

INSURANCE AND INVESTMENT MANAGEMENT

JONATHAN W. BERRY III
 Managing Director
 610.745.0849
 jberry@navigant.com

PETE PEARLMAN
 Director
 609.620.7842
 ppearlman@navigant.com

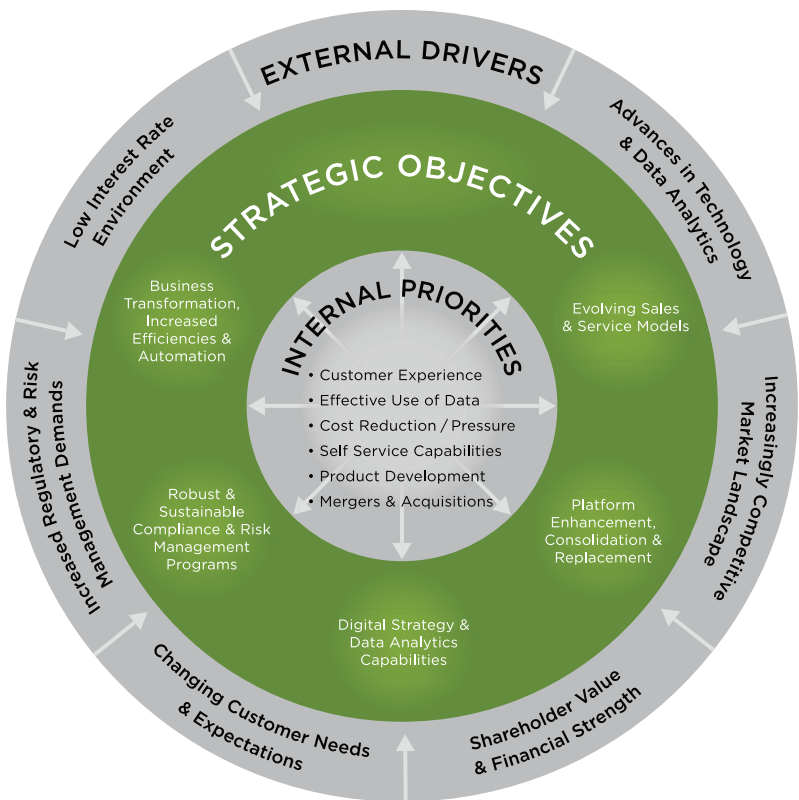
navigant.com

About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

BUSINESS VALUE OPPORTUNITY ASSESSMENT SERVICES

Insurers continue to be burdened by legacy systems and processes along with sub-optimal cost structures. These constraints are compounded by the prolonged low interest rate environment, changing consumer expectations, increasing regulatory requirements, and the emergence of new business models; therefore, executive leaders have been forced to address these external drivers when developing their company's Strategic Objectives and Internal Priorities. (Figure 1)



Strategic objectives are established, initiatives are aligned and prioritized, and financial targets are finalized and assigned to lines of business and functional areas to manage and execute. However, expense reduction programs are periodically required to meet bottom line targets. In an effort to ensure these constraints are successfully addressed, many insurers are looking more strategically at building capabilities, including data analytics, digital, customer relationship management, and others. This has created the necessity to determine the source of funding to support the development of these capabilities, compelling insurers to take a more in-depth look at the opportunity to free capital from current operations.

HOW NAVIGANT CAN HELP

Navigant experts apply a holistic approach to find the right balance in accelerating expense reduction while maintaining, or even improving, service levels. We have developed the necessary tools, methodologies, skills and experience to partner with clients in accelerating the realization of business value. We work hand in hand with our clients from ideation to successful execution, ensuring quick wins along the way.

