

INSR7: Data Standards and Insurance Supervision – Bridging the Standards Gap

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Yokohama, JAPAN

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Who Is ACORD®

- Not-for-profit global standards development organization
- Founded in 1970
- Funded by members: carriers, vendors, agents/brokers, associations and others
- Support the insurance value chain for all lines of business

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ACORD's Role

- Headquartered in London and New York, ACORD staff of 70+ **manage process and the standards**, including **testing and certification and education** (and expert accreditation – ACE).
- Voluntary consensus standards organization driven by industry members from around the globe: **1000s of industry volunteers** meet to develop and maintain.
- **Advocacy** for widespread adoption and implementation at more than 100 industry conferences and member meetings worldwide.

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Inventory of ACORD Standards

- Property & Casualty standards
 - 14,000 data dictionary items
 - >500 aggregates
 - >375 code lists
 - >1,000 defined messages
- Life & Annuities standards
 - >17,500 data dictionary items
 - >370 Objects
 - >470 Code Lists
 - >200 Business Functions (messages)
- Global Reinsurance & Large Commercial standards
 - >2,000 data dictionary Items
 - >50 Aggregates
 - >200 Code Lists
 - 6 High Level Business Functions
- ACORD Framework
 - Data Model
 - Information Model
 - Capability Model
 - Component Model

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Why do companies use ACORD standards?

- **Better client service** through faster processing of transactions resulting in faster payments
- **Efficiency** through fast, reliable data interchange between participants
- **Straight-through-processing** with the cost- and speed-benefits associated with the elimination of manual re-keying errors
- **Traceable and auditable data trails**
- A re-focus away from data cleansing and towards **better data analytics**

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Why do companies use ACORD standards?

“ACORD is the thread running through all the projects as Lloyd’s strives to deliver clear information standards for an electronic infrastructure that supports placements, claims, and accounting and settlement transactions.”

- Sue Langley, Lloyd's of London

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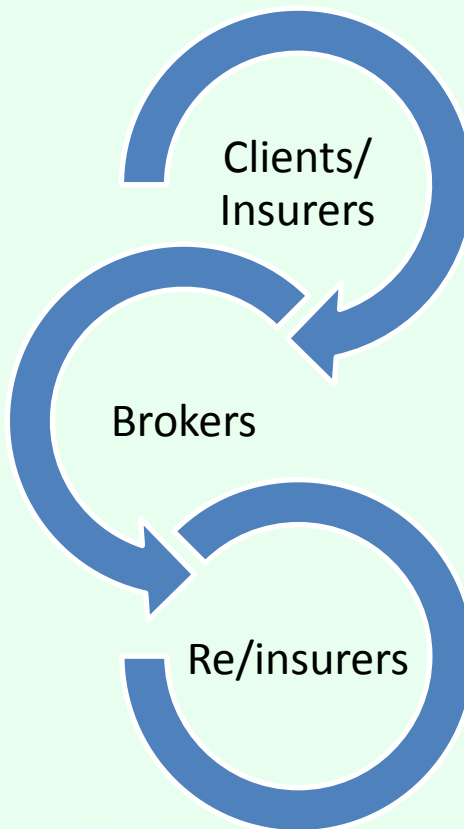
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Who Uses ACORD GRLC Standards?

ACORD Data Standards support the electronic dialog between these actors for the following business processes...

Professional intermediaries representing clients/cedents



Commercial risk managers and insurers ceding excess risk to reinsurers

Insurers' insurers, selling capacity

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What are ACORD GRLC Data Standards used for?

- Sending transactional informational to business partners
- Defining data internally
- Organising data internally (data model)
- Collating data intra-company
- Feeding reporting systems such as:
 - Management Information
 - Exposure Management
 - General Ledger
 - Customer Relationship Management
 - Enterprise Resource Planning

