

fs viewpoint

www.pwc.com/fsi

02
Point of view

09
Competitive
intelligence

13
A framework
for response

20
How PwC
can help

24
Appendix

Making a statement:
Transforming insurance billing
to gain a competitive edge



Point of view

Savvy insurance carriers are embracing billing as a tool to differentiate themselves in a competitive marketplace.

“The day-to-day policy service interactions most influence a customer’s overall satisfaction with the insurer, and hence their likelihood to both renew their policy and recommend their insurer to others.”¹

Billing is the most frequent point of contact with customers, including agents and insureds.

Billing has traditionally been viewed by insurers as no more than a back-office function. But billing is the most frequent point of contact with customers. Consider that in personal lines insurance, a typical insured will submit a claim once every six years, but during that time there may be as many as 72 opportunities to interact with the customer by presenting a bill. With each bill delivered, carriers have an opportunity to strengthen the customer relationship, and to differentiate themselves from competitors.

Consumers have high expectations of the insurance billing experience.

Service experiences in a variety of industries are driving increased customer demands on insurance carriers. At a minimum, customers today expect to have access to the same quality of self-service offerings, delivered via the web and mobile applications, that are available from their non-insurance providers as well as other insurers. Customers want flexible payment methods that include electronic funds transfer, credit and debit cards, mobile, and phone. They also want access to their account history online, the ability to manage their preferences for email, text messages, and more. Customers also expect 24/7 support via multiple channels.

When deployed strategically, billing can boost customer satisfaction.

Carriers that adopt a customer-centric approach to the billing experience and apply the most effective technologies and tools available to meet their customers’ demands can enhance customer satisfaction and loyalty. In doing so, carriers can tap into an opportunity for meaningful customer interaction in an otherwise low touch industry. For instance, billing inquiries represent a material portion of all inbound call volumes to carriers and brokers. Quick access to key customer billing information can be a differentiator, helping carriers to retain customers in a competitive marketplace. Retention is a key benefit, especially given that the cost of acquiring new customers can be up to 10 times the cost of retaining an existing customer.²

Better billing can bolster financial performance.

Implementing better billing practices can increase operating efficiency, reduce costs, and improve working capital without compromising quality. New technologies and increasing connection speeds for online and mobile transactions are making e-billing and payment more attractive as a means of reducing operating costs (as well as billing errors) while meeting customer demands for anytime/anywhere service.

Customers whose service expectations are not met can switch insurance carriers more easily now than ever—and many will.

1 J.D. Power, McGraw Hill Financial, “2011 US National Auto Insurance Study,” www.jdpower.com, accessed December 16, 2013.
2 SAS, “Customer Retention,” www.sas.com, accessed December 17, 2013.
Copyright © 2013. SAS Institute Inc. All rights reserved.
Reproduced with permission of SAS Institute Inc., Cary, NC USA.

Leading carriers are strategically upgrading their billing capabilities.

Billing as a differentiator

Leading carriers are differentiating themselves through their billing capabilities. For instance:

- Leading carriers are personalizing bills for their policyholders, and they are offering consolidated bills in response to customer demand. Consolidated billing gives carriers a single view of the customer, enabling cross-selling opportunities.
- The billing systems of leading insurers integrate seamlessly with their policy integration systems. This enables the carriers to demonstrate different billing scenarios and show the customer the correct premium under each scenario, down to the penny.
- Leaders are offering new billing options, including mobile delivery. These options are being met with an incredible response in the marketplace and are becoming “table stakes” quickly.

Leading insurers are approaching the billing process strategically, viewing it as an opportunity to improve operations, reduce costs while maintaining quality, differentiate services, and improve working capital. We observe leading carriers doing the following:

Promoting e-billing	Carriers are offering customers discounts for e-billing and paperless statements, and they're touting the environmental benefits of e-billing in their advertisements.
Offering multiple e-payment options	Leading insurers are accepting multiple forms of electronic payment (credit card, mobile, and phone), and they have the capability to drive customer behavior toward financially optimal payment types, such as electronic funds transfer (EFT).
Enhancing customer self-service	<p>Leading carriers are putting more billing information directly in the hands of insureds and producers via self-service portals, mobile apps, and advanced telephone response units. They allow bundling of invoices for multiple products. They offer support via multiple channels, such as phone and web chat, and they make support easily accessible from customer billing screens.</p> <p>Thanks to better integration with policy administration systems, these carriers are better able to respond to customer inquiries, whether simple or complex.</p>
Delivering targeted communications	Carriers at the leading edge are thinking holistically about the billing experience. They are using the delivery of bills (electronic or paper) as an opportunity to celebrate discounts, provide personalized messages, and to cross-sell. Along with the bill, they deliver suggestions and targeted offers to individual customers based on their profiles, needs, and current products. Some carriers include third-party advertisements in their bills as an additional customer service and revenue opportunity.
Enabling product innovation	Leading carriers are able to bring new products and/or services to market faster by using configurable billing systems. For instance, some auto insurers are enabling pay-as-you-go pricing using telematics. Configurable systems are essential to enabling such billing product innovation.

