



# HP Exstream for Policy Production

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## EXECUTIVE SUMMARY

At almost every stage in the lifecycle of an insurance policy<sup>1</sup> a document is created, as shown in the table below. The largest and most complex document, however, is the New Business or Endorsement Policy Package.

The Policy Package combines the extremes of complex data-driven dynamic documents with large numbers of static text-intensive forms.

This document describes the unique capabilities that HP Exstream software offers carriers wishing to embrace the next generation of policy production technology. While HP Exstream is capable of producing the full range of insurance documents, the focus of this white paper is policies and contracts. It is assumed the reader has a basic familiarity with HP Exstream and its architecture. For background information, please refer to [www.hpexstream.com](http://www.hpexstream.com).

Stage	Document(s)
Premium Inquiry	Quote
Application	Binder
Underwriting	Correspondence
<b>New Business</b>	<b>Welcome Letter, Declaration/Contract, Schedule, Invoice, Illustration (Life), App (Life) and Attached Forms</b>
<b>Endorsement/Amendment</b>	<b>Declaration/Contract, Schedule, Illustration (Life), Invoice and Attached Forms</b>
Billing	Premium Notice
End of Quarter/Year	Statement (Life)
Claims	Correspondence
Lapse/Cancellation	Notices

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<sup>1</sup> Throughout this document Policy is synonymous with Contract.

# COMPONENTS OF A POLICY PACKAGE

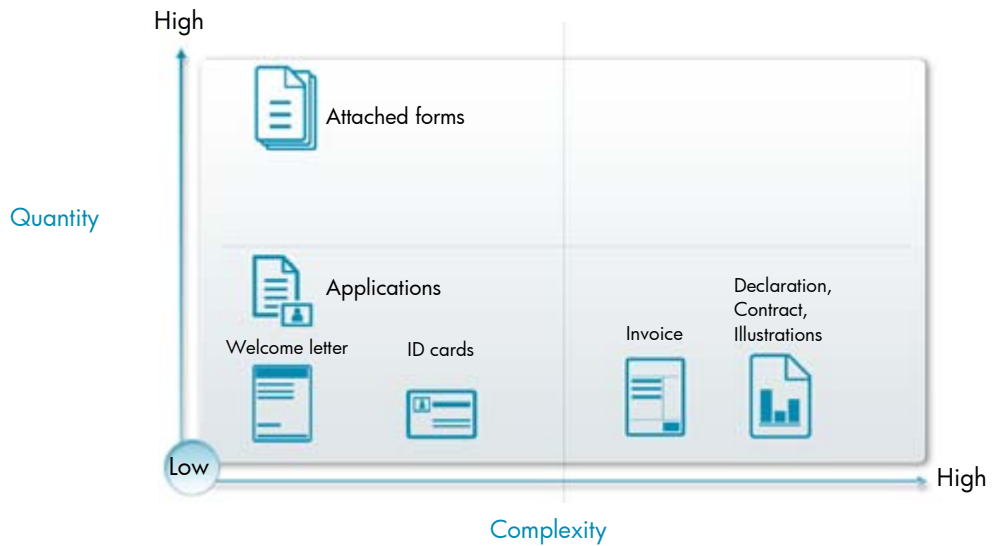
The components of a policy package may vary across jurisdictions, carriers and lines of business but the basic components are universal:

- **A welcome letter thanking the new policyholder for their business.** Introduces the rest of the package. Contains optional paragraphs depending on line of business and jurisdiction. The welcome letter may also be used as a mailer page.
- **A declaration or contract describing the policy owner, insured risks, beneficiaries, coverages, premiums, deductibles, etc.** While some sections are simple (such as the policy owner name and address) other sections (such as the list of coverages) can be very complex. In some lines of business the list of insured locations and coverages is called a schedule.
- **Some billing systems<sup>2</sup> support the insertion of an invoice in the policy package.** The invoice is usually a perforated form which the policyholder returns with their check, EFT or credit card information (if not provided already).
- **Life insurance policies may also feature an illustration and a copy of the policy application.** The illustration lists the projected value and cost of insurance (COI) values of the policy at different ages of the insured. The policy application contains copies of selected pages of the hand written application submitted by the policy owner.
- **The final component of the policy package is the attached forms which define the legal terms of the policy or endorse (modify) the standard terms.** The attached forms (which are also known as state pages or rider pages) usually consist of two columns of static text with the occasional variable field. Attached forms can be classified as company specific or bureau forms (P&C only). The most popular source of P&C bureau forms is the [Insurance Services Office](#) (ISO) while smaller specialty libraries are available from [AAIS](#) and [NCCI](#).

