



IBM Insurer Messaging Network

Market reform in practice: simplification of electronic data transfer

IBM is providing a new messaging service for insurers in the London Market which enables them to exchange transactional data with brokers through a single interface.

Electronic data transfer is already starting to deliver benefits to insurers in the London Market:

- ***Improved underwriting*** – through early access to contract details prior to agreeing terms
- ***Improved service to brokers*** – through adopting more efficient ways of placing business
- ***Operational efficiency and cost saving*** – through improved consistency and reduction in re-keying, scanning, errors and re-work.

By using IBM's Insurer Messaging Network, insurers can further benefit from:

- ***Reduction of development, maintenance and upgrade investment***
- ***Ability to focus scarce IT and operational resource on core internal systems***
- ***Straightforward connection to brokers through a single interface***
- ***A fast, low-cost entry using e-mail.***

The London insurance market is renowned for taking on the toughest risks from around the world. Although shaken by the underwriting disasters of the 1990s, the market was able to survive the huge losses from 9/11 and the catastrophic hurricanes of 2005. However, London faces new competitive pressures from other lower cost markets as well as increasing regulatory demands.

One response has been to begin transforming working practices and broadening the use of IT to improve cost efficiency and service, especially in transferring data between brokers and underwriters. Early initiatives have involved developing 'peer-to-peer' data transfer, whereby data is transferred directly between each participating insurer and broker.

However, this 'peer-to-peer' solution introduces problems for some of scalability and complexity with the proliferation of multiple 1:1 links between all trading parties. An alternative solution for insurers is to use an independent service to manage this external messaging. In this scenario, each insurer using this service needs to maintain only a single link with the service provider.

With its experience of operating the *imarket* messaging service for the UK commercial insurance market, IBM is well placed to provide such a service for the London Market.

IBM is now offering insurers its Insurer Messaging Network to provide this service. Its primary role will be to ensure that all messages are passed to the right trading partners in a secure and cost-efficient manner. For insurers, this removes the complexity of message handling, and provides the ability to concentrate on their core systems and processes. For brokers, this means being able to access many insurers through a single process and interface. For the London Market, it will support a significant step forward in the journey of reform.

The IBM Insurer Messaging Network will support the transfer of all messages to the agreed ACORD RLC and DRI standards being used in London. The data and related attachments will be used to populate the insurer's core databases, including underwriting and workflow systems. If an insurer's systems are not yet capable of doing this, IBM can provide the data in an e-mail straight to underwriters' desks.



This can be delivered as a standard e-mail for improved presentation enabling a simple and low cost first stage implementation. Further facilities can be provided, including the enhancement of the e-mail service to enable response by underwriters to brokers when the data messaging is two-way.

By using IBM's Insurer Messaging Network, insurers have to manage only one connection to IBM rather than many connections to many brokers. This means that the insurer does not have to test the messaging with each new broker who uses the service, to repeat this each time there is a change in the ACORD standard, or to liaise with them during times of system outage. Importantly, it also means that IBM can provide expertise on data messaging, covering a shortfall in this experience in the market.

The IBM Insurer Messaging Network will evolve as electronic data messaging becomes more prevalent, the scope of market reform broadens, and the adoption of ACORD standard data messaging expands into accounting and settlement, and claims. It is also expected that companies operating outside London – in Bermuda, in the USA or in continental Europe, for example – but dealing with London will also take advantage of this service.

To find out more about the IBM Insurer Messaging Network, including the fast start e-mail options, please contact:

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Data transfer to ACORD standards