In our view, to gain a competitive edge, carriers must strengthen every aspect of the customer billing experience.

Between 2010 and 2013...

- The percentage of **car insurance** bills paid by check will drop from 32% to 14%, while payment by debit card will increase from 13% to 24%, and by credit cards from 10% to 16%.
- The percentage of **home insurance** bills paid by check will drop from 43% to 23%, while payment by debit card will rise from 6% to 15%, and by credit card from 8% to 17%.¹

“Mobile bill payment use doubled from eight million U.S. online households in 2012 to 16 million in 2013. This growth was driven primarily by smartphone owners, among whom mobile bill payment surged 150%. Consumers who pay bills using their mobile device do so primarily for its convenience (70%), anytime access (55%) and time savings (49%).”²

Carriers can get closer to their customers by applying leading practices in five critical areas.

Some of these practices can help insurers to boost efficiency and reduce costs while increasing quality. And they address pain points at every step in the billing lifecycle, from bill preparation through collections.

Innovating across the billing lifecycle

Leading practices	Billing lifecycle				
	Bill preparation	Bill presentation	Remittance processing	Reconciliation (cash application)	Collections
E-billing	•	•			
E-payments			•	•	•
Customer self-service	•	•	•	•	
Targeted communications		•			
Product innovation	•	•	•	•	•

1 Ron Shevlin, “How Americans Pay Their Bills: Sizing and Forecasting Bill Pay Channels and Methods, 2013-2016,” Aite, September 2013.

2 Eric Leiserson, “Sixth Annual Billing Household Survey,” Fiserv, December 2013.

When deployed strategically, billing can significantly improve operating efficiency, financial performance, and customer satisfaction.

Based on our experience in helping more than a dozen carriers to transform their billing systems, we have observed first hand the substantial benefits that can be realized.

Operating efficiency—Carriers that adopt more sophisticated billing systems can reduce total cost of ownership of the technology while increasing quality. They also can accelerate speed-to-market with product and service innovations. Specific benefits that can be achieved:

- A 3%-5% increase in speed-to-market for new products.
- Up to 40% decrease in cash processing costs.
- A 5%-20% decrease in billing-related IT costs.
- Improved internal workflow, streamlining issues resolution, and reducing the time spent by customer service and underwriting resources in the cash application and account current resolution processes.
- Reduced bill error rate.
- Improved compliance and ability to audit and report.

Financial performance—Better billing technology can boost financial performance in several ways. Results we have observed:

- A 5% reduction in bad debt.

- A 20%-25% improvement in days premium outstanding, resulting in additional investment income, due to:
 - Faster resolution of issues.
 - Better ability to identify and apply cash.
 - Faster receipt of cash due to direct versus agency billing.

Customer satisfaction and retention—Enhanced billing capabilities can increase satisfaction and retention by:

- Giving customers the flexible services they demand.
- Enabling customers to interact with the insurer at their preferred point of communication.
- Improving the ability to resolve issues.
- Making it easier overall to do business with the company.

Other results we have observed:

- A 2%-3% increase in cross-selling.
- A 2%-5% increase in retention.
- A 3%-5% decrease in service call time.
- Strengthened brand recognition.

Carriers face three key obstacles as they strive to transform their billing capabilities: technology, organization, and change management.

	Obstacle	How to overcome it
Technology	Leadership skepticism over the value of replacing legacy systems, especially in a difficult business/ economic environment.	<p>Make the business case to leadership for the strategic and financial value of replacing legacy systems with advanced billing technology. Points to emphasize:</p> <ul style="list-style-type: none"> • Legacy billing systems impede the speed required to deliver advanced functionality. They are rigid and inflexible. They can neither handle nor adapt to emerging customer needs, and they cannot support product innovation. • Continuing to operate with legacy systems increases the cost of doing business (due to higher maintenance costs, need for workarounds, etc.) even as these systems reduce competitiveness.
Organization	Leadership skepticism over implementing new billing technology, due to past failures of large transformational projects, often due to lack of alignment between business and IT.	<p>Make the business case for the value of the overall transformation project, and the likelihood of success:</p> <ul style="list-style-type: none"> • Clearly define the project strategy, including development of a cost-benefit analysis, with measurable success criteria included. • Leverage leading commercial-off-the-shelf (COTS) software to help ensure success. • Adopt project management methodologies (such as Agile/Scrum) to tightly integrate business and IT. Also, enable users to view and sign off during construction of the tool, rather than afterwards.
Change management	History of failed billing systems and strategies, due to a failure to listen to voices of the customer and agent, and/or competing priorities within the organization.	<ul style="list-style-type: none"> • Engage insureds and agents to better understand their requirements and align the importance of billing functionality. • Clearly benchmark services and capabilities against those of competitors.

PwC has developed a framework to assist carriers in developing strategic billing capabilities.

Our framework is designed to help carriers deliver a superior customer experience while improving business performance.

PwC has developed a framework for helping carriers to transform their insurance billing capabilities in order to differentiate themselves in the marketplace. The framework focuses on the five critical areas that insurers are exploring to boost efficiency, deliver superior customer service interactions, cross-sell, up-sell, and enhance customer satisfaction and retention.

These five areas include:

- Electronic billing.
- E-payments.
- Customer self-service.
- Targeted communications.
- Product innovation.

The bottom line: Insurers that view billing as no more than a back-office function will miss the opportunity to generate value in a competitive marketplace. Increasingly, carriers without effective, flexible billing capabilities will lose revenue and market share while more customer-focused competitors thrive.

Competitive intelligence

***Our observations of
industry practices.***

Our industry experience reveals that insurers' billing systems vary in terms of ability to meet the challenges that carriers face.

Billing system maturity 			
Low			High
	Lagging	On par	Leading
Current state of billing administration systems	<ul style="list-style-type: none"> • Uses legacy (20-to-30 years old) billing administration system(s). • Starting transformation by going directly to vendor selection. • Highly inflexible in changing billing offerings. 	<ul style="list-style-type: none"> • In the process of replacing or modernizing current billing administration system(s). 	<ul style="list-style-type: none"> • Successfully migrated billing administration systems via business-led transformation program. • Well positioned to respond to immediate and long-term market demands from external competitors and customers.
Online bill presentment capabilities	<ul style="list-style-type: none"> • Significant majority of billing being delivered via paper. • Integration challenges due to legacy systems. 	<ul style="list-style-type: none"> • Limited online capabilities; typically delivered through a third party. • Challenges with bundling bills due to disparate systems and/or lack of household data. • Customer adoption low. 	<ul style="list-style-type: none"> • Online bill presentment as directed by customer (website, email, or text). • Customer adoption high. • Capability to bundle invoices for multiple products. • Online bill presentment capabilities extended to mobile platforms.
Electronic payment flexibility	<ul style="list-style-type: none"> • Majority of bills paid by return mail (check or credit card). 	<ul style="list-style-type: none"> • Significant credit card usage and fees. • Inability or indifference in driving customer behaviors. 	<ul style="list-style-type: none"> • Multiple payment types accepted (electronic fund transfer, credit card, mobile, and phone). • Ability to drive customer behavior toward financially optimal payment types, such as electronic funds transfer (EFT).
Online billing support	<ul style="list-style-type: none"> • Support limited to contact center. • Data challenges cause support and billing confusion and/or errors. 	<ul style="list-style-type: none"> • Contact center support. • Agent portal support limited. • Information-only web customer support. 	<ul style="list-style-type: none"> • Support easily accessible from customer billing screens. • Multiple channel availability (web chat and phone).

Carriers that haven't yet taken advantage of the capabilities now available are lagging the industry.

Our research tells us that 40% of mid-market carriers are undertaking a billing transformation in the next three years—further raising the bar.

Key core business function	Personal lines carrier	Large commercial lines carrier	Super-regional P&C lines carrier
Current state of billing administration systems	<ul style="list-style-type: none"> In process of migrating billing administrative systems via business-led transformation program. Large data migration effort with transformation to ensure no disruption to billing customer service. 	<ul style="list-style-type: none"> Legacy (20-30 years old) billing administration system(s), presenting challenges in speed to market for making changes. Several external vendors providing portal, payment, and presentment technologies external from core legacy billing system(s). 	<ul style="list-style-type: none"> Legacy (20-30 years old) billing administration system(s), with frequent system issues and reporting discrepancies. Starting transformation by going directly to vendor selection, versus building a business case.
	Online bill presentment capabilities	<ul style="list-style-type: none"> Online bill presentment as directed by customer (website, email, and text). Customer adoption high and driven by carrier-led incentives. Capability to bundle invoices for multiple products. Online bill presentment capabilities extended to mobile platforms. 	<ul style="list-style-type: none"> Limited online capabilities typically delivered through a third party. Challenges with bundling bills due to disparate systems and/or lack of household data. Customer adoption moderate—slowly adopting due to lack of carrier-led behavioral incentives.

