SIMFUNI

Guide

Modernising closed books to reduce cost, risk and legacy dependency

A guide to modern closed-book servicing in life insurance

Introduction

Closed to new business does not mean closed to work. Closed books continue to generate policy servicing, payment activity, customer enquiries, reporting, exceptions and compliance obligations. Yet many remain supported by ageing policy administration systems, manual processes and specialist knowledge held by a small number of experienced employees.

This creates a difficult equation for life insurers. As policy volumes decline, the operational environment supporting the book may remain largely unchanged. Fixed technology costs continue. Manual workarounds become embedded. Reporting and control become harder to maintain.

Customers on older platforms may also receive a different servicing experience from customers on newer systems - not because of the value of their policy, but because of where it is administered.

Migration is often presented as the answer. Moving policies away from a legacy system can reduce technical dependency, but migration alone does not automatically remove the processes, exceptions, data issues and operating practices surrounding the book.

Without a broader servicing strategy, existing problems can simply move into a new environment.

Modernising closed books therefore requires two connected capabilities:

1. A safer, more controlled way to understand and migrate legacy data.
2. A modern operating model for servicing the policies after they move.

This guide examines where closed-book pressure and cost build, why migration alone may fall short, how servicing complexity can be reduced, and what life insurers should look for in a modern closed-book operating model

Why closed books keep creating operational pressure

Closing a product to new business changes the commercial status of the portfolio, but it does not end the insurer's responsibilities.

Policies may remain active for many years, requiring insurers to continue processing payments, maintaining records, responding to customer and adviser requests, administering policy changes, managing exceptions, producing reports and meeting compliance obligations. The book may be closed, but operationally it remains active.

The work continues after sales stop

When servicing activities sit across disconnected systems, they create manual handoffs between operations, finance, customer service, technology and compliance teams.

Each handoff can add delay, increase the likelihood of error and make the end-to-end position harder to see.

The operational burden may not be obvious because it is often distributed across multiple teams and budgets. A manual reconciliation may sit with finance. A payment exception may sit with operations. A reporting workaround may sit with technology. A customer communication may sit with a servicing team.

Individually, each process may appear manageable. Together, they can create a substantial ongoing servicing burden.

Why doing nothing is not risk-free

Migration is often delayed because it is perceived as complex, expensive or disruptive. Those concerns are valid. But maintaining the current environment is not a neutral decision. Keeping closed books on ageing systems can maintain or increase several forms of risk.

Operational dependency
Critical processes may rely on specialist teams, bespoke scripts, spreadsheets or undocumented knowledge.

Compliance risk
When evidence sits across systems and manual controls, demonstrating that obligations have been met can require disproportionate effort.

Processing errors
Repeated manual activity creates more opportunities for incorrect data entry, missed actions, inconsistent treatment or reconciliation failures.

System fragility
A platform may continue to function while becoming progressively harder to change, integrate, support or recover.

Knowledge concentration
The people who understand older products, data structures and operational workarounds may also be approaching retirement or moving into other roles.

Policyholder servicing risk
Customers on older books may have fewer digital options, slower service and less consistent communication than customers on newer platforms.

Legacy risk does not always appear as a major system failure. It often accumulates quietly in the workarounds, dependencies and controls required to keep the environment functioning.

Signs operational pressure may be increasing

A closed book may warrant closer review when:

- teams rely heavily on spreadsheets or side processes
- routine requests require specialist intervention
- reporting takes longer than expected to produce
- payment and policy information must be reconciled manually
- exceptions are increasing but are not visible in one place
- changes are avoided because the system is difficult to modify
- operational knowledge is concentrated among a small group
- the business cannot easily explain the full cost of maintaining the portfolio
- customer servicing differs materially between older and newer books

These signs do not necessarily mean that a full migration must happen immediately. They indicate that the current operating model may be creating pressure that deserves to be understood.

Where closed-book cost really builds

Closed-book cost is rarely contained in one technology budget. It accumulates across systems, servicing teams, payment processes, reporting, exception handling, compliance work and specialist support.

Because these costs sit across different functions, they can be difficult to see as one connected operating expense.

The economics change as policy volumes decline

As the number of active policies reduces, the fixed cost of maintaining the supporting environment may not decline at the same rate.

Insurers may continue to carry software, hosting, infrastructure, security, support, specialist resources, operational teams, reporting processes, integrations and business-continuity arrangements even as policy numbers fall.

