



# London Market Modernisation Activity

## A Bluffers Guide to Process Change in the London Market

- Summaries of key change activities ◆
- Reports on current status ◆
- Glossary of process change terminology ◆

Issue 6 (6.9), November 2010  
Due for reissue February 2011

Lloyd's Market Association (LMA) provides professional, technical support to the Lloyd's underwriting community.

The Guide is produced to inform LMA members about London's process change programme. It is aimed at individuals with limited knowledge of and involvement in these subjects and is high level and non-technical. This publication is re-issued quarterly. For more detailed or current information, please follow the links provided, contact the project sponsor or manager or contact the LMA.

Feedback or suggestions for improvements are always welcome - please contact Keith Welch, Technical Executive - Market Processes, on [keith.welch@lmalloyds.com](mailto:keith.welch@lmalloyds.com).



## Contents

1.	Introduction .....	3
1.1	Purpose of the Guide .....	3
1.2	The layout of the Guide .....	3
1.3	The London Market Group .....	3
1.3	Standards .....	3
1.4	Insurers' Market Repository (IMR) .....	4
1.5	Achievements So Far .....	4
2.	Key Areas of Change Activity .....	5
2.1	Accounting and Settlement (A&S) .....	5
2.2	Claims .....	5
2.3	Placing support .....	5
2.4	Other workstreams .....	6
2.5	LMG 2010 workplan to Bluffers Guide - cross reference .....	6
3.	Summary of Work-streams .....	7
3.1	London Market Processing .....	7
3.1.1	Future Processing Model .....	7
3.1.2	Lloyd's Data and Information Reporting (including Service Company processing) .....	8
3.1.3	The Message Exchange Limited ("TMEL") (formerly Lloyd's Exchange) .....	9
3.2	Accounting and Settlement (A&S) .....	11
3.2.1	Repository based A&S ("Ceasing paper processing") .....	11
3.2.2	Electronic Accounting (E-Accounting) R1 (ACORD messaging) .....	11
3.2.3	Electronic Accounting (E-Accounting) R2 (Insurers Accounting Entries Service - Non-Fundamental Accounting Splits) .....	13
3.2.4	Rüschlikon Initiative .....	14
3.2.5	Right first time (RFT) .....	14
3.3	Claims .....	16
3.3.1	Electronic Claims Files (ECF) .....	16
3.3.2	ECF2 .....	17
3.3.3	Electronic Claims Files - Legacy .....	18
3.3.4	ECOT .....	18
3.3.5	Lloyd's Claims Transformation Project .....	19
3.4	Placing support .....	21
3.4.1	Placing support project .....	21
3.4.2	Electronic support for endorsements .....	21
	Appendix A - Glossary of Terms .....	23
	Appendix B - Key Information Technology (IT) Components .....	29
	Appendix C - Achievements So Far .....	31
	Introduction .....	31
	Placing .....	31
	Contract Certainty and Legacy Reduction .....	31
	Slip standard .....	31
	Accounting and Settlement (A&S) .....	32
	Electronic submissions using Insurers' Market Repository (IMR) .....	32
	Use of delinking .....	32
	Policies .....	32
	Use of Electronic Policies .....	32
	Claims .....	33
	Use of IMR (ECF) for in scope claims .....	33
	Appendix D - Key groups involved in market change .....	34



## 1. Introduction

### 1.1 Purpose of the Guide

This Guide aims to assist market practitioners stay abreast of the many interlinked streams of London Market modernisation work by providing:

- high level summaries of major market change activities
- details of who 'owns' and manages each activity
- details of where to find further information
- an analysis of how each activity relates to others and its implications for the future processing model
- a glossary of terms, acronyms and initialisms.

The Guide is updated quarterly to show the current status of each activity.

### 1.2 The layout of the Guide

The bulk of market modernisation is led by the London Market Group through its [2010 workplan](#) with additional work streams led by other bodies including Lloyd's. For simplicity, the Guide is structured to reflect key market functions - London Market processing, placing support, accounting & settlement, and claims. However, Section 2 includes a cross-reference between the LMG workplan and sections within the Guide.

### 1.3 The London Market Group

The London Market Group (LMG) is the senior body driving much of the modernisation programme. In 1Q10 the LMG agreed a plan for "finishing what we started" and furthering the uptake of electronic support for placing and endorsements.

In addition, through the Future Processing Model project, LMG is developing a picture of the challenges market firms will face over the next five years, what they might need to do to meet these challenges, and which aspects of this work will require market wide collaboration to be successful. This will form the basis of LMG's ongoing agenda as well as providing a proposed future processing model.

The LMG is supported by the London Market Group Secretariat (LMGS) whose main source of communication is the [LMGS website](#). The LMG's current work plan is summarised in what has become known as the '[laminare](#)', reproduced annually.

[Appendix D](#) shows the key groups involved in market change work.

### 1.3 Standards

London's use of electronic messaging is based on the use of [ACORD](#) standards. ACORD (the international standards organisation) provides:

- standards covering the exchange of structured data (i.e. data in fields with defined length, content type and other characteristics) in electronic messages and the exchange of unstructured data such as document images
- processes for the maintenance and upgrade of standards implementation
- a standards governance structure
- data and validation rules to support:
  - placing and endorsements
  - exchange of risk management and other information
  - accounting and settlement processes
  - claims processes



London has adopted ACORD's 'Reinsurance and Large Commercial' (RLC) standard. The LMGS website provides further information about the use of ACORD standards in the London Market.

## 1.4 Insurers' Market Repository (IMR)

The IMR is a fundamental element of the London Market's plans to modernise business processes. Funded by Managing Agents and London Market insurance companies, the IMR provides a repository for documentation to support accounting and settlement, claims processes and policy issuance. Documentation (such as premium advice notes, claims supporting documentation and policies) which would previously have been circulated as paper, are now stored on the IMR as scