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TECHNOLOGY FOCUS

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Communities drive ACORD standards

Most people equate ACORD with the standards we maintain on behalf of the global insurance industry. I would not have it any other way.

But ACORD is also a community of communities, a movement and a focus, when you think about it.

We bring together people and organisations to develop common standards that benefit everybody today and help to build a brighter future. We lead the movement towards smarter use of information, closer collaboration and better customer service. And we provide focal points for groups interested in breaking new ground with standards.

The Rüschtikon initiative is such a group part of the ACORD community. It is making excellent progress and it has that quality all

ards and support to groups like Rüschtikon. Implementation groups build the processes required to exploit the standards in their areas of interest.

The success of these groups in turn enhances the value of the standards to the wider community. The more implementation there is, the greater the business opportunities and the broader the experience base within the industry.

The Rüschtikon initiative engaged with ACORD standards from the outset. Global compatibility was a key goal and this is a continuing commitment.

As implementations drive forward, we work closely to resolve new issues as they emerge and incorporate solutions into the ACORD standards.

This ensures compatibility with other implementation initiatives like the Reinsurance Advisory Group in the US and the Non-Bureau Business Group in London.

A collection of standards must be, among other things, coherent, authoritative and accessible. This means effective standards can look monolithic.

They are really not, as we have a centre of gravity with the ACORD standards and the framework, a suite of industry enterprise models. Standards without implementation groups are like tools without workers. And the coherence of an effective set of standards masks the great diversity of the interests that went into creating them and the limitless opportunities they offer. ■

Greg Maciag, president and chief executive, ACORD, gmaciag@acord.org



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successful initiatives need momentum. I salute everyone involved in the group.

ACORD has around 30 such groups and not all of them are the same. One of the better-known groups in the US is Augie, the ACORD User Group Information Exchange. It is a forum for ACORD, agents, brokers, insurers, solution providers and associations to gather information, share ideas and actively shape the future of the insurance industry.

Most groups form around implementation initiatives. Standards do not implement themselves but, more importantly, individuals do not implement standards.

There are always at least two parties to a standards implementation, so collaboration is a must.

It therefore makes sense for people who identify themselves as partners in a value chain to come together and co-ordinate their implementation efforts.

ACORD provides industry stand-



Rüschtikon, Switzerland

Jochen Jansen

Rüschtikon renews insurance administration



By Regis Delayat and Ian Summers

The town of Rüschtikon on Lake Zurich, which is home to around 5,000 people as well as an IBM research lab, has given its name to an initiative aimed at reshaping the insurance industry. This initiative seeks to design and implement processes that enhance client service and reduce operational costs. Its initial leadership are all global players; it has a global ambition and is set to change the way insurance administration works.

Managers realise the traditional back-office processing chain is inefficient, both within organisations and between them. The same information is entered and re-entered multiple times in multiple systems by insurers, brokers and reinsurers. Exchanging information in this way means unnecessary additional costs are added at each step. These costs accumulate and exert a drag on responsiveness and profitability.

Each partner in the chain does something different with the core information, but this core information is – or should be – stable and reliable.

Efficiency and effectiveness

Of course, efficiency alone is never a killer argument for changing a business practice. Efficiency must be balanced with effectiveness. In this case, both dimensions support a move to standardising the data (using ACORD standards) being shared across the chain.

Reducing, or ideally eliminating, data re-entry leads to a reduction in errors and therefore an improvement in data quality. Better quality data leads to better quality decisions. Attacking in-efficiency in

Repetition of work across the value chain is a key factor in the speed of payments, so anything that can be done to remedy the situation will have a direct effect on the financial health of business partners and, importantly, the client experience

this area is therefore a powerful way of improving the business.

Traditional practices also fail to meet the business demand for faster turnaround times. Repetition of work across the value chain is a key factor in the speed of payments, so anything that can be done to remedy the situation will have a direct effect on the financial health of business partners and, importantly, the client experience.

Founding partners

Three brokers and three reinsurers came together to launch Rüschtikon: Aon Benfield, Willis, Guy Carpenter, Swiss Re, Munich Re and Scor. Volume of business and related administrative exchanges between these brokers and reinsurers are significant.

This gives them combined critical mass when it comes to creating new ways of co-operating, but of course the objective is to include all other players in the market.

The resources invested in the initiative will yield returns not just for themselves but also for the industry through the trialling, debugging and refinement of electronic exchange processes.

Exchanging information globally in a predictable and repeatable fashion requires data compatibility, agreement on processes and responsibilities, and commitment

According to insurance software solutions specialist, Hyland Software, in some cases the use of mobile devices and electronic data-capture management has shaved as much as 40% off the initial underwriting process



to a timeline. Rüşchlikon's data compatibility requirements are catered for by ACORD standards and the process and responsibility agreement is enshrined in a rule-book created by the group.

Agreeing to the process timeline

The Rüşchlikon group quickly agreed the timeline dictated by traditional methods – using paper, fax and email attachments – was too long. It agreed to a new benchmark timeline that sets a maximum processing time for each stage. Rüşchlikon users commit to these maximum times and to continuous improvement. For example, acknowledgement must be completed at day 10 following a claim or technical account message, while five days are allowed after financial account reception.

These limits are already regarded as worst-case times rather than the norm. Rüşchlikon members regularly record cycle times three times faster than traditional processes.

Growing volume and community

From the beginning, Rüşchlikon has taken care to define a "capability matrix" and metrics to measure progress and set e-processing objectives. In the same vein, collecting performance data and hard evidence of efficiency gains will bring more players into the fold. Such measures also act as a spur to further improvement.

The founding partners are big

215,000

Number of transactions the Rüşchlikon group is expected to process in 2011

players that can make business cases based on small improvements repeated over large volumes of transactions. Indeed, we expect the Rüşchlikon group to process 215,000 transactions in 2011, up 50% on 2010.

Marketing actions have also been identified and planned to enlarge the Rüşchlikon community with other players that want to get involved.

Full or lite

To help cedants and smaller brokers take advantage of the Rüşchlikon processes without the need to invest immediately in new technology, Rüşchlikon "Lite" has been introduced.

It allows sending parties to

exchange information without making any changes to their existing systems. A lite participant can send information in its own formats, for example via spreadsheet, which are translated by a lightweight hub on the web.

The hub "speaks ACORD" and uses the standards as a common translation medium, so the receivers of information can rely on structured, quality information ready to be loaded into their systems. This means any cedant or smaller broker can join the Rüşchlikon community and gain the benefits of standards-compliant e-processing without changing a single line of code in their own systems.

Better all round

All in all, e-processing allows freeing up of skilled resources to focus on client service, improved organisational flexibility and access to a growing trading community, thereby enabling further expansion. At the same time, common processing requirements enable better use and balancing of resources and global skills transfer.

Rüşchlikon provides administrative cost savings – which could be as much as 30%. But there is a range of other benefits too.

First, because message delivery is guaranteed by the agreed-upon process supported by relevant documentation, trading partners deal with fewer queries.

Second, Rüşchlikon parties build

better working relationships with each other: they can focus on business collaboration rather than technical matters.

Third, common referencing across accounting and claims processes reduces the need for manual reconciliation. Fourth, it opens the door for higher data granularity.

The Rüşchlikon initiative is enhancing value across the insurance value chain.

It is easy to get involved and the benefits are clear, so make sure you are not missing out. ■

Regis Delayat is Global chief information officer of Scor and Ian Summers is chief information officer for Aon Risk Solutions

Time for a tablet

Arming mobile devices with enterprise applications can enhance broker efficiency, leading to a significant reduction in the time allocated to the initial underwriting process



By Greg Dobie,
Sydney
Managing editor

Over the past decade technology has helped streamline some of the processes within the data-intensive insurance sector.

Yet, conversely, in many cases the industry's everyday methods of working have changed little over the centuries it has been operating – particularly the methodical completion of forms and documents.

Now, with the release of mobile versions of business-critical applications, there exists a valuable opportunity for organisations to carry out day-to-day processes more efficiently – and subsequently realise substantial mobility and productivity gains.

According to insurance software solutions specialist Hyland Software, in some cases the use of mobile devices and electronic data-capture management has shaved as much as 40% off the initial underwriting process.

"This is a considerable timesaving, especially considering, ultimately, it is often not the best price or the perceived value of the policy that makes a client choose a policy provider but rather who can execute it in the most timely fashion," senior industry manager at Hyland, Charles Hanna, said.

He drew attention to the "mil-

lions upon millions" of pages of information which still exist in offices around the world relating to current and pending insurance policies, much of which is in paper format that needs to be processed, digitised and assessed.

"While all of this information is vital to ensuring the policy is right for both the customer and the insurer, collecting and collating it is a time-intensive exercise, even with relatively simple policies," Hanna said. He cites the experience of broker involvement in the life insurance sector as a particular example. "Many brokers still visit a

prompted many brokers to more closely examine how they were doing business to improve areas such as efficiency, timely quotes, reacting to change and speed to market, Hanna said.

"Today, the widespread availability of affordable mobile browsers and flexibility of cloud-based software, the combination of field mobility and enterprise content management strategy offers the potential to speed up previously time-consuming processes and deliver real financial efficiency," he said.

"Armed with a Wifi- or 3G-

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Charles Hanna
Hyland Software

prospect with all the paperwork on personal details, lifestyle, health and so on, which, once completed, they take back to the office to be processed, checked and initiated and it then takes a couple of weeks before the policy is approved," Hanna explained.

"Meanwhile, at the other end of the scale, creating a product liability policy for a large multinational, where there are thousands of pages of information, can take 120 days or more to process."

Furthermore, factors such as the recent global financial crisis had

enabled tablet device, brokers can go out and capture large amounts of information on site in an electronic form, whether through on- or offline synchronisation.

"The ability to work directly to the businesses' chosen application is, of course, a far quicker and more efficient method than the traditional process of filling out a paper form, scanning it in and transferring that to a specialised business application," Hanna said.

Using technology in this way can also greatly reduce the chances for insurance fraud and improve the speed with which the appropriate checks can be made. This is a significant benefit considering the ability to gather good data quickly and identify anomalies or exceptions can make a huge difference to brokers, Hanna believes.

"Indeed, the nature of paper-based policies often makes it difficult to notice where exceptions are, as most effort is put into ensuring all the paperwork is present and correct," he said. "As well as focusing more closely on finding anomalies, it is also easier to take a deeper look at these areas if the process is done electronically," he added. ■

