

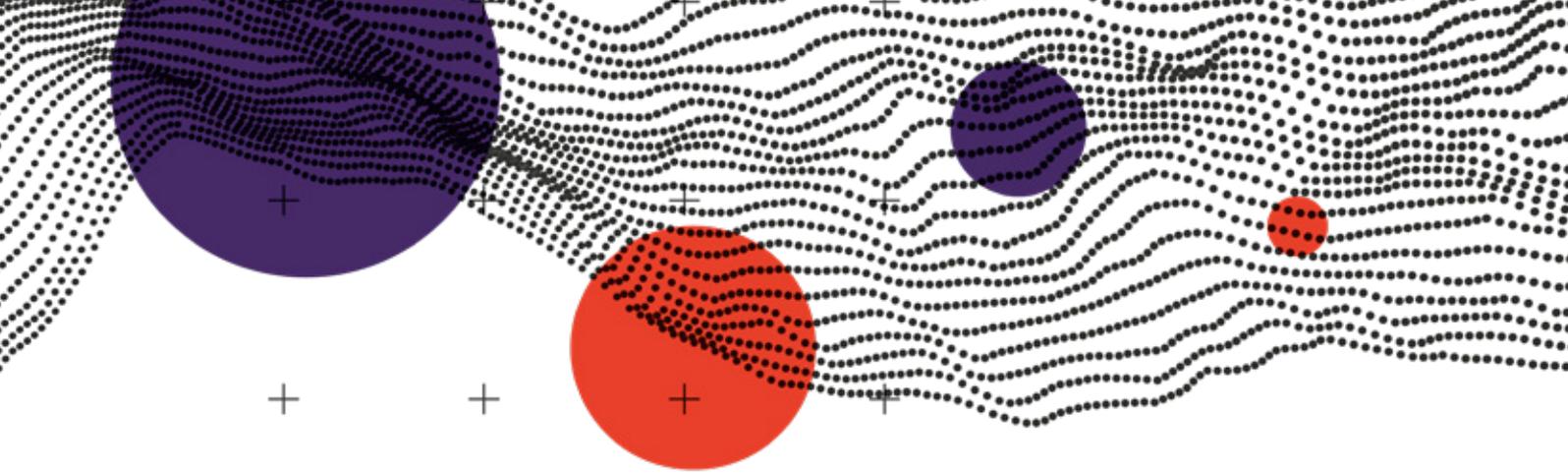


**HUK-COBURG**  
Aus Tradition günstig

# Pioneering direction for the IT platform

HUK-COBURG Lebensversicherung is counting on msg.Life Factory JEE

HUK-COBURG Lebensversicherung is the first msg life customer to use the JEE-based policy administration system msg.Life Factory (LF JEE) with msg.LP (Life Product) and msg.LC (Life Contract) as its two central components. After around a year of project work, the state-of-the-art standard solution was successfully launched in January 2017. With the implementation of msg.Life Factory JEE as a uniform IT platform for life insurance, HUK-COBURG is best-placed to face the digital future. The company also opted for a consistent alignment with the msg.Life Factory standard to reduce costs and maintenance work and to benefit from functional and technical enhancements of the software.



## Challenge: consolidation and modernisation of the IT landscape in the Life segment

The status quo at HUK-COBURG was characterised by a heterogeneous system landscape which included, among other things, their own policy administration systems, as well as a heavily customised version of msg.Life Factory in the so-called classic line. Choreographing interactions between the various legacy systems was difficult and required extensive efforts, resulting in more than just a longer time to market. The IT systems had reached their technical and functional limits, for example, in the implementation of innovative life insurance products or the fulfilment of customer expectations with regard to response times, service, flexibility and communication. For this reason, HUK-COBURG decided to replace the various legacy systems with a modern uniform life insurance platform to create the required conditions for quickly implementing innovative life insurance products. Specifically, HUK-COBURG was faced with the strategic challenge of bringing a static hybrid product to market as quickly as possible.

## msg.Life Factory (JEE) as a uniform platform for life insurance in its entirety

Due to the scope of technical services, the innovative mathematics, the system's broad spectrum of product templates for life insurance and their positive experience as an msg life partner, HUK-COBURG opted for msg.Life Factory JEE as its future uniform life insurance platform.

