Ruschlikon – What's in a Name?

…and where did that name come from?

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Agenda

- What is ACORD/GRLC?

- What is eBusiness ?

- What is Ruschlikon?

- What are the operational flows supported by the ACORD GRLC standards and Ruschlikon?

- Email and the MMT relationship from Aon's perspective

ACORD : the Association for Cooperative Operations Research and Development

- the insurance industry's nonprofit standards developer

- a resource for information about:

    – object technology,

    – EDI,

    – XML and

    – electronic commerce in the United States and abroad

What is GRLC?

Global

Reinsurance
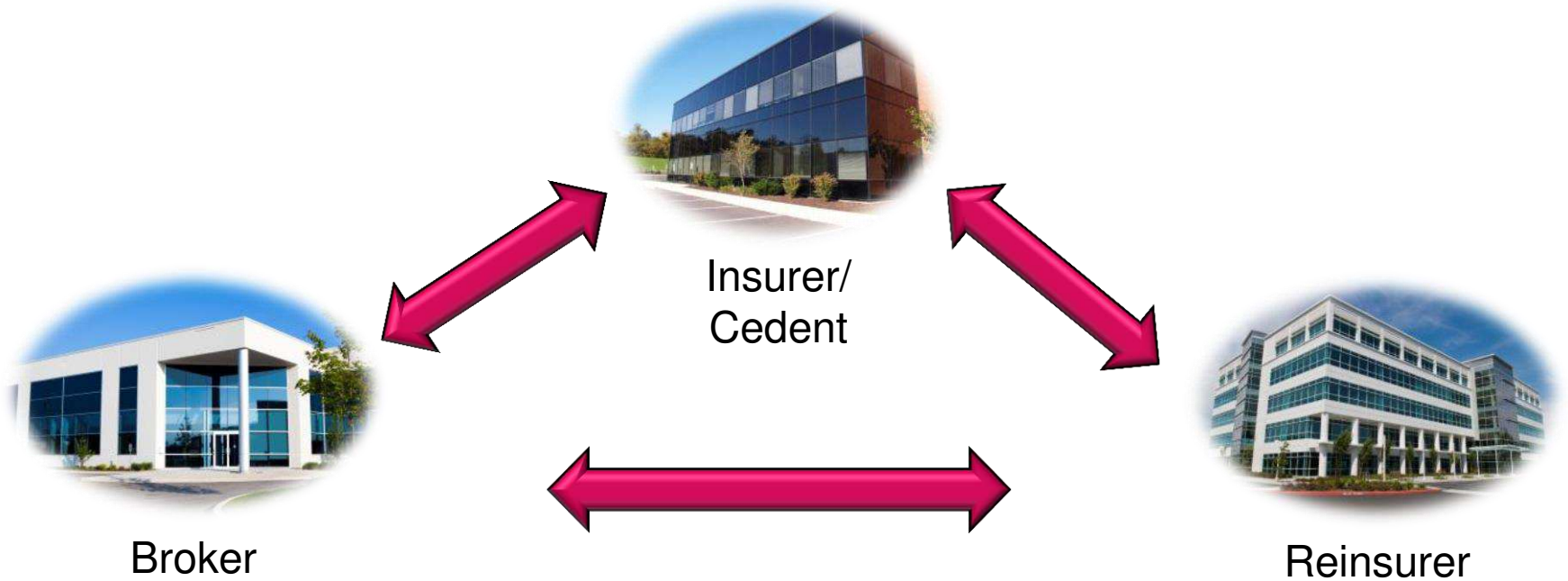
and

Large

Commercial

GRLC Standards Scope

Non-life Reinsurance

Large Commercial Insurance

Global

Value Chain

Insurer/
Cedent

Broker

Reinsurer

Inefficiencies

- Back Office Functions
- Manual Processing and Re-processing
- Queries Resolution
- Too Much Paper
- Requests &
 Re-Requests
- Linking of Transactions

Change is Good

- Current approach to booking & collecting premiums has existed for far too long

- Other industries have long since moved into electronic trading

- Risk of our business becoming extinct, replaced by more efficient processing in the Financial Services Industry

What is eBusiness?

- eBusiness is **<u>not</u>** email
- eBusiness is the electronic sharing of data among carriers, brokers, and reinsurers utilizing **a set of agreed upon business definitions and formats**. These allow disparate systems to communicate in a common language increasing efficiency and accuracy.

