IBM

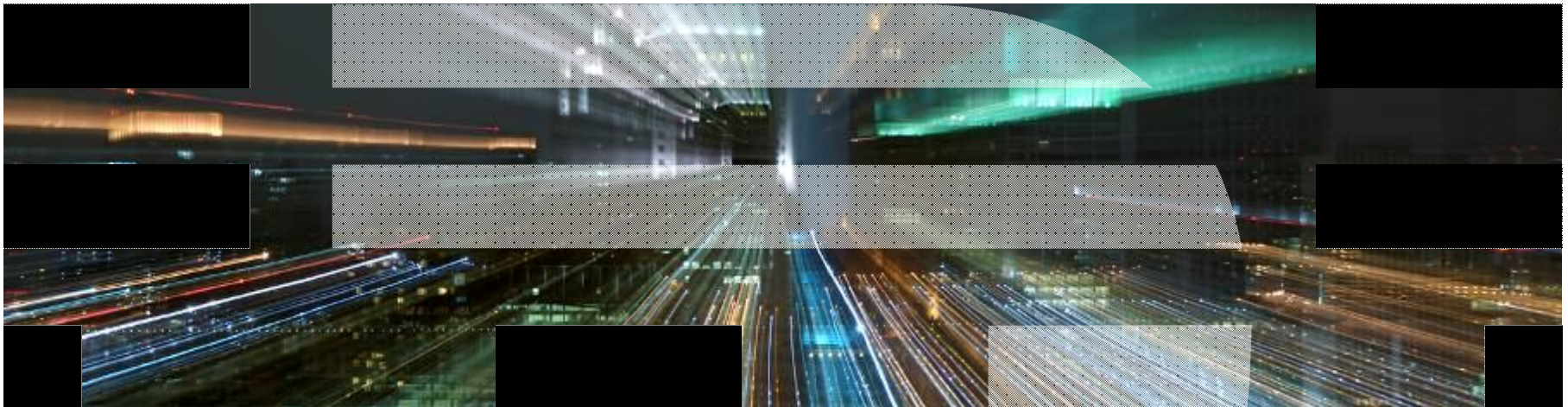# Integrated Solution Offerings for Insurance
IBM Insurance Framework

Session Objectives

1

It's the HOW!
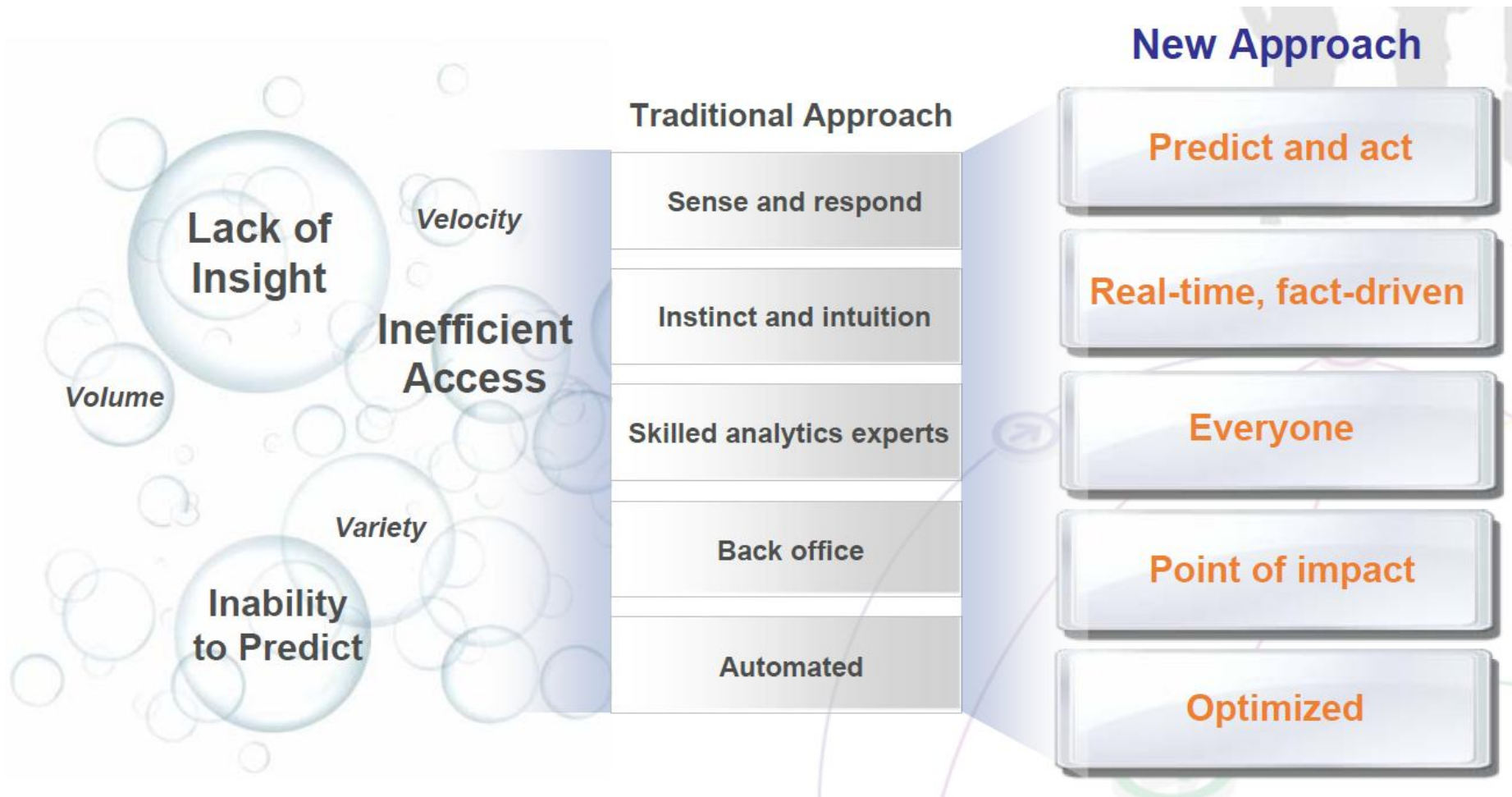*Insurance Solution Delivery*

2

Approach
IBM' Insurance Framework

3

Insurance Framework Solutions
Componentized, Extensible, Configurable

Insurers are finding new business models…

	Traditional Approach	New Approach
Velocity	Sense and respond	Predict and act
	Instinct and intuition	Real-time, fact-driven
	Skilled analytics experts	Everyone
Variety	Back office	Point of impact
	Automated	Optimized

Lack of Insight

Volume

Inefficient Access

Inability to Predict

....as business challenges become more "**dynamic**"

Emergence of new players and distribution channels

Increased partnership and collaboration across stakeholders

Customers desire increased product / service differentiation
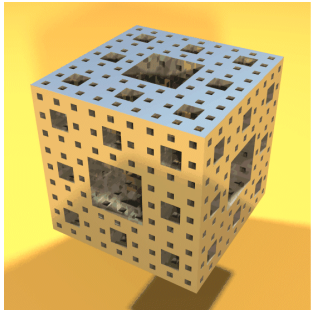
Speed-to-market issues delaying competitive responses

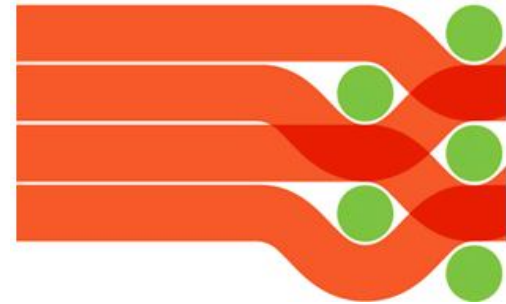**Issues of regionalization, specialization & standardization**