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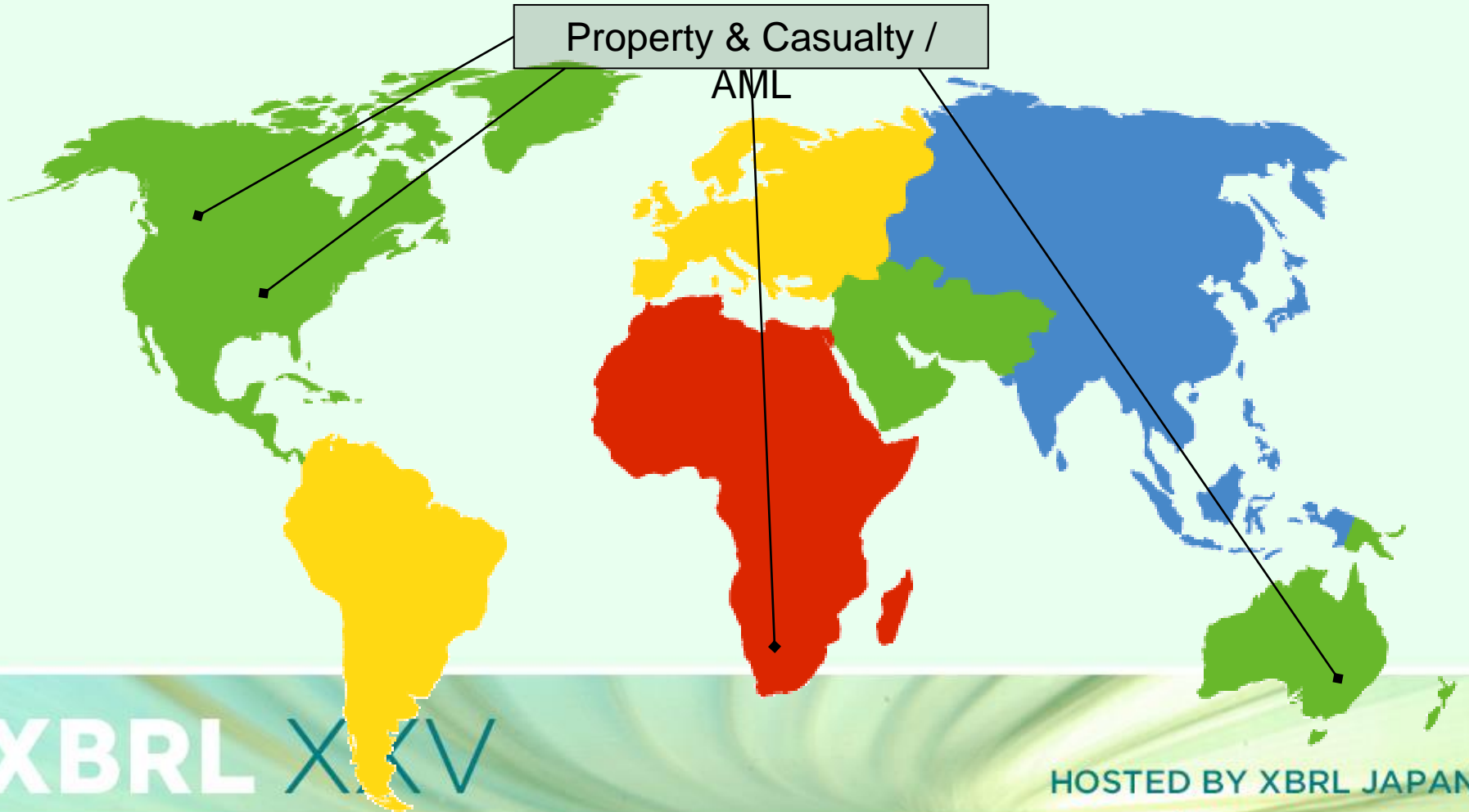
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Where are the Standards being used?

