

ACORD Reference Architecture - Information Model – Release Notes

Version: 2.10

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ACORD INFORMATION MODEL v2.10.0 RELEASE NOTES (ed. December 2022)

This release is being delivered in support of ACORD's Information Model by adding and updating Classes and Properties to the model. The changes in this release are synchronized to similar changes in both the ACORD Data Model and the ACORD Business Glossary. The Information Model was enhanced to incorporate member contributions and feedback. Overall changes to the model are summarized below which includes classes and properties added or modified in this release. Full details of the changes can be found in the Release Documentation sub-folder in the Supplemental Documentation folder.

Changes to Classes and Properties

116 Added	28 Modified	5 Removed	14 Diagrams Added/Modified
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Below are the highlights of the changes, arranged by subject area. A full list is provided in the Supplemental Documentation folder.

Agreement

- **Agreement Grouping**, which is a concept that allows a carrier to bundle agreements because there is a need to analyze it as a group. For instance, if a carrier has a need to link two policies that get sold to a given customer to provide a discount, these two policies may be grouped together in the “Bundle” type of Agreement Grouping.
Another example would be specialty programs, which might cover carriers which offer Art Insurance specifically for art galleries and art dealers, or Professional Liability Insurance for Pilates instructors. Agreement Grouping allows the bundling of policies with similar risk characteristics, providing a means to aggregate agreement statistics for marketing or for actuaries, or for any other purpose.
 - In this release to document Agreement Grouping concepts, the following changes have been implemented
 - ✓ Added Agreement Grouping Subtype
 - ✓ Added Agreement Grouping Code List
 - ✓ Added Agreement Status Group Code List
 - ✓ Added Class Agreement Grouping
 - ✓ Added Class Agreement Grouping Rules
 - ✓ Deprecated Agreement Portfolio for Agreement Grouping
 - ✓ Changed Class name in Party Role in Agreement: from "Group Role" in agreement to "Agreement Group Member" for clarification.
 - ✓ For this release, we have identified 12 subclasses of Agreement Groups which are:
 - Agreement Replacement
 - Bouquet
 - Bundle
 - Custom Grouping
 - Deal
 - External Agreement
 - Inward to Outward
 - Master Agreement
 - Offering
 - Option
 - Specialty Program
 - Underwriting Account

Category

- **Portfolio Category** provides multiple ways to classify large numbers of Agreements together and allows an Agreement/contract/policy to belong to multiple classifications at the same time. Every insurer has a unique way of dividing their portfolio. Some sample ways of dividing the portfolio could be by Line of Business, Gender, Geography, Writing Company, etc. For example, insurance carriers may have different “writing companies” for different types of risk, or different geographic or regulatory territories, etc. Portfolio categorization can be used to allot an entire book of business into just several writing companies.

For example, there may be one personal auto policy with ACME Insurance in Massachusetts which may be written with ACME Northern Insurance Co., while another one in Vermont might be written with ACME Specialty Insurance Co.

Another example of Portfolio Categorization would be by Program Tier. A Carrier may offer various tiers of home insurance: Gold, Bronze, or Platinum based on certain qualifying criteria. One insured's home doesn't have all the necessary updates, so she doesn't qualify for the "Platinum" tier of property insurance, while another insured does qualify for Platinum. These two policies will have different Program Tiers (a subclass of Portfolio Category), but may have the same or different Writing Companies (a different subclass of Portfolio Category).

- In this release, to document an agreement classifications aspect,
 - ✓ **"Portfolio Category"** class is added to the **Category** subject area.
 - ✓ **Portfolio Category Subtypes** is added, this sub-package makes it possible to identify ways to Classify Contracts.
 - ✓ 14 sample Portfolio Classifications are added to the **"Portfolio Category Subtypes"**. Note that this list is not comprehensive, and other types can be freely added.
 - Admitted or Non-Admitted
 - Claim Basis
 - Gender
 - Industry Code
 - Insurance or Re-Insurance
 - Policy Holder Classification
 - Primary or Excess
 - Product Category
 - Property or Casualty
 - Proportional or Non-Proportional
 - Regulatory Class
 - Renewal or New Business
 - Treaty or Facultative
 - Underwriting Department
 - Writing Company
 - ✓ **"Product Category"** is moved from a stand-alone category class to **"Portfolio Category Subtypes"**.

