

Inside this month:

Haq attack. Shirine sets out the plans to develop a detailed vision of a modernised London market.

Plus LMG's five point response to *London Matters*

LMG



the LMG

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newsletter

We matter, so here is what we are going to do about it...

London Matters has created quite a stir in our market. The Fact Base which we published last November has raised the awareness of our market amongst government and regulators to a level probably not seen before. The issues the report raises have resonated in the Board rooms of both brokers and insurers. It has achieved the sort of impact that we envisaged when first commissioning the report.

But the impact would be fairly meaningless if we did not try and do something to react to the findings. So this month LMG has launched a five point plan to respond. These initiatives are:

1. Liaison with Government and Regulators to ensure the right business environment for the market to thrive

London Matters challenged various areas of the tax and regulatory framework in place in UK and questioned whether these were an impediment to business flowing here. Sponsored by Malcolm Newman this initiative has already seen LMG submit a series of proposals to HMT for consideration for inclusion in the Budget. LMG and HMT are keen to ensure there is an ongoing dialogue beyond the Budget timetable to continue to discuss the specific needs of the London Market.

2. A promotional campaign for the London market

London Matters detailed the extent to which insurance customers – particularly in emerging markets where our share of business fell between 2010 and 2013 – have little understanding of the London product. This limits the amount of business placed here especially from areas of the world with no historical tradition of sending business to London. Sponsored by Sasa Brcrevic this work will look to create a marketing strategy and build a campaign around the themes of *London Matters*. The principal aim will be to develop a propensity to purchase London products in the minds of those clients that currently do not seek to do so.

3. Talent and Diversity

London Matters set out the disparity between the make-up of the London Market workforce when compared to comparable sectors in other parts of the City. It also highlighted that London may no longer be delivering in its role as the innovative centre of excellence for international insurance. Both these themes require co-ordinated action to attract the very best talent to the market.

Sponsored by Bob Stuchbery this work will concentrate on drawing together the many valuable initiatives already in train across the Market to see if central co-ordination could deliver better overall value.

4. A more detailed vision of a modernised market

London Matters identified that we need to improve the ease with which business is transacted in London. How we react to this is the work that Shirine Khoury-Haq will be leading that is the subject of our main article this month.

5. A reappraisal of the resources the market needs to deliver central initiatives

LMG recognises that the action plan it has drawn up is ambitious. It will require the right level of investment, management and co-ordination centrally if the Market is to achieve its aims.

Steve Hearn will lead this work in conjunction with the Chairs of the other Associations and Inga Beale. It will develop a structure and funding approach that will ensure that, where the Market needs to come together to pursue issues of mutual interest that will deliver benefit to London as a whole, it has the right resources in place to do so.

We think this forms a comprehensive response to the most comprehensive report on the competitive position of our market that has ever been delivered. LMG is committed to making substantial progress on all these initiatives during 2015. Look out for regular updates in these pages on how we are getting on.

For further information

LMGS Contacts

Head of LMGS

Christopher Croft

Telephone: 020 7327 5278

Email: chris.croft@londonmarketgroup.co.uk

Projects

Chris Buer

Telephone: 020 7237 5199

Email: chris.buer@londonmarketgroup.co.uk

Barry Le Page

Telephone: 020 7327 5596

Email: barry.lepage@londonmarketgroup.co.uk

Lloyd's Contacts

Exchange

James Bobbitt

Telephone: 020 7327 5248

Email: james.bobbitt@lloyds.com

LMA Contact & Endorsements Contact

Rob Gillies

Telephone: 020 7327 8377

Email: robert.gillies@lmalloyds.com

LIIBA Contact

James Livett

Telephone: 020 7280 0152

Email: james.livett@liiba.co.uk

IUA Contact

Louise Day

Telephone: 020 7617 4448

Email: louise.day@iua.co.uk

ACORD Contact

John Bissell

Telephone: 020 7617 6405

Email: jbissell@acord.org

Useful Links

LMG www.londonmarketgroup.co.uk

LMA www.lmalloyds.com

LIIBA www.liiba.co.uk

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Clarity will deliver

Shirine Khoury-Haq Director, Operations Lloyd's



I have often thought that if we could deliver as effectively across the market as one would in an individual organisation - if we could invest collectively rather than individually - how powerful that could be for all of us and what a tremendous, global, competitive advantage it could be for the whole market as well as the individual firms within it.

