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One Byte at a Time

ACORD celebrates 50 years by tackling digitalization

BY ANNEMARIE MCPHERSON

The world has changed a bit since ACORD released its first insurance form 50 years ago. The latest way ACORD continues its mission to help independent agents improve their efficiency and effectiveness is through a by-no-means small project: establishing digital standards to integrate with the larger insurance digital ecosystem.

ACORD initially expanded beyond paper forms in 1981, when it released its first Electronic Data Standards for insurance information exchange. Today, approximately half of the world's gross written premiums leverage the ACORD Standards in some way. ACORD recently launched its "Next-Generation Digital Standards" to facilitate more modern data transfer channels—such as microservices and APIs—which are used by customer-facing mobile apps, the Internet of Things, distributed ledgers, and other cutting-edge technologies.

A number of aligning factors indicated the time was ripe, according to Bill Pieroni, president and CEO of ACORD. "Independent agents are becoming untethered. They're not working 9 to 5 behind a desk in an office," he says. "And increasingly, agents need to operate in a straight-through processing world to fulfill consumer expectations. Speed is a value."

Propelled by the coronavirus pandemic, agents are continuing the trend toward communicating with customers through multiple points of contact, from video proposals to web portals. With technologies accelerating at a rapid pace, ACORD set about tackling the elephant of digitalization.

"Historically, agents and carriers interacted using wheelbarrows of data," Pieroni explains. "But when you look to this 24/7 untethered technology, it needs tiny little packets of information. It's not as if we needed new data, we needed to take our 50 years of comprehensive logical and physical data models and slim them down to make them more granular."

One challenge was uniting ACORD forms into the change to continue to meet the needs of a host of insurance businesses that rely on them. "We care about the tens of thousands of independent agents, the major reinsurers, the primary carriers, the third-party solution providers and the hardware providers," Pieroni says. "How do we deal with that accumulated legacy?"

ACORD has been dealing with the data factor, but "to do our job correctly, we have to look at this thing holistically," Pieroni explains. "We can't just say, 'Here's your new data elements.' How does that impact the software, the architecture? How does it affect the independent agent and the agency management vendor?"

"We don't like shelfware," he continues. "If you're an architect and you design a building and it doesn't get built, it's just drawings. Making sure our digital standards are used is important —and difficult."

The solution? "Spending time, listening and empathizing," Pieroni says. "Each independent agent is unique. Tailored approaches, business cases and detailed instructions all depend on the size and mix of their book, their customer expectations and their geographic location."

Already, ACORD is seeing the digital standards drive further innovations as members, including carriers and vendors, develop technology to accompany the smaller, granular data to ease the fast exchange of information. Ultimately, Pieroni believes the change will have a profound and holistic impact.

"This is lowering the cost, risk and time of using standards," he says. "It's enhancing the independent agent value proposition as agents can now focus on higher value-added tasks. It's spurring InsurTech innovations because companies now have the ability to use ACORD standards for one discrete piece of the value chain."

"Digitalization is a future inevitability," he continues. "What independent agents do—forming relationships, solving problems, bringing solutions—that's not going to change. How will they do that? That will change."

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