

Software upgrade goes live

Improvements continue to be made to the IMR software. ECF Phase '6a' – not the snappiest of titles, but important all the same – went live on 8 May (see below). This brings a higher proportion of claims, particularly certain binder claims, in scope and adds further functionality to the system.

Xchanging and market participants are hard at work developing the next software phase – '6b' – which is on schedule to go live in mid August. This release will enable further binder claims to be processed electronically (though it will still exclude co-lead binders), as well as adding other functionality. The team are already planning additional improvements that may be required by the market later in the year.

Claims—extending the electronic scope

Release 6a of ECF went live on 8th May. This release delivers in five key new areas:

“Decoupling” - essentially removing the fixed link between CLASS@Lloyd's and XCS CLASS; thus enabling XCS to amend the claim data supplied by the broker, just as they would in a paper claim environment. This allows standard binders (this excludes “co-lead” binders); first advice with settlement; direct settlements; confidential reports; corrections (significantly reducing the need for brokers to delete and replace transactions); improved processing of aggregates; and leaders' reserves to be processed via ECF.

The **“leaders' reserves”** functionality being delivered provides an additional field in the insurers' view of CLASS (via the combined ECF application) in which to enter an alternative reserve to that submitted by the broker, for subsequent advising in the SCM.

New **routing functionality** ensures that transactions appear on the awaiting actions lists of agreement parties sequentially rather than in parallel.

Basic workflow is delivered by enabling two additional fields in CLASS@Lloyd's; Claims Reference 1 & Claims Reference 2. These are free-text fields and provide users with the ability to enter any reference that they will find useful (e.g. department, team, etc) to manage their internal workflow.

Access Control Warning - a simple warning whenever users are saving a document to the IMR; whether that be a new document or an amended version of an existing document. The warning reads: *“Warning – if you have not customised the security, all parties involved in risk/claim including the broker will be able to see or receive this document. Are you sure you want to proceed?”* The warning also includes the option for users not to receive the warning in the future.

For more information on the release, please contact Simon Collins at Lloyd's: 020 7327 6683; simon.collins@lloyds.com

Governance

I am very pleased to have been asked by Dane Douetil, on behalf of the MRG, to lead the new London Market Repository Board. With representatives from brokers, managing agents, London market companies plus the Corporation and XCS and XIS, this body is responsible for getting best use out of the repository for the benefit of the whole market. The IMR's use will not stop with claims and A&S.

The Repository Board brings together the previously separate claims and A&S groups in order to ensure consistency. The fine detail of the Board's responsibility will shortly be resolved and the associated Terms of Reference published. I would like to thank those market practitioners who have and are participating in governance; it is an essential (but usually thankless!) task. A list of members is available at www.marketreform.co.uk.

The purpose of all this activity is to improve the competitiveness of the London market and the service we give to our clients. One broker has shared with us its early measure of the impact of using ECF. It estimates, albeit on a small sample, that the end to end time taken to process a claim has come down from 18 days to 11 days. Although far from conclusive as yet, I firmly believe that this is the sort of improvement that will be associated with taking paper out of the process.

I want to take this opportunity to express my gratitude publicly to one particular market participant who has been ploughing this furrow with great energy and determination for the past 4 years. Ian Mallery of Marlborough has led the crucial work of developing requirements for ECF to ensure that the system does what you the practitioners want. I am certain that without Ian we would not be where we are today. The market owes him a huge thank you for the work he has done.

Nigel Roberts: can be found on 020 7327 5643, Nigel.roberts@lloyds.com and the project manager Adam Stafford 020 7327 6634, adam.stafford@lloyds.com.

Broker backs mounting a comprehensive response

As part of our series of articles on how individual firms are approaching the reform challenge, we talk to Ian Summers, Director of Change Strategy at Aon...

Aon's approach to reform is part of an overall corporate strategy to embrace the full challenge of change across the market. Ian Summers, Director of Change Strategy, takes up the story: “A number of years ago, we recognised that there were aspects of the London Market that were not ideal – that whilst it provides a fantastic entrepreneurial approach, it is less efficient and does cost more to do business in London”. Aon decided they needed to take the initiative – to “own the problem” in management speak. They resolved to take responsibility for the issues they had identified and to do the work necessary to change what they could change.