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<sup>2</sup> Other billing systems require the invoice to be mailed separately because it is not generated until several days after the policy is issued.

The following chart shows the various policy package documents mapped on the two dimensions of quantity and complexity:



The chart illustrates the dual challenge of developing policy packages in software applications:

- At one end of the spectrum, document developers must be able to create very complex declarations or contracts with hierarchical data structures, vertical and horizontally growing tables, state specific language and many other product specific business rules.
- At the other end of the spectrum, there are hundreds or even thousands of attached forms which must be produced. While the attached forms are much simpler, in terms of variable data and business rules, the sheer number of forms has traditionally represented a significant effort to implement.

Combined, these two factors have kept generations of compliance personnel, business analysts and programmers across the industry busy implementing policy packages in legacy technologies.

# THE HP EXSTREAM SOLUTION

HP Exstream offers a truly disruptive technology that changes the paradigm of how carriers develop and maintain policy package applications. For this reason, industry leaders such as Aflac, Allstate, American Family, Ameriprise, Guardian Life, Nationwide, Principal Financial and many others have chosen HP Exstream to replace their legacy platforms for policy production.

## Declarations and contracts

First, the HP Exstream design and production environment makes creation of the complex declarations and contracts much easier thanks to its advanced user interface and powerful runtime engine. Some examples of how HP Exstream simplifies the creation of complex documents include:

Feature	Benefit
<b>Advanced Tables</b>	Developers can create sophisticated tables (that grow vertically or horizontally, support hierarchical data structures <sup>3</sup> that even balance themselves <sup>4</sup> ) completely in the GUI design tool.
<b>Compliance Support</b>	In addition to an easy-to-use Rule Wizard, developers can specify the jurisdictions that a document or paragraph does (or does not) apply to using a simple tabular grid which includes effective date logic.
<b>Library Components</b>	The ability to define any set of objects on a page as a Library Component facilitates and promotes reuse during development reducing effort for subsequent projects.
<b>Publication Support</b>	Allows developers to insert dynamic tables of contents, footnotes and indices in policy packages through the GUI design tool. Also supports tracking of changes similar to Microsoft® Word's track changes feature.
<b>Rapid development environment</b>	The ability to quickly make changes and rapidly see the results reduces iterative development time (compared to legacy tools) from hours down to minutes.
<b>Advanced Design Workflow</b>	The Workflow module fosters collaborative development and allows companies to modify the process to suit their development methodologies.

The result of combining these features into a single development environment is that business analysts now have the ability create documents in record time that would have previously taken significant IT resources in legacy technologies. In addition to reducing the time to market for product introductions, the ability to leverage business analysts to develop these documents saves valuable IT resources for more demanding activities.

<sup>3</sup> For example: policy → locations → coverages → risks.

<sup>4</sup> As seen in Life illustrations with projected and COI values. Also known as Serpentine Tables.

## Applications

The Dynamic Content Import feature allows document developers to insert copies of original hand-written life insurance applications forms (commonly known as “apps”) into the policy package as required by many state regulators. The user specifies the location, format (PDF or TIFF) and even scaling<sup>5</sup> of the apps in the HP Exstream design environment without the need for any programming. This feature can save headcount, reduce turnaround time and improve quality for those companies still manually inserting photocopies of apps into new business packages. For companies using legacy technology (such as CBIS) to automate this function, HP Exstream offers an attractive alternative with support well into the future. One life insurance company justified their purchase of HP Exstream on this feature alone.

## Attached forms

The typical property and casualty or life insurance company in the United States has tens of thousands of company specific and bureau forms in their libraries. With each form ranging from 1 to 30 pages this could represent hundreds of thousands of pages that need to be converted from legacy tools to a new solution such as HP Exstream.

