

ACORD LOMA Insurance
Systems Forum
May 2006

Converting Currently-Owned Blocks of Business

Sammons Financial Group

Presenter

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Discussion Topics

- **Sammons Financial Group**
- **Objectives**
- **Conversion Approach & Process**
- **Benefits**
- **Potential Drawbacks**
- **Questions**

Sammons Financial Group (SFG)

- **Holding company comprised of:**
 - **Midland National Life Insurance Co.**
 - 785,000 policies in force
 - \$111 billion of insurance in force
 - 10,000 agents
 - Offices in Des Moines, IA; Sioux Falls, SD; Fargo, ND

Sammons Financial Group

– North American Company for Life and Health

- 411,000 policies in force
- \$110 billion of insurance in force
- 60,000 agents
- Offices in Chicago, IL; Columbus, OH

Sammons Financial Group

- **Sammons Annuity Group**
 - 282,000 annuities in force
 - \$14 billion of account value
 - 7,500 agents
 - Office in Des Moines, IA
- **Sammons Securities**
 - Broker-dealer supporting variable VUL & VA
 - Office in Ann Arbor, MI

Data Conversions Are:

- **Difficult**
- **Costly**
- **Resource “black holes”**
- **Stressful**
- **To be avoided, if possible**
- **But ... often, they’re a requirement for doing business**

Strategic Conversion Objectives

- **Transition from multiple legacy systems to applications identified as SFG's long-term strategic direction**
 - New Business Accelerator
 - CyberLife
 - PerformancePlus
- **Build a “conversion engine”**
- **Quickly respond to conversion needs resulting from acquisitions**

SFG's Old Approaches

- Acquire a company or block of policies and convert by a “drop dead” date

or

- Postpone the pain by maintaining the old administration system and running it beside other legacy systems

SFG's New Approach

- Try to make conversions a routine, predictable business function
- Scheduled well in advance
- Carefully planned
- Flexible in scope

The Schedule is the Driver

- Conversions are “fixed” on certain dates throughout the year
- Policies not ready for conversion by the next scheduled date are “de-scoped”
- De-scoped policies are added to the next conversion block on the calendar
- Conversion is an ongoing, incremental process – not an “all or nothing” event

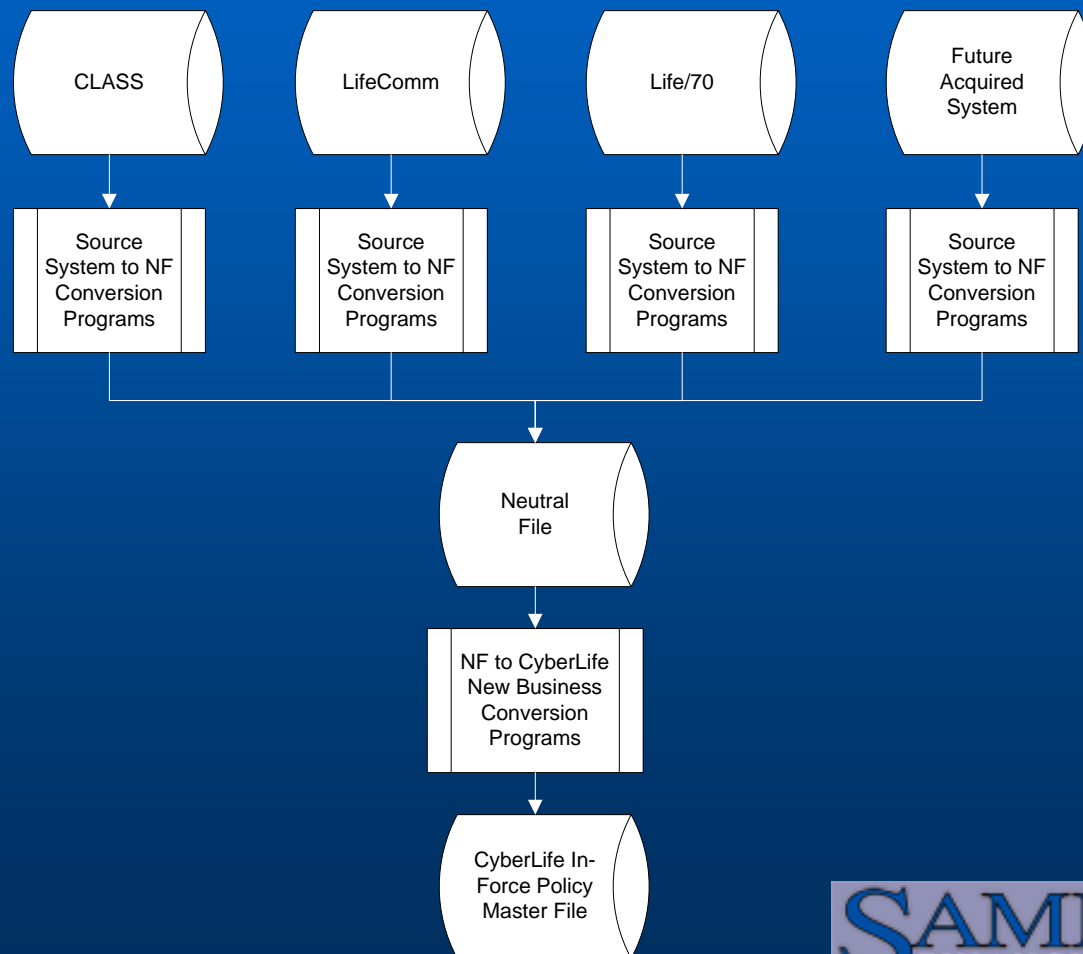
Partnership & Method

- **Select a conversion vendor partner**
 - Computer Sciences Corporation (CSC)
- **Select a conversion methodology**
 - Neutral file vs. file-to-file
 - Conversion tools