Property & Casualty /
AML



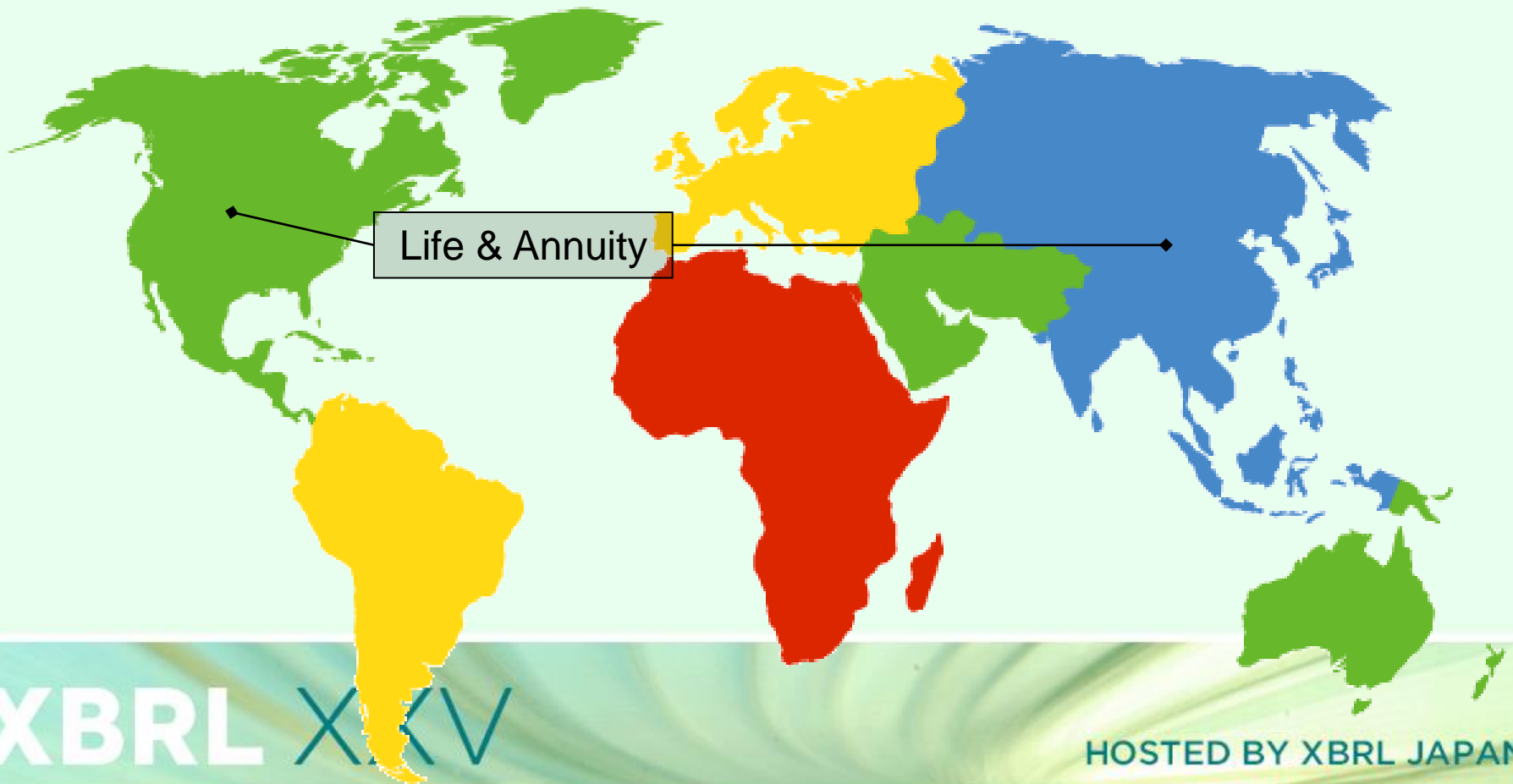
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Where are the Standards being used?



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Where are the Standards being used?

Global
Reinsurance &
Large Commercial



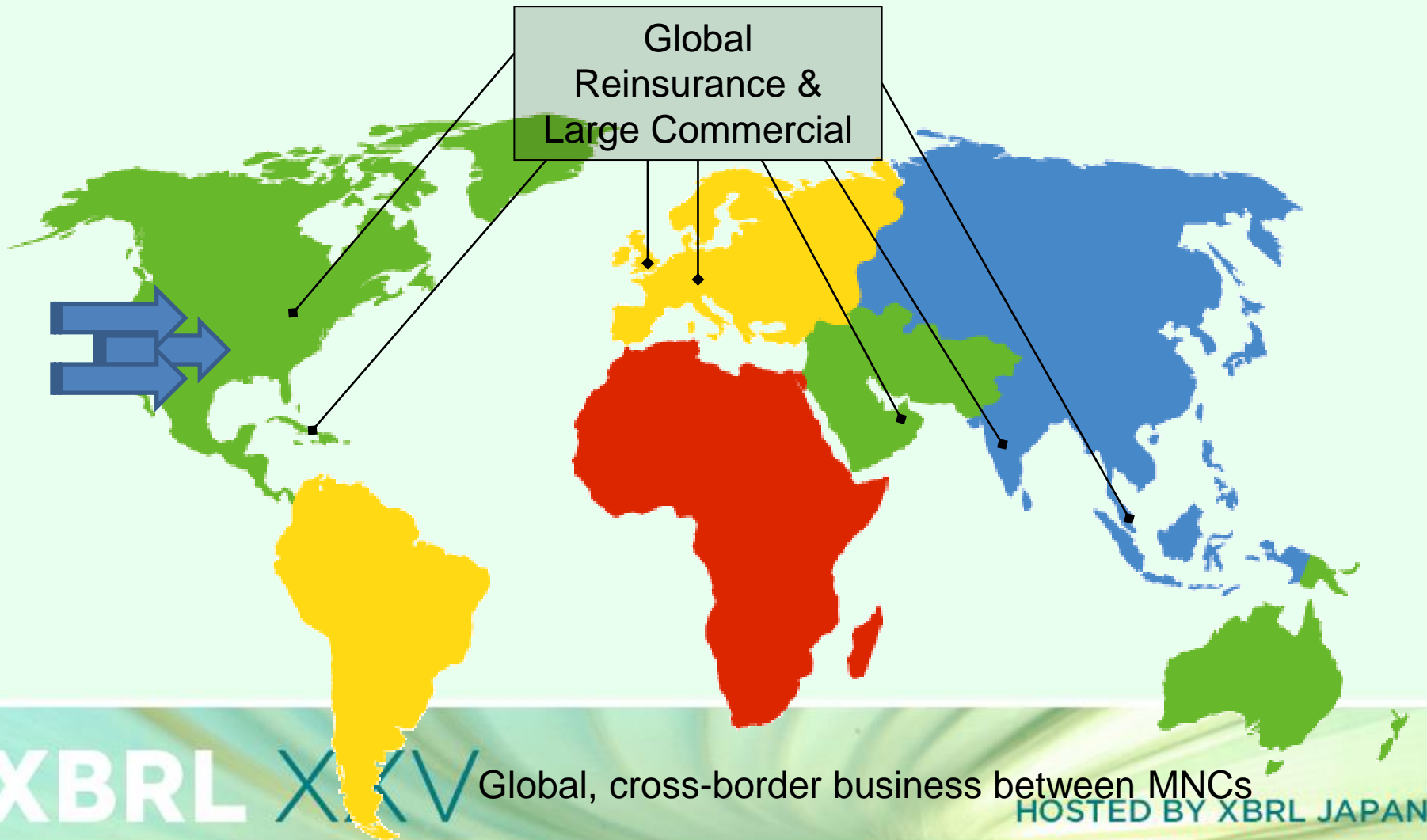
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Where are the Standards being used?



