

# What Standards Will Mean to Our Industry

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As we strive to keep our companies competitive we must rely on the exchange of information from internal systems, with our suppliers, trading partners and of course our customers. The explosion of new Internet technologies has created even more opportunities for companies to rethink how they do business and with whom they do business. To stay competitive companies must drive the cost out of information delivery and other business workflow processes. Today, most companies are taking a hard look at existing business processes within departments, even those that are running efficiently, and realize that they can still gain added efficiencies with new technologies.

With the acceptance of the Internet, forward thinking companies are repositioning their delivery models to take advantage of this media to help them drive down costs and improve their services. The integration of this information is vital to recovering the full benefits from new electronic business implementations. The key to a winning strategy in product delivery and services is timely and correct information. The ultimate goal in the insurance industry is to have straight through processing or STP. As data is entered on the front end it passes through internal systems and feeds down through the back end systems to trading partners without the need for interpretation. How a company attempts to achieve this should be a high priority on their strategic plan.

The foundation that will allow companies to maximize their investment in these technologies is data standards. In order to achieve full data integration with your trading partners you must be able to "speak" and understand the data that you send and receive. These standards provide a means by which there is a common name and definition for each data element that is contained in an electronic transaction. Within the insurance industry there are two groups that help to maintain data standards for insurance. They are ANSI X12 and ACORD. Through these organizations industry experts come together to discuss and set data standards to benefit the entire industry.

I have had the good fortune of working with a number of industry experts from the subrogation industry on an X12 work group for the past few years. This was a group of individuals representing insurance carriers, Arbitration Forums and vendors that were dedicated to helping define and set standards for our industry. They saw then and continue to believe today, that through the standardization of the data we transact, it will ultimately benefit those that implement it. By implementing the electronic transmissions you free up your people so that

they can concentrate on the work that drives revenue into your business and not the time consuming paper pushing activities that only adds cost to your operations. Other benefits that will be realized with implementing for electronic transmissions are:

- More time for staff to spend on analysis and negotiations of files rather than sorting, copying and handling of the files
- Improves recovery timeframes
- Reduces costs in your overall operations
- Introduces a baseline process from which benchmarks can be developed.
- Introduces a baseline process for net payments and automated settlement.

The Subrogation Work Group within X12 has been working to create standards that will allow companies to send and receive Automobile Demand and Response transactions, the filing of arbitration with status and sending referral files to vendors, such as collection agencies and lawyers. At the last trimester meeting in February 2001, the work group did accomplish one of its goals, which was the publication of the industry standard for Subrogation demand and response between carriers. The group has already started on the next two transaction sets that will allow for the filing of arbitration and the vendor referrals. These should be in draft form by the next meeting scheduled for June 2001 in St. Louis, MO. Other items that the group has discussed are creating transactions to handle the electronic fund transfer (EFT) of these transactions and also to incorporate the sending of other forms of document images, such as police reports and photographs as supporting material.

Look for more information and details that will be coming from the work group at both the NASP web site and the 2001 NASP Conference, Improving the Odds, Nov. 11-14 in Reno, NV.

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