

## Insurance

### eReconciliation with the Account Reconciliation Centre

*“ARC has the potential to become an industry wide solution for handling and reconciling broker accounts, making the process far simpler and significantly less labour-intensive for all parties.”*

Chris Hanks, General Manager  
Allianz Insurance

#### WHY CGI

- Extensive Insurance industry experience
- Ability to adopt a flexible approach to solution design; working with multiple partners
- Technical innovation combined with delivery credibility
- Existing proven assets to ‘fast start’ development process
- User experience based development
- Demonstrable hosting capability

#### THE RESULTS

- Solution delivered on time and to budget
- Tangible cost savings across the business process
- Significant efficiency improvements reported by both insurers and brokers
- A platform has been established for insurers to share future development ideas and effort
- Rapid insurer implementation timeframe: 3 months from Letter of Intent to Business Pilot.
- Rapid rollout and acceptance across diverse broker community: over 1,000 current brokers representing one-third of UK GI market.
- Broker survey responses indicate that the system is very user friendly
- The ARC solution has won industry plaudits and business awards for innovation and as an example of ‘model carrier IT and business process.

In October 2007 the Account Reconciliation Centre (ARC) was launched to the UK general insurance market. CGI, Aviva UK General Insurance and Allianz Insurance, worked together to create a solution that is fast becoming the market standard. The insurers using ARC are able to show tangible cost benefits and are delivering customer service benefits to their brokers.

As Greg Gladwell at Aviva put it, *“ARC is an opportunity to change the way we have been doing things for years.”*

#### The Challenge

Whilst the UK general insurance market had embraced technology to make the purchasing of insurance streamlined and cost effective, the payment and collections processes that support this have remained manual, paper-based and tied into a monthly cycle.

These outdated processes give rise to issues such as

- a lack of visibility on the progress of collections, with insurers being unaware of whether brokers are working on statements, or have even received them;
- brokers find themselves presented with thousands of pieces of paper to review and mark up. This creates a mountain of paper, which is far from being “green” in today’s more environmentally aware world;
- the manual nature of the monthly cycle means that insurers and brokers are resourcing for an uneven work-load throughout the month; and
- communication is inefficient, resulting in slow, resource intensive resolution of queries and delays in cash settlement.

In a world when credit risk management has never been more important these outdated processes make collections a key risk area for insurers.

These issues are then replicated across dozens of insurers and thousands of brokers throughout the industry.

## The Approach

The intention from the outset was to deliver a solution that would meet the requirements of any insurer and deliver a platform that provided brokers with a consistent look and feel and business process across all insurers. To achieve this within the tight timescales, whilst maximising collaboration and input from insurers and brokers, an iterative approach to the software development was adopted. As Donna Lovewell of Aviva pointed out *“CGI had the difficult task of ensuring that the system makes the account reconciliation process as smart and easy as possible for Aviva, Allianz and our brokers, while keeping it completely ‘insurer-agnostic’ for other industry players to take ARC on board at a later stage.”*

The system also had to be painless and undemanding for adoption by brokers. Implementing a solution across a user base of thousands of disparate organisations requires a simple but polished end-product that is easy for individuals to become proficient with and delivers visible business benefits. A thorough business pilot, incorporating structured feedback from insurer and broker users that was rapidly incorporated into the design, was vital to ensuring a successful rollout to the broker community. Feedback from one broker, Layton Blackham, is typical of comments received *“The system is very simple to use. I envisaged something complex that would require a computer science degree to operate, but the entire sign-up process is simple and the system itself is very logical and easy to use.”*

Introducing a standard, consistent system and process with multiple insurers spreads the effort of implementation across the huge number of brokers. Once a broker is reconciling on the system with one insurer, they can immediately use it across all the insurers offering it. As Emma Webster at Oval brokers said *“ARC makes the reconciliation process more of a standard. Whereas previously a broker might work with 16 insurers each with different procedures, ARC unifies the process. I see this as a great improvement to the insurance industry.”*

## The Solution

The solution, ARC, is a web based billing and collections solution that eradicates the current manual and paper insurer / broker statement process. ARC provides an on-line view of insurers’ statements. A single, consolidated insurer statement is available at the start of a month in a consistent format across all insurers. ARC gives visibility of reconciliation activity and enables real-time collections and query management between brokers and insurers.

The ARC application is populated with statement data provided in an XML message by the insurers. An XML extract in the same format is produced from ARC at the end of the reconciliation process that may be used to load into the insurers back office system to automate the process cycle. This allows the solution to be adopted quickly by insurers, with minimal initial IT effort and phased integration with existing systems at each insurer’s own pace.

Integration of the application with broker systems is also offered through the same XML messages, so that where an insurer and broker agree on a statement item, the data can be matched automatically and corresponding ledgers updated without the need for any manual intervention.

CGI has also developed a web broker sign up dashboard, to enable insurers to coordinate implementation activity across brokers and incorporating a suite of Computer Based Training modules for brokers.



## The Technology

ARC is a Software as a Service (SaaS), with CGI hosting and operating ARC for its customers. ARC gives visibility of activity and enables real-time query management between brokers and insurers.

The technology stack is Oracle and the development has been based upon CGI's GIOS Accounting and Billing component that has been proven in more than 30 implementations globally.

ARC is accessed through the industry portal, iMarket. This provides brokers with a Single Sign On (SSO) to all insurer accounts on ARC and manages the security of the application and data.

Integration with insurer and broker systems is implemented through XML messages.

## The Results

For Allianz, Aviva and their brokers, ARC is transforming their businesses. ARC has improved cash flow. Already Allianz has shown a reduction in over-due debt by 17% and aged debt by 35% with these brokers. Aviva report a 7-day reduction in debtor days, improving monthly cash flow by several £m; the number of queries outstanding at the end of the month has reduced by more than 25%, with queries being handled throughout the month; and, the elimination of paper and manual processes saves insurers upwards of £10 per broker per month.

Outside of these tangible savings there is the intangible benefit of visibility. Insurers now have a clear understanding of the remittances long before the cheque or bank transfer arrives.

For both insurers and brokers, the work load throughout the month is now more even and manageable. This new way of working has been popular with brokers and represents a huge step forward in customer service. Jason Keeling, Layton Blackham Brokers said, *"As with any business we go through busy and quiet periods, but it is especially evident in the reconciliation process. Typically a broker can expect 75% of the month's work to be completed in the last two weeks of the cycle. Overtime is commonplace for the majority of brokers. Then during the other two weeks or so, activity is light. The industry has been crying out for a product that would even out our workload"*.

ARC has been a huge success enabling brokers and insurers to focus on exceptions by concentrating on items that genuinely need attention. Ashwin Mistry at Brokerbility commented *"ARC has improved efficiency and makes reporting and overseeing the whole accounts settlement process much easier. I'd say that ARC has saved us approximately 50% in terms of time and cost"*.

ARC has now been adopted by 4 insurers, with several more imminent, and over 1,000 brokers, representing approximately one-third of the UK broker market