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Global, cross-border business between MNCs

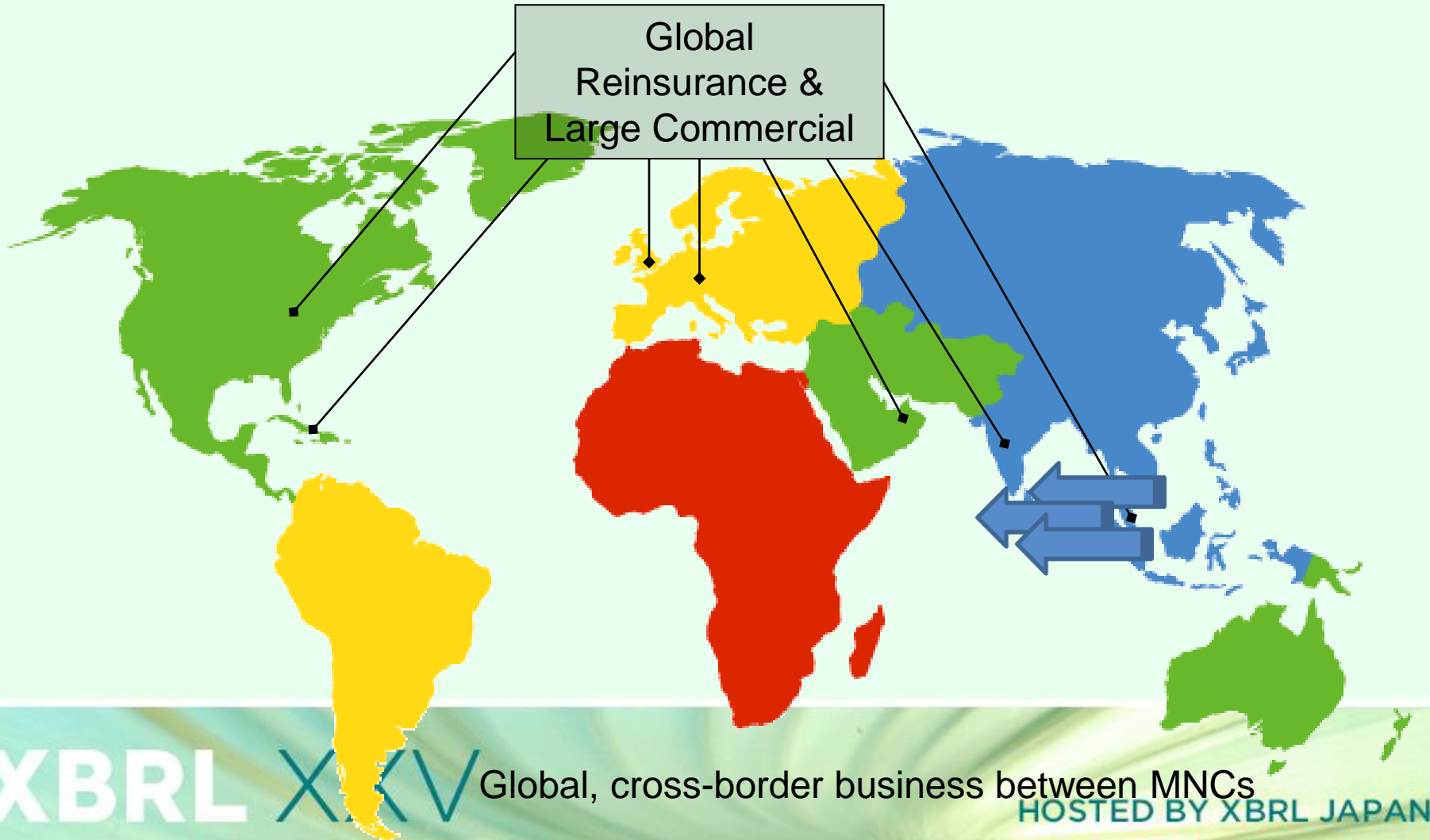
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Where are the Standards being used?

