during time of heavier workloads (typically during month-end, quarter-end and year-end processing).

6 BPO Transition Approach



6.1 Evaluation & Planning

The first phase of the plan is where KMG sends senior consultant(s) to the client site to evaluate the offshore opportunities and lay out the details of the transition plan. We adopt this approach as we understand that each customer has unique requirements and also, to understand the offshore needs from the client’s perspective. The details of this phase are elaborated in the following sections.

6.2 Introduction to Business & Strategic Teams

KMG would like to send its Senior Consultants to the client site for 2 weeks, to specifically understand the requirements and also to lay out the detailed plan that would be followed to carry out the transition of work. These would be the resources who would have substantial experience in handling multiple Insurance Clients and who understands the projects both from Business and Technical perspectives.

6.3 Understanding Client's Offshore Requirements

The consultant(s) would identify the client's perspective behind the BPO operations, the short-term and long-term objectives, and scope of activities KMG will perform. This would also include the following:

- Existing Business Processes
- Client Setup
- Short & Long term business objectives
- Outsourcing objectives and requirements.

6.4 System & Feasibility Analysis

The system study phase would involve the following:

- Technical Environment Study
- Understanding of each of the Client's Processes
- Understanding of each of the Client's applications
- Readiness Assessment (Process & Organization)
- Project Scope determination
- Delta Changes from the current process (Improvement Options)
- Transition Feasibility analysis
 - Frequency of Client interaction needed
 - Ease of accessibility of physical resources onsite
- Regulatory Compliance
- Offshore Opportunities, in terms of
 - Core Competencies
 - Short-term and long-term opportunities
- Significant Roadblocks
 - Project Phase of work-in-progress
 - Contractual obligations of Client
 - Data Sensitivity
- Knowledge Transition Requirements
- Success Criteria

6.5 Offshore Transition Analysis Report

KMG would prepare a report detailing the outsourcing strategy for the client which includes the following:

- Project Migration Plan based on one or more of the following:
 - Client Synergies
 - Business Value Synergies
 - IT Synergies
 - Ease of migration
 - Skill-set availability
 - Scale of Project
- Transition Plan
 - Process Management
 - Operational Model
 - Onsite and Offshore Resource Planning
 - Operations Roadmap
 - Operations Coordination
 - Service Level Agreements
 - Reporting Requirements

6.6 Knowledge Transition

KMG would prepare a plan for knowledge transfer approach and documentation of project and process requirements. This would also involve preparation of an inventory of documents that would be required for execution of the project and the plan for transferring the same to offshore.

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