The cutting-edge IT platform with the Java-based msg.Life Product (msg.LP) computing core enables HUK-COBURG to rapidly develop innovative products and get them on the market quickly. Thanks to its groundbreaking CCC architecture (the coding areas for core, country and customer are physically separated), the JEE version of msg.Life Factory also offers far greater possibilities for individual customer customisation (parameterisation, settings and programming). At the same time, the IT solution ensures a high level of investment security thanks to its further development as a standard solution. The conversion to msg.Life Factory JEE also means changing to a version of the software that is as close to the standard as possible, resulting in reduced costs for the professional and technical development of msg.Life Factory.

## msg.LP – innovative range of products and cutting-edge mathematics

When it comes to the range of services provided, msg.LP is the market leader in German-speaking Europe, also meeting international requirements. msg.LP offers highly adaptable features of which specific aspects can be enhanced as the need arises. Among other elements, the solution uses new mathematical approaches, financial mathematical models (iCPPI, iOPPI) and new mathematical processes for migration and policy management. With a comprehensive range of innovative products as a basis, msg.LP can be used to significantly increase the efficiency, speed and quality of the product development process, as well as to greatly reduce customisation and adaptation efforts.

Another major advantage is that Markov calculations can be integrated into LF JEE upon request. In the field of actuarial mathematics, Markov chains can be used for several purposes, including analysing and factoring in biometric risks and probabilities of transition (probabilities of incapacity, mortality, etc.).

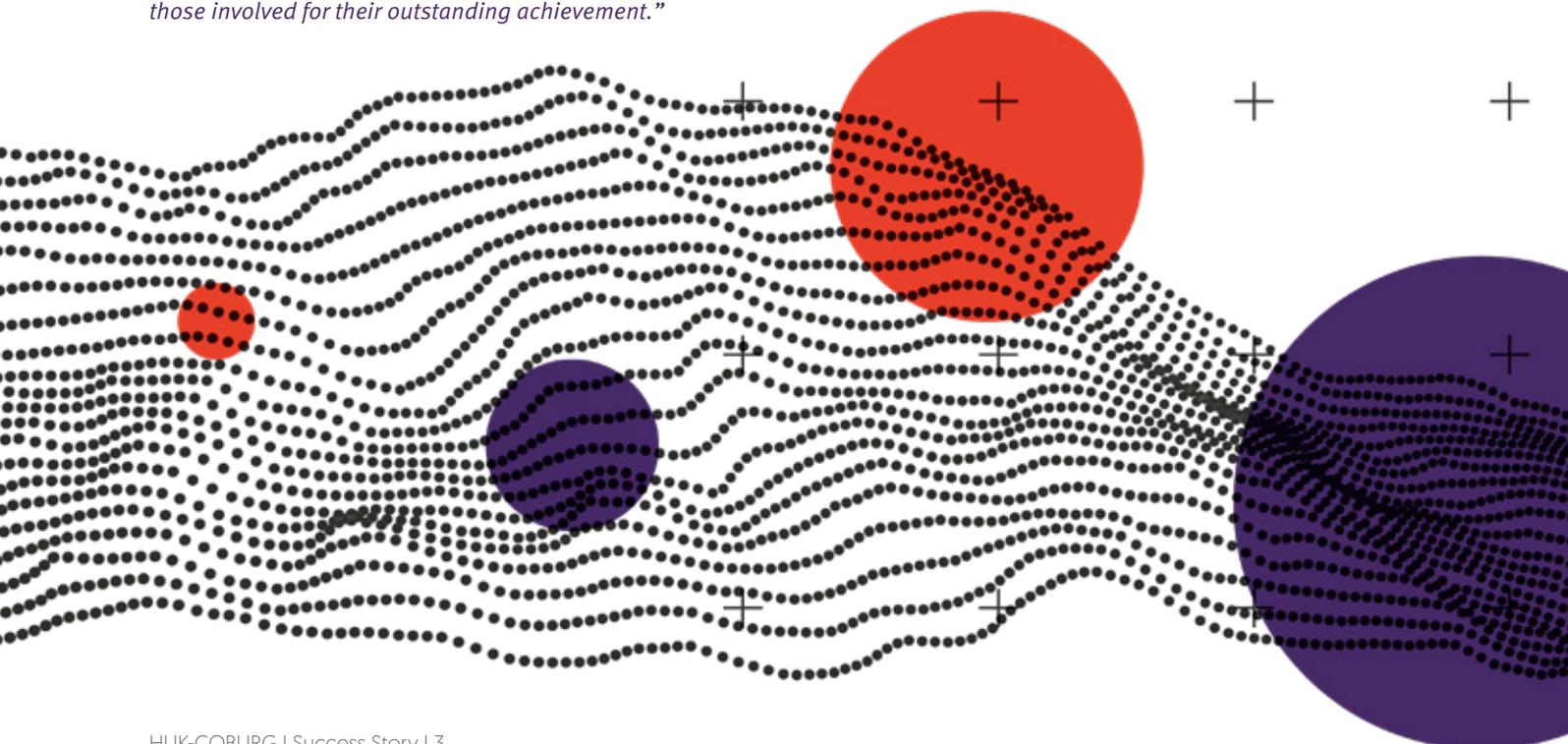
# In Time, Quality and Budget

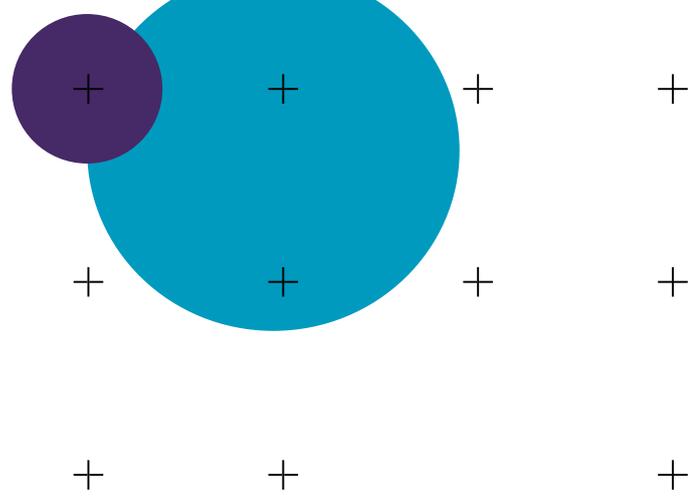
## Punctual introduction of the PREMIUM RENTE

All those involved in the project had a common objective. By working together, they managed to keep to the ambitious schedule and solved not only the ‘teething issues’ of a new system, but also all the challenges associated with an IT project of this magnitude. The introduction in 2018 of the PREMIUM RENTE, a static hybrid product, was of enormous strategic relevance for HUK-COBURG, which is why it was extraordinarily important to maintain the prescribed milestones in terms of time as well as quality. And it was a success: HUK-COBURG has been offering the PREMIUM RENTE on the market since mid 2018. *“The introduction of the PREMIUM RENTE was very important for us,”* says Dr Hans Olav Herøy, member of the management board of HUK-COBURG. *“With msg.Life Factory JEE, we were able to bring this product to market quickly and efficiently.”* The new yield-oriented life insurance product has struck the nerve of the times and the demand for it is correspondingly high. Daniel Thomas, member of the management board of HUK-COBURG, also praised the successful collaboration, stating, *“All targets agreed upon, regarding quality, time and budget, were met. We would like to thank all those involved for their outstanding achievement.”*

## PREMIUM RENTE

HUK-COBURG successfully introduced the PREMIUM RENTE in October 2018. The yield-oriented life insurance product has been met with significant demand. The PREMIUM RENTE enables customers to tailor their investment to their personal needs. By selecting their own level of guarantee, the customer decides which portion of the paid-in premiums should be guaranteed to be available at the beginning of the annuity and should thus be invested more conservatively on the market. All other premiums not needed for the desired guarantee amount are diverted to more cost-effective and higher-yield funds. The product stands out due to its high level of flexibility and transparency. In this way, the customer can decide on an individual basis how much of the gains earned are to be transferred to the guarantee balance. They may also leave it up to an automated process. The PREMIUM RENTE can be adapted to the individual life circumstances of the customer.





### Summary: the basis for an innovative insurance company

With msg.Life Factory JEE, HUK-COBURG has laid the perfect groundwork for becoming a cost-sensitive, as well as a customer- and service-oriented insurance company. LFJEE was seamlessly integrated into the existing application landscape and connected to neighbouring systems via predefined interfaces. By adapting its product design, HUK-COBURG can thus react more quickly and more effectively to the substantial challenges that the digital world and the increasing expectations of customers bring about.

### Outlook

From now on, further development of msg.Life Factory will be limited to the JEE line only and it will be close to the standard. This will allow HUK-COBURG to significantly reduce, or even entirely eliminate, the effort to adapt and customise the insurance group's life system, thus shortening their time to market. The main focus was, and still is, in strict alignment with the standard, which means that great store is set by maintaining the respective delivered standard and only carrying out technical customisations where absolutely necessary.

Successively handing over responsibility for customisation and autonomous maintenance to HUK-COBURG was another objective of the project. By now, HUK-COBURG is entirely responsible for customisation; msg life only provides support in very complex and challenging adaptations.

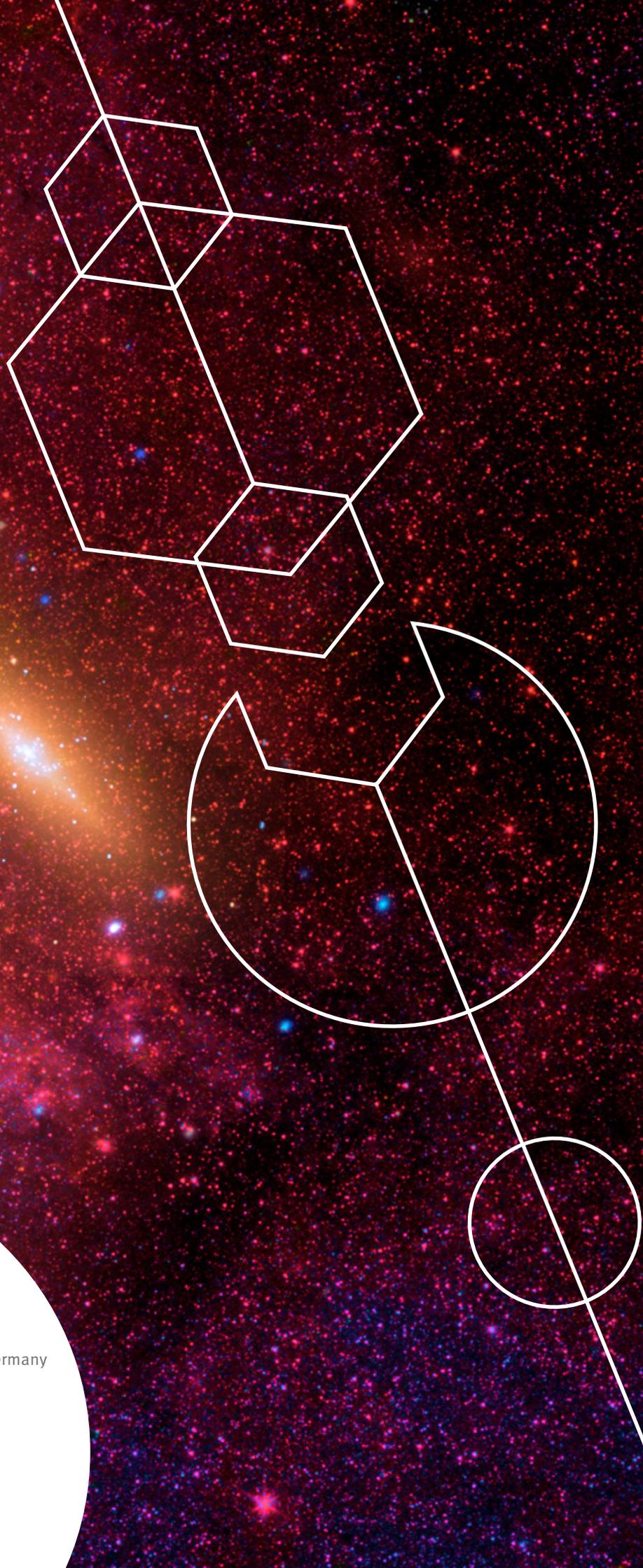
The next step, after having completed the first successful migrations, is to take on additional policy portfolios from the legacy systems. By now, HUK-COBURG carries out the migrations on its own, with msg life providing guidance to the insurer only upon request.

## HUK-COBURG

In the 2019 financial year, HUK-COBURG Lebensversicherung generated revenue from premiums of 807.6 million euros. The product portfolio comprises the following: term life insurance, capital insurance, pension insurance, unit-linked life insurance, pension policies with additional disability, accident insurance, surviving dependants' pension insurance. The company is a part of the HUK-COBURG

Versicherungsgruppe which, with its more than 12 million customers and income from premiums of nearly 7.8 billion euros in 2019, is among the ten largest insurance groups in Germany. Its traditional focus lies on vehicle insurance and, with nearly 12.5 million vehicle policies, it is the largest car insurer in Germany. HUK-COBURG is based in Coburg and, at the end of 2019, employed a total of around 10,500 people.

## Success Story



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