Global
Reinsurance &
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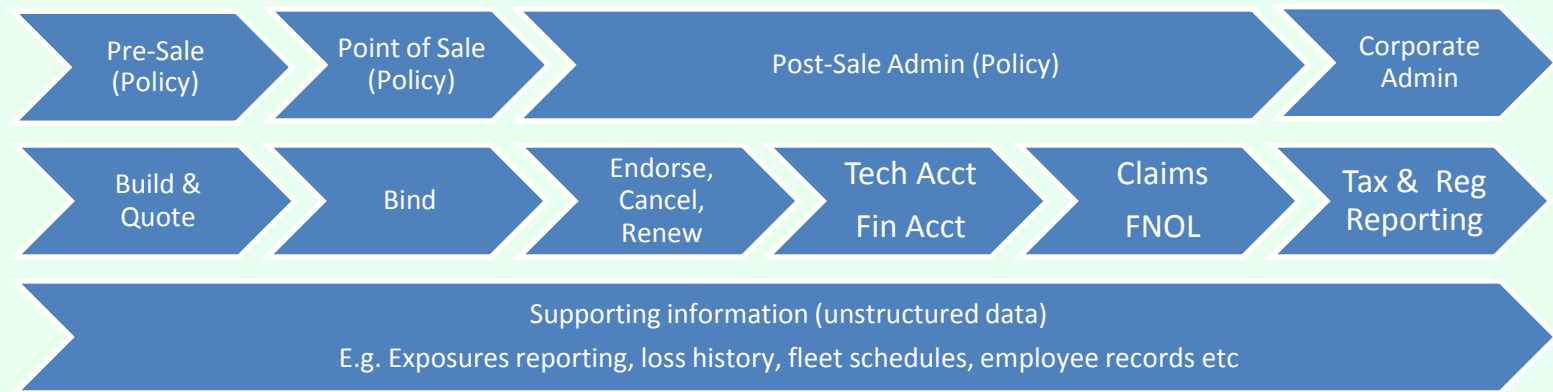
Global, cross-border business between MNCs

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Processes Supported by ACORD GRLC Standards



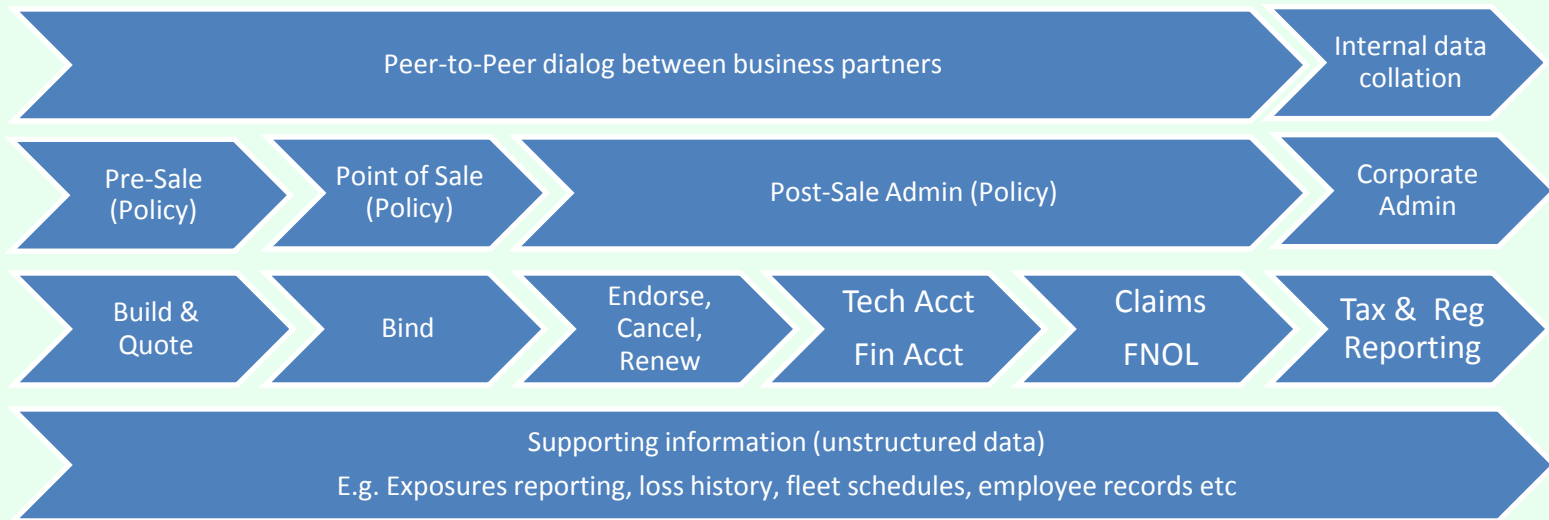
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Processes Supported by ACORD GRLC Standards