 Leading
  On par
  Lagging

Carriers that haven't yet taken advantage of the capabilities now available are lagging the industry (continued).

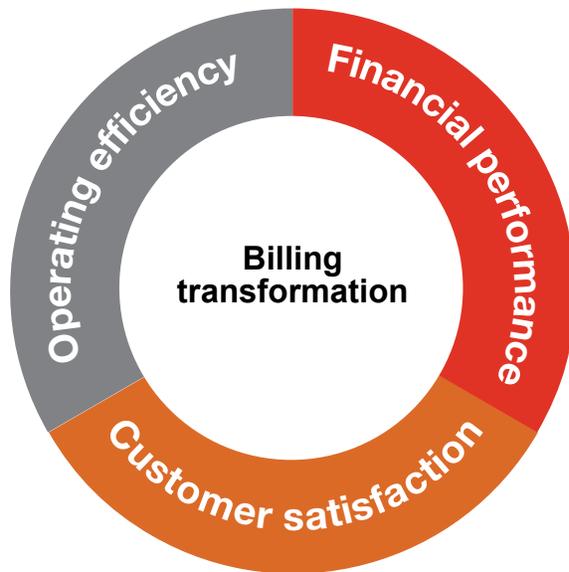
Key core business function	Personal lines carrier	Large commercial lines carrier	Super-regional P&C lines carrier
Electronic payment flexibility	<ul style="list-style-type: none"> Multiple payment types accepted (EFT, credit card, mobile, and short message service). Ability to drive customer behavior toward financially optimal payment types, such as EFT, with moderate adoption. 	<ul style="list-style-type: none"> Inability or indifference in driving customer behaviors. Significant credit card usage and fees. 	<ul style="list-style-type: none"> Majority of bills paid by return mail (check or credit card).
Online billing support	<ul style="list-style-type: none"> Support easily accessible from customer billing screens in customer web portal. Multiple channel availability (web chat and phone). 	<ul style="list-style-type: none"> Primarily contact center support and emerging online capability. Agent portal support limited, and portals are fragmented by operating unit. Information-only web customer support. 	<ul style="list-style-type: none"> Primarily contact center support and emerging online capability via portal technology. Data challenges cause support and billing confusion and/or errors, due to discrepancies between portal and invoices.

 Leading
  On par
  Lagging

A framework for response

*Our recommended
approach to the issue.*

Billing system transformation focuses on five critical areas that affect customer interactions and promote operational efficiency.



To transform their billing systems and differentiate themselves in the marketplace, carriers should systemically implement the following critical capabilities. Doing so will not only help to attract new business but will aid in retaining existing customers, thus reducing acquisition costs.

- ● **Implement and promote e-billing.**
Implementing robust e-billing technology reduces operating costs and errors while providing greater convenience to customers.
- ● ● **Offer multiple e-payment options.**
Offering a variety of electronic payment options differentiates a carrier from competitors that offer less flexibility.
- ● ● **Enhance customer self-service.**
Self-service frees up employees to focus on higher-level activities, such as addressing customers' questions and concerns. This leads to higher customer satisfaction and reduces overall cost.
- ● **Deliver targeted communications.**
When viewed as a communications vehicle, the billing experience opens up new and creative possibilities for carriers to strengthen the bond with their customers.
- ● ● **Implement configurable systems to support product innovation.**
Configurable billing systems are improving the customer experience with greater visibility into discounts, usage, and pricing impact.

Implement and promote e-billing.

To enhance customer convenience and satisfaction while increasing operational efficiency, it's essential to implement and promote e-billing.

In developing an e-billing capability, consider your customers' needs, your technology constraints, and leading practices you can adopt from others—both inside and outside the insurance industry:

- **Solicit customer input:** How do your customers wish to interact with your organization? The voice of the customer should be your most important consideration in developing your e-billing capabilities.
- **Acknowledge and address your technology limitations,** such as an inability to present bills via portals, apps, or emails using your current system. Some vendors can integrate their solutions with legacy technology and present e-bills effectively to customers, thus eliminating the need to purchase an entirely new system.

