

XML STANDARDS ADOPTION – PROMISING FOR BROKERS, CUSTOMERS AND THE INDUSTRY AS A WHOLE

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The consistent adoption of XML standards across the Canadian P&C insurance industry will improve the competitive position of brokers and lead to higher customer satisfaction. In order to accomplish this goal, CSIO – Canada's P&C standards association – plays a leadership role in facilitating the process.



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Brokers know better than anyone that the process of filling out the complex forms required for an insurance policy is a very arduous one. Communicating this information to others once it has been documented is also challenging; however, Extensible Markup Language (XML) can make the process easier. XML is a simple, flexible text format that is playing an increasingly important role in the exchange of data in online environments. The implementation of XML standards can help your brokerage's system talk to an insurer's system in real time by improving efficiencies in the data workflow.

XML has already achieved widespread adoption in the technology community; most software toolkits now include XML processing functionality. XML improves upon other standards, such as AL3 (EDI), by allowing content to be more easily described and offering a uniform method to validate the correctness of data. EDI standards tend to cover only Personal Lines, whereas XML has standards for all lines of business, including Commercial Lines and Claims. XML is also both human - and machine-readable, unlike some of the more abstruse formats out there that cannot be easily read and understood by people.

If an insurer has an XML processing system in place, then an entire transaction – no matter how complex – can be quickly scanned and analyzed in real time. This real time data processing capability is the primary advantage of XML over EDI. EDI is processed in batches where the insurer sends a policy and the broker only receives it when they check their EDI mailbox (usually the next morning). With XML, on the other hand, a much faster real time response is possible. Brokers know better than anyone that customers who are shopping for an insurance policy can get very impatient when waiting any period of time for their quote. These customers are not willing to wait 24 hours for a quote; they want it within minutes. XML standards are well-positioned to deliver such a fast response.

Implementing XML standards consistently across the industry would also help brokers do their job more effectively and remain competitive. Most brokers are very aware of the ongoing competitive threat that is the loss of their market share to direct writers. Consistently adopting XML standards will help brokers compete against direct writers because it will allow them to communicate more efficiently with insurers. An important competitive advantage that brokers have over direct writers is that they can offer quotes from multiple insurance markets, whereas direct writers can only offer a quote from their own company. The real time advantages of XML will allow brokers to communicate with all their markets more quickly. Brokers could then give their customers a greater range of choice than before XML standards were adopted, thus increasing the likelihood of outcompeting direct writers.

As with all standards, it can be challenging to smoothly integrate XML into a broker's or insurer's existing workflow. This is where CSIO is an invaluable asset and plays an important role by providing expert guidance on XML standards implementation. CSIO assists its members in understanding how XML can be most effectively deployed in their respective businesses. CSIO XML standards are tailored specifically to the needs of the Canadian P&C insurance industry.

CSIO does not work in isolation and encourages participation from all insurance stakeholders, including the smallest brokerages. Importantly, the CSIO XML standards are not static; they are regularly revised and updated. CSIO works collaboratively with brokerages, insurance companies and software vendors to ensure that XML standards evolve in tandem with the P&C industry as it progresses.

By consistently adopting XML standards, brokers, insurers and vendors can all work to complete the underwriting process much more quickly and ultimately improve the efficiency of the P&C industry. To read more about how CSIO helps its members successfully implement XML standards, please visit www.csio.com.