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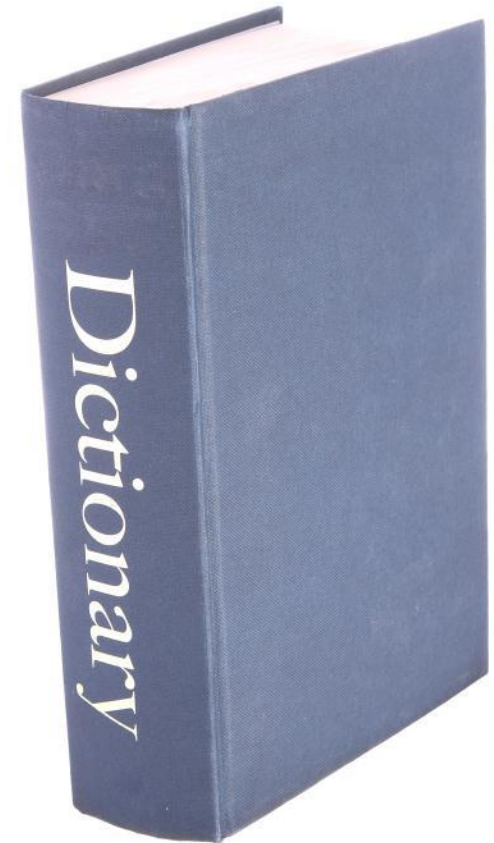
Why eBusiness?

Accuracy

Efficiency

Data Flow

$$$$$$

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Electronic Data Interchange In Reinsurance

Thomas Neff
Brokers and Reinsurance Markets Association

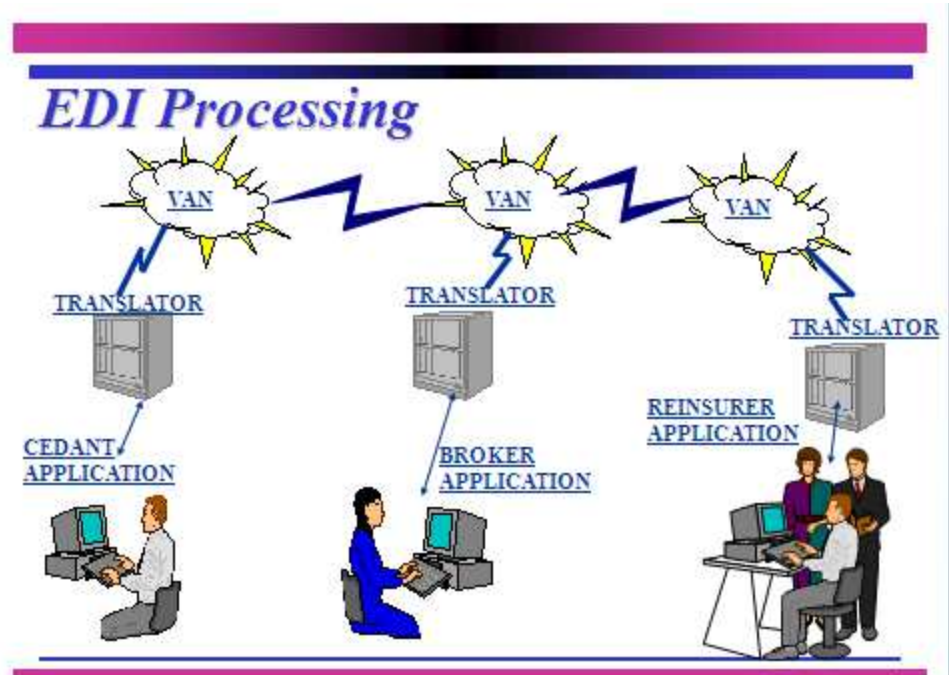WAIT - Haven't we tried this before???

YES…in the mid-1990s

BRMA/RAA, LIMNET AND RINET formed Joint Venture in the mid-1990s to exchange data electronically

BRMA contracted consultants (S^2 group) to help a group of 15 companies to start exchanging EDI messages

- RETACC
- RECLAM
- RESETT

EDI Processing

VAN

VAN

VAN

TRANSLATOR

TRANSLATOR

TRANSLATOR

CEDANT APPLICATION

BROKER APPLICATION

REINSURER APPLICATION

ORIGINAL S² Companies

| Aon Re | EW Blanch | Guy Carpenter | Sedgwick | Willis Re |

| Kemper | Scor | Nac Re | PMA Re | CNA Re |

| GE Re | St Paul Re | Reliance Re | PX Re | Zurich Re |

Key Business Drivers for eBusiness

- Enhance service, improving speed, quality and integrity of critical information

- Improve the financial agreement and settlement of premiums and claims, unallocated cash.