If purchasing new billing technology, be prepared to invest in configuring your solution for your business' needs. Most insurance billing solutions don't work "out of the box."
- **Consider outsourcing:** Many carriers use third-party technology as an alternative to building an in-house solution. In choosing a vendor, consider:
 - **Breadth of capabilities:** The more options you can provide, the more customers you can satisfy.
 - **Reputation for security:** Electronic transactions are more secure than paper-based bills, but it's important to ensure that the vendor you select has a history of handling information securely, to avoid potential security breaches and the resulting impact on your operations and reputation.
 - **Flexibility:** Choose a vendor that is evolving with the market. Since technology is changing rapidly, you'll want to avoid the need for a major upgrade within a few years.
- **Adopt leading practices** in billing from service providers in other industries, such as offering customers the option of consolidated bills, and promoting paperless statements.

Offer multiple e-payment options.

Carriers can improve efficiency and cost effectiveness by offering a variety of e-payment options to customers while limiting use of the most expensive options.

Offering e-payments can help carriers to operate more efficiently while providing customers with greater convenience. The challenge is to balance the costs involved against the efficiency gains possible. The following are key considerations in implementing an e-payments strategy:



Automate processes

- **Provide training.**
Train agents and customer service reps to encourage new customers to adopt e-payments. Carriers that use this strategy are much more successful at driving high rates of online bill payment and paperless billing adoption.
- **Offer adoption incentives.**
Explore more sophisticated incentive mechanisms, such as reward points with third-party affiliates (e.g., give customers a gift card to their preferred retailer if they sign up for direct, automated clearing house).



Consider transactional costs

- **Offer flexible choices.**
Consider the costs and benefits of providing a variety of e-payment options. For instance, enabling credit card payments gives customers more flexibility but is a costly option for carriers, due to transaction fees as high as 3%.
- **Promote low-cost options.**
Use simple discounts to give customers an incentive to select lower-cost payment methods, including direct debit and electronic-funds-transfer-based payment options.

Enhance customer self-service.

To achieve the full potential value that billing can unlock, implement self-service models facilitated over the Internet and mobile devices.

When planned thoughtfully and executed well, self-service billing capabilities can boost operational efficiency and reduce cost while enhancing customer convenience and satisfaction. When developing self-service capabilities, consider the following:

- **Build agility into the systems and processes** to improve time-to-market for new products and services.
- **Analyze customer behavior** to understand how different self-service capabilities and billing processes are impacting the bottom line. This will help determine where to focus efforts to continue improving the customer experience, operating efficiency, and financial performance.
- **Use behavioral economics principles** to help frame complex information in ways that are easier for customers to understand and anchor them on value-added features and benefits rather than price.
- **Learn from other industries** that excel in customer self-service. For instance, the banking industry cut costs and improved the customer experience by offering remote deposit capture. The ability to deposit checks anytime, anywhere enhances customer convenience while reducing banks' operational costs.
- **Empower front-line billing employees** with the tools and the authority to get the job done. If your self-service function is working well, customer contacts with employees will be few and far between. Make the most of those contacts by helping your employees to resolve customer issues on the first call.

Analyze customer payment behavior.

By promoting self-service, more employee resources can be focused on activities that improve financial performance. For example, insurers can reduce days premium outstanding by performing analytics on customer payment information for faster acceptance, clearing, and application of cash.

To support product innovation, implement a flexible billing system.

Flexible billing systems enable product innovations such as “pay as you go” insurance.

Increasingly, carriers are developing innovative products such as usage-based insurance. Billing has traditionally been a hindrance to such innovations, which require flexible systems that can be modified quickly, or if needed, can adjust bills dynamically in response to changes in consumption. Many products have been shelved because insurers’ billing systems could not handle them.

Carriers must build an agile set of systems and processes, to enable quick reactions to changing markets and customer expectations. To support innovation, systems must be capable of being modified quickly, without the need for significant coding.

Fortunately, leading software vendors are continuously improving their systems to stay ahead of the requirements of the market so carriers don’t have to invest in maintenance.

Steps in implementing a flexible billing system include the following:

Understand the needs of internal stakeholders.

Collaborate with internal groups focused on product development and innovation, to learn about new products in the planning stages, and to ensure that the billing system can support them.

Gather requirements.

Develop a capabilities matrix based on business and technology requirements. Document the architectural, structural, behavioral, functional, and nonfunctional requirements for the system, with a focus on ensuring that the system can support a range of innovations.

Select a vendor.

With thorough requirements documented, identify vendors to consider, focusing on leaders in the field and identifying other candidates through market research. Develop a request for proposal, solicit responses, and evaluate how well each proposed solution fits with your business and technology objectives.

Engage vendors in oral presentations and score each candidate based on your evaluation criteria. Conduct a proof of concept and provide a final recommendation to business and technology stakeholders.

Deploy the new system.

Manage all conversion and roll-out activities across the organization.