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ACORD GRLC XML

Routing, Referencing, Supporting and Core Transactional information
E.g. Referencing XML aggregate in Technical Account includes...

```
<CoverHolderReference>ABC123</CoverHolderReference>  
<BrokerReference>DEF456</BrokerReference>  
<ServiceProviderReference>-</ServiceProviderReference>  
<CreationDate>2012-11-12</CreationDate>  
<AccountTransactionType>Premium</AccountTransactionType>  
<AccountTransactionDescription>Deposit</AccountTransactionDescription>  
<Explanation>-</Explanation>  
<GroupReference>GHI789</GroupReference>  
- <ItemsInGroupTotal>  
  <Count>6</Count>  
</ItemsInGroupTotal>
```

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ACORD GRLC XML

E.g. Ledger amounts in Technical Account includes...

```
<AccountPeriod>  
  <Description>-</Description>  
  <StartDate>2012-06-01</StartDate>  
  <EndDate>2013-05-31</EndDate>  
  <PeriodNbr PeriodIndicator="-">3</PeriodNbr>  
</AccountPeriod>  
<ReferenceCurrency>  
  <Ccy>GBP</Ccy>  
</ReferenceCurrency>  
<TargetCurrency>  
  <Ccy>USD</Ccy>  
</TargetCurrency>  
<AmtShareIndicator>receiver_share</AmtShareIndicator>
```

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XBRL & ACORD Strategic Alliance

- To investigate feasibility of harmonization between ACORD and XBRL
- XBRL's data definitions and taxonomies focused on financial reporting elements
- ACORD's standards focused on insurance transactions: policy administration, underwriting, catastrophe and other risk exposure development, claims, and reinsurance ceding and binding
- Build bridge between CTO/CIO's ACORD-architected data, which when aggregated for reporting is rolled up in XBRL to CFO's financial and regulatory reports
- Assure comparable, consistent and trace-able data, consistently related from year to year, and from entity to entity

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Hypothesis

- Companies use ACORD standards to define, store and share transactional data with business partners, via their administration systems.
- Solvency 2 insurance data is the aggregated reporting of the transactional data insurers store in their administration systems.
- XBRL Sol2 templates' insurance data items should map to administration data already stored (or mapped to) ACORD standard data definitions.
- **Mapping ACORD GRLC data items to XBRL Sol2 data items should be feasible.**
- **Harmonised data between ACORD and XBRL should make insurance data collation easier, more reliable and auditable.**

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Mapping XBRL Sol2 and ACORD GRLC

Technical provisions non-life - E7A											
Underwriting risks non-life											
XBRL Sol2	Risk identification code	Currency	Type of underwriting model (SI, MPL, PML, EML or Other)	(Policy number) Insured	Description risk	Validity period (start date)	Validity period (expiry date)	Sum insured (SI)	Original deductible policyholder	Amount share sum insured facultative reinsurers	Amount share sum insured other reinsurers
	Risk identification code (typed dimension)	CU:OC/All members (Total/NA)	TB:TU/All members	B1	C1	F1	G1	I1	J1	M1	N1

