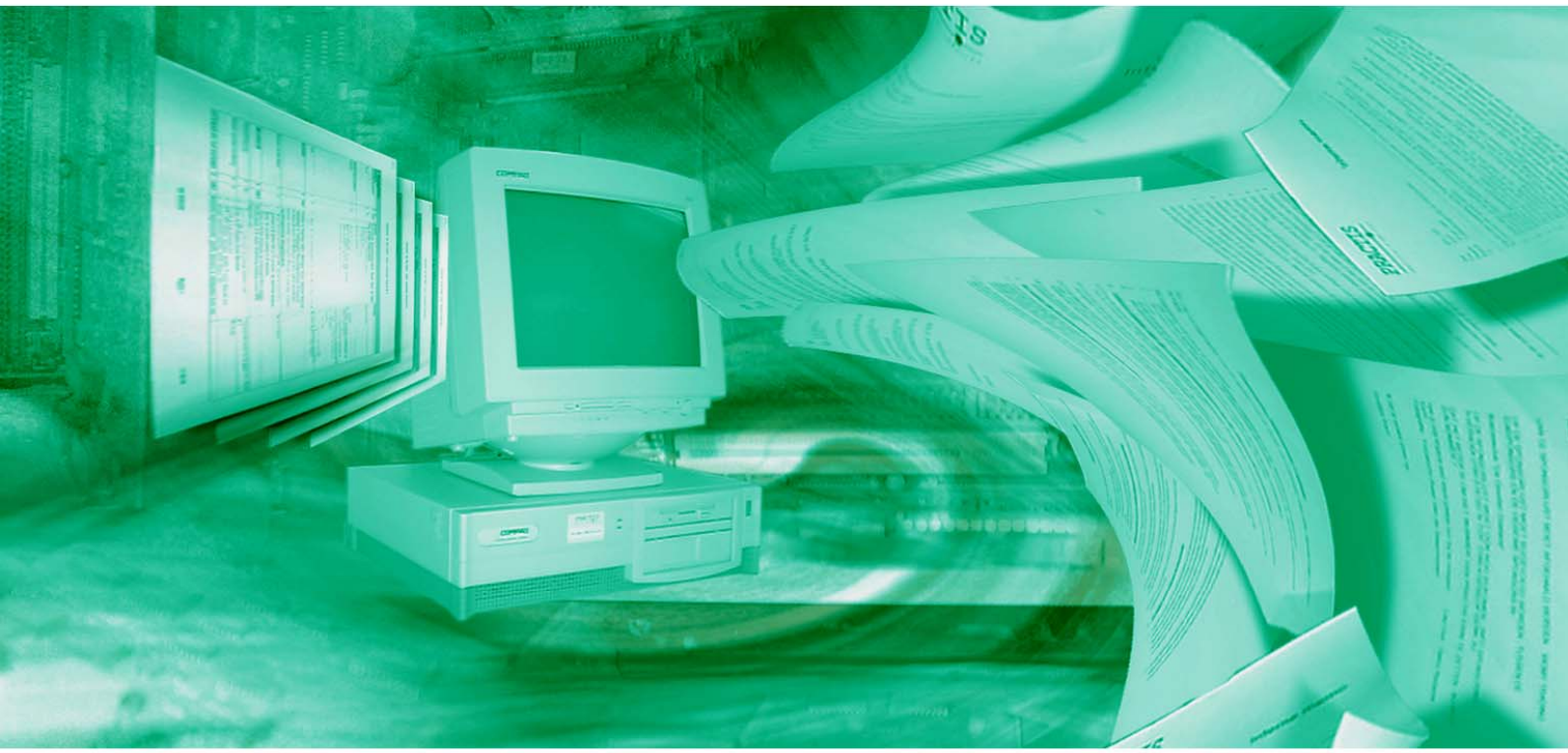
BIS®



Product description

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1. Introduction

At present the whole insurance branch is undergoing rapid change. Changes have been introduced in many areas, generally resulting in far-reaching consequences. Just like in other branches, this involves further internationalisation, mergers, focus on niche strategy and the need for account management.

The BIS solution is an integrated modular solution for the administration of Life and Non-Life insurance, with which it is possible to effectively respond to these changes.