Inflexible and expensive core legacy systems

Insurers know WHAT to do….need help with the HOW

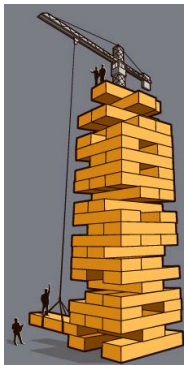**Complex**

§ Enable LOB to **execute** business strategies and decisions

§ Make it **easy** & **quick** to solve current business problems

Agile

Unstructured

§ Reduce the volatility of risk with dynamic **control** points

§ **Consistent** & **cohesive** business policies, processes & decisions

Aligned

Session Objectives

1

It's the HOW!
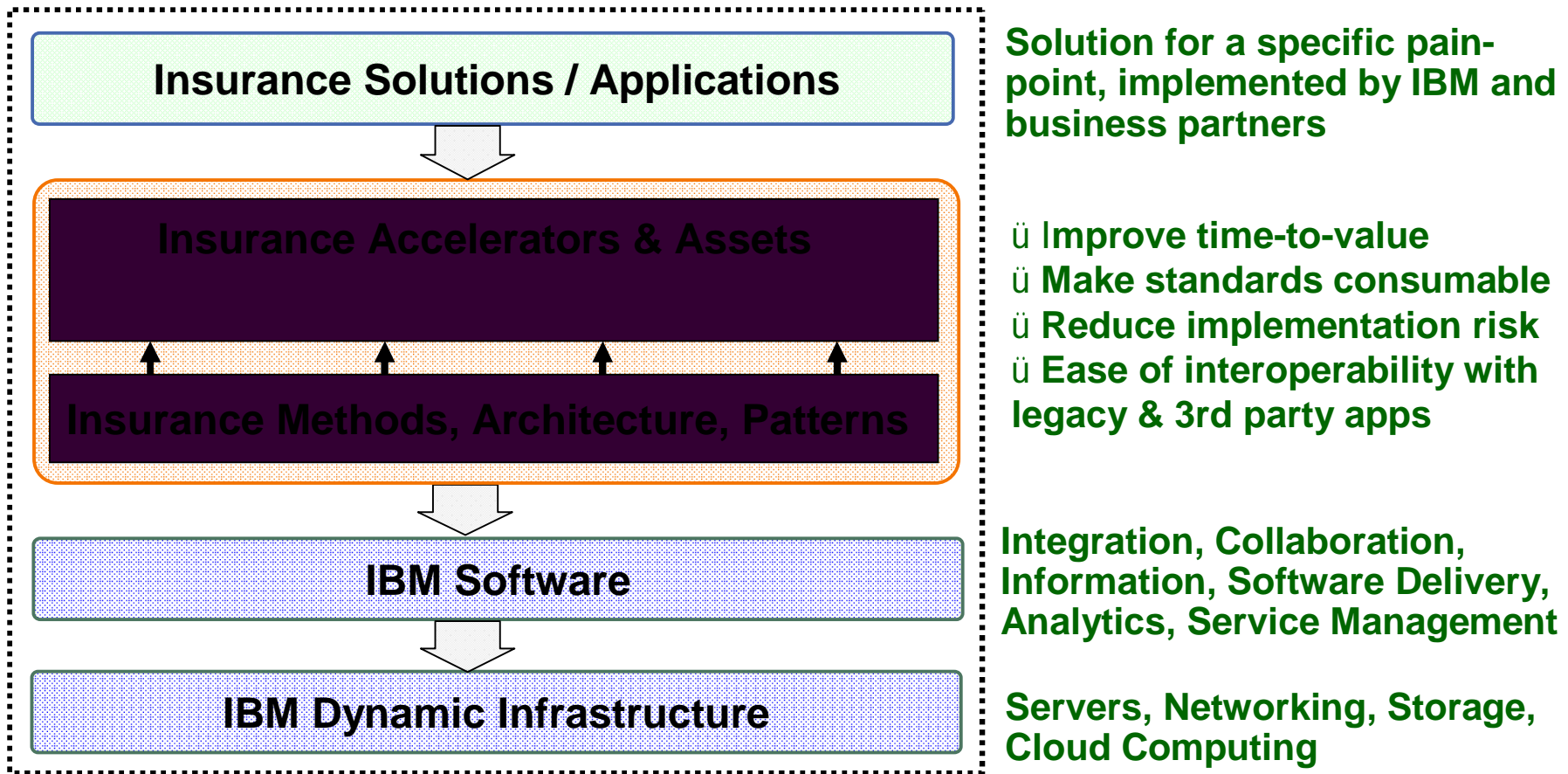*Insurance Solution Delivery*

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Insurance Framework Solutions
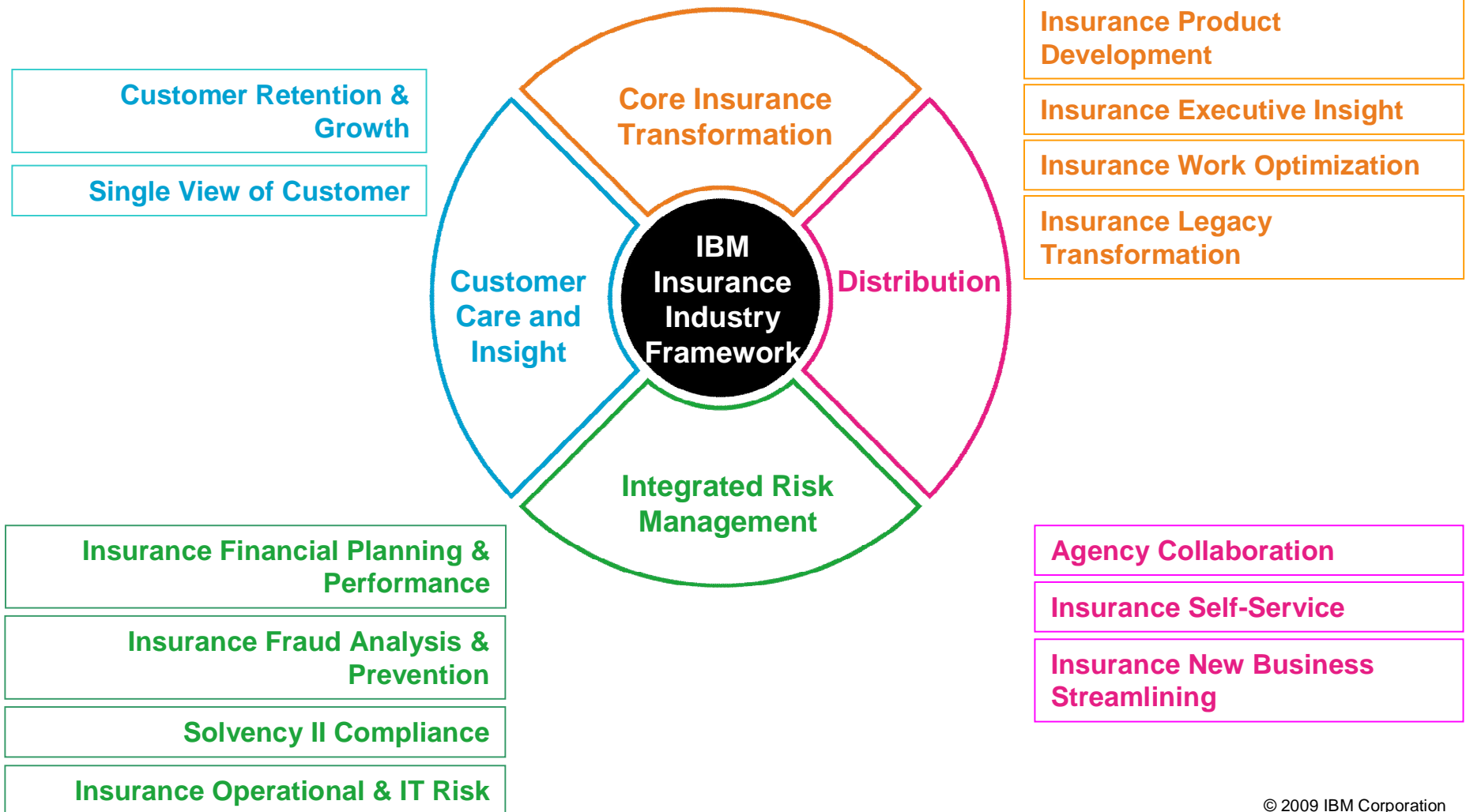*Componentized, Extensible, Configurable*

An Integrated Approach to address Insurance Needs
IBM Insurance Industry Framework

Insurance Solutions / Applications

Solution for a specific pain-point, implemented by IBM and business partners

Insurance Accelerators & Assets
Insurance Methods, Architecture, Patterns

ü **Improve time-to-value**
ü **Make standards consumable**
ü **Reduce implementation risk**
ü **Ease of interoperability with legacy & 3rd party apps**

IBM Software

Integration, Collaboration, Information, Software Delivery, Analytics, Service Management

IBM Dynamic Infrastructure

Servers, Networking, Storage, Cloud Computing

IBM

Insurance Framework Solutions
IBM Insurance Industry Framework

Customer Retention & Growth

Single View of Customer

Customer Care and Insight

Core Insurance Transformation

IBM Insurance Industry Framework

Distribution

Integrated Risk Management

Smart Claims

Underwriting Optimization

Agile Policy Administration

Insurance Product Development

Insurance Executive Insight

Insurance Work Optimization

Insurance Legacy Transformation

Insurance Financial Planning & Performance

Insurance Fraud Analysis & Prevention

Solvency II Compliance

Insurance Operational & IT Risk

Agency Collaboration

Insurance Self-Service

Insurance New Business Streamlining

How does an Insurer use the Insurance Framework

Improved Time-to-Value

§ Never start from scratch, with pre-built accelerators
§ Assets certified and tested on IBM's industry-strength software

