



No paper please, we're Brit...

Jonathan Brant, Programme Manager, Brit Insurance

Nearly two years ago Brit Insurance commenced a change programme to provide an electronic trading capability for the company's Global Markets and Reinsurance divisions. It was the attraction of managing this programme that actually contributed to my decision to join the company. Brit had long recognised that changes in a number of factors, such as emerging markets and attitudes towards technology meant that some form of electronic support for the placing process in London was now inevitable. We saw this as key to enable London to remain competitive with the rest of Europe, Bermuda, and increasingly the Middle and Far East markets. In addition, technological solutions were now at a sufficient level of maturity to make electronic placement a far simpler option than maybe five or ten years ago.

These two trends gave us an opportunity to position ourselves as one of the early market leaders in the potential new ways of working and therefore gain maximum benefit. We believed that being open for electronic business would make life easier for our broking partners, and

help us to work more efficiently. Electronic receipt of placing data could remove the need for much of document scanning and duplicate re-keying of data into our systems. This reduction in administrative burden would allow our underwriters to concentrate on their core activities of risk assessment and business development with our clients and brokers. Essentially, we saw insurance transactions that tended to begin with an electronic transfer of data between client and broker and increasingly tended to end with an electronic submission from broker to bureau, yet consisted of a significant paper stage in the middle. It was hard to understand how this could be the most logical or efficient approach in the 21st century.

Armed with the conviction that we should do what we could to drive usage of electronic placing in London, we joined the G6 initiative in January 2007. The proposed one-way messaging was essential to prove the concept and offer some

We saw insurance transactions that tended to begin with an electronic transfer of data between client and broker and increasingly tended to end with an electronic submission from broker to bureau, yet consisted of a significant paper stage in the middle. It was hard to understand how this could be the most logical or efficient approach in the 21st century.

advantages to the underwriter, but we felt that it was only two-way messaging that would start to offer real value to the broker. Hence, we resolved that Brit Insurance would offer two-way messaging from day one and that we would immediately be prepared to write our lines electronically. It has always been my view

that such electronic initiatives should provide benefit to all market players, or the solution is unlikely to succeed.

As a programme, our original target was to launch the first solution in July 2007, but we were set an internal challenge to be ready for the 1st April renewal season. This meant we had just three months to transform a technical proof of concept into a fully functioning production system, which I'm delighted to say was achieved on time. Hopefully this gives encouragement to those who work in firms yet to embrace electronic placing. It underlined our earlier thoughts – the technology is now at a level where, with the right people and planning, it really is straightforward to open for electronic business.

Our solution is designed to offer maximum flexibility for the broker, whilst presenting our staff with one way of processing. Therefore, using ACORD standards, we can exchange two way messages with R13K and via peer to peer arrangements with any broker who has such capability – such as Benfield and Miller. The ACORD standards provide a solid foundation for messaging, having been utilised in other markets and the back office insurance transactions.

Since launch we have seen significant effort from both Aon, via R13K, and Benfield, directly, to embrace the approach and deliver placement documentation electronically. However it would be wrong of me to suggest that we are now receiving a large proportion of our risks via messaging. There still appears to be hesitation from some brokers to use electronic placement. It was the desire to increase volumes that has underpinned our most recent initiatives.

When the eMRCE project was launched we saw an opportunity to use

our existing investment further. Endorsements via email provide an excellent opportunity to overcome one of the biggest hurdles in the electronic placement process – the cultural change. We have faced challenges from both brokers and underwriters when introducing this change; the key has been to show the benefit it brings, removing administrative tasks and focusing on face to face negotiation where required. The initial use of email eMRCE is a zero cost method of embracing electronic trading for brokers and allows them to mimic in London their existing approach to overseas markets.

However, we do not see email as the end game for electronic placement, and indeed the Market Reform Group acknowledge that this is a stepping stone to full use of ACORD standards. Hence, within Brit Insurance we did not want to introduce another electronic mechanism for our underwriters, but instead re-use the investment made on our Underwriter Desktop. Working with Trisystems, we successfully integrated email from Willis and Marsh, initially, and delivered it into our underwriting desktop system - maintaining the single processing approach and thus delivering cost and time benefits internally.

At this point we took another strategic decision aimed at helping generate volume across the whole market. We could have easily delivered a bespoke solution within our existing gateway, but we were keen to look beyond this as we recognise that the ultimate prize here is to ensure the whole market adopts electronic trading. It is not until brokers can place and service business using a single electronic process that they will see full benefit and that the London market will have maximised its potential competitive advantage. It is in our interest as much as anybody else's that underwriting colleagues in other firms receive the necessary electronic volume of business. Therefore, we asked Trisystems to consider a service that would be available to any firm that had made an investment similar to ours.



The service delivers all the benefits of email for brokers, i.e. zero additional cost, and should allow brokers to adopt eMRCE quickly, while enabling those of us that have already invested in ACORD messaging to gain the additional benefits.

Trisystems have taken their gateway and hosted it on an external site. Brokers who wish to send an email eMRCE to Brit Insurance, or any other underwriter signed up to the service, simply send it to one of our nominated group email addresses. The message is then delivered to the Trisystems service, which validates it against the published eMRCE standard; translates the data into the ACORD standard; and redirects it to the gateway of the relevant underwriting company.

Our underwriters see the email header information as part of the record created in our underwriting desktop system, along with the supporting documents that have been automatically loaded into our document management system. It allows us to initiate a controlled, auditable mechanism for agreeing to the endorsement, which in

itself feeds through into valuable management information. The endorsement response from our underwriter is sent back to the Trisystems service, which converts it back into an email for the broker. In this way, the service delivers all the benefits of email for brokers, i.e. zero additional cost, and should allow brokers to adopt eMRCE quickly, while enabling those of us that have already invested in ACORD messaging to gain the additional benefits.

I firmly believe that getting up and running on electronic trading even in this limited way, will help change the perception for front line brokers (and underwriters) on how it might work. It should demonstrate that the broker can benefit by reducing unnecessary box visits, while the underwriter reduces re-keying / filing of endorsement data. Both parties will benefit through gaining additional time to focus on the needs of their clients. As this realisation continues to gain ground, we expect to see increasing volumes from a growing proportion of the broker community.

Brit Insurance went live with the eMRCE to ACORD service in summer 2008. As anticipated, there were a few initial teething problems around the consistency of the email format sent by brokers – but we have already seen a significant improvement in the quality, and volumes are beginning to increase across all of the brokers currently using the service with us. We are convinced that this eMRCE solution offers the best of both worlds for all players and is potentially a key milestone for markets progressing towards full electronic placement.

Brit Insurance will continue to be a leading player in driving market reform. We are already working with a number of additional broker partners and trading hubs to both increase volumes and the scope of risk data that can be transferred electronically. It will be a combination of bi-lateral arrangements, market trading hubs and initiatives like eMRCE that will deliver a truly efficient London Market operation. The potential benefits to the market are truly compelling, and Brit Insurance, as a key player in that market, looks forward to being able to enjoy our share of that success.