CSC

INTEGRAL LIFE ADMIN

OVERVIEW

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Publication History

Version	Date	Includes
1.0		Initial Version

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1) Life Products Supported

Following are the products supported in INTEGRAL Life Admin system
- ✓ **Traditional Products**
  - Whole Life
  - Endowment (Pure or Anticipated)
  - Term Life (Yearly Renewable / Decreasing (MRTA))
  - Annuities (Deferred or Immediate)
  - Syariah
- ✓ **Unit Linked and Interest Bearing (Universal Life) Products**
  - Whole Life
  - Endowment
  - Annuities (Deferred or Immediate)
  - Single / Regular / Flexible Premium
- ✓ **Disability & Health Products**
  - Total Permanent Disability
  - Waiver of Premium, Regular Claim Payments (Long Term Care)
  - Hospitalization Income Benefit

2) Contract Structure

A contract consists of a product which consists of one or more components within the contract structure. A component is a Coverage (Primary benefit) or Rider. Coverage is a benefit in its own right within the contract structure, for example, an Endowment or a Term Insurance. Each Coverage or Rider can define its own sum insured, premium calculation, death benefit, maturity benefit, surrender calculation, commission, etc. Premium can be calculated based on entry age, term, mortality class and gender.

Each contract has at least one life insured and can be up to 99 single life insured and joint lives attached. On each life insured or joint lives can attach multiple benefits. Each life can have multiple coverage/primary benefits and coverage/primary benefit can have many riders (up to 99).

Contract header holds common information such as billing frequency, premium payment type, contract owner (can have joint owners), servicing and commission agent, Assignees, Trustees, Beneficiaries, Follow Up, Payor (if different from Owner) and Policy Notes.

3) Standard Features

INTEGRAL Life Admin System is modular based which covers

1) Client Management
2) New Business & Underwriting
3) Agent Administration
4) Receipts and Payments
5) Billing and Collection of Premiums
6) Policy Servicing
7) Surrender & Claims
8) General Ledger
9) Reinsurance Processing

3.1) Client Management

A client is defined as any individual or corporate body that has any transaction dealings with the life company. This same client can take on the role of a policyholder, life assured, supplier, agent, reinsurer, assignee, nominee, trustee, payer, etc. This same client id can be shared and used across applications to administer P&C and Group insurance products.

The system allows user to have a consolidated view of the client and all the roles that this client plays in the system. The design of the system is such that user is able to drill down to the relevant details applicable to each entity of that role. This facility is provided through the integrated Client Module to allow user to take advantage of the many search criteria options in the system.

The client module in itself provides facilities to maintain and enquire on personal and corporate client details, merge duplicate clients created in the system, inquire on the roles played by a client, link and unlink clients to form relationships between various clients.

3.2) New Business & Underwriting

This function is the entry point for a new application and it normally specifies the product chosen/sold, the amount of sum assured and/or premium. It defines all the entity known to be connected with the contract such as the Life Insured, Payer, Contract Owner, Beneficiaries, Trustees, Assignees, etc. All this information is validated by the system ensuring that it complies with the contract definition rules set in the various tables and can calculate premiums for the given amount of life cover.

When an application is entered into the system it is available for subsequent amendment, deletion or addition. Each time such an amendment is entered the validation checks will be repeated.

The Life Office may reinsure part or all of the risk with another company and in this case the details are retained so that future processing of premium payments and claims can be maintained.

The Follow-Up processing log in the progress on application processing and report any outstanding requirements. These requirements and their receipt may be logged and reported according to the rules that the Life Office defined. If required, further processing will be prohibited if the outstanding requirements are mandatory to be completed.

There are some basic rules on the underwriting process that can be set up, such as underwriting limit table for medical check-up based on total sum insured of all proposals and in-force policies for a life insured and this may vary by age, BMI index checking, questionnaires and underwriting limit approval by user. Proposal will have to be approved by underwriter before issuance.

There are two ways to complete the processing of an application, one by issuing the contract and bring the policy into force or by not proceeding with the application and any money received is refunded. An application not proceeded with is retained for statistical reporting and remains within the client details but no further processing occurs.

A policy can be cancelled from inception to void a contract that has been in set in force or if the client takes up his statutory right to cancel the policy during the allowed "Cooling Off" or "Free Look Period". All accounting entries and premiums are reversed automatically so that the premium(s) can be disbursed to the payer. In the situation where a clerical error has allowed a contract to be issued with incorrect details there is a facility to reverse the contract back to proposal and amend the error, subsequently re-issuing the correct contract details.

