

Insurance solutions
To support your business objectives



Accelerating process transformation in the insurance industry with the IBM Insurance Industry Framework.



Despite marketplace pressures, there are significant opportunities for insurance companies to streamline their processes and deliver better, more responsive services to customers. Insurance solutions from IBM are built on the IBM Insurance Industry Framework and aim to create more flexible, responsive companies through the progressive transformation of operational processes.

Finding the silver lining

The insurance marketplace is challenging insurers to maintain/grow market share and revenue while at the same time reduce the cost of operations. Managing risk effectively and meeting compliance requirements are ongoing challenges.

Insurance organizations must find new and innovative ways to pursue business opportunities while protecting existing investments.

In mature marketplace segments, customers want easy access to coverage and service through multiple channels, and they want the flexibility to get information and conduct transactions 24x7.

In emerging marketplace segments, first-time buyers need products and services that can meet their specific needs.

To support these demands and achieve scalability and sustainable growth, insurance companies need to become more agile and flexible. A robust software framework can support the effort by helping to:

- Align IT and business priorities.
- Rapidly implement process change based on business needs.
- Assure that employees have interdisciplinary skills.
- Efficiently deliver and reuse business applications and IT assets.
- Support intelligent decision making through governance.
- Reduce operational and infrastructure costs.

IT barriers hinder business evolution

Although great strides have been made, by and large, the insurance industry remains burdened with processes that require high levels of manual intervention which, in turn, can lead to operational inefficiencies. Many of these processes are duplicated across lines of business with different systems supporting each. Complex and redundant processes are costly to maintain; they result in duplications and errors; and they make comprehensive change extremely difficult to manage.

Insurance companies that want to implement new or improved business processes often find that the complexity of legacy systems prolongs delivery time, increases project risk and drives high delivery costs. Systems cannot be easily modified because of application hard coding and tightly coupled integration points.



IBM brings a solution strategy to the industry

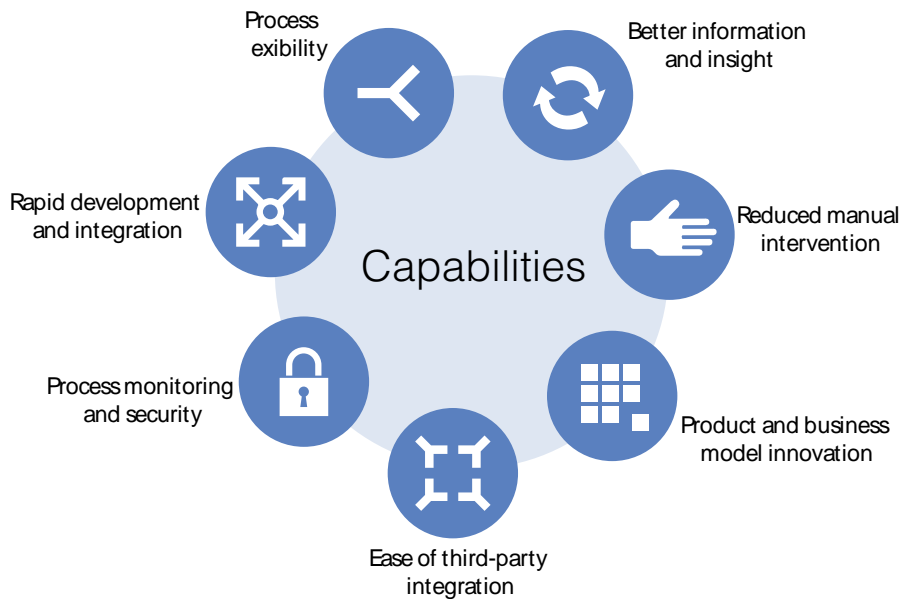
The insurance solution strategy from IBM links business and IT to enable new capabilities. This solution strategy is built on industry assets and best practices with a highly robust and scalable supporting infrastructure and a software framework that provides flexibility and enables deployment of insurance solutions.

