Transforming

(Re) Insurance Operations

Webinar

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- Implementations of electronic Accounting & Settlement and Claims messaging live in US, London, Bermuda, Singapore, Bahrain and Europe

- Today premium and claims transactions are all communicated from brokers manually i.e. via email/spreadsheets

- Settlement monies are often sent regardless of whether the premium or claim has been agreed – therefore making cash reconciliation difficult and time consuming.

What is Ruschlikon… ?

- A Community setup in 2008 by a group of global (re)insurance industry players (Aon Benfield, Willis, Munich Re, SCOR, Swiss Re) together with ACORD to improve Accounting / Settlement / Claims Administration

- A Community which had learnt the hard way

- A Community which has agreed to collaborate to compete

- A Community focused on implementation and achieving tangible benefits

Ruschlikon Mission Statement

- Reshaping the (re)insurance industry, through the design and implementation of processes that reduce operational cost and enhance client service

- Further automate (re)insurance back office processes (technical accounting, claims, settlement) using ACORD GRLC (Global (Re)insurance and Large Commercial) standards.

- <u>Sponsors</u>

Paper process

Paper/Email Closing
-Incomplete documents
- Non-standard formats
- No Acknowledgement of receipt required

Manual Statements
-Time consuming spreadsheet process
- Lengthy agreement timecycle
- Large query volumes

Delayed Payments
- Inconsistent due dates
- Timeline driven by reconciliation
- No agreement of items payable

Today's electronic Process

Transaction Validation
- TechAccount message sent early, as soon as broker books the item
- Standard data format
- Complete/accurate dataset
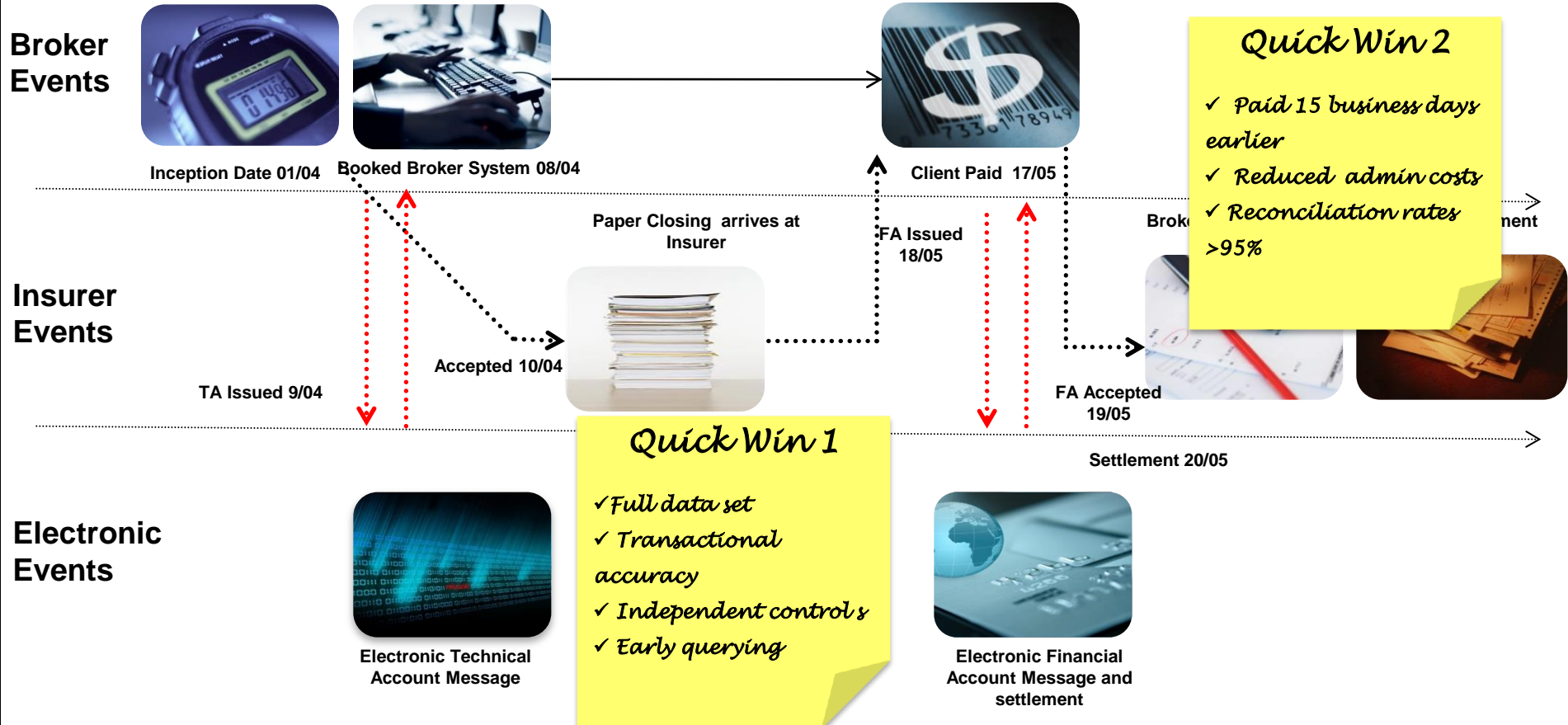
Electronic Reconciliation
- Real time agreement
- Technical/payment transaction linked
- Team can focus on queried/ unpaid items.
- Early query resolution

