Moving into the next age of change

Barnabas Hurst-Bannister, Chair, London Market Group

At its meeting on September 16th the Market Reform Group (MRG) decided that it should change its name and alter its terms of reference to ensure it continues to play the valuable role in shaping our market's future that it has up to this point. Henceforth it will be known as the London Market Group (LMG) and, whilst continuing to focus on process change across the market, will also expand its remit to include other topics where having a common view between the three Associations and the Corporation of Lloyd's might be beneficial. As the readership of this newsletter are key stakeholders in all the business of the group, I wanted, in this article, to ensure I set out the reasons why we have taken this decision; what it does and, perhaps more crucially, does not signify.

There is no doubt that we have come a long way as a market over the past five years. I know that our achievements are often revisited in these pages, but I make no apology for going there again. It is vital that we recognise success and progress and use them as the springboard for further accomplishments. Contract certainty fundamentally improved the way we do business in London – and other markets are only now beginning to catch up.

On top of contract certainty, we have added the revolution to back office processing that has come about with usage of the Insurers' Market Repository (IMR). The introduction of the Electronic Claims File has halved the average end to end transaction time for a claim. Let's linger on that statistic for a moment because it is easy to let ones eyes flick over it and not to take in its full significance. We are now twice as productive on the key part of our service that our clients most value. Think what impact a similar change would have in other walks of life – banks would actually clear cheques in the same week you paid them in; London to Paris by train in little more than an hour; Ricky Ponting averaging more than Don Bradman. All mind boggling prospects – but these are the equivalents of what we have achieved.

Accounting and settlement has also begun its impressive transition from, frankly, a somewhat embarrassing paper process to something more in tune with the twenty first century. By embracing use of the IMR we have taken days out of the premium submission process and removed the need to have bundles of paper trundling up and down the A2. Even if one only viewed this from an environmental standpoint it would still be praiseworthy.

And let us not forget electronic policies. Nowadays more than 90% of policy requests are made electronically and more than 80% of policies come back "virtually" as well. That is, again, significant progress. Electronic policies take between five and seven days out of the time required to give clients their contract documentation – making compliance with the contract certainty code of practice significantly easier. Another area where our efforts have delivered better service to our customers.

What we have also mastered over the last few years is having a clear picture of where we are going next. ECF and A&S have delivered much – and we have now mapped out the Finish What We've Started programme that will ensure we reap the full benefit of our investment. We have begun to make inroads into the front office through the electronic endorsements work – and we have heard on stage, and in these pages, of the plans to further the cause of electronic support for placing.

What all this means is that a market that once people use to look on as the elderly relative of the global insurance business – good for the odd entertaining anecdote about the old days but essentially a bit doddery and on the way out – is no such thing. London has returned to a position of pre-eminence. More and more we are looked upon as leading the world in our processing – not just the market of choice but the market to envy. So the concept that a market in that position should feel the need to continue to "reform" began to seem a bit of an anathema. And it had the danger of sending the wrong message to clients who might not yet be up to speed on what we have achieved. So our desire to remove the R word from our name has led us to rechristen the group LMG. It's a group; it discusses stuff about the London Market. The name seemed to make sense from there.

What the name change also reflects is a desire to use the group to progress issues beyond just process change. I am not sure that MRG's remit was ever narrowed officially to just process change – but that had certainly become the perception. But there are many other areas where an LMG discussion could be useful. LMG is the only forum where all four main elements of the market – brokers, company market insurers, Lloyd's managing agents and the Corporation meet regularly. Issues such as the drive to improve skills in the market and the implications of the Chancellor's Group review of the future of the insurance industry in the UK, for instance are subjects where the collective thoughts of our market as a whole will be useful to tap in to. Realigning our terms of reference and renaming the group is therefore partly aimed at making it perfectly transparent that we will be looking to discuss matters such as this – although we fully appreciate the need to ensure that any such discussion is within the bounds of relevant competition law.

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But what the name change should not be seen to signify is any let up in our determination to drive through the process change we know we all need to continue to deliver. We must complete the Finish What We've Started work and we have charged the Association's Administration Committee (AAC) with the responsibility to see that this gets done. We need to clarify the path that gets us to further, sensible, technology support for placing. There are some truths that I think we can all hold to be self evident in this regard – that double keying of data is costly and prone to the introduction of errors; that modern business thrives on timely and high quality information; and that face to face negotiation will always remain at the core of our market place. We need to draw all these together into a coherent proposition for placing. The proposals LMA are putting before LMG this month will help set us on the way to delivering this.

Finally we need to consider what, if anything, comes next in terms of process change. This is where the early work looking at central services and claims strategy will come to the fore. Modern markets are dynamic and need to continue to improve if they are to continue to thrive. We need to make sure we continue to embrace that concept in London.

So, I see the change of name as being a tribute to how far we have come. So much of that progress has been down to the people who read this newsletter and attend the (now) LMG forum. I would like to say, on behalf of LMG – and, indeed, the market as a whole – thank you for all your efforts thus far. Stage one – the reform period – has come to a close. Stage two – the era of continuous improvement - lies before us. I am delighted to have been asked to chair the group as we embark on this exciting challenge.

Events...

Dates for your diary

The LMG Forum sessions are designed to provide an update on the progress of the reform programme and give more detailed information on particular projects or aspects of the process. Dates coming up are provided below. All sessions start at 9:15am at Willis Auditorium, Lime St.

Wednesday 21st October
Thursday 19th November
Wednesday 19th December

Only those who pre-register will gain admittance.
Online booking is available via **www.londonmarketgroup.co.uk**
Places are reserved on a first come first served basis.

ACORD Club dates:

ACORD Club provides an update on the latest technological innovations in the market. The venue for this is Balls Brothers, Minster Court. All sessions start at 11am. Dates coming up are:

Thursday 29th October
Thursday 26th November

For more details on upcoming speakers, visit the ACORD website (www.acordlondon.org) or email Melanie Harding (mharding@acord.org)