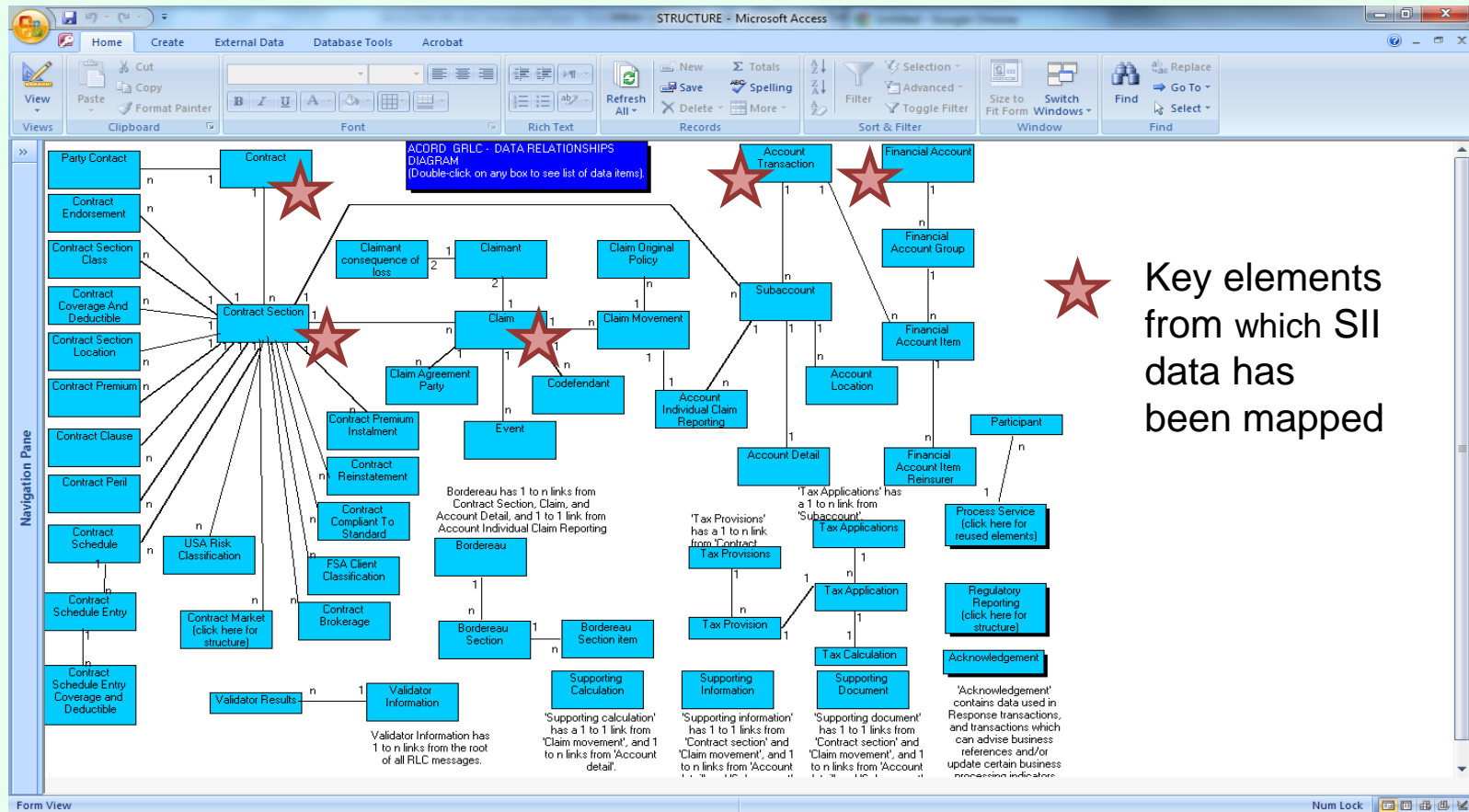
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Overview of ACORD GRLC Data Model



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Understand XBRL Sol2 data item

Identify corresponding ACORD GRLC data item

Confirm mapping between XBRL Sol2 and ACORD GRLC

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Mapping XBRL Sol2 and ACORD GRLC

