



Going for the full loop

Discover how Benfield and Swiss Re re-engineered the back office process between broker and reinsurer and then implemented the ACORD XML standards to realise the full benefits. Kinsella and Scandella will also share their experiences and impacts made in actually implementing standards.

Sven Scandella, Swiss Re and Mark Kinsella, Benfield

Las Vegas May 25, 2004

ACORD/LOMA Insurance
Systems Forum 2004
Sven Scandella, Swiss Re
Mark Kinsella, Benfield



Swiss Re Group at a glance

Net income amounted to CHF 1.7 billion

Premiums earned amounted to CHF 30.7 billion

Total investments amounted to approx. CHF 88.2 billion

Leading position in P&C reinsurance: 9.5% market share*

Leading L&H reinsurer: 24.7% market share*

Leading provider of financial services solutions to targeted clients

Highly diversified portfolio by region and by line of business

Proven expertise in risk and capital management

Strong corporate culture based on 140 years of experience

Benfield Group at a glance

- Benfield is headquartered in London incorporated in Bermuda and has 30 offices in 23 countries and has significant presence in the United States
- As a reinsurance intermediary we specialise in structuring, arranging and placing reinsurance programmes on behalf of our customers
- For the year ending 2003 Benfield reported operating revenue of £291m and a trading result of £69m
- We build long-term relationships with our customers based on an unwavering commitment to excellence in our ideas, service and performance.

The Vision

"Swiss Re and Benfield had a vision for streamlining the processing of their broker business....

...the integration of our systems with Swiss Re will enable us to maintain more accurate and reliable data which is essential for managing accounts and claims whilst providing significant cost savings and greater control over key business functions."

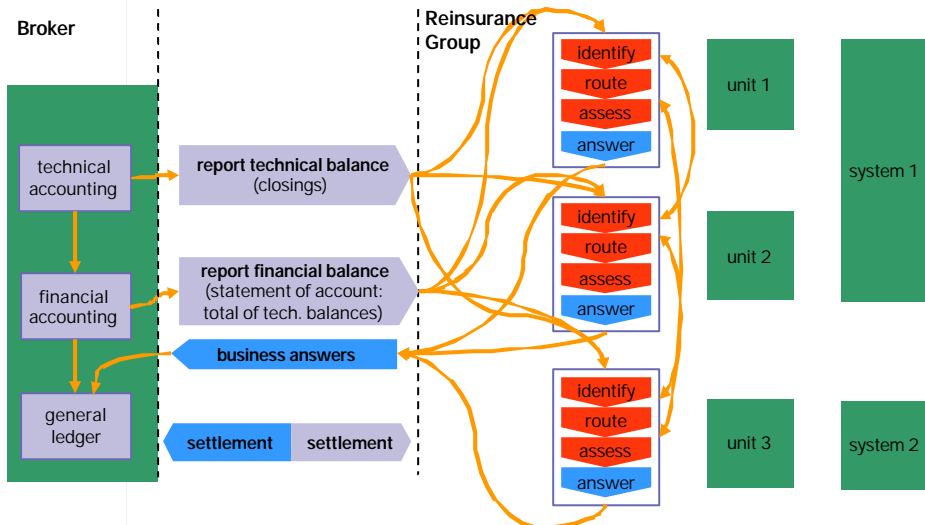
Mark Kinsella, CTO UK, Benfield

“We have been linking our system in the US to reinsurers for some years, but in Europe there has been considerable inertia towards brokers and reinsurers linking systems electronically,”

“We are now pleased to offer these significant benefits to our European partners and on 8 December 2003, 41 electronic administrative transactions transmitted by Benfield were successfully processed by Swiss Re.”

Mark Kinsella, CTO UK, Benfield

The past Reality



Challenges and need for change

Business:

- identification and 'allocation' of backoffice transactions
- use of different formats and channels for the exchange of transactions

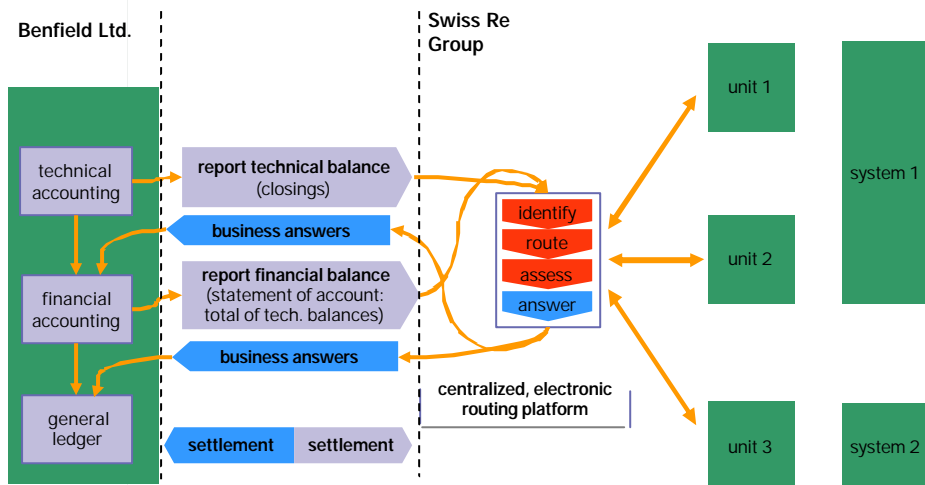
Process:

