Survival of the Fittest

Evolving from London EDI to the brave new world ACORD XML

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Agenda

- Introduction
- Growing use of ACORD in London & Europe
- Our ACORD4ALL journey
- Conclusions
- Questions and discussion
Introduction – why evolve our messaging at all?

- **Because London is losing market share!**
- Aligning how we work with the global trends is a key part of making London easy to work with.
- These trends involve both business change and technology change:
  - IT change without business change will have limited benefit
  - **Business change without appropriate technology will always be painful**
ACORD caught the market’s attention over 10 years ago with the A&S initiative.

- The reports proposed widespread use of ACORD XML for both post-placing and accounting.
- Most of the proposals gathered dust on the shelves but we did get the IMR (Insurers’ Market Repository) to replace the van.

Roots of ACORD in London
The investment in, and familiarity with, ACORD has helped other initiatives too:

- ECF – enabled by the existence of the IMR.
- eAccounts - to the cry of “We’ve got the van, now let’s get the PAN” [LPAN]
- E-endorsements with all Lloyd’s syndicates having at least access to MMTs (Message Management Tools).
Meanwhile in Europe...

- London had EDI messaging for years while Europe was still using paper and faxes

- A handful of European re-insurers (Munich Re, SCOR & Swiss Re) and brokers (Aon, Benfield & Willis) got together in a quaint Swiss town

- They agreed to use ACORD EBOT messaging to streamline their accounting and settlement processes

- Their reward was massively less reconciliation issues and carriers getting their money much earlier.
...and then in London

- Non-bureau divisions of London insurers and brokers started using (and extending) the EBOT/Ruschlikon guide:
  - Fastest area of message volume growth
  - Massive business benefit just by extending their use of existing MMT infrastructure
- Going forward, the CSRP will let bureau carriers take EBOT messages from brokers
- Data Capture Service (DCS) is using ACORD Placing messages
  - But we still await news of the Placing Platform Ltd (PPL) deliberations...
Our story...

Historically we had two families of Policy Admin Systems

- Open Box/Box+ for the Lloyd’s market
- Open Co/Co+ for the company market (bureau & non-bureau)
Evolving to meet customer needs

We wanted the next version of our PAS to:

Be fully web-enabled

Single system for London & beyond

The former has been achieved by an evolutionary upgrade to our Foundation (aka Toolkit) layer and existing customers have started to migrate to it.

The second part is where we connect to the ACORD story...
The London subscription market has three almost independent families of accounting and claims messages: Lloyd’s, ILU and LIRMA.
**The Solution: A Unified Messaging Model**

- We could have brought all three EDI families into a single system and merged the processing downstream.
- Instead we chose to switch to XML and use XIS’s ACORD4All service:
  - We wanted to refresh our internal technology anyway.
  - We could see that XML was the future for other messaging too.

<table>
<thead>
<tr>
<th>Carrier messages</th>
<th>Lloyd’s</th>
<th>IUA-ILU</th>
<th>IUA – LIRMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signing</td>
<td>USM (&amp; UCM/MCM)</td>
<td>ILUCSM &amp; IPCCSM</td>
<td>DSIGN &amp; IPCDSM</td>
</tr>
<tr>
<td>Settlement</td>
<td>-</td>
<td>ILUCSB (&amp; CSC)</td>
<td>WSETT</td>
</tr>
<tr>
<td>Claims</td>
<td>SCM</td>
<td>ILU LIMCLM</td>
<td>LIRMA LIMCLM</td>
</tr>
</tbody>
</table>
Xchanging (XIS)

- LIRMA
  - DSIGN, IPCDSM, WSETT, LIMCLM
- ILU
  - ILUCSM, IPCCSM, ILUCSB, LIMCLM
- Lloyd’s
  - USM, SCM
  - MCM (UCM)
  - LORS (2-way)

OPEN Core

DMS
Was it a good decision... tactically?

- **How did London customers/prospects view it?**
  - They understood how focussing R&D on a single platform would benefit them
  - They were surprisingly comfortable with screens that did not relate the familiar EDI

- **How well does ACORD 4 All work behind the scenes?**
  - Much better than when we started the work:
    - feedback from ourselves and others has improved the quality and consistency
    - we have worked with XIS to ensure all the business data in the EDI messages is available to users
  - We now use ACORD code sets for much of our downstream processing
  - We still need some source specific process variations but these are a small proportion of the total
Was it a good decision... strategically?

- At the time we made the decision:
  - Ruschlikon messaging was new, even for European re-insurers
  - ACORD messaging had been proposed for London bureau in 2005 though all we got was DRI
  - E-Accounts was making progress but was London specific
Since then...

- London non-bureau e-accounting (Ruschlikon UK) use of ACORD messaging has snowballed
• Future Process and CSRP have made it clear that ACORD XML is a cornerstone of the market’s future
  • This includes the use of ACORD aligned codes in the planned Master Data Management Service
Where next for XSEL?

**Accounting & Settlement**

Gateway integration for Ruschlikon (EBOT)

Co-operate with CSRP design work
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**EDI messages outside ACORD4All**
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**Placing**
Extend the existing gateway integration to cover placing messages from DCS/PPL, not just e-endorsements

**Bespoke feeds**
Many use XML already: we can build adapters for the rest
ACORD is adapting too

- ACORD has always been supportive of evolving their standards to meet their members’ needs
- More recently:
  - Emphasis is on user communities not just bi-lateral agreements means better interoperability.
  - Improvements to standards process mean proposed changes are now better reviewed and available faster.
Conclusions – Evolution or Revolution?

- Revolutionary process and IT changes in this market have often produced only a small lasting change
- But...
  - Evolution works by big changes in small, beneficial steps - without knowing what the final result will be!
  - Goalposts move: small steps keep you agile and adaptable
Let’s keep evolving

• The non-bureau world is evolving already
• The sooner we start evolving beyond EDI the sooner we get the benefit
  • I want to see progress before I retire!

There’s no need to wait because...
...XML is available now!

- ACORD XML is the only answer for all Placing initiatives (e-Endorsements, DCS, PPL)
- But when is best is the time for bureau carriers to switch from EDIFACT?
  - Now, if you are putting in a new system
  - Now, if you are adding a new business unit
  - Now, if you are a multi-market business and want to unify your data feeds into a single forward looking system
  - Early/mid 2016, if you want the to take advantage of CSRP post-bind EBOT messages
Any questions or comments?

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www.xchanging.com/acord4all

www.acord.org

www.ruschlikon.com

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Thank you!