In my view, the biggest impediment to this has been that not everybody involved in our market modernisation efforts has a clear view of what we are aiming for. Do we all understand, at the right level of detail, how all of these initiatives add up to concrete value delivered to the market and its participants, and whether the market's money and resources are being used to best effect? If we did have that, I think we could be some way towards cracking the problem.

The vision of what a modernised market might look like was discussed at the LMG awayday and we are now developing this on behalf of the whole market. Our team, led by Joe Dainty and Dav Bianconi with help from CapGemini, are trying to do three things:

- First, articulate a vision of an effective and cost efficient London Market that maximises ease of doing business.
- Second, detail the activity required to deliver the vision – either in flight projects or new priorities.
- Third, develop a high level roadmap for delivery and related cost profile.

All of this must be done in a language and format that is easily digested at all levels in our organisations, and which can therefore enable practitioners and business leaders to do the right things to drive change.

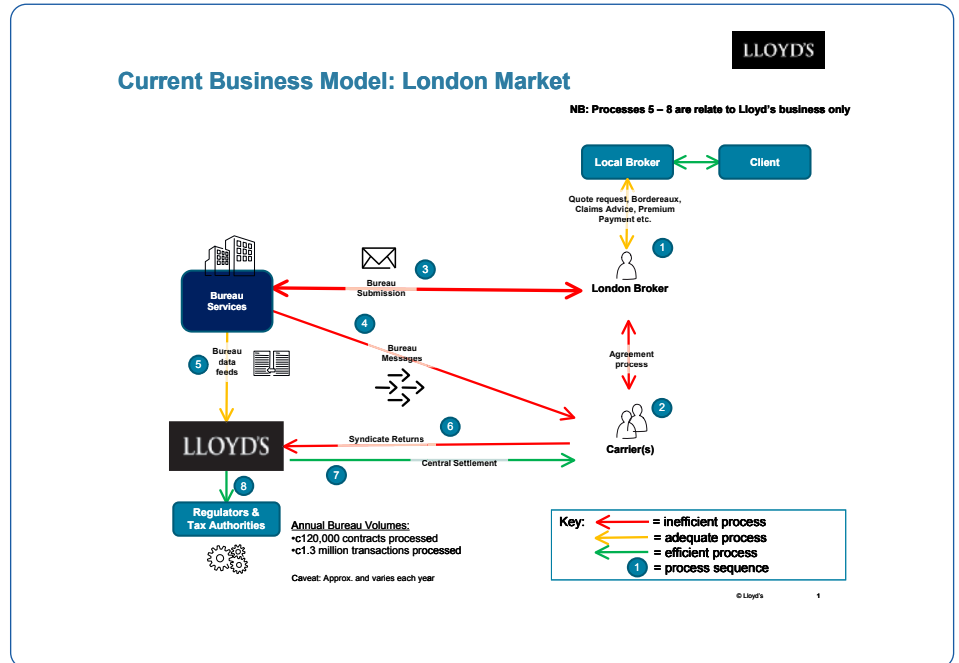
We are looking at not just the open market London model but at coverholder and international business as well. However, in the interests of brevity, it is the former that I will concentrate on here. If you would like to know more about the other work, please get in touch with me, Joe or Dav.

er the capability to change

You can see in the diagram on the right the red lines highlight inefficient processes in the London Market model. There are too many of them and they illustrate several problems.

