SUTHERLAND®

E-book

REDEFINING THIRD PARTY ADMINISTRATION WITH EXPERIENCE-LED DIGITAL TRANSFORMATION

Strategic partnerships with digital TPAs are the answer to the L&A insurance industry's problems, delivering personalized experiences, streamlining claims, and accelerating business growth.

A New Solution for
L&A Operations

The life insurance industry is at a turning point.

Shifting market dynamics and changing consumer expectations mean insurers need to move faster than ever before to remain competitive. Yet despite ever-growing demand for digital capabilities across all industries — with just two out of 10 customers willing to connect with a company solely offline — the insurance sector still lags far behind when it comes to digital transformation initiatives.[1]

Making matters worse, the insurance sector has, on average, only two interactions per year with their customer to demonstrate excellent CX — typically at the point of sale and the point of claim or renewal.[2] When customers do interact with their insurer, the experience is even more important, with customers craving simplicity, ease, and convenience. This is especially true for life insurance, where claimants are usually suffering through an extremely tough personal time and need extra care and support.

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1   https://www.mckinsey.com/industries/financial-services/our-insights/the-multi-access-r-evolution-in-insurance-sales

2   https://www.swissre.com/institute/research/topics-and-risk-dialogues/digital-business-model-and-cyber-risk/why-insurers-need-to-care-more-about-customers.html

REDEFINING THIRD PARTY ADMINISTRATION

Insurers must make these few and far between interactions count by offering digital-first experiences, flexible policies, and enhanced self-service functionality. But this is easier said than done. Not least because insurers today face a trifecta of challenges:

/   An aging workforce that's contributing to a significant talent shortage.

/   Continued reliance on homegrown systems that power core business operations.

/   Ever-increasing regulatory pressure.

Unsurprisingly, efforts to digitize operations and the customer experience have fallen to the wayside as a result – seen as complex and too big a mountain to climb. Adding to the challenge, the traditional TPAs insurers have relied on for decades are unable to help, continuing to only handle existing admin processes that are outsourced to them.

All three factors demand a new solution to the scale and complexity of insurance operations. In other words, digital transformation is no longer optional. It's a must for survival.

Only by moving to a digital-first Business Process as a Service (BPaaS) model can carriers fast-track new product launches, enhance distribution, improve the customer experience, and avoid the manual processes found with legacy systems that cause costly delays and increase risk.

But what should this transformation look like? And how should it be delivered?

This e-book explores the value of a digital TPA partnership for insurers and how this can deliver the efficiencies, business growth, and customer experience they need to stay competitive.

Table of **Contents**

The Evolving **TPA Partnership Model**

Many carriers have historically turned to TPAs to facilitate their transformation efforts. However, not every TPA is created equal. Traditional TPAs can still have a role to play, but they can't help insurance carriers address the new market challenges they face.

While they're capable of managing administrative tasks, traditional TPAs don't offer a holistic ecosystem that integrates technology, talent, customer experience, and data – not only to help insurance carriers address the challenges they face but to turn those challenges into a growth opportunity.

DIGITAL TPAS: THE FUTURE OF INSURANCE OPERATIONS

Digital TPAs offer end-to-end solutions through a BPaaS model to help carriers easily transition from legacy systems without having to seek new talent or rip and replace. They bring together tech and operations to deliver measurable business outcomes.

Traditional TPA	Digital TPA
Handle processes manually, preventing greater optimization and efficiencies from harnessing next-gen tech.	Leverage in-house data and technological capabilities to help insurers deliver highly personalized, stand-out customer experiences.
Take over existing administrative processes without altering or optimizing them, meaning any existing silos, roadblocks, and efficiencies also continue untouched.	Offer modern solutions that can redefine and automate existing processes, reduce operational silos, and enhance delivery, boosting customer satisfaction.
Focus solely on managing the processes that are outsourced to them rather than considering the wider frameworks in place.	Enable true digital transformation for carriers, revolutionizing insurance operations and enabling enhanced business agility.

This new model is evolving the TPA relationship from an outsourcing vendor to a strategic partner in the digital transformation journey of an insurance carrier. A digital TPA helps carriers solve the resource gap while introducing a modern technology core, enabling them to better respond to market challenges.

There are three key benefits to this model. Let's explore them in turn.

Greater System **Flexibility**

Launching a new suite of life insurance products can take from eight to 11 months, partly due to the limitations of legacy systems.[3] Plagued by outdated, manual processes, these systems create delays and barriers to change. They also pose significant risks and ongoing cost considerations.

This leaves L&A insurers unable to quickly respond to market changes or address gaps in the market. By the time the hoops have been jumped through, the market has already shifted, or a competitor has beat them to the punch.

With a digital TPA, time is no longer a barrier to innovation. This problem can be addressed with a modular, end-to-end ecosystem that can simplify the integration of new services with core systems and applications without requiring extensive training or substantial infrastructure overhauls.