- Ensure operational excellence by agreeing rules and protocols to deliver business benefits

- Reduce costs through back-office data integration and process automation

- Replace technical account/invoices and statements with ACORD standard structured data messages

Functions Supported by GRLC

Front Office

- Underwriting, Placement, and
- Exposure Reporting

Back Office

- Premium
- Claims
- Settlement

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Transaction Sets – Back Office

Technical Account (TA)

Establishes debt

Financial Account (FA)

Details of payment

Claims Movement (CM)

Reports individual claim details

Bordereau Message (BRD)

Breakout listings of premiums or claims

Acknowledgement (ACK)

Acknowledges receipt/ask or respond to questions

Unstructured Data

- Can be in-stream with structured data messages or sent/retrieved separately when needed.

- Can be any source files such as PDFs, Word documents, spreadsheets.

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Benefits of Messaging

- More efficient and effective
- Better service
- Avoid basic identification and reconciliation issues
- Quicker payment of premium and claims
- Improved settlement cycle

So Ruschlikon….

What is it other than small town in Switzerland

- 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 learned success the hard way

- A Community which has agreed to collaborate to compete

- A Community focused on implementation and achieving tangible benefits

- Location where the first global meeting took place…
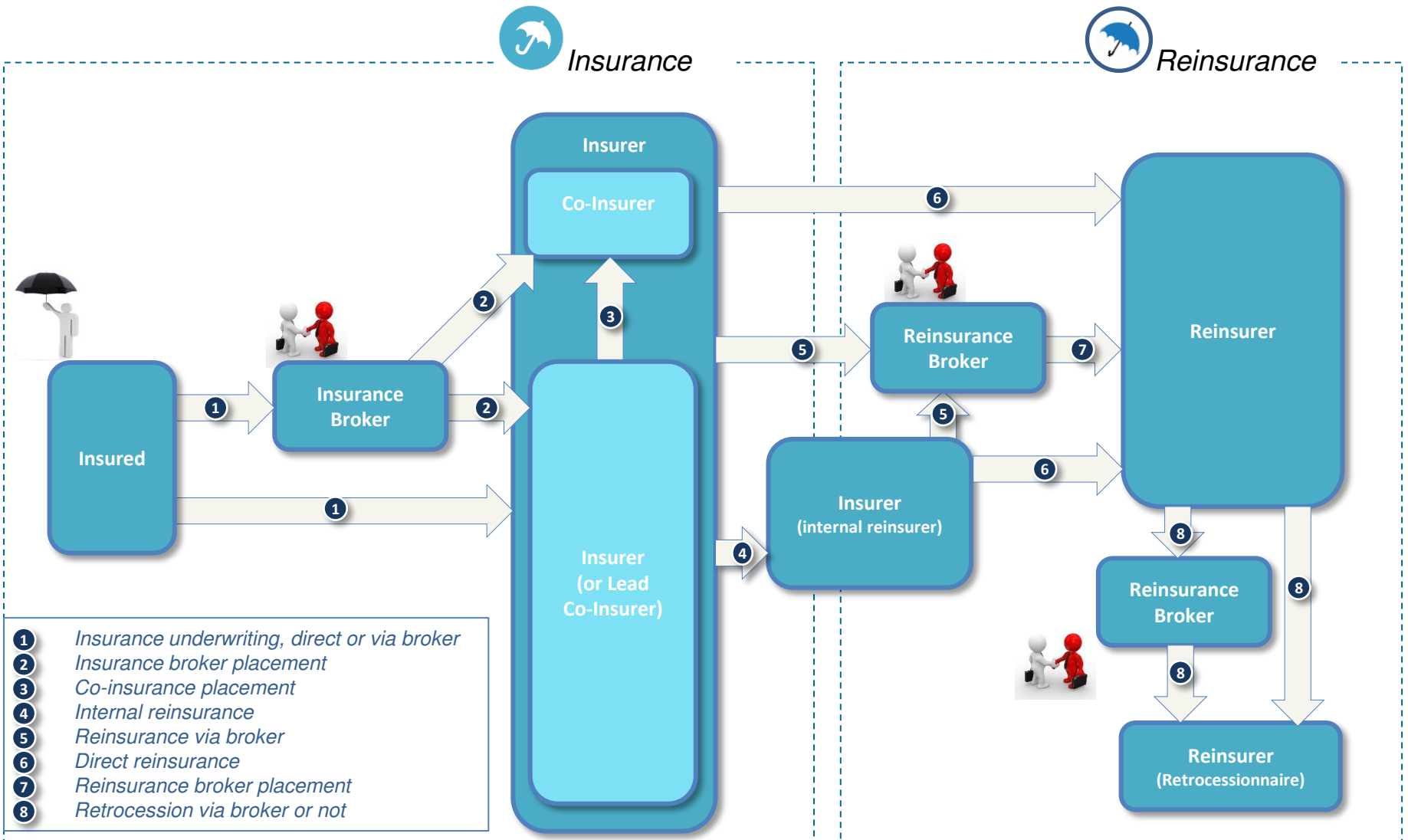
Ruschlikon
POWERED BY ACORD®