Consistency & Reuse

§ Insurance-specific patterns to provide consistency across solutions
§ Leverage insurance standards based assets, methodologies and architecture to promote reuse across solutions

Reduced Risks & Costs

§Pre-built insurance assets reduce cost of development
§ Common reference architecture and proven methodologies ensure reduced risk in solution delivery

Case Study: RELIANCE
Life Insurance
Anil Dhirubhai Ambani Group
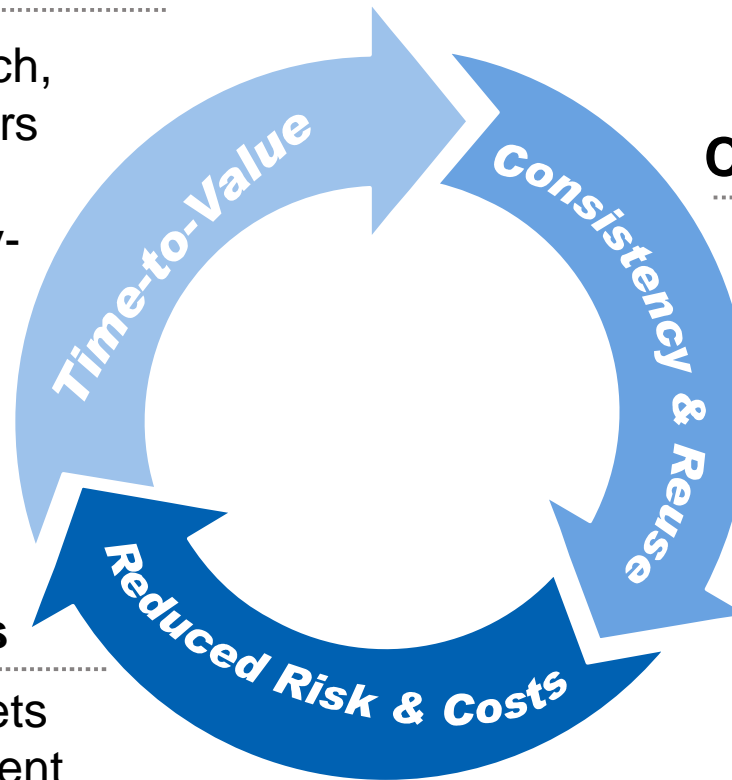
Client Challenges

§ Globalization has led to the entry of new competitors into the Indian market; this Indian insurer needed greater flexibility in their operations and processes to be able to compete

Solution

§ Created an insurance virtual office and self-service infrastructure that provides electronic access to policy information to customers, employees, and agents

Smarter Business Outcomes
- Reduced time to provide new products to the market
- Increased sales by allowing agents faster access to information
- Improved information access for all the stakeholders through multiple channels
- Improved customer service by enabling end users to utilize self-service options
- Increased internal efficiencies through redesigned workflows

Case Study: Professional Provident Society

Client Challenges

§ PPS wanted to improve its ability to respond to changing customer demands and stiffening competition

§ The inherent nature of legacy systems had made application and product development very complex, costly and fraught with risk

Solution

§ Replaced legacy systems with a modular application infrastructure and unified disparate policy systems

Smarter Business Outcomes

- Brought 9 new products to market in < one year
- Reduced application development costs by 50 percent
- Decreased audit findings by 80 percent
- Eliminated more than 90 percent of system code

Insurance Framework Accelerators & Assets

IAA/IIW

§ Accelerate SOA solution delivery with integrated process, service & data models

WebSphere Insurance Content Pack

§ Implement WebSphere BPM solutions faster with pre-built assets

ACORD eForms (ACORD product)

§ Integrate ACORD electronic forms to reduce manual processing

DB2 pureXML for ACORD templates

§ Reduce manual intervention to provide efficient XML data management using ACORD standards

WebSphere Transformation Extender ACORD Pack

§ Reduce manual intervention and transform data to ACORD standards

Insurance Transformation Workbench

§ Build components on legacy systems faster by using IAA models in an integrated and agile delivery platform

MDM – IIW Asset

§ Integrate standard data services with customer data warehousing capabilities

Focus on business-IT alignment
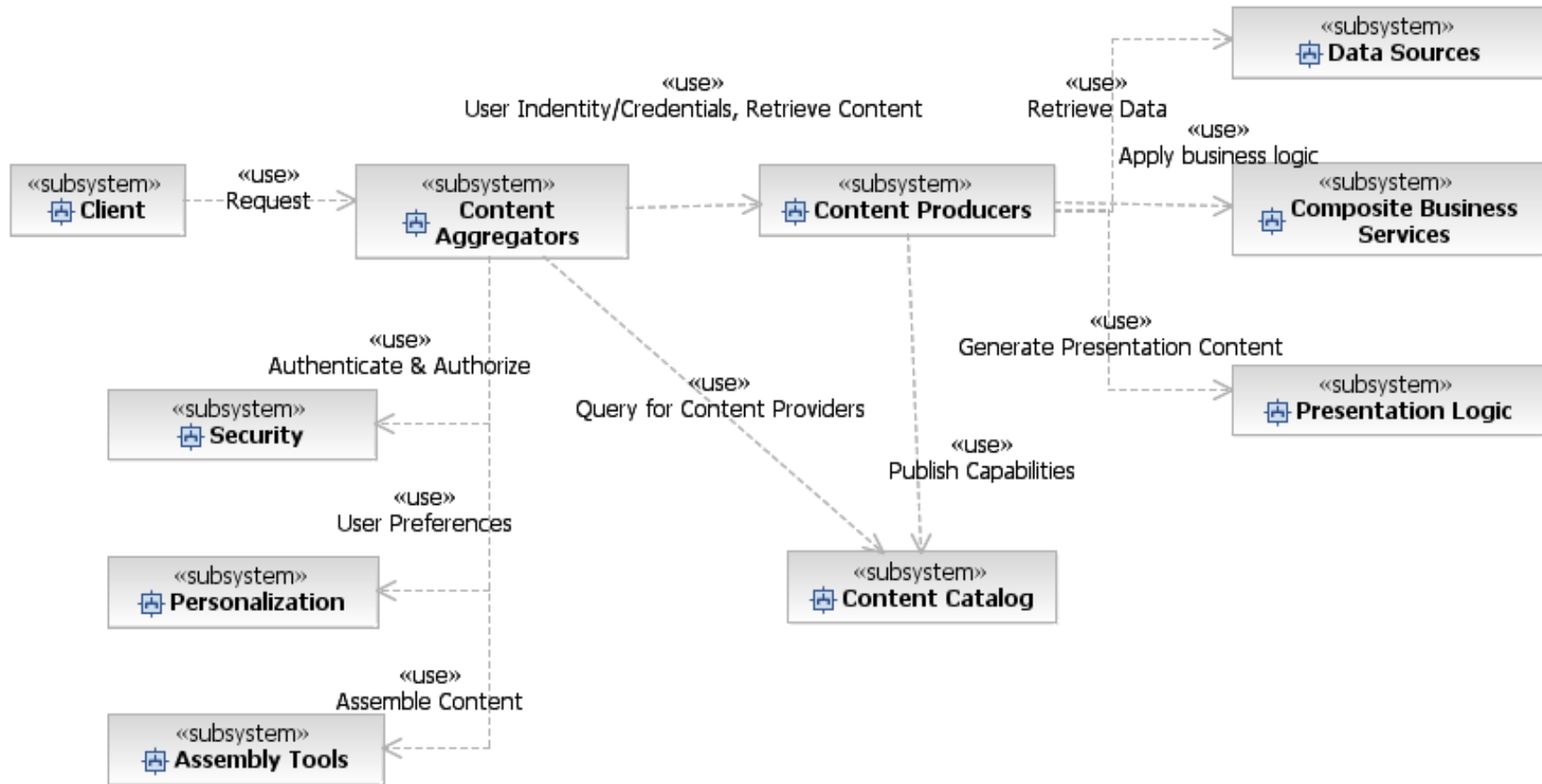*IBM Insurance Industry Framework*

Insurance Framework Architecture

Contextual
(Aimed at LOB, Executives)

Conceptual
(Aimed at solution / process owners)

Logical
(Aimed at architects)