IBM insurance solutions help drive improvement in processes such as claims management, new business processing, underwriting, billing, and customer and agent self-service. IBM solutions help insurers gain insight into their customers' needs and to deliver new products to market faster. They help drive new and innovative channels and better distribution management. They help insurers comply with regulations faster and more efficiently. And IBM solutions can help modernize legacy systems that often drive increased cost and complexity. Leveraging best practices and assets developed from solution implementations with hundreds of customers, IBM Insurance solutions are designed to deliver results.

In support of this strategy, IBM provides the Insurance Industry Framework: an industry-specific software foundation that supports virtually every aspect of the insurance enterprise.

The framework provides insurance-specific assets and accelerators that can be leveraged with IBM software products to speed implementation of solutions and reduce cost and risk. Business Process Management from IBM provides the capabilities needed to enable more dynamic insurance processes.

At the heart of the framework is the IBM SMART SOA™ middleware foundation. Service-oriented architecture (SOA) is a way of integrating services, or repeatable business tasks, to enable greater IT flexibility. By reusing defined business services, insurers can achieve greater flexibility in their IT infrastructures and enable more rapid change. The IBM Insurance Application Architecture provides industry-standard process and data models that can help you build SOA-based industry solutions faster and at lower cost to the business. Additional framework accelerators, such as the WebSphere Insurance content pack, provide reference templates to help you build business services faster as part of your SOA-based solution.



The Insurance Industry Framework from IBM includes industry-specific solutions that address the need for agility and flexibility.

Capabilities provided by the Insurance Industry Framework from IBM include:

- Rapid development and integration.
- Process flexibility.
- Better information and insight.
- Reduced manual intervention.
- Product and business model innovation.
- Ease of third-party integration.
- Process monitoring and security.

For insurance companies that are struggling to meet income and market share objectives, making major investments in comprehensive process change enabled by SOA can seem like a risky investment in a time with increased need for risk reduction. The good news is, it doesn't have to be done all at once.

IBM's insurance solution strategy is built and delivered in a stepwise approach that enables progressive transformation of

processes. Insurers can start with a project that will deliver a return on investment in a short amount of time, and then reuse framework assets. With this approach a company can—over time—move toward a simplified, SOA-enabled infrastructure.

Getting started is also easier with a choice of business applications from IBM's broad independent software vendor (ISV) ecosystem. Leading software providers work with IBM to contribute to the framework and ensure that their solutions leverage the Insurance framework.

Insurance Industry Framework capabilities

The IBM Insurance framework is designed to address the need to integrate systems and processes across a broad range of business functions. Based on open standards, a framework strategy allows insurance companies to take advantage of existing capabilities along with new packaged software applications and customized capabilities.





Rapid development and integration

Taking advantage of emerging opportunities, developing and deploying new products and services, and reacting to marketplace change requires speed. The Insurance Industry Framework supports insurers' efforts to rapidly develop and integrate applications to support process change. IBM Rational® software, for example, uses proven insurance process models built on industry best practices and open architectures to help develop new applications and integrate existing applications while reducing risks and improving time to market. Furthermore, IBM Tivoli software change management solutions help reduce risks associated with implementing changes into production systems. Insurance process models can be used with IBM WebSphere® business modeling tools to speed process design. Data modeling, database performance and scalability capabilities in IBM Information Management software support development-specific applications for the insurance industry and deliver information across multiple platforms and multiple devices. Industry-specific reference templates help accelerate development of business services and content packs are available to help with data and XML transformation in order to meet Association for Cooperative Operations Research and Development (ACORD) standards.

Framework software also allows insurance companies to closely monitor and manage the development process and resulting applications.



Process flexibility

The insurance business thrives on process — assembling quotes, evaluating risk, issuing policies, collecting payments, managing claims. To optimize profitability, processes must be expertly designed, effectively executed and diligently managed. To differentiate itself, the business should be able to gather data faster, deliver information to customers across multiple channels, and provide decision-making information to adjusters in the field.

Process flexibility supports customization of processes to respond to changing business demands. The key to achieving process flexibility is having componentized, reusable assets and services and an underlying IT infrastructure to support them.

