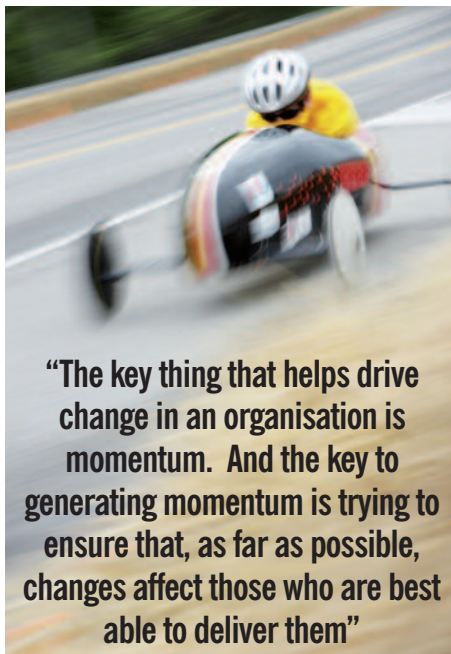


# Having the Lott?

I am conscious that there is a school of thought around the market that the reform agenda has been skewed towards the interest of the larger, global broker. Obviously, in my position, I would be very concerned if I thought that was the case. Thankfully I do not. Indeed I am not sure where I can see, in terms of process, where the general interests of brokers might diverge significantly, whatever their size. Surely we share a common desire to move towards a more efficient and effective approach to servicing our clients needs? Market reform is squarely aimed at helping us achieve that, delivering the necessary collaboration and, when circumstances dictate, central infrastructure to support the market of choice. How we embrace and implement the change that the reform process requires will of course



**“The key thing that helps drive change in an organisation is momentum. And the key to generating momentum is trying to ensure that, as far as possible, changes affect those who are best able to deliver them”**

differ from firm to firm – that is only natural. But, as I hope to demonstrate to you over the following paragraphs, size does not matter. However big you are, reform can be your friend.

Delivering change such as this in a small broking house is quite a different challenge from that in larger firms. Not

for us the dedicated change management teams and the sizeable IT budgets. But we do, I suspect, have compensatory advantages in terms of the nimbleness with which we can move. At LMIB we have a quick decision making process that makes it relatively easy to get involved in initiatives. We are also all much closer to the coal face meaning either that our working lives will be directly affected by the changes or that we are very close to those people that will experience the impact. That means we have a keen appreciation of what the specific issues might be around any project and can anticipate and seek to avoid any obstacles that may block our path.

One area where we do need to approach the overall reform agenda carefully is in choosing the right initiatives to concentrate our resources on. Unlike George Bush, I am not in a position to declare that we have the capacity to fight on two fronts simultaneously (and, let’s face it, I am not sure he was either). We need to work out when savings from any project might accrue to us and thus when is the right time for us to get involved. This is not a charter for inactivity – far from it. I fervently support the MRG vision of a market of choice with full electronic support for placing and claims and the embedding of electronic accounting. At LMIB we are committed to delivering the work necessary to ensure that we can compete within that sort of market framework. But our capacity to deliver and absorb change as an organisation is finite and attempting to do too much at once can be as destructive as not doing anything at all. We need to find the right pace to progress towards the end goal that we all share. Sometimes I appreciate that this can mean that we do not make as much progress as MRG or indeed even our senior management might like. But I think the market is appreciative of our idiosyncracies and accepts the need for balance in its drive for progress.

To my mind the key thing that helps drive change in an organisation is momentum. And the key to generating



**Dann Lott, Managing Director, London Market Insurance Brokers Ltd**

momentum is trying to ensure that, as far as possible, changes affect those who are best able to deliver them. Our technicians are easily persuaded on reform projects, they see the need for process and the efficiencies the changes can bring. They are also highly IT literate. All this makes them well placed to evaluate and implement new ways of working reasonably quickly.