Physical
(Aimed at developers)
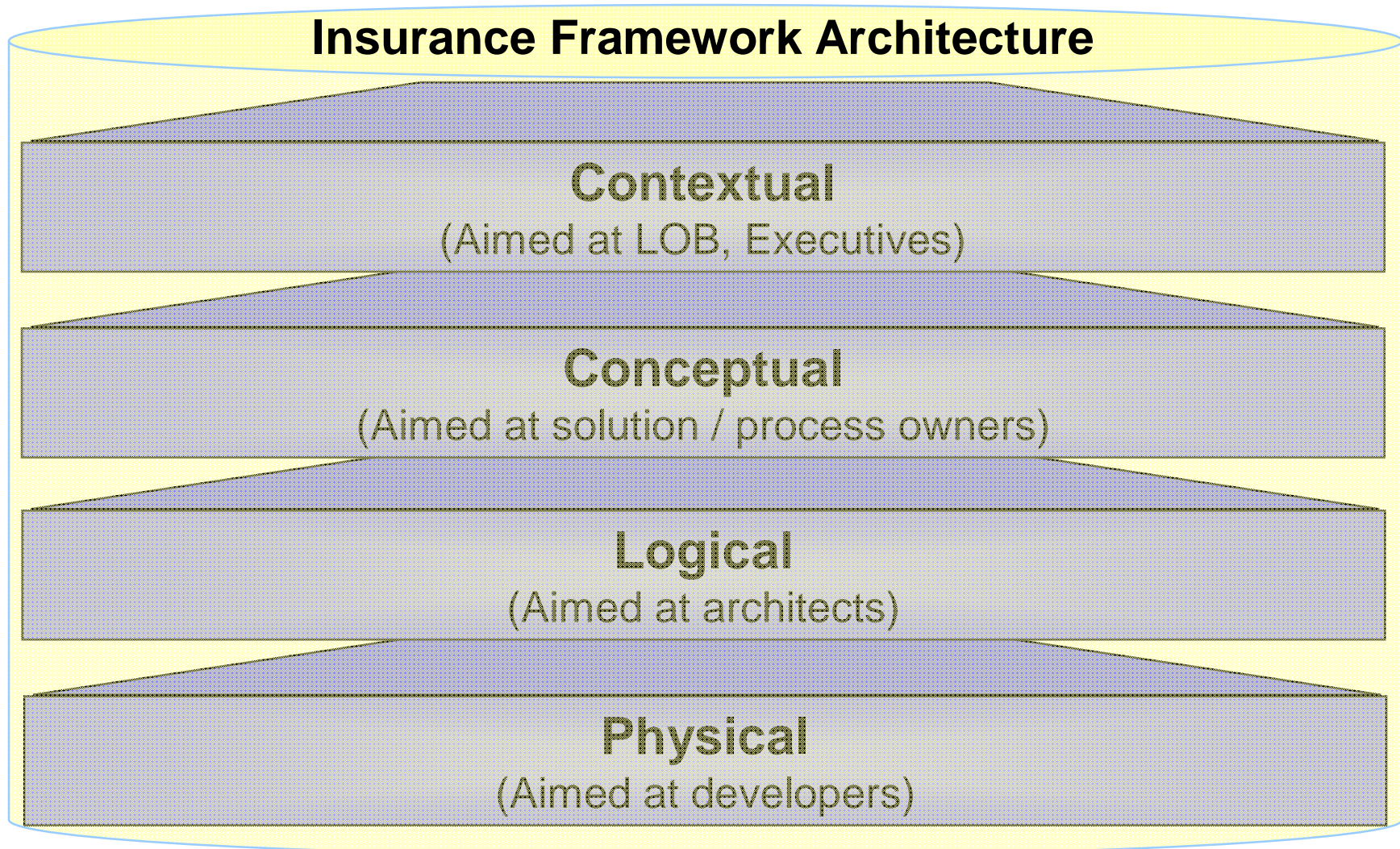
Insurance Framework spans entire solution lifecycle

Participants
- Customer
- Prospect
- Agent / Broker
- Employee
- Partner
- Regulator

Presentation
- Forms
- Browser
- Email
- Phone PDA
- Text Message
- Contact Center
- Self-Service Portal
- Agent Portal
- Employee Portal
- Partner Portal
- Electronic Business Gateway

Processes
- New Business
- Policy Servicing
- Underwriting
- Claim Intake
- Claim Servicing
- Payments

Services
- Process Services
  - Create Quote
  - Pay Bill
  - Record NOL
  - Process Claim
  - Pay Claim
- Visibility Services
- Optimization Services
- Information Services
- Business Rule Services

Components
- Package
- Legacy
- Custom
- External
- Party
- Policy
- Underwriting
- Billing
- Claims
- Marketing

Data
- Party
- Product
- Policy
- Account
- Claims
- Analytics

Integration Platform

Technical Services
- Security Services
- Virtualization Services
- Systems Mgmt Services
- Data Services

Vendor / Partner Systems

Insurance Framework Architecture Patterns
Example – Content Aggregation

Insurance Framework – Key Facts

Serves Global Needs

Common structure but the content to be *extensible* to Geo-specific needs

LOB Focused

LOB-specific definitions needed for P&C, Life, Health & Retirement segments

Standards Driven

All insurance framework accelerators and assets *based* on standards

Ecosystem Oriented

Insurers & partners *participate* in framework development & delivery

Standards supported by Insurance Framework

ACORD Framework
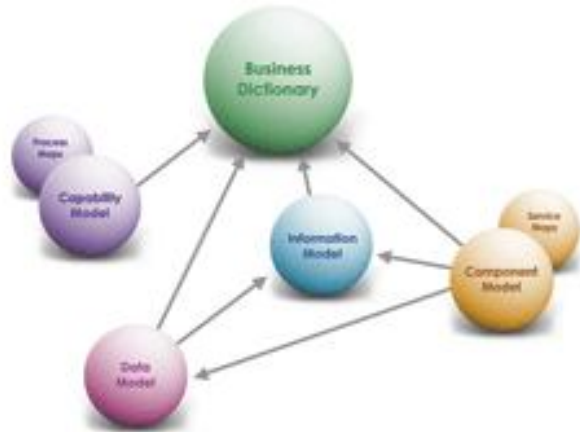
The ACORD Framework is the next evolution of standards development and a new era in what ACORD delivers to the insurance industry. The industry is becoming more diverse and the marketplace more global. The ACORD Framework represents a single streamlined business model for standards creation that is flexible enough to cross lines of business and geographic borders.

IRI Insured Retirement Institute

Under its new vision, IRI will be the authoritative source of knowledge pertaining to annuities, insured retirement products and retirement planning.

eEG7 e-Business Standards for the European Insurance Industry

Based on the eEG7 Data Model messages are produced for

- policy administration
- claims handling
- accounting & statistics

within the following lines of business

- personal lines insurance
- commercial lines insurance
- cargo insurance
- health insurance

IBM Insurance Application Architecture (IAA)The Insurance Application Architecture (IAA) is a comprehensive set of insurance specific models that represents best practices in insurance and is a natural extension to the Component Business Model.

