



FAQs

In Force Solutions

Q – What are In Force Solutions?

Wilton Re’s In Force Solutions are tailored reinsurance or stock acquisition-based transactions that help our clients achieve growth, capital management, risk management, operational efficiency and cost management objectives. In Force Solutions are intended to maximize the value of in force life and annuity business for our clients. Depending on our client’s objectives, we combine reinsurance with administrative services to best achieve their goals. When Wilton Re assumes responsibility for the administration of our business, we partner with Business Process Outsourcing (BPO) providers to offer ongoing servicing of the business, from policyholder and agent support to financial reporting. Our partners provide Wilton Re with cost leadership derived from their low cost and variable cost operations, which we pass directly to our clients. Our clients also benefit from our partners’ continuous investments in new technology, process improvements and expertise.

Q – How do In Force Solutions help my growth strategies?

Primarily in two ways – by helping make you more competitive for M&A and by providing an alternative source of funds for growth opportunities. Wilton Re is the most experienced reinsurance team with respect to M&A transactions in the US life industry. We partner with companies by bringing significant co-investment capital to transactions, and our low cost BPO-based administration platform enhances pricing competitiveness. Wilton Re’s In Force Solutions will also free up capital from your existing in force policies and enhance management of your in force business. We provide ceding commissions for reinvestment in new business opportunities.

Q– What capital management opportunities are available from In Force Solutions?

In Force solutions provide alternative sources of capital to our clients – capital that can be reinvested in M&A or organic growth strategies, or which can be used to reduce financial leverage or increase share buy backs. Clients can achieve immediate ROE enhancement by targeting the removal of underperforming business within an in force portfolio. Additionally, the transaction will enhance your capital management strategies by providing you with capital and ceding commissions that you can reinvest into your business.

Q – Which risks does Wilton Re assume through In Force Solutions?

In Force Solutions can assume the full range of risks associated with your business. Depending on your objectives, Wilton Re will assume product, financial and operational risks. Reinsurance traditionally provides the most effective means for management of product risks – underwriting risks such as mortality and morbidity, lapse risk and investment risk on required reserves. Wilton Re will also assume related financial risks such as funding requirements for excess statutory reserves. With our administrative services you can mitigate significant operating risks including the costs of systems maintenance, obsolescence and replacement as well as operating cost escalation and expense management.

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Q – What products and product classes will Wilton Re reinsure?

Wilton Re reinsures all life products and certain types of annuities, including fixed, equity-indexed, and longevity-linked annuities. We also assume pension obligations, structured settlements and single premium immediate annuities.

We do not assume risks associated with variable annuities.

Q – How can In Force Solutions help me achieve operating efficiencies?

Through In Force Solutions, Wilton Re offers administrative services on our BPO-based platform that provide high standards for customer service while achieving industry-leading cost efficiencies. Our Solutions range from transformational projects designed to simplify a company's operations, IT and administrative services, to projects targeted at specific high cost legacy systems.

Q – How can In Force Solutions help me fix legacy system issues?

Wilton Re is one of the most experienced companies with the transformation of legacy administration systems and issues. Our management team has converted over 90 systems to new technology and operating platforms over our careers. Through our In Force Solutions, we will transition business from existing legacy technologies to new systems and, concurrently, upgrade administrative processes for added efficiencies. Generally, we convert clients to systems and processes provided by our BPO partners, but we can also assist with in-house projects relying on internal resources.

Q – Do I have to sell all my business to Wilton Re?

No. While reinsurance is central to our solutions, we do not have to reinsure 100% of the business to provide our service offerings. Depending on the size and character of the block, and management's objectives, we will tailor our solution appropriately.

Q – Are In Force Solutions only for closed blocks?

Our In Force Solutions can be customized to also support new business issuance. We offer full turn-key offerings for private labeling, from client facing delivery systems to policy issuance and administration.

Q – What type of reinsurance is involved?

Our contracts are typically structured on as Coinsurance, Modified Coinsurance or Funds Withheld. When we also assume the administration of the business, we include Administrative Services within the contract. Contracts provide the basis for risk transfer for the quota share of the business we assume, and the Administrative Services provide the framework for comprehensive customer services and administration.

