



Supplier Management Carrier

THE ELEVENTH ANNUAL INTERCOMPANY LONG TERM CARE INSURANCE CONFERENCE

ILTCI



Supplier Management

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It is not intended as a recommendation of, or advertisement for, any of the individual presenters nor the companies that they represent including the products and services which they offer.



Service Strategy

- Purpose:
 - Help people secure their financial lives, families and futures by delivering on our promises.
- Priorities:
 1. Smart Growth
 2. Financial Strength
 3. Making a Difference
- Strive for Industry Recognized Differentiated Service.
- Leverage third party suppliers for various services throughout our processes.



Considering Using a Supplier

- Identification of Suppliers
- RFP
- Due Diligence
- Selection Process
- Implementation



Currently Using a Supplier

- Metrics/Dashboards
- Communication
- Annual Business Review
- Process Improvement
- Strategic Business Relationship



Suppliers

- All Shapes and Sizes
- Different Focus and Expertise
- Set Expectations
 - Internally
 - Externally
- Consider Supplier Options
- Invest the Time/Effort Required for a Successful Relationship



Supplier Management

Single Source Provider

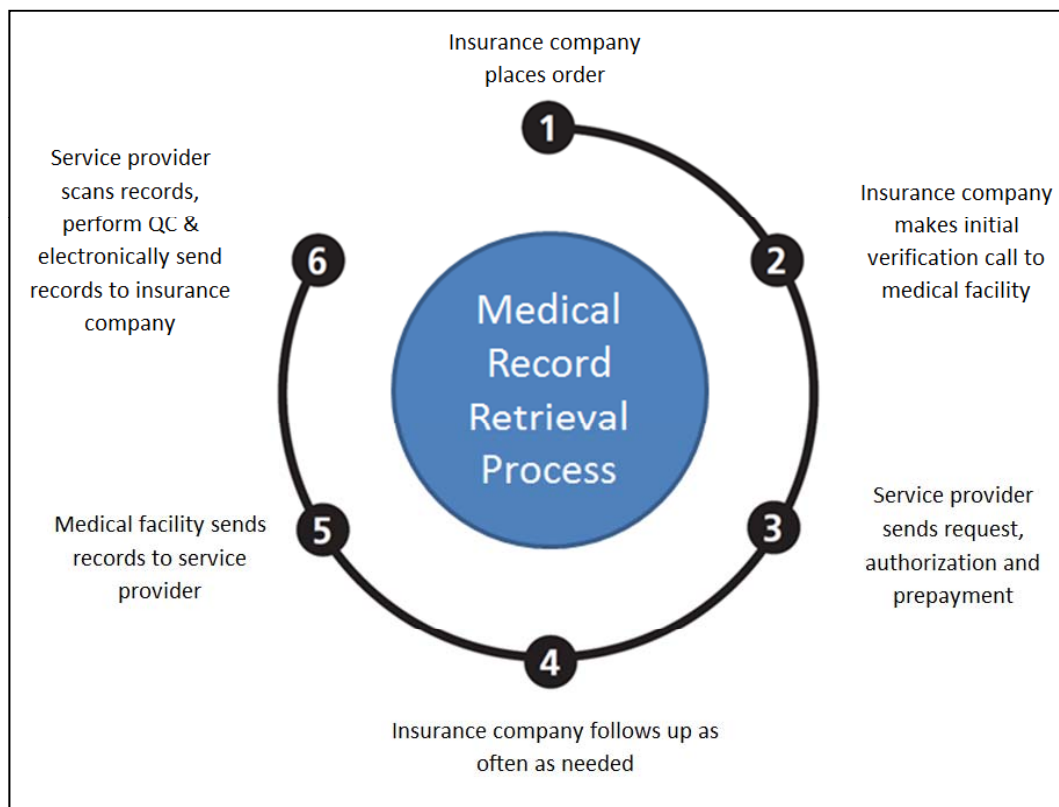
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Single Source Provider

Features an online workflow system that empowers Insurance Companies to process medical record requests in-house.



We do everything a normal APS vendor does except make the phone calls.

We have other workflow options that provide additional control.



Considering Using a Supplier

Looks can be deceiving....

