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CGI in Insurance

Preparing for Tomorrow, Today



In a fiercely competitive and rapidly changing global marketplace, insurers are focused on transforming their operations and taking advantage of new opportunities ushered in by the Internet of Everything and the 3rd Platform of IT.

CGI's global presence and legacy in the property and casualty (P&C) and life insurance sectors has made us the partner of choice for hundreds of insurers, brokers and agents around the world. We're working with them to implement the right information technology and business process solutions across the insurance value chain to help them win and grow.

01 At the edge of change



The insurance industry is at an inflection point. Over the last 20 or so years, the Internet has been unleashing powerfully disruptive forces that are now undeniable. As a result, barriers to entry successfully erected and defended by the insurance industry over its long history are becoming increasingly surmountable.

Barriers have been primarily based on an ability to predict when payments to policyholders will need to be paid and for how much, but various trends are allowing organizations outside of the industry to develop this predictive expertise. What's driving the emergence of organizations that can compete with the core competencies of insurers?

- Unbridled data access enabled by the Internet
- A need to make sense of this big data through analytics
- The ability of people and things to transmit contextual information about themselves
- Increasing demand for mobile and digital self-service

Leading insurers are seriously evaluating the resulting opportunities and challenges before them to ensure long-term, sustainable financial performance.

Each year we formally talk with a subset of our more than 250 insurance clients around the world about the market forces that are shaping their business and IT priorities. Here's what they told us:

1. **External forces:** Increasing regulatory complexity coupled with changes in economic, demographic and environmental conditions are creating significant pressures for insurers. The world is no longer reliably predictable, which makes long-term planning a challenge.

P&C insurers can see their results turn to red for years as a result of a single natural catastrophe. Volatile equity markets, currency swings and low interest rates can erode the bottom lines of life insurers that depend heavily on their investment portfolios. Aging populations, improvements in health care technology and the disengagement of millennials pose challenges for annuity and pension providers faced with the threat of paying out more than they're taking in. Complex and increasing regulations are driving some insurers out of the underwriting business to focus exclusively on administrative services.

In the face of these challenges, we believe that insurers have limited options: 1) step up to the challenge, or 2) step away and simplify. Either of these strategies, however, requires a purpose-built business and technology architecture.

2. **Partners with consumer-like expectations:** We've known for some time that consumers are disappointed when their insurance carrier's website doesn't provide an Amazon or Google like experience. We all have expectations and benchmarks about what a good online experience entails. Distribution partners, like brokers and agents, are now demanding a consumer-like experience in their dealings with insurers. They're looking for straight-through processing, self-service functionality, new products and services, and quick turnaround in quoting and pricing. To win, insurers must go digital and have mature competencies in product strategy and management, as well as systems in place to configure and distribute profitable products in an omni-channel world.

3. The Internet of Everything:

Insurers have a significant opportunity to be at the center of the Internet of Everything. New “things” of value that can transmit data about risks (e.g. telematics) are being connected to the Internet every day, and people are sharing their lifestyle and activity data via fitness bands and by virtue of simply carrying a smartphone. Insurers that collect this data to make decisions and deliver value-added services will have a clear advantage.

If the data from these connected things of value do not flow ultimately to the insurer, it *will* go to someone else. And, as mentioned, there are many non-insurance organizations out there these days with the ability to predict future outcomes based on large data sets. This may be the first time that insurers, rather than their distribution partners, face the prospect of being disintermediated. A recent Accenture Global Research study quantified the threat, finding that two-thirds (67%) of insurance customers would consider purchasing insurance products from organizations other than insurers, including 23% who would consider buying from online service providers such as Google and Amazon.

4. The drive for innovation: Tough market dynamics, product commoditization and competition from non-traditional, tech-savvy players are leading many insurers to focus on profitable customer acquisition and retention, increasingly through innovation. New products, services, partners and distribution channels will be required to compete with the likes of Apple, Uber and even utility companies. Keeping up is an increasingly difficult task, especially if legacy technology is holding innovation back and eating at budgets. Here at CGI, we are helping global insurance leaders modernize and innovate while ensuring profitable growth.

CGI is at the forefront of these trends within the insurance industry, and we're working across the globe to help insurers take advantage of market changes and new technology to drive innovation, performance and long-term growth. We're helping insurers prepare *today* for a profitable, successful *tomorrow*.

Jamie Rodgers,
Vice-President, Global Insurance



02 Driving product strategy and management

Clients are telling us that product strategy and management are the top competencies in their arsenal for attacking the challenges presented by this dynamic new marketplace. Product strategy and management are key mechanisms for collecting new ideas, evaluating their feasibility, implementing them and measuring their success. And, in a marketplace demanding innovation, many insurers are adopting lean principles and methods, especially in terms of building, measuring and learning. But, to live by these principles, the right core tools are needed.

How we are helping: Market-leading rating software

CGI's Ratabase® is the industry's leading standalone insurance rating and product configuration software. Its proven functionality, scalability and flexible technology empower carriers to test and deploy products and scenarios—from simple to highly complex—efficiently and effectively. Ratabase® is on a roll, with demand for the solution increasing dramatically not only because of a new user interface and new functionality now available in version 8, but also because marketplace dynamics are driving the need for the right tools to support product strategy and management.

Ratabase offers the following advantages:

- Comprehensive set of powerful productivity tools that empower insurance professionals to design, build, and release new products in the fastest possible time
- Available for a wide range of platforms
- Best-in-class implementation and consulting services
- User groups and annual conference
- Pre-configured accelerators

CGI's Ratabase rating and pricing engine has been implemented for 100+ P&C and Life insurers.

