

# INSURANCE INDUSTRY SOFTWARE | SAP

## Basic overview of SAP For Insurance



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SAP Insurance



# Objectives

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Basic objective is to reflect my understandings of SAP for Insurance Industry Sector

At the end of the session, you will be able to,

- Understand how SAP supports Insurance Industry Sector
- Understand what SAP for Insurance is all about
- Understand the terminologies and methodologies involved

# An overview of SAP for Insurance

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- SAP helps Insurance Companies in overcoming a lot of challenges by providing comprehensive solutions
- SAP helps Insurance Companies in handling the ever-changing customer and market requirements and simultaneously control the profitability and economic growth
- SAP for insurance is an integral component within the SAP Solutions and can be integrated with any other SAP products in order to get better performance

# SAP Insurance Components

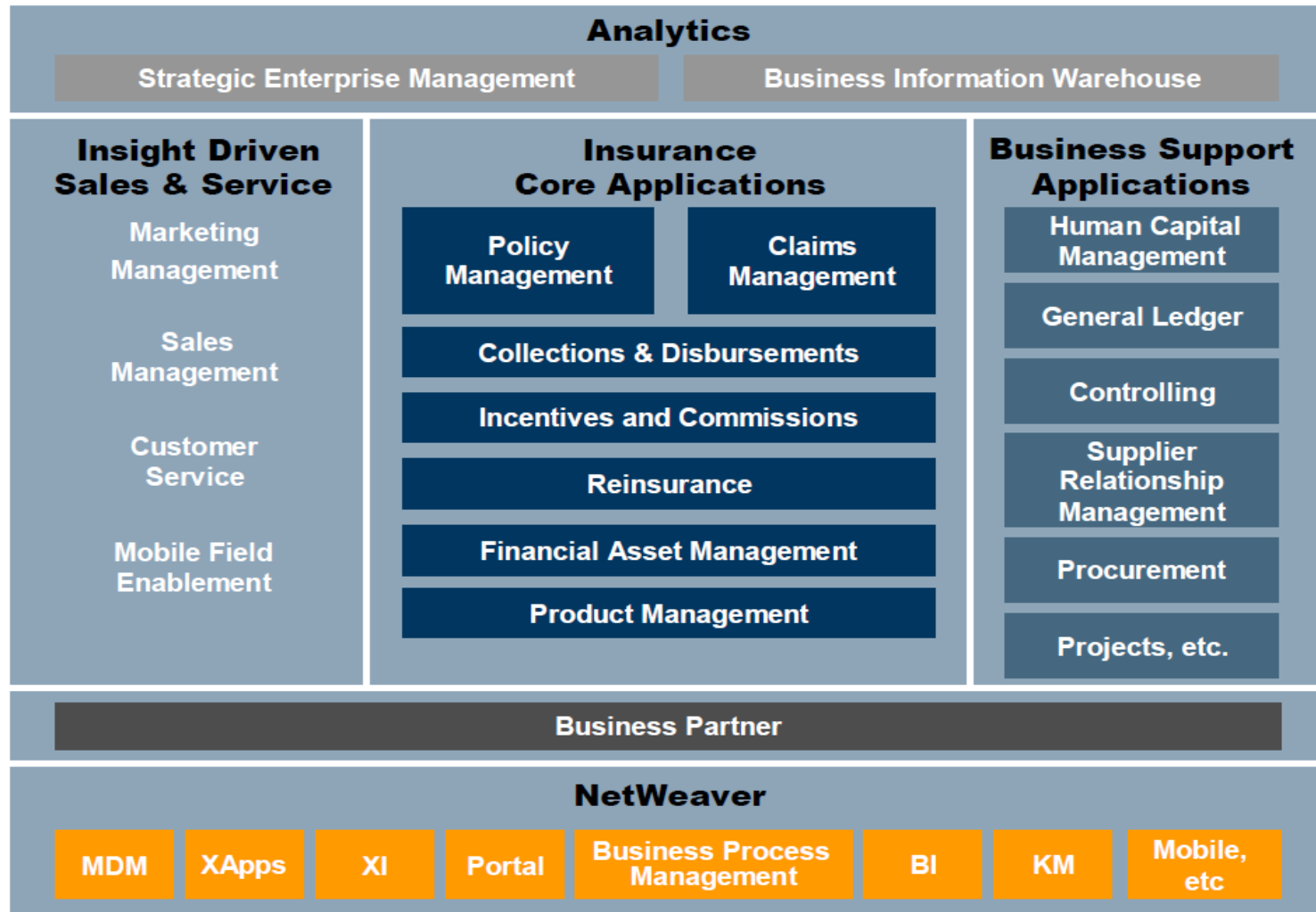
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SAP for Insurance has the following components,