- The market is difficult to access unless you have a physical presence here;
- We have London-specific, complex, back office processes;
- London brokers play a greater role in administration and query resolution than in other markets; and
- There is re-keying of information by each managing agent and then by Xchanging.

The first step in this work was to identify and list out the pain points in our market. None of this is new - you would be hard pressed to find something that truly surprised you on the list. Then we did a gap analysis between the pain points and what projects already exist in the market that probably everyone reading this article is already working to fix. The picture below shows the results of our analysis. Green shows

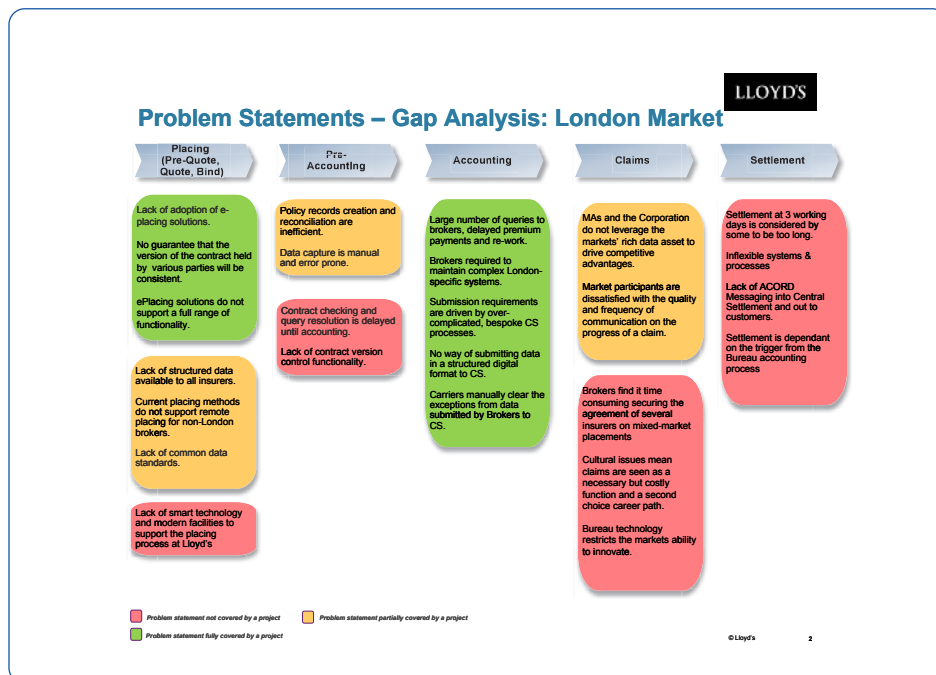


where an existing project fully covers the pain point, amber where a project partially covers it and red where we have no existing, funded projects in place to address the issues. We have a mixture of all three.

So what are we going to do about it? In the many conversations to date across the market we have consis-

tently heard the same problems played back to us:

- That the market needs a shared and compelling vision of where we need to get to and why change is worth it, to motivate us to get there. We are now working on that;
- Data handling needs to be improved: making it easier to enter data once only, and making sure it is accurate. This not only saves time and cost, but also if we can make better use of the data we have in the market we may discover new business opportunities;
- Currently there is high frictional cost in the market which could be fixed through collective investment in areas that do not deliver a competitive advantage for individual organisations;
- There's an opportunity to use shared services for common activities and avoid duplication across the market; and
- There are too many projects calling on your time, all at the same time, creating conflicting resource demands.



As you can see in the picture below, the current portfolio of projects is extensive, has overlaps and results in significant, simultaneous calls on market resources. We need to address that issue.

need to do and get going on it now. If we get this right, we can pull together a coherent, streamlined programme that will save time and energy.

