

Project Genesis Data Capture Service

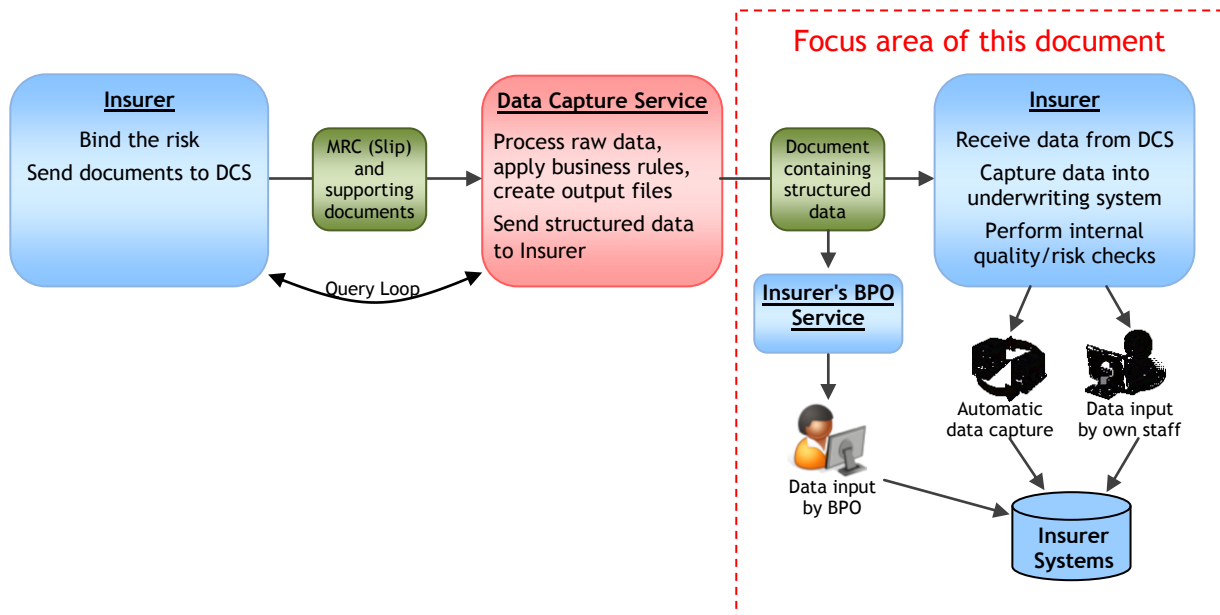
Insurer Implementation Options and Related Benefits

1. Introduction

The Genesis Data Capture Service (DCS) introduces benefits to insurers through the sharing of costs associated with the capture and validation of risk data immediately after risk placement. The level to which benefits are realised by participating insurers depends largely on their usage of the data and how they integrate the service with their own systems. This document explores a number of usage options that will be available to insurers with a view to highlighting the benefits that may be associated with each of these.

Recognising that the operating models of individual firms vary considerably, no attempt has been made to present a cost-benefit argument as each insurer will have a different view of the attractiveness and scale of the benefits available and of their costs associated with realising that benefit.

The diagram below shows at a high level the integration points between the DCS and the insurer.



This document concentrates on the options available to insurers once the DCS has created and supplied well-formed structured data to them.

2. Insurer Options for Consuming DCS Data

Pre-Bind Risk Capture

When writing business an underwriter performs a number of activities prior to the binding of the risk. This may include the provision of pre-quote price indications and/or firm quotations. Quotation information may be captured into the insurer's risk recording system ahead of a firm order being placed. In most cases the quotation record contains incomplete and unstructured information.

When a risk is bound, there is usually a method in the system of associating any earlier quotation(s) with the bound risk, possibly reusing some of the information captured earlier.

Similarly, insurer systems usually have a risk renewal function which allows a new risk to be created by cloning the previous years risk information which can then be updated as applicable for the new contract period.

As the DCS is invoked at bind stage, and has no knowledge of the insurer's previous involvement in the risk, there may be situations where some data is already present in the insurer's system (in the form of a quote or the previous year's policy) and this may have to be taken into account when designing the integration of DCS data to the carrier system.

