

Informatica B2B Data Exchange for Insurance

Powering IT Modernization and B2B Collaboration for Insurers

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“We support thousands of independent agents today so our ability to provide access to and automate business processes is a key source of our competitive advantage. We selected Informatica for its breadth of functionality, rapid time to deployment, lower cost of ownership, and its proven solution.”

KEY INSURANCE CHALLENGES:

- Liberate legacy and mainframe data to support Web distribution channels
- Modernize inflexible legacy systems while maintaining operational stability
- Expand support for ACORD data standard to streamline information management
- Engage with 1000s of industry partners in dynamic B2B networks
- Reduce IT costs and complexity and risk of fraud
- Increase business agility for greater customer satisfaction and profitability

The insurance industry is at a crossroads as insurers confront emerging challenges and opportunities in both business and technology realms. On the business side, insurers need to deepen and enrich participation in dynamic B2B distribution channels comprised of thousands of service providers, underwriters, brokers, adjusters, and other parties. Preventing fraud, estimated to affect 10 percent of all claims, is increasingly important to business performance in a softer and more uncertain market.

Meanwhile, insurance providers are heightening focus on such core competitive issues as customer satisfaction and retention, efficient mergers and acquisition, and ultimately growth and profitability. Increasing use of the ACORD data standard promises to streamline information management, yet costs and complexity can be high if ACORD data management mechanisms and implemented manually or as ad hoc solutions. The data and technology infrastructure in place at many insurers is ill suited to achieve the business agility required to address many of these challenges. Key technology issues include:

- Inflexible mainframe technology reaching the end of its lifespan
- Legacy data locked in proprietary systems and formats
- Multiple and redundant systems in place after mergers and acquisitions
- Limited ability to innovate from complex and inflexible systems
- Rising costs for integration, large-scale modifications, and increased vendor support

A Strategic Technology Approach for Insurance

A technology strategy based on a centralized data hub can help insurers modernize and consolidate legacy systems, expand B2B network collaboration, and streamline business processes. This centralized hub can provide visibility, integration, management, and orchestration of data to enhance partner collaboration, reduce operational costs, accelerate growth, combat fraud, and improve customer acquisition and retention.

TOP IT OBJECTIVES FOR INSURANCE

A survey by Deloitte Consulting in late 2007 highlighted the need for insurers to focus on legacy systems modernization, elimination of redundant systems, and enhanced integration. According to results published in Deloitte's Financial Foresight newsletter, insurance executives participating in Deloitte's survey cited as top priorities:

- Efficiency (49%)
- IT strategy or strategy refresh (13%)
- Technology innovation (16%)
- Benchmarking (8%)
- Portfolio management (14%)

Challenges and Opportunities in a Dynamic Industry

The increasingly dynamic business environment in which insurers compete puts a premium on the ability to rapidly respond to unanticipated opportunities and threats, and to adapt business strategies and tactics on the fly. Insurers must be able to deploy resources in response to crises and deliver new products and services with speed and accuracy. For instance:

- Claims managers need on-demand data access to quickly process and resolve claims.
- Actuaries need a complete set of accurate reports and data.
- Underwriting and exposure managers need complete data for effective risk and exposure analysis.
- Policy administrators must be able to easily handle policy inquiries, premium and coverage issues and need a single, consistent view of all status and disparate claims and premium information.

Modernizing Legacy Systems

Complicating insurers' ability to improve efficiency is a preponderance of core legacy systems, many in service for 20 to 30 years. Mostly using the COBOL language, these mainframe systems have "run the business" and received massive investment, yet they present a number of challenges:

- Slowing new product introductions
- Increasing difficulty of integration to new applications
- Driving high system maintenance costs
- Inhibiting data mastery and reuse of data for new applications, business intelligence, and cross-selling
- Complicating re-engineering and improvement of process and workflows

A survey by analyst firm Celent found a top priority for insurance CIOs and CTOs in 2008 was to upgrade core systems to maintain growth in a softer and more uncertain market.