Digital TPAs' significant investment in conversion capabilities also minimizes the complexity and cost of migration. This mitigates the risk of conversion failures or partial adoption due to legacy systems being unable to handle product specifics such as fund values, fund transfers, or variables. Insurers can slash time-to-market and drive growth through a digital TPA partnership without high upfront costs.

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3   https://www.soa.org/globalassets/assets/files/research/understanding-product-development-report.pdf

EMPOWERING A LEADING LIFE & ANNUITY INSURER'S JOURNEY TO SCALABILITY AND TRANSFORMATION: A TRUSTED PARTNERSHIP OF 15+ YEARS

After 59 inorganic acquisitions, this large L&A Insurer inherited a lot of operational and technological complexity. This resulted in inconsistent delivery, long turnaround times, process duplication, and growing backlogs. Processes were time-consuming, overly manual, and performed across different systems.

Sutherland integrated several acquisitions to streamline operations end-to-end. Through a unique and agile framework built with human-centric design, we standardized and consolidated process value chains. All major workflows were digitized using Sutherland Robility and Sutherland SUL solutions. This streamlined processing and drove tangible business outcomes like scalability, cost optimization, and speed to market.

The result:

40%
reduction in cost of operations

99.5%
achievement of quality score goals

35%
improvement in turnaround times

Digital-First **Experiences**

Customers today are tech-savvy and demand a seamless digital experience. They expect to conduct business digitally. In fact, 41% say they'd switch providers due to a lack of digital capabilities.[4]

Insurers have no choice but to digitize their customer experience if they wish to retain customer loyalty and engagement. 75% of customers today already expect companies to use new technologies to improve their experiences, meaning insurers must act fast to keep pace with shifting expectations.[5]

THE EXPERIENCE YOUR CUSTOMERS DESERVE

For insurers, a digital TPA helps deliver a digital-first experience by enabling:

/ **Faster Digital Development.** Providing capabilities for multi-channel support, helping to foster loyalty and satisfaction as customers can reach you where they are.

/ **Automation and AI Application.** Leveraging tech and domain expertise to automate underwriting and claims management processes. Reducing errors and revenue leakage, introducing a digital audit trail, and making it easier to adapt to changing market dynamics and regulatory updates.

/ **Advancing Self-Service Capabilities.** Delivering a low-friction experience for customers to help create a stand-out experience and drive operational efficiencies.

Insurers need to be able to deliver seamless digital experiences to retain customers and continue driving growth. Digital TPAs enable them to do so by seamlessly integrating advanced digital capabilities with experience-led design and removing legacy tech silos.

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4   https://www.pwc.com/us/en/industries/financial-services/library/insurance-consumer-survey.html#:~:text=Of%20those%20who%20expressed%20diffi-culties,a%20lack%20of%20digital%20capabilities

5   https://www.salesforce.com/resources/research-reports/state-of-the-connected-customer/

TOP INSURER SKYROCKETS ANNUAL REVENUE AND BOOSTS CLOSING RATE BY 30%

America's most recognized brand in supplemental insurance had several new product offerings, but they struggled to accelerate their speed-to-market, due to manual processes. Customer experience was being compromised. All of which was ultimately risking their overall sales growth.

Sutherland redesigned the insurer's direct-to-consumer operating model to enable faster launch of new products, scaling from 3 products at launch to 10+ supplemental insurance products. We provided a robust sales team that was 100% dedicated to the carrier, operating as a trusted advisor.

Harnessing our human-centric design approach, we built empathetic and meaningful conversation scripts that convey the relevance and value of the products.

The result:

30%	60s	80%
higher closing rate	or less to pre-qualifying leads	faster sales cycle

Enhanced **Data Analysis**

Like many companies, insurers collect a huge amount of data. However, this data is often not leveraged to its full potential due to legacy tech and a shortage of talent. Insurers need to do so to deliver the targeted experiences customers crave, but this doesn't come without risks.

Stringent regulations increase the complexity of leveraging the vast amounts of data insurers have stored. The risk of breaching personal and financial data privacy regulations can result in not only financial repercussions but also a loss of customer trust and loyalty. It's therefore vital that insurers handle data in the right way, which means ensuring it is structured, high quality, and analyzed in real time.

A digital TPA can help manage the design and execution of a comprehensive and compliant data strategy. By baking compliance and cybersecurity measures in from the start, a digital TPA can ensure that data is protected and secure. They can help insurers harness big data analytics for:

/ **Fraud Detection.** Predictive analytic models can help detect and predict more sophisticated forms of fraud that traditional methods can miss.

/ **Generating Premiums.** Insurers can tailor policies to customers by analyzing customer behavior, and generate premiums more accurately based on their profile.

/ **Customer Segmentation.** Analysis of customer data enables insurers to identify and tailor marketing, customer service, and products to different customer segments.

/ **Risk Assessment.** Predictive models and machine learning algorithms also allow insurers to create risk profiles for policyholders and improve their KYC practices.

