



Binders and Exposures – A Success Story

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[Agenda]

- Background
- The Standard's
- Challenges of Implementing a Standard
- Current Use of the Standard
- Future Proposals for the Standards
- Driving Greater Adoption of the Standard
- Conclusion
- Questions

[Background]

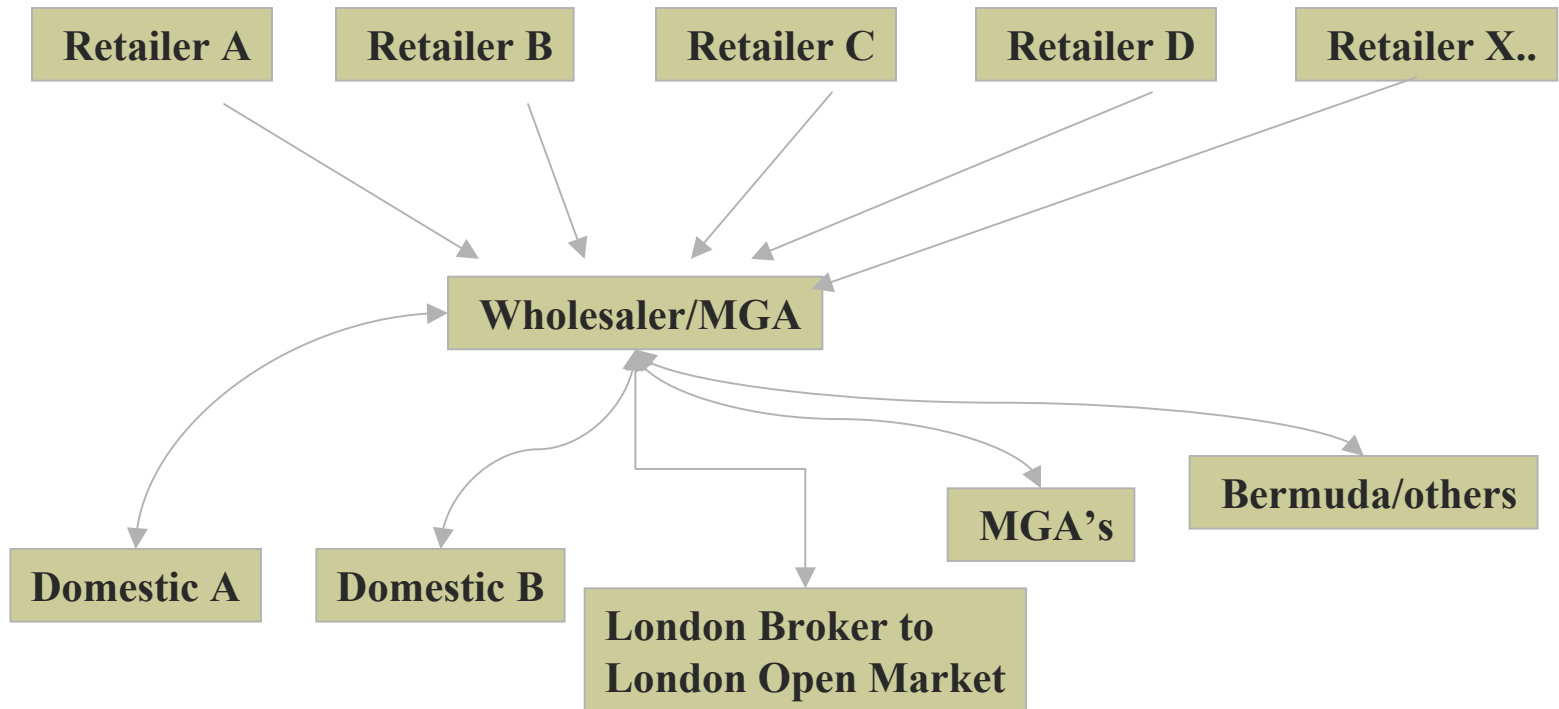
- View from London
 - WTC was the catalyst for change
 - There needed to be a consistent approach to the way in which risk location data and insured values were presented if Lloyd's syndicates were to continue to provide responsive and cost-effective cover to policyholders
 - Data up until now
 - Multiple formats requested
 - Lack of agreement across the Lloyd's market as to the data content required
 - Lack of clarity as to what the data represents

[Background]

- View from the US
 - Similar requests from different markets but no shared definition
- Data up until now
 - Free form
 - ACORD Applications – typed/handwritten/electronic
 - Spreadsheets with no fixed formats
- Very difficult to meet varying requests

Background

- Example of the flow of data – MGA's



[Background]

- Benefits of a Standard
 - Creating efficiency
 - More accurate assessment of exposure through improved quality of data
 - Reducing costs by avoiding duplication
 - Better flow of information through the chain
 - Better usage of capacity throughout the chain
 - Move away from paper reports and submissions
 - Good business practice – Not something driven by a hard market
 - Contract Certainty

[Background]

- Who sets Standards
 - International
 - International Organization for Standardization (ISO)
 - Individual Markets
 - LMA Data Standards Group
 - Insurance Industry
 - ACORD

[Background]

- Who Are ACORD?