Why "Powered by ACORD"

- ACORD is the global standards organization and provides standard messages for Reinsurance, Large Commercial Insurance and Coinsurance, covering:
  - Placement
  - Technical Accounting
  - Claim
  - Settlement

- Ruschlikon and ACORD work closely together in:
  - facilitating current and future implementations
  - evolving the standards
  - extending the user base

- Benefits derive from having a clear scope, validated protocols, defined service levels and minimum information requirements. ACORD provides testing and certification to all ACORD members, smoothing and quickening implementations

Ruschlikon

POWERED BY *ACORD*

Ruschlikon business scope:
Commercial Insurance, Coinsurance, Reinsurance

Insurance

Reinsurance

Insurer
- Co-Insurer
- Insurer (or Lead Co-Insurer)

Insured

Insurance Broker

Insurer (internal reinsurer)

Reinsurance Broker

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*

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Major industry players already implement the ACORD standards
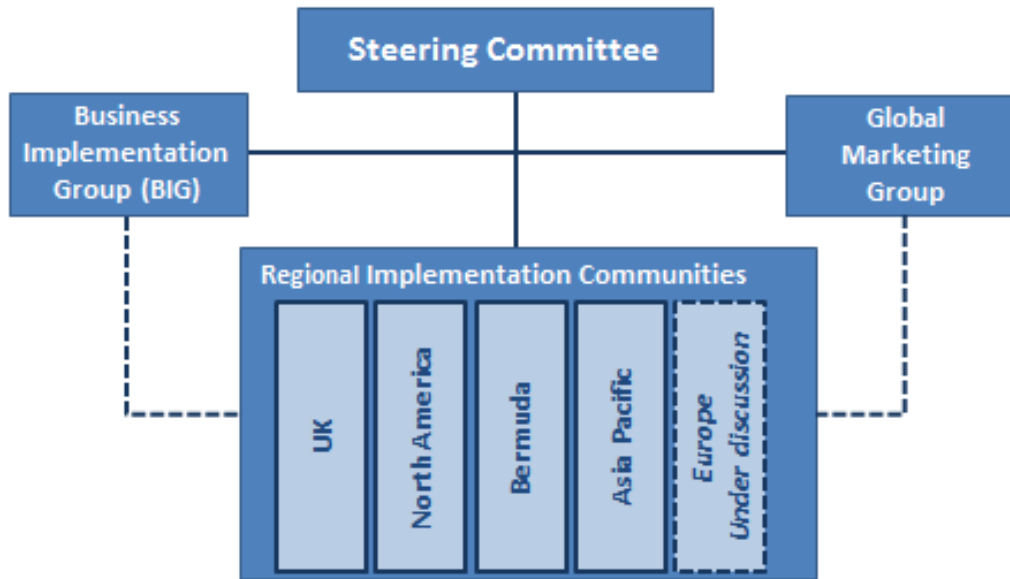and the Best Practices

- **Ruschlikon reinsurers represent more than 60% of the global reinsurance market**

- **The 3 leading reinsurance brokers - all Ruschlikon members - represent 75% of the reinsurance broker market**

- **The Ruschlikon carriers cover around 50 % of the P&C business written in the London Market**

Ruschlikon Organizational Setup

Global Ruschlikon Organization

Steering Committee

Business Implementation Group (BIG)

Global Marketing Group

Regional Implementation Communities

- UK
- North America
- Bermuda
- Asia Pacific
- Europe *Under discussion*

Highly intense people interaction, with around 100 people regularly meeting in the various Ruschlikon bodies

Steering Committee:
- Determines objectives, strategy and priorities
- Works in close cooperation with all stakeholders
- Globally coordinates activity with other representative Groups
- Chairmen of regional groups, BIG and Marketing Group are members of the SC