- BP - Business Partner
- FS-CD - Collections and Disbursements
- FS-CM - Claims Management
- FS-ICM - Incentives and Commission Management
- FS-RI - Reinsurance Management
- FS-PM - Policy Management

# SAP Insurance Components



# Business Partner (SAP BP)



- Business Partner is a unique key indicating a client (ex:-policy holder) in SAP system.
- Business partner contains the data required to process business transactions, including addresses, bank details, and telephone numbers, as well as application-specific and customer-specific enhancements.
- All insurance companies deal with various parties – customers, third parties, reinsurers, agents, brokers etc.



# Why do we need a SAP BP?

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- You might find one party playing different roles on different policy contracts – the same person might be a policy holder, insured person or premium payer on different policies, and there is a very high chance of creating redundant records that impair operational efficiency and customer satisfaction.
- SAP Business Partner (FS-BP) offers a solution to keep all your counterparty data in one central location

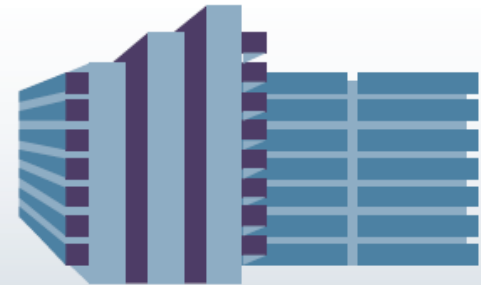
# Business Partner Categories



**Person**



**Group**



**Organization**

**Business Partner Categories**



# Key features of SAP Business Partner

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- One repository of complete counterparty information shared across SAP for Insurance modules such as policy management, claims management, reinsurance, incentive and commission management, collections and disbursements
- Support for configuring various roles to enable efficient data capture
- Support for configuring relationships to connect various parties
- Configurable screen designs
- Support for implementing company-specific de-duplication logic