This can increase the cost to serve each remaining policy, particularly when servicing remains heavily manual.

! **The issue is not that closed books create cost. Insurers expect them to. The issue is whether the cost, risk and effort remain proportionate to the size and strategic value of the book.**

Where the hidden cost sits

Legacy-system maintenance
Older platforms may require scarce technical skills, bespoke support arrangements and extensive testing for even minor changes.Costs can continue even when the system supports only a declining portfolio.

Manual servicing
Policy alterations, customer requests and exception cases may depend on people moving information between systems, checking records or recreating policy context manually.

Fragmented reporting
Producing a complete view may require extracts from multiple systems, manual consolidation and reconciliation before the information can be trusted.

Payment exceptions
Failed payments, unapplied cash, arrears, refunds and changes to payment instructions can create significant manual work when payment information is not connected to policy servicing.

Policyholder support
Customer service teams may need to navigate multiple applications or refer enquiries to specialist teams because older systems cannot provide a complete or accessible view.

Compliance workarounds
Rules and evidence may be maintained outside the primary system through spreadsheets, checklists, email approvals or manual review processes.

Specialist operational knowledge
The true cost of institutional knowledge is not only salary. It is also the delay and delivery risk created when a small number of people become essential to understanding products, fields, calculations or exceptions.

Assessing the true cost

A useful assessment should go beyond technology expenditure and consider:

- cost per active policy and servicing effort per request
- volume and complexity of manual exceptions
- time and effort required for reporting, reconciliation and remediation
- number of systems and integrations involved in servicing
- dependency on specialist employees or suppliers
- customer delays, complaints and control costs linked to system limitations

The aim is not to arrive at a precise total straight away, but to make the full servicing burden visible enough to support an informed decision.

Why migration alone is not enough

Migration can reduce dependency on an ageing system. But moving policies does not automatically remove the work surrounding them.

A new platform can inherit manual servicing processes, payment exceptions, reporting gaps, inconsistent data, duplicated controls, undocumented business rules and fragmented customer communications.

In other words, the policies can move while the problems move with them.

Move the policies, not the problems

A migration that focuses only on extracting and loading policy data may reproduce the current operating model in a new technical environment.

A manual payment exception may remain manual, an off-system compliance check may stay outside the workflow, and a reporting reconciliation may continue because the underlying definitions were never resolved. Customer requests may still pass between several teams, while servicing rules held in institutional memory may never be captured in the new process.

The result may be a more modern platform carrying many of the same operational costs and dependencies.

Define the future operating model before moving the data

Before deciding how data should move, insurers should decide how the book should operate after migration.

Questions to consider include:

- Which activities should be automated?
- Which events should trigger servicing workflows?
- How should payment exceptions be managed?
- What information should be visible to operations teams?
- Where should human judgement remain essential?
- How will compliance evidence be captured?
- Which existing workarounds should be retired rather than recreated?
- How will customers interact with the book after migration?
- What should the target cost-to-serve look like?
- How will operational performance be measured?

These questions turn migration from a technical transfer into an operating-model decision.

Map meaning, not only fields

Insurance data is behaviour-rich. A policy record is not simply a collection of values. It represents product rules, transaction history, financial outcomes and contractual obligations.

A source-to-target mapping needs to preserve how the policy works, not just where each field goes. That includes how status is determined, paid-to-date is calculated, premium changes and reinstatements affect the policy history, beneficiary or ownership changes are represented, transaction sequencing influences outcomes, and exceptions or overrides are handled.

Field-level accuracy is necessary, but it is not sufficient. Validation must also demonstrate that policy behaviour, financial outcomes and servicing obligations remain correct.

A successful migration does more than change where the policies live.

It reduces the effort, dependency and complexity required to service them.

How to reduce servicing complexity

A modern closed-book operating model brings policy servicing, payments, customer actions, workflows and operational oversight into a more connected environment.

The goal is not automation for its own sake. It is to remove avoidable manual handoffs, make exceptions visible and give teams clearer control over ongoing obligations.

