

Inside this month:

It's all about the Benjamins – James Livett sets out how both our accounting initiatives are speeding up the payment of premium. Plus: would you Adam & Eve it? Rob Gillies on Genesis progress.

LMG



the LMG

Issue 95 February 2014

newsletter



Pulling it all together...?

This month we take a look at three projects at varying stages of liveness that are part of our portfolio of work aimed at delivering LMG's processing vision. As set out at our October Forum, that states that one of our principal aims should be to deliver an interface between the broker and insurers that provides an "identical scope of potential data content i.e. no insurer or sector specific content". Already moving rapidly in this direction is our Non Bureau accounting work. As James Livett's article notes, this continues to expand usage across the market. We now have over 30 business partnerships live and that number will grow rapidly again in 2014. As it

is an implementation of the Ruschlikon process in use in other centres, this is already delivering on LMG's goal.

eAccounts – up and running and growing in take up – will be a stepping stone towards this. As the new splits service comes on stream we will be removing more and more "sector specific content" from our bureau accounting process. As we heard from Luke Savage at that October Forum, Central Services Refresh is looking at how that journey can be completed – how the bureau can work to the Ruschlikon process precisely. Part of that challenge will be about ensuring carriers have the right information about a placing available to them at the right time. The Genesis data capture service – which Rob Gillies

provides an update on on page four – will play a part in that.

Elsewhere, the document that sets out that LMG process vision – our 2013 Future Process Review is now available on our website. And you will also have seen that LMG has a new Chairman. Steve Hearn, Deputy CEO of Willis Group Holdings plc and Chairman of the London and International Insurance Brokers' Association, succeeded Stephen Riley at the beginning of the year. We would like to thank Stephen for his contribution in his time in the chair – and all the help and support he provided to LMG Secretariat. And, of course, we wish Steve Hearn well in his new role. Look out for more on how that might pan out in these pages and at the Forums in the near future.

For further information

LMGS Contacts

Head of LMGS

Christopher Croft

Telephone: 020 7327 5278

Email: chris.croft@londonmarketgroup.co.uk

Projects

Steve Hulm

Telephone: 020 7327 5249

Email: steve.hulm@londonmarketgroup.co.uk

Lloyd's Contacts

Exchange

James Bobbitt

Telephone: 020 7327 5248

Email: james.bobbitt@lloyds.com

LMA Contact

Rob Gillies

Telephone: 020 7327 8377

Email: robert.gillies@lmalloyds.com

LIIBA Contact

Chris Buer

Telephone: 020 7280 0154

Email: chris.buer@liiba.co.uk

IUA Contact

John Hobbs

Telephone: 020 7617 4445

Email: john.hobbs@iua.co.uk

ACORD Contact

Roy Laker

Telephone: 020 7617 6405

Email: rlaker@acord.org

Useful Links

LMG www.londonmarketgroup.co.uk

LMA www.lmalloyds.com

LIIBA www.liiba.co.uk

IUA www.iua.co.uk

ACORD www.acord.org

Show Me The Money

James Livett - LIIBA

For the past couple of years, two parallel initiatives have been undertaken surrounding the premium transaction and the movement of premium and claims payments around the London market and beyond.

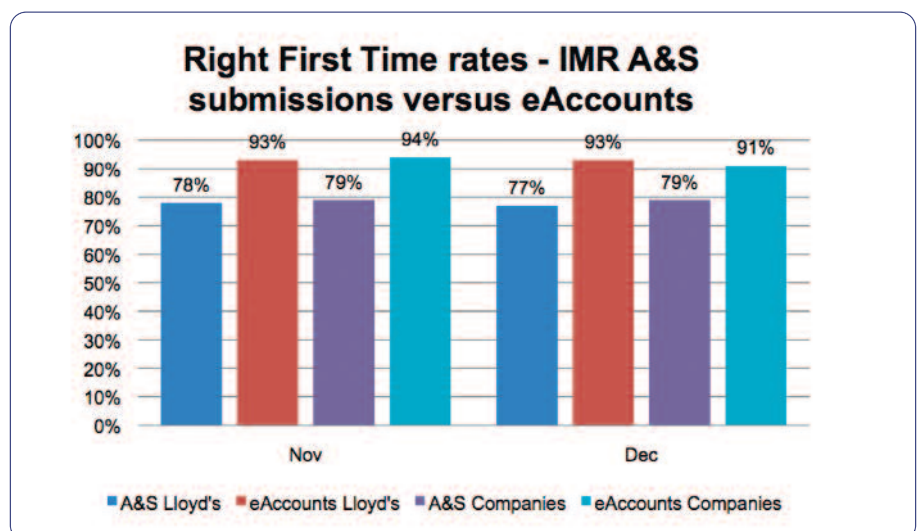
Both of these projects are now "live", being actively used and championed throughout the market, both utilise the same .xml message using the ACORD accounting standards; however, the key difference between them is that "eAccounts" is specifically designed to support the London Bureau system through Xchanging whilst the "Non-Bureau Accounting" allows direct connection between the broker and the carrier.

