



TAL Life boosts revenue, strips internal costs, and serves advisers and customers with amazing speed

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The Insurer

The traditional roots of TAL Life Limited (TAL) go as far back as 1869 when it began as the New Zealand Government Life Office. Later known as TOWER Life, it acquired several Australian life insurance companies during the 1990s. Dai-ichi Life Insurance Company Limited of Japan became a minority shareholder in 2008, moving to full ownership in May 2011, when the company became known as TAL Life. Dai-ichi is the second largest life insurer in Japan and seventh largest in the world with assets nearing AUD\$400 billion. Its operations in Japan, Australia, Vietnam, India, and Thailand employ 57,000 direct staff and 40,000 representatives.

TAL's goal is to become the leading life insurance partner to financial advisers and customers, and the largest non-bank owned life insurance specialist in Australia.

Business Challenges

As financial advisers drive approximately one-third of TAL revenue, and in keeping with plans to be the easiest company for advisers to do business with, TAL had to modernise adviser access and streamline customer adoption times while tightly retaining and watching every administrative and underwriting detail. In previous years, all applications were accomplished on paper. Their first steps, e-Apps (advisers' electronic submissions by web) were soon inadequate.

Not-taken-up rates remained unchanged, and losing sales through underwriting was unacceptable to advisers and TAL.

To make matters worse, customers were ending up without the coverage they needed, and some walked away disillusioned with the process. Advisers demanded a better and faster solution. Any failure to satisfy changing needs risked TAL losing pace as a market leader.

According to David Denison, Head of Product at TAL, "Our objective was to launch a completely new and revolutionary customer and adviser proposition, to turn underwriting times on their head. We wanted 85 percent of underwriting decisions accomplished within three days."

Allfinanz as the Solution

After reviewing five competitive alternatives, TAL executives chose the Allfinanz solution from Munich Re as the most fully developed and flexible way to speed up and keep up with Australians' dynamic customer demands. Denison continues, "We purchased Allfinanz Interview Server to gain a first-mover advantage in the Australian market-place. We were a first adopter in Australia."

Today, TAL uses Allfinanz end-to-end in every product-related facet of its business — life, group life, accelerated protection, and group salary continuation. Allfinanz software and screens speed application, processing,

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and underwriting — sometimes to incredibly fast times. (See illustration.)

Munich Re’s ultra-flexible Allfinanz Interview Server ensures TAL’s traditions of careful underwriting stay in force through dynamically changing market conditions. Then Allfinanz Business Analytics software tracks and reports trends, growth, and anomalies.

Start to finish implementations took seven months, which Denison expected given project scope, systems interfaces, and tailoring to TAL business rules.

TAL now offers advisers iPhone and iPad apps to further streamline business intake. Approximately 25 percent of advisers have downloaded one of these.

Business Benefits

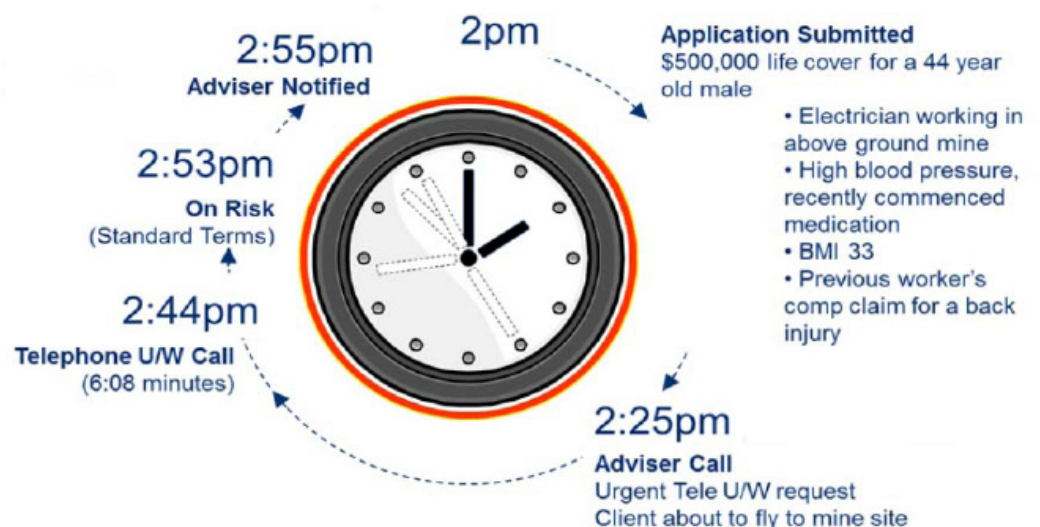
TAL saw quantifiable benefits in hand very soon after installation:

- New business rose nearly 30 percent in the first year
- Offers not taken up (NTUs) were reduced by 25 percent
- 40 percent unit cost reduction in business operations, staffing and underwriting

- STP (straight-through processing) has improved through rigorous analysis and rules; it is being optimised by segment.
- Underwriting is highly consistent, as borne out by claims experience

Denison says, “Adviser productivity has benefited most. We know advisers’ dollars-in per hour has risen. One adviser received our email notifying him of further underwriting requirements while still meeting with that client. That is fast service.”

In the accompanying illustration— not a simplistic case—the customer was on risk and ready for his new assignment in less than one hour. “In many cases,” Denison continues, “the application is fully underwritten electronically, so advisers close deals on the spot. Some go to an underwriter who can immediately complete them using the information provided. Others can only be completed after the application is submitted. Sometimes our back office calls to complete the application.”



Steve’s Case: When a mining electrician with a few health issues needed immediate cover before leaving to a remote mine, TAL’s Allfinanz software helped put him safely on risk in 53 minutes.

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Because the business rules TAL built into Allfinanz Interview Server manage many straightforward cases, underwriters now deal with the more interesting applications, those requiring greater involvement and professional judgment. Once complete, the customer is “on-risk” and the adviser remunerated.

Besides benefits in speed, underwriting safety, and lower costs, Denison points out that TAL is starting to explore the power of data newly available through Allfinanz software. New knowledge will help TAL understand and serve advisers even better, and can then spread throughout the company to smooth operations and satisfy and retain customers.



About Automation Solutions from Munich Re

Munich Re is one of the world's largest reinsurers providing solutions for complex risks to 40 million clients in over 30 countries.

Munich Re's Automation Solutions are the market leader in providing new business processing and underwriting automation solutions to the life insurance industry. The Automation Solutions division of Munich Re delivers exceptional solution-based expertise that enables straight through processing (STP), increases sales and reduces costs for life insurers worldwide.

Munich Re's Automation Solutions have enabled STP and "instant issue" for insurers and banks globally, who are now able to auto-assess the majority of new applications at the point of sale for a variety of life insurance products across the full spectrum of distribution channels. This has been accompanied by a significant reduction in new business acquisition costs.

Headquartered in Dublin Ireland, the Automation Solutions division of Munich Re also has offices in Tokyo Japan, Sydney Australia and Chicago USA. The Automation Solutions division of Munich Re stands for outstanding client proximity, and its list of clients proudly includes world leaders such as Zurich, Aviva, Aegon, Liberty, Unum, ING, HSBC, Prudential, The Hartford and Metropolitan Life.