When the 'contract issue transaction' is performed the record is again validated to ensure that it is complete and conforms to the product definition. If this is not so then the contract issue is prohibited. When the contract is issued on-line the system submits the job to the AT queue and once it has completed all the necessary processing then the contract is in force. The subsequent collection of premiums and commission payments will be subject to the rules and processing relevant to that type of contract.

The contract issue transaction should also initiate the printing of the schedules and accompanying documentation as defined by the Life Office.

Throughout the whole process of creating proposal and amendment there is 'windowing' facility to view and create clients and view tables for code checking. In addition to this full HELP information, either on individual fields or general area is also available.

3.3) Agent Administration

Agent Admin module administers Agents and other intermediaries responsible for selling Life Insurance contracts for a company. All Agent details are held within the Agent Record including the Agent type and Area. The Agent can be set up in a hierarchical chain and this information can be viewed on-line. Commission is paid to an Agent per contract and each type of commission is shown, Initial or New Business, Renewal and Service Commission, and whether it is split and a percentage paid to his or her superior in the Agent chain. Statistical reports can be produced like sales production reports by agents, whether company agents or brokers.

Payment of commission due to an Agent is created by processing premiums paid on a contract but commission will be reversed if the contract is cancelled from inception, unearned commission may be recovered if a policy lapses or is surrendered. The accounting entries for these transactions are also generated at the same time.

The payment to the Agent is by machine cheque or Direct Credit, and statements are produced giving the contractual breakdown of commission paid. The subsystem provides the facilities to define an Agent's details to the system, to modify those details and to enquire on them. There is also a facility to enquire on Agent's reporting structures.

3.4) Receipts & Payments

The Receipting module is capable of recording different types of revenues that a Life office is likely to receive, such as:
- Individual Premiums
- Automatic Premium Loan (APL) Repayments
- Contract Loan Repayments
- Interest on Contract Loans or on APL
- Expense Refunds
- Income on Investments
- Commission Refunds
- Reassurance Recoveries
- Group Premiums

As well as dealing with recognizable revenues, occasionally the system has to deal with revenue whose destination is unknown at the time of receipting, such as cheque received without any supporting documentation or accompanying remittance advice. It is also possible that the receipt is of a deposit premium accompanying a proposal/application that cannot be allocated to the contract number, as it has not yet been entered into the system. The Application Form Number assigned to a proposal or application can be entered on the Receipt Entry Screen to link the receipt of monies to the corresponding proposal or application. Under these circumstances the revenue must be recorded in an appropriate suspense account until its posting details are known, at which time it can be transferred by journal.

The Payments module allows user to create, maintain and enquire on payments, controls and monitors their progress through the payment cycle from initial request until final payment. In addition, the details of any payment processed are reflected in Contract, Agent and Claim records to ensure that accurate information is available at all times.

Each payment request is automatically allocated a unique requisition number. The numbers used are controlled by the Automatic Numbering System. This number is used to identify the Payment Record at all stages of its progress through the payment cycle.

3.5) Billing and Collection of Premiums

These functions are handled automatically by the Batch Schedule processes that form a fundamental part of the INTEGRAL Life Admin System. This Batch Schedule handles most scheduled events that are likely to take place with a contract such as sending out premium notices, overdue premium notices and system collection of premiums and so on.

All contracts to be billed have a billing method that governs the lead time (days in advance of the due date that billing commences). Premium receives from policyholder will be entered into the premium suspense account either by online transaction (cash or cheque payment) or though an upload programs (direct debit payment). Once the money is sufficient in the premium suspense account, the system will automatically advance the due date / paid-to-date to the next instalment date. General Ledger accounting postings will be written.

Other automated regular processing functions include re-rating process, non-forfeiture process, APL and expiry.

3.6) Policy Servicing

Once a contract is issued, there can be many events/transactions that a Life Office has to record against the contract during the life span of that particular contract such as beneficiary amendments, change of billing status, change of premium frequency, etc.

The following are a list of the on-line servicing functionality (to name a few):
- Minor Alterations (transactions that does not trigger financial activities)
  - change owner
  - change beneficiary/owner name
  - change beneficiaries/trustees/assignees
  - change servicing agent
  - change dispatch/correspondence address
  - change non forfeiture / dividend option
  - suppress billing/overdue processing/overdue notices/renewal commission
  - suppress interest bearing fund interest calculation

- Major Alterations (transactions that trigger financial activities)
  - change billing frequency / payment method
  - add/amend/terminate benefit
  - policy loan
  - make paid-up
  - ETI / Paid-Up
  - paid to date advance
  - lapse reinstatement
  - reversals
  - policy debt

  specific for investment linked or interest bearing contracts
  - fund switch
  - single premium top-up

- partial withdrawal
- premium re-direction
- premium holiday

3.7) Surrender & Claims

The system provides the functionality to deal with Surrender and Claims processing which covers Full Surrenders (both Traditional and Unit Linked), Surrender of Traditional Reversionary Bonuses, Part Surrender on Unit Linked Contracts, Maturities and Expiries, Death Claims, Vesting of Deferred Annuities and Regular Payments.

