



## **FAQ IBM Insurance Industry Content Contribution to ACORD**

### **Key Messages – IBM perspective**

- This marks one of IBM's most significant industry-specific contributions. It is the latest move in the company's strategy to leverage open standards to create engines of growth and innovation for specific industries to provide customers with flexible solutions to challenging business
- For insurers, the move stands to result in significant cost savings by giving them access through ACORD to this insurance industry content that defines common industry business process services, eliminating the need to build their own.
- The donation demonstrates IBM's strategy to support worldwide open standards bodies across vertical industries in their efforts to create open standards platforms that act as virtual launch pads for innovation, differentiation and increased profitability.
- Standardized process services also allow for easier interoperability among insurers and third-parties. The usage of standards is a key element as insurance companies continue to leverage SOA. Standards will greatly enhance the reusability both internally and externally to the enterprise.
- In addition to IBM's commitment to open standards, the ability to leverage ACORD and other open standards in our WebSphere SOA Foundation and SOA insurance industry accelerators will provide the insurance industry with accelerated capabilities to implement ACORD standards and SOA.

### **Q1) What are ACORD and IBM jointly announcing today?**

A1) IBM is contributing insurance industry content (IIC) to the leading insurance-industry standards body, ACORD. The IIC covers business and technical descriptions of over 100 specific business processes used by the insurance industry – such as claims handling. These definitions are designed to be readily usable by business and IT staff; to create standards for common tasks and to allow the industry to move to a business model where enterprises and networks of companies combine to create value for shareholders and customers.

### **Q2) Why is this important to insurers? What will the new IIC allow insurers to do that they can't do now?**

A2) The insurance industry, in its evolution away from stand-alone, silo-based companies toward a global network model where enterprises collaborate to create value, must employ standard ways of doing business. By contributing our



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definitions of common processes, we'll help drive the creation of such standardization. This, in turn, can help save the industry the costs of “going it alone” and the expense of developing a patchwork of proprietary methods. This will help insurers by reducing the risk and cost of deploying applications, whether internally developed or externally sourced, by being able to leverage standardized and proven technology. It can also drive a potential savings of hundreds of millions in operating expenses.

### **Q3) Are these “open standards” type contributions?**

**A3)** These contributions of proven and technically current definitions will be donated to support the development of open standards across the insurance industry. They can become key strategic ingredients in the creation of open-standards platforms that in turn enable interoperability, higher quality products and services, increased revenues and faster time to profit.

### **Q4) What's the difference between open source and open standards?**

**A4)** Open source software is any computer software program whose source code is published and available for inspection and use by anyone and is made available under a license agreement that permits recipients to copy, modify and distribute the program's source code without payment of fees or royalties. Such software can be used by industry-specific Standards bodies as part of the development of open standards across industries like Insurance. Open Standards themselves are a set of rules and guidelines that provide a common framework for communication and interoperability – or the simple ability of new technologies, products and services to work together.

### **Q5) How will that help transform the Insurance Industry?**

**A5)** ACORD Standards allow different companies to transact business electronically with agents, brokers and other data partners in the insurance, reinsurance and related financial services industries. They serve as a common communication method for use by multiple parties, and the adoption of standardized business process definitions will increase the efficiency of the entire industry.

### **Q6) Why is the IIC content from IAA valuable to ACORD?**

**A6)** IAA is IBM's larger-scale IT framework for the insurance industry – a framework that has for some time earned a hefty global footprint. It therefore gives ACORD an enhanced worldwide presence. IAA was developed by IBM in



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collaboration with 100 leading insurance companies around the world. The IAA framework has been licensed by 70 percent of the world's largest insurers.

### **Q7. What specific benefits do the portions of IAA that IBM is donating bring to ACORD?**

**A7.** The IIC that IBM is donating covers core-insurance functions such as claims-handling processes and streamlined methods for new product rollouts. The business-process services contributed will help the insurance industry to more quickly and economically standardize business processes.

### **Q8) I'm familiar with ACORD's IP process, and this looks like a lot for them to handle. How precisely will they use this donation to advance their vision?**

**A8)** ACORD will take the IIC contribution and work it through its standards process thereby validating the value to the industry. ACORD will work with IBM and its members to ensure the IIC becomes an integral part of the ACORD standards. IBM is now and will continue to support ACORD's work to make the most of this donation, including provision of a software group consultant. IBM will continue to serve as a dedicated member of ACORD, the Insurance Industry's premier standard organization.

### **Q9) What does this mean for clients who already have licensed and are using IAA?**

**A9)** IBM is contributing a subset of IAA and NOT the entire asset. We are committed to continuing to develop and enhance IAA, as evidenced by 2005 IAA release that was announced at the IAA conference on May 25<sup>th</sup>, with the added benefit that our IAA customers will be able to leverage an insurance industry standard. Existing IAA customers will continue to be supported since IBM will have rights to all contributed assets.

### **Q10) What are IBM's contributions to the Insurance Industry?**

**A10)** With more than 15,000 employees globally dedicated to insurance, IBM maintains the largest services organization serving the insurance industry. More than 1 billion insurance transactions per day are handled by IBM data-management products and IBM's zSeries<sup>TM</sup> server platform. IBM applies advanced research and technology to help insurance clients in areas such as fraud, electronic signatures, usage-based insurance and data mining.

### **Q12) What kind of an organization is ACORD – and what does the name stand for?**

**A12)** ACORD (Association for Cooperative Operations Research and Development) is a global, nonprofit insurance association whose mission is to facilitate the development and use of standards for the insurance, reinsurance and related financial services industries. With offices in New York and London,



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ACORD accomplishes its mission by remaining an objective, independent advocate for sharing information among diverse platforms. ACORD Standards and services improve efficiency and expand market reach. Affiliated with ACORD are hundreds of insurance and reinsurance companies and thousands of agents and brokers, related financial services organizations, software providers, and industry organizations worldwide.

### **Q13) Can we expect further developments and future announcements based on this contribution of IBM assets to ACORD?**

**A13)** This is just the first step of IBM's insurance industry solution development strategy. IBM will continue to participate in the ACORD working groups in this area as the standards are defined. Further, continued development investments will enable IBM to deliver differentiated, standard compliant solutions based on a Service-Oriented Architecture (SOA)

### **Q14) Will the contributed works become obsolete as IBM updates IAA?**

**A14)** No. The intention is to work together with ACORD to evolve the industry standard. IAA development will continue to focus on creating incremental value to facilitate the implementation of the standard: templates for analyzing and designing the business processes (IAA Critical Business Processes), deploying Services-Oriented Architectures and components (SOA Development Models) built upon the IBM WebSphere and Rational products to accelerate the analyzing and designing of insurance products (Insurance Product Models). The Insurance Information warehouse (IIW) and the Operational Data Store (IAA-ODS) offerings also address the informational and operational aspects of an enterprise-wide data strategy.

Additional questions should be directed to:

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