



## Planning to Convert Life or Annuity Business to a New Administration Platform

**Given** the latest technologies, it can be attractive to consider moving your client data and in-force contract data from older in-house administration systems to a new one. New systems enable a number of positive features the older systems do not:

- New technologies enable improved forms of customer self-service, provided through secure portal access,
- New systems use configuration tools deployed by knowledgeable user-type staff to keep current with changes over time; by reducing the need for 'middle men' or 'translators', the knowledge-user capabilities help drive total cost down
- New systems are designed with connectivity in mind; they expect to operate within an integrated total insurer software solution suite whereby other systems easily communicate into and out of the new administration system to perform supporting tasks.

To use the new system for existing clients and their contracts, business need to be moved over to it. At first glance, this seems simple. It is not. Temptation is to use a pure 'drag and drop' approach, matching up data from the old system when ported over into the new one. If, however, analysis of what happens with the data when it arrives in the new system is not built into conversion planning, the results can be a disaster. *Unhappy clients complain to regulators.*

In recent months, there have been multiple high-profile state regulatory fines that highlight problematic conversion projects that missed a key point – *data is important, but process is king.*

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Examples of failures from recent state insurance body actions:

- Failure of ability to deposit new money into converted contracts impacted ability to calculate accurate interest, on both old and new deposits, so clients could know how much their contracts are worth
- Failure to perform deposits and calculate interest resulted in missing consolidated annual statements to contract owners, which are regulatory requirements for life insurance contracts with cash value
- Failure to keep converted contract values up to date resulted in delays in withdrawal or surrender requests

If 'process' impacts had been integrated into the overall conversion efforts, the requirements would have been identified and remedied before they impacted end-consumers. Consumer dissatisfaction has been large and public, resulting in fines in the tens of millions of dollars coupled with threats to shut down new sales for one carrier for at least one year. Damage to the carriers' reputations? Impossible to measure.

When you are preparing to move from one administration system to another, do plan for both data and process analysis as part of the journey. Regulatory processes in particular need special tasks assigned as part of the overall conversion plan.

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