Business Implementation Group (BIG):
- Evaluates and refines enhancements (which are submitted to the ACORD standard process for review and approval by ACORD members)
- Agrees on process and workflows
- Maintains the Global (Re)insurance Best Practices

Global Marketing Group:
- Develops global communication strategy
- Creates global documentation to be used locally
- Develops & maintains Ruschlikon website
- Organizes events and manages involvement

Local Implementation Groups:
- Foster the Ruschlikon approach in a local environment and help drive local implementation
- Feed local requirements into Ruschlikon / ACORD standards
- Community Chairs participate in the Ruschlikon Steering Group

Ruschlikon Global Organization

Steering Committee

Régis Delayat (Chair) - SCOR
Lindsay Wälder – ACORD
Greg Gaydos – AIG
Tom Neff - Aon Benfield

Trina-Lane Pearce – Catlin
Roy Maddison - Guy Carpenter
Dietmar Meyer - Munich Re
Theo Bachmann - Swiss Re

Richard Brame - Willis
Pete Sammons - XL Re
Simon Squires - XL Insurance

BIG

Tom Neff (Chair) - Aon Benfield
Phil Brown - ACORD
John Edridge - Aon Benfield
Troy Hughes - Aon Benfield
Ben Kahn- Axis
Trina Lane-Pearce - Catlin
Danny Hickey - Guy Carp
Terry Calthorpe - Guy Carp
Greg Henderson - Guy Carp
Walter Zarychta - Guy Carp
Joerg Heiss- Hannover Re
Wolfgang Seidel - Hannover Re
John Ringold - Lancashire Group
Alexander Starosziuk - Munich Re

Isabelle Solesse - SCOR
Jean-François LePage - SCOR
Juergen Heck - SCOR
Sven Scandella - Swiss Re
Enrico Alessandri - Swiss Re
Pascal Lehmann - Swiss Re
Markus Hotz - Swiss Re
Vicky Docwra - Willis
Mark Hart - Willis
Peter Sammons - XL Re
Stephen Hughes - XL Re
Heather Griffiths - XL
Ramesh Timakondo - XL

Marketing

Heather Griffiths (Chair) – XL
Lindsay Wälder – ACORD
Joshua Adams – Aon
Danny Hickey – Guy Carp
Bruno Fournet – SCOR
Jürgen Heck – SCOR
Bianca Argento – Swiss Re
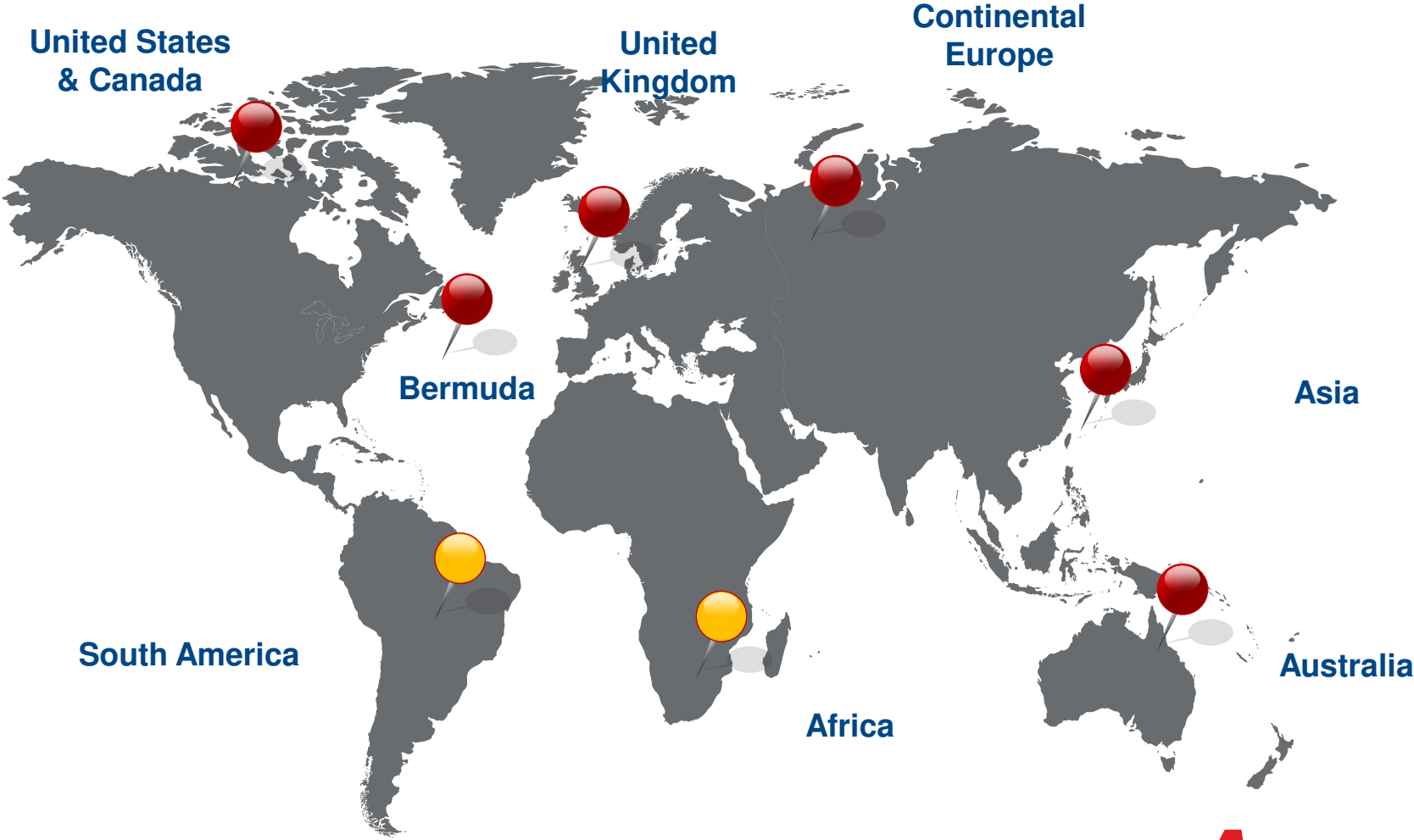Julie Gooch – Willis
Tom Neff – Aon Benfield