The standard broker role is somewhat different. I absolutely believe that this role will always be an integral part of our market. We place the toughest risks – the ones that we have to meet to discuss; to explore the nuances; and to find a way to deliver the needs of our clients on terms that our underwriter partners can make a business from. To be a good broker, you need a mindset very different from that of our technicians that I set out above. You need to enjoy the challenge of face to face negotiation; to be motivated by the deal, by achieving things whilst out “in the market”. It is not a world where you naturally see things in process terms. So to expect these types of people to embrace fully the change MRG has been promoting is not unachievable nor is it unreasonable; but it will take understanding. It will take a change of an entire, and successful, culture and that does not happen overnight.

So, in order to hit the balance between the need for momentum and the need to bring our front line broking staff along at a pace they can feel comfortable with, we have developed a hybrid approach. Wherever possible, we are moving the processing that is most ripe for change away

from the front line broker and giving it to technicians. The result? Increasingly happy staff in both camps – technicians see the work they are doing is driving a more efficient process across the organisation; brokers are freed from something they found boring and irritating and allowed more time to do what they are good at and enjoy.

Take bulking settlements for instance. These involve the sort of simple, monthly, repetitive process that you do not want your broker doing. So we took it off them and now have technicians processing these directly with the underwriter via email using the eMRCE standard. Much more efficient our end – and increasingly welcomed by our underwriter partners. After all, I have never known any of them to refuse money!

This is just one instance where the e-endorsements work has delivered benefit for us. We have appreciated the promotion of email as a stepping stone to full ACORD messaging. It has provided us with a simple and cheap way to re-engineer our processes; change attitudes where necessary and find the right workflow pattern to deliver efficiencies. For simple endorsements, the mantra “don’t queue, get your technician to do!” is proving popular – once again freeing the broker to do the things he or she is good at.

I can see our extending the successful model into the wider world of electronic support for placing. Of course there is a

key word there – support. There remains a broker misunderstanding that ePlacing means the end to face to face negotiation. All the reasons I have set out above should show this cannot be the case. How could we expect, say, to be able to place a difficult renewal, where there may have been a tricky claim and where our client is seeking a rate reduction if we do not have

**“We should not just pursue a good technological idea; we must ensure that we do so within a process framework that will demonstrably deliver the benefit we are seeking. I think the Lloyd’s Exchange can be the start of this and that is why we are engaged.”**

the opportunity to go and make our case direct to the underwriter? We need the underwriter to trust our judgement and understand our business. That means that an electronic placing world enhances the role of the broker. The mechanics of how the information to support a risk is transferred may have changed but the key will remain the relationship we have with our underwriters – that the business ambience is conducive to a deal being made.

So again I see a role for the broker doing what he is good at – developing and nurturing that positive atmosphere – and a role for the technician in delivering

improved efficiency to the process through use of technology. This will allow us to carry forward the momentum generated by eMRCE.

We do need to be careful only to deploy technology in a way that makes sense to all parties. I am reminded here of the introduction of substitute boards at the football. Initially it was a good idea that had not quite been thought through. Linesmen couldn’t get the right numbers to show up, and, when they could, the sun was invariably shining on them so you could not see. But latterly they have got the process right. Easy to read boards impart all sorts of information to the crowd – and details on who was substituted and when, for instance, are recorded taking that administrative task away from the referee. We need to make sure our introduction of ePlacing mirrors this – that we do not just pursue a good technological idea; but that we do so within a process framework that will demonstrably deliver the benefit we are seeking. I think the Lloyd’s Exchange can be the start of this and that is why we are engaged.

So I think the message is clear. Market efficiency is about every player in the market, regardless of size. We are engaged in a programme that is shaping the framework of the market of the future. How we compete and make money within that is down to us. Reform will create an opportunity, nothing more. It is up to us to take it.



# Events...

## 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 projects or aspects of the process. Dates coming up are provided below. All sessions start at 9:15am at Willis Auditorium, Lime St.

**Wednesday 16th September**  
**Wednesday 21st October**  
**Thursday 19th November**

Only those who pre-register will gain admittance. Online booking is available via [www.marketreform.co.uk](http://www.marketreform.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 24th September**  
**Thursday 29th October**  
**Thursday 26th November**

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