IBM Business Process Management (BPM) powers this flexibility. BPM is a discipline consisting of software and expertise to improve the performance, visibility and agility of business processes. IBM Business Process Management software automates process activities, provides realtime visibility and actionable insights into process performance, and it enables faster and easier process change. Using BPM, insurers can choreograph processes across people, systems and disparate applications to remove inefficiencies.

Insurers can use IBM insurance process models to streamline their core processes across organizational boundaries. These models provide a strong basis for defining to-be processes, and they can be used to choreograph services through their strong connection to the service models. Built from the best practices of hundreds of the world's leading insurers, the industry models are designed to accelerate business process optimization.



IBM Lotus® software enables faster and more effective collaboration and communications across processes, allowing insurers to service their customers more quickly and effectively, while IBM WebSphere ILOG Business Rule Management System (ILOG BRMS) automates the decision points within processes for greater precision, faster change and enhanced outcomes..



Better information and insight

Most insurers face a common problem – customer, policy, and claims data is located in multiple systems spread across the organization. This makes it challenging to get a full view of the customer and more difficult to make rapid, informed and confident business decisions. IBM Information Management software provides the foundation for building a consolidated, trusted, enterprise view of insurance information. Organizations can then make real-time, predictive business analytics available pervasively to all levels of the organization; to better segment their customers, to understand their most profitable products, and to manage risk more effectively.



Reduced manual intervention

Insurers that can streamline operations can achieve significant advantage in an industry that has long been plagued by high costs due to inefficiency. If an insurer can deliver quotes faster, reduce the effort needed to issue a policy, or allow an adjuster to approve and issue a payment at the same time, it can capture market share.

An SOA-enabled environment, supported by the IBM Insurance Industry Framework, allows insurance businesses to build services that reduce the need for manual coding and to quickly assemble data from multiple data sources. For example, IBM WebSphere ILOG BRMS derives decisions such as pricing, rating, customer preference, underwriting approval, claims routing, payments and compliance mandates from disparate data sources in real time, dramatically increasing straight-through processing. IBM ILOG BRMS also increases speed to market for new products and services via rule changes, rather than by process or application changes—a substantial competitive benefit. Using Lotus collaboration capabilities—including electronic forms that are compatible with ACORD standards—insurers can establish and optimize automated workflows to meet specific business requirements. Most importantly, as the business evolves, processes and workflows can be quickly and easily changed, and the impact of changes to services can be easily seen across the enterprise. Productivity and efficiency in customer-facing and partner-facing workflows can also be improved using IBM WebSphere Portal software, which can automate core business processes with electronic forms that are run in personalized business mashups.



IBM software can help reduce manual intervention by the IT department as it delivers services. IBM Tivoli® integrated service management provides visibility, control and automation capabilities with discovery, service availability and performance monitoring, change management, provisioning and problem management solutions. Centralized, automated management of the underlying infrastructure allows IT teams to better focus on creating value-added products and services.



Product and business model innovation

Insurance customers have increasing expectations for products and services. Brought to them via the Internet, a broad range of choices has made customers more discerning and willing to compare policies and providers to get the best value or service for the money.

If business and IT objectives are aligned, insurance companies will be in a better position to deliver on these customer expectations. The IBM Insurance Industry Framework supports product and business model innovation by helping insurance companies build applications in support of new and differentiated products, while controlling costs and reducing business and operational risk.

An SOA approach can help build the flexible applications that are needed to respond to customer demands and evolve business models in response to change. With a service-oriented approach and the use of Web 2.0 technologies, insurers can assemble information from virtually any source, repurpose it in any number of ways, and then efficiently deliver new products and services to customers on practically any device. IBM Rational tools allow developers to reuse and repurpose code, components and entire applications, making it easy to create composite applications and mashups that meet evolving business demands.

Using Tivoli software, developers and decision makers alike can track the usage and performance of new products and more easily determine their profitability in a shared-resources environment. Tivoli software also supports the creation of a responsive, virtualized infrastructure that can scale appropriately when new innovations become successes. When innovating new processes and business models, Rational software can support the as-is and to-be process modeling, enabling better IT and business goal alignment.