The Surrender module covers surrender of policy where surrender value is defined inside parameter table such as the value of investment funds for Unit Linked components or actual surrender values in case of Traditional components.

The Regular Payments function is an extension of the claims processing facilities and it is designed to cover the following 3 basic types of regular payment
1) Regular Part Withdrawal – fixed amount withdrawal of unit linked contract at a regular internal such as monthly, quarterly and annually.
2) Regular Benefit Payment – payment such as Permanent Health or Waiver of Premium claims
3) Annuities Payment

The system is flexible and is able to cope with all types of regular payments or one off payment which include minor claim payments where the primary benefit will still be in force.

The Death Claim module handles Death Claim Registration, Adjustment, Approval, Register First Death and Enquiry.

System supports the following Death Claim Calculations:
- Total of the Sum Assured and all allowable bonuses, Reversionary, Interim, Terminal and Additional as specified
- Fund Value of Unit Holdings
- Greater of the Sum Assured and Fund Value
- Sum Insured plus Fund Value
- Amount payable on a Benefit Paying Annuity
- Amount payable on a Deferred Annuity which has not vested
- Death value of zero

3.8) General Ledger

The General Ledger module provides a highly flexible, table driven, hierarchical, multi-currency GL. The Life Office establishes accounts and these are linked together in a hierarchical structure to form a Chart of Accounts. In this way, many charts of accounts can be established and these charts may be totally independent or could be linked for group summary reporting.

The bulk of GL posting is automatically generated by other parts of the INTEGRAL Life Admin system. These postings are automatically batched and posted to the GL as often as required or daily, weekly, monthly, etc. The rules defining the postings required are also table driven, thus ensuring total flexibility to implement any type of accounting practices that a company may wish to adopt.

Transactions that are entered into the system during the day are usually posted to the GL in an overnight batch run (this process could be weekly, monthly depending on the company's requirements). Therefore, the effects of the transaction will only be reflected in the General Ledger accounts once this posting run has been completed.

This posting run fulfils two functions:
1) post manually entered direct journals such as cash, cheques (disbursements), journals
2) automatic postings such as premium payments. This is necessary where transactions of this nature enter the system without a specified General Ledger account so that the system determines the posting account by reference to tables.

3.9) Reinsurance Processing

Reinsurance functions provide the facility of reinsuring sum insured for individual components within contracts. It handles the definition of reinsurance details against coverage and riders, cede periodically and create accounting movements necessary in order to process payments to the Reinsurer. Reinsurance is set automatically at New Business or policy changes on how much to retain and how much to cede.

Reinsurance parameter tables store information such as risk class, life insurance retention limit, treaty arrangements whether surplus or quota share and what are the reinsurer retention limits, facultative arrangement, reinsurance premium and commissions, etc.

4) Product Configuration

INTEGRAL Life Admin System makes extensive use of codes and information held on tables to define the rules and processes required for each type of product. A table may hold valid codes with additional information, or may have extra data screen containing further information for each of the code entries.

Some extra data screen tables are dated tables, that is, a "from" and a "to" date can be entered and the information contained on that particular table is valid for that date range. Dated tables cater for alterations to contract rules that apply to specific date range such as legally imposed changes or changes to premium or commission rates.

Some common functions require processing that is specific to a particular component/ benefit type. In such circumstances, tables are used to point to processing subroutines, for example, surrender and claim processing. These subroutines in turn may also reference other tables during processing. The subroutines delivered with the base system are method based and can be customised and created according to the product's requirements, for example claim calculation methods, premium calculation methods or rounding routines, etc. Since programs access tables to obtain the required subroutines, there is no need for hard coding of these subroutines and subsequent compilation of programs. This approach provides flexibility, since table entries and subroutines can be tailored to individual requirements.

Some table fields exist because an area of processing has been recognised, but little or no functionality has been added to the base system. This is due to the fact that there are so many differing insurance processes and practices that CSC provide the minimum and will customise these areas in different client site. All this product set-up configuration in INTEGRAL Life will be done through third party configuration tool software called VP/MS.

The following features help to achieve fast product launch for the company:
- Table driven and tables are controlled by date range
- Coverage and Riders are set up as components and links together by means of tables to form different types of products
- Business users maintain table parameters to suit business needs
- Product features can be switched on/off easily
- Existing products may be cloned, mixed and matched
- Help text and windowing