Connect the operational moments

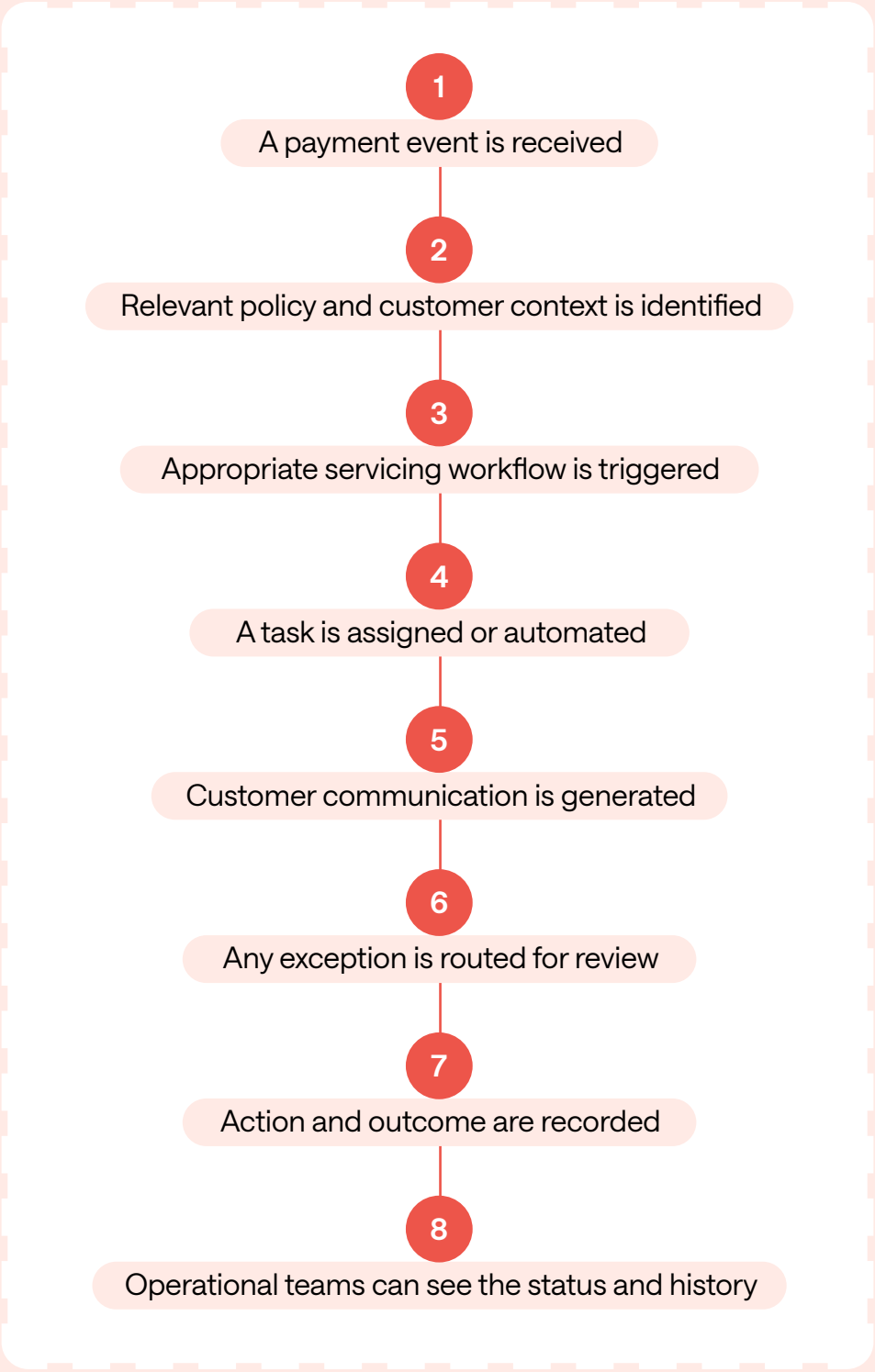
Closed books continue to generate live events, from successful or failed payments and customer detail changes to review points, communications, approvals, compliance actions, exceptions and complaints.

When these events sit in separate systems, teams must identify what happened, reconstruct the policy context, decide what to do and coordinate the response manually across teams.

A connected model allows the event and the servicing action to form part of one integrated workflow.

What a connected workflow can look like

Consider a payment exception:



The important change is not simply that the payment event exists. It is that the event is connected to the policy, the servicing process, the communication and the operational control surrounding it.

Move from manual handoffs to controlled workflows

A modern servicing model should support several operational shifts.

From fragmented servicing to connected operations
Policy, payment, customer and workflow information can be viewed and acted on together.

From repeated manual actions to event-driven workflows
Operational events can trigger the next appropriate step rather than relying on someone to notice and respond.