Regional

UK

North America

Bermuda

Asia Pacific

Implementation Communities

Communities

- Ruschlikon North America
- Ruschlikon Bermuda
- Ruschlikon London Non Bureau Group
- Ruschlikon Asia-Pacific
- Ruschlikon Europe (Ruschlikon Steering Group)

Committee Activity

- Face to face meetings, conference calls
- Advice from concept to implementation
- Streamline communication among communities
- Enhance GRLC standards through the ACORD Standards Process
- Critical mass to get stakeholder support and business partners interested
- Global(Re)insurance Best Practices (formerly the "Rulebook")
- Business Case

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POWERED BY ACORD

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Ruschlikon Process Overview

Providing Best Practices

Global (Re)insurance Best Practices – Accounting, Claims & Settlement

- Message Standards, flows and interactions
- Workflow timing recommendation
- Document Exchange Standards
- Recommended implementation steps
- Minimum connectivity requirements
- Target Performance Standards
- Continuous improvement of processing time

The Messaging Process

Closing details sent automatically when a premium or claim ledger entry is raised in Aon's system.

Notifies reinsurer of new / updated claim file details

Supporting doc's with TA/CM's

Lists details of TA's Accepted by the reinsurer and now ready for settlement

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REINSURER

Technical Account (TA)

*Acknowledgement
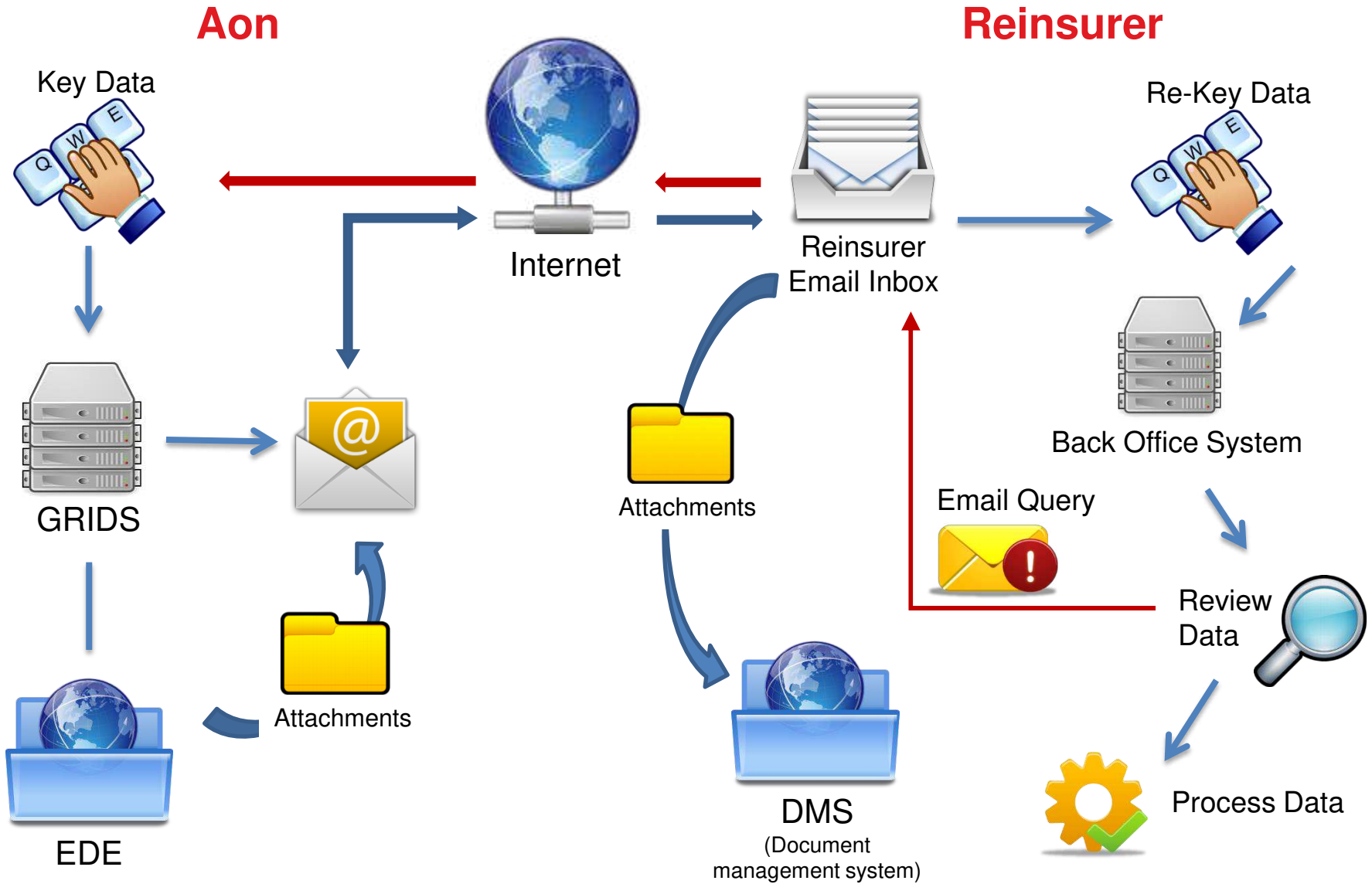
Claim Movement (CM)

*Acknowledgement

Supporting Doc's (DRI)

Financial Account (FA)

*Acknowledgement

*Reinsurers can Accept, Query, or Reject each message.

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Transmission of Data via Email

Aon

Reinsurer

Key Data

Internet

Re-Key Data

Reinsurer Email Inbox

GRIDS

Attachments

Back Office System

Attachments

Email Query

Review Data

EDE

DMS
(Document management system)