Knowledge Transfer

- **Outsource the initial conversions to CSC**
 - SFG observes, learns & evaluates the process
- **Transition to SFG ownership of the conversion process**
 - Identify required skill sets
 - Staff the team
 - Knowledge transfer from CSC to SFG

Source System to NF to Target System



Target “Problem” Policy Blocks

- **Traditional policies**
 - Point-in-time conversion
- **Advanced policies**
 - Issue policies 13 to 24 months in the past
 - Cycle forward to current date to build policy history
- **Target policy blocks lacking full “Day 2” support on the legacy systems**

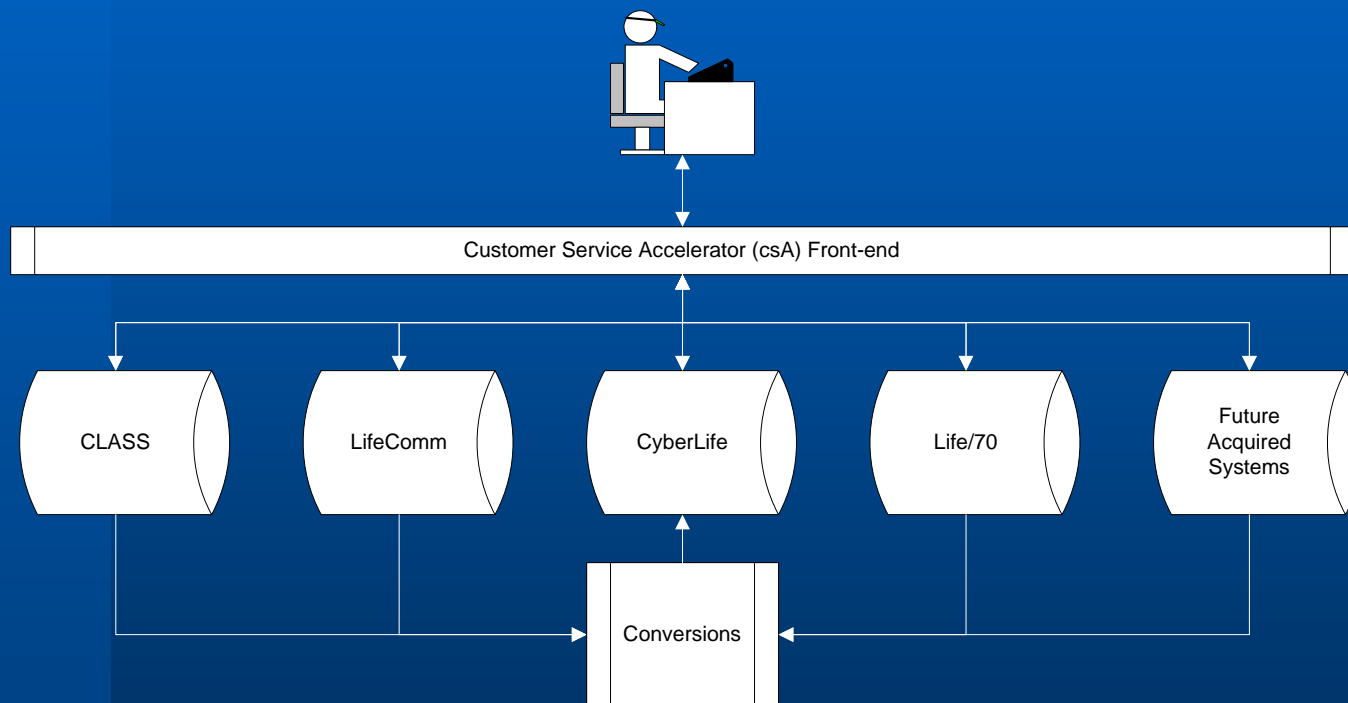
Conversion Team

- 1 project manager
- 1 PA for source systems to NF work
- 2 PAs to maintain JCL, update conversion programs, run conversions
- 2 BAs for conversion balancing
- 1 PA for conversion balancing problem diagnosis and resolution
- Testers as needed from Model Office

Why This Works for SFG

- **SFG is a licensee for all of the systems involved:**
 - LifeComm, Life/70, CLASS, CyberLife
- **There is no “drop dead” date dictated by an acquisition agreement**
- **SFG has licensed CSC’s Customer Service Accelerator (csA) as a common front-end**
 - Provides users with a one in-force administration look-and-feel while conversions happen in the background

Making Conversions “Transparent” to Business Users



Benefits

- Easier to plan and budget conversions
- Minimizes “peaks and valleys” of conversion staffing and costs
- Avoids much of the “upheaval” associated with conversions
- Maintains continuity of conversion team members and skill sets
- Lowers the stress level of conversions

Drawbacks

- **Consolidation to one in-force administration system may take longer**
- **Business users must deal with multiple administration systems**
 - This drawback mitigated by providing users with a common front-end

Questions?