BIS is based on central account management principles, thus enabling a customer-oriented approach.
In addition to this, an extensive parameter structure was chosen during the development phase, making it possible for the insurance company to develop and put together its specific products in a flexible way. In this way, it is possible to respond quickly and efficiently to product and market development.

Thanks to the flexible, modular structure of BIS it is possible to respond to the ever changing need for information of insurance companies.

The modules together form an integrated solution, making information available for the following functions:

- General
  this sub-module contains general functions, such as assigning parameters and time management;
- Tables
  BIS works with three types of tables to enable insurance companies to continue making optimum use of the codes they already have;
- Relation management
  general and specific information about all customers and other relations of insurance companies;
- Policy management
  general and specific information about the policies (still to be approved) taken out by customers;
- Invoice management
  all information about invoices is managed by this sub-module;

- Claims management
  general and specific information about claims by customers that are either outstanding or already paid;
- Co-insurance and reinsurance
  BIS offers facilities for both co-insurance and reinsurance;
- MIS
  this sub-module contains management information;
- Technical accounting
  processing of all insurance-technical financial information;
- Default of payment
  BIS offers complete management of invoices in case of default of payment after reminder.

In this way, it is possible to run a coherent administration and achieve maximum accessibility.

BIS has been developed in COBOL/400 and in C (for the actuarial routines) for IBM AS/400 by strict implementation of the SAA/CUA standard and disposes of graphical interfaces thanks to the integration of GUI/400.

2. General

2.1. Management

Your company determines its own environment by means of tables and parameters. The use of tables allows for, amongst others, multilingualism and offers a certain amount of flexibility when creating this environment. Assignment of parameters to actuarial calculations, rates, allocation of commission, etc. guarantees the flexibility of your company.

2.2. Word Processing

BIS uses an integrated print scheme for word processing through ITP from AIA for letters and structured outbound documents, making it possible to integrate the use of MS-Word, WordPerfect and others.

2.3. Electronic Portfolio

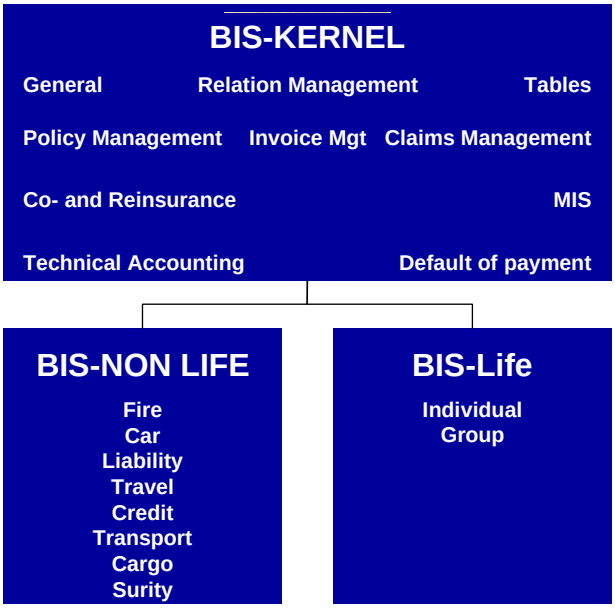
Insurance companies that use BIS are offered the advantage of an almost fully electronic and on-line portfolio. The user can access all system functions via screen menus. By using, for example, ImagePlus from IBM it is possible to construct a fully electronic portfolio, including incoming forms or mail.

2.4. Modular Construction

BIS has a modular construction, making it easy to integrate other product sub-modules, even at a later stage. BIS consists of the following main modules:

- BIS KERNEL, the administrative module
- BIS NON-LIFE
- BIS LIFE.

BIS can be represented as follows:



3. BIS KERNEL

BIS KERNEL contains all branch and rate independent functionalities. This is where relation management, general policy management, general claims management, reinsurance and co-insurance, invoicing, current account or company debt-collection and accounting are processed.

Assignment of parameters to BIS functions is also carried out in BIS-KERNEL.

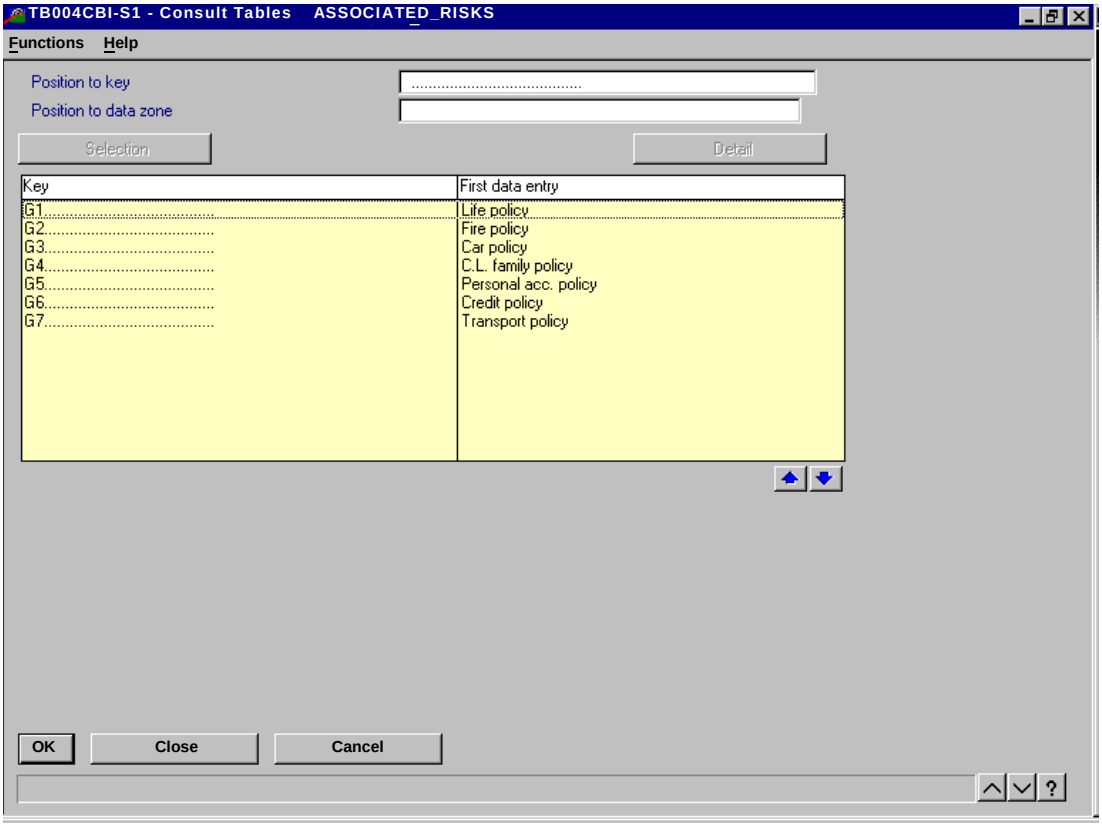
This chapter presents an overview of these functions.

3.1. General

In this sub-module of BIS-KERNEL all non-specific functions are processed, such as time management, management of users and modules, the menu structure, the print scheme, general assignment of parameters with reference to automatic numbering, etc.

3.2. Tables

The BIS system makes extensive use of parameters. A company can generally continue using the codes it already used by entering them in user tables.



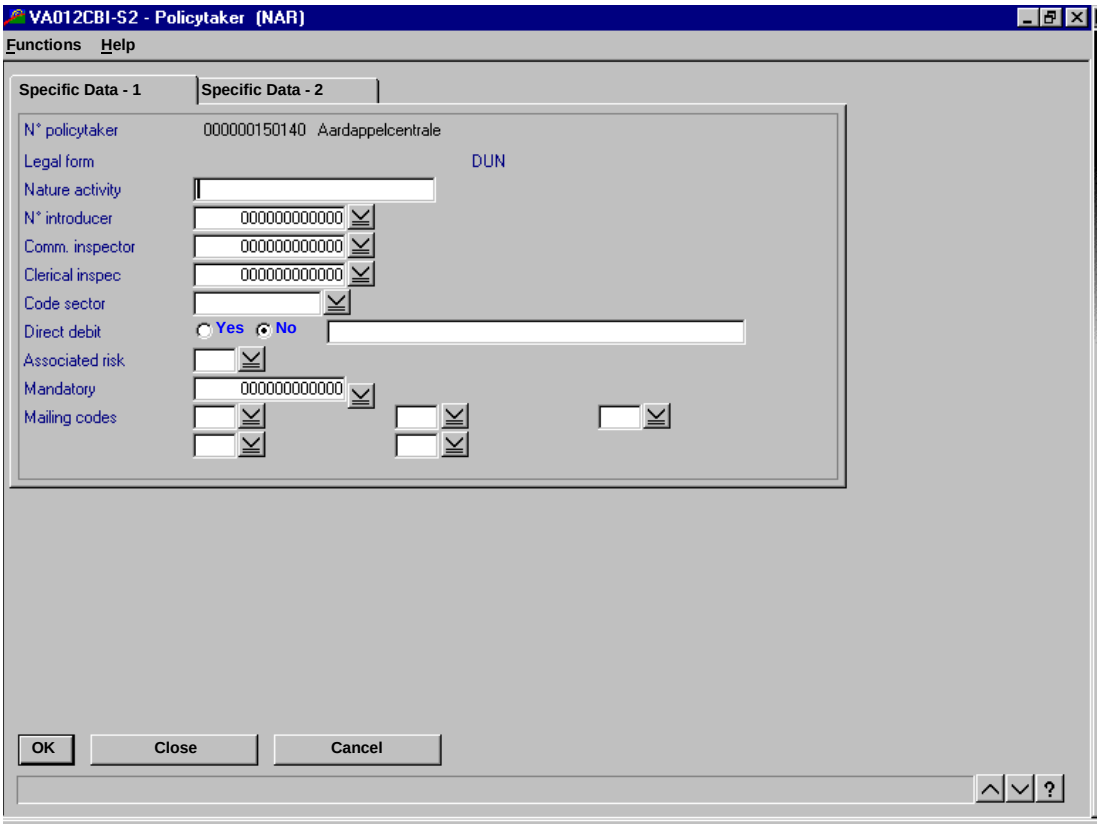
3.3. Relation management

BIS is a customer-oriented solution and is based on a central database that contains all relations of an insurance company.
Relation management is management of records that contain information about the relations of an insurance company. By using a central database containing N(ame) A(ddress) R(esidence) data it is possible to prevent data from being inconsistent.

NAR data is controlled within the insurance-technical modules in a user transparent and uniform way. This makes control simpler and easier. Every role, e.g. policyholder or company, insured, intermediary, inspector, co-insurer or reinsurer, beneficiary, etc. uses the same general data, such as address, postal code, city, date of birth, etc.

Specific data is also maintained for every role. In this way, the required information can be specified for every customer role. In addition to this, a medical record can be created for the customer roles of 'policyholder', 'insured' and 'driver'.

BIS has over 25 different roles in which a (legal) person can be related to an insurance company.



3.4. Policy management

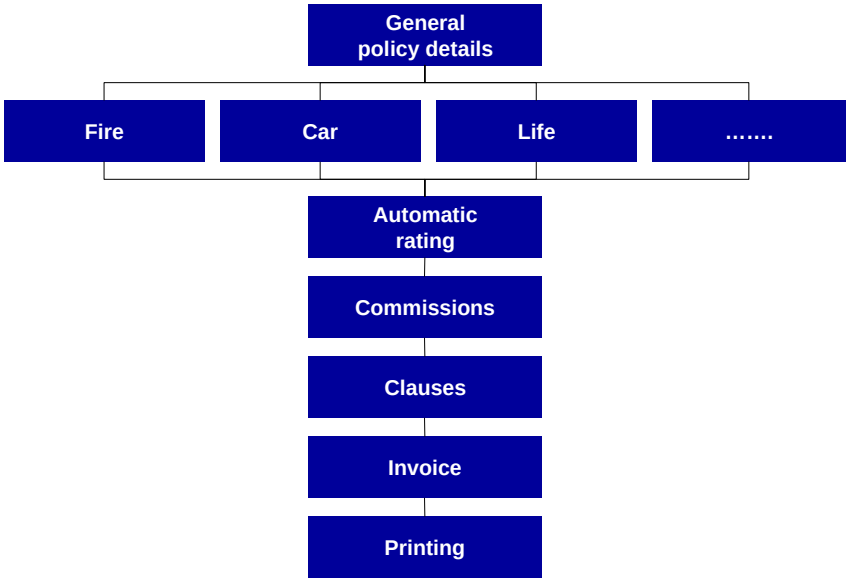
3.4.1. Temporary cover

A cover note can be issued for a policy if all the data is not yet available (e.g. if certain documents for co-insurance or medical approval for life insurance is still pending). This document gives a brief summary of the policy information.

A temporary motor insurance green card can, for example, be issued to cover motor insurance for a limited period.

3.4.2. Policies

BIS has *one* structure for all types of policies. Depending on the type of cover, specially written window programs are used for specific data.
Creating a policy can be presented in diagram form as follows:



3.4.2.1. General policy information

All insurance products require general policy information, such as:

- Policy identification
- Department/branch
- Policyholder
- Intermediary
- Product and category
- Date and time of commencement of policy
- Date of policy endorsement

- Term of policy
- Policy expiry date
- Renewal date of principal premium and date of first payment
- Method of payment
- Method of debt-collection.

3.4.2.2. Technical data

Depending on the product chosen, a window automatically appears for the technical data that is relevant to the insurance product in question.

When drawing up a life insurance policy, the integrated 'actuary' is used for the standard life insurance and information can be entered about whether or not a mortgage is linked to the contract.

It is possible to produce a tax statement and other necessary documentation.

3.4.2.3. Additional cover

If the product definition allows, this function may be used to add additional cover that is either related to the coverage or the (commercial) product.

3.4.2.4. Administrative data

For life insurance it might be necessary to add extra administrative data, such as fiscal consequences, guaranteed bonuses, mortgages and loans to the coverage or to the (commercial) product.

3.4.2.5. Clauses

Parameters may be used to determine which general conditions; beneficiary clauses and/or special conditions should be applied automatically to the different products or types of cover. These parameters may either be linked or not linked to text. There is extra space available to add comments to the clauses.

3.4.2.6. Commission

The commission outline represents the evolution of the up-front fee, the first year plus renewal commission, the collection commission and the special commission, if any, on a time scale. It is calculated automatically in case of spread and discounted commission.

3.4.2.7. Automatic rating

Parameters can be assigned to the rates. Insurance companies can enter their own rates into the tables. In most cases, if rates or products need to be changed, knowledge of automation is not necessary. If premiums and commission have been calculated automatically, it is always still possible to assign special premiums or commission afterwards, if necessary.

These calculations are fully automatic and also take into consideration any invoices already created that have to be cancelled, or for which the entry has to be reversed.

3.4.2.8. Premium invoice

An invoice is created automatically for the current period.

3.4.2.9. Print

After all the policy information has been checked and, if necessary, approved by another person, the documents can be printed. This can be done immediately or afterwards in batch processing.

3.4.2.10. Endorsements

When creating an endorsement, all policy information is automatically transferred from the previous endorsement, making it possible to make changes directly to one of the above functions and to carry out the automatic rating again, if necessary. The latter is partly controlled by the amendment record, which directly indicates where changes have to be carried out, so that processing can be carried out correctly. The endorsement and the invoice are then created automatically. The old policy information is retained.

3.4.3. Renewal

Renewal can be carried out periodically for the whole portfolio or for part of it.

3.5. Invoicing

3.5.1. General

Invoices are created after approval of a policy, amendment of a policy, or by renewal. Details for the invoice can be retrieved from various places in the system.

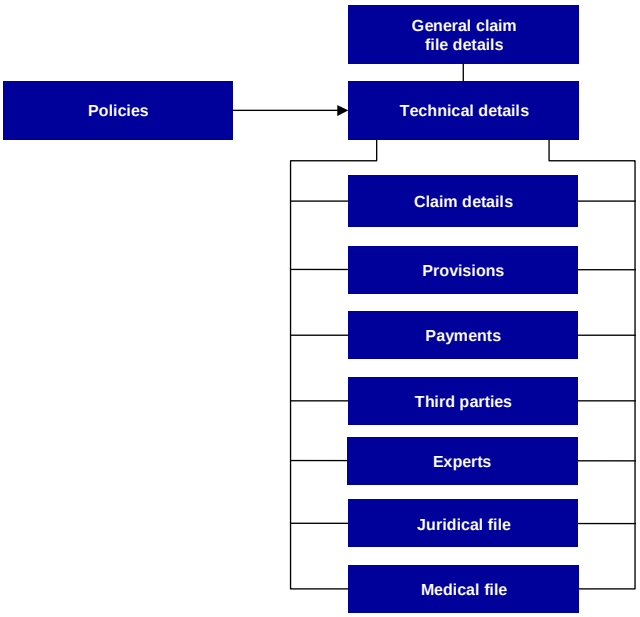
3.5.2. Invoices

Invoices are printed automatically, if necessary with commission statements, renewal documents, etc. When printing, texts can be added manually, depending on the product and/or type of cover. Invoices are automatically processed at cover level in technical accounting and, if required, an information carrier can be created for the bank or Giro bank for automatic debt-collection.

3.6. Claims management

3.6.1. General

BIS also uses *one* structure for claim files. Depending on the type of cover, specially written programs are used for specific data.



3.6.2. Co-insurance

The electronic policy portfolio contains the data necessary for co-insurance. This data can be processed in the claims file. The co-insurers are automatically informed of the opening of a portfolio.

3.6.3. Facultative reinsurance

The electronic policy portfolio contains the data regarding reinsurance. This data can be used to carry out the necessary actions from the claims file, such as notifying the re-insurer.

3.6.4. Entries

All approved payments and recourse actions are entered against cover and heading in technical accounting. Contra entries are made on payment or receipt of recovery payments.

3.6.5. General portfolio information

Just as in the procedure for creating a policy, a file containing general information is first created for claims management. This includes, amongst others, a file number (automatically if required), policy number, date of incident, intermediary (automatically), date opened, policyholder (automatically) and type of insurance (automatically).

Also, when entering data, i.e. information about cover, insured value, any applicable deductible and special conditions, the policy information that was current at the time of the incident becomes visible and it becomes possible to consult the policy data that was current at the time of the incident.

3.6.6. Technical data

Depending on the type of cover, it is now possible to enter information about the claim.

3.6.7. Third parties

In this function it is also possible to enter third party data, such as opposite party, other insurance company and the claims file number used by that company.

3.6.8. Claims assessors

A summary of the claims assessment and the outcome is entered in the system.

3.6.9. Legal file

If required, information about lawyers, court sessions and their outcome can be recorded in a legal file.

3.6.10. Medical records

Information about temporary or permanent occupational disability, as well as reports by doctors and/or specialists and their data, can be entered in a medical record.

This file can be additionally secured, so that only authorised personnel may access the data.

3.6.11. Provisions

A reservation can be made for both personal loss and recoverable loss. By means of an adjustment proposal these provisions can be adjusted if necessary. Proposals may have to be approved by an authorised employee.

3.6.12. Payments

Payment of claims are categorised by cover and given a code to indicate the reason for payment. First, a payment advice note is made, after which an authorised employee may either approve or adjust the payment. The necessary documents are created automatically.

3.7. Co-insurance and reinsurance

3.7.1. Co-insurance

For every policy an indication can be given of whether a co-insurance is involved and whether the company is the leading company for the insurance. Parameters are assigned to settlement of invoices and payment of intermediaries.

3.7.2. Reinsurance

In addition to facultative settlement, reinsurance can also be processed on the basis of contracts with re-insurers. BIS has the following general types of reinsurance, namely quota share, excess of sums and excess of loss.

Parameters can be assigned to the part of the portfolio that is linked to one or more reinsurance contracts.

It is possible to carry out a calculation of the current situation at any given time.

3.8. MIS

BIS has a few examples for statistics. In addition to this, it is possible to generate your own statistics by means of Query/400, DB2/400 Query Manager and SQL Development Kit, RPG/400 or COBOL/400.
By means of Open Database Connectivity (ODBC) Level 2 the database can also be consulted by external Executive Information Systems.
Furthermore, BIS can be linked to a Datawarehouse system.

3.9. Technical accounting

3.9.1. Credit management

3.9.1.1. Debt-collection

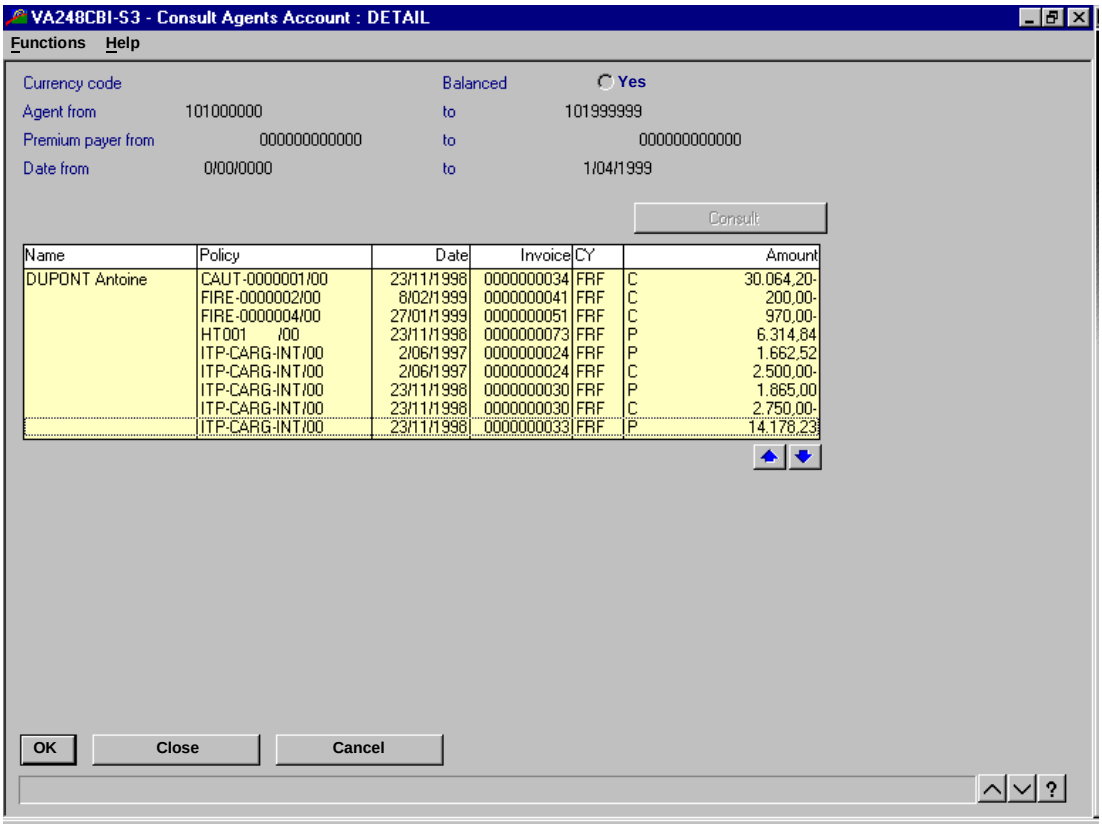
This is where the management of payments and reminders takes place. Furthermore, this module can automatically indicate any default of payments. The data is then posted to the non-payment module.

In case of non-payment, first a reminder, then a registered letter and subsequently a final notice are automatically generated. This can be influenced by means of parameters for both the intervals and the generation of the documents themselves. Initially the entry date is used as reference. Subsequent documents use the print date of the previous document.
On-line statements of accounts can be generated and displayed per policyholder.

3.9.1.2. Current account

This is where management of payments and second requests takes place. The company can automatically send second requests. Printing second requests is related to the term of payment that has been agreed with the intermediary. This term can be adjusted for both the intermediary and intermediary groups.

On-line statements of accounts can be generated and displayed per intermediary.



3.9.1.3. Incoming payments

Payments may be processed either automatically or manually by means of an information carrier supplied by the bank.

3.9.1.4. Status management

It is simple to indicate a change of debt-collection method. Identifying default of payment can be carried out both automatically and manually. When changing the status of the invoice, the necessary data is posted automatically.

3.9.2. Provisions

Premium and mathematical provisions are calculated on the basis of 365 days per year.

3.9.3. General accounting

Parameters have been assigned to the BIS interface with a general ledger, which means that it is also possible to carry out an analysis of accounts.
For this purpose, you can generate an interface for your own general accounting.

3.10. Default of payment

BIS has a separate sub-module for processing defaults of payments. If, after a second reminder, the invoice still has not been paid, it is posted to this sub-module by generating a default file. If necessary, legal files, claims assessment files and memo files can be generated in this module.

4. BIS NON-LIFE

All codes used in the modules are included in parameter tables; this offers the company the possibility to continue working with the already familiar code structures.
The module or separate product sub-modules can only be used if the BIS KERNEL module has been installed.

4.1. General

This module enables the company to administer Non-Life insurance.

4.2. Rates

BIS has nine rate structures. Non-Life insurance can almost always be classified under one of the following structures:

- Car
- Fire
- Liability
- Accident
- Travel
- Credit
- Transport
- Cargo
- Surety.

These product sub-modules contain all technical software necessary to determine the specific data for Non-Life insurance and in order to rate most of these products automatically.

The sub-modules ‘Car, ‘Fire’, ‘Liability’ and ‘Surety’ can be used for both private and company risks.

5. BIS LIFE

5.1. General

This module enables the company to administer the standard, i.e. actuarial supporting life insurance.

5.1.1. Actuarial cover

5.1.1.1. Transformation formula

By means of this conversion formula simulations can be carried out after a reserve has already accrued on a policy.

When drawing up an endorsement the actuarial premiums can be calculated by means of one of the following three elements: capital, net annual premium or fractionated premium.

5.1.1.2. Calculation of provisions

Every year the mathematical reserve, the surrender value, the mathematical accounting reserve and the mathematical zillmerised reserve is calculated and recorded per policy. These values can be used to balance the accounts.

5.1.1.3. Guaranteed bonus

The payment function makes extensive use of parameters.

The calculation of guaranteed bonuses is company-dependent. The result of using the option for guaranteed bonuses is a payment of pure endowment capital, death benefit and the supplementary death benefit of a policy. The system can create the relevant documents.

One or more proposals can first be made for guaranteed bonuses, after which one of the proposals can be implemented as definite proposal, whether it has been adjusted or not.

5.1.1.4. Indexation

The system indexes a policy by means of the above-mentioned transformation formula. It recalculates the time schedule and assigns commission based on the increase in core capital.

5.1.2. Group Life Insurance

5.1.2.1. Annual wage adjustments

By means of a corporate contract, the company can enter new wages on an annual basis. If necessary, the system adjusts the contract according to the predetermined standards.

5.1.2.2. Endorsements

Endorsements can be generated if one of the following situations is valid:

- Manual indexation
- Reductions and partial surrender
- Adjustments, i.e. increase/reduction of insured capital, addition or expiry of additional cover, terms, etc.
- Annulment
- Renewal of annulled contract
- Wage adjustments
- Change in family situation
- End of service with continuation of contract.

The acceptor can apply the general transformation formula.

In cases involving settlement of initial commission and/or special commission, the necessary documents are generated.

5.1.2.3. Regulations

Regulations can be entered in BIS for pensions, employee savings schemes, etc.
Extensive parameters are assigned to these regulations. The regulations can be linked to a certain product by means of a code. Depending on this data any capital and/or premiums are then calculated by the policy.

Corporate insurance regulations determine the employer's rights and obligations towards his employees. After the company has included all measures necessary to set up, manage and settle contracts, the parameters can be entered in order to automatically calculate the premiums of the insured. For example, the pensionable age, the insured performance and the amounts of the insured benefits should be known, before a group policy can be set up and issued.

5.2. Actuary

The original development contains the traditional, actuarial supporting types of life insurance used within the Belgian market. A new type of actuarial management was developed for the Dutch market, for which the necessary flexibility was incorporated into the cost structure.
Several mortality tables and/or experience tables can be consulted. These tables can be generated by means of technical interest rates defined by parameters.

It is possible to define the parameters for the calculation in the policy.

5.3. Rates

BIS can rate the following types of insurance:

- Payment of pure endowment capital (with or without return of premium)
- Temporary life insurance
- Annuity mortgage
- Financial balance
- Life-long insurance
- Non-recurring payment with or without life insurance
- (Reduced) endowment
- Endowment with increasing (decreasing) death benefit
- Life annuity
- Survivorship annuity (with or without final payment).

5.3.1. Additional cover

The system is based on four different types of rates:

- Accident with degressive and progressive capital
- Premium exemption with parameters assigned to exemption-related cover
- Disability rates
- Unemployment.

The additional cover is determined by means of these rating structures. The interrelationships and the relationship with the prime insurance are defined in a parameter table by means of a combination of different factors.