Physical Object

- **Insurable Object superclass, and Non-Physical Object subclass**
A core subject area in the Model is Physical Object, which is the superclass of the things that most insurance policies cover for loss or damage. Physical Object subclasses would include cars, homes, office buildings, ships, livestock, crops, aircraft, people, etc.

While the vast majority of insurance lines of business cover tangible objects like the examples above, there are a number of lines that cover intangible, or Non-Physical Objects. To represent this in the model, we created a new superclass, Insurable Object

that is the parent class to both the existing Physical Object class and the newly created, Non-Physical Object class.

Examples of lines of business that insure Non-Physical Objects include:

- Trade Credit – where accounts receivable are insured against the risk customers won't pay. The Non-Physical Object could be the entire AR, or a portion of it (based on geography or class of customer).
- Cyber – where computer systems are insured against ransomware or a breach of privacy. In this case, the Non-Physical Object could be all the computer systems, or a subset of them.
- Political Risk – where the risk of seizure of assets, or export/import bans, or inability to convert currency might be insured. The Non-Physical Object might be operations in Russia or Latin America.

Agreement

- Agreement **Industry Loss Warranty and Catastrophe Bond** are two new classes, which are subclasses of Agreement Base. "**Industry Loss Warranty Indicator**" was introduced in release 2.9 as a property to the "**Agreement Base**" class, but that has been deprecated in favor of new subclasses.
 - **ACORD** uses the term "Agreement" class to represent contracts of all types such as reinsurance treaties, primary insurance policies, annuities, etc.
 - **Industry loss warranties ("ILWs")** are a type of reinsurance contract in which one party purchases financial protection from another in the event that insured industry losses from a catastrophic event are greater than a predefined trigger amount. For example, one party may purchase a Florida hurricane ILW that pays out USD 5 million if insured industry losses arising from a single Florida hurricane exceed USD 50 billion.
 - ILW agreements are usually documented as **reinsurance contracts** between the parties.
 - ✓ In this release, the "**Industry Loss Warranty**" class is also added to the Reinsurance Agreement Subtypes.
 - A Catastrophe Bond Agreement is a derivative debt investment vehicle issued by insurers and reinsurers designed to raise investor capital to cover catastrophic losses.
 - ✓ In this release, "**Catastrophe Bond**" class is also added to the Reinsurance Agreement Subtypes.

Agreement

- **Reinsurance Agreement Rules** is a new class that provides the flexibility in establishing the terms which allows all policies that fall within the terms of the Reinsurance Agreement to be covered.
 - Reinsurance Agreements provide a way of transferring some of the financial risk insurance companies assume in insuring cars, homes and businesses to another insurance company, the reinsurer.

- In most reinsurance agreements, the terms of the contract include the categories or perils of risks covered. In addition, reinsurer may need to identify other rules such as risk specific for Line of Business or risk that will cover specific geographic location.
 - ✓ In this release, “**Reinsurance Agreement Rules**” class is added to the Reinsurance Agreement Subtypes.

Agreement

- **Agreement Status Group** captures the most important steps in the lifecycle of an Agreement (Submission, Quote, Binder, Policy, Renewal, Endorsements). Every carrier has the need to capture status values of pre-bind and post-bind policies, but it’s fair to say that it’s unusual that two carriers (or even two systems within the same carrier) do it identically. However, there are certain commonalities that we can model.

The business intent is to record the insurance agreement lifecycle stage from initial submission through to some kind of price negotiation to a handshake agreement to formal policy issuance, and any subsequent policy changes, renewals, etc. Agreement Status, along with Agreement Status Group, can provide clarification to this concept.

A customer, Lisa, is looking for life insurance. She goes to the ACME Insurance Company’s website and fills in the information about herself and her needs.

- ❖ At this point, ACME may record the Agreement Status as “Initial” and Agreement Status Group as “Submission”.

Based on Lisa’s high level demographic data entered, ACME Insurance provides a rough premium estimate of \$1000.

