

TECHNOLOGY BOOST

IBM Bolsters ACORD Standards Effort

Donation of insurance business-process code will save development time and money

BY ARA C. TREMBLY

IN A MOVE THAT SHOULD SAVE ACORD years of standards process development time, as well as help IBM market insurance-specific middleware solutions, the two organizations have announced that IBM is contributing business-process models and other content to ACORD.

The donated computer code for more than 100 business-process models, model definitions and other content is part of IBM's Insurance Application Architecture (IAA)—the company's insurance-specific business and IT architecture framework.

"The donation will accelerate the development and adoption of business process standards that in turn will help address some of the global insurance industry's greatest challenges," according to an announcement from ACORD and IBM.

The overall contribution represents nearly 20 years of research and development by IBM, the announcement said.

IBM's contribution "will save us time and money, because there's been involvement from the industry in developing IAA over the years," said Denise Garth, vice president of membership and development for the Pearl River, N.Y.-based ACORD.

She added that ACORD will integrate the new processes into its standards, "plug holes, and build out areas where there hasn't been a priority by our members... There's a value back to the industry and the membership."

The announcement noted that the contributed code from Armonk, N.Y.-based IBM includes:

- ▶ A hierarchy of about 100 processes with business definitions in English.
- ▶ A data dictionary, referred to as the

IAA Business Terms, and a subset needed for defining the process services.

▶ "State machines"—code that enables awareness of the status of a process as it goes forth.

"The donation is the process models themselves and the diagrams that go along with them—a set of business terms used

▶ continued on page 65

CONFLICT AVOIDED

Marsh Sells Crump To Private Equity Firm

BY MARK E. RUQUET

MARSH HAS SIGNED AN AGREEMENT TO SELL ITS wholesale brokerage operation—Crump Group Inc.—to an affiliate of J.C. Flowers & Company, LLC, a New York-based private equity firm. Terms of the deal were not released.

Marsh, the insurance brokerage arm of Marsh & McLennan Companies in New York, said the sale is subject to normal and customary closing conditions.

Marsh's sale of Crump comes after MMC settled earlier this year with New York Attorney General Eliot Spitzer over allegations that managers within the organization steered contracts to

insurers in return for profitable volume-based contingent commissions, against the best interests of clients.

MMC announced in May it was exploring the sale of Crump after Willis Group Stewart Smith sold its wholesale brokerage business to American Wholesale. Aon also said it was looking into alternatives for its Swett & Crawford wholesale unit.

Analysts have said the moves were made in an effort to remove any semblance of a conflict of interest from the brokerage firms. In addition to MMC, Aon, Willis and Arthur J. Gallagher have made settlements with various state attorneys general over steering allegations related to contingency fees. ■

MARKET BAROMETER

Pre-Katrina, Rates Kept Falling In August

BEFORE HURRICANE KATRINA HIT THE GULF COAST—perhaps causing a record insured loss of over \$20 billion—the property-casualty market continued to soften last month, with rates down an average of 6 percent in August, according to MarketScout.com, an electronic insurance exchange.

As in the past few months, the bigger the account, the bigger the average decline in prices on a percentage basis. "Jumbo" accounts of over \$1 million in premium saw rates fall an average of 12 percent, compared with "small" accounts with up to \$25,000 in premium, at 5 percent.

"Post-Katrina, we expect the general property market to stabilize for a few months by offering renewal terms with rates as expiring, as opposed to the reductions we have seen in prior months," according to Richard Kerr, chairman and CEO of Dallas-based MarketScout.com. Commercial property rates were down an average of 7 percent last month.

"We do expect a turn in the energy market if Katrina does more than \$2 billion in damage to offshore energy facilities," he added. ■

