



## Zurich Germany Increases Customer Flow, Binds Marketers, Expects 20 Percent Lower Admin Costs

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Dr. Christian Kirsch  
Chief Underwriting Officer  
Zurich Life Germany

When a top German life insurance firm foresaw the pinch of growing competition, a careful selection process began for automated underwriting solutions. Zurich Germany chose the reputation and deliverables of Munich Re’s suite of ALLFINANZ underwriting software and consulting. Today, customer sign-ups are rising, marketing allies are enthusiastic, and projections see admin costs dropping 20 percent over five years.

### The company

Serving Germany since 1875, Zurich Group in Germany ([www.zurich.de](http://www.zurich.de)) is among Germany’s top ten insurers. Zurich insures 27 of the 30 DAX (Germany’s blue chip stock market index) companies and is the official insurer of the German Olympic team. In 2013, its 5,600 employees generated premiums exceeding €5,9 billion. In life insurance, Zurich is one of the top five most successful life, ability (often termed “disability”) and income protection companies.

Parent company Zurich Insurance Group Ltd. (Zurich) is Switzerland’s largest insurer. In 2013, it ranked as the world’s 75th largest public company. Zurich employs 60,000, serves more than 170 countries, and boasts shareholder equity of \$34.494 billion. It earns top evaluations from Moody’s, Best, and Standard and Poor’s.

Zurich Life Germany sells its life and disability protection through employed staff, commissioned advisers and partnerships such as its strong marketing presence through Deutsche Bank. All sales channels are now, or soon will be, using the ALLFINANZ New Business & Underwriting software suite.

### Evolving business realities

Upon joining Zurich Germany in 2011, Marcus Nagel, CEO Global Life, saw that only end-to-end automation would streamline applications, help sell more protection, reduce data input hours, and raise the accuracy of applications and underwriting.

He foresaw that a faster, smoother and highly reportable application process would strengthen their adviser, broker and Deutsche Bank loyalties.

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Zurich Germany processes were then a carefully worked out series of manual, but task-intensive, paper-based steps with very little automation. Each sales arm created paper applications simply by asking questions and writing answers. Accuracy suffered. Not all advisers were comfortable asking personal health questions. Some customers weren’t candid.

At point of sale (POS), no differentiation was possible between applications to be immediately processed, those needing a quick review and a few answers, versus those requiring medical appointments and special underwriting.

The company actively sought solutions. One reinsurer’s offering proved incompatible with existing IT systems. Parent Zurich Insurance Group began to study the field, searching for a company-wide solution for international rollout. Comparison studies selected the unique combination of Munich Re’s powerful underwriting technology platform (ALLFINANZ) and its extensive risk management and underwriting rules expertise. Munich Re’s rules consulting services are financed by a reinsurance contract with Munich Re.

Dr. Christian Kirsch, Chief Underwriting Officer, Zurich Life Germany, explains, “Zurich didn’t decide by counting features. This software-service combination was chosen for its proven integration of best-in-class software, profound underwriting know-how, and easy evolution to market changes. Munich Re also furthers and enhances our historic concern with customer privacy and protecting our customers’ personal medical information.”

## Implementation and rollout

Kirsch says, “Munich Re completed our project on time, in spec, on scope and in budget. Technical implementation took nine months for term insurance and income protection. Our teams maintain and evolve the ALLFINANZ system.”

Zurich Germany is using:

- ALLFINANZ Interview Server (AIS), the underwriting rules engine
- ALLFINANZ preconfigured German underwriting rule book

ALLFINANZ Business Analytics software will soon increase reporting visibility by drilling down on specific questions to tighten underwriting consistency.

The pilot phase for life and basic ability insurance launched on 1st October 2013 to brokers and tied agents with this announcement:

“We’re pleased to announce the delivery of an integrated expert underwriting system, ALLFINANZ Interview Server (AIS), into our strategic front-end system in Germany. This is a great example of re-use of the Global Life common expert underwriting engine from Munich Re.”

Zurich Germany redesigned its front end “to take advantage of the power in ALLFINANZ Interview Server.”

Kirsch says, “Sales benefits reach 2,000 mobile sales systems and all sales forces. The next rollout in marketing will encompass broker channels, then Deutsche Bank in 2016. We are developing and refining this system for application to our next product line.”

Kirsch and Heike Hommel, Senior Development Analyst, have been “delivering system orientation and training workshops on the benefits of our new automation and how it should work in a well-run sales office. Sales forces learn the technology and realise the bottom-line benefits in saved hours, saved steps, and more euros.”