Standards (e.g. ACORD) define the "WHAT"
IBM's significant contribution to ACORD

Leverages IAA process maps

Leverages IAA business terms

Business Dictionary

Process Maps

Capability Model

Information Model

Service Maps

Component Model

Data Model

Leverages IAA business object model
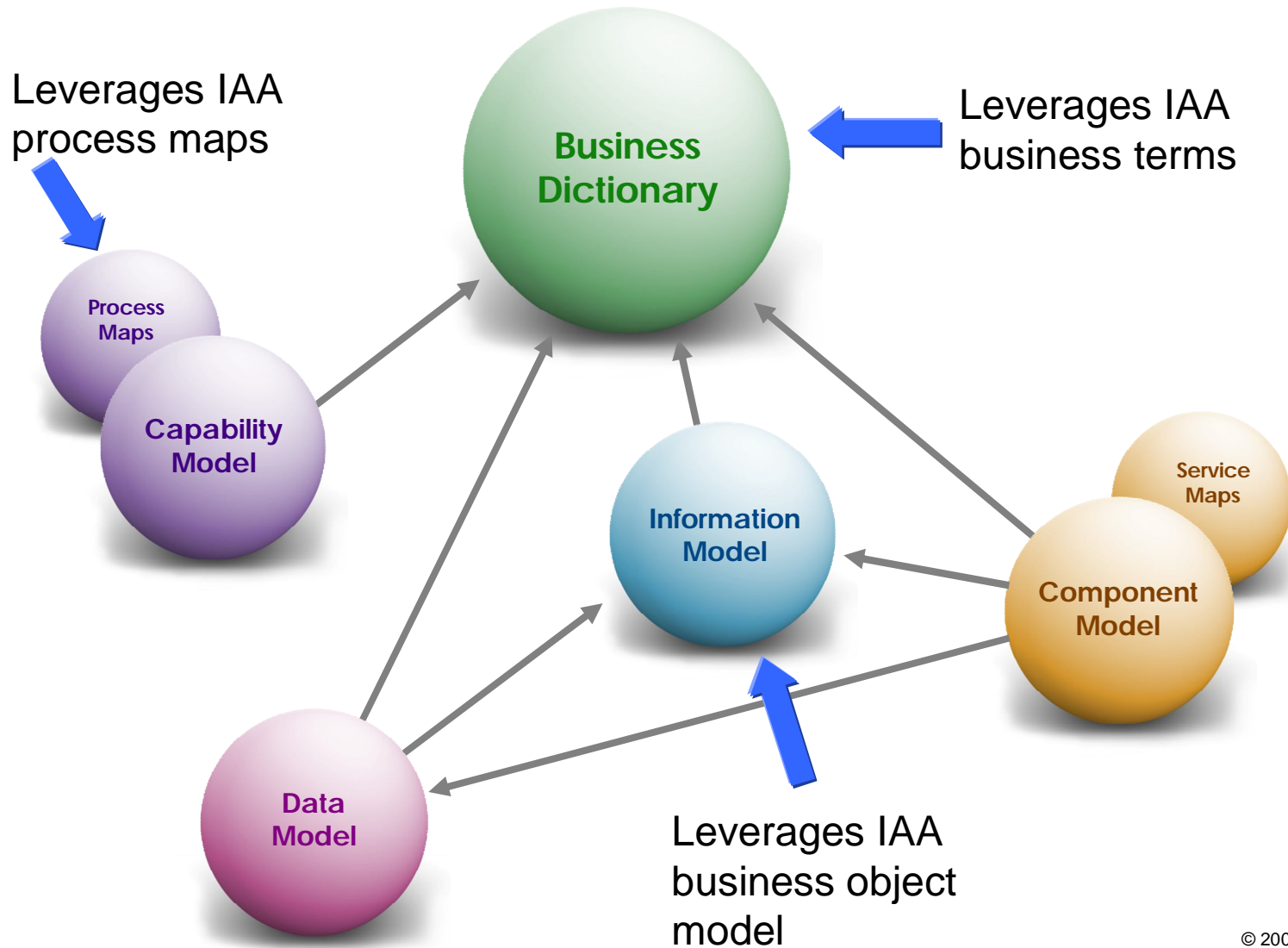
IAA defines the "HOW"

Focus on leveraging models to build new solutions
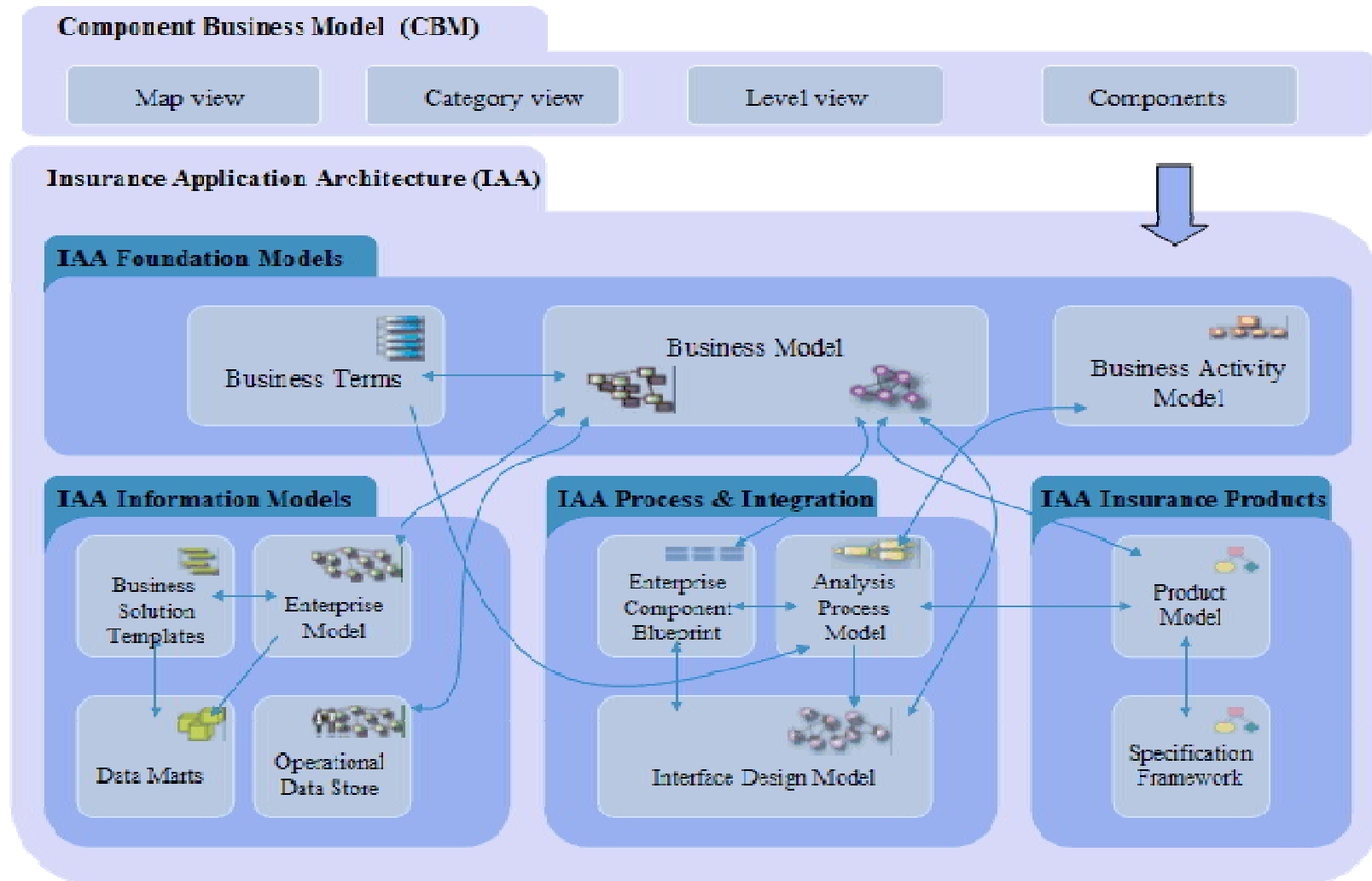
Incremental Transformation with the Insurance Framework
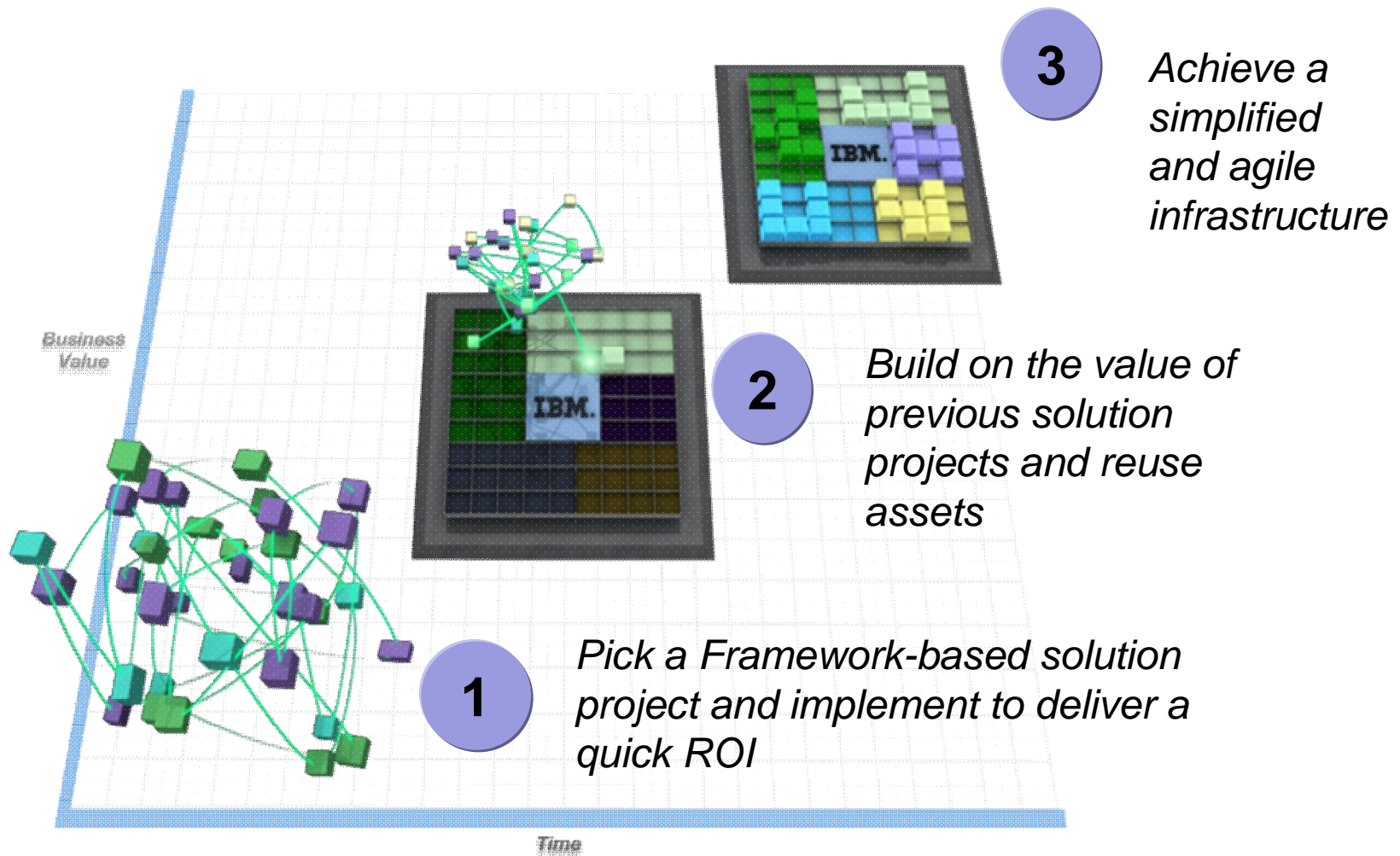
3 *Achieve a simplified and agile infrastructure*