- All APS vendors calculate time service differently
- Don't make a decision strictly on price
- Ask about additional fees
- Advertised frequency of follow-ups may only be an intent or goal
- What percentage of requests are paid by credit card?
- Are records made available to you the same day received?
- Where are the records being sent (geographically)?
- Research beyond the RFP
- Stay away from 'shady' practices (not scalable)
- Get referrals
- Expect more than standard features



Currently Using a Supplier

Seek meaningful data

- Do the numbers reported match your experience?
 - Time Service
 - Outstanding Requests
 - QC
- Ask for special authorization reporting

Attempt to gauge employee morale/quality (turnover rate, how they are paid, working conditions, disciplinary actions)

Be sure to utilize all the connectivity the supplier has to offer

Pursue good communication

- Regular conference calls
- Consider visiting their location annually
- Consider them visiting your location annually



Previously Used a Supplier

Identify the problem areas of previous supplier(s)

- Lack of dedication to APSs
- Deficiency in callers
- Too expensive
- Lack of communication

Try an extended test run before jumping into anything



Supplier Management

Multiservice Provider #1

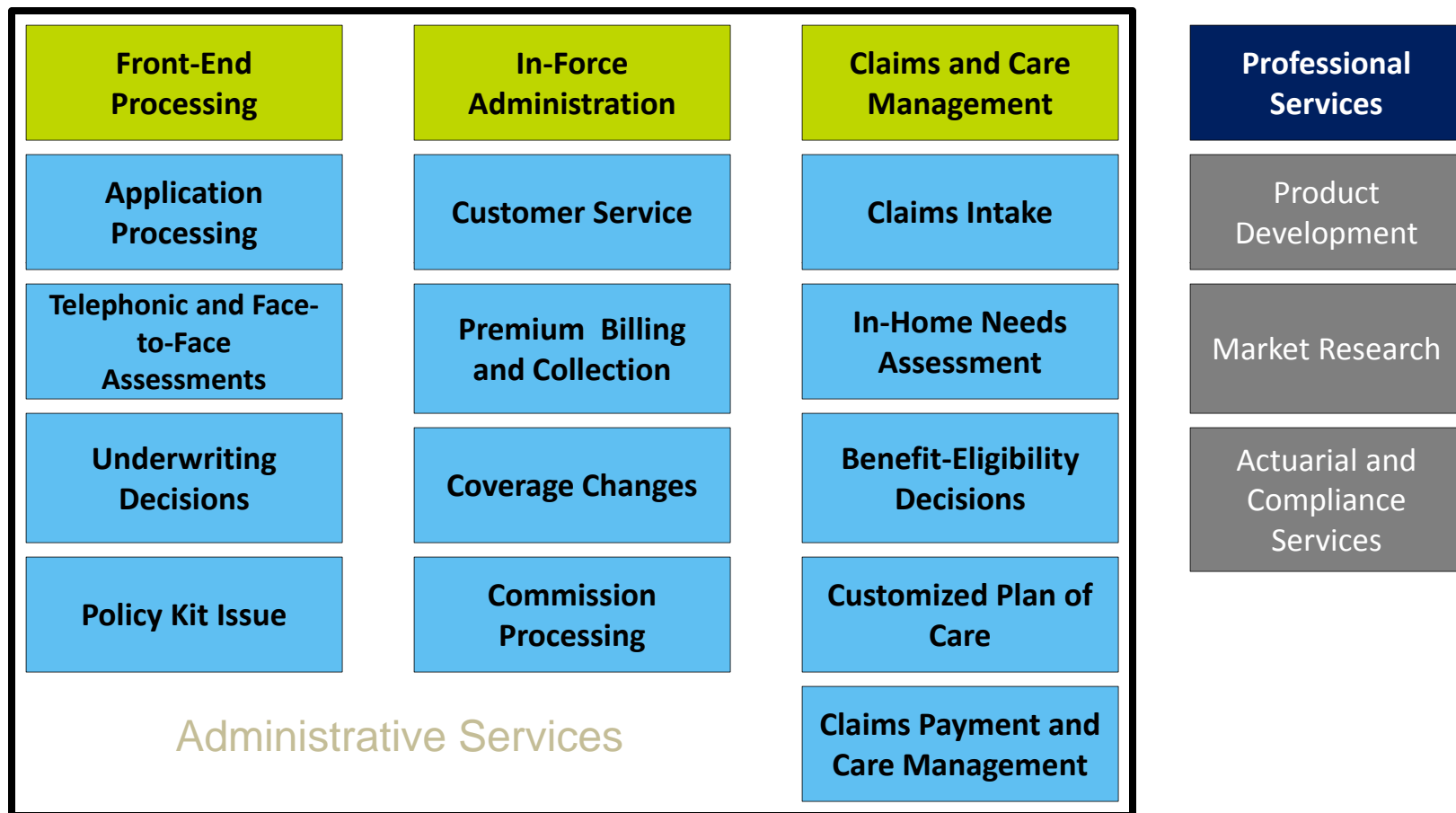
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Multiservice Provider

