

American Fidelity Assurance Company

Profiting from modernizing its mainframe.

The Mission:

- American Fidelity Assurance Company (AFA) wanted a way to deliver new, easy-to-use services to customers and agents without incurring additional costs.

The Solution:

- Optimize and extend AFA's critical investments on mainframe technology to fully interoperate with new, real-time policy transaction and HIPAA compliance applications for completely streamlined channel operations. A long time Software AG customer (ADABAS® and Natural®), American Fidelity is using Software AG's Enterprise Transaction Systems and XML Business Integration solutions to deploy these new customer-centric and risk management initiatives.

The Result:

- American Fidelity is now able to enroll customers miles from the home office without putting anything in the mail, printing documents, or requiring people to underwrite applications annually. By streamlining and automating policy underwriting, agents now issue over 40% of all applications electronically (AFA calls it "Jet Issue") and that percentage continues to grow daily. As additional edits are added to the process, AFA expects that savings from this one application will exceed \$1million per year. Current savings are in excess of \$400,000 annually.
- American Fidelity developed a real-time, Online Service Center—AFAdvantage—for all six of its customer types in just six months for less than \$400,000. AFA reports savings of \$490,000 a year just on forms alone by providing Web-based customer self-service that accesses its mainframe environment. And that doesn't include the operational savings accrued because a customer can email or get information from the website without a phone call into the call center.
- American Fidelity will fully comply with the Health Insurance Portability and Accountability Act (HIPAA). Using Software AG's integration solutions, AFA business users—claims, policy services, premium services, customer service—can easily and quickly access, verify, and analyze these HIPAA documents, improving customer service and risk management.



The Customer:

Since 1960 American Fidelity has provided disability, life, and indemnity insurance products and services to the educational community and to trade association members throughout the country. Like most insurance firms, AFA has some challenges unique to its business; but it also shares a goal common to every organization today—Find a way to deliver new services and support to customers without incurring additional costs.

“Fortunately one of the most essential pieces is already in place at virtually every organization operating today. No, it’s not networked servers. It’s the mainframe. With just a bit of modernizing, a company’s mainframe can be transformed into a corporate workhorse capable of processing more business while reducing the cost of each transaction.”

Jim Lupton
Vice President in Information Systems
American Fidelity Assurance Company

It Costs More to Move Applications

“People are realizing that it costs a great deal of money to move working, stable mainframe applications to network systems for the purpose of accessing data in a distributed processing environment,” explains Lupton. “The bottom line is the mainframe is a mature server platform; it’s powerful, more stable, less expensive overall, and supports a tremendous number of applications in one place.”

American Fidelity Assurance Company (AFA) uses Software AG’s Enterprise Transaction Systems and XML Business Integration solutions to modernize its mainframe—leveraging existing business systems, enhancing performance, opening applications to new environments, and integrating disparate platforms to create cost-effective, seamless links between legacy systems.

AFA’s applications include the ability to accept and issue policies without human intervention, a website offering real-time direct access for all its six customer groups, and a mechanism for ensuring HIPPA compliance.

Hands Free Policies Issued Here

It’s the dream of every insurer, the ability to accept and issue policies without human intervention. AFA is making this dream reality.

“We’re populating our laptops in the field with data from the mainframe combined with data from employers,” explains Lupton. “We’re taking customer applications on those laptop systems—including signatures—transmitting the applications, forms, and data back to a PC server environment, running data through the mainframe environment to issue the policies, storing the images back on the PC environment imaging system, and producing the finished issue documents for mailing—all untouched and completely automated.”

Currently we’re working on sending the issue documents out electronically to the customer. The whole process would be

paperless,” he adds. The laptop system, written by AFA (dubbed Visions), contains all the business and underwriting rules. Using a high-end communications product, the laptop transmits the customer information from the field to the home office where it’s taken into AFA’s mainframe system that same night and converted using Software AG’s EntireX® Communicator, a robust, high-performance communication broker (and part of the Enterprise Legacy Integrator package).

The next day, the insurance applications are sent to the image processing system. The image documents are printed and mailed to the customer untouched by human hands. When paperless distribution of the issue documents is implemented, it will add tremendous additional savings, reports Lupton.

“We’re enrolling customers miles from the home office without putting anything in the mail, printing documents, or requiring people to underwrite applications manually,” he adds. A huge boon to business productivity, AFA now issues over 40% of all applications electronically (AFA calls it “Jet Issue”), and that percentage continues to grow daily. As additional edits are added to the process, AFA expects that savings from this one application will exceed \$1 million per year. Current savings is in excess of \$400,000 annually.

All mainframe applications in this process were written using Software AG’s 4th generation programming language Natural. AFA’s policy management and claims systems reside on ADABAS.

Real-Time, Direct Access to All Customers

Not to take a backseat to the electronic, completely automated enrollment process, Lupton is especially pleased with his teams work on the carrier’s website.

“Using Software AG’s XML Business Integration solutions, we developed a real-time, Online Service Center capability for all

six of our customer types in just six months for under \$400,000. We now provide real-time direct policy and claims access for all of our customers and agents. I don’t know many companies that have been able to do that for less than seven figures,” he adds.

Based on the customer type (the insured, group administrator, business owner, agents, brokers and home office people), AFA issues what it calls a ‘My Page’—a custom page and menu based on who you are and what you do with AFA.

Every process initiated—from claims presentation, commissions statements, online billing, balance look-up, all the way to forms processing—are real-time events against the mainframe database. All billing functionality uses XML technology. Lupton says, “AFA reports savings at \$490,000 a year just on forms alone. And that doesn’t include the operational savings from reducing call volume in the call center that would have occurred from claims, policy, and other customer needs that were not made because of the information available on the Online Service Center.”

Lupton goes on to say, “Most of the industry estimates a form costs \$20 for someone to handle. We put it at \$5 to be conservative.” The system makes use of Software AG’s Enterprise Legacy Integrator package (based on EntireX Communicator) for real-time access to all of AFA’s databases, regardless of whether they are on the mainframe or a network server.

▣ www.softwareagusa.com

Software AG, Inc.
Americas Headquarters
11190 Sunrise Valley Drive
Reston, VA 20191-5424
T: 703 860 5050
www.softwareagusa.com