

# London Market Group



LLOYD'S

Chief Executive Officers  
London Market Brokers and Insurers

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Dear CEO

## London market modernisation – 2009 in review and plans for 2010

I am writing to update you on the progress we, as a market, have made with the modernisation of our processes over the last year; and to set out our plans for building on these achievements in 2010.

In 2009 we saw further tangible benefits from our efforts thus far – and these are being appreciated by our clients. The Lloyd's customer survey showed that, since 2005, there has been a 40% improvement in client satisfaction with the speed with which contract documentation is issued – testament to the work we have carried out to deliver the Market Reform Contract standard; contract certainty; and electronic policies. The introduction of the Electronic Claims File (ECF) has halved the end to end transaction time for the average claim. Electronic accounting submissions are reducing by 2 days the average time taken to process premium. These are all significant successes that prove that the programme we have been progressing is delivering the efficiency gains the market requires.

2009 saw us reach a number of further milestones in this programme of work, in particular:

- enhancements to the Insurers' Market Repository (IMR) that will expand the scope of ECF – a key cornerstone of our Finish What We've Started (FWWS) agenda;
- in excess of 90% of all premium submissions are now made via the IMR. This means that by the end of the second quarter of next year we will remove the ability to submit accounting data to Xchanging on paper;
- full adoption of electronic policies such that paper is now only used where there is a territorial or jurisdictional reason, or client request, so to do;
- achievement of our target of 3,000 endorsements per month being submitted electronically by brokers – proving that technological support for front office processes can deliver benefit in our market; and
- the delivery and piloting of the Exchange (more than 50 firms are now connected with live business being transacted) to facilitate the use of structured messages to pass data between counterparties in the market. This included agreement on the single, ACORD standard for expressing the information we require.

And of course we changed our name! MRG became LMG to reflect that the need for fundamental reform of our market has passed – as the benefits I set out above show. We are now engaged in the sort of continuous improvement exercise that all markets must pursue or risk being left behind by their competitors.

Over the past year we have also made considerable progress on the other projects that make up the FWWS work. These will see us move to use structured, ACORD standard, data for accounting submissions (eAccounting) – which will further speed up the exchange of monies between broker and insurer. We will also deliver the usability improvements to ECF (known as ECF2) which will help us deliver additional improvements to our handling of claims – the key metric by which our clients judge the service we provide to them. Both projects are on track to go live during 2010.

Our plans for 2010, therefore, are designed to progress further this continuous improvement. Our key focus will be, as this year, on delivering the remaining elements of the FWWS programme.

- ECF2 will go live in the middle of the year and we will also be pursuing a solution to bring binder claims within the scope of ECF.
- eAccounting will go live via two releases and our aim is to have 40 broking firms using this system to deliver accounting submissions by mid 2011.

We will also be looking to advance our work on electronic placing support by furthering the use of the structured data for endorsement messages – a project that Aon, Willis and Marsh committed to at the end of last year. This provides us with the opportunity to ensure that 2010 is the year when we make significant inroads in this area.

As I have already discussed, our achievements thus far have just been the precursor to more continuous improvement. Now is the time, therefore, to begin to determine what should lie ahead for our change agenda. Key to that will be a further analysis of what effect the exchange of more and more data between counterparties via structured messages should have on our approach to processing. This will build on the work carried out in 2009 by the Future Process Working Group. We will look to report back on our thinking on this in Q3.

Once again, an ambitious agenda; but one that is necessary if the subscription market in London is to maintain its pre-eminence in the global market in which we now operate. I am acutely aware that none of the gains we have made to date would have been possible without the efforts of your firms and of your staff. I thank you for that but, with the same breath, urge you to deliver more of the same and help us achieve the modern marketplace to which we all aspire.

Yours sincerely

**Barnabas Hurst-Bannister**  
**Chairman, London Market Group**