IBM Global Insurance Regulatory Management

*Information Technology Services Strengthened
by Insurance Regulatory Compliance Capabilities*

*IBM can help insurers
deploy information
technology to help
support regulatory
compliance and risk
management objectives.*

Today's compliance environment is more complex than ever, as insurance and financial services supervisors worldwide expand their oversight into technological realms, introducing regulations impacting information technology infrastructure outsourcing, cloud storage and services. Cross border data protection, privacy, and cybersecurity are at the top of regulatory agendas. In addition to monitoring a pool of business, operational and financial risks associated with information technology and outsourcing, insurance companies must adeptly control an increasing stream of related compliance expectations.

Insurance companies worldwide face regulatory pressure on multiple levels. First, they are overseen by their home domiciliary country or state supervisor while conducting "the business of insurance." Second, companies may be subject to the laws of other jurisdictions where they either issue policies, or handle claims. In addition, insurers are subject to national and local laws for their non-insurance business operations, such as privacy, data protection and electronic signature issues. Further, global insurers or insurance groups headquartered in one jurisdiction may be subject to multiple, potentially conflicting laws when they write business in other areas, including each of the fifty U.S. states.

Finally, regulators across the globe are adopting new risk-based approaches to insurer supervision, leading companies to take a broader view of compliance. Rollout of regulations such as Solvency II in Europe, and the Risk Management and Own Risk Solvency Model Act (RMOSRA) in the U.S. require companies to assess risk on an enterprise-wide basis, heightening scrutiny of information technology and related regulatory compliance risks.

How do insurance regulations affect information technology infrastructure outsourcing and cloud-based solutions?

Leveraging emerging technologies and strategic outsourcing can enable critical business advantage, and if executed well, can significantly mitigate compliance and regulatory risk. With great potential for execution and operational efficiencies comes the challenges associated with understanding and managing the voluminous regulations. Penalties for non-compliance with country, U.S. federal, or state law scan include fines, discretionary fees, statutory penalties, in junctive relieve and—ultimately— limits on, or loss of, the company's license or authority to write business.

Among the many different regulatory concerns companies have include:

- *Risk Management*: establishing systems, procedures and controls designed to adequately measure and mitigate risk, including information technology risk;
- *Privacy*: protecting and managing access to business records, including a client's non-public or sensitive personal data;

- *Cyber Security*: protecting the organization from online and computer threats such as malware, hackers, data breach or other fraud;
- *Business Resiliency*: ensuring that access to systems and business records will be available to all stakeholders during a period of unplanned disruption;
- *Vendor Management*: ensuring access by third parties under outsourcing relationships, including international transmission of data, remains compliant with industry and country-specific regulations; and
- *Records Retention*: storing, archiving and producing official books and records, as well as an appreciation of the necessary notice requirements to impacted parties, including regulatory authorities,

Choosing the right partner can lower an insurer's risk profile, if the provider has competencies not only in technology and outsourcing, but also regulatory management. IBM designs and delivers managed information technology services to help meet such insurance compliance challenges wherever in the world our clients are doing business.

Managing with insights from leading financial services regulatory experts

What makes these solutions successful isn't just the cutting edge technology. IBM provides project support through multi-disciplinary, collaborative teams of security, privacy and industry experts. Our insurance and financial services industry team members come with hands-on experience in leading companies, and have deep, working knowledge of operations, global supervision and market conduct requirements. At IBM, we maintain a robust catalog of information technology compliance controls, and can assist with developing standard operating procedures. Challenges addressed by IBM may include:

- Global risk management requirements, including SolvencyII and RMORSA;
- Regulations impacting personal data, such as the Health Insurance Portability and Accountability Act (HIPAA) and U.S. state laws based on the NAIC Insurance Information and Privacy Protection Model Act;
- Mandatory notice and contract requirements for the outsourcing of data processing by financial services firms;
- Jurisdiction-specific electronic books, records and signature requirements; and
- Emerging insurance supervisory oversight of cloud storage, data security and transmission, and cyber threats.

We can help full fill your compliance program needs across company locations and lines of business.

Why IBM?

For over 100 years, IBM has delivered innovative technology solutions and services to companies worldwide, including insurance industry leaders. With IBM as a strategic information technology partner, you benefit from our insight in to the market's best practices for technology services. In addition, our managed services teams can assimilate regulatory compliance and risk management as part of each engagement. Our regulatory compliance specialists regularly monitor many of the insurance industry's most pressing issues. We stand ready to deliver compliant solutions that are right for your unique needs.

For more information

To learn more about how IBM's regulatory management capabilities can assist you, please contact us by email at GlobalRegulatoryManagement@us.ibm.com