Needless to say many of the benefits to both brokers and carriers are common namely:

- One version of the truth – the broker initiates the transaction and the carrier validates/agrees it, thus broker and carrier records remain in line with each other.
- Reduced error rates – no re-keying by the carrier/bureau, thus removing a point of failure.
- Reduced queries – pre-validation within a broker system ensures that the data is being sent in the correct format and the required documentation is attached. Therefore, the only queries should be transactional in nature rather than procedural.
- Improved cash matching – as the carrier/bureau have pre-agreed the transaction the cash can be automatically tied up within the carrier and broker systems with little or no manual intervention.
- Full audit trail – each stage of the process is supported by electronic acknowledgements meaning no more lost documents, or cries of "it did not get here". If the message fails the broker knows almost instantly.

The Bureau eAccounts process went "live" in January 2011. Since then volumes have grown and now 10 brokers are actively using the process, submitting well over 1,000 transactions to Xchanging per month, equating to a more than 5,000 individual premiums transacted.

As further enhancements are made available to the market, more business comes into scope allowing greater volumes to be transacted. Early signs are that the brokers "Right First Time" statistics are showing significant improvement, as can be seen from the graph.



ey – But Not The Paper.



“The Bureau eAccounts process went “live” in January 2011. Since then volumes have grown and now 10 brokers are actively using the process, submitting well over 1,000 transactions to Xchanging per month, equating to a more than 5,000 individual premiums transacted.”

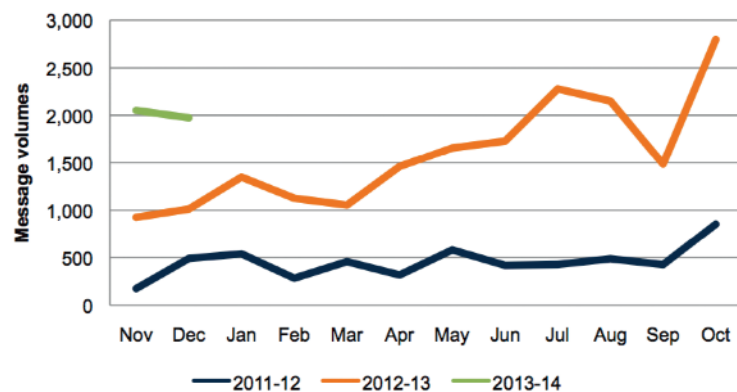
In the very near future, what is probably one of the most radical changes to the accounting process in the London market for many years will become available to brokers utilising eAccounts; namely the Carrier Accounting Splits Service. This service will be offered by Xchanging and will allow brokers to submit premium transactions at the fundamental level, saving them the effort and associated expense of breaking a premium down into the many and varied levels required by certain segments of the carrier community. In essence this will mean that brokers can present premiums to the Bureau market at the same level as they currently do for the Non-Bureau market, any carrier required splits will be carried out by Xchanging without broker intervention.

The “Non-Bureau Accounting” process is in many cases similar. This process is a development of the Ruschlikon work carried out by Aon, Guy Carpenter, Willis, Swiss Re, Munich Re and SCOR over the past few years and is no longer exclusively reinsurance. In London we have 34 business partnerships live. Towards the end of last year, three new brokers (JLT Specialty; Price Forbes and UIB) have joined in. 19 new business partnerships are already planned for 2014 – and the Non Bureau Working Group (soon to be renamed Ruschlikon UK) is looking at a target

for the year significantly beyond this number. All this contributes to the sizeable year on year increase in message volumes we see passing over the Exchange – as can be seen in the graph below.

broker and carrier participation on the Non-Bureau side and further

Non Bureau Accounting Volumes 2011-14



The key benefit for the “Non-Bureau Accounting” process is the removal of superfluous layers of checking and re-keying, this has, in some cases, resulted in the premium reaching the carrier more than two weeks earlier than was usual.

