



**SOCIETY OF
ACTUARIES**

Article from

CompAct

April 2018

Issue 57

ACORD: Setting Standards for the Global Insurance Industry

By ACORD

Editors' note: Below is a self-description of the non-profit Association for Cooperative Operations Research and Development (ACORD). While the Technology Section doesn't endorse this association, the editorial team felt it would be quite beneficial to let our members know about insurance industry standard-setting around data exchanges and beyond. Enjoy the read.

ACORD, the global standards-setting body for the insurance industry, facilitates fast, accurate data exchange, and efficient workflows through the development of electronic standards, standardized forms, and tools to support their use.

For nearly 50 years, ACORD has been an industry leader in identifying ways to help its members make improvements across the insurance value chain. Implementing ACORD Standards improves data quality and flow, increases efficiency, and realizes cost savings to the global insurance industry.

Currently, ACORD engages more than 4,000 participating organizations spanning 20 countries, including insurance and reinsurance companies, agents and brokers, software providers, financial services organizations and industry associations. With the tools and resources provided by ACORD, these participants are equipped to deal with the current business environment while influencing and shaping the future of the industry.

Insurance is a unique industry that centers on a promise: that the consumers' risks are understood, insured, and in the event of a claim—paid. This promise is grounded in data, the lifeblood of insurance, which flows from the very first interaction to the final transaction and beyond.

ACORD's objective is to enable efficient and effective flow of insurance data. All insurance transactions rely upon timely and accurate exchange of data across stakeholders. With ACORD's data standards and solutions, these exchanges of information are possible, and the insurance industry is able to operate optimally and provide the best experience for its consumers.

Data standards are particularly critical for the insurance industry because of three major factors that have complicated the business environment:

- Insurance stakeholders have varying business and technical needs, all intended to serve the customer and add value throughout the process. However, these varying, and sometimes competing, needs add complexity to the insurance business model.
- The exponential growth of data across the industry also adds another layer of complication. Organizations have the opportunity and obligation to consume ever-increasing volumes of data, which can help improve business operations but also can make data management more difficult.
- Changing regulations can create issues for organizations across the industry, costing time and money trying to navigate the evolving regulatory landscape.

ACORD views the value of standards through three lenses:

- **Efficiency:** Most insurance stakeholders are asked to do more with less. Implementing process, organization and updated technology can help organizations increase efficiency.
- **Effectiveness:** Effectiveness can only occur if an organization is meeting its objectives. Not only are standards useful in helping organizations reach their existing goals, but they can take the organization to the next level—increasing their value.
- **Flexibility:** The current global business environment is full of uncertainty. The ability for organizations to plan in order to react when the unexpected happens is a crucial survival skill. Standards give organizations the foundation to adapt successfully to an evolving business landscape.

Once organizations adopt and implement data standards to address the challenges they are facing, they realize capability improvements across process, organization and technology dimensions.

To read more about *The Value of Standards* whitepaper developed by ACORD, please visit www.acord.org. ■

ACORD can be contacted at communications@acord.org.