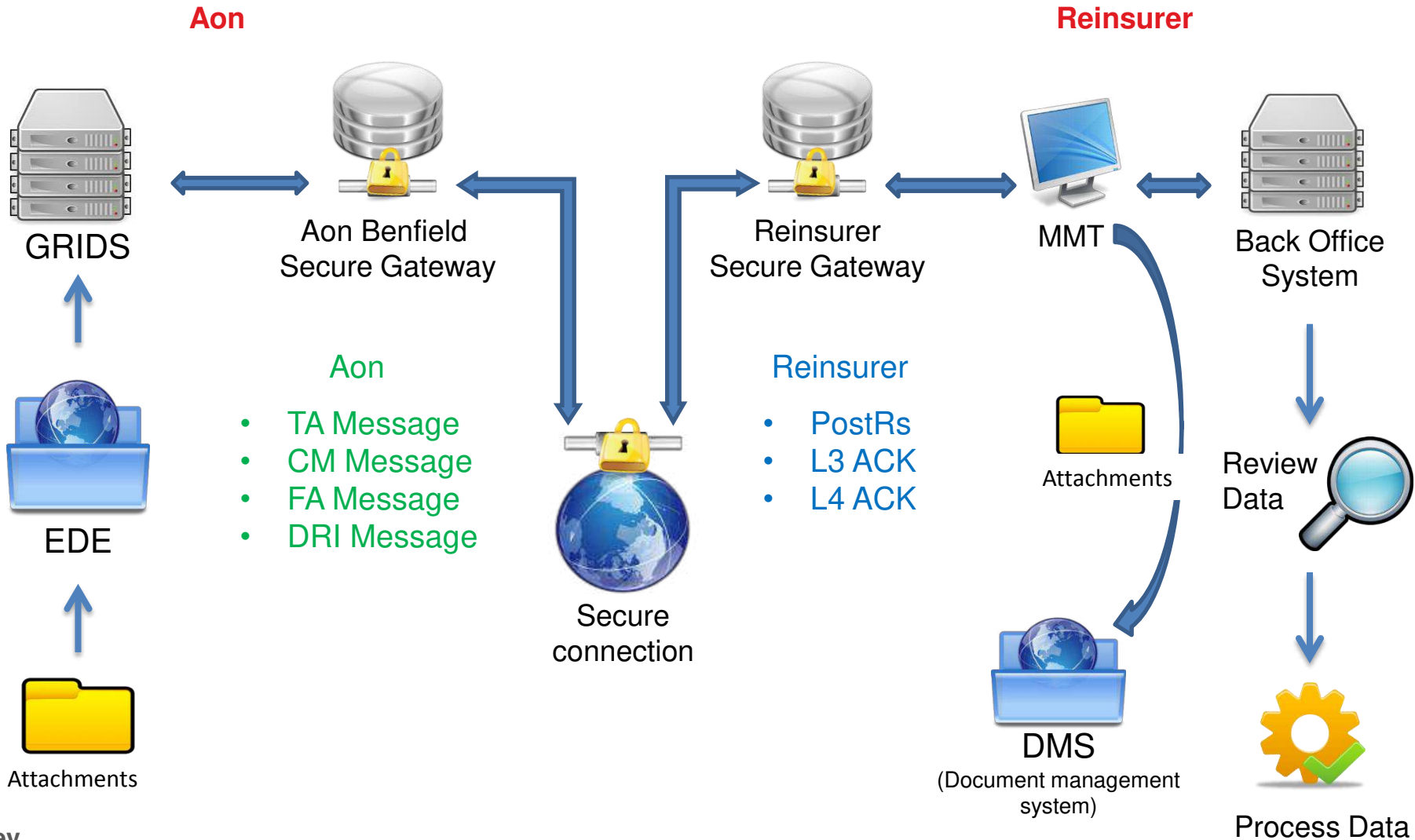Process Data

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Email Features

Pros:

✅ Data transmission in real time with documentation included

✅ Can request a read receipt

Cons:

❌ No guarantee of any requested read-receipt; no real assurance that email is received

❌ No security of transmission

❌ Re-keying data by receiver is prone to errors

❌ Data can be subject to interpretation which can result in emails, phone calls and delays in processing

❌ No Straight-Through-Processing

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Transmission of Data Via Messaging to Reinsurer With Message Management Tool (MMT)

Aon

Reinsurer

GRIDS

Aon Benfield
Secure Gateway

Reinsurer
Secure Gateway

MMT

Back Office
System

EDE

Aon

- TA Message
- CM Message
- FA Message
- DRI Message

Reinsurer

- PostRs
- L3 ACK
- L4 ACK

Attachments

Review
Data

Secure
connection

DMS
**(Document management
system)**

Process Data

Attachments

Key
- PostRs = Handshake (Receipt) from Gateway
- L3 ACK = L3 Technical Acknowledgement (Acceptance, Query or Rejection)
- L4 ACK = L4 Business Acknowledgement (Can be an acceptance of the message or a query)
- DRI = Data Repository Interoperability (For the transfer of supporting documents)

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Ruschlikon Message Transmission Features to Reinsurer with Message Management Tool

Pros:

✅ Data transmission in real time with documentation included

✅ PostRs message is an automatically generated receipt from receivers Gateway confirming transaction was received

✅ Transmission over internet is secured and protected

✅ L3 Acknowledgement guarantees that message can be validated and accepted by receiver's back office system

✅ L4 Acknowledgement confirms that message can be processed from a business perspective; Can also mean agreement to transaction

✅ Elimination of many queries at Message Management Tool level

✅ Audit trail of all transactions

✅ Management reports available

Cons:

❌ Rekeying is necessary after review in Message Management tool, but queries are reduced and unmatched cash benefit can still be realized

Major industry players already implement the ACORD standards and the Best Practices