

Introduction: Microsoft and the Insurance Value Chain

The insurance industry today faces a collection of business process execution challenges quite unlike what it has faced in the past. Traditional business challenges such as customer retention, product profitability, new product generation, and loss rates have been exacerbated by explosive volatility, whether in the form of increased customer mobility, increased rates of change in business cycles, or simply greater volatility of weather and climate change. The *accelerating rate of change* of and within the business cycle is the ultimate root of these challenges for all Insurance agencies and carriers today.

Underlying the business operations of carriers and agencies alike are a dual-siloed processes and resources. “Dual siloed” is a simple reference to a two-pronged problem: Both business processes within an insurance company, and the applications & platform technologies that run those business processes, are siloed from one-another. As rapid change in the business environment and acceleration of business cycles continues, responsiveness demands an integration of both process and technology which insurance companies increasingly struggle to achieve with legacy applications and platform technologies.

Integration services are available from any of the traditional System Integrators. However, matters of cost, complexity, scope, scale, and success continue to plague an industry that is generally more focused on maximizing billable revenues rather than maximizing technology and business process efficiency. Microsoft has always maintained that rote tasks are best suited to automation, in the spirit of industrialization. With advancements in the sophistication of both line-of-business applications and platform technologies, application integration can be part of that industrialization, rather than remaining the craft-based industry that it has been for the past 30 years.

Microsoft’s Connected Systems vision for service-oriented applications promotes the use of technology and software to integrate existing application assets, maximizing the utility of those assets to the business while minimizing the expense required to realize such gains.

Microsoft’s Insurance Value Chain Integration Factory is the industry-specific implementation of the Connected Systems vision, combining Microsoft’s .NET Platform and Visual Studio developer tools, ISV Partner Line-Of-Business (LOB) Applications, and standards-based Web Services and XML data specifications to realize new and untapped value in insurance industry technology assets.

This paper will describe the Microsoft IVC Integration Factory, the partner LOB applications that already participate in our Peer-to-Peer Integration Framework, and Microsoft’s vision and roadmap for technology evolution and advancement in the Insurance Industry.

Insurance Value Chain Integration Factory

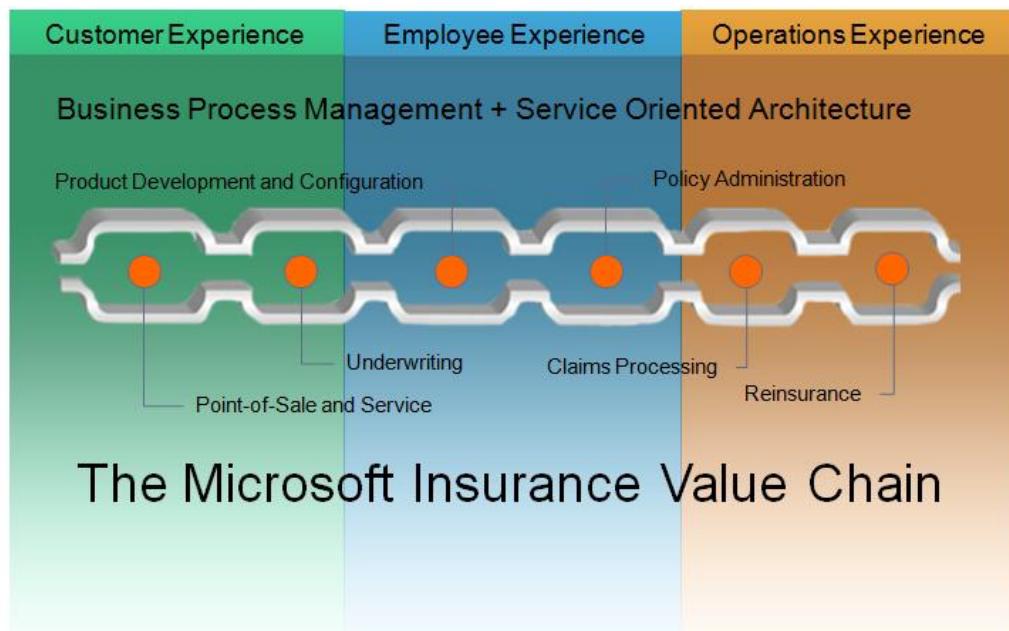
Microsoft's traditional approach to delivering business value to enterprise computing has been through its vast and diverse partner channel. Microsoft's product, technology, and architecture focus has always been on infrastructure, creating the foundation for industry-specific, business-specific, and domain-specific value to be enabled through specialized applications provided by Independent Software Vendors.