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Dates for your diary

The Market Reform Forum sessions are designed to provide an update on the progress of the reform programme and give more detailed information on particular project or aspect of the process.

The dates for the rest of the year are provided below. Full details on the topics, locations and time for each one will be published prior to the session.

Thursday 31st May - 9.15am Tower Room, LUC

Thursday 28th June

Thursday 26th July

Thursday 30th August

Places can be booked by emailing mrpo@marketreform.co.uk. Places are reserved on a first come first served basis.

New beginners forums

We also run a series of seminars and presentations for those who need to get up to speed with the reform agenda. The next session is booked for Thursday 31st May at 10.45am. If you are interested in attending one of these – or would like a MRPO representative to make a “market reform – from the top” presentation to your firm please email chris.croft@marketreform.co.uk

IT Club dates:

Thursday 31st May- 11.00am Balls Brothers, Minster Court

Thursday 28th June

Thursday 26th July

Thursday 30th August

Suppliers Forum dates:

Thursday 7th June- 10.00am ACORD Conference Centre, LUC

Thursday 2nd August

Thursday 4th October

Thursday 13th December

To book a place on either of the above please contact Mel Harding, ACORD, by emailing mharding@acord.org

The Aon experience—continued from page 3

Aon have therefore developed a vision of the future which sees the transactional elements of insurance and reinsurance done totally electronically. This has required:

- a re-evaluation of Aon’s business to develop lean processes;
- a concentration on doing only those things that add value to the client; and
- a “not inconsiderable”, according to Summers, investment in the equipment needed to make their ideas a reality such as workflow, document management tools and a messaging platform.

The work has also driven a fundamental change in the way Aon does business – specifically adding a lot more work on wordings at the beginning of the process so that the broker presents the underwriter with a fleshed out contract. Ian outlines the advantages this has delivered: “With the detailed business work done up front, what follows after the meeting at the box is the processing of a transaction, not the ironing out of contractual differences. This is a much smoother approach that allows Aon to concentrate on product and price and not administration”.

For placement, Aon will be using the RI3K hub with messages passed from here to the G6 or other business partners. They are not going to pursue individual peer to peer connections but will be using the vitally important peer to peer message specification. They will offer web access for less sophisticated trading partners. They will also support other hubs provided they can interact with RI3K via ACORD standard messaging.

Post placement, they will be deploying the same mixture of messaging and web applications plus use of the bureau. The firm has set itself some aggressive targets around the processing of “in scope” business (that is business that can be processed electronically, for example vertical marketing and binders are currently out of scope). Ian again: “we are aiming to offer all reinsurance business electronically by July, with all direct to be offered by the end of the year. We are looking to do 100% of in scope claims electronically now. But we don’t see that this should be restricted to just new claims – we are working with key brokers and markets to drive a pilot for the electronic processing of legacy claims and will aim to start this in July”.

The importance of this work is clear to Summers: “Aon is the world’s largest insurance broker. We need to deliver a world class service to our clients. London is a key market for us, but it needs to be brought up to speed with the rest of the world”. However, he envisages that a successful outcome could see London achieve more than just parity with its competitors – it could leapfrog them in terms of the service and costs of doing business. Aon would welcome this: “we want to see London get a bigger share of the global pie. By becoming more efficient as a market, it will attract more business. Even if we only maintain our current market share, that means more income for us all.”

Ian’s current mission is to talk to all Aon’s clients and markets to explain their strategy and how it relates back to the MRG vision. They are very keen that this is seen to be closely aligned.

Ian’s message to other firms is clear: “Reform is not about seeing the latest MRG update and reacting to that. Firms need to embrace change at the corporate level and develop their own strategy. This means they can deliver the MRG agenda within an overall programme of change that they own, and that has improving the way they service their clients and delivering profitability to their shareholders as its primary aim”.