



“Because SAP Incentive and Commission Management for Insurance is so easy to use and flexible, we can process commissions 80% faster than before. Data inconsistencies are very rare now.”

Helmut Sommer, Head of IT, MÜNCHENER VEREIN Insurance Group

AT A GLANCE

Company

- Name: MÜNCHENER VEREIN Insurance Group
- Location: Munich, Germany
- Industry: Insurance
- Products and services: Insurance and related services
- Revenue: €639.7 million (2006)
- Employees: ~5,200
- Web site: www.muenchener-verein.de
- Implementation partner: Steria Mummert Consulting

Challenges and Opportunities

- Replacement of previous host-based system
- Fast and flexible delivery of products
- Tighter integration between product divisions

Objectives

- Implement a comprehensive application for commission management and introduce standardized processes
- Map commission structures and related processes in new software

SAP® Solution and Services

SAP® Incentive and Commission Management for Insurance application

Implementation Highlights

- A phased implementation
- Flexible mapping of complex commission models

Why SAP

- The company's prior success with SAP software
- The software's openness, stability, and superior integration technology (for both SAP and non-SAP applications)

Benefits

- Considerably fewer "pending claims"
- Accelerated commission processing
- Increased process transparency
- 80% reduction in time required to process commissions

Existing Environment

SAP for Insurance solution portfolio

Third-Party Integration

- Database: Oracle
- Hardware: Fujitsu Siemens
- Operating system: Microsoft Windows

MÜNCHENER VEREIN INSURANCE GROUP

Efficient Commission Processing with SAP® Incentive and Commission Management for Insurance

Even in difficult market conditions, the German insurance industry still enjoys stable revenues. In fact, in 2005, the Association of German Insurers actually saw a 4% increase in the number of health and life insurance policies issued (including employee insurance and pension funds). The MÜNCHENER VEREIN (MV) Insurance Group is one such company that continues to profit from the increasing demand for private healthcare insurance policies and pension funds. In 2006, the group recorded income of €639.7 million.

Focusing on the Customer

Since its inception in 1922 as the premier insurer for the Bavarian trade association (Versicherungsanstalt des Bayerischen Gewerbebundes), MÜNCHENER VEREIN has traditionally enjoyed strong ties to commercial and midsize businesses. Today, the group's 1,200 employees help deliver a range of policies and programs – covering health and life insurance needs as well as liability and auto insurance. Its nearly 4,000 agents, who collectively look after some 550,000 customers, work hard to meet individual requests, making the client the number one priority. “We always tailor our advice, products, and services to our customers' specific needs,” stresses Helmut Sommer, head of IT at MÜNCHENER VEREIN. Policyholders can rest assured that MV's maxim, “It's all about you,” is more than just a slogan. “This is very important because, ultimately, satisfied customers are the basis of the group's success,” explains Sommer.

Flexible Mapping of Commission Models

However, ensuring streamlined operations also factors into the group's strategy for success – which is why MÜNCHENER VEREIN implemented the SAP® Incentive and Commission Management for Insurance application. “The application ensures fast and flexible delivery of new products; we can bring them to market quicker,” comments Thomas Wolf, IT manager at MÜNCHENER VEREIN. It also allows the insurance group to

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react more readily to changes in the market and to optimally manage its sales activities. “SAP Incentive and Commission Management for Insurance benefits everyone involved – the departments, because it is now a lot easier to process commissions; our agents, because performance-based salaries can be settled in less time and more reliably; and finally our customers, because satisfied agents are motivated and offer even better service,” explains Wolf.

MV's decision to replace its host-based commission system with the SAP application was not a difficult one. The group had been running software from the SAP for Insurance solution portfolio since 1998 and has remained impressed by its overall reliability. “As a core business process, commission management requires stable applications. That's why we decided on SAP Incentive and Commission Management for Insurance,” explains Sommer.

Impressed by SAP

The SAP product was also chosen because of its robust functionality. Employees can easily calculate and process all forms of commissions and remunerations and process reverse postings, for example. The SAP application can also be used across all product divisions and industries – and even offers functionality for the highly complex insurance sales process, which involves acquisition commissions, commissions for in-force business, follow-up commissions, cancellation reserves, and a variety of other features. “SAP Incentive and Commission Management for Insurance offers an open and powerful foundation that can be flexibly adapted to meet the needs of our business,” says Wolf.

Step-by-Step Implementation

Once the group had decided on SAP software, the MV project team and its consulting partner, Steria Mummert Consulting, began the implementation, adopting a phased approach. “This allowed us to not only map the processes and system environment in a transparent way, but also realize benefits quickly,” explains Wolf.

Before the new commission management application could be implemented, it was necessary to replace the host-based agent database and integrate information on current accounts and commission payments into the existing SAP accounts payable software. This task involved transferring data for approximately 4,000 agents.

Automated Commission Processing

The next stage involved redefining, or mapping, certain business processes in the new software. This included calculation of performance-related remunerations and flat-fee bonuses as well as the processing of policy settlements and cancellations for the life insurance division. “In addition to migrating all the remuneration-relevant data, at this stage it was also important to optimize the related business processes,” says Wolf.

Since implementing the highly standardized commission processing software, MV has realized considerable savings in time and money. Prior to the SAP installation, two employees spent all their time processing commissions. Today, this task is almost completely automated. “Because SAP Incentive and Commission Management for Insurance is so easy to use and flexible, we can process commissions 80% faster than before. Data inconsistencies are very rare now,” explains Sommer.

Fewer Pending Claims

Today, the health insurance department at MV functions more effectively than ever before. As an example, there are now fewer than 20 pending – or open – claims on average per month that require manual processing. Using the commission management software from SAP, claims can be easily checked and quickly settled. Changes are securely documented and compared with the old documents before being posted. And, thanks to automated workflow and user-friendly tools, administrators can display, check, and, if necessary, adjust the total amount of payments suggested by the application – at the click of a button.

Secure Handling of Complex Commission Models

The SAP software also supports highly complex commission models. Different contract conditions and models can be stored, and special transactions can be mapped (for example, sales campaigns from competitors). The application also tightly integrates

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commission management with financial accounting and controlling. This ensures that commissions are accurately processed. Users can also easily create cash flow reports. Open interfaces allow the data to be exported in table format and used in other systems. The SAP product also provides a high degree of flexibility and scalability. “We can adjust the application and tailor it to meet new requirements whenever we need to,” says Wolf.

After the project team successfully introduced the integrated commission management application in the life insurance division, it integrated the software for the health insurance department. Next up was general insurance. This last phase of the project was completed in mid-2006. “We have achieved our goals. All the commission-relevant processes are now covered by SAP Incentive and Commission Management for Insurance,” says Sommer.

Self-Services for Agents

Although the fourth – and final phase – has been completed, the MÜNCHENER VEREIN Insurance Group will continue to improve its IT landscape and expand its use of SAP Incentive and Commission Management for Insurance to create leaner, more efficient processes. In the future, for example, agents will be able to call up and view the status of their commission payments online. “At the moment, brokers still have to contact our headquarters in Munich for information regarding paid and deferred commissions, but this will change. Eventually, everyone will have online access to up-to-date information any time it is needed,” explains Sommer.

Consequently, all parties profit from the SAP solution: employees at the headquarters now have the time to focus on more important tasks, due to the elimination of manual tasks, and agents can expect faster processing of remunerations. But, ultimately, it’s the customer who benefits. “Satisfied agents offer better advice, and that is something our customers deserve,” explains Sommer.

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