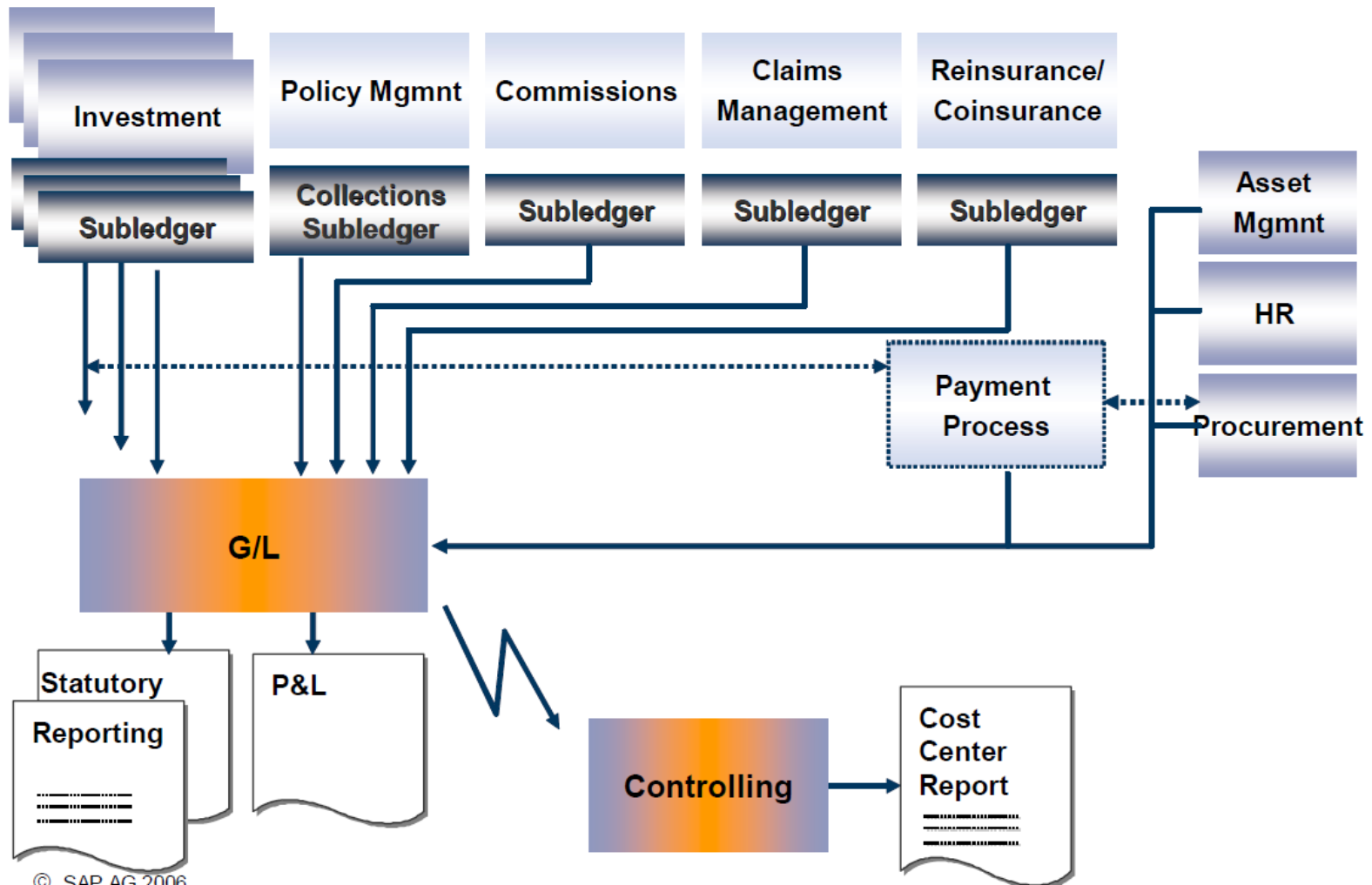
# Collections and Disbursements



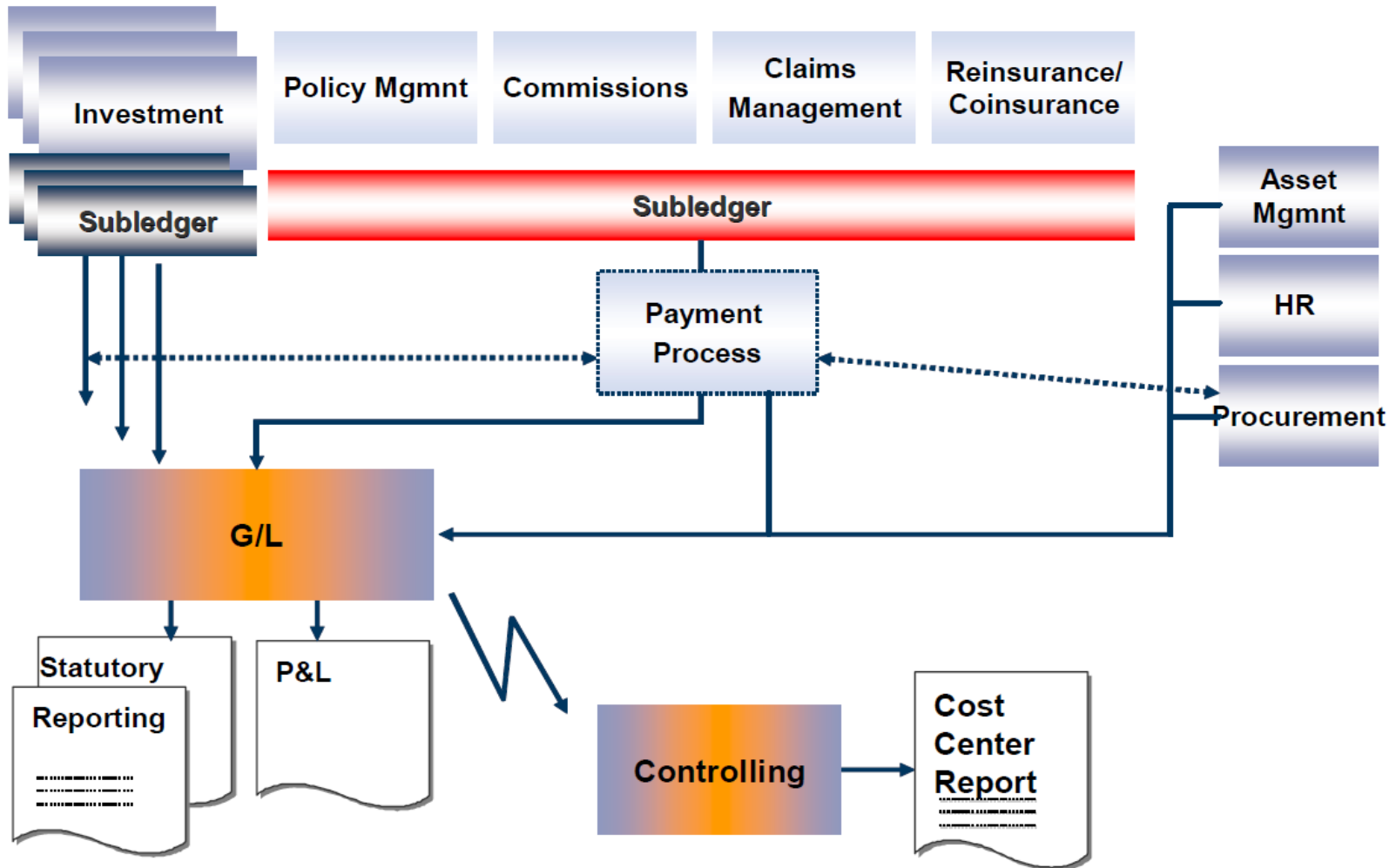
- Insurance business involves collection of premium amounts from policy holders and disbursements which are related to payments done by insurer to the insured (policy holder) with respect to the policy premiums.
- Developed in association with major insurance companies, Collections and Disbursements (FS-CD) provides efficient cash management by enabling you to handle receivables and payables quickly, precisely, and cost-effectively.



# Data Flow (Without FS-CD)



# Data Flow (With FS-CD)



# Capabilities of Collection and Disbursements

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## Key Capabilities of FSCD,

- Contract Account Management
- Third Party/Broker Collection
- Invoicing
- Interest/Charge Calculation
- Integration

# Features of Collection and Disbursement



The powerful capabilities of C&D is based on the following features:

- Central sub ledger accounting allows you to perform all collections and disbursements processes across lines of business both in direct and broker collections.
- This not only gives you a central view of all policy holders, brokers, and other business partners, but it also allows you to optimize your collection and disbursement procedures and to improve customer service.
- Central billing and collection interface for insurance-specific systems, such as Policy systems, claims payment systems, commissions systems, and reinsurance systems.

# Functionalities in C & D

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The following are the key functionalities in C&D:

- Automatic payment transactions allows you to make automatic payments in a variety of methods, including electronic credit transfers, debit memos, and checks, and they automatically process these returns.
- Incoming payment processing and flexible clearing control functions use sophisticated and flexible clearing logic to sort incoming payments from the policy holders or premium payers according to specific criteria and assign them to the correct accounts. Payments that cannot be automatically assigned are pulled out for manual post-processing.
- Processing dunning procedures can handle the specific dunning requirements of any country, type of premium, or line of business.

## Functionalities in C & D (Contd.)

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- Calculating and posting interest from dunning and installment plan.
- Besides direct collections, FS-CD supports broker collections and includes specific functions, such as broker settlement and an additional view of the general data set via the broker account or broker contract.