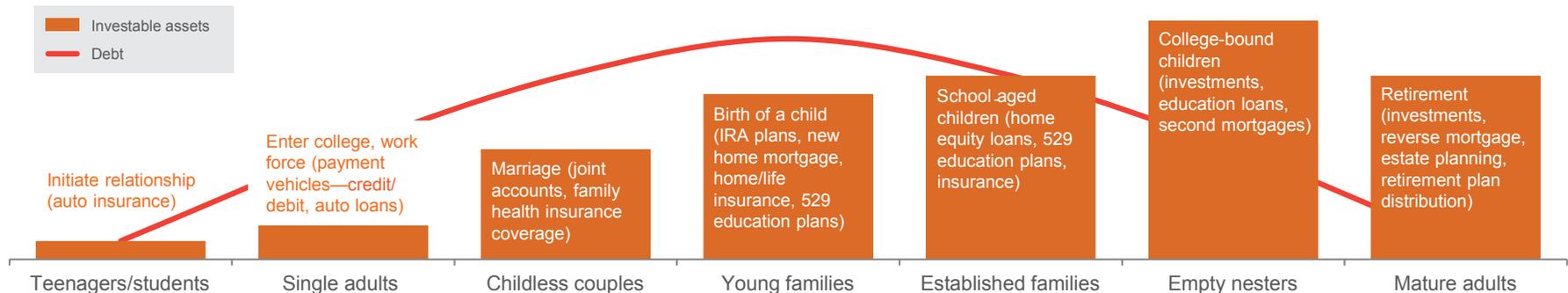
Leverage billing to deliver targeted communications.

With each bill delivered, carriers have an opportunity to strengthen the customer relationship.

The delivery of paper or electronic bills presents a prime opportunity to interact and strengthen your relationship with your customers. How well you communicate during billing interactions can differentiate you from competitors. Make the billing experience a lively interaction with the customer—not a routine, periodic reminder to settle the books.

In developing a communications strategy, consider the following:

- Offer your customers relevant advice—for instance, reminding customers the importance of safer winter driving by using snow tires.
- Target offers to individual customers based on their profiles, needs, and their current products.
- Use the bill to cross-sell and up-sell to customers, based on their profiles and account histories.
- Tailor your communications and refresh your messages periodically. There are technologies available today that enable carriers to script messages for individuals or groups of customers, and to update messages automatically with each new billing cycle.



Insurance and other financial needs by stage in life cycle: Personal lines example

Timing is critical—to avoid frustrating customers with offers they don't need, understand how to identify life-cycle triggers and respond appropriately with only the products that address those needs.

How PwC can help

*Our capabilities and
tailored approach.*

What makes PwC's Financial Services practice distinctive.

Integrated global network

With 34,000 industry-dedicated professionals worldwide, PwC has a network that enables the assembly of both cross-border and regional teams. PwC's large, integrated global network of industry-dedicated resources means that PwC deploys the right personnel with the right background on our clients' behalf whenever and wherever they need it.

Broad financial services experience

PwC serves multinational financial institutions across banking and capital markets, insurance, asset management, hedge funds, private equity, payments, and financial technology. As a result, PwC has the extensive experience needed to advise on the portfolio of business issues that affect the industry, and we apply that knowledge to our clients' individual circumstances.

Deep insurance industry experience

PwC serves 94% of Fortune 500 insurance carriers and extends into small- and medium-sized carriers. As the leading provider of professional services to insurance carriers, we have extensive knowledge of the issues, trends, and challenges that insurers face, and the deep experience required to address them effectively.

Multidisciplinary problem solving

The critical issues financial institutions face today affect all parts of the business, and addressing the issues requires depth and breadth of experience. PwC service teams include seasoned specialists in strategy, risk management, finance, regulation, operations, and technology. Our multidisciplinary approach enables us to provide support to corporate executives as well as key line and staff management. We help address a broad range of business issues and opportunities, from creating go-to-market strategies to implementing more effective functional practices across the organization.

Practical insight into critical issues

In addition to working directly with clients, our practice professionals and Financial Services Institute (FSI) regularly produce client surveys, white papers, and points of view on the critical issues that face the industry. These publications—as well as the events we stage—provide clients new intelligence, perspective, and analysis on the trends that affect them.

Focus on relationships

PwC US helps organizations and individuals create the value they're looking for. We're a member of the PwC network of firms in 157 countries with more than 184,000 people who are committed to delivering quality in assurance, tax, and advisory services.

