



KMS Saves Money for its Customers and Sets a New Standard in the Insurance/Re-Insurance Industry

Partner Profile



Explorer (UK) Ltd
Leeds, UK
www.explor.co.uk

Explorer (UK) Ltd, an Oracle Certified Solution Partner, is a value-added reseller specialising in selling and supporting high-quality technical computer software. Explorer focuses on building long-term relationships with its clients, matching innovative but realistic software solutions with clients' individual requirements, and providing development, implementation and consultancy support.

Customer Profile



KWELM Management Services Limited (KMS Ltd),
London, UK
www.kmsl.co.uk

Industry:
Insurance

Annual Gross Revenue:
N/A

Employees:
120

Oracle Products & Services

"We've had emails and letters from creditors saying how easy they have found it to access information held on our Oracle database using the Oracle portal product, and it's very good to get positive feedback from the KMS creditor base." -- Iain Ainslie, IT Project Manager, KMS

UK insurance/re-insurance run-off agent KWELM Management Services Limited (KMS) has saved £150,000 through the use of CDs for creditor communication, and is set to save hundreds of thousands of pounds more in administrative costs following the introduction of its new web-based portal. Built on Oracle technology with the assistance of Oracle partner Explorer (UK) Ltd, the portal allows KMS's clients to remotely access and transact with information held on the company's database. The initial savings represent the cost of posting a 300-page document to thousands of clients, mostly US-based, and is only one example of the kinds of costs KMS expects to save in the future

Potential thousands saved by streamlining processes

The KMS Group performs run-off services for insurance companies with portfolios in run-off, whether solvent or insolvent, managing and winding up their business and handling the claims of their creditors. In a closing scheme of arrangement creditors have the opportunity to submit outstanding claims before a final bar date. The process can involve thousands of creditors around the world, and a flurry of paperwork. Requests for information relating to claims submissions travel back and forth and this process can cost both the creditors and KMS significant sums.

A web-based system, built on Oracle technology, has the potential to streamline a major part of this process. Access to the portal environment, which is supported by Oracle9i Database and Oracle9i Application Server, is controlled through user-IDs and passwords, and creditors are able to log into relevant parts of the KMS database via the Internet to view, query and transact on the information held there.

Keeping money in the creditors' pot

"Ultimately the whole operation is about attempting to pay as much as possible to the creditor," said Ainslie. "The recoverable assets of a scheme in run-off are finite, so the less we spend administering the run-off, the more there is to pay the creditors. If we can make significant savings through the use of technology by not having to photocopy and post documents, imagine the savings we can make during the entire run-off period, which can run into several years."

In effect the creditors can save twice over: once when KMS makes savings on time and materials, because that leaves more in the creditors' pot; and again when the creditors have the opportunity to make savings of their own, for example by submitting claims electronically instead of on paper. The results are potentially substantial savings of time and money, satisfied creditors, and a successful run-off.

Customer feedback confirms enhanced business reputation

- Oracle9i Database (Standard Edition)
- Oracle9i Application Server (Enterprise Edition)
- Oracle Portal

Key Benefits

- Initial actual saving of £150,000 through the electronic delivery of 300-page document to overseas creditors
- Potential future significant savings which will increase the amount of money available to pay creditor claims
- Enhanced industry status, proven through immediate positive feedback from creditors and public citing in Courts

During the development of the portal, KMS asked a number of creditors to provide feedback. "Some of our creditor committee were very senior staff of global insurance companies who do not necessarily use computer systems on a regular basis, so they were good people to test the system on," said Ainslie. "Their feedback helped produce a very simple and easy-to-use system with lots of online help and support. Without exception, these creditors were very happy with the system.

"Since going live, user response has been enormously positive. "We've had emails and letters from creditors saying how good the system is," enthused Ainslie, "and it's very good to get positive feedback from the creditor base."

Setting the new standard

Establishing and administering a claims bar date procedure by way of a Scheme of Arrangement can be complex - for example, creditors are required to vote to approve the scheme proposals, and every stage has to be approved by the Courts, often in more than one country. "There is a lot of legal intervention involved, as well as IT systems," explained Ainslie.

Another area of innovation for KMS was where the Courts insisted that creditors be posted information as well having access to it electronically; KMS put the documents onto a master CD and copied this many thousands of times - resulting in significant savings compared with the use of paper.

One judge in the New York bankruptcy court was so impressed with the whole cost-saving process initiated by KMS that web-based systems and CD communications may become a requirement for future bankruptcy hearings dealt with by this judge. "It's great for us," said Ainslie, "because it publicly recognises KMS as an innovator."

Why Oracle?

KMS wanted to be able to publish its database information on the Internet quickly, without spending months dealing with integration issues and writing complicated code to introduce security. The decision to implement an Oracle portal was built upon KMS's long-standing decision to base its systems on Oracle technology.

"Using Oracle removed the risk element for us in a number of ways," said Ainslie. "It's an industry-standard and completely reliable, plus we had in-house skills with Oracle Database and with SQL. We liked the fact that the portal front-end presents as a web page, so the learning curve wasn't too steep for us."

Why Explorer?

Explorer had been handling KMS's Oracle licences since 2000 and Ainslie confirmed that it was "the obvious choice of partner" when it came to establishing a portal. He explained, "Not only are they experts in Oracle technology, but they also offer a good service for companies like ours, who are keen to be fully involved in the development and thereby retain ownership of the end product."

Explorer's provision of full knowledge transfer and bespoke training helped to reduce development and implementation costs and will enable KMS to make changes to the system over time.

"We like the fact that Explorer doesn't build systems for people," said Ainslie. "Instead, it kick-starts you to build your own system. In our case, the Explorer team looked at our requirements, gave us an initial introduction to Oracle portal, and worked with us to get us up and running. Further down the line they came in to offer advice and help. The combination of Oracle technology, which we're familiar with and trust, and the Explorer kick-start, suited us extremely well."

Implementation Process

"We already had an Oracle Database but, as this was our first web-based application, we bought Oracle Application Server and Oracle Portal," said Ainslie. Explorer was involved in advising and helping KMS in every aspect of building an end-to-end enterprise class solution, and provided project scoping, development kick-start and on-going training.

KMS made the decision to implement the portal at the end of 2002 and arranged for the first meetings with Explorer early in 2003. Following a period of prototyping and developing a business specification, development began in July 2003 and the system went live at the end of March 2004. "It was a comfortable nine-month project," said Ainslie.

The first claim bar date procedure - relating to five different KMS client companies - became effective in April 2004 and involved 3,000 user IDs, with the expectation that around 1,600 of those would log in over the six-month period. Each of the five companies has a different size of loss and involves different percentages payable to creditors, but collectively the run-off is estimated at \$6 billion.

A second claim bar date procedure recently became effective and went on-line in July 2004. The speed of development was significantly faster, given the initial learning curve and the similarity in database structures.

Under both procedures the final claims of creditor, and supporting information, must be submitted by a bar date falling on 29 September 2004. KMS anticipates heavy use of the website in advance of that date.

Advice from KMS

Allocate more time than you think you will require for data cleansing. This is particularly relevant for insurance/reinsurance companies whose records go back many years and might not have been well maintained or kept up-to-date.

KWELM Management Services Limited (KMS) is a UK-based run-off agent which manages the run-off of insurance/reinsurance businesses. KMS was formed in 1992 to administer the run-off of the five KWELM companies, and now manages the run-off of numerous other companies and books of business worldwide.