Ease of third-party integration

The Insurance Industry Framework is intended to help evolve processes with the understanding that existing investments and trusted relationships are central to success. The business must integrate applications with business partners and service providers, while supporting communication and collaboration.

Built on open standards to support multiple platforms and technologies, the framework facilitates third-party integration. Lotus collaboration software enables seamless communications with external parties participating in claims processes. And an SOA approach allows insurers to expose business services to other organizations, enabling integrated quoting and issuance processes.



Process monitoring and security

Without governance and oversight, optimized processes can quickly deteriorate, leaving insurers exposed to risk. And the sensitive nature of the insurance industry puts an additional emphasis on protecting customer information.

IBM framework components help insurance companies monitor processes and applications, view the application development process, and oversee the entire IT infrastructure with integrated tools and dashboard reporting. Rational software scans and tests for common Web application vulnerabilities, including those identified by the Web Application Security Consortium (WASC) threat classification. Using Rational software you can deploy application security testing, using both dynamic and static analysis techniques across all stages of the software delivery cycle. IBM WebSphere Business Monitor software supports the monitoring of business situations and helps process information and activities in realtime. The software allows decision makers to aggregate and correlate business process performance information from disparate sources, and then view that information in various ways using dashboard formats.

Rational solutions can also help manage change and maintain services in complex SOA environments. Likewise, the integrated service management features of Tivoli software can determine whether the underlying infrastructure is performing against process indicators. Tivoli software can also help meet rigorous demands for security and compliance by establishing consistent management of user identities and access to systems, as well as tracking compliance against security policies.



Framework in action

Self-service

A large international carrier needed to revamp its offerings to attract younger Web-savvy customers while at the same time giving agents faster access to information about products, marketing campaigns and customer data.

With IBM WebSphere Business Process Management, WebSphere Portal, and Rational application development software, the carrier was able to develop self-service portals quickly and customize them for each audience. Integration with back-office systems created efficiencies that improved both customer service and agent satisfaction.

Intake process automation

To improve field representative productivity and address compliance requirements at the same time, an auto carrier automated data collection using standardized online forms created with IBM Workplace Forms™ software.

By streamlining workflows and automating these processes, the carrier was able to deliver the right forms to the right agents at the right time—reducing the claims process from weeks to days. These efficiencies have cut costs, improved accuracy and reduced compliance exposure.

Speeding time to market

The Professional Provident Society (PPS), a leading South African provider of specialized insurance services for professionals, wanted to improve its ability to bring new products to market in order to respond to changing customer demands and stiffening competition. The inherent nature of legacy systems had made application and product development very complex, costly and fraught with risk. As a result, it took years to introduce new products into the marketplace.

Working in close collaboration with IBM Business Partner Silvermoon Group, PPS replaced all of its legacy systems with a completely new, modular application infrastructure based on the principles of the IBM Insurance Application Architecture (IAA). The common IAA-based platform unified several previously disparate policy systems and dramatically improved speed to market, enabling the company to leap far ahead of its competition with an unprecedented rate of new product introductions.

Streamlined systems changes

An international insurer needed to move away from a siloed, manual approach to managing key IT change and release processes. With IBM Rational and IBM Tivoli software development, change and configuration, and release process management tools, the insurer consolidated multiple change processes to increase efficiency and reduce risk. New services and service changes are implemented faster with fewer errors and processes are brought into compliance with regulatory changes faster.



Evolving processes today for growth tomorrow

IBM has deep, practical experience in helping traditional organizations in the insurance industry evolve to meet the challenges of the future. IBM can help define the business initiatives and explore the technologies that can result in increased competitive advantage.

The Insurance Industry Framework is designed by IBM professionals who have applied their business, industry and technology expertise to creating insurance solutions that drive real business value. Continued investments in the industry and an understanding of its complexities give IBM an unmatched perspective. And a global presence offers access to resources around the world via a single local source.

IBM can help your company realize short-term ROI by increasing system-wide performance. Together, we can help build a flexible solution for today and tomorrow.

For more information

To learn more about IBM insurance solutions and the Insurance Industry Framework, contact your IBM representative or IBM Business Partner, or visit:

ibm.com/software/industry/frameworks/insurance.html





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