# Claims Management

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- A formal request to an insurance company asking for a payment based on the terms of the insurance policy, is called a Claim.
- The process of managing the claims (of various types) in an Insurance Company is called Claims Management



# Features In Claims Management

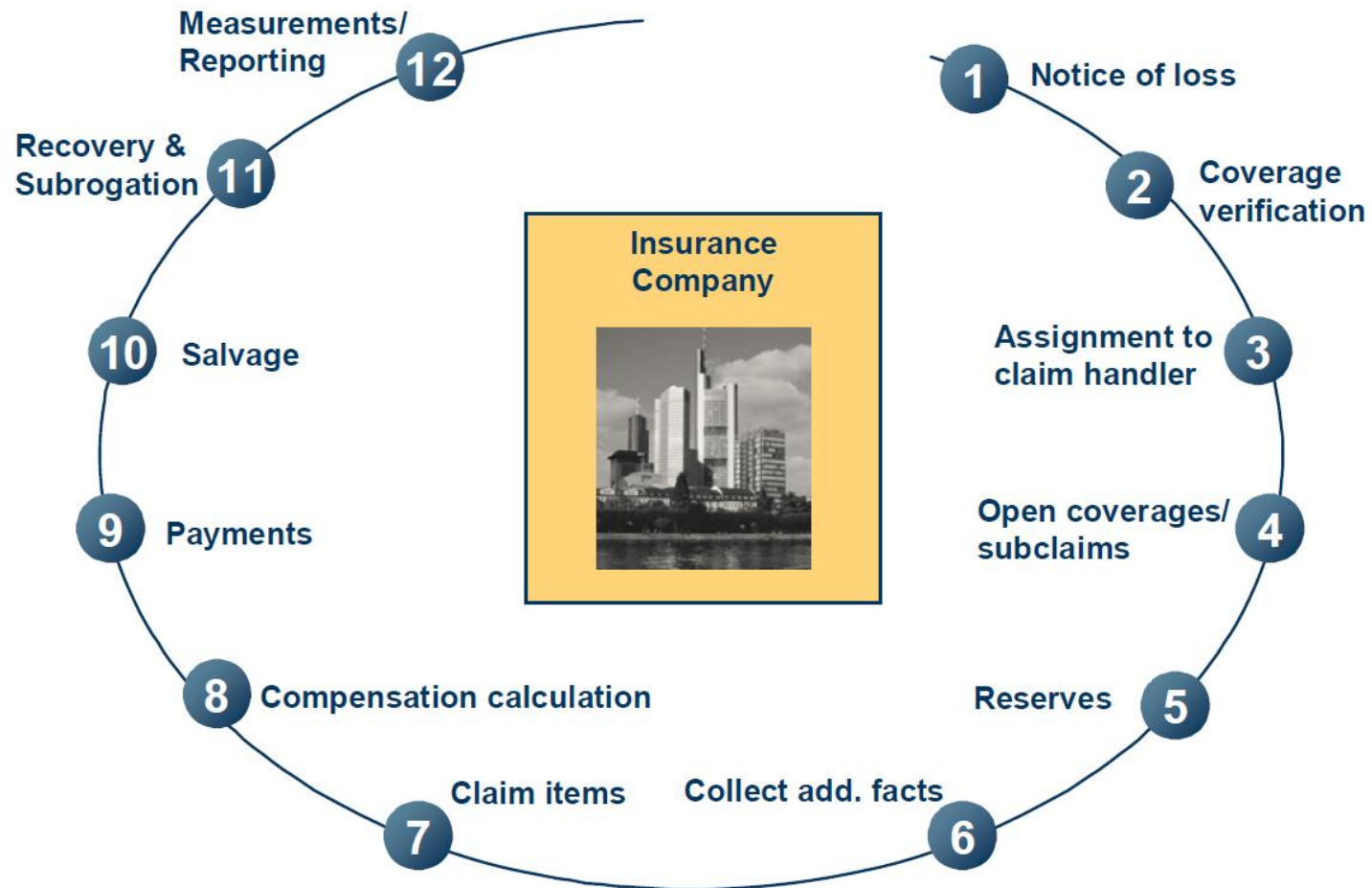
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SAP Claims Management (FS-CM) caters to complete claims lifecycles from notification of first loss to final payment, settlement and subrogation with the following key features as an innovative solution for large insurance companies:

- Support for all key lines of business in an insurance company – life, property & casualty (non-life), health etc.
- Coverage for end-to-end claims processing with possibility of involving various external (appraisers, surveyors, towing agencies, repair agencies etc.) and internal stakeholders (processing clerks, underwriters etc.) at various stages of the process
- Optional integration with third party/external systems or databases enabling current information access and fraud detection early in a claims lifecycle

# Claims Management Process



# Incentives and Commission Management



- The application helps you offer appropriate sales incentives and provides a robust analytics platform with the business intelligence you need to optimize sales force performance and reduce costs.
- By providing compensation information that is more granular and timely, the software can help you better understand and actively manage operating costs.
- It can help you implement strategies for multiple channel distribution and sales management – using a variety of remuneration plans. You can calculate all types of commissions and incentives – including full and partial commission paybacks – for all your lines of business.



# Cost Reduction with SAP ICM

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- Increase Automation in the process
- Decrease Administration and Maintenance Costs
- Decrease Debt Loss
- Decrease Over Payments
- Decrease Paper-Based Process

# Four Main Advantages Characterizing SAP ICM...

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- Efficiency...
  - Manual process reduced
  - Master and transactional data maintenance made easy
- Flexibility...
  - Calculation rules/methods quick to amend
  - Interface easy to configure
- Transparency...
  - Commission accounts allow all kinds analysis
  - Contracts and Organization versionalized
- Corporate Flexibility...
  - Quick reaction in an ever-changing market
  - Calculation of any commission and incentive



- Reinsurance occurs when multiple insurance companies share risk by purchasing insurance policies from other insurers to limit the total loss the original insurer would experience in case of disaster.
- By spreading risk, an individual insurance company can take on clients whose coverage would be too great of a burden for the single insurance company to handle alone.
- When reinsurance occurs, the premium paid by the insured is typically shared by all of the insurance companies involved.



# Advantages of Reinsurance

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Reinsurance can help a company by providing:

- Risk Transfer - Companies can share or transfer of specific risks with other companies
- Arbitrage - Additional profits can be garnered by purchasing insurance elsewhere for less than the premium the company collects from policyholders.
- Capital Management - Companies can avoid having to absorb large losses by passing risk; this frees up additional capital.
- Solvency Margins - The purchase of surplus relief insurance allows companies to accept new clients and avoid the need to raise additional capital.
- Expertise - The expertise of another insurer can help a company obtain a proper rating and premium.



# Features of SAP Reinsurance



- SAP Reinsurance Management (FS-RI) can enhance risk capacity and promote profitable underwriting through automated flexible treaty and facultative administration.
- Integration with claims management functions in SAP for Insurance helps you operate more efficiently. By streamlining reinsurance accounting tasks, the software can increase management control.
- Adjustable dialogs are available to administer proportional and non-proportional treaty types.
- Flexible functions for condition management let you define reinsurance conditions for an entire treaty or components of the treaty, or for the share of each partner participating in the treaty.
- Reporting tools help you create flexible evaluations and statistics to gain full transparency and risk control. Efficient settlement functions enable swift processing of settlement and payment transactions..

# Policy Management

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- SAP Policy Management (FS-PM) can be deployed as fully integrated component of SAP for Insurance landscape or as a standalone application.
- Its powerful back office process engine allows you to run day-to-day insurance business processes such as new business, changes (endorsements), and reversals (cancellations) with almost zero manual intervention.



