



# Electronic Support for Placing in the London Market

## Endorsements Pilot: Second Interim Report, December 2010

### Executive Summary

The live pilot of electronic support for endorsements commenced on 1 October and the purpose of this report is to provide an evaluation of the first two month's activity.

The headlines are:

- The process deals successfully with simple endorsements (i.e. those not requiring negotiation or multiple drafting) and there is broad acceptance of this amongst market firms.
- There is more work to do to optimise the process for use with complex endorsements but the issues to be addressed have been identified and work is in hand to resolve them.
- Use of the process is negatively impacted by the problems of using the process for complex endorsements. This is a symptom and resolution of the underlying issues is expected to result in an increase in use.
- Response times are now better understood and the extent to which the 24 hour target is not being met is not as widespread as first thought.
- Limitations in many firm's implementations (in terms of integration, user friendliness and functionality) is limiting the realisation of benefits although the overall message remains positive.

After review, EMG has maintained four of the five critical success factors as unchanged (the CSFs were slightly reordered and realigned following the first survey). The exception is 'Usage'. Clearly 100% usage has not been reached and it looks unlikely that this will be so by the end of the pilot. However, the reasons for this are understood and activities to address the issues are in hand.

RAG Status	
<b>RED</b> previously <b>AMBER</b>	<b>CSF1: Usage:</b> <ul style="list-style-type: none"> <li>• There is 100% usage of the electronic support process for business within the core pilot class</li> </ul>
<b>GREEN</b> previously <b>GREEN</b>	<b>CSF2: The Process is fit for purpose:</b> <ul style="list-style-type: none"> <li>• The ACORD process defined is adequate to satisfy the core business requirements</li> <li>• The ACORD standards are being used as intended</li> <li>• A common process is being used by the market</li> </ul>
<b>GREEN</b> previously <b>GREEN</b>	<b>CSF3: Technology and Exchange governance are fit for purpose:</b> <ul style="list-style-type: none"> <li>• There are no technology or Exchange governance issues which have prevented participation in the endorsements pilot</li> </ul>

<p><b>A M B E R</b> previously <b>A M B E R</b></p>	<p><b>CSF4: Participation:</b></p> <ul style="list-style-type: none"> <li>• Firms that have committed are fully engaged</li> <li>• The business protocols are being followed</li> <li>• Practitioners are meeting target response times</li> <li>• The process is delivering satisfactory client service</li> </ul>
<p><b>A M B E R</b> previously <b>A M B E R</b></p>	<p><b>CSF5: Practitioners:</b></p> <ul style="list-style-type: none"> <li>• Practitioners acknowledge actual or potential benefit</li> </ul>

It remains the case that in general terms the market sees the electronic process as working and sees the prospect of benefit for their business from the use of that process. However, action is still required from all firms to drive this change forward.

## Key Actions for Participating Firms

It remains the case that in general terms the market sees the electronic process as working and sees the prospect of benefit for their business from the use of that process. However, action is still required from all firms to drive this change forward.

- Firms need to continue to work with their brokers or underwriters (and their trading partners) to develop experience of using the process alongside personal negotiation.
- Firms need to continue to drive through their change management activities, particularly against the prospect of wider roll-out of endorsements in 2011. This includes developing a business case to support a more sophisticated implementation from which benefit can be realised.
- All firms need to continue to work to achieve the 24 hour response time target to which they have committed.
- For both insurers and brokers, where trading partners are not meeting the commitment they have made, continue to use the escalation process to bring this to the attention of the trading partner's senior management.
- Ensure that the firm measures its process and transactions to satisfy itself that it is meeting the commitment made.

## Contacts

Brokers	Chris Buer	LIIBA	020 7280 0154 <a href="mailto:chris.buer@liiba.co.uk">chris.buer@liiba.co.uk</a>
IUA members	John Hobbs	IUA	020 7617 4445 <a href="mailto:john.hobbs@iua.co.uk">john.hobbs@iua.co.uk</a>
Managing agents	Peter Holdstock	LMA	020 7327 8383 <a href="mailto:peter.holdstock@LMALloyds.com">peter.holdstock@LMALloyds.com</a>
For enquiries about the Lloyd's Exchange	Paul Willoughby	Lloyd's	020 7327 6634 <a href="mailto:paul.willoughby@lloyds.com">paul.willoughby@lloyds.com</a>