Meet the man who makes it possible for insurers and brokers to communicate in ways they can all understand

By Terry McMullan

GREGORY MACIAG HAS SPENT MOST of his career making the insurance industry work better. As President and Chief Executive of the New York-based Association for Co-operative Operations Research and Development, better known as ACORD, he’s a visionary on a mission.

When it comes to electronic commerce between different sectors of the insurance industry, ACORD is the global insurance industry’s United Nations, where different languages and cultures are interpreted and understanding made possible.

Mr Maciag (the Polish surname is pronounced “macy-agh”) prefers to define ACORD as a universal organisation – “a church, a temple, a mosque or a synagogue, it’s all the same to us – we work for everyone”.

ACORD has been around since the 1970s, but it’s only in the past 10-15 years that its influence has become global. The not-for-profit organization develops the standards that allow electronic commerce to flow easily through the insurance industry.

Based in New York and London, ACORD publishes and maintains a huge library of standardised forms for the industry. It also has “massive amounts” of standards for the electronic exchange of insurance data between trading partners. Most of the forms and electronic data standards now used in the US and a growing list of other countries, which include Australia, have been developed by ACORD.

So logical is the organisation’s reason for existing that it’s difficult to believe ACORD has had to work hard for the past 40 years to have the value of its services recognised.

“Insurance suppliers are a unique breed, always looking for the competitive advantage,” Mr Maciag tells Insurance News.

“We learned long ago that it’s better to start with brokers, who can always see the value in collaborating with different trading partners.”

That’s how ACORD arrived in Australia. Steadfast Managing Director Robert Kelly met Mr Maciag in New York in the early 2000s to learn more about ACORD, and recognised its potential for the Australian industry.

“Getting ACORD standards into a market needs leadership, and that’s what Robert Kelly provided.

“Robert understands the value of cooperation and collaboration, how to get brokers together. You need that kind of leadership to move forward, and that’s what he provided for us.

“When he came to see me Steadfast was just growing, and he said, ‘One day there will be a right time to launch this. It’s not a matter of if, it’s a matter of when’.

Keeping up standards
"We started from ground zero here, and the market has been very committed to the development of the standard and the forms."

"When" was about six years ago, when ACORD first set up an office in Sydney, "We assigned some staff to [the Australian opportunity] and worked with our members who do business globally."

Why not start with the local insurers? Mr Maciag is candid. "Domestic carriers are always a little more difficult. The first thing they want to know is, what's my competitive advantage?"

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"We are getting traction now with the forms from the brokers. As for the XML [extensible markup language, which defines a set of rules for encoding documents in a format that is readable both by people and machines], we are now getting implementation commitments from numerous software vendors and insurance companies.

"This year should be a year of implementations with many of our member organisations here." (See panel)

Mr Maciag’s career has spanned the development of information technology from the early clumsy processing machines of the 1960s through to the internet-enabled world of the 21st century.

He joined ACORD in 1977, just seven years after it was formed by some forward-thinking insurers and brokers who wanted to build efficiencies in the US property and casualty market using the emerging opportunities of what was at that stage a complex process called information technology.

ACORD’s initial focus was the standardisation of the many proprietary forms being used by insurers for new business and claims submission.

As technology developed through the late 1970s, ACORD developed with it, developing electronic standards to complement the form standards. Later it expanded its forms and electronic data standards beyond property and casualty insurance to encompass life insurance, surety and reinsurance.

Moving to ACORD in the late 1970s, when it had just four staff, was the ideal career move for Mr Maciag. He had already worked on information systems at the National Council on Compensation Insurance and at Chubb Insurance.

But if he expected that everyone else in the industry could see the coming technological revolution and what it could do for insurance, he was quickly reminded of the task ahead in his first week, when he attended an industry conference in Florida.

"I'm sitting in the front row when an agent stands up and asks the senior executive on stage, 'When are we going to have standard insurance forms in this place?'."

"And the guy replies, 'Never. Impossible. It'll never happen.' And I'm sitting there thinking, isn't this what my job is?"

Much has changed, and the ignorance has long gone – from the industry’s most senior levels, at least. Mr Maciag says that even today he comes across chief information officers who don’t understand the value of standard forms and systems.

"In the old days exchanging data electronically, what we called EDI, was a big company/big mainframe thing. The little guys found EDI too expensive.

"Then along came the PC, which worked with XML, and the little guy was able to move information around a lot easier."

"When the internet came in and we could all connect outside the private networks, the whole thing exploded. Now we can connect with anyone, but how can we do anything if we don't have standards?"

"You reduce quality when it takes too much time exchanging information. But even today new CIOs still ask me what our value proposition is."

Mr Maciag is philosophical about this. He says the problem is never the chairmen or the chief executives, who understand the
“A CIO has a lifecycle of 20-24 months, and they’re project-focused. If you make it easier for him, you get things done.”

Gregory Maciag has worked at ACORD for 37 years and has served as President and Chief Executive since 1994. He is a recognised expert and columnist who has authored hundreds of columns on business standards and technology. See www.acordceo.org. He is the author of two books – The Real Time World and The Business Information Revolution.