# Features of Policy Management

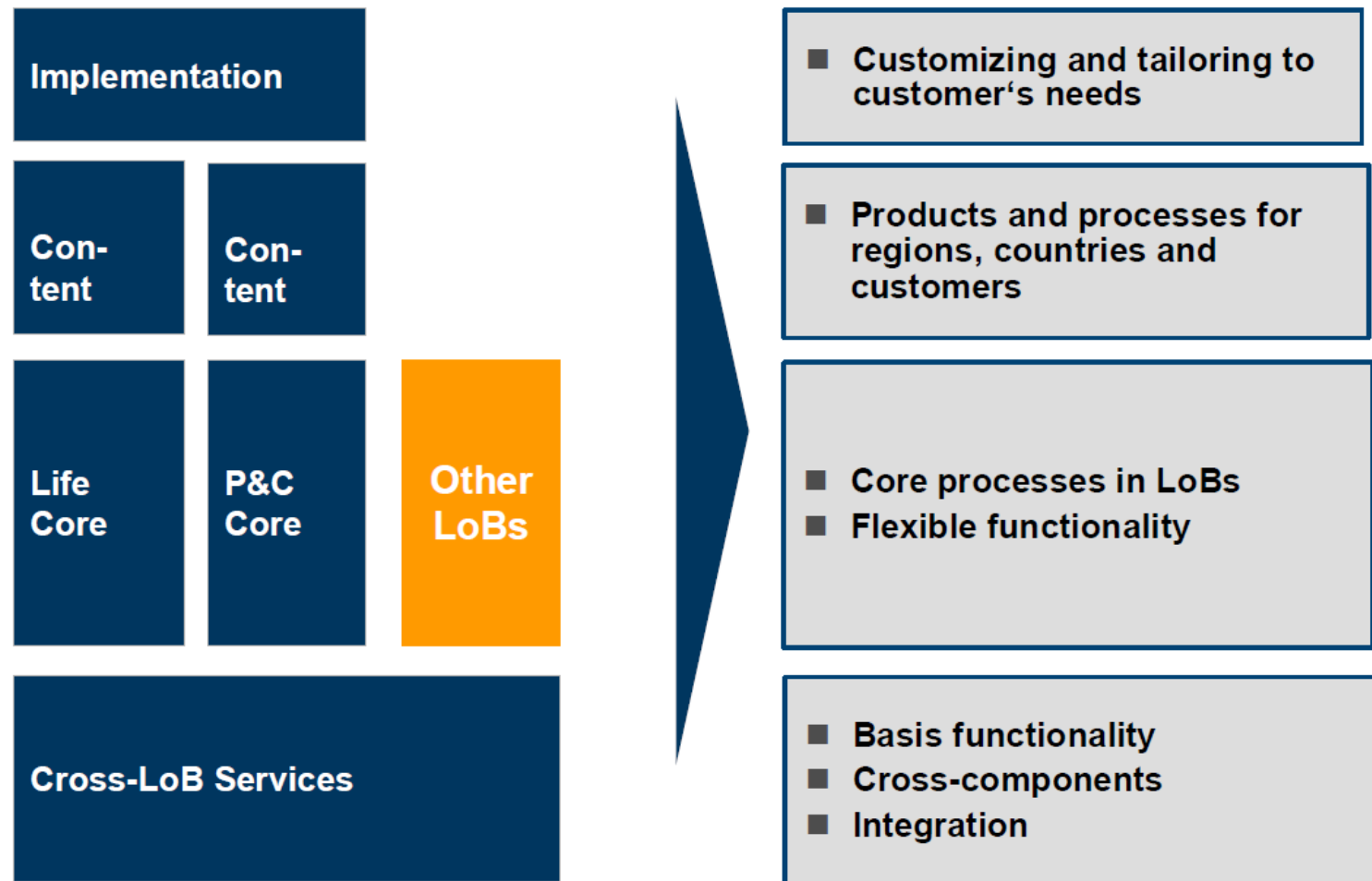
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## SAP Policy Management,

- Is a flexible platform across LoB's and Countries
- Is a platform that provides standard processes and standard products as best practices
- Serves as a basis for further adoptions and enhancements by SAP, Partners and Customers
- The Policy platform will become integrated with the Insurance Process Platform

# Features of Policy Management



# Sample Life Products in SAP PM

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- Endowment Insurance
- Fixed-Term Insurance
- Unit Linked Insurance
- Combined Insurance
- Partial Payment Insurance
- Marriage Insurance
- Risk Insurance
- Differed Life Annuity
- Immediate Life Annuity

# Sample Property & Causality Products in SAP PM

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- Home Contents
- Private Liability
- Pet Owners' Liability
- Personal Accident
- Fire
- Water Damage
- Glass Breakage
- Individual Luggage Insurance



# Thank You.

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