2 *Build on the value of previous solution projects and reuse assets*

1 *Pick a Framework-based solution project and implement to deliver a quick ROI*

Business Value

Time

Session Objectives

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Insurance Solution Delivery

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Insurance Framework Solutions
Componentized, Extensible, Configurable

Insurance Framework Solutions
IBM Insurance Industry Framework

Smart Claims

Underwriting Optimization

Agile Policy Administration

Insurance Product Development

Insurance Executive Insight

Insurance Work Optimization

Insurance Solution Transformation

Customer Retention & Growth

Single View of Customer

Core Insurance Transformation

Customer Care and Insight

IBM Software Foundation

Distribution

Integrated Risk Management

Insurance Financial Planning & Performance

Insurance Fraud Analysis & Prevention

Solvency II Compliance

Insurance Operational & IT Risk

Agency Collaboration

Insurance Self-Service

Insurance New Business Streamlining

Agency Collaboration

Insurance Framework Solution, Make-It-Easy-To-Do-Business-With

§ "Any-time, Any-where, Any-way" agent / brokers and other intermediary distribution channels access to insurance carrier

§ Objectives are to reduce sales and service cycle times by effectively collaborating with the distribution channels

Ø Insurance Framework asset

Ø Based on IBM software

Ø Portal and collaboration technologies

Ø Benefits

   ü Consistent & reusable set of assets for Auto & Home Quote tasks for agency channel (Process & Service models, Components)

   ü Based on IAA standards

   ü Rich agency tool-kit

Insurance Self-Service

Insurance Framework Solution, Improve Customer Stickiness

§ Enables insurers to bring functionally reach portal and websites on line substantially faster, with less risk and cost

§ Objectives are to use online self-service capabilities to help differentiate an insurer's offerings in the marketplace

Ø Insurance Framework assets

Ø Based on IBM software

Ø Portal and Collaboration technologies

Ø Integrate & expose legacy system functions & data (Websphere)

Ø Benefits

　ü Consistent & reusable set of assets for Auto Quote and Claim tasks for consumer self-service (Process & Service models, Components)

　ü Based on IAA standards

　ü Rich consumer interface

New Business Streamlining
Insurance Framework Solution, Dramatic improvements in response times

§ Focused on operational efficiency and supporting the agents for new business

§ Objectives are to maintain/reduce costs while increasing service to a carrier's distribution channel for acquisition of new business

Campaign ➡ **Quote** ➡ **Illustrate** ➡ **Apply** ➡ **Underwrite** ➡ **Accept Prem.** ➡ **Issue** ➡ **Admin**.
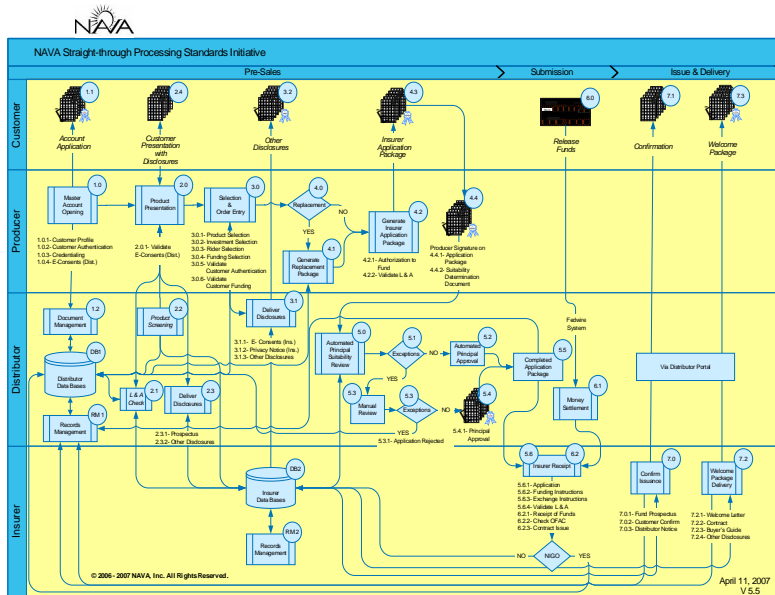
Ø Insurance Framework asset

Ø Based on IBM software

Ø Portal & BPM technologies using reliable and scalable infrastructure

Ø Benefits

 ü Consistent & reusable set of assets for New Business lifecycle (Process and Service models)

 ü Based on NAVA standards

 ü Self-service tools for producers

Customer Retention & Growth

Insurance Framework Solution, Retain-Create-Grow More Loyal Customers

§ Focused on increased customer profitability though predictive analytics

§ By analyzing the results from historical campaigns and products, build models that accurately predict how likely each individual customer is to accept each offer.
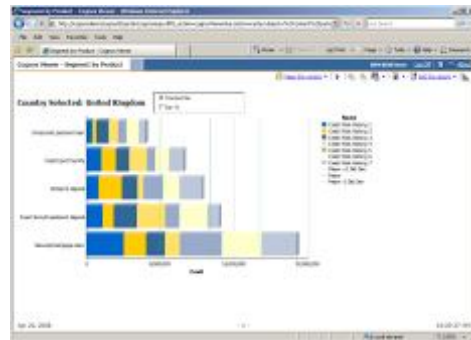
Ø Insurance Framework asset

Ø Based on IBM software

Ø Benefits

ü Grow profitable revenue and control underwriting risk.

ü Grow the value of each individual customer by reducing/Stabilizing levels of churn & retaining existing customers by providing added value products

ü Cross-sell and up-sell

Single View of Customer

Insurance Framework Solution, Greater insight & market effectiveness

§ Provides the insurers an integrated view of their customers across multiple business units and information silos

§ Reduced errors improve efficiency of customer data integration

Location Account Product

Single view of
CUSTOMER
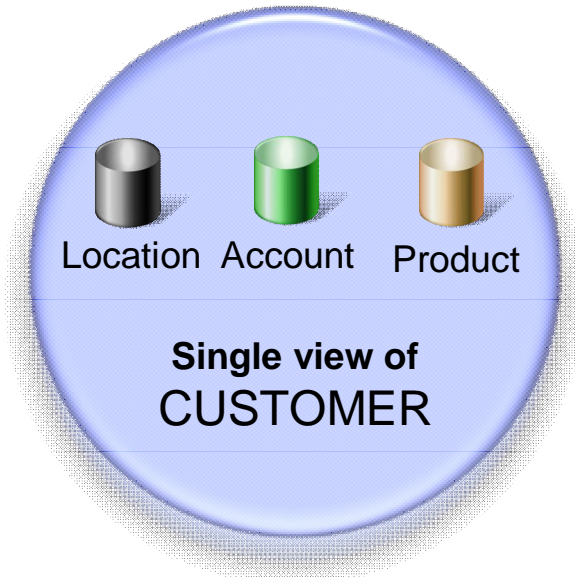
Ø Based on IBM software

Ø Benefits

ü Achieve a comprehensive, single view of the customer to maximize business

ü Use enterprise-wide master customer data to manage customer privacy and to manage customer preferences

ü Easily handle High Value Customer across lines of business

Smart Claims

Core Insurance Transformation

Insurance Framework Solution, Improves Customer Loyalty

§ Focuses on improving customer retention by providing satisfying, transparent, collaborative and rich claims experience