The Insurance segment of Financial Services is characterized by two unique characteristics. First, through the ACORD standards, there is relatively little fragmentation and duplication in the standards development and maintenance process. Standards for the Insurance industry are well-known, solidly-governed, and sufficiently consolidated as to avoid fragmentation, duplication, and competition in the definition and deployment of those industry standards.

Second and conversely, there is considerable fragmentation of Independent Software Vendors in the Insurance space. Over the past few years, the consolidation has begun, but somewhat slowly and at a measured pace. Certainly, there is a short list of "market consolidators," companies whose strategies are to create portfolios of solutions that address the breadth of industry computing needs – companies such as ChoicePoint/Insurity, FISERV, and others are beginning the process of consolidating a market of business that is still largely composed of either global-scale services firms, or regional-scale application providers who focus on a point solution or single aspect of the business.

Combining the siloed nature of systems and technologies within major insurance firms with the market characteristics of consolidated standards and fragmented partners drives a specific set of solution criteria that Microsoft has focused on for approximately 18 months now. *In this environment, application integration becomes a critical issue both technically and financially.*

Isolated Business Silos Today



Integrated Business Processes Tomorrow

Our focus has been to blend together application providers and applications that naturally complement one-another to address the business process integration needs of insurance companies.

Combining these partner solutions enables them to participate in straight-through-processing scenarios for the insurance industry – whether reducing time-to-market for new products, increasing profitability for existing products through improved pricing efficiency, shortening sales cycles, or reducing customer service cycles.

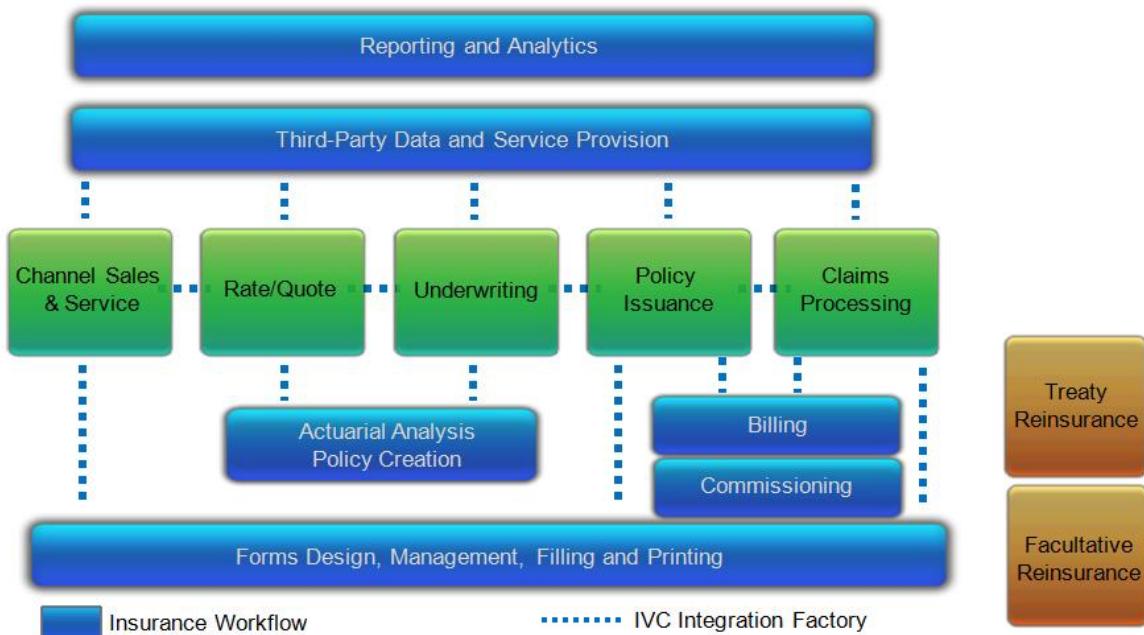
In this mode, Microsoft's People_Ready business, and specifically its Connected Systems vision of services-oriented applications and application integration, isn't just about sharing data between two applications – it is about adapting to a more competitive business environment by breaking down the barriers that prevent people, business processes, and systems & tools from executing with the maximum efficiency and expediency possible.