From hidden exceptions to visible queues
Teams can see which items require attention, why they require it and who owns the next action.

From institutional memory to embedded process
Rules, approvals and servicing steps can be incorporated into workflows rather than existing only in people's knowledge.

From retrospective reporting to operational visibility
Leaders can understand workload, exceptions, risk and performance without waiting for manual consolidation.

From inconsistent control to traceable execution
Actions, decisions and approvals can be recorded as part of the workflow, creating a clear and auditable history.

Customer outcomes matter too

Modernising closed-book servicing is not only an efficiency programme. Customers generally experience one insurer, not a collection of systems, acquired books and product generations.

When older platforms restrict self-service, communication or payment options, customers on closed books may receive a materially different experience from customers on newer systems.

A modern servicing model can support clearer communication, faster turnaround, more consistent treatment, improved self-service, better visibility of payment and policy status, fewer handoffs and stronger oversight of customer outcomes.

Operational simplification and customer experience are connected. Reducing fragmentation can improve both cost-to-serve and the consistency of policyholder servicing.

How to approach migration with less risk

Closed-book migration is difficult because the source environment has often evolved over many years.

Data may be spread across policy systems, payment platforms, spreadsheets, document repositories and bespoke databases. Field meanings may be poorly documented. Relationships between files may be unclear. Critical knowledge may sit with a few people who also have demanding day-to-day roles.

Traditional migration approaches ask teams to understand, map and restructure this data before it can be loaded into the target platform.

That work is slow, resource-intensive and vulnerable to late surprises.

The risk often sits in the data

Legacy information is often spread across fragmented source systems, with inconsistent field names, undocumented codes and missing or duplicated records. Relationships between datasets may be unclear, business rules can be buried in free text, and migration teams may face thousands of source-to-target mapping decisions alongside complex transformation, validation and reconciliation work.

These issues often make data migration the critical path in a policy administration replacement programme. When they are discovered late, remediation becomes more costly and disruptive.

Surface issues earlier

A lower-risk migration approach brings data understanding, mapping and validation forward.

The process should:

1. Accept source data in the form it actually exists.
2. Profile the data to understand its structure and quality.
3. Identify likely keys and relationships.
4. Interpret fields in their business context.
5. Propose source-to-target mappings.
6. Highlight uncertainty and anomalies.
7. Route ambiguous decisions to subject-matter experts.
8. Execute approved transformation rules consistently.
9. Validate the output against the target specification.
10. Reconcile results and retain evidence for sign-off.

This changes the shape of the work. Teams begin with structured proposals and identified issues rather than blank mapping spreadsheets.

Where AI-assisted migration can help

AI-assisted analysis is particularly valuable when teams need to interpret unfamiliar data and identify patterns quickly. It can infer file structures, interpret field names alongside sample values, detect relationships between datasets, propose mappings, explain the rationale behind them, identify anomalies and surface ambiguous areas for human review.

Traditional extraction, transformation and loading tools generally work best once source structures and rules are already understood. AI-assisted analysis can support the earlier and more ambiguous task of understanding unfamiliar legacy data.

AI-assisted does not mean autonomous

Critical insurance data should not be migrated through an unreviewed black box. A controlled approach separates the work that benefits from AI assistance from the work that must remain deterministic and accountable.

AI may assist with:

- interpretation
- pattern recognition
- first-pass proposals
- confidence assessment
- anomaly detection

Deterministic processes should be used for:

- approved transformations
- target-schema validation
- business-rule checks
- reconciliation
- repeatable output generation

Humans should remain responsible for:

- reviewing mappings
- resolving ambiguity
- approving transformation logic
- validating business meaning
- signing off outcomes

The appropriate framing is therefore AI-assisted migration acceleration, not autonomous migration.

Human expertise becomes more valuable, not less

The purpose of AI assistance is not to remove migration specialists or business subject-matter experts. AI assistance can reduce the time specialists spend inspecting source files, drafting initial mappings, recreating transformation logic and searching for obvious data-quality issues.

Their attention can then focus on ambiguous fields, complex product rules, financial and contractual meaning, edge cases, conflicting information and final accountability. AI can produce a useful first draft. Humans still provide the judgement and accountability required to make it trustworthy.

