In August 2008, Aon Re Global and Benfield Group Limited announced plans to merge the two companies. The merger proved highly successful, and while Aon Benfield has been operating as a seamless combined organization for a considerable time now, the coming together of the two firms still provides a useful case study on how to efficiently integrate electronic systems through the use of a common platform.

While there were business benefits to the merger, there would also be many challenges to be faced. Mitch Balter, Head of Operations for Aon Benfield Americas, said: “We knew the merger would be a challenge from both a business and technology perspective. More importantly, improved client services was the most important issue to consider. We want to deliver quality information to our clients and reinsurers as quickly and accurately as possible.”

Consolidation to a single global processing IT system is key to the successful integration of the firms. Following a rigorous evaluation process, the Global Risk Distribution System (GRiDS) was selected as the global system for Aon Benfield. The global deployment of GRiDS is well underway with an initial focus on London and North America.

The use of ACORD standards has been one of the key facilitators in the global rollout of GRiDS, and Aon Benfield continues to promote the widespread use of ACORD in the industry to make e-placement more efficient.

“Transitioning business from one system to another always throws up a number of internal challenges – but with Aon and Benfield being the leading brokers dealing with external data transfer supporting the reinsurance process our external commitments were also significant. The use of ACORD standards was our savior,” according to Ian Summers, Managing Director of eBusiness & Market Reform at Aon Benfield and a member of the North American ACORD Advisory Committee. ACORD (the Association for Cooperative Operations Research and Development) is a global, nonprofit standards development organization serving the insurance industry and related financial services industries.

Aon Benfield is currently sending ACORD TechAccount (invoice), ClaimMovement (claim notification), Settlement (financial account), Document Repository Interoperability (DRI), and Placing (risk submission) messages. Since January 2009, over 1.3 million messages have been transmitted across North America, London and Europe dealing with Claims, Technical Accounts, Settlement and Placing, including supporting documentation.

In addition to accuracy of data and speed of processing, there have been some significant areas of savings noted. Summers noted that “In London for example, we saw a 50% improvement in settlement times from reinsurers to clients once
we moved to ClaimMovements. And in the paper world, there used to be an average of 30% rework required reconciling statements to invoices due to errors. Once TechAccounts were introduced, the rework percentage dropped to about 1%.

“ACORD standards are the key” according to Tom Neff, Director of eCommerce at Aon Benfield. “Proprietary standards work once, where ACORD standards keep working because they are the ‘industry’ standards. Once you map your internal data to the ACORD standards, you don’t need to do it again for each new partner. While you don’t have to be an ACORD member to use the standards, there are clear benefits to being a member. Having your company’s business needs represented in the development of the standards, participating in working groups, having a “vote” on which standards are approved, participating in early pilots of the standards, taking advantage of business networking opportunities and reduced attendance fees at ACORD conferences are just a few of the advantages.”

From a reinsurance partner’s business perspective, Dave Hughes, Senior VP of Claims at XL Re Global has been a long-time supporter of ACORD messaging because of the seamless impact it has on claims processing.

“The impact of Aon Benfield’s early and strong commitment to electronic data exchange has had a very positive impact on XLRA Claims and Accounting processes. Aon Benfield has worked closely with XL Re America, dedicating significant time and resources to this project which has helped us to fully integrate the ACORD messages and supporting documents into our Claims and Accounting systems.

Each claim message is now interfaced directly into our claim system which is automatically available at the desktop of the account manager handling the contract. Initial ACORD claim messages open a blank claim file in our system and auto-populate the fields eliminating the re-keying of data. All supporting electronic documents are also attached automatically to the claim files and are available for viewing from within those files. Reserve and payment amounts are ‘teed up’ in the claim file by the ACORD messages, but XL Re retains total control over their acceptance and processing.

ACORD message implementation has also helped us make the best use of our resources. Our accounting department processes its periodic accounts via messaging and receives full supporting electronic bordereau attachments with each message permitting remote processing. We realize savings by eliminating the re-keying of data by the claims professional staff, permitting them to focus on claim analysis, along with internal and external client service. We have also eliminated the handling, filing and archiving of what we estimate conservatively as 30,000 sheets of paper annually which should have obvious benefits to every company seeking to be paperless and ‘greener’. Our disaster recovery processes also benefit from going paperless.

Aon Benfield’s strong commitment to a very robust message implementation has made paperless claims and accounting files a reality for us without any
compromise to the completeness of our files or to XL Re America’s control over its financials. This has been the largest and most positive step forward in the efficiency of reinsurance claims and account processing in my years in this industry.”

From technology perspective, Urs Foley, CIO of XL Re Global sees the benefits as:

“Our global reinsurance platform which provides full ACORD eCommerce capabilities for our accounting and claims administration provides consistent controls, transparency, more timely and accurate management information, more efficiency and leveraging of all global XL Re resources. ACORD messaging has enabled us to meet our vision of setting higher business standards by facilitating that information flows accurately, speedily and consistently from Aon Benfield’s source systems, through our global administration system, all the way to our General Ledger in an efficient, effective and controlled environment. This has resulted in many improvements in business processing cycles and management information for both client facing activities as well as presentation of global financial data for internal and external reporting.”

“Especially in today’s struggling economy, it is important that companies improve efficiencies and automate processes where possible and enable future business growth with minimum costs,” notes Ms. Foley. “Aon Benfield and XL Re’s combined efforts to implement fully integrated end-to-end e-commerce capabilities puts us at the forefront of such developments. As new market opportunities arise around the globe, we are both well-positioned to take advantage of them quickly and efficiently.”

Shawn Sylvester, Senior Vice President Claims Operations at Swiss Re in Armonk sees the benefits of exchanging data via ACORD messaging.
"This implementation is a continued step in our movement to streamline our processes and improve customer service. The ACORD standards provided us with the ability to improve the timeliness and quality of technical accounting and claims data submission to Swiss Re and the submission of electronic data from Aon Benfield provides us an additional control on the quality and timeliness of submission and settlement of accounts."

John DiBuduo, CIO of Partner Re, sees the benefits as saving time and processing. "The evolving use of the ACORD standards between Partner Re and its business partners has had a direct impact on our operating efficiency – improving the support and services we provide to our clients. Where we have successfully implemented the ACORD E-Claims standard, we have reduced our dependency on data entry and have eliminated the creation of paper files. Aon Benfield has benefited by eliminating cumbersome processes used to report claims to us in the past. Combined, these benefits help both organizations to quickly and effectively support our clients through prompt and accurate claim payments."

Aon Benfield recognizes the success in using the ACORD standards and plans to continue to roll out the use of ACORD messages to all of its partners in all geographies.