§ Objectives are to use self-service tools to lower the cost of managing claims

Notify → Record Claim → Automatic Processing → Adjuster Investigation → Settlement

Ø Insurance Framework asset

Ø Based on IBM software

Ø Benefits

ü SOA methodology and architecture modernizes claims processing to over-come inefficient and costly manual claims management

ü Process, Service, UI assets (based on IAA models)

ü Web 2.0 experience

Underwriting Optimization

Core Insurance Transformation

Insurance Framework Solution, Improved operational efficiency & productivity

§ Focuses on improving the speed, efficiency and quality of decision making while creating an optimal underwriting environment for policy issuance

§ Objectives are to enable underwriters to write policy's with the least possible amount of risk
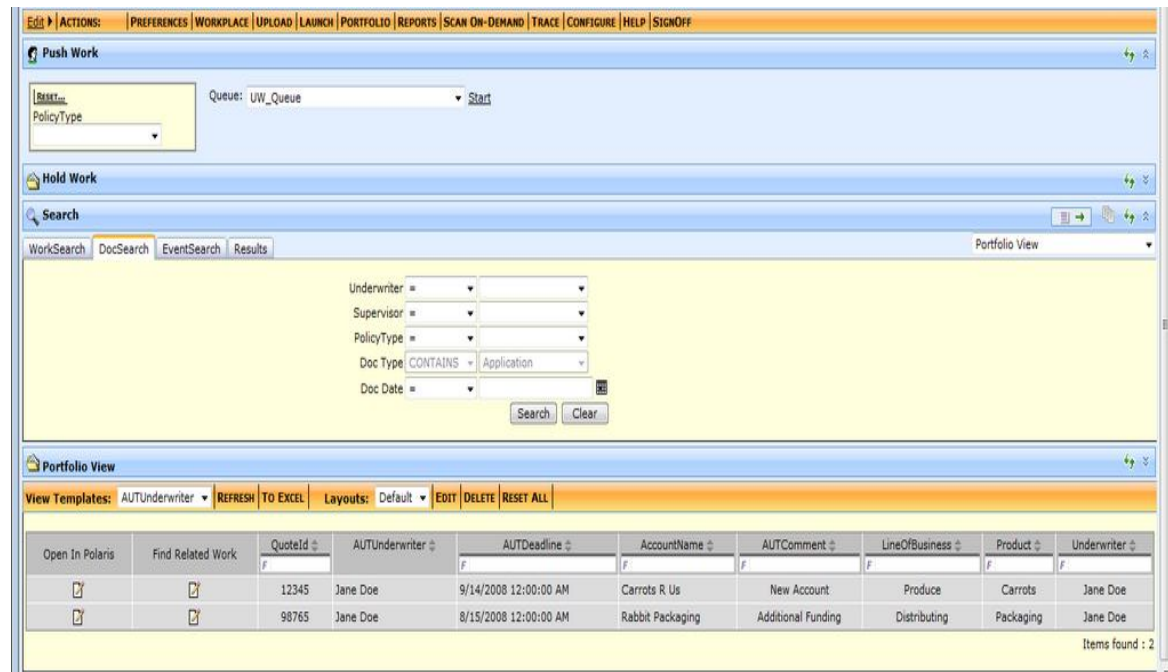
Ø Based on IBM software and ISV applications

Ø Benefits

ü More accurate processing and enhanced decision-making,

ü Improved underwriting collaboration and customer responsiveness

ü Simple management of exceptions (e.g. auditing).

Agile Policy Administration

Core Insurance Transformation

Insurance Framework Solution, Componentized policy administration solution

§ Focuses on end-to-end policy administration for Life, Health, Annuity with a flexible rules-driven approach and simpler integration

§ Objectives are to significantly improve speed-to-react to business changes

Ø Based on IBM's industry-strength application server, database and rules technologies

Ø Benefits

ü Access anytime and anyplace

ü Reusable functions and services reduces cost for and time for customization

ü Based on historical business logic & experiences from existing customers of this solution

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Insurance Executive Insight

Core Insurance Transformation

Insurance Framework Solution, Blueprint for executive business control

§ Focuses on timely effective insight into the operational and financial success in the areas of Underwriting (New & Renewal Policy Activity), Claims (Incurred, Reserved, Paid / Large), Production (Region, Agency)

§ Objectives are to provide executives to self-serve their reporting/analyses needs

Ø Insurance Framework asset

Ø Based on IBM's analytics and information software

Ø Benefits

ü Ties Performance Measurement to Corporate Goals & Objectives

ü Automates MS Office Executive Briefing Generation & Distribution

ü Leverages Insurance Information Warehouse models

Insurance Work Optimization

Insurance Framework Solution, Automate Processing of Work Requests

§ Automate of work tasks which aims at processing of inbound documents and service requests, combined with optimization of human interactions

§ Objectives are improve customer responsiveness in case of unstructured input

Input Management ➡ Dynamic Work Folder ➡ Work Management ➡ Automated Task Processing ➡ Output Management ➡ Process Management

Ø Insurance Framework asset

Ø Based on IBM software

Ø Benefits

  ü Ability to achieve automated real time processing thus reducing both cycle times and operational expense

  ü Create a paperless process and reduce the cost of manual handling and filing

  ü Improved customer response

IBM

Insurance Legacy Transformation

Core Insurance Transformation

Insurance Framework Solution, Meet-In-The-Middle Approach

§Collaborative, integrated solution development platform for core insurance that integrates involved methods, tools, and assets (IAA, IIW)

§Enables a model driven development approach to semi automatically derive and transform SOA runtime artifacts from CBM insurance maps and IAA models
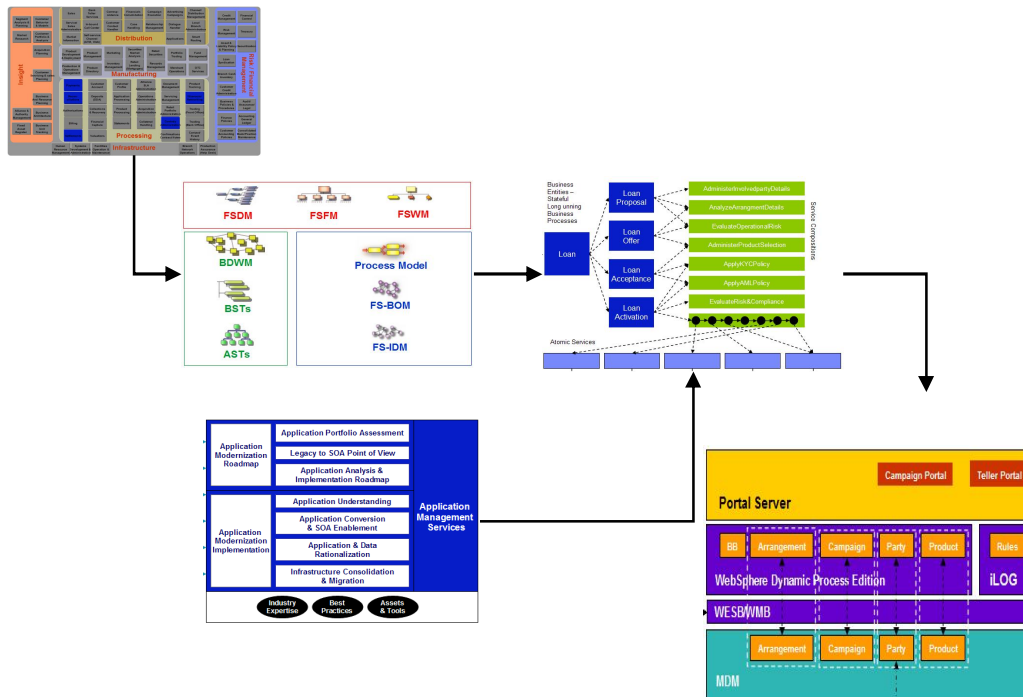
- Leverages Insurance Transformation Workbench that is an Insurance Framework asset
- Based on IBM software , models and research assets.
- Benefits
  - Engagement Governance
  - Method and Assets Guidance
  - Automation and assistance in creation / transformation of engagement artifacts
  - Discovery / binding with relevant existing legacy applications

Insurance Fraud Prevention & Analysis

Integrated Risk Management

Insurance Framework Solution, Reduce Fraud & Improve Claims Ratio

§ Provides an agile, fast, effective way to analyze health claims with precise error reporting when potential errors are identified