The Standards - Binders

■ Syndicates

- Beazley
- Brit
- Catlin
- Faraday
- Hiscox
- Kiln
- Liberty
- Markel
- Wellington

■ Company Market

- Alea London

■ Brokers

- AON
- Bell and Clements
- BMS Group
- Claytons
- JLT
- Marsh Ltd
- Stow & Croton
- Thompson Heath & Bond
- Miller

■ Associations

- AAMGA
- ISO
- LMA
- NAPSLO

[The Standards - Binders]

- Lines of business addressed so far
 - US Based Risk
 - Homeowners
 - Commercial property
- Standards format
 - Spreadsheet layout
 - XML message
- Interoperability
 - Directly compatible with P&C Apps / XML
 - Spreadsheet and XML completely in sync
 - Interoperable with open market exposure standard

[The Standards - Exposures]

- Participants
 - International, Brokers, Reinsurers, Insurers, Catastrophe Modeling Providers

[The Standards - Exposures]

■ Exposures

- Lines of business addressed so far
 - Commercial property (including related BI)
 - Worldwide exposures
- Formats
 - Spreadsheet layout
 - XML message
- Interoperability
 - Directly compatible with ACORD P&C Apps / XML
 - Spreadsheet and XML completely in sync
 - Interoperable with binding authority standards

The Standards - Exposures

■ Data Dictionary

Data item name	Data priority		Definition	Format	Spreadsheet mapping	XML mapping
	Flows from insureds / risk managers	Other flows				
Header Information:						
Source date	1	1	Date when report was prepared	See recommendations regarding formatting of dates	Spreadsheet mappings will be added once this implementation guide is approved	XML mappings will be added once this implementation guide is approved
Source company	1	1	Name of company that reports the data	Character		
Source contact	3	3	Contact person within the company reporting the data	Character		
Portfolio reference	2	2	Textual identification of the particular portfolio reported - eg. "quota share treaty"	Character		
Type of reporting code	1	1	Identification of the portfolio reported; Gross, Net retention, 100%	Character (code)		
Date as of	1	1	Date of reported figures	See recommendations regarding formatting of dates		

Perceived Challenges of Implementing a Standard

- Resistance to change
 - We all wanted the same thing
- Acceptance of standard
 - Being and ACORD standard went a way to addressing this
- Initial workload in changing internal systems
 - Can't get away from this
 - Alternatives e.g. spreadsheets rather than XML
- Possible costs associated above
 - One Standard = one change

[Current Use of the Standard]

- Anecdotal evidence suggests approx. 25% adoption within the London Market
- Why is this not higher?
 - Change takes time
 - Culture
 - Systems
 - Global issue
- Starting to see some of the benefits coming through

[Current Use of the Standard]

- Interim step of a spreadsheet as an alternative to XML has enabled easier adoption
- We understand the implications of such a change and realise that it won't happen over night
- Need to work with out business partners throughout the chain to drive greater adoption

Future Proposals for the Standards

- Standards need to evolve to ensure they remain relevant to market conditions
 - Binders
 - Inclusion of liability information
 - Transactional Information
 - Exposures
 - Push for wider implementation

Driving Greater Adoption of the Standard

- Communication, Communication, Communication
- Continue to drive the standard back through the chain to the source of the information
- Ensure that the standard remains relevant

Driving Greater Adoption of the standards

- Solution provider support for ACORD standards
 - ACORD are holding focus groups with solution providers in the US
 - Other solution suppliers such as RMS, Room solutions and Kinnect either have implemented or are looking to implement these standards into some of their software solutions

Driving Greater Adoption of the Standard

- Key associations continue to be part of the process, (NAPSLO, AAMGA RIMS)

[Conclusion]

- ACORD have developed a standard that is supported worldwide for Binders and Exposures
- Although markets are starting to see data in the prescribed format we would like to see more
- Only with all business participants working together can we continue to drive implementation
- ACORD are here to help you implement these standards
- Questions???

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- Implementation Guides

- www.acord.org