Trusted brand

PwC is a trusted global brand and has been recognized as a leader in the industry:

- Kennedy Research ranked PwC the second largest overall consulting provider by revenue in their 2012 Global Consulting Index.¹
- According to IDC analysis and buyer perception, PwC is an IDC MarketScape Business Consulting Services Leader Worldwide and in the Americas.^{2, 3}
- PwC was named a "leader" in Gartner's Magic Quadrant for Financial Management Consulting Services Worldwide 2012.⁴

1 Kennedy Research, "Global Consulting Index 2012," © Kennedy Information LLC. Reproduced under license.

2 Cushing Anderson, "IDC MarketScape: Worldwide Business Consulting Services 2013 Vendor Analysis," (#239484), IDC, February 2013.

3 Cushing Anderson and Jim Westcott, "IDC MarketScape: Americas Business Consulting Services 2013 Vendor Analysis," (#239482), IDC, February 2013.

4 Jacqueline Heng and John E. Van Decker, "Magic Quadrant for Financial Management Consulting Services Worldwide 2012," Gartner Research, November 8, 2012. Note: Gartner does not endorse any vendor, product, or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

PwC has supported more than 40 successful billing, policy, and claims systems implementations for global, national, and regional carriers.

Selected engagements	Solution	Strategy			Mobilization/execution		
		Operational strategy	Assessment	Vendor selection	Mobilization planning	Execution	Vendor management
Global insurance carrier	Billing	•	•	•	•		
Mid-sized P&C carrier*	Billing, policy	•	•	•	•	•	•
Top 3 carrier	Billing, policy	•	•				
Regional commercial carrier	Billing, policy, claims	•	•	•	•	•	•
Regional workers' compensation carrier	Billing, policy, claims	•	•		•	•	•
Large life insurance carrier	Billing, policy, claims	•	•				
Leading E&S carrier**	Billing, policy, claims			•	•		
National P&C carrier	Billing	•	•		•		
International P&C insurer	Billing, policy				•	•	•
Regional P&C carrier	Billing	•	•	•	•	•	•
National E&S insurer	Billing, policy	•	•	•	•	•	•
Regional P&C carrier	Billing, policy, claims		•	•	•		

* P&C = Property and Casualty

** E&S = Excess and Surplus

From any-shore delivery to business transformation, PwC offers an unmatched breadth and depth of billing administration services.

Client needs	Services we provide our clients
Business transformation	<ul style="list-style-type: none"> • Actuarial services • Insurance analytics • Cost-benefit analyses • Organizational design • Company and business unit strategy • Process improvement studies • New product/service design and development • Market analysis • Voice of the customer studies • Cost takeout • Finance effectiveness • Regulatory and compliance
Billing technology transformation	<ul style="list-style-type: none"> • Program management • Alignment to policy and claims solutions • Data warehouse, analytics, and reporting • Industry benchmarking • Print and forms solutions • Workflow and content management • System implementation and integration • Vendor selection processes • Portal and agency • Testing center of excellence • Architecture and infrastructure
Any-shore delivery	<ul style="list-style-type: none"> • Dedicated offshore billing administration and insurance specialists • Development centers in India and China, enabled to perform: <ul style="list-style-type: none"> – Billing application configuration – Forms creation – Integration layer development – Testing (application and integration) – Application maintenance and support



Appendix

Select qualifications.

Billing transformation— Leading personal lines P&C insurer

Issues

The client sought a thorough billing transformation, including the implementation of new insurance billing technology. This transformation was driven by the client's focus on excellence in customer service. It was to be achieved through delivery of a fully integrated solution that was tightly coupled to policy administration and the ability to offer full functionality and flexibility to customer service representatives and to their insurance clients.

Approach

PwC, in consultation with the client, developed and helped implement a billing solution. PwC's role included the following:

- Development of a billing implementation strategy that reflected an in-depth analysis of future-state needs.
- Identification of legacy-system requirements and associated programs that would impact the overall plan.
- Overall program management assistance.
- Deployment of a broad development team to assist with elicitation of requirements and with coding and testing of a solution, both on-site and remotely from PwC's service delivery center.

Benefits

The client implemented a fully integrated solution that transformed its billing process. Billing functionality was vastly improved, and the client realized these benefits:

- Functional configuration to enable client work flows and flexibility in customer service handling.
 - Complete integration to legacy environments and several external service providers.
 - Full data migration to ensure no disruption in billing service.
 - Functional redesign of billing statements, and the introduction of new payment plans for greater client satisfaction.
 - Sunsetting strategy for legacy components.
-

Billing transformation— Regional commercial lines P&C insurer

Issues

The client was seeking a thorough billing transformation that included the implementation of a full suite of insurance technology (billing, policy, and claims), as well as implementation of a new technology. The client transformation was driven by the need for upgrades to an aging technology infrastructure, the need to improve competitiveness through new capabilities, and a desire to spur a growth strategy that had been impeded by legacy technologies. The client specifically wanted to spur growth with significant gains in functionality and with the flexibility to implement new products and services by adopting a new core-insurance technology.