Big data analysis enables insurers to personalize their customer interactions, providing a deeper and more targeted experience, and helping to improve customer loyalty and engagement. Not only this, but big data analysis can identify cross-selling opportunities, helping insurers to boost their sales function.

TOP 15 US L&A CARRIER REDUCES OPERATIONAL COSTS AND DRIVES EFFICIENCY

One of the largest life insurers in the US, this carrier experienced rapid growth through acquisitions, but their manual legacy systems and lack of standardization created bottlenecks and high operational costs. A lack of resiliency, scalability, and focus on CX in their contact center was also leading to missed opportunities and business outcomes.

We implemented an automation center of excellence that drove digitization and hyperautomation across new business, policy admin, and claims. Sutherland also redesigned the target operating model and converted over 400,000 policies from legacy PAS to LIDP. We seamlessly integrated inorganically acquired books, and completed Lean Six Sigma projects across new business and in-force administration. We deployed a best-in-class team of bilingual agents, and our conversational AI chatbot sped up the pre-qualification process and increased agent productivity.

The results:

60%	40%	35%+
reduction in TCO	increase in productivity	increase in close rate

Revolutionizing Insurance TPA With Fresh Perspectives

When it comes to driving digital transformation and end-to-end process optimization, digital TPAs are the way forward for insurers. Boosting CX, business growth, and process efficiencies, insurers can say goodbye to the silos, legacy tech, and talent shortage that's been holding them back. That's why you need Sutherland TPA-EDGE.

REIMAGINE YOUR INSURANCE OPERATIONS WITH SUTHERLAND TPA-EDGE

Sutherland TPA-EDGE brings together best-of-breed solutions across sales, servicing, and claims through a BPaaS model. Our AI and data-driven solutions guarantee unparalleled efficiency, satisfaction, and adaptability in the dynamic insurance landscape.

We partner with you to drive efficiencies across the board. Fostering transparency, enhancing customer journeys, and optimizing claims processing, Sutherland TPA-EDGE goes where traditional TPAs can't.

None ○   **Low** ◔   **Medium** ◐   **High** ●

Service Provider type	Insurance Sales	Digital CX	Digital Operations	Modern Functional Core	Digital Engineering Talent
Pure Play BPO Players	None ○	Medium ◐	High ●	Low ◔	Low ◔
IT/BPO Players	None ○	Low ◔	High ●	Medium ◐	High ●
Pureplay TPA	None ○	Medium ◐	Medium ◐	Low ◔	Low ◔
Sutherland TPA-EDGE	✓	✓	✓	✓	✓

Accelerate Growth

Increase speed to market with 1000+ ready-to-use product templates out of the box and a team of 700+ licensed producers. And with the largest sales operation for Life and Supplemental insurers, you can cut new product deployment time to 4 to 8 weeks and onboard agents in real time.

Enhance the Overall Customer Journey

From prospecting to policy-holder engagement, we enable informed decision-making and seamless onboarding.

Enable Transparent Operations

Replacing legacy technologies, our platform provides insurers with real-time process visibility.

Deliver a Superior Claims Experience

Expedite claims processing with accuracy, proactive communication, and support mechanisms.
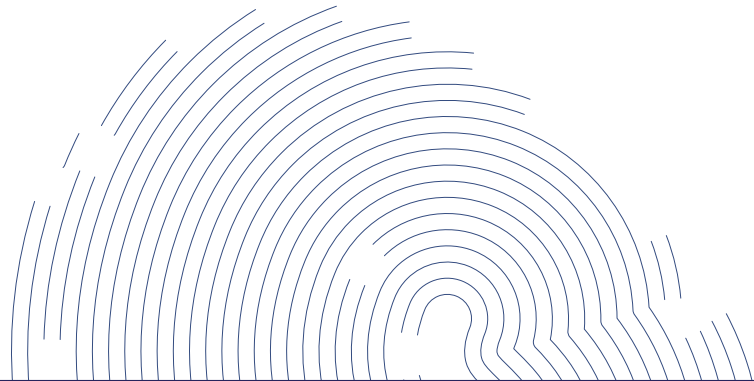
Embrace the **Future of Insurance**

With talent, legacy tech, and regulatory challenges, plus changing customer expectations, ditching manual and siloed processes for a digital-first ecosystem is imperative to staying competitive.

Insurers need a partner who can deliver experience-led transformation whilst ensuring compliance, driving efficiencies, and promoting business growth.

Embrace the future of TPAs today. Unlock end-to-end efficiencies and cost savings with a digital TPA that drives enhanced customer experiences and minimizes conversion risks.

Transform Your Insurance Operations Today With Sutherland TPA-EDGE

We make digital **human**™

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Sutherland is an experience-led digital transformation company.

Our mission is to deliver exceptionally designed and engineered experiences for customers and employees. For over 35 years, we have cared for our client's customers, delivering measurable results and accelerating growth. Our proprietary, AI-based products and platforms are built using robust IP and automation. We are a team of global professionals, operationally effective, culturally meshed, and committed to our clients and to one another.

We call it One Sutherland.

SUTHERLAND®