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INSURANCE PRACTICE LEADERSHIP

Insurance Practice Expansion Helps Clients Meet Marketplace Challenges

In this issue, we introduce two acquisitions that provide important new service capabilities and value for our clients.

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Meeting the Challenges

The current and emerging global environment is spawning challenges that are testing the insurance industry's resilience as never before. Although the industry has historically demonstrated an ability to effectively respond to adverse circumstances, the new environment will require changes in the way business is conducted. Outlined below are major factors driving the need for business transformation.

Emerging Technology - Ubiquitous communication and transaction ability provided by mobile devices has turned the IT world upside down. Consumers (businesses and individuals) now drive the change process as the old IT infrastructure gives way to agile virtual structures in the cloud. **In this environment, information utility is fast becoming a primary competency.**

Market Uncertainty - Continuously shifting social/economic dynamics within developed and emerging markets,

combined with increased global risk, has diminished the ability to forecast over the long term.

Management must plan and act in near real time using insights gained from quality data.

The Connected Consumer - Countless free (or nearly free) mobile applications have given consumers virtually unlimited options for how, when, where and with whom they conduct transactions. **A consumer centric organization is required to continuously meet changing demands.**

Competition - Competition for consumer mind share via product/service innovation, and from

new alternative players is increasing in sync with market demands.

Real time actionable intelligence will be a competitive differentiator.

Alternative Sources of Capital - The influx of capital markets players

The accelerated pace and increased complexity of market factors is requiring companies to be more forward looking, more aggressive in promoting change, and more agile in their ability to adapt to change and respond to market requirements.

and alternative vehicles in reinsurance are changing the capital sourcing landscape. **Insurers and reinsurers must become more financially innovative to compete.**

Regulations - Global regulatory regimes are collaborating to increase their focus on consumer protection and the integrity of the global financial infrastructure.

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Compliance must be embedded within functional process data streams throughout the enterprise.

FTI Consulting Acquires Distinct Consulting

The Distinct Consulting “Business Intelligence and Advanced Analytics Platform” is a foundational enabler of innovation and transformation initiatives, and a game changer for our clients.

FTI Consulting has a long and successful history of helping companies overcome adverse circumstances through our investigative, financial and operational forensics, and information management capabilities.

We have now supplemented these capabilities with increased business intelligence and advanced analytics to help our clients achieve the transformations needed for sustainable performance improvements in constantly changing market conditions.

The Distinct Acquisition

Our Q4 2013 acquisition of Distinct Consulting, a leader in providing proprietary analytics solutions, makes it possible for our insurance practice to deliver a full lifecycle capability for enhancing information utility.

The Distinct platform (See sidebar, “iSuite, the Business Intelligence and Advanced Analytics Platform”) enables clients to obtain business intelligence from structured and unstructured data acquired from internal and external sources. Using iSuite diagnostics, analytics and interactive dashboards, clients are able to apply high quality

information and predictive solutions, enabling real time, reliable decision making and reporting.

Distinct’s capabilities integrate well with those of FTI Consulting, providing a

About iSuite, the Business Intelligence and Advanced Analytics Platform

iSuite is a secure, scalable and high performance enterprise business intelligence and advanced analytics platform developed to overcome barriers to information access and utility. Offered under an onsite or outsourced SaaS (Software as a Service) model, iSuite provides end-to-end solutions to clients, from gathering and consolidating information from a variety of source systems to transforming the data into robust, user-friendly, actionable analysis and insight for critical decision making.

With a variety of purpose-built tools, clients are able to understand various scenarios and options for making effective and reliable decisions, including those related to operational and performance improvement in areas such as market and customer segmentation, customer acquisition and retention, portfolio analysis, risk assessment and mitigation, and process improvements. iSuite has been successfully used to deliver outsourced business intelligence, data mining and predictive analytics services to some of the world’s largest companies.

iSuite conserves valuable resources by reducing the complexity, cost and implementation time as compared with traditional BI/analytic platforms, and by reducing the need for expensive resources to support users and maintain BI/analytic systems.

complete portfolio of critical services.

Enhanced Global Capability in Other Industries

The Distinct platform also provides enhanced value to international clients in other industries.

Distinct has long-standing and deep relationships with market-leading diversified global insurance corporations, bank holding companies and multi-national telecom and aviation industry firms. Adding Distinct’s professionals and proprietary analytics tools to service offerings of FTI Consulting provides an enhanced value proposition to our clients.

Many of these international clients operate from headquarters in the U.S. and UK. From its headquarters in Dublin, Distinct will build on its current international reach and accelerate the presence of our insurance practice in the UK and Europe and across the international financial services market.

The benefits of the iSuite platform within FTI Consulting are already being recognized as the Insurance practice team reaches out to a broader range of clients.

One example of this is the Pension Consulting Services group (“PCS”), which has been able to introduce additional client services as a result of capabilities added by the analytics team.

Responding to the expanding global population of people over 60, the pension industry must reevaluate its role in providing benefits and wealth management. The PCS group is able to support these changing requirements by

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focusing on retirement planning management and taking on the role of trusted advisor to clients.

Analytics: A Strategic Asset

As the value of forward looking, or predictive solutions becomes more apparent, companies are viewing analytics as a strategic asset.

Our iSuite Platform has and will continue to contribute to this shift through delivery of important solutions that improve performance and influence client strategies.

The following are a few representative examples of how intelligence gained from our iSuite Business Intelligence and Advanced Analytics platform has provided actionable insights.