This may be mitigated somewhat by the need to provide the broker with references when binding the risk, which forces the manual creation of a 'pro-forma' risk record at bind.

Post-Bind Risk Capture Options

When the risk is bound, the DCS service may be invoked. There are three main scenarios that insurers may consider for implementation of the DCS Service, as shown below:

1. Have DCS supply structured data to the insurer's own data capture staff
2. Have DCS supply structured data to an existing BPO service
3. Automate a large part of the data capture process

Within each of these scenarios there may be variances, which will be covered within the descriptions below.

Please note that this document takes no account of;

- the method of receiving data, e.g. web services, message gateway, etc.
- transition between phases that facilitates the development of appropriate technology and the running off of existing BPO contracts where applicable.

2.1. Have DCS supply structured data to the insurer's own data capture staff

This option requires the least system change, but results in the least benefit.

This option may be implemented by insurers who do not wish to use the DCS data to update their systems, but do see value in using the data as a quality check against the data that has been captured into their systems by their own staff or outsourced BPO service.

The process is as follows;

1. Data capture staff capture risk information from the slip into the insurer system as usual. There is no dependency on the DCS for this.
2. When the structured data file is received from DCS, the information is loaded into a 'risk data comparison tool'. The development of this tool is outside of the DCS service. Risk data is also extracted from the insurer's system into the tool. The two risk records are linked using the UMR and insurer references.

3. The risk data comparison tool is used to check the DCS data against the data from the insurer system and differences are automatically highlighted. Quality control staff will review each risk, checking the quality of both the DCS and their own data capture staff.
4. Corrective action is manually taken as necessary.

This option does not involve invasive system changes. There is no integration with the insurer's systems. It requires only a simple data extract routine to be built or acquired to populate the risk data comparison tool.

This quality check could be extended to include data received from Xchanging some time later to ensure that the USM data is correct.

The main benefit of this option is in taking advantage of the DCS's provision of 'cleansed data' after having applied agreed rules to the raw information. A second benefit that would apply to followers is the reduction in queries as these will have been dealt with by the lead.

This implementation option is being considered by Prosight Specialty.

2.2. Have DCS supply structured data to an existing BPO service

This option may be implemented in order to get immediate benefit from using the DCS service whilst retaining the services of an existing BPO provider.

In this scenario, the insurer will arrange for the structured data to be sent directly from the DCS to their current BPO supplier. This option is therefore similar to scenario 2.1 above, except that the data capture is undertaken by the insurer's BPO service and not by their own staff.

The process is as follows;

1. The DCS sends the structured data file along with the original slip and supporting documents to the BPO Service provider.
2. The BPO Service uses both the slip and the structured data as source information for capturing the risk data directly into the insurer's system.
3. The insurer's quality checks and post binding activities are undertaken as usual.

This option requires no change to the insurer's system. However, it will require minor changes in the BPO's processes to take into account the dual source of slip and structured data.

As in scenario 2.1 above, the main benefit of this option is in taking advantage of the DCS service's provision of 'cleansed data' along with, for followers, the reduction in queries as these will have been dealt with by the lead.

This scenario also provides an opportunity for the insurer to negotiate reduced rates for the BPO service on the basis that some of the analysis and query work has already been done by the DCS.

2.3. Automate a large part of the data capture process

This option provides the most benefit, but also requires the most system development.

In this scenario, the insurer's risk record in their own system is automatically updated and populated with a significant amount of structured data which may then be checked and added to prior to committing the record to the live database.

The process is as follows;

1. The underwriter may have already created a 'pro-forma' risk record in order to get risk references when the risk was bound.
2. The structured data file is received from DCS.
3. The structured data is loaded into the insurer's systems automatically.
 - i. The data is added to the existing risk record using UMR and insurer reference (risk or quotation) to link the DCS data to the insurer risk record.
 - ii. Existing validation in the insurer's system will be invoke through the data-load process.
4. A new entry is created in the insurer's workflow system, alerting the relevant team that a new pro-forma risk record has been created.
5. The risk record is checked in a review screen, further internal data items are added where relevant, and the risk is committed to the database.

It should be noted that step 5 may be undertaken by an existing BPO service, or by XIS, or by the insurer's own data capture staff.