The means to achieve this vision lie in the combination of Microsoft's Connected Systems platform technologies for computing in the enterprise, along with partner solutions and applications, all using standards-based communication protocol to achieve best-in-class interoperability between systems and between underlying platforms.

In conjunction with our partners, Microsoft has conducted several Insurance Value Chain Partner Integration Labs in its Developer & Platform Evangelism Platform Adoption Center. Through these lab engagements, we have used Web Services, ACORD standard XML, and Microsoft's platform technologies to create more efficient business process scenarios, and to expose the functionality of the individual applications using standard protocols.

Interoperability is at the core of all of these labs. Interoperability between applications is only part of the solution. Interoperability between applications that are running on diverse platforms is of equal priority. Through the platform-level Web Services interoperability features built-in to the .NET Framework, Microsoft is enabling industry-leading application interoperability for business solutions, regardless the underlying such applications may use.

Insurance Value Chain Industry-Specific Workflows



Creating Business Solutions through Integrating Applications

Microsoft's focus has been to create three new Industry Business Solutions for the Insurance space. The New Business Origination for Commercial Property & Casualty Insurance, New Business Origination for Annuities Insurance, and New Business Origination for Homeowners Insurance all combine best-of-breed partner solutions, Microsoft platform technologies, and

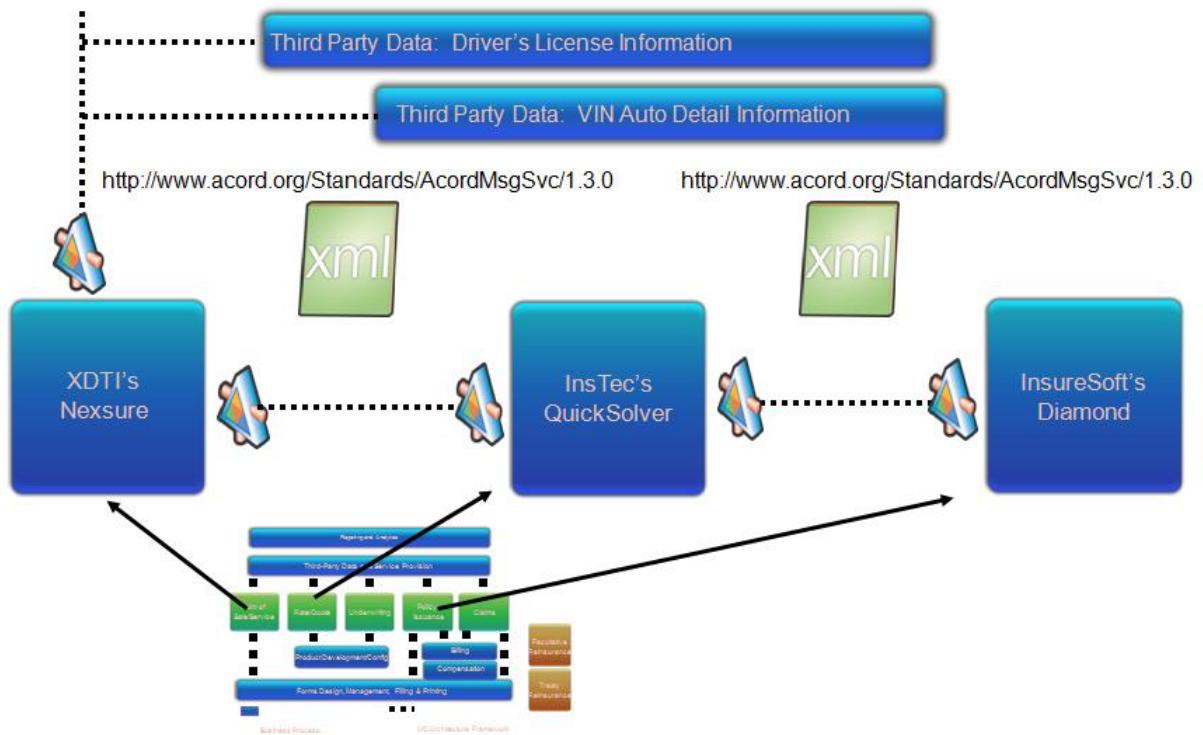
new Integration Web Services to enable seamless application-to-application data & context sharing. These are truly integrated solutions that are ready for deployment today.