Approach

PwC, in consultation with the client, developed and helped implement a new technology solution. PwC's role included the following:

- Development of an enterprise-wide implementation strategy by analyzing and understanding future-state needs.
- Alignment of the carrier's future-state processes as close to the out-of-the box capabilities of the software chosen as practical.
- Identification of legacy-system requirements and associated programs that would impact the overall plan.
- Overall program management assistance.
- Deployment of a broad development team to assist with elicitation of requirements and with coding and testing of a solution, both on-site and remotely in PwC's service delivery center.

Benefits

The client implemented a fully integrated solution that transformed its billing process. Billing functionality was vastly improved, and the client realized these benefits:

- Functional configuration to enable client work flows and flexibility in customer service handling.
 - Complete integration to legacy environments and several external service providers, introducing a significantly higher degree of automation going forward.
 - Functional redesign of billing statements, automation of other key billing correspondence, and the introduction of new payment plans for greater client satisfaction.
 - Exposure of system data via portals to enable agent and customer self-service.
 - Sunsetting strategy for legacy components.
-

Billing transformation planning and mobilization— Regional P&C insurer

Issues

The client had recently undergone a transformation within its claims department and wanted to improve the billing, collection, and payment functions. Improvement opportunities focused on establishing financial benefits from replacement of legacy systems and in improving customer service through newly increased capabilities.

The client asked for PwC's assistance in identifying a goal state that included a software decision, and in putting a cost-benefit analysis in place so that its leadership could make a key funding decision.

Approach

PwC, in consultation with the client, performed several functions aimed at improving billing, collections, and payments. PwC's role included the following:

- Helped develop a future-state blueprint, leveraging PwC's billing capabilities model as a framework.
- Leveraged the high-level capabilities from the blueprint to drive a software selection process, including vendor requests for proposals.
- Used high-level capabilities to drive a project-costing analysis, including the costs of implementation, software and hardware, and of overall program execution (project and change management).
- Performed a thorough benefits analysis, leveraging PwC and industry benchmarks aligned with the future-state vision.
- Created an executive package to communicate results and drive the final decision-making process.

Benefits

- PwC's work helped the client make a funding decision for this initiative, align high-level requirements to expected benefits, and utilize an execution plan that would allow the client to move forward to implementation.
-

Billing strategy— Leading global P&C insurer

Issues

The client had planned a thorough billing transformation, but needed to make a business case for the transformation that would clearly demonstrate its feasibility to secure broad, executive-level commitment and funding. One of the objectives of this transformation was to remediate key, current-state issues that had resulted from fragmented operations and underlying systems. Another objective was to identify future-state capabilities that would help enable the finance function and the lines of business to deliver according to longer term objectives and ambitions.

Approach

PwC assisted the client in conducting a feasibility study for this billing transformation. The study included the following components:

- A thorough review of current-state pain points, and the elicitation and capture of future-state billing and payment capabilities as required by the finance function and the lines of business.
- An in-depth analysis of the current-state architecture, and the design of candidate future-state architecture options.
- A rapid-solution evaluation of leading insurance billing systems to confirm the alignment of each solution against the future-state capabilities, to assess the fit of each against the future-state architecture, and to develop an indicative view of implementation costs, efforts, and the timeline needed for implementation.
- The development of a robust business case and implementation roadmap, including a thorough analysis of business benefits, and a thorough review of implementation costs and efforts.

Benefits

The feasibility study that PwC developed with the client resulted in an executive-level understanding of the business value, investment profile, key success factors, and the mobilization plan for moving forward with a billing transformation.

The study provided a rigorous and clear articulation of the feasibility of a billing transformation, highlighting key areas of complexity and risk, as well as a set of solutions and architecture options. The study discussed the implications of each option for the business case and for future-state capabilities.

*To have a deeper conversation,
please contact:*

Don Myers donald.w.myers.iii@us.pwc.com
+1 267 330 2711

Scott M Curran scott.m.curran@us.pwc.com
+1 973 236 4240

*Follow us on Twitter @PwC_Insurance
and @PwC_US_FinSrvcs*

www.pwc.com/fsi



"Making a statement: Transforming insurance billing to gain a competitive edge." PwC FS Viewpoint, January 2014. www.pwc.com/fsi

© 2014 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved. PwC refers to the US member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

BS-14-0210