

WebSphere® software

Property and casualty insurer delivers outstanding support to agents with an industry-focused, composite business services platform from IBM.

Overview

■ Challenge

Deliver outstanding service and support to independent agents and brokers by providing a range of services across core business functions including new business acquisition and policy management while reducing manual touch points and operating costs

■ Why IBM?

IBM provided the leading end-to-end platform for composite business services and included an insurance industry pack to reduce time to market for new solutions

■ Solution

Deliver highly personalized services to agents with a flexible business and IT alignment solution created specifically for the insurance industry that uses Web services and ACORD standards in a service oriented architecture (SOA)

■ Key Benefits

Improved ease of doing business with independent agents to become their preferred insurance carrier; accelerated time to market for new differentiated products and services; reduced operating costs; increased top-line growth; increased IT asset reuse; modernized legacy IT assets incrementally; improved business visibility and control



IBM is helping to improve partner relationships for a premier property and casualty insurance company providing personal, commercial, marine, agribusiness, and excess and surplus insurance products across the United States. Building strong relationships with a national network of several thousand independent agents is an important cornerstone of the insurer's market leadership strategy.

The company has recently faced challenges from increased competition and new market demands for faster and more personalized service. In today's marketplace, independent agents and their customers are placing more

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– Chief Information Officer, large property and casualty insurance company

Key Components

Software

- IBM WebSphere® Business Services Fabric
- IBM WebSphere Application Server
- IBM WebSphere InterChange Server
- IBM WebSphere MQ
- IBM DB2®

value on responsiveness of service and the overall ease of doing business with an insurer. Price, product and commission rates are no longer enough to maintain agent loyalty. The stakes are high, as independent agents typically send up to 80 percent of their business to their top two preferred carriers.

The insurance carrier recognized the need to become more agile to bring new products to market faster and differentiate its services. The company began to explore how it could better deliver outstanding service and support to agents—including new business acquisition, policy management and claims management—across its core business functions, while reducing manual touch points and operating costs. However, the company's broad assortment of inflexible legacy IT systems made it difficult and expensive to introduce new business processes and services. The company's large and continuously changing product line added to the challenge, as did the need to comply with multiple regulatory requirements.

The insurance carrier proactively addressed these challenges by deploying a composite business services (CBS) platform from IBM and a service oriented architecture (SOA). CBS are composed of pieces of software functionality that are exposed and accessed as standards-based services across a network of disparate IT systems. The foundation for the solution was the IBM WebSphere Business Services Fabric, an end-to-end platform for composite business services that extends and enhances the IBM SOA Foundation products. This IBM solution includes optional industry packs that reduce time to market for industry SOA solutions and instill industry standards and best practices.

The IBM solution enables the company to compose loosely coupled, insurer-specific business processes from prebuilt and custom business services that are published, managed and governed across the enterprise using Association for Corporate Operations Research and Development (ACORD) and International Actuarial Association (IAA) industry standards. The IBM software helps the insurer integrate and connect a wide variety of legacy IT assets including mainframe applications, IMS billing software, single sign-on user authentication systems and agent authorization software.

"This is the best example I've seen of being able to describe the business process in a way that allows us to build flexible technology," says, the insurance carrier's Chief Information Officer.

Enabling business transformation one step at a time

Success from initial CBS projects evolved over time into an enterprise-wide, multiyear business transformation initiative to create an on demand IT infrastructure capable of automating and outsourcing several key business functions. The resulting operational advances will help the insurance carrier become more agile, improve service levels and reduce operating costs. The company's business objectives include:

- *Provide real-time access to policy, claims and related data through multiple modes of communication including Web, interactive voice response (IVR), and direct connection to agency management systems.*
- *Reduce operational costs through "once-and-done" straight-through processing*
- *Help agents, distributors and other partners reduce duplicate entry and related problems associated with the legacy IT systems.*
- *Leverage standards, such as ACORD, for all partner and channel communications to ensure data consistency and accuracy.*
- *Increase business agility by adopting an incremental delivery model that leverages existing assets where possible.*
- *Instantiate an enterprise SOA by using industry standards and business-level services for all internal and external integration points.*
- *Provide rich business visibility across the extended enterprise to various employee stakeholders, including agency relationship managers, line of business managers and others.*

The insurance carrier pursued an incremental path to CBS adoption, starting with billing solutions, followed by a new business acquisition solution focused initially on three products within personal property. These solutions leveraged existing IT systems and used industry and Web-service standards including ACORD, IAA and those from the Web Services Interoperability (WS-I) organization. The incremental approach mitigated deployment risk and demonstrated the business value and rapid revenue generation capabilities of SOA-based solutions.

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Dramatic improvements in business agility

The insurance carrier recognized that it could dramatically improve business agility by deploying composite business services that would allow it to adapt business processes on-the-fly to changing market needs while leveraging existing investments. However, to deploy these business-critical solutions, the company needed to manage the technology, security, governance and interoperability issues, which was not possible under its existing IT infrastructure. The IBM solution provided an end-to-end platform to assemble, deliver and govern CBS that would incrementally transform core business processes, while providing the semantic interoperability and SOA governance foundation to deploy solutions across multiple lines of business, end users and business partners.

Strengthening partner relationships

The company initially deployed several composite business services to automate agency-carrier collaborative processes and improve agency relationships. For example, a CBS was deployed to help automate new business acquisition for personal property. It was delivered in just six months, and is unique in its ability to provide real-time interoperability between Web and agency management system communication modes. Results include an expected 3 to 4 percent increase in gross premiums written and top-line growth. Other CBS deployments have automated high-frequency, high-manual-touch inquiries around billing and policy administration using new ACORD-based direct connect solutions between the insurance carrier and agency management systems.

The IBM solution enables the company to bring new business processes and services to market faster. The insurance carrier has deployed the solution to support several thousand independent agents in just a few months using ACORD-based integration into Applied/IVANS and AMS/TransactNOW.

Mitigating business risk

ACORD and IAA compliance enable faster application deployments with the IBM software while also reducing integration risk and expense. The insurance carrier expects to greatly reduce its number of siloed legacy applications through the continued deployment of CBS.

Reducing operating costs

The IBM solution has also helped the company lower operating costs by reducing call center traffic, phone calls, faxes and paper-based processes that once drained productivity. As the company deploys more automated solutions via the Web, direct B2B, and IVR modes of access, partners increasingly prefer the faster, more convenient methods of accessing information. Additional cost savings result from the reuse of IT assets across new CBS deployments. Up to 52 percent IT asset reuse has already been recorded for initial deployments.

Turning information into insight

Additionally, the insurance carrier is using the IBM software to improve business visibility and control. The shift toward automated communications provides a number of reports and dashboard services to monitor business transactions and give a more holistic view of the company's independent agent network to better optimize agent production.

Flexibility for the future

The insurance carrier expects to improve its financial performance and market share by transforming additional siloed applications to composite business services. The company has already embarked on

major initiatives with IBM to change its core processes around policy administration. The company has also created an SOA Center of Excellence to prioritize business needs and evaluate which IT assets to extend or replace.

At each stage of its transformation, this major property and casualty insurance company has improved the efficiency and productivity of its partner services to achieve greater competitive advantage. With a focus on responding to new market needs through better service and greater business agility, the company is further establishing itself as a leading innovator of products and services in the insurance industry.

For more information

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Route 100
Somers, New York 10589
U.S.A.

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10-06
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