Faster Cashflow
- Items paid 15 working days earlier
- No backlogs - can focus on key items
- Financial account (FA) sent as soon as payable

How does the e-accounting process work?

APRIL

MAY

JUNE

Broker Events

Inception Date 01/04

Booked Broker System 08/04

Client Paid 17/05

Quick Win 2

✓ Paid 15 business days earlier
✓ Reduced admin costs
✓ Reconciliation rates >95%

Broker ... ...ment

Paper Closing arrives at Insurer

FA Issued 18/05

Insurer Events

TA Issued 9/04

Accepted 10/04

FA Accepted 19/05

Settlement 20/05

Quick Win 1

✓ Full data set
✓ Transactional accuracy
✓ Independent controls
✓ Early querying

Electronic Events

Electronic Technical Account Message

Electronic Financial Account Message and settlement

Which firms are already engaged in e-accounting?

Founding Members
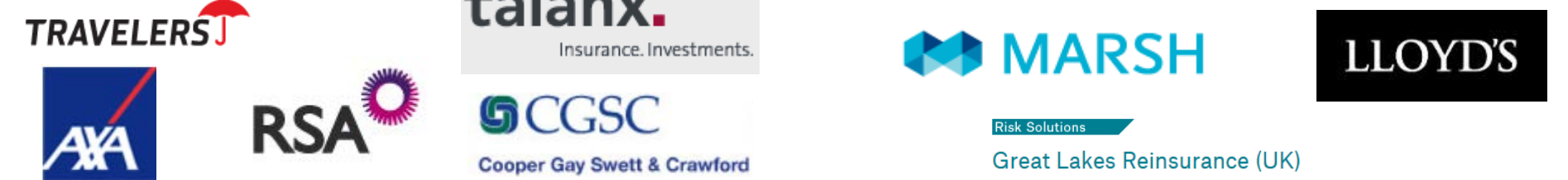
AXIS · Munich RE · SCOR · Swiss Re · XL · AON · Willis · GUY CARPENTER

Early Adopters

PartnerRe · Allianz · GENERALI GROUP · GLOBAL AEROSPACE · PLATINUM UNDERWRITERS HOLDINGS, LTD. · ZURICH

ACE · AIG · MONTPELIER RE · QBE · CATLIN Underwriting Ambition · TALBOT VALIDUS GROUP

Amlin · Liberty International Underwriters · JLT · Sirius International · TransRe · UIB

TOKIO MARINE GROUP · ASPEN INSURANCE · PRICE FORBES · TRUST RE · LOCKTON · MAPFRE · GIC Re

Planning Implementation

TRAVELERS · talanx. Insurance. Investments. · MARSH · LLOYD'S

AXA · RSA · CGSC Cooper Gay Swett & Crawford · Risk Solutions Great Lakes Reinsurance (UK)

What are the Benefits of e-Accounting?