An overview of Services





Consider Using a Supplier

- **Common Reasons for Outsourcing**
 - Closed block of claims
 - Unable to manage the block of claims
 - Variable staffing solution
 - Speed to Market

- **What should you consider?**
 - What portion of the operation will you outsource
 - Do you want to outsource processes or convert your business



Currently Using a Supplier

- **Build a partnership**
 - Communication – cannot be a dictator nor totally removed
 - Seek feedback and direction
 - Make prompt decisions and document them
- **Monitor your business appropriately**
 - Create a relationship of transparency
 - Establish appropriate KPI's
 - Maintain daily/weekly/monthly checkpoints



Previously Used a Supplier

- **Did you have a partnership or a vendor relationship?**
 - Supplier should work with you, not for you
 - Create synergies
 - Maintain oversight
 - Solicit the supplier's feedback, they should be the expert



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Multiservice Provider #2

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Multiservice Provider

- Laboratory
- Paramedical to include elderly supplements and activities of daily living
- Attending Physician Statements(APS)
- APS alternative
- Inspections
- Scriptcheck
- Teleinterview
- Fraudcheck
- MVR retrieval



Considering Using a Supplier

- Deal with the insurance industry only
- Consultative approach
- Integrated supply chain
- Connectivity
- IT support
- Pricing as part of RFP via procurement department
- Customer service



Currently Using a Supplier

- Customer service
- IT support
- Partnership philosophy
- Periodic visits to the client
- Periodic site visits by the client
- Add services as part of the integrated supply chain
- Provide support for agents
- Provide metrics
- Six Sigma process improvements



Previously Used a Supplier

- 9 out of 10 customers leave because of pricing concerns
- Show value of the service
- Work with customer on a pricing structure that is mutually acceptable to all parties
- IT support
- Improve relationship as business partners



Supplier Management Global Service Provider

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Global Service Provider

Core Enterprise Services

Finance & Accounting

- Accounts Payable
- Order to Cash
- General Accounting
- Closing & Reporting
- Treasury & Tax
- Financial Planning/Analysis
- Payroll

Banking, Insurance and Lending Ops

- Application Processing
- Underwriting
- Claims Management
- Mortgage Orientation and Servicing
- Payment, Booking and Funding of Loans and Leases

Procurement & Supply Chain

- Indirect/Direct Sourcing & Procurement
- Demand Forecasting
- Inventory Optimization
- Fleet & Logistics Services
- After Market Services

Collections & Customer Service

- Early & Late Stage Collections
- Analytics/Skip Tracing
- Bankruptcy Originations
- Customer Care
- Technical/Product Support
- Customer Acquisition & Sales

Technology Services

Enterprise Application Services

- Enterprise Applications Solutions (Oracle, SAP, Siebel)
- Business Intelligence/Data Warehousing
- Technology Integration (ADM, BPM, Testing)

IT Infrastructure Management Services

- End User Computing/Help-Desk Services
- Enterprise Computing
- Database & Middleware
- Network, Voice & Security Services

Knowledge Services

Reengineering: Procure to Pay, Record to Close, Inquiry to Order, Order to Cash, Collections, Treasury & Tax