Validation, reconciliation and auditability

A migration is not complete because the data loaded successfully. Insurers must demonstrate that required fields are present, values conform to the target format, record relationships remain intact, policy behaviour and financial outcomes are correct, control totals reconcile, exceptions are resolved and every output can be traced back to its source.

Validation should be continuous rather than treated as a final phase. Repeatable test passes allow issues to be identified and corrected earlier. Migration records should retain mappings, transformation versions, approvals, issue histories and reconciliation evidence.

Protect servicing continuity

Migration cannot interrupt the obligations attached to the book. Migration planning must account for continued payment collection, active policy servicing, customer enquiries, compliance actions, reporting deadlines, cutover exceptions, rollback arrangements and post-migration monitoring.

This requires coordination between data, technology, operations, finance, risk and customer service teams. The definition of success should include not only technical completion, but also servicing continuity, financial accuracy and operational control.

What to look for in a modern closed-book operating model

A modern closed-book operating model should bring servicing and migration together. It should reduce the cost and dependency of the current environment while giving the insurer a controlled way to move data, maintain policyholder obligations and operate the book over time.

Core characteristics

Lower cost-to-serve
The model should reduce avoidable manual effort, simplify servicing processes and lower the operational burden surrounding the book.

Reduced legacy dependency
The insurer should become less dependent on ageing platforms, bespoke integrations, specialist skills and undocumented workarounds.

Connected servicing and payments
Policy and payment events should form part of the same operational context, allowing teams to act with better information and fewer handoffs.

Controlled workflows
Servicing tasks, approvals, communications and exceptions should move through visible and repeatable workflows.

Clear operational oversight
Teams should be able to understand workload, status, exceptions and ownership without relying on manual reporting.

Embedded compliance and auditability
Rules, decisions and actions should be captured in the process, with evidence that can be reviewed and traced.

Managed exceptions
The aim is not to force every policy down a standard path. It is to make non-standard cases easier to identify, route and resolve.

Controlled migration
Legacy data should be understood, mapped, transformed, validated and reconciled through a process that retains human oversight.

Servicing continuity
Payments, policyholder support and compliance obligations must continue throughout migration and after transition.

Better policyholder outcomes
The model should support more consistent, responsive and transparent servicing across both older and newer books.

Closed-book modernisation assessment checklist

Use the following questions to assess whether operational pressure is building and whether the current migration and servicing strategy is broad enough.

Select one response for each question

Cost and effort	Yes	No	Not sure
Is the cost to serve each remaining policy increasing?			
Does the book require significant manual servicing?			
Are payment exceptions expensive or time-consuming to manage?			
Are reporting and compliance costs spread across several teams?			
Is the full cost of the closed-book operating environment difficult to quantify?			
Legacy dependency	**Yes**	**No**	**Not sure**
Do core activities rely on ageing policy administration systems?			
Are critical processes supported by spreadsheets or manual workarounds?			
Is specialist knowledge concentrated among a small number of employees?			
Do simple changes require disproportionate technology effort?			
Are teams reluctant to change the environment because of fragility or uncertainty?			
Servicing and control	**Yes**	**No**	**Not sure**
Are payments, policy data, communications and tasks managed separately?			
Is there no single view of active servicing work and exceptions?			
Do teams have to chase information between functions?			
Are compliance controls difficult to evidence consistently?			
Do customers on closed books receive a more limited service experience?			
Migration readiness	**Yes**	**No**	**Not sure**
Is legacy data fragmented or poorly documented?			
Does mapping depend heavily on manual analysis?			
Are business rules embedded in spreadsheets, code or institutional knowledge?			
Are data-quality issues likely to be discovered late?			
Is the approach to validation and reconciliation clearly defined?			
Is there a plan for maintaining servicing continuity during migration?			
Target operating model	**Yes**	**No**	**Not sure**
Does the migration plan focus mainly on moving policy data?			
Have the existing workarounds that should be retired been identified?			
Is the future servicing model clearly documented?			
Are connected servicing, payments and workflows part of the target state?			
Can improvements in cost, effort, control and customer outcomes be measured?			
Is it clear how exceptions will be managed after migration?			

Interpreting the checklist result

Mostly "No"
The current environment may be relatively controlled, although individual areas may still warrant review.

Several "Yes" or "Not sure" answers
Cost, risk or operational dependency may be building in areas that are not fully visible.

"Yes" across several categories
The challenge is likely broader than technology replacement alone. A joined-up modernisation strategy may need to address data, migration, servicing, payments, workflows and control together.