Quick Delivery

- Implementation can be achieved in 12-16 weeks
- Entry cost is low as technology and functionality is already in place
- Business/process change that can be implemented without significant IT resource/ investment

Efficiency Gains

- Approximately 33% more efficient than paper based accounting
  - Users spend less time resolving reconciliation issues
  - Efficiencies can generate cost savings, refocus work or increase capacity

Improved Query Process

- Earlier query resolution and reduced number of queries due to early line of sight
- Improved dialogue, communication and processes
- Guaranteed link between TA and FA supporting enhanced reconciliation

Improved Controls

- Improved data security and integrity
  - Removal of unmatched cash
- Helps meet regulatory requirements; e.g. Solvency II and CASS 5

Improved Cash Flow

- On average 33% faster settlement via e-Accounting
  - Daily or weekly FA batches compared to fortnightly or monthly statements
  - 95%+ agreement rate for FA batches

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Faster Settlement

On average e-Accounting continues to move monies 33% faster than paper accounting
Reduced re-work, less manual touch points and enhanced reconciliation and agreement reduces costs and allows credit control function to focus on core activities; e.g. chasing debt; helping to deliver year on year metric improvements

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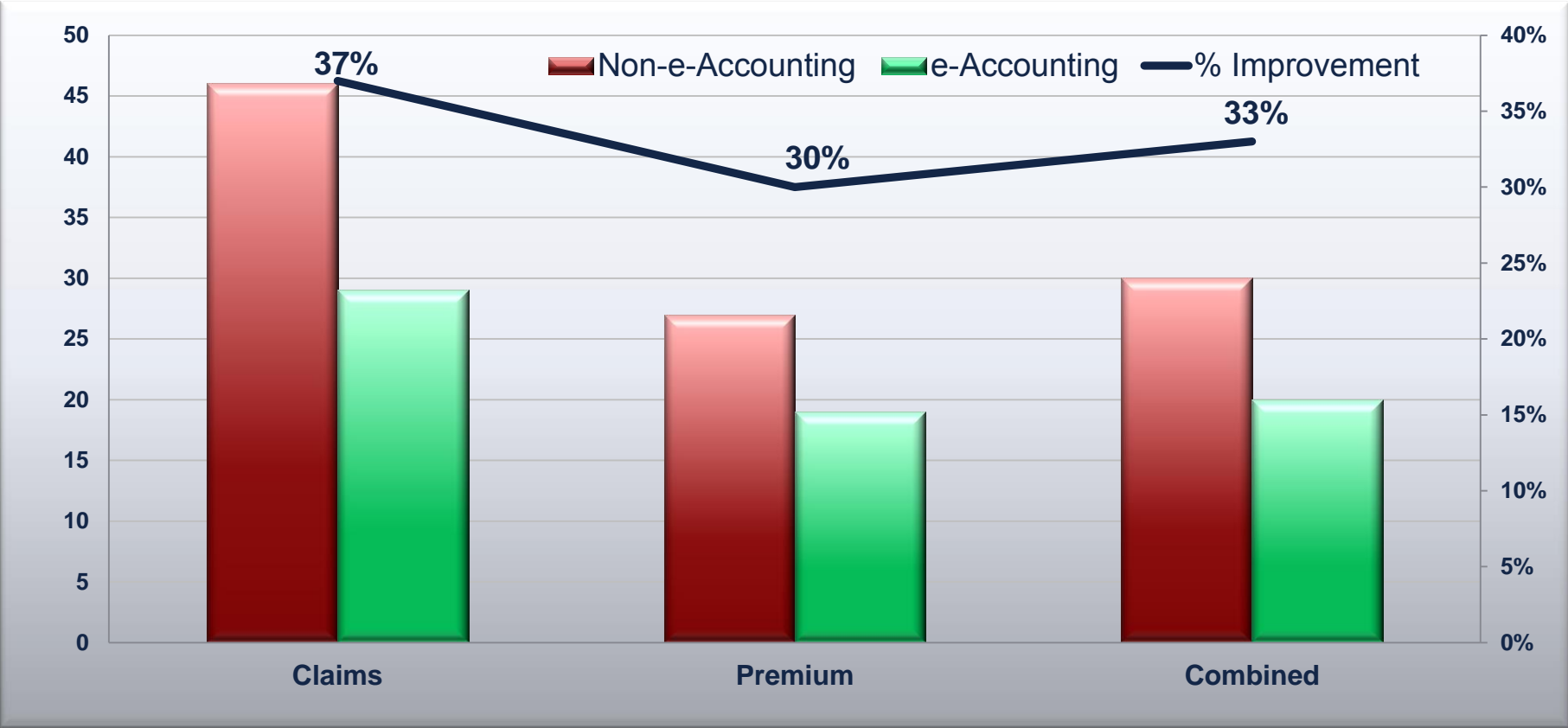
What does an implementation look like?

e-Accounting implementation (Repeatable Model) relies on 4 key activities that ensures successful implementation:

How do I implement e-Accounting within my organisation?