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Q – How would a transaction affect the business profits?

We will enhance your business profits. We pay you today for the future profits on the portion of the business we reinsure, and the amount we pay is often significantly increased by the expected future savings from our BPO platform. The value of the portion of the business you retain is enhanced by the cost savings realized through our administrative platform in every year.

Q – Will there ever be price escalation for BPO services?

Wilton Re assumes the risk of cost escalation for the reinsurance we assume including the cost of system enhancements, upgrades and replacement.

Q – Are there other benefits from reinsurance?

In Force Solutions create alignment of interests between us and provide tangible financial, risk and management, and operational benefits for you and your policyholders.

With reinsurance, we effectively invest in your customers and their policies, which benefit from our continued high standards of service.

From a financial perspective, the ceding commissions and capital release we provide can effectively fund the transaction. Additionally, the transaction will provide you with capital that may be reinvested in growth opportunities.

Finally, the transaction will allow you to fully transfer the operational risk of the policies. Wilton Re will guarantee the conversion costs, ongoing administration costs, and IT and service requirements for the life of the business.

Administrative Services

Q – What services are included in the agreement?

Our service offering is comprehensive but will be tailored to your specific situation and objectives. Wilton Re provides full administrative services covering all aspects of policyholder services, call center operations and claims adjudication. We also provide agency and agent services related to the business and a full suite of financial services. Financial services include maintenance and reconciliation of bank accounts, policyholder related tax filings and payments, reinsurance administration and settlements, quarterly and annual statement support and reserves and supporting actuarial analysis. In the instance of new business requirements, we also have new business point-of-sales systems, policy issuance, underwriting and administration.

Q – Do I separately contract with a BPO?

Your contract is with Wilton Re for the life of the business. While we utilize BPOs that we actively manage, we are responsible for their quality and performance, including cost escalation, system enhancements or the need to replace them, if need be, at our own cost.

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Q – What is Wilton Re’s relationship with its BPO partners?

We offer an integrated platform at our BPO partners that has been built to Wilton Re’s and our client customer requirements. Administration systems and processes have been tailored to our specifications to ensure high levels of customer service, transparency and frequency in reporting and integration through Wilton Re. As an integrated offering, we provide comprehensive services encompassing BPO oversight, compliance, management and financial reporting and analysis to our clients.

Q – How do you select your BPO partner?

Wilton Re only uses professionally managed BPOs, with demonstrated service records and which actively invest in their IT systems and processing capabilities. Above that, BPOs have to pass Wilton Re’s stringent requirements for conversion processes, Service Level Agreements, integration capabilities, reporting and Wilton Re oversight. Wilton Re performs extensive due diligence procedures on all of its providers and updates these procedures periodically. We also mandate strong compliance and control environments with annual SSAE 16s.

We have close working relationships with BPOs which extend for over 15 years in certain instances. Wilton Re employs well-proven methodologies for transition to the BPO systems and processes. Our standard processes and procedures have been developed by us in partnership with our BPOs to move in force to Wilton Re’s BPO-based platform. Our approach is designed to be highly cooperative and to engage our clients throughout the process to assure our continuous alignment from planning through execution.

Q – How do you ensure BPO quality? What expertise do we need to build, in house, for BPO management?

Wilton Re is one of the most experienced companies in the industry with regard to BPO management. We believe that quality begins with the partner selected and extends through service standards that are established and processes that are implemented. An active oversight program is essential. Wilton Re has a comprehensive and integrated approach to BPO oversight with our BPO partners ensuring close monitoring and early intervention as issues arise.

Q – Transformational change projects are costly. Can I finance my systems and operations conversion with Wilton Re?

An additional benefit of Wilton Re’s reinsurance is that it provides funding for the decommissioning of legacy systems and the redesign of operations. We embed the cost of conversion in the purchase price and pay you future profits on the business, including an upfront payment for the present value of expected expense savings. The net result is that our In Force Solution is generally cash positive for the organization, while also freeing up underlying capital for reinvestment.