Conclusion

Closed books do not become operationally passive when new business stops. They continue to carry policyholder obligations, financial activity, servicing work and regulatory responsibility. When these books remain on ageing systems, the visible technology cost can be overshadowed by the operational complexity surrounding them.

Migration can reduce legacy dependency, but migration alone is not the outcome. The stronger objective is to move the policies while reducing the work, risk and complexity the current environment keeps creating.

A successful modernisation programme should establish the true cost and risk of the current environment, define the future servicing model before migration and surface data issues early. It should also retain human accountability, use deterministic validation, protect servicing continuity and connect servicing, payments, workflows and operational visibility.

> The real measure of success is not the migration itself, but whether the book becomes simpler, safer and more efficient to run.

About Simfuni

Simfuni provides modern operational software for life insurers, with a focus on in-force servicing, payments and operational orchestration.

The platform connects policy servicing, payment events, customer actions and operational workflows in a more visible and controlled environment.

This helps insurers reduce manual effort, improve operational oversight and progressively reduce dependency on fragmented legacy systems.

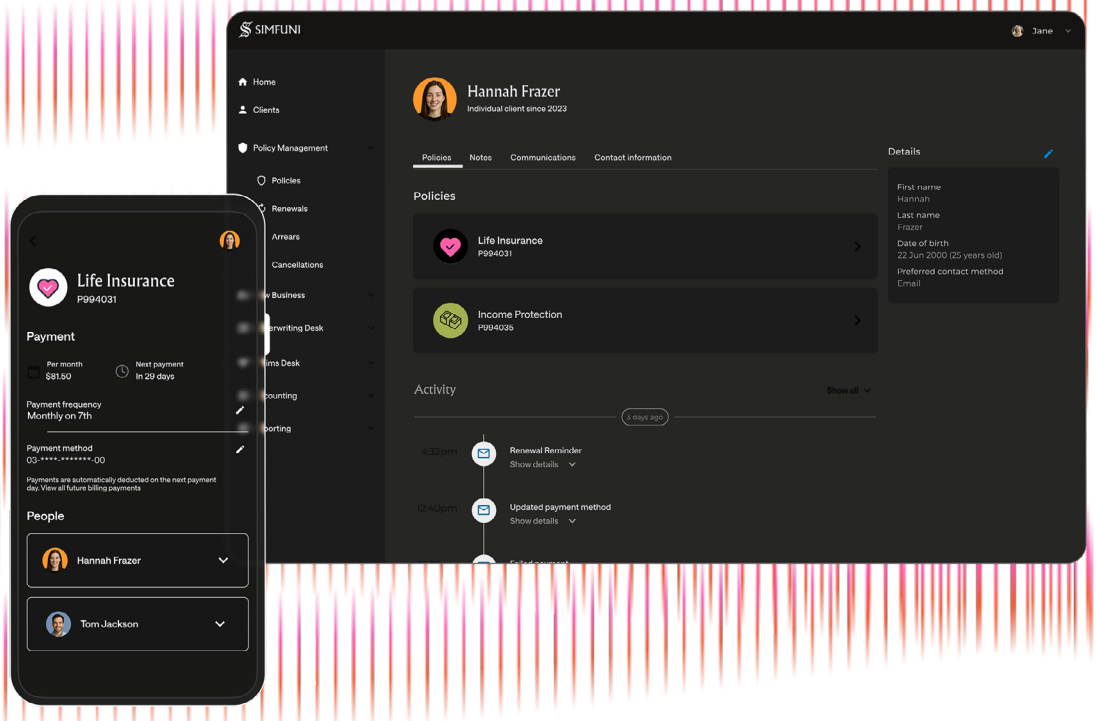
Overture

Overture is Simfuni's AI-assisted migration acceleration technology, designed to help insurers understand, map, transform and validate legacy data before loading it into a modern policy administration system.

It analyses unfamiliar source files, infers data structures and relationships, proposes source-to-target mappings and explains the rationale behind them. It can also identify anomalies and data-quality issues, recommend transformation rules, surface ambiguities for human review and produce validated, target-aligned outputs with full traceability back to the source data.

AI helps accelerate the analysis, while human reviewers remain in control of key decisions and final sign-off. The process remains consistent, transparent and auditable.

Overture is designed to help migration teams work faster and more effectively - not to replace the expertise, judgement and accountability they provide.



Orchestrating modern life insurance operations

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