This presentation attempts to answer this question by taking you through the first step of the implementation – **Planning**

Implementation Planning for e-Accounting does not require specialised project management resource and with an existing e-broker like Willis, Carriers receive guidance and support to undertake the implementation.

WHY PLAN?

Planning is a key and critical step to ensure success in any implementation. Planning does not eliminate all risks but it serves to highlights them resulting in informed decision being made.

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe."

Lincoln

"If you fail to plan, you are planning to fail!"

Franklin

Planning e-Accounting implementation means a quicker and straightforward roll-out. Key high level steps to in planning are given below:

- Identify and engage with stakeholders (both internal & external)
- Understand and quantify the benefits of e-Accounting for your organisation
- Present benefits case to sponsors for sign-off
- Identify the scope for e-Accounting (Accounts/ Regions etc.)

- Identify the resource for the implementation (Project Management/ Operations/ IT)
- Review and select the type of e-Accounting process best suited for your organisation (MMT or Integration)
- Develop an implementation plan to review progress against

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PRE-REQUISITES TO e-ACCOUNTING IMPLEMENTATION

Prior to proceeding with the e-Accounting implementation, the following should be considered:

| **Accord Certification**	**Review book of business:**	**Business Process Review**	**Accounting systems**	**Resource**	**Communication**
Broker and Carrier must be ACORD certified and adhere to Ruschlikon protocols	Assess / review portfolio to help identify potential partners	What is the current business process? Will it require change?	Identify limitations, gaps and ensure capability of both parties is exchanged and understood	Establish a list of key contacts and a central contact point (IT Lead, Project Manager, Business Users)	Establish a framework for internal /external communication (Regular meetings, sharing of minutes)

