

## **Surety Data Standards: What and Why**

The NASBP Automation & Technology Committee (AnT) was formed to monitor and analyze automation and technology issues, standards, and products relative to the construction and surety industries. It joined with the SFAA eBusiness Advisory Council to create the Joint Automation Committee (JAC) to promote the development of surety related technology to help improve efficiency and productivity in the industry.

In 1999, the JAC promoted ACORD Surety Data Standards to create standard forms for the industry to use. Unfortunately, due to several factors, the standards were not widely adopted. In 2014, the AnT revisited and revived the ACORD Standards as a way to promote surety system interoperability. The proliferation of proprietary surety systems generates a need to seamlessly exchange data across platforms. To create the data standards for the surety industry, the JAC chose to work with two well known, world-class standards organizations: ACORD and XBRL. As part of the process, the Surety Forms Working Group (SFWG) was developed to represent the industry as subject matter experts helping develop the data standards.

So what are Surety Data Standards? First let's define what they are not. Due to the history of how ACORD was developed, the word "forms" is often used interchangeably with "data". However, the surety data standards do not in any way attempt to create or promulgate standard surety bond forms. Although the SFWG is using the NASBP Producer Tool Kit forms as the starting point for the standards, the Surety Data Standards are not forms of any kind.

Simply put, the Surety Data Standards are set definitions for specific data fields commonly used by the surety industry.

### **Surety Data Standards: Why are they needed?**

Currently, each surety software program defines a field in its own way. For example, the principal's name may be identified by the program as "principal", "principalname", "principal\_name", "princ\_name", or a myriad of other variations. As a result, there is no common language or interoperability between systems. An agency must have people adept at using each surety's system, in addition to its own surety processing system and/or agency accounting system. While this is acceptable to agencies with limited surety business, the typical NASBP agency, which represents a greater number of sureties, becomes less efficient, and productivity drops significantly when processing bonds using a multitude of systems. The likelihood of data entry errors increases as well as the potential for other processing errors.

The use of Surety Data Standards defines the data field. When a computer program sees that a data field is labeled as "princ\_name" then it knows that the variable is the principal on the bond, regardless of what it wants to do with that data. Common data definitions create the ability for programs to communicate with each other. This interoperability will promote efficiency and accuracy through the reduction in keystrokes and seamless data transmission. It will also speed accounting reconciliation between the carrier and agency systems.

### **Our Partners:**

**ACORD** (Association for Cooperative Operations Research and Development), founded in 1970, is a global, nonprofit organization serving the insurance and related industries. ACORD facilitates fast, accurate data

exchange and more efficient workflows through the development of electronic standards, standardized forms, and tools to support their use. Implementing ACORD Standards has been shown to improve data quality and flow, increase efficiency, and realize billion-dollar savings to the global industry. ACORD members worldwide include hundreds of insurance and reinsurance companies, agents and brokers, software providers, financial services organizations and industry associations.<sup>1</sup>

**XBRL** (eXtensible Business Reporting Language) is a global, open technology standard used for the reporting of business data in a computer-readable format, managed by a global not for profit consortium, XBRL International. XBRL provides a language in which reporting terms can be authoritatively defined to uniquely represent the contents of financial statements or other compliance, performance and business reports. XBRL makes reporting more accurate and more efficient. It allows unique tags to be associated with reported facts, facilitating accurate analysis and the use of the information regardless of languages or currencies. People that want to report, share and publish performance information and allow straight through information processing rely on XBRL.

In addition to allowing the exchange of summary business reports, like financial statements, XBRL allows the tagging the transactions that can themselves be aggregated into XBRL reports. These transactional capabilities enable system-independent exchange and analysis of significant quantities of supporting data that can be the key to transforming reporting supply chains.<sup>2</sup>

### **Next Steps:**

There is significant support for the Surety Data Standards from the agents, vendors and sureties represented at the SFWG meeting in Chicago. During the wrap up we accomplished the following:

- Prioritized the order for additional forms, with the Small Contractor Questionnaire the next form to be standardized.
- Identified the following needs and initial sub-committee members to address them: Use Case – implementation guide; Business Case – case studies, white papers; Marketing efforts.
- Identified the need to engage the SFAA and sureties to get their support. Of the ten largest sureties, ACE, Great American and Travelers have not participated in the SFWG.
- Committed to promote membership interest and financial support for the XBRL Surety Proof of Concept Pilot. We need to help generate financial support for the program and membership interest in the XBRL Consortium. The funding goal for the Pilot is \$40,000. Liberty Mutual, Zurich, PwC and Gallina have contributed approximately \$25,000. XBRL sees the business case and is proceeding with the Pilot expecting the \$15,000 balance to materialize. We need to demonstrate the NASBP's support and commitment to this process. Once the Proof of Concept study is complete, it is expected that project completion will be funded through membership in the Consortium.

---

<sup>1</sup> ACORD mission statement.

<sup>2</sup> XBRL website