Q – Will Wilton Re also take care of facilities and operations personnel?

In past transactions, Wilton Re has assumed facilities, technology, personnel - basically all the people, property, plant and equipment relating to the business. The decision depends on the company’s circumstances and management’s objectives. For the largest transactions we have converted client customer operations sites to BPO services sites. We can provide companies with a clean and complete exit from a segment of their business.

Legacy Systems Conversions

Q—How long does a system conversion take?

Most conversions are completed within nine to twelve months. Few conversions take longer than 18 months. Time for the conversion generally relates to the complexity of the policies and the variety of products and product features. The diligence and transition planning will produce a detailed timetable.

Q – How many resources will be required from my company?

Wilton Re and our partners assume the great majority of work related to the transition planning and execution. Our approach greatly reduces the time and expense of our clients' personnel. We do require partial time from a client project manager, subject matter experts, and technology personnel relating to the system and operations.

Q – But conversions are always subject to delays and budget overruns? How do you bill for overages?

Wilton Re's proprietary approach to conversions embeds risk management within the planning and execution process which allows for control of the quality of outcome. Our methods rely on accelerated but controlled timetables, which allows us to achieve a timely completion of the project. As long as you commit the planned for resources, we will guarantee the cost of conversion in our reinsurance.

Q – What happens during the transition period and who is responsible for the business?

We will reimburse you for administrative services you continue to perform during transition. Wilton Re assumes liability for the business at the effective date of the reinsurance agreement. Wilton Re will contract with your company for administrative services and minor interfaces. A well planned and communicated transition approach will be implemented to minimize any disruption to your company, your agents and policyholders.

The Customer and Agent Experience

Q – Will our customers' experience be very different?

Your customers will have an experience that is comparable to your own and that meets high standards for service in the industry. We customize our BPO procedures to ensure that any significant gaps in service offerings or standards are bridged. Clients actively participate in our extensive diligence and transition planning and sign off on the proposed processes before implementation. Most clients find the combination of new systems and functionality and efficient processes to provide an overall improvement in customer responsiveness.

Q – Will our policyholders and agents be aware of the change in service providers?

Regulations require that any change in service be communicated to a company's policyholders and agents. Wilton Re will work with your company on the timing and the content of these communications to ensure a smooth transition. Our proven methods for conversion management will ensure that the transition to our operating platform will not result in any significant changes to the quality of services agents and policyholders receive.

Q – How do you integrate services with our company?

We integrate our Administrative Services offerings with our client companies to ensure a continuity of service for customers and agents. Key policy and financial data are provided electronically and protocols for call center warm transfers are established and implemented to meet customer expectations for single points of contact. All points of contact are mapped during the transition planning process with our clients, and subsequently interfaces and processes are implemented to ensure continuity of service.

Q – Does the BPO utilize offshore resources? Will our customers have to deal with offshore customer service?

We do not use offshore resources for customer or agent contact. All call center operations are US-based. We will use offshore resources to provide 24 hour processing capacity.

Q – Do you provide agency services? Who will pay commissions to our agents?

Wilton Re and our partners provide services to agents, where requested. We pay commissions up to twice weekly and we can provide licensing and appointment support. We can either pay commissions directly or provide the information required to our client companies for combined billing with other business.

Q – Will our customers receive correspondence similar to our current correspondence?

We tailor our correspondence to our client requirements. Your customers will receive virtually identical correspondence.

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Q – Who pays claims to our customers? How are resisted claims handled?

Wilton Re assumes responsibility for claims adjudication and payment, including investigation of contestable claims. We consult with our clients on resisted claims. We have a strong and demonstrated history of paying all valid claims on a timely basis.

Q – What are your complaint procedures?

Wilton Re maintains appropriate complaint registers and monitors their resolution. We establish protocols with our clients as to the notification and escalation of any complaints we receive.

Q – What are your data security and privacy policies?

Wilton Re and our partners have high standards for data security and customer privacy. Our BPOs work with numerous companies across highly regulated industries and have extensive and for programs.