Each of these business solution incorporates several application partners addressing key segments of business functionality in the lifecycle of an insurance policy.

For [Commercial Auto insurance](#) << this should be a link to the actual article for the scenario>>, X-Dimensional Technologies's Nexusure system provides agency management functionality and communication links in to carrier systems. InsTec's QuickSolver rating and quoting system combines with InsureSoft's Diamond Policy Administration System to offer a complete, integrated solution that handles policy application through policy issuance and payment, including policy system updates & endorsements.

IVC Scenario

New Business Origination for Commercial Auto



Similarly for [Annuities and personal coverage](#) <<this should be a link to the corresponding article>>, Impact Technologies's PlanLab system provides point of sale system functionality, relying on Insurance Technologies's ForeSight illustration system and AdminServer's policy administration solution to provide an integrated solution for annuity business.

For the personal homeowner's insurance applications, <>this should be a link to the corresponding article>> AMS and Bluebook envisioned needing only two or three pieces of customer-supplied data in order to complete and entire homeowner's policy application. They succeeded. Using AMS's agency application, and pairing it with Bluebook's data services, using Microsoft .NET Web Services technologies, minimal data entry and maximal data re-use are now possible for homeowner's insurance applicants.

Standards-Based Computing for Maximum Integration & Minimum Expense

All of the work coming from the Insurance Value Chain Integration Labs requires a focus on standards-based computing. All integration services are developed to rigid compliance with SOAP and WSDL standards for web services endpoints, ensuring maximum utility and interoperability with other services and platform technologies.

All messages are either in ACORD format, or, where ACORD messages are not available, use a publicly-disclosed schema and WSDL definition that is freely available as part of the Line-Of-Business solution vendor's integration feature set.

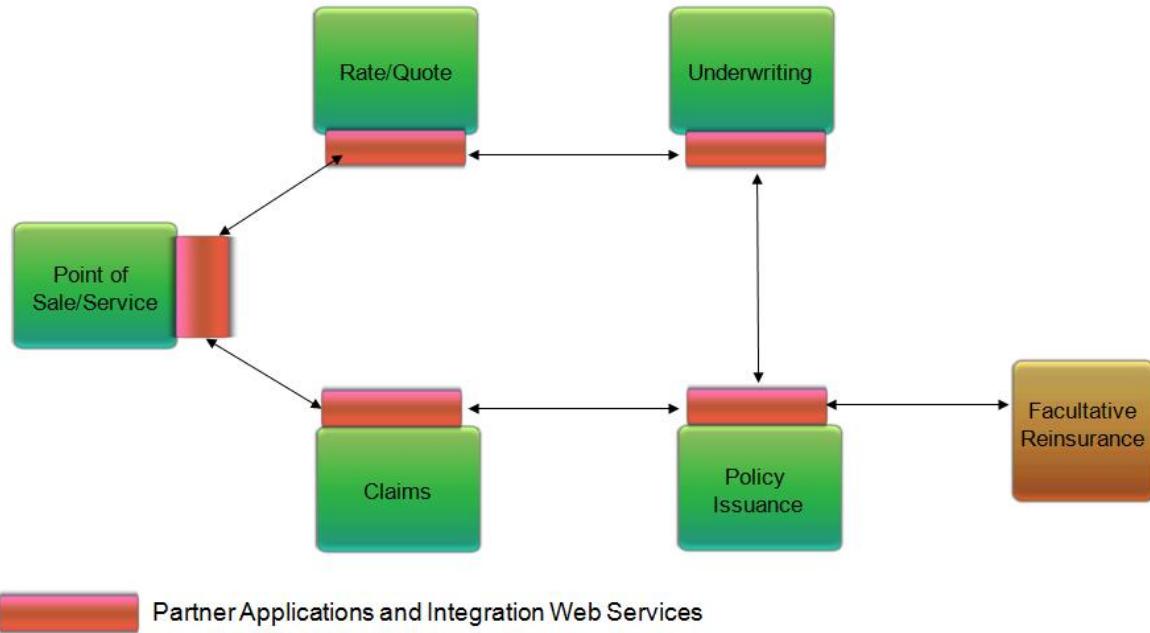
Supporting Multiple Integration Architecture Models

With its reliance on standards-based transports, access points, and messages, the Insurance Value Chain Integration Factory can support both Partner-to-Partner direct integrations such as those in the scenarios presented in the MSDN Architecture Center, as well as "enterprise service bus"-oriented scenarios where a single hub inside one company, or complimentary hubs inside connecting trading partners, are both readily enabled.