03 Optimizing data analytics and cybersecurity

Our experience in delivering insurance risk information solutions gives us valuable insight into the opportunities resulting from the explosion in the amount of interconnected data available for use across the insurance value chain. And, in today's interconnected environment, insurers need to operate securely. Cyber threats are a growing issue, and they need peace of mind that their systems, data and customers are protected. The right partner can provide the foresight and capabilities to anticipate cyber attacks and take decisive action when they occur.

CGI delivers more than 15 million risk information products annually to insurers, brokers and agents.

How we are helping: Data analytics

We're helping insurers procure and consume large data sets in myriad ways, including through predictive analytics, system-to-system connections in real time, mobile technology, and innovative tools such as visualization, which allow users to first see what they're interested in and then download the data for offline analysis.

Our industry experience at this granular level combined with CGI's Business Intelligence and Analytics expertise provides what you need to gain critical competitive advantage. We enable you to deal with information, spot patterns, analyze trends, and adapt your approach accordingly. We also have points of view on new business models and approaches available to insurers through our industry technology platform experience. Speak to us about what we've learned, and see what opportunities these platforms might hold for you.



How we are helping: Cyber insurance

We help insurers to not only protect their own data, but also pursue profitable new lines of business that help their customers address cyber risk. We understand cybersecurity and insurance from all angles and have local experts with vast global experience. Our cyber experts are partnering with insurers to provide their customers with the right services at the right time as part of the underwriting process. We help to assess the cybersecurity maturity of potential policyholders and also help policyholders to minimize risks throughout the life of their policy through managed security services, including the following:

- Risk and threat assessments
- Cloud security reviews
- Cyber breach response services
- Identity and access management
- Managed security services

04 Creating purpose-built environments

One thing we've learned over the past 35 years of building, implementing, integrating, hosting and managing core insurance systems for clients around the world is that no two insurance companies are the same. Each has its own strategies, competencies, tolerances and marketplace conditions to address. It goes without saying that these unique characteristics drive unique technology configurations.

At CGI, we're in the business of helping insurers put in place the right configuration of core and non-core systems to enable them to win and grow. Whether it's a new package implementation, the re-platforming of a legacy mainframe application to enable straight-through processing on the road to digital transformation, the establishment of a new standalone rating engine such as Ratabase, the delivery of testing services through a global delivery model, or the management of infrastructures and core business applications, CGI is a partner of choice for more than 200 insurers around the world.

A photograph of two men in business attire. The man on the left is older, with glasses, wearing a white shirt and a striped tie, smiling and looking at a document. The man on the right is younger, also smiling, looking towards the document. They are sitting at a table with a glass of water. The background is a modern office setting.

How we are helping: Core systems transformation

CGI's 3,500 global insurance professionals understand and can perform virtually every aspect of an insurance operation. Today, we partner with 200+ P&C, Life and Annuity, and re-insurance carriers and brokers around the world, offering the following:

- End-to-end IT and business process services, along with industry-leading software solutions
- Top industry certifications and standards, plus flexible onshore, nearshore and offshore global delivery and business model options
- Management and technology consulting services to assist in envisioning, designing and implementing the right core systems environment
- Mainframe re-platforming to significantly reduce costs
- System integration services for leading COTS solutions

05 Our rich insurance heritage

We've been helping insurers, brokers, re-insurers, aggregators and affinity partners for over 35 years across all areas of the market.

Our status as the fifth largest independent business and IT firm means that we're in a great position to present unique solutions to the industry. Our expertise, tools and partnerships support the delivery of end-to-end services to our clients, including consultancy, system integration and outsourcing services.

We follow a disciplined delivery approach that has helped us achieve an industry-leading record of on-time, on-budget projects.

“CGI has extensive IT experience in the areas of pensions and insurance and has helped us in the IT field in recent years to achieve good results. They helped us successfully migrate our Gross Net Distribution System as an outsourced mainframe to a Unix environment within the organization. This work received a Computable Award. We look forward to continuing to build our longstanding relationship.”

Mark Boerekamp
Chief Operations Officer
APG
Amsterdam, Netherlands



06 Our approach

It's not just what we deliver but how we deliver that makes us a partner of choice. Our business approach puts clients and their success first.

- **Client proximity model** — organizes operations around metro markets, allowing us to be deeply rooted within our clients' communities and accountable for project success
- **Industry expertise** — fuels our deep understanding of client realities to implement solutions that improve and transform their business environments
- **Unique global delivery model** — combines onsite responsiveness through our local offices with remote delivery capabilities through CGI's onshore, nearshore, and offshore centers of excellence
- **Quality processes** — ISO 9001 certified operations ensure a high level of client, member and shareholder satisfaction, and CMMI Levels 3 and 5 compliant global delivery centers provide agile, high quality delivery on time and on budget

Highlights of our experience and expertise:

- 35+ years in the insurance industry
- 15 million transactions and \$50 billion globally in annual premiums processed
- Partner to more than 200 clients globally, including 12 of the top 20 global insurers
- Significant examples of policy, claims and billing implementations around the world
- Partner industry designations (ISO, ACORD, CPUC, CIP, FCIP, CLA, HIPAA)
- Among top 10 service providers (*Insurance & Technology*)



Founded in 1976, CGI is a global IT and business process services provider delivering high-quality business consulting, systems integration and managed services. With 68,000 professionals in 40 countries, CGI has an industry-leading track record of delivering 95% of projects on-time and on-budget, aligning our teams with clients' business strategies to achieve top-to-bottom line results.

cgi.com/insurance
insurance@cgi.com