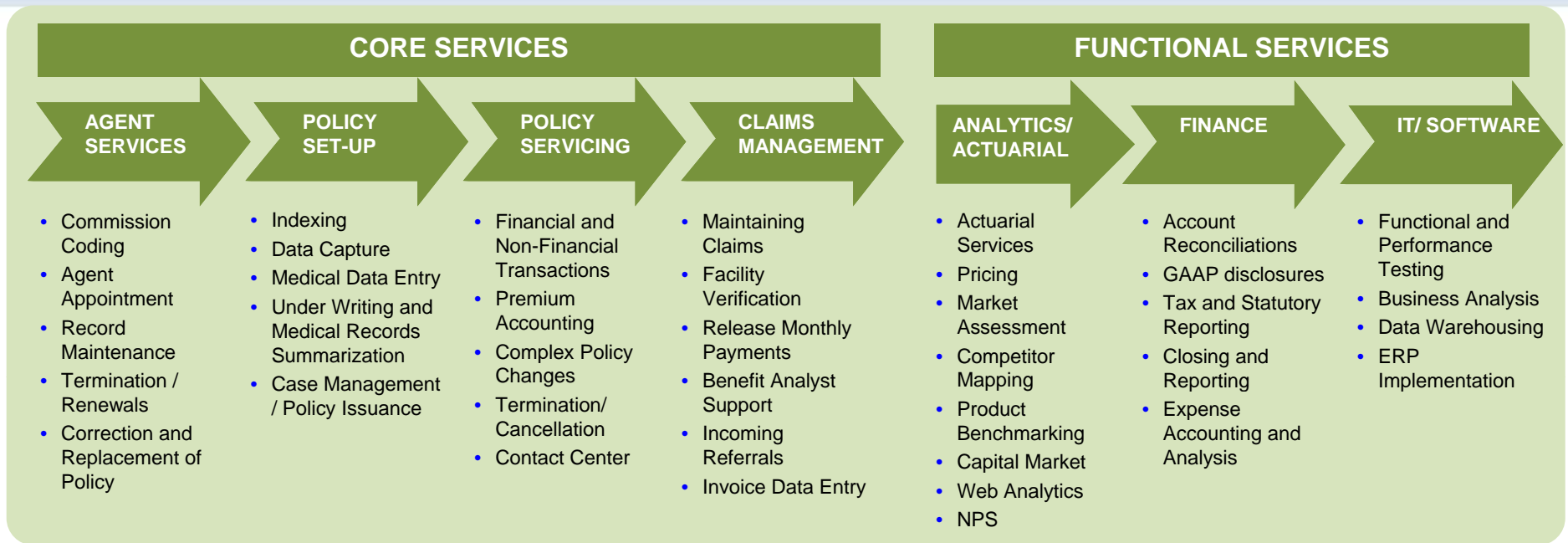
Analytics & Research: Marketing, Pricing, Inventory Optimization, Customer Loyalty/Surveys, Contract Management

Risk Management: Internal Audit, SOX Advisory, Regulatory, Enterprise, IT, Fraud Risk

Legal Processing: Contract Drafting, Legislative Monitoring, Research & Analysis



Life, LTC and Annuity Capability



- **Operating Scale and Experience** – Over **1100 FTEs** delivering services out of 2 locations for US region.
- **12+ years** experience with **1st transition in 1998**
- **End to End Presence** – Cover all key process steps from Policy Set-up, Customer Service to Claims Management and General Accounting services, across Whole Life, Term, Universal and Endowment products
- **Unique Value Adds** - Unique, Proprietary SEPSM Methodology; Operating Innovation, Powered by Lean/Six Sigma; Deep, Process Level Expertise; Integrated Business Process Management - ITO Services
- **Additional Capabilities:**
 - **Application Testing and Support:** Using Insurance domain-specific expertise and processing knowledge
 - **Administrative System Conversions and Data Clean - up and Scrubbing:** Policy conversion from existing multiple, legacy platforms to target systems
 - On and off-site Document Management, including Scanning, Indexing and Printing



Considering Using a Supplier

- Bring in industry wide best practices
- Leverage on global delivery capability
- 'Follow the Sun' Optimize on time zone benefit
- Fill resource and infrastructure gaps
- Operations and delivery in line with industry bench marks
- Reengineering and LEAN processes
- Competitive Pricing
- Building Value every day...



Currently Using a Supplier

- Setting realistic Goals
- Setting right expectations and performance measurements
- Communicating regularly at all levels
- Invest time in nurturing the relationship (regular Business reviews)
- Collecting Feedback from both ends and improvise
- Its a partnership...both parties equally committed
- Drive Productivity year on year – continuous Improvement using Six Sigma, Reengineering and LEAN methodology



Previously Used a Supplier

- Successful partnerships are built on credibility and trust
- Go beyond operations delivery – driving improvements in the existing process
- Communicate extensively
- Price is just not the driver – building value through domain knowledge
- Selling Vs building the right Solution