- **Optimum market penetration scenarios** developed through analysis of market dynamics, distribution channel characteristics, consumer profiles, product design and pricing alternatives, and various marketing approaches
- **Conversion rate doubled** for direct marketing channel by discovering new drivers for insurance purchasing
- **Insurance purchase rate trebled** by discovering hidden pocket of top tier customers with propensity to buy at rates 10 times higher than baseline
- **450 percent increase in pension cross-sell** realized through use of customized targeting engine developed based on analysis of customer base
- **Product portfolio with effective risk/pricing balance developed** based on discovery of heavily underpriced risk combined with discovery of low-risk segments

- **Claims recording loopholes repaired** based on analysis of the records and processing of 2,000 suspicious claims
- **Schedule of Benefits at several major hospitals renegotiated** based on abuse of high cost drugs uncovered by investigation and analysis of records
- **Design of bank insurance marketing and delivery program initiated** in collaboration with insurance carrier based on analysis of insurance purchasing and development of bank customer insurance needs and demographic profiles
- **Performance excellence achieved** through multi-year transformation of insurance company based on insights gained through analysis of processing, data flows, performance metrics, and business requirements and objectives

Our iSuite Business Intelligence and Advanced Analytics capabilities are contributing to the rich reservoir of analytics knowledge within FTI Consulting that will help drive the strategic value of analytics for clients.

Through its history as a leading business advisory firm, FTI Consulting has gained a rich and unique reservoir of diverse case experience across a wide variety of engagements.

Much of this experience has revolved around big data analytics and

management, such as that performed by the FTI Consulting E-Discovery practice and the FEDA (Financial Enterprise Data Analytics) practice, both of which deploy leading technology and methodologies developed by FTI Consulting.

The addition of Distinct's experience and technical consulting capabilities will contribute to this knowledge base, providing FTI Consulting with a powerful resource for helping clients achieve optimum value from their data.

FTI Consulting Acquires Risk Solutions International

In the face of market uncertainty and increasing risks, clients are not only focusing on ways to meet market challenges, but also more and more on protection of critical assets.

In Q4 2013 FTI Consulting acquired Risk Solutions International ("RSI"), a well-established operational risk management technology, consulting and advisory firm founded in 2005 and led by Scott Corzine and Duane Lohn.

RSI projects have been conducted in 23 states and overseas for Fortune 500 and mid-market companies in numerous industry sectors.

Our team now provides insureds with improved operational risk management and provides insurance carriers, brokers, and investors with reinsurance that the insured's business has a high level of resilience.

Engagements are conducted by certified professionals and include business continuity, disaster recovery and emergency and crisis management.

This attention to operational risk is increasing as company leaders enforce

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the importance of identifying major vulnerabilities, protecting against, and mitigating adverse impacts to critical assets, including people, facilities and information systems.

Companies are increasingly focusing on operational risk as a major component for achieving business resilience.

Our Approach

We consider risks holistically, and take into account the full risk spectrum when evaluating client needs. We provide services and web-based technology designed to help clients understand, identify, measure and easily manage operational risks within the framework of their existing structures for meeting legal and regulatory requirements.

Our services are standards-based and align with key federal guidance.

Engagements are facilitated by experienced professionals with top credentials, qualifications, and certifications in their fields of expertise, complemented with practical hands-on know-how from years in the field.

Our services include three main practice areas.

■ **Business Continuity Planning**

Determining the recovery priority of mission-essential functions and processes after disruptions; documentation of plans that enhance overall business resilience; alignment with standards and guidance; and support for contractual obligations

■ **IT Disaster Recovery**

Understanding the mix of applications, hardware and network infrastructure that drives the organization; and mapping the IT recovery plan for these resources to the recovery priorities established by the essential business and operating units

■ **Emergency and Crisis Management Planning**

Developing comprehensive, standards-based, "all-hazards" planning websites for the protection of life, property, physical assets and infrastructure throughout the emergency cycle – prevention, mitigation, preparedness, response and recovery – and communicating effectively to all constituents throughout the crisis

The benefits of our services can also help insurers reduce the uncertainty associated with underwriting customer risks. For example, a risk management and disaster recovery program designed and implemented by certified professionals provides insurance underwriters with a credible body of information upon which to base their risk decisions.

In addition, our team provides web-based tools that allow underwriters to examine all aspects of the insureds' operational risk program.

Broad Range of Industries Served

In collaboration with other practice segments within FTI Consulting, our operational risk and emergency management practice also covers industry sectors that include:

- Financial Services
- Government
- Education
- Hospitality and Gaming
- Manufacturing
- Oil, Gas and Extraction
- Retail and Franchises
- Not-For-Profit
- Construction Management
- Airports and Utilities
- Professional Firms
- Pharmaceutical
- Biotech
- Life Sciences

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The FTI Consulting Insurance Practice is a leading independent consultancy and trusted advisor to insurers, reinsurers, self-insureds, brokers, law firms, investors and regulators – with more than 100 professionals dedicated to providing a broad range of critical and essential services to the insurance industry.

Visit the FTI Consulting website for Insurance downloads, brochures, articles and white papers: www.fticonsulting.com/industries/insurance

Insurance Practice Service Capabilities

Our specialized services are described in the following brochures

- Actuarial Services and Consulting
- Business Intelligence and Advanced Analytics
- Claims Reengineering and Risk Management
- E-Discovery Readiness, Management Compliance
- Governance, Regulatory and Compliance
- Intellectual Property
- Litigation and Dispute Resolution
- Operational Risk and Emergency Management
- Pension Consulting Services
- Performance Excellence
- Risk and Exposure Management
- Strategic Advisory



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CRITICAL THINKING
AT THE CRITICAL TIME™

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

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