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KEY DECISIONS

There are some key decisions that need to be made when looking to implement e-Accounting within an organisation. These decisions are based on the appetite for change, budget/resource constraints, level of automation expected and future expansion.
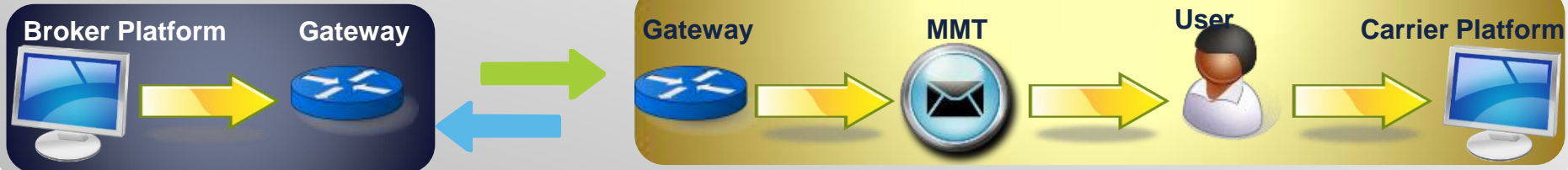
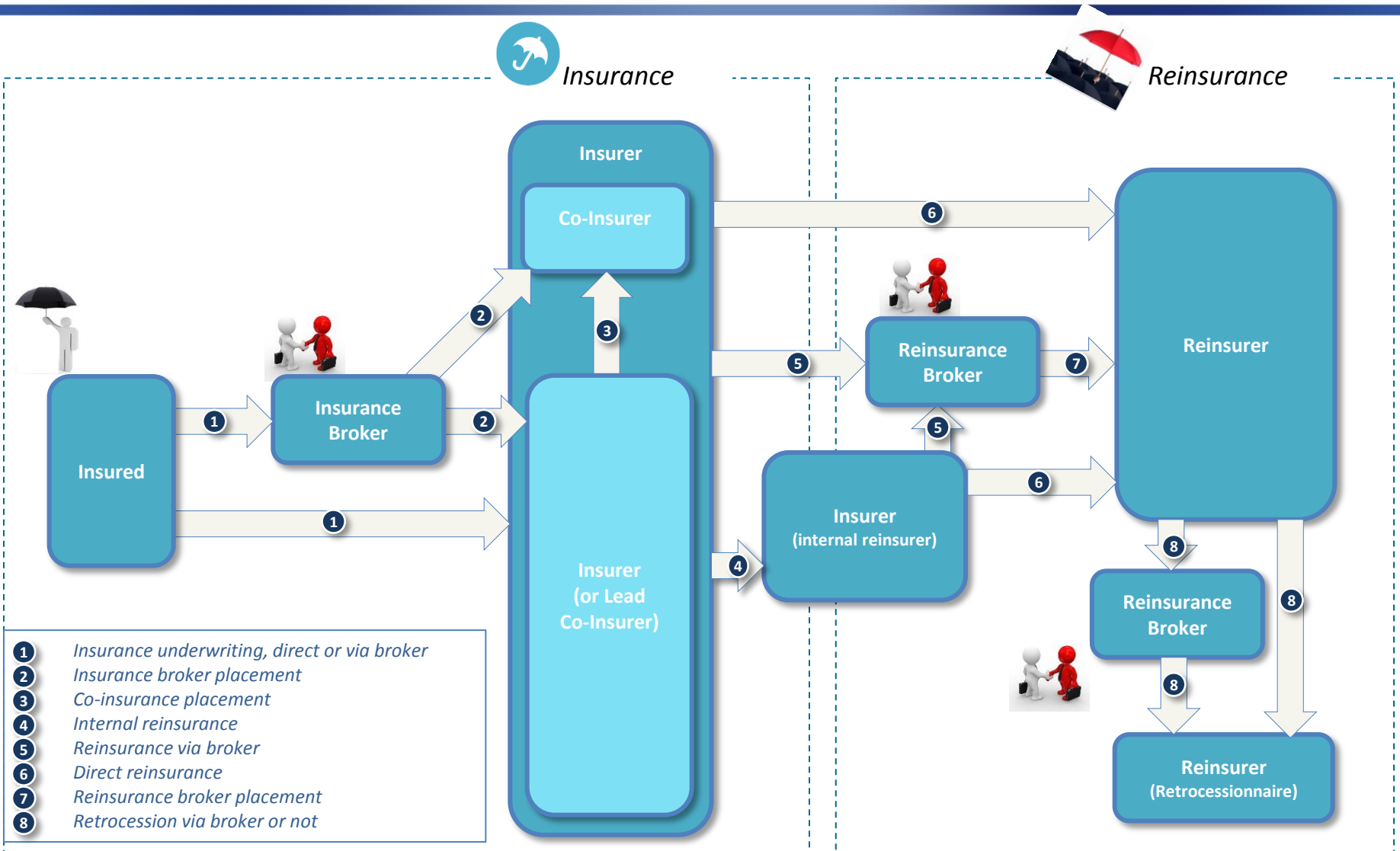**Backend Integration vs. Message Management Tool (MMT):**
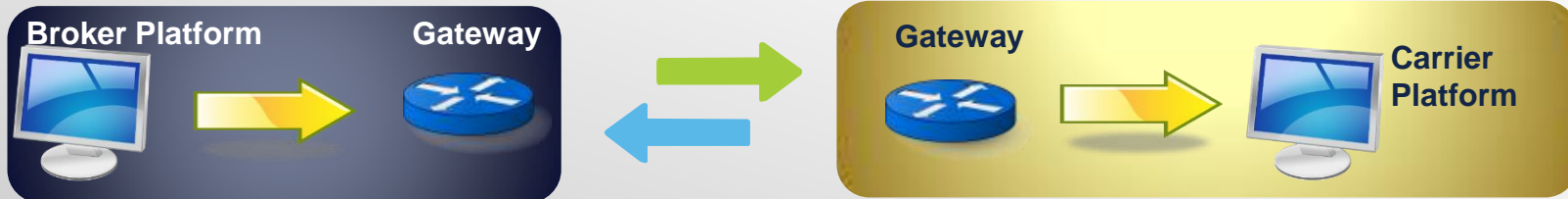
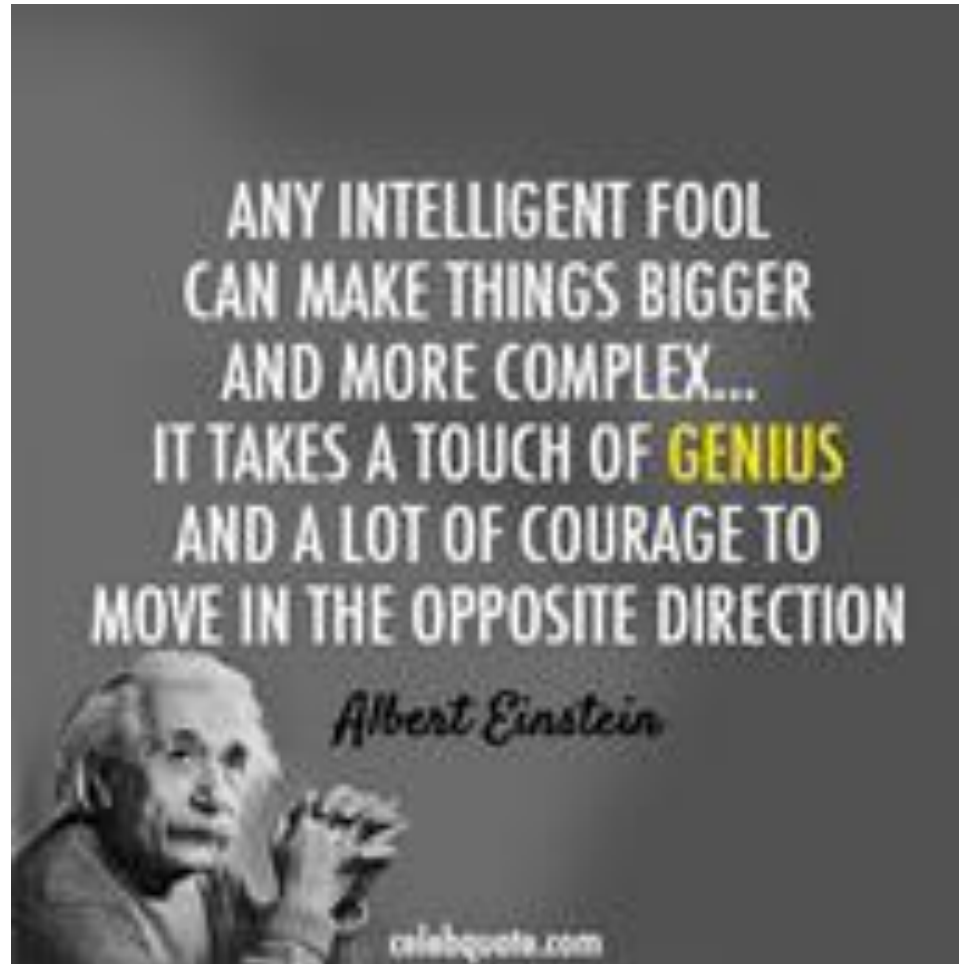**Building a custom MMT vs. licensing through a vendor:**

Most Carriers/Brokers can license an MMT from one of the many vendors available which provides an out-of-the-box solution without any requirements to testing

Carriers have the option of building their own MMT to provide flexibility or additional features that may be required for integration. This increases the complexity and roll-out process due to regression test

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What next for e-Accounting?

Insurance

Reinsurance

Insurer

Co-Insurer

Reinsurer

Reinsurance Broker

Insured

Insurance Broker

Insurer (or Lead Co-Insurer)

Insurer (internal reinsurer)

Reinsurance Broker

Reinsurer (Retrocessionnaire)

1. Insurance underwriting, direct or via broker
2. Insurance broker placement
3. Co-insurance placement
4. Internal reinsurance
5. Reinsurance via broker
6. Direct reinsurance
7. Reinsurance broker placement
8. Retrocession via broker or not

Ruschlikon POWERED BY ACORD

The Right Approach

Looking for additional information?

Ruschlikon
POWERED BY *ACORD*

For any information on Ruschlikon, or for applying for Ruschlikon membership

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