- ❖ At this point, ACME may record the Agreement Status as “Premium Estimate” and Agreement Status Group as “Quote”.

Lisa has to decide whether or not she is interested in this offer. If she is interested in this offer, she schedules an examination with ACME medical provider. If she is not interested, she rejects the offer from ACME.

- ❖ If Lisa is interested in the offer: ACME may record the Agreement Status as “Medical Exam Scheduled” and Agreement Status Group as “Quote”.
- ❖ If Lisa is **not** interested in the offer: ACME may record the Agreement Status as “Customer Rejected” and Agreement Status Group as “Quote”.

Note that the values of Agreement Status can vary in different lines of business or markets or geographies or source systems, while Agreement Status Group is more consistent for enterprise reporting purposes.

- ✓ In this release, **Agreement Status Group Code List** is added to provide further clarification to the agreement lifecycle stage and the agreement status. This class records lifecycle stage for new policies or quotes or changes to existing policies or renewals. The code list can be applied to grouping of agreement status codes or directly onto agreement base.

- ✓ Below are some Code list values representing lifecycle stages:
 - Submission
 - Quote
 - Bind
 - Policy
 - Renewal
 - Termination

Document and Communication

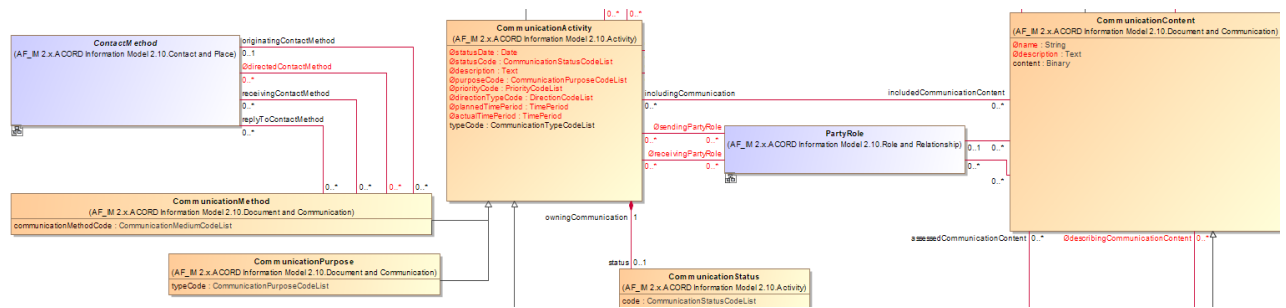
- **Communication Purpose and Communication Method**

Communication Activity records the event of receiving or sending of a communication between multiple parties which includes the communication content and communication method used such as a telephone call, a letter, a fax, an email, a meeting, and so on, and the communication business purpose, such as policy renewal, quoting, claims handling, customer retention, etc. Parties and Communication Content were already defined in version 2.9 of the model, and this version makes Communication Purpose and Communication Method explicit.

Lisa is a person who has a life insurance policy with the ACME Insurance Company. Lisa gets married, and contacts the ACME Insurance Company to add her husband as a beneficiary to her policy.

In this example, there is one Communication Activity between Lisa and ACME Insurance Company. The Parties involved are clearly Lisa and Acme (or the customer rep handling the interaction). The Communication Purpose could be defined summarily as “Customer Administration” or specifically like “Life Policy Beneficiary Change.” The Communication Method could be defined as high level like “Phone Call” or more specific like “Lisa’s cell phone to Detroit Call Center.” The Communication Content might be a voice recording of the phone call, or a transcription, or the agent’s notes on the interaction.

- To support these needs, we have created some extensions to the model to clarify this concept of customer communication.
- In this release, the Documentation and Communication subject area is enhanced as follows:
 - ✓ **Communication Method**” class is added, which makes it possible to identify ways to communicate with a customer.
 - ✓ Moved **Contact Method** relationships to Communication Method from Communication Activity, which makes it possible to identify communication medium used
 - ✓ **Communication Purpose**” class is added, which makes it possible to identify the purpose of the communication.
 - ✓ **Communication Method Subtypes** is added to provide flexibility for modelling techniques.
 - ✓ **Communication Purpose Subtypes** is added.



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