



## Case Study

### Legacy Systems Rationalization

Wilton Re's In Force Solution facilitates our client's plans for the rationalization of legacy systems, provides funding for the plan, and strengthens regulatory capital

#### Background

**Our client is a national marketer of life, health and annuity products. The company had grown through acquisition and organically and in both cases had accumulated numerous administration systems covering different products and product generations.**

- The maintenance and continued investment in disparate systems inflated overall operating costs for our client
- The quality and cost of customer service operations was impacted from managing numerous systems which required manual workarounds for system limitations
- Our client developed a plan to rationalize all its customer service and administrative technology, with consolidation to one strategic life administration system
- The anticipated cost for consolidation of systems and operations was significant and our client looked for creative ways in which to fund the overall transformation project
- Our client identified several blocks of business administered on the legacy systems that were not core to the future growth of the company
- In order to continue providing agents with a breadth of products, the client required new business issuance capabilities without disruption
- Our client also wanted to simplify the administration of its many reinsurance contracts

#### Wilton Re Solution

Wilton Re provided an In Force Solution that reinsured a subset of the policies while transferring the policies to Wilton Re's BPO-based administration platform.

Our solution provided:

- 100% indemnity reinsurance for the business with assumption of administration under an Administrative Reinsurance Agreement
- The block consisted of 100,000 term life and universal life insurance policies
- Wilton Re project management and proprietary processes for the conversion of this subset of the legacy business and systems
- A ceding commission that funded the overall transformation project, based on business profits significantly enhanced by the expected savings from Wilton Re's BPO-based administration
- Guaranteed cost of conversion and ongoing administration
- Integration with the company's overall transformation project and key data and reporting interfaces relating to ongoing administration
- A facility for the continued sale of affected policies
- A program to replace all reinsurance treaties to Wilton Re to simplify client's reinsurance program
- The ability for management to focus internal resources on the most strategic business and customers while still achieving the overarching goal of systems simplification

## Case Study

### Legacy Systems Rationalization

#### Measured Results

- Conversion was completed in nine months for approximately 100,000 policies with more than 2,000 plan codes
- All critical systems interfaces supporting operational and financial reporting were implemented at the date of conversion
- Our client reduced the number of applications supported by its IT department, which in turn reduced the company's current and future operating expenses
- Administrative policies and procedures were tailored to company specifications; policyholders and agents continued to receive high standards of customer service
- The administration platform successfully supported on-going sales
- The ceding allowance for business reinsured was calculated based upon the expected savings from Wilton Re's lower cost of BPO administration, bringing an immediate increase in value to the client and a corresponding increase in capital and surplus
- The reinsurance released significant statutory capital, further improving our client's capital adequacy

In Force Solution complements a broader program for IT systems consolidation

Leveraging Wilton Re for legacy in force business allows management to focus on strategic products and customers

Transaction also supports continued sales within the blocks of business

#### Contacts

Ray Eckert  
203.762.4436  
reckert@wiltonre.com

Mike Greer  
203.762.4414  
mgreer@wiltonre.com