Whilst some of the London projects have grabbed the headlines over the past few years the accounting and

enhancements expanding the scope of the Bureau side, not to mention the launching of the carrier splits service, all areas of the market gain process efficiencies.

These initiatives provide the keystone to future messaging based processes such as ePlacing and at some point in the future eCOT (Claims movements); if the money moves in a fast and efficient

“In London we have 34 non bureau accounting business partnerships live. Towards the end of last year, three new brokers (JLT Specialty; Price Forbes and UIB) have joined in. 19 new business partnerships are already planned for 2014 – and the Non Bureau Working Group (soon to be renamed Ruschlikon UK) is looking at a target for the year significantly beyond this number. All this contributes to the significant year on year increase in message volumes we see passing over the Exchange”

settlement initiatives have been quietly developing into valuable, reliable and efficient processes/services, with growth in

manner; value and benefit is instantly achieved throughout the entire transaction chain, from Client to Carrier via the broker and back again.

Genesis – Clarity in a land of confusion

Rob Gillies - LMA

Previous articles in this newsletter have provided details of, and extolled the benefits of, the Genesis Data Capture Service which, all things being even, should have entered pilot by the time you read this. Of course this transition to pilot merely marks the end of the beginning in that it brings to a close a year of fast paced design, specification, development and, above all, successful cooperation by insurers, associations and Xchanging: it certainly doesn't represent the beginning of the end as there is still much to do, both during the pilot and beyond.

The pilot is employed as a risk mitigation strategy; the reduced scope allowing for the service to be introduced in a controlled and managed way, ironing out teething problems in a disciplined manner along the way. We aim to exit the pilot with well-developed technical, managerial, and production procedures, additional ideas for further enhancement, metrics that validate (or refute) benefits realized from implementing a DCS, and confirmation that the objectives are met.

The objective of the DCS is, of course, to deliver high quality data to insurers. If insurers are to reap maximum benefit from the service, they will need to automate as far as possible the population of their own systems with this data, removing the effort of re-keying and the scope for error that this

process introduces. Achieving this provides one of the bigger challenges during the pilot as insurers need a clear understanding of the business definition of each data item, a glossary if you like, as well as details of the technical aspects to facilitate the integration work. This information is currently being constructed and will be published by the LMA in the form of a Data Dictionary in the second quarter of this year. This has implications for CSR and Placing. Data flows through various processes in the market and is re-used many times. Thus it is clear that any Data Dictionary designed for use in the London

Historically Xchanging's involvement in a risk arose when the broker submitted the premium closing, often months after bind. With DCS, Xchanging are involved within hours of insurers writing their lines. In the longer term this earlier involvement provides opportunities for process enhancements stretching into the bureau space. One benefit of the DCS being provided by Xchanging is that it has staff familiar with the interpretation of an MRC and the entry of data from that to central processing. Insurers benefit from Xchanging's competitive pricing because it can develop the role of its people to

“One benefit of the DCS being provided by Xchanging is that it has staff familiar with the interpretation of an MRC and the entry of data from that to central processing. Insurers benefit from Xchanging's competitive pricing because it can develop the role of its people to undertake data capture at this earlier point in the cycle.”

Market cannot be discrete to an individual project. It must be applicable to all initiatives that require agreed definitions for data items. Therefore, the work that is being undertaken by the Genesis DCS project to produce a Data Dictionary and a Logical Data Model will be leveraged by CSR and expanded upon as necessary. In the fullness of time, electronic placing might also use the same base of information for the processing of pre-bind placing information.

undertake data capture at this earlier point in the cycle. During the pilot and as we transition to a full scale service re-deploying resources, we will need to work closely with Xchanging to ensure that existing premium signing services continue to meet service levels.

These are just two examples of the many tasks and challenges ahead for DCS in 2014 if it is to deliver on its potential to support process change in our market.



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.

Upcoming dates for 2014 are provided below. All sessions start at 9:15am in the Willis Auditorium, 51 Lime St.

- Wednesday 29th January**
- Friday 21st February**
- Thursday 27th March**

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. Upcoming dates are:

- Thursday 30th January**
- Thursday 20th February**
- Wednesday 26th March**

For more details on upcoming speakers contact Melanie Harding (mharding@acord.org)