The benefits arising from this option are;

- a. The DCS service's provision of 'cleansed data' after having applied agreed rules to the raw information.
- b. The reduction in queries as these will have been dealt with by the lead.
- c. Automatic feed to internal workflow system.
- d. Triaging of risk entry is possible.
- e. Earlier triggering post-bind activities such as peer review, underwriting authorities, contract checking, sanctions checking, etc.

Integration to insurer's systems would be greatly facilitated by collaborative efforts by insurers to encourage systems providers to implement web services triggers.

This implementation option is being considered by Atrium and Hiscox as a long term solution.

3. Summary of Benefits

The table below shows examples of expected benefits from the DCS and indicates the likelihood that they will improve the insurer's current position through the implementation of one of the options described earlier.

1) Have DCS supply structured data to own data capture staff; 2) Have DCS supply structured data to existing BPO service; 3) Use DCS to manually capture the data directly into Insurer system; 4) Automate a large part of the data capture process.

Benefit	Opt 1	Opt 2	Opt 3
3.1. Primary Benefits			
Earlier Risk Data for Insurers Risk data is available earlier than at present (SLA = 6 working hours, compared to current outsourced data capture services which have SLAs of up to 48 hours) offering various opportunities for efficiencies in later processes such as sanctions checking, peer review, and exposure monitoring.	Low	Low	High
More Consistent Data Consistency (definitions and formats) between insurers and for central processing to facilitate downstream process efficiencies.	Med	High	High
Cost Savings Economies of scale will reduce the cost of capturing risk data through a single data entry and query process for all subscription risk subscribers because; <ul style="list-style-type: none"> i) costs are shared among all insurers ii) followers will not have to handle queries iii) there will be fewer back-office queries for underwriters to deal with because of increased capture accuracy iv) staff 'flexing' during renewal season will not be a concern for individual insurers. This results in more data than is currently cost effective to capture.	Low	Low	High
Improved Data Accuracy Aggressive service levels (SLA = 98% data correct on first output), the development of a large, single pool of data capture expertise, and closer interaction between insurers and the data capture service will result in richer and more accurate risk data than it is currently cost effective to capture. This will reduce the need for underwriter quality checks and carrier references are much more likely to be correct, eliminating most of the downstream USM queries.	High	High	High
Workflow Improvements Significant workflow improvements over current processes will be achieved by; <ul style="list-style-type: none"> i. integration with insurer's own systems ii. a portal for case and query management providing visibility of any 'in-process' risks. 	Med	Med	High

Benefit	Opt 1	Opt 2	Opt 3
Integration of Data The DCS proposal aims to provide both the volume and relevant data needed by insurers to generate risk records in their underwriting systems, thus paving the way for the decision to invest in the integration solutions to realise the aim of straight through processing.	Low	Low	High
Bespoke Data Individual data items and customised rules may be applied separately by insurers.	Med	Med	High
3.2. Secondary Benefits			
Earlier Risk Data for Central Processing Risk data will be available earlier than currently received from the broker. This may trigger a number of additional, value-add, activities by central processing. For example: <ul style="list-style-type: none"> • <i>Credit control</i> - chasing the broker for submission of delinked signings (where evidence shows this can result in improved cash-flow to insurers) • <i>Reduction in 'trapped premium'</i> - earlier sight by central processing will enable XIS to identify expected transactions and be pro-active in monitoring the submission of these by brokers. • <i>Slip checking</i> - mitigating E&O risk and detecting 'contract uncertainty' through comparison of brokers data submitted at Technical Account stage with data captured previously by the DCS. • <i>Automatic validation of Technical Accounts</i> • <i>Accelerated Technical Account processing</i> 	High	High	High
Central Storage Central storage will make data and documents available for downstream processing such as Accounting & Settlement and claims.	High	High	High
Rapid Enhancements Changes to the service and to the output data may be implemented quickly and efficiently for all participating insurers.	High	High	Med
Lower DCS Staff Attrition Rate DCS staff are less likely to switch between suppliers, thus keeping key knowledge in-house. Also, a highly skilled staff working by line of business will develop.	High	High	High
Additional Services The core DCS service will provide a base off which to explore the introduction of other shared services such as data cleansing and single market submission of data to modelling services, or to support reporting to Lloyd's.	High	High	High