

EDI TRADING

BEST PRACTICE GUIDELINES FOR MID COMPLIANCE

1. Introduction

Personal Lines business is predominantly handled via EDI and the following guidelines provide some “best practice” suggestions to assist the Industry in delivering MID compliance. It is imperative that Insurers, Brokers, and Software Houses develop and /or adopt robust processes, relating to the supply and onward transmission of MID data, to ensure that MID targets are achieved and maintained.

2. Insurers

The following points, if adopted by insurer organizations, should assist in achieving MID compliance.

2.1. EDI Error Handling Risk Critical - Errors fundamental to the risk (e.g. Vehicle or driver details)

1. Apply appropriate service standards to EDI Error handling (e.g. all EDI errors should be resolved within 3 working days).
2. Optimize the management of EDI error handling by splitting errors which are inside and outside of MID requirements and either prioritize MID compliant errors or allocate separate resource for each segment.

2.2. EDI Error Handling Non-Risk critical – Errors not fundamental to the risk (e.g. premium or excess discrepancies)

To minimize delays to MID submissions, arrangements should be made to submit current data then reconcile issues later. As examples the following should be considered:

1. Do not allow premium discrepancies to hold up MID submission
3. Do not allow endorsement mismatches to hold up MID submission
4. Do not allow excess mismatches to hold up MID submission
5. Manually edit EDI messages where correction can be completed without compromising data integrity

2.3. Effective Auditing

Insurers should develop procedures which will enable them to readily identify problems with missing data and take corrective action quickly. Areas which would benefit from improved auditing include:

1. Auditing of Packet Numbers to identify any missing data
2. Auditing of Policy Numbers to identify any missing records

3. Auditing of Version History to identify any missing records
4. Having a defined procedure for the identification and management of transaction backdating
5. Auditing of new broker EDI activations every 7 days until 1st risk is placed on cover

2.4. Removal of unnecessary transactions

Consideration should be given to suppressing unnecessary transactions from your MID submission. For example.

1. Amendment to NCB
2. Changes to any other field which is not reportable to the MID

2.5. Management Information

Establish report mechanisms and monitoring procedures to identify areas that deviate from normal performance to identify target gains. Consider;

1. Business traded manually versus business traded using EDI
2. Transactional areas – Compare New Business versus Amendments versus Cancellations & Lapses and identify where your strengths and weakness lie;
3. Broker performance – Compare performance in the different areas of your broker base (e.g. small brokers, scheme brokers, etc) and identify which are the strongest and which are the weakest.
4. Software House (SWH) norms – Check if performance is consistent between all software houses in all transactional areas.

Where areas of poor performance are identified, consider whether you can apply some of the best practices from the well performing areas.

3. Brokers

The following action by brokers will assist them in ensuring their EDI business transactions are MID compliant:

1. Ensure that staff are fully trained in the use of their system.
2. Follow user guide(s) issued by Software House.
3. Run EDI transmission programs **daily** rather than waiting until there is a buildup of messages awaiting dispatch.
4. Where any system problem results in the inability to transmit EDI messages these should be raised with your Software House as and when they occur. If not successfully resolved within 3 working days affected Insurers should be notified via your relationship managers.
5. Forward exception reports to insurers on day of receipt.
6. Notify insurers when a software house relationship is terminated.

7. Brokers with bespoke software or schemes should notify insurers of potential delays to EDI transmissions where problems exceed 2 working days.
8. If auto-dial facility exists in the EDI system, then it is recommended you use this feature.

4. Software Houses

The following actions are required from software houses to assist insurers in delivering MID compliance:

1. Consider MID when setting and monitoring service standards for error resolutions.
2. Notify insurers of significant EDI transmission problems.
3. Monitor connectivity and collate data on broker's average frequency to enable management reporting.
4. Update Insurers regularly as to new / lost Users so they can maintain accurate records concerning which Brokers are using which Systems.
5. Consider providing automated support of daily transmissions.