Partner-To-Partner Integration

IVC Integration Factory

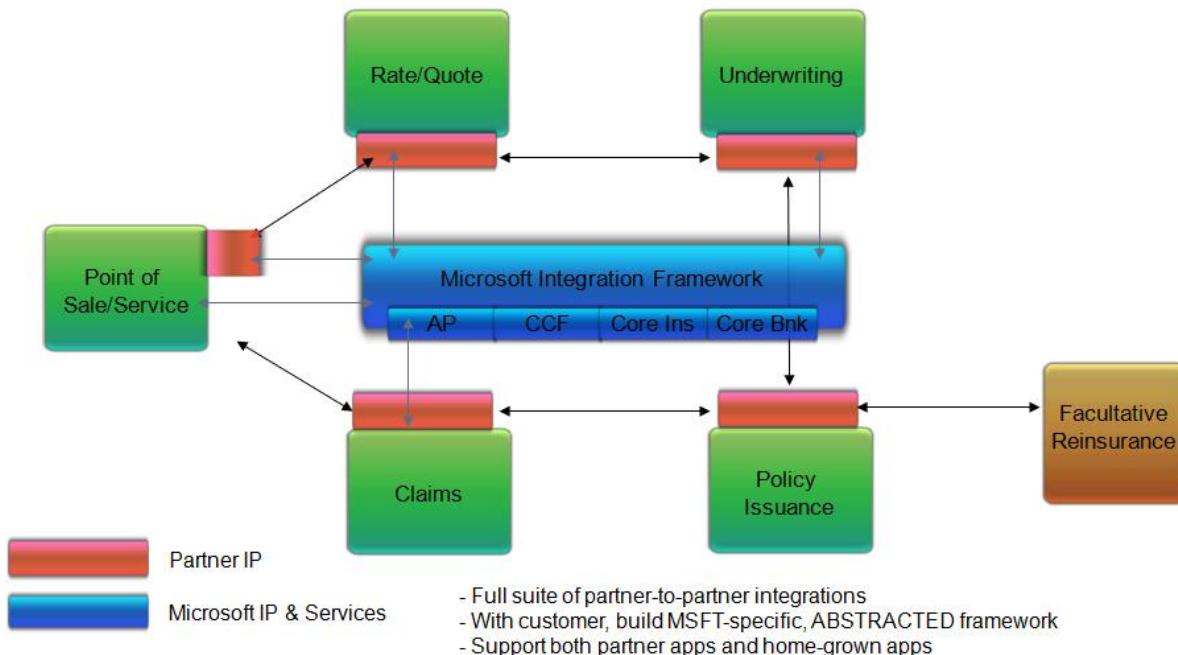
Partner-to-Partner Integration



Centralized Service Bus Integration

IVC Integration Factory

Connected Services Integration Framework



While the Partner-to-Partner framework is available for the lines of business noted above, there is continued joint development by Microsoft and its partners of this framework to address Claims Processing, Billing, Compensation Management & Commissions, as well as Business Intelligence & Analytics, as well as further integration of Agency and Carrier systems for Sales & Service.

The Enterprise Service Bus, while not a “Microsoft Product,” represents the application of Microsoft BizTalk Server, Windows Communication Foundation components and SQL Server in to a standard Enterprise Service Bus pattern. Microsoft has deployed such a pattern at several large insurance carriers with great success. Our work on the Insurance Value Chain intends to gradually integrate these offerings in to Solution Kits available through Microsoft Consulting Services.

Additional Resources

For more information about the Insurance Value Chain, our partner solutions, and the integration technology that Microsoft is enabling, you can go to the following sites for more information, or contact your Microsoft Account Executive, Architect Evangelist, or Developer Evangelist.

- Link to <http://www.microsoft.com/insurance>
- Link to People_Ready business summary deck

- Link to People_Ready technical summary deck
- (3) Links to each of the Partner Integration articles
- (3) Links to the self-running demos on <http://www.microsoft.com/insurance> that we'll be posting as well
- Link back to MSDN Financial Services Architecture Center
- Link to <http://www.financialdevelopers.com>
- Link to PnP Web Services Software Factory
- Link to MTOM/J2 integration work that Simon/Kevin did