Global cooperation on implementation

The Rüschlikon initiative has been big news for RLC since 2009 – bringing together key global reinsurers and brokers to realize the full business benefit of RLC message implementation. 2010 has seen those organizations upgrading their implementations onto a commonly agreed “version” of RLC, in line with more precise implementation guides – initially focusing within the European community to create a truly plug and play environment, with aims to roll this out globally.

During 2009 the USA community created the “USA advisory group”, to consider the needs and priorities of the USA reinsurance community. They wasted no time in focusing in on a key priority to get the client involved (i.e. the cedent), and have moved forward quickly in 2010 with development of a new standard for cedent “bordereau” (more on this later).

The big news of the moment is that both groups have identified global cooperation as a key priority. In October the USA Advisory Group made formal proposals for cooperation to the Rüschlikon initiative – which were received enthusiastically and will result in joint discussions in the near future.

And to add to the progress towards global cooperation, the London Market Group’s new initiative to consider direct broker to ins/reinsurer communication has also asked to join in!

Global cooperation on implementation will be a hot topic in the next few years and has the potential to deliver great efficiencies to the sector!

Placing

In most RLC markets the focus has been mainly on backoffice implementations – accounting, claims and settlement being seen to be the areas where the most savings can be made from electronic messaging.

But the London market is taking the lead in forging ahead with Placing. Over the last 2-3 years a number of brokers and ins/reinsurers have gone live with quotation and binding of new risks. In order to build on the efforts of these pioneers, and kick start full usage of Placing messages across the 200+ brokers and ins/reinsurers involved in the London market, a new “Endorsements pilot” was instigated in early 2010. This focuses on the endorsement stage of the placing cycle (that is; policy changes rather than the more complex quotation/binding process), and went fully live in October 2010 using the new “Exchange” London network, meaning that the whole London market is now involved.

Standard Cedent Bordereau Working Group

Mentioned earlier, design of this new standard is being championed by the USA reinsurance market (although the need for solutions in this area is recognized across the global market). The working group is aiming to standardize the detailed breakdowns of information (premiums and/or claims listings) sent to reinsurers by cedents in support of accounts. Although such breakdowns are often sent electronically via spreadsheets there is currently no consistency in the formats being used. As a first step the group is aiming to create a standard spreadsheet format, followed soon afterwards by an XML message solution.

Regulatory and Tax Reporting message

An RLC working group completed a new “tax and regulatory reporting” message in early 2010, and a group of London insurers have now put in place live pilot implementations to report information to Lloyd’s (who then collate data to make their own reports on behalf of Lloyd’s insurers to regulatory authorities in over 80 countries).

While this message is not intended for direct reporting to regulators – it is seen as a great first step in pulling together the needs of regulators across the globe. And for the pilot participants it also delivers immediate value and considerable savings by allowing their “internal” reporting of such data to happen in a standard way.

E-Accounts in London

In parallel with implementation of ACORD to support backoffice processes in Europe and USA, the London market is also implementing ACORD messages to move paper reporting of premiums from 100+ brokers to the London backoffice system (run by XIS) into the electronic world. This is aimed to be in line with ACORD message usage in other initiatives, so that brokers operating in London can
also use the same messaging systems worldwide. Market acceptance testing of the new system is ongoing, with fully live usage expected shortly.

Catastrophe Modeling Working Group

This working group is looking to establish an industry standard for the collection and reporting of exposure information which can be used throughout the insurance value chain, from the primary insurance market through specialist markets (such as delegated authorities) to the reinsurance market. In 2010 it confirmed the format for aggregate reporting, simple address level reporting and delegated authority reporting spreadsheets – and continues work on finalising a comprehensive XML reporting message, encapsulating the data requirements of each identified use case.

Testing and Certification Facility

While a common facility across the whole of ACORD for testing and certifying message formats, the concept is taken further into testing and certification of full message exchanges in RLC.

The facility has been in place for more than 4 years now, but in 2009/2010 it has shown particular value in working with initiatives where communities have established common approaches for using ACORD standards versions and message content.

The Rüschlikon community have made a prerequisite of membership that implementers are certified by the TCF – and that certification tests are not only compliance with message format/s, but also requires a full set of test scenarios to be run to emulate a production environment of message flows and interactions.

Similarly, the London placing initiative requires participants to have been certified via TCF – and again the certification is based on scenarios that emulate a production environment.

TCF is a key ingredient in helping with and promoting standard implementations of ACORD messages.

Implementation

Implementation underpins all activities within RLC.

Global cooperation on implementation already mentioned earlier is fully supported by ACORD RLC committees and staff – and also by tools such as the TCF.

Activities in initiatives such as Rüschlikon not only push forward with standards with committed implementers – but also consider how to get everyone else on board. Rüschlikon has workstreams that look at creating ROI/business cases for implementation, for new members to use in justifying the budget for developments. It also considers how to take the message to solution providers, who can potentially bring along their own communities of new implementers. And where there is a business case, they are looking at “light” solutions, which could be delivered by solution providers to help organizations that cannot justify the cost of a full ACORD implementation. As global cooperation gathers pace, all of these areas will start to be considered globally also.

A narrow focus is avoided, and innovative solutions beyond the core ACORD world of XML messaging are considered and promoted. The cedent bordereau and the exposure reporting activities are both looking at “standard spreadsheets” as a first step – recognizing that all players involved in those information flows will take a long time to develop and/or justify full XML developments. Also, the ACORD DRI standards are fully utilized in the RLC implementation guides – and these allow for unstructured electronic documents / images / etc to be sent to supplement messages where this is needed. To say this approach to unstructured supporting information is successful is an understatement – in the London market over 5,000,000 DRI message are processed each year, and in other markets the ability to provide such documents has been cited as a key enabler to moving forward with claim messaging implementations.

The RLC team at ACORD will continue to work with members to push forward with these implementation approaches, and to identify new ways to realize full implementation of ACORD standards across the global community.