HP Exstream addresses this problem with a unique and novel approach. Rather than requiring carriers to convert their forms library from one proprietary format to another, HP Exstream offers them the ability to leverage industry standard, vendor-neutral PDF or TIFF file formats instead. This offers carriers a number of benefits including:

- Senior management is reassured by the fact that they have not “locked” themselves into another proprietary format (such as FAP or MSO-HTML) for another 15 to 20 years. This gives them options in the future.
- PDF and TIFF file formats offer high fidelity where forms are guaranteed to print like they were filed with line and page breaks maintained. This avoids the need to re-file forms.
- Compliance departments can easily create PDFs of their company specific forms from their current applications such as Microsoft Word, Quark, InDesign or PageMaker<sup>6</sup>. This process takes seconds to perform and produces high quality forms that do not need to be cleaned up. Although the creation of a PDF is technically an additional step, it takes less time and is more efficient than the current process where programmers are required to re-compose the forms in another tool (e.g. CompuSet or Elixir) or cleanup converted forms (e.g. PrintCommander). Compliance departments prefer this approach rather than learning how to use a new document design tool no matter how easy it is to learn.
- Many carriers already have their forms library available in PDF format for submission to state departments of insurance via [SERFF](#) (NAIC System for Electronic Rates and Form Filing) or for web presentation. In these cases, there is no additional step as the forms library is already available in PDF format.
- Forms bureaus such as ISO offer their forms libraries to members in PDF format available for download from their websites (such as [ISOnet](#)) at no extra cost. Alternatively, HP Exstream customers may elect to purchase large libraries of forms in PDF format from our partner [Wolters Kluwer](#) (formerly known as CCH Insurance Services) which is more cost effective than individually downloading thousands of forms.
- Conversion of existing libraries to PDF or TIFF is quick and clean. There are numerous 3<sup>rd</sup> party products in the market to convert files from almost of any existing file format to either PDF or TIFF<sup>7</sup>. Converted forms do not need to be “cleaned up” and as a result, proof-reading is minimized.

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<sup>5</sup> Subject to support of scaling by the printer.

<sup>6</sup> Using either PDF Print Drivers or built-in PDF creation menu options.

<sup>7</sup> Refer to online PDF sites such as [www.pdfstore.com](http://www.pdfstore.com) or [www.planetpdf.com](http://www.planetpdf.com) for examples.

Large numbers of Microsoft Word documents can be converted to PDF in batch using readily available tools. Legacy formats (Metacode, AFP, OVL, etc.) can be converted using tools such as [Solimar](#) or [Xenos](#).

- Even though the attached forms are static (by definition) they can still be populated with variable fields or have finishing equipment commands (e.g. OMR Marks, barcodes) and other information (e.g. company logo, page numbers etc.) superimposed on the form.

At the current time there are no plans to develop and sell a library of pre-mapped P&C forms due to the following:

1. There is no commonly accepted file format, supported by the policy administration system vendors, to map the forms to as ACORD is yet to define XML messages for policy production. If HP were to develop a proprietary XML schema, customers would have to expend effort to map it to the output of their various policy administration systems.
2. The effort to map the forms (either by a customer or HP Exstream Professional Services) is not significant in relation to the total effort required to create the policy package.
3. Many P&C customers do not use ISO forms and for those that do, not all map the fields on the forms preferring instead to refer the policyholder to the declaration.

Therefore, for the small percentage of customers who do populate fields on their ISO forms it is quicker to just map the fields than try to deal with a proprietary XML schema.

## SUMMARY

Since the insurance companies began using computers, IT departments have struggled to maintain policy production systems. The time required to introduce new insurance products is significantly impacted by legacy tools and the large number of forms.

HP Exstream is one of the most efficient and powerful tools for creating all types of customized communications and very complex documents. For generating policies, HP Exstream allows large libraries of attached forms to be implemented with minimum effort, significantly reducing implementation and maintenance costs associated with implementing policy package applications. In the very competitive market for policy production systems, HP Exstream is truly the "better mouse trap."

## FOR MORE INFORMATION

Please contact your HP sales representative, visit our website at [www.hpexstream.com](http://www.hpexstream.com) or contact us at [exstream.info@hp.com](mailto:exstream.info@hp.com) or (866) 318-5925.

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