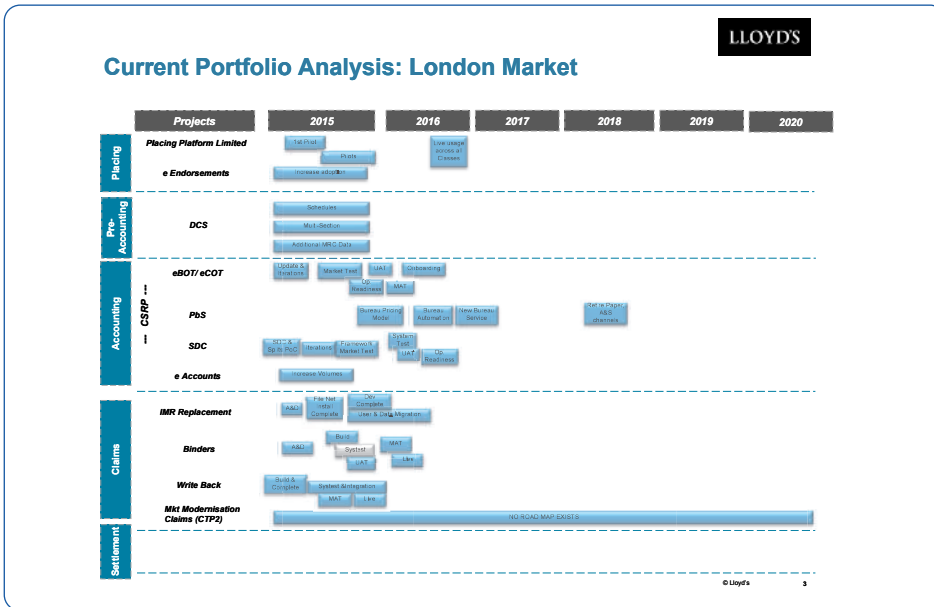
I think we all know - and the LMG

in presenting a proposal for implementation of a single ePlacement platform to the Association Boards.

The second is Central Services Refresh Programme (CSRP), which has also gained significant momentum. There is very strong commitment across the market; we are working closely with our partners in XIS and KPMG; we have set up and funded this project properly; we have good collaboration and governance; and very importantly, we are not being precious about how we implement. We know that the AAC has a strong track record of delivery and we have asked them to manage a good proportion of implementation for us.

I think many of us realise that we are in a very special moment. We are within reach of a shared vision coupled with a strong desire across the market to make changes that previously eluded us. Throughout this work, I have been overwhelmed with the offers of support; the clearing of diaries; the offers from individual organisations to hand over work and investments made for the collective good; and the encouragement, sometimes from unlikely corners, that this is the right thing to do.

To quote Steve Hearn, the door for making real change is ajar right now. The right people are in the right places, and some of the critical foundations for change are coming together. Now, we just have to grab the opportunity.



That said, I was encouraged to discover a consensus around those services that the market considers do not deliver competitive advantage to individual firms and a desire to use central services as far as possible to provide a solution in these areas.

It will likely be a tight schedule but I know I'm not the only one who feels that we don't really have the luxury of time any more. We need to decide what we

has been clear about this - that if we do nothing else at all, there are two key projects that we need to get right.

The first is Placing Platform Limited (PPL). I have had the pleasure of attending the PPL Board meetings and witnessing the amazing traction that this work is gaining under David Ledger's leadership. There is fantastic collaboration and commitment to change and the Board is now engaged

Events...

Dates for your diary

The LMG Forum sessions are designed to provide an update on the progress of the modernisation 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 in the Willis Auditorium, 51 Lime St.

- Thursday 26th March
- Thursday 30th April
- Thursday 28th May

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.

This year ACORD is running a series of Open Innovation Forums. All these take place at Etc. Venues, 3rd Floor - Policy Room, No 8 Eastcheap, Monument running from 9am to 11am. Upcoming dates are:

- Thursday 23rd April
- Thursday 18th June
- Thursday 3rd September
- Thursday 19th November

See www.acord.org for more details.