§ Seamlessly integrates with insurance / TPA applications
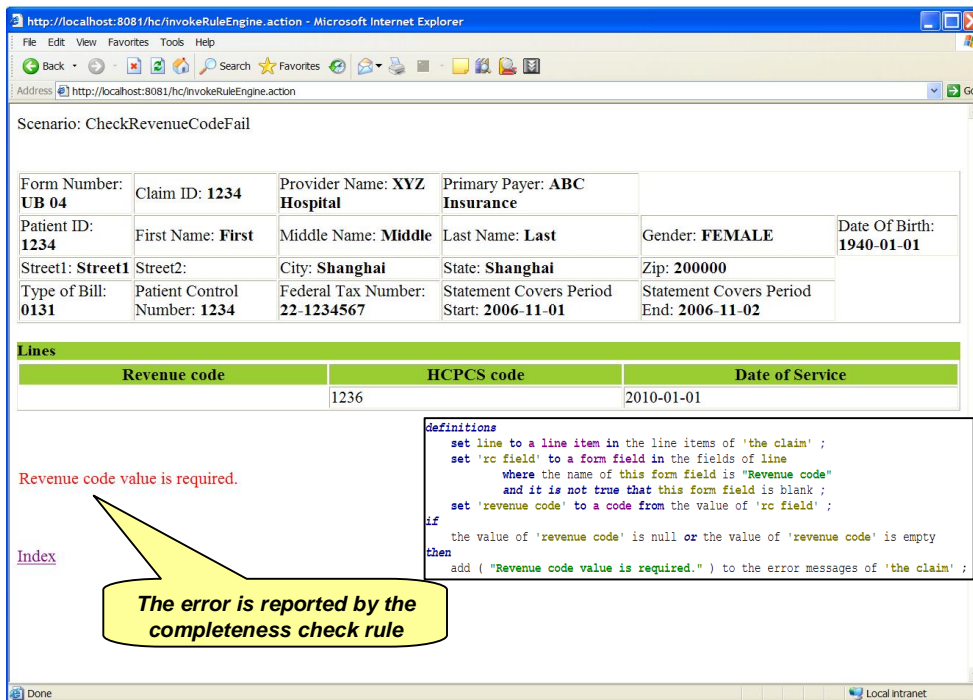
Ø Insurance Framework asset*

Ø Based on IBM software

Ø Business Rules and Collaboration technologies make it easy to configure and extend

Ø Benefits

ü Extensive library of rules and pre-built service models

ü Based on insurance standards

ü Collaborative tools for knowledge management around frauds

* Under development

Solvency II Compliance

Insurance Framework Solution, Integrated compliance offering

Integrated Risk Management

§ Focuses on achieving compliance with minimal required effort while gaining higher efficiency in risk & finance reporting and rationalization of information systems

§ Objectives are improve pricing and lead to more value-creating products

Underwriting Risk ➡ Market Risk ➡ Credit Risk➡ Asset/Liability Management Risk Operational Risk ➡ Liquidity Risk

Solvency II Capital Requirements vs. Eligible Capital

- SCRnl - standard formula
- SCRnl - internal model
- MCR - standard formula
- Total eligible capital

SCRnl by Line of Business

Line Of Business
- Motor - Other Classes
- Motor - Third Party Liability
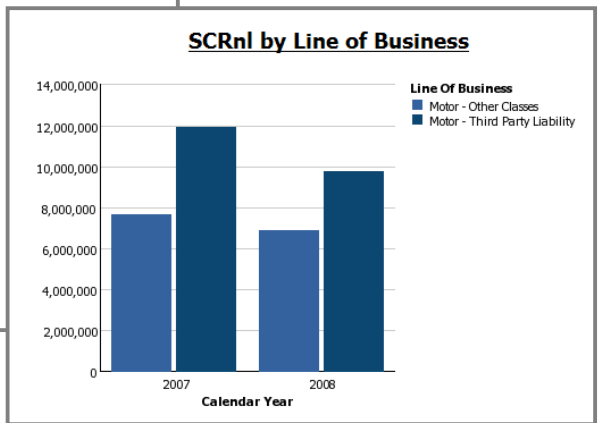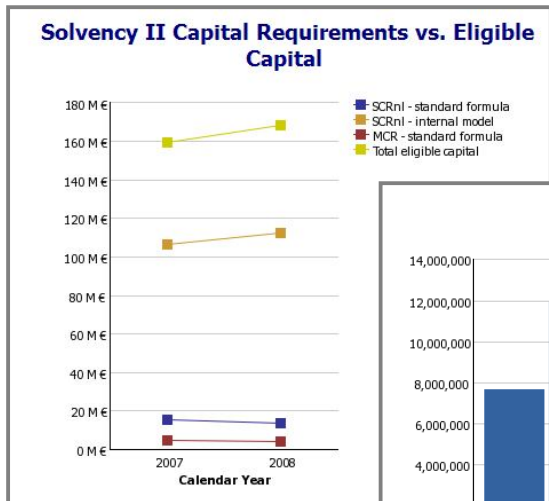
Ø Insurance Framework assets

Ø Based on IBM software and partner applications

Ø Benefits

ü Fully compliant with the principles required by governance bodies

ü Provides end-to-end coverage of all aspects of Solvency II solution

ü Model & analyze financial risks with partner applications

ü Leverages Insurance Information Warehouse models

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Financial Planning & Performance

**Integrated Risk Management**

Insurance Framework Solution, Improved internal reporting costs & efficiencies

§ Focuses on eliminating manual, inaccurate and costly internal controls using consistent reporting and analysis to support a faster closing process

§ Objectives are to ensure alignment of performance goals using standard analysis

General Ledger ➡ Accounts Receivables ➡ Account Payables
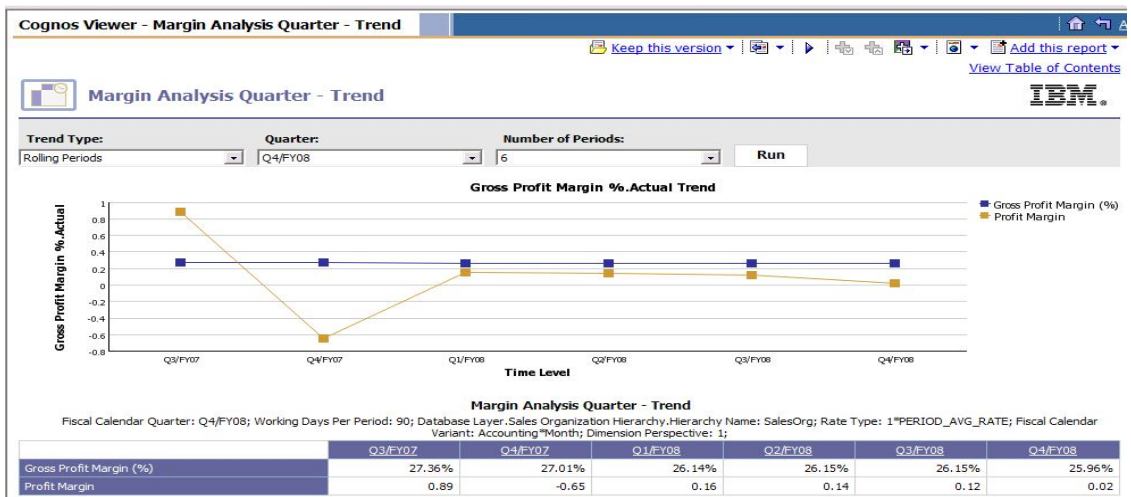
Ø Packaged analytical application

Ø Based on IBM Software

Ø Benefits

ü Consistent reporting and analysis from multiple systems

ü Analysis dimensions include chart of accounts, department, customer, product, vendor, organization, business unit

Insurance Operational & IT Risk

Integrated Risk Management

Insurance Framework Solution, Improved internal reporting costs & efficiencies

§ Focuses on increased staff productivity, better operational cost control and improved quality of service

§ Objectives are to simplify and streamline operational and IT processes

Access & Roles ➡ **Change Management** ➡ **IT Operations**
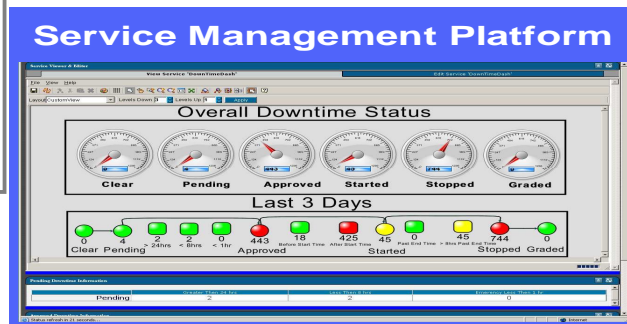
Ø Based on IBM Software

Ø Benefits

ü Improve the trustworthiness of the processes and technologies that make up identity systems

ü Enhanced ability to deploy new services and service changes faster and with fewer errors

ü Better understanding of dependencies and relationships