Navigant's Business Value Opportunity Assessment (BVOA) is designed to ensure that outcomes are fully aligned with our client's Vision, Business Strategy and Financial Targets. We

work alongside our clients to identify opportunities across all aspects of the organization's operating model, including process improvement, sourcing, organizational design, and location strategy. Preliminary analysis is conducted to determine which opportunities warrant a deep dive analysis. Then, a business case and implementation roadmap is developed for highest value opportunities to further evaluate benefits, business risk, competitive benchmarking, and other factors to inform which opportunities to prioritize and pursue. Examples aligned to areas of opportunity include:

AREAS OF OPPORTUNITY	EXAMPLES
Organizational design	<ul style="list-style-type: none"> • Improve span of control • Differentiate level of service provision based upon customer value
Leverage capabilities and platforms across the organization	<ul style="list-style-type: none"> • Centralize contact centers • Evaluate procurement • Assess imaging and workflow
Process efficiency	<ul style="list-style-type: none"> • Reduce handoffs • Automate key processes • Reduce/eliminate waste and rework • Robotics Automation
Reduce failure demand in customer servicing areas	<ul style="list-style-type: none"> • Set customer expectations for turnaround times clearly • Eliminate unnecessary communications
Service channel management	<ul style="list-style-type: none"> • Assess migration to low-cost channels/automation • Evaluate tiered service models
Resource management	<ul style="list-style-type: none"> • Assess business process management • Streamline operational performance management
People	<ul style="list-style-type: none"> • Establish clarity of roles and responsibilities • Improve targets and incentives/Enhance performance management
Customer Service Delivery	<ul style="list-style-type: none"> • Reduce number of service transactions • Leverage technology and self-service
Monitoring Operational Risk	<ul style="list-style-type: none"> • Utilize technology, data and rules engine • Execute risk-based prioritization, mitigation, monitoring & controls
Industry Leading Practices	<ul style="list-style-type: none"> • Review current business practices vs. industry leading practices to help identify areas of opportunity

While the table above outlines the key areas of opportunity and examples of value we find within client organizations, we do not take a cookie cutter approach to BVOA's. We customize

each engagement to meet our client's business objectives while minimizing disruption to the broader organization.

WHY NAVIGANT

- Navigant's Insurance and Investment Management team has successfully conducted numerous Business Value Opportunity Assessments for large insurers, generating tens of millions of value for our clients.
- Our practitioners are experts and many are certified in process excellence, project management, change management and deep industry operations experience...all critical elements to maximize business value.



EXPERIENCE AT WORK

Over the past five years, Navigant's BVOA has been applied across the Financial Services industry to accelerate business optimization and reallocated over tens of millions in operational savings for our clients. We have successfully helped business leaders identify where to place their bets and know that significant capital can be reallocated from inefficient operations and reinvested in their business. Here are some examples of our work.

Retirement Services Business

Challenge: Our client sought to achieve savings/efficiencies across three lines of business within their Retirement Services Division.

Work Performed:

- Performed detailed addressable spend assessment across organization to help identify areas of opportunity and potential benefits
- Interviewed leaders across the organization to help gather ideas for potential saves and develop proposed Day 1 organizational structure (including leadership)
- Developed hypotheses with estimate benefit and worked with senior leadership team to prioritize ideas for deeper dive assessments
- Facilitated working sessions with business unit Subject Matter Experts to help build recommendations
- Socialized recommendations and business cases with senior leadership and obtained approval for implementation
- Built Implementation roadmaps and resourcing plans
- Identified and implemented process improvement and outsourcing opportunities to further optimize the cost structure of new organization.

Impact: Navigant successfully applied our organizational design methodology to develop, implement, and optimize the new centralized organization with synergies, process improvements, and outsourcing run rate benefits total \$35M.

Global Life Insurance Company

Challenge: Our client sought to achieve savings/efficiencies in the Back Office functions across the five domestic Business Units.

Work Performed:

- Facilitated working sessions with business unit Subject Matter Experts to document the current state of each business unit level function and develop a centralized future state
- Developed Day-1 organization, including scope and leadership
- Socialized results with senior leadership and obtained approval
- Coordinated the mapping of associates from the Business Units to the new centralized organization
- Executed the implementation to centralize common functions across Business Units including defining roles, develop the formal integration plan and led the overall integration of more than 450 associates

Impact: Navigant successfully applied our organization design methodology to develop and implement the new centralized organization consisting of over 450 associates and drove run rate benefits totaling \$35M.