Hommel adds, “In ten minutes, we train sales staffs to use the new POS. Of course it takes longer to implement all the benefits into each individual office routine. We see very eager implementation in our most ambitious and professionally run offices.”

Zurich Germany plans ongoing modifications to underwriting rules based on input from ALLFINANZ Business Analytics and broker feedback. Hommel says, “Implementing rule changes in ALLFINANZ is very easy—10 to 15 minutes. It’s the pre-planning and thinking through the ‘what-ifs’ that consume time.”

In early 2014, Zurich Germany implemented application data transfer directly into its back-end system, eliminating hundreds of hours of tedious keyboard time and saving a foreseeable 20 percent in combined administrative costs over five years. Electronic signature capability is imminent. Completely automated underwriting will come in the future.

## Benefits in-hand and imminent

Kirsch says, “We are happy to have chosen Munich Re. Without this powerful system of ALLFINANZ software and Munich Re rules consulting services, we couldn’t reach and retain a leadership position. The ALLFINANZ solution is a bull’s-eye to implement this strategy.

“I’m closing more contracts and we project cutting our medical GP costs by half, and overall administrative costs by 20 percent. We’re below industry averages in these expenses now and are still trimming.”

Benefits spread from sales through underwriting and are showing up in our bottom line. The user interface makes a very professional impression and customers are more comfortable answering health questions on screen. Uniform data and automated data entry standardise policy management and underwriting.

Hommel explains, “Every new time-saving feature at our POS speeds customers’ sign-ups, which motivates sales offices, advisers and partners. New screens display doctors’ contact information, so last year’s detour is now one click. Brokers say the new system ‘plugs the holes’ of unanswered questions, and that minimises revisiting customers.

She says, “We already see indications that sales levels, market share and straight-through processing are trending upward. For uncomplicated cases, in 20 or 30 minutes, sales and underwriting are complete and the customer is bound. We process the paper within 24 hours. Stats show our ‘not-proceeded-with’ (also known as not-taken-ups) are very low.”

Kirsch adds, “Brokers tell us we have by far the best solution to help them sell. I’ve heard it personally. We knew we were on the right track when a large broker pool encouraged us to speed up rollout. Sales staff are eager; they get involved and contribute ideas.”

“While our insurance products are usually superior to competitors’, a hurried buyer won’t dig down to see that. They follow their adviser’s lead. So it is our job to bind advisers’ loyalty by delivering easy, intuitive, and foolproof customer registration.”

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Kirsch observes, “Without the system, we wouldn’t be as competitive because no one will write on paper. The big broker pools and banks need streamlined processes.

Addressing back-office benefits, Kirsch says, “We will always need medical and special reports for health conditions, risky occupations and dangerous hobbies. Yet our big advantage is that all our industry and underwriting knowledge is now blended into our initial questioning.

“We are certain our underwriting, from simple to complex cases, is more accurate, streamlined and uniform. This can only improve as we compare the results of new modifications to rules. We have close and excellent collaboration with Munich Re. We mutually rely on each other—a true partnership.

Kirsch adds, “End-to-end automation even gives us mileage in public relations. Our CEO discusses its benefits at seminars and I was invited to discuss it at an industry conference!”



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## About Zurich

Zurich® is a major financial services group that was founded in 1872. Its headquarters are in Zurich, Switzerland. Today, the company employs 60,000 people. It serves customers in more than 170 countries. The company has offices in the Americas, Africa, Europe, the Middle East and the Asia Pacific region.

## About Munich Re Automation Solutions Ltd

Munich Re Automation Solutions Ltd, a Munich Re subsidiary, is a leading software provider of new business underwriting solutions for the life insurance industry. For the past 27 years, we have transformed how life insurers are selling life insurance with next generation technology that gives our clients the power to grow their business profitably. ALLFINANZ is a suite of new business underwriting applications that make life insurance easy to sell and help insurers transform underwriting into a profit driver. Headquartered in Ireland, we have offices in Japan, Singapore, Australia and the U.S. Our client base proudly include world leading insurance companies including Pacific Life, Guardian, Zurich, HSBC, Aviva, Sony Life, Metropolitan Life, Bank of China and Comminsure.

## About Munich Re

Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2013, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €3.3bn on premium income of over €51bn. It operates in all lines of insurance, with almost 45,000 employees throughout the world. With premium income of around €28bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. Its primary insurance operations are concentrated mainly in the ERGO Insurance Group, one of the major insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2013, ERGO posted premium income of €18bn. In international healthcare business, Munich Re pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. Munich Re's global investments amounting to €209bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.