

FIA JOINS INTERNATIONAL DATA COMMUNICATION STANDARD

The Financial Intermediaries Association of Southern Africa (FIA) has become a member of the International ACORD (Association for Co-operative Operations Research and Development) Standard.

ACORD, an international not-for-profit association based in the USA, sets worldwide data and systems communication standards aimed at improving the exchange of data across diverse technological systems and platforms.

The organisation serves the insurance sector and related financial services industries globally. Members include hundreds of insurance and reinsurance companies, agents, intermediaries, software providers and industry associations throughout the world. The ACORD standard is recognised by all major system providers.

The financial services environment in which South African intermediaries operate is becoming increasingly complex. New products are introduced to market on a continuous basis and clients' needs are becoming more diverse. "As the demand for professional and knowledgeable intermediaries increases, so it becomes all the more important for the FIA to provide its members with the right support structures and tools," said Arnold van der Linde, president of the FIA.

"As an association, the FIA embraces international best practice protocols, procedures, systems and technologies. To this

end, we are founding members of the World Federation of Insurance Intermediaries (WFI) and a member of the Council of International Broker Associations (CIIBA).

"At present in South Africa's insurance industry, there is no uniform method of moving data between role-players. Becoming a member of ACORD is an important step which will have a positive impact on the industry – and importantly, on clients."

Standardising the way data is transferred will streamline the communications process and ensure the smooth flow of information between industry stakeholders such as intermediaries, insurers, underwriters, service providers, financial institutions, regulators and government. Furthermore, once implemented, a single set of data communication standards will lead to cost-effective delivery mechanisms that will improve the products and services to the benefit of policyholders.

Van der Linde said the FIA's ACORD membership is relevant because South Africa's financial services industry also conducts business internationally. "It is therefore important that we are able to interact with the global financial community in a manner which is consistent with best practice standards," he said.

He cites the example of banks which rely on a shared data communication standard to interact with their various systems to make sure that the millions of daily ATM transactions are

channelled to the correct financial institution and bank account.

"If we are to make a success of the introduction of a shared data communication standard, the industry needs to build off the basic ACORD principles and establish a South African adaptation or unique 'language' that will enable insurance data interchange," said Van der Linde.

Participation in ACORD will be voluntary for FIA members. "We will however encourage our members to partake in setting up the South African ACORD standard as it will be to their benefit," he added. The FIA believes it is inevitable that South Africa's insurance industry will eventually migrate towards a shared data communication standard in some form or another.

Lloyd Chumbley, ACORD vice president, said, "I am very excited to welcome the FIA to ACORD membership. This is a significant step forward for the industry in South Africa and we look forward to working with the FIA closely as the direction is set in the coming months."

Van der Linde concluded, "This new venture opens up a completely different approach as to how short-term insurance will be conducted in the foreseeable future. Ultimately, the policyholder and insuring public stand to benefit the most, as shared standards and technology bring a new locus of control and efficiency to the complexity embedded in insurance products."