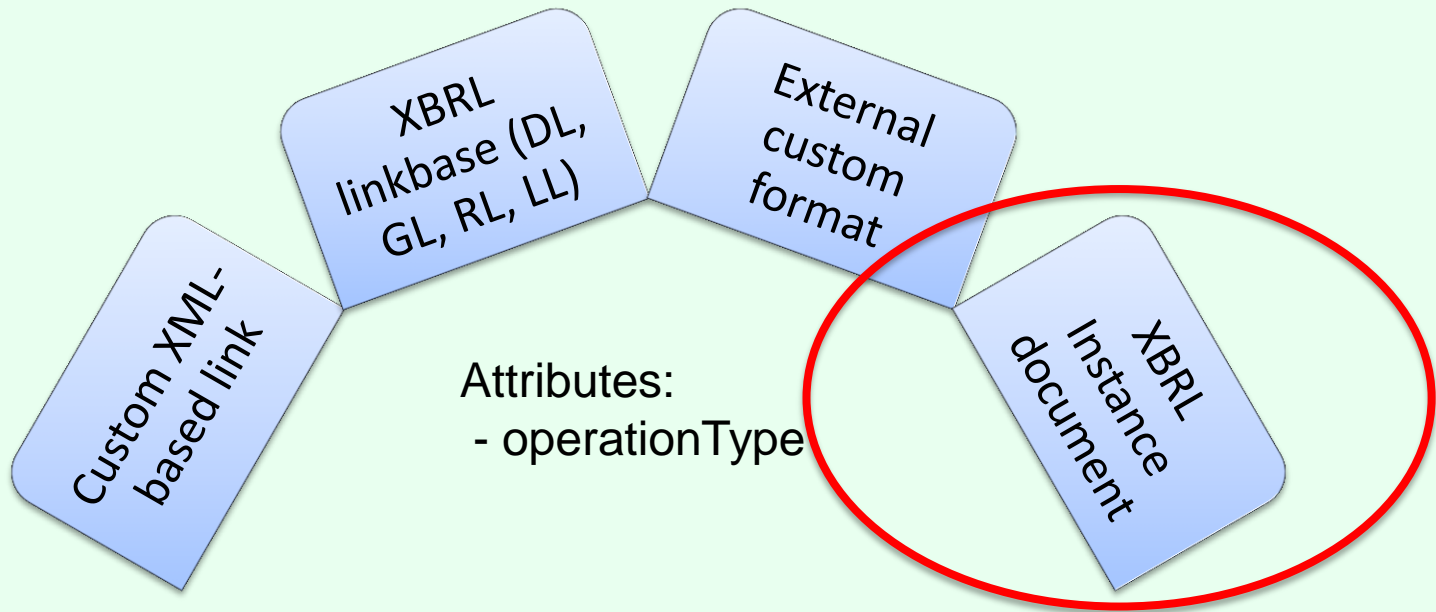
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	Risk identification code (typed dimension)	CU:OC/All members (Total/NA)	TB:TU/All members	B1	C1	F1	G1	I1	J1	M1	N1

ACORD Data Item Name	CoverageType	AccountReferenceCurrency	PremiumCalculationBasis	InsurerContractReference (OR) OriginalInsurerOrReinsurerContractReference	RiskTypeDescription	ContractPeriodStartDateAndTimeZone	ContractPeriodEndDateAndTimeZone	CoverageAmount	DeductibleAmount	Calculated from ReinsurerSharePercentage x CoverageAmount	Calculated from 100 [minus] ReinsurerSharePercentage x CoverageAmount
ACORD XML Xpath	ContractSection/ContractCoverage/@CoverageType OR Contract/ContractType	ReferenceCurrency/Ccy (OR) ContractReferenceCurrency/Ccy	ContractSection/Premium/PremiumCalculationBasis	Contract/InsurerReference (OR) Contract/OriginalInsurerOrReinsurerReference (OR) Contract/ReinsurerReference	Subaccount/ContractSection/InsuredRiskOrInterestDescription (OR) Claim/RiskTypeDescription	ContractSection/ContractPeriod/StartDate/@TimeZone	ContractSection/ContractPeriod/EndDate/@TimeZone	ContractSection/ContractCoverage/CoverageAmount	ContractSection/ContractDeductibleAmount/Amt	ContractSection/ReinsurerSharePercentage/Rate[@RateUnit='percentage']	ContractSection/ReinsurerSharePercentage/Rate[@RateUnit='percentage']

Technical mapping considerations

- Technical mapping should **facilitate automated processing** of values from ACORD messages and positions (primary items, data points) from XBRL reports
- Mapping should **enable higher-level business functions** (aggregations, assertion, audit trail)
- Mapping should **not affect existing technical architectures** of ACORD and XBRL taxonomies
- Additional attributes supporting mathematical relations between ACORD messages values and XBRL values should be considered

Technical mapping options



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Instance document option

```
<mi1 id= "..." decimals="0" contextRef=„c1" unitRef=„EUR">20000</mi1>
```

```
<link:loc xlink:type="locator" xlink:href="#mi1" xlink:label=„mi1"/>
```

```
<link:footnoteArc xlink:type="arc"  
  xlink:arcrole=http://www.xbrl.org/2003/arcrole/fact-footnote  
  xlink:from=„mi1" xlink:to=„ACORDSET1" order="1.0"/>
```

```
<link:footnote xlink:type="resource" link:label=„ACORDSET1"  
  xlink:role="http://www.xbrl.org/2003/role/footnote" >
```

[placeholder for ACORD messages related to specific fact]

```
</link:footnote>
```

Role?

Attributes?

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Hypothesis Proven... Next steps

- BR-AG and ACORD to publish technical discussion paper year-end 2012
- Socialize and share with IAIS and European regulatory community and interested parties
- Develop prototype
- Joint Work Group of ACORD and XBRL communities to develop insurer use cases and brainstorm as to other geographies and touch points to explore

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