Eliminating Business Silos to Enhance Interoperability

Cost-effectively improving capabilities for interoperability is a serious challenge for insurance providers with siloed business systems. While ACORD and other standards can make it easier for insurers to transform data from agencies and service providers into formats required by underwriting, policy administration, and other insurance systems, compliance with the standards is not simple.

For example, the complex ACORD format represents several hundred transaction types from all parts of the insurance industry in one huge XML schema. The schema is many layers deep and contains a large number of standard data blocks. Many data elements in the ACORD standard—such as numeric values, dates, and phone numbers—are represented in formats different than those used in many applications and other industry standards.

Interoperability between ACORD and internal application data can add additional layers of complexity. Embracing related formats and standards such as DTCC, MIB, EDI, and SWIFT and attempting to integrate with legacy and modernized architectures can make standards compliance extremely difficult. The balance lies in using technology to streamline business processes without huge cost investments and while working within industry standards.

Improving Customer Satisfaction and Fraud Prevention

Another significant challenge for insurers is acquiring and retaining customers while simultaneously improving the customer experience. Insurers are under pressure to deliver good customer service not only during the sale of the policy, but also when a claim must be settled.

At the same time, insurers need to increase capabilities for fraud prevention. At least 10 percent of insurance claims are either inflated or outright fraudulent, causing providers to pay as much as US\$30 billion annually in fraudulent claims, according to the National Insurance Crime Bureau. Additionally, theft, loss of or attack on information, IT complexity, and expansion into overseas markets are increasing fraud exposure.

Insurance companies cannot grow at the expense of customer satisfaction, and yet must be able to manage, process, and analyze data to ensure the utmost accuracy in claim and payment processing to reduce fraud and its costs.

Informatica B2B Data Exchange for Insurance

Informatica B2B Data Exchange for Insurance is a powerful platform to address global, multi-enterprise insurance data transaction needs such as underwriting policies, risk analysis, insurance claims, payment and remittance advice. From universal data transformations to support for a broad range of data types, including unstructured and insurance-specific data, Informatica B2B Data Exchange for Insurance provides a robust, adaptive, and comprehensive solution for the challenges of insurance networks. The software family includes two products:

- **B2B Data Transformation:** Translates unstructured and semi-structured formats into structured format.
- **B2B Data Exchange:** Connects the enterprise with business partners, suppliers, and customers and provides partner on-boarding and profile management, business event monitoring, and any-to-any unstructured and semi-structured format transformation.

Optimize and Automate Insurance Partner Relationships

Informatica B2B Data Exchange for Insurance enables insurers to automate the gathering, processing, and normalization of data from all insurance network partners. Automation reduces cycle time and can help insurers analyze claims, issue policies, and profile and manage risk. It is engineered to give insurers a strategic advantage through:

- Universal data transformation
- Insurance network collaboration
- Data visibility and transaction management

Universal Data Transformation

Traditionally, risk evaluation in the insurance business has been primarily based on traditional credit risk scores and rating agencies. Increasing rates of fraud indicate a need for better data analysis capabilities, which in turn demands comprehensive and high quality data.

Data needs to be collected from a variety of service providers, underwriters, brokers, and claims adjusters. The data formats vary widely in format and type and must all be normalized to be included in analytic models.

B2B Data Exchange for Insurance supports any-to-any data format transformations of all structured, semi-structured, and unstructured data in a codeless, reusable environment that reduces IT costs of custom development, validation, and error identification. The solution automates access to all forms of data and thus streamlines intra- and inter-trading collaboration and integration.

Pre-defined libraries and out-of-the-box transformations using a meta-level approach and software updates supplied by Informatica help ensure that providers remain up to date with the latest standards and specifications and can minimize maintenance and updating costs. Additionally, B2B Data Exchange for Insurance includes pre-built frameworks that enable mappings between multiple versions of standards.

