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Market Reform – A Miller view

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Agenda

- Who we are
- Something for the techies...
- Why we engage with Market Reform
- Why we are (relatively) successful at it
- What we think of it so far
 - A&S
 - ECF
- ePlacing/eMRCE
- Where next?

Who we are

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- £65m revenue in last financial year
- 5 main business streams
 - Energy, Property & Casualty
 - Marine
 - Professional Risks
 - Programmes & Facilities
 - Reinsurance
- 430+ staff in one London location
- 26 staff in SE Asia

For the techies

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- One processing system across all lines of business
- DMS
- Bespoke electronic filing application supporting an electronic placing file of record
- Trace's Package Manager messaging service as the gateway (Acord, email, EDI capability)
- Integrated – no re-keying

Why we engage with market reform

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- Around two thirds of our business is placed in the London market
- Aligns with our operational strategy
 - enhance client and carrier value
 - reduce transactional costs
 - exploit information to innovate
- Technology is a key lever to achieve this

How Market Reform helps

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- Market Reform helps achieve this through:
 - Standardisation
 - Replacing sequential agreement processes with parallel ones
 - Removing wait time
 - Helping remove the regurgitation of paper
 - Eliminating the constraints of 'Londonisms'
 - Potential for removing re-keying and the cost of re-work
 - Potential for improved audit and compliance
- Stepping stones to full eTrading and straight-through processing

Our keys to success

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- Technology well positioned
- Responsive IT supplier
- Company size
- All in one location
- Competitive senior management team!
- Engagement with the programme
 - Active participation in LMBC and market committees
 - Well informed decisions
 - Punching above our weight

What do we think of it so far? – A&S

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- Good things...
 - Keeping a central electronic file
 - Using DRI
 - Some reduced wait time in the process
 - Market focus
- Not so good...
 - Lots of electronic pictures of paper
 - Solution bounded by Xchanging's legacy systems and internal processes
- Real progress would be...
 - Maximise data, minimise paper
 - Simplified processes not constrained by Londonisms

What do we think of it so far? – ECF

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- Good things...
 - Keeping a central electronic file
 - Parallel agreement process
 - Market focus
- Not so good...
 - IMR usability
 - CLASS@Lloyd's
 - Slow pace of (some) Companies take-up
- Real progress would be...
 - Improved usability
 - Efforts to increase scope where justified
 - Segmentation
 - Replacing legacy CLASS systems

e-Placing – the opportunity

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“The electronic exchange of information between brokers and underwriters to support the placement of insurance risks.”

- The opportunity to break out of the ‘one way fits all sizes’ constraints of the traditional London market placement process
- The placing messages are loosely coupled – brokers have the choice:
 - which ones to use
 - for what types of business
 - when to apply them

e-Placing – the potential

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- Freeing expensive resources
- Enabling segmentation of business
- Opening up new opportunities – eFacilities
- Extending trading hours and locations
- Plus all the other benefits of structured messaging:
 - avoiding paper regurgitation
 - avoiding re-keying
 - reduced wait time
 - improved audit and compliance

e-Placing – our status

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- One-way capability now being replaced by two-way messaging
- Retain functionality and control in our own systems – integration with Trace gateway
- Peer-to-peer a good place to start – particularly for working with large carriers who lead a lot!
- Two-way pilot starting with Brit and Catlin
 - Turn long-term support into tangible engagement
 - Focus on business issues, not technology ones
 - Order Offer, Signed Line Advice, Endorsements
 - Engage across different business classes and get the feedback on the opportunities

e-Placing – our plans

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- Transition to Lloyd's Exchange in 2009 to increase the audience and simplify implementation
- Integrating email into the gateway for eMRCE
- Extend function in line with Acord standards upgrade

Other initiatives – our position

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- eAccounting
 - Let's get rid of the pictures
 - Engage with ELPAN2 and NFAS service
- ECF
 - Improved usability the priority
 - Support activity to increase scope where justified
 - Support strategic stepping stones
 - Let's be more specific about the targets

In conclusion

- Our market culture is built on relationships and networking...
- Our competitive advantage lies in innovation and managing our workflows...
- BUT... our primary systems are still shackled to processing the transaction
- We need to remove the shackles...
- This is the start of the journey