- keeping track on the status of received transactions
- re-using of the information on identification and allocation
- use of an efficient and effective process

IT:

- providing the broker with "one face to the customer"
- consistent and coordinated business feedback/answers to the broker (even if processing is done in different units)

The Full Loop - The new Reality



Why "the full loop"?

Business:

- reduce need for manual interventions on both sides
- increase 'turnaround' time (increase statement exchange frequency; twice a month or even weekly)
- by that reduce 'special settlements' – integrate them in 'general process'

Process:

- one process, one channel, one way of processing back office documents (from the beginning to the end)
- experiences has shown value of 'full loop'

IT:

- leverage technology to smooth processing of documents (relations between documents, technical and financial considerations)

Implementation

"Swiss Re is pleased to see how professionally Benfield has been able to adapt their internal system to make the shared vision become reality. We believe that this joint project will set a new benchmark for the industry. It is now up to us to make other business partners part of our vision."

Stefan Sieger, Head of Business Development, Swiss Re

Implementation Approach

- First Discussions ➡ March 26, 2003
- Project Start ➡ September 29, 2003
- Specification Phase
 - agree on communication mechanism
 - agree on message types (e.g. technical account/claim movement)
 - agree on message content (attributes)
- Testing Phase Package 1
 - technical account / claim information
 - business answer
- Go Live with Package 1 ➡ December 8, 2003
- Testing Phase Package 2
 - Statement of Account
- Go Live with Package 2 ➡ February 09, 2004

Communication / Message Standards

- Use of existing VAN connections as transfer mechanism
- Standard for structured message exchange ACORD 2003.1
 - TechAccount (Premium and Claims Closings)
 - Acknowledgment (Business Answer)
 - Claim Movement (Claims Information)
 - Settlement (Statement of Account)
- Unstructured data can be retrieved manually directly by Swiss Re from the Benfield repository

Qualitative Benefits

For Benfield:

- one point of contact to send data to and to receive data from (all done electronically!)
- clear and consistent processes/information flow
- substantially less queries from reinsurer
- easy extendable platform to include other business partners
- ...

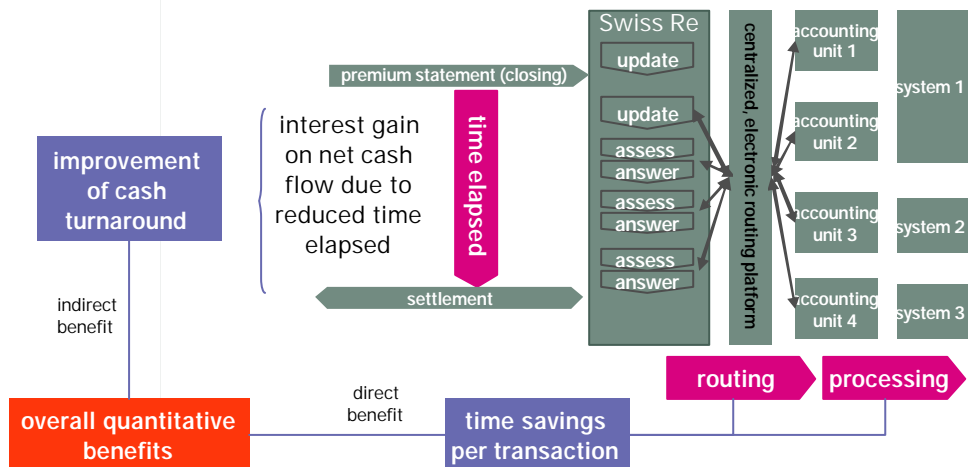
For Swiss Re:

- one point of contact to receive data from and send data to
- reduction of triage workload (identification)
- clear and consistent processes
- fewer processing errors
- **easy extendable platform to include other business partners**
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Benfield's quantitative benefits

- Improved Cash Flow
- Less resources needed in the settlements area

Swiss Re's quantitative benefits



Issues/challenges/insights

Business:

- Buy in of Business Side is critical for success and therefore project set up with IT and Business people necessary

Process:

- Agree on data attributes provided in message as well as applied processes is challenging
- Unique chance of change/enhancing existing processes
- Skill and mind set of BackOffice staff has to change
- Data Quality of involved business partners is unveiled

IT:

- A step-by-step implementation approach is the most beneficial for both parties as it allows quick wins