With universal data transformation, B2B Data Exchange enables insurers to transform large volumes of data into usable and normalized formats for analysis by risk management modeling systems. Using B2B Data Exchange, insurers can:

- Define complex data transformations without the need to write code
- Immediately deploy and reuse transformations across the enterprise software infrastructure
- Preserve investments and promote cross-enterprise integration

CUSTOMER SUCCESS: FIREMAN'S FUND

Like many organizations, Fireman's Fund Insurance Company, one of the world's largest property and casualty providers, relies on mainframe applications for core business processes. Fireman's challenge was to equip these core legacy systems with data transformation and exchange technology that would support secure and transparent B2B collaboration with a growing number of independent brokers and agents.

Fireman's selected Informatica B2B Data Exchange for Insurance as a highly flexible and robust platform to expose COBOL-based mainframe legacy applications for its Web-based B2B system by enabling any-to-any data transformation in real time via XML.

The codeless development environment of B2B Data Exchange for Insurance greatly simplified business integration and reduced Fireman's time to deployment by up to 90 percent. It also provided the infrastructure for straight-through processing (STP), optimized performance with EAI, B2B, and other middleware platforms, and supported SOA initiatives by transforming legacy data to the ACORD standard.

"We support thousands of independent agents today so our ability to provide access to and automate business processes is a key source of our competitive advantage," said Roger Cottman, Fireman's senior director IT. "Exposing mainframe applications through SOA and adoption of industry standards like ACORD are key enablers in this strategy."

Insurance Network Collaboration

B2B Data Exchange for Insurance provides dynamic trading partner management to manage communications between parties in an insurance network—rating agencies, underwriters, brokers, claims handling partners, anti-fraud bureaus, and service providers. It supplies the capability to create, edit, and manage partner profiles and define data flows particular to a partner to accommodate integration with the insurer's core systems and enabling straight through processing (STP) of policy issuance, claims submission, and payment and billing activities. B2B Data Exchange promotes operational efficiencies and collaboration among all members of an insurance network.

The speed and precision with which insurers are able to manage and analyze data to make business decisions is increasingly important as partner networks grow in scope and complexity and as insurers expand into new lines of business, new countries of operations, and new customer segments and lines of business. B2B Data Exchange for Insurance enables providers to:

- Tighten collaboration in extended partner networks
- Leverage ACORD industry standard and unstructured data
- Rapidly capitalize on new business opportunities

Data Visibility and Transaction Management

One way to ensure that transactions comply with business needs is via transaction management. This involves deploying controls to monitor, notify, reconcile, analyze, and manage exceptions to enable business process flows across an insurance network. This allows for visibility to all data regardless of network protocol or format for improved regulatory compliance and fraud detection, and helps ensure that transactions execute in an appropriate and timely manner.

Informatica B2B Data Exchange for Insurance provides the following transaction management capabilities:

- Event Viewer to see lists of events, search events, and drill down to event details.
- Event Monitoring to manage transactions, reconcile issues, and establish alerts.
- Web-based Business Dashboard and Analytics to diagnose and analyze transactions.

ABOUT INFORMATICA

Informatica is a leading provider of enterprise data integration software and services. With Informatica, organizations can gain greater business value by integrating all their information assets across the enterprise. Thousands of companies worldwide rely on Informatica to reduce the cost and expedite the time to address data integration needs of any complexity and scale.

STRATEGIC BUSINESS VALUE WITH B2B DATA EXCHANGE FOR INSURANCE

Informatica B2B Data Exchange for Insurance is designed to supply a centralized hub for visibility, integration, management, and orchestration of disparate data with any-to-any data transformations, including legacy COBOL data into the ACORD format. With it, insurers can:

- Integrate and simplify complex business processes
- Eliminate redundant systems to improve efficiency
- Streamline data exchange in B2B distribution channels
- Heighten control over transactions with visibility into business processes
- Increase transaction accuracy and decrease fraud
- Develop and maintain business agility
- Reduce core operational costs
- Increase customer acquisition, retention, and satisfaction

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