

Innovative Systems i/Lytics SECURE

Innovative Systems Delivers Quality and Confidence to Protective Life's Compliance Program

CATEGORY: Data Quality

REVIEWER: Gary Binford, vice president, Life Systems for Protective Life Corporation.

BACKGROUND: Protective Life Corporation is a Fortune 500 diversified life insurance and financial services company, whose primary business lines include life insurance, retirement savings and investment products, and asset protection products. Protective distributes its products throughout the United States utilizing a variety of channels including independent insurance agents, financial planners, insurance brokers, stockbrokers, financial institutions, auto dealerships and direct response organizations.

PLATFORM: Windows NT.

PROBLEM SOLVED: The USA PATRIOT Act of 2001, which contains strong measures to prevent, detect and prosecute terrorism and international money laundering, imposes new compliance obligations on many industries, including insurance. Upon reviewing the Act's mandates, Protective's legal department submitted a compliance software project proposal to the corporation's information technology council. The project team determined that the company would need to implement interdiction compliance software in order to meet the new standards. During the software evaluation, the project team quickly determined that ensuring the quality of the data would be as important to project success as the ability to match customer names to government-provided suspect lists, such as the U.S. Treasury's Office of Foreign Assets Control (OFAC) list. Protective ultimately selected Innovative Systems' i/Lytics SECURE because it was the only product to combine comprehensive data cleansing and matching capabilities.

PRODUCT FUNCTIONALITY: i/Lytics SECURE was easily implemented and interfaced with our application systems and now runs on a nightly,

MANUFACTURER



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batch basis. i/Lytics SECURE's sophisticated cleansing and matching capabilities reduce the number of false positives the product generates. Because compliance with the U.S.A. PATRIOT Act requires organizations to report "hits" against the OFAC list, all suspect matches generated by the compliance process must be manually reviewed to determine which are true matches and need to be reported. By reducing the number of false positives generated, i/Lytics SECURE enables Protective's compliance officials to focus their review efforts on those matches that are truly suspect, saving significant time and expense. i/Lytics SECURE affords the company a strong measure of confidence that it is in full compliance with the USA PATRIOT Act. Future plans include implementing i/Lytics SECURE's online API screening capability.

STRENGTHS: The product's powerful cleansing and matching capabilities are its strongest differentiators. In addition, Protective is confident that i/Lytics SECURE's power and flexibility will allow the company to extend its use to future mandated compliance activities. Insurance companies evaluating OFAC software should consider the significant costs of implementing the interfaces between the OFAC software product and the many administrative

systems they have. In doing so, you soon realize that the OFAC software cost ceases to be a major factor when compared to the costs of implementing the interfaces. Consequently, it is critical that insurance companies select the best system from the most stable vendor available in order to minimize the possibility of having to redo the interfaces later.

WEAKNESSES: Because the matching rules are so powerful, there is a danger of over- or under-matching if the established matching rules and logic are too liberal or too conservative. The set-up of Protective's matching rules did not initially provide the tight result set that was desired. However, the process of tuning the matching rules to meet Protective's expectations was accomplished in a matter of days.

SELECTION CRITERIA: The Protective project team identified four main selection criteria: performance; quality of the name and address scrubbing process; accuracy, flexibility and sophistication of the match engine; and quality and stability of the software vendor. Innovative was selected because their product and company best met these criteria. Distinguishing factors included: the product's ability to match on a number of criteria, not just name and address; the product's consistent scoring levels for variations and permutations of name structures; the company's impressive list of large clients; and the responsiveness of Innovative's sales and delivery personnel.

DELIVERABLES: Nightly batch runs of i/Lytics SECURE produce suspect reports that are reviewed daily by a Protective compliance officer.

VENDOR SUPPORT: Support throughout the evaluation, sale and implementation has been outstanding. After encountering some initial problems with Protective's match results, Innovative quickly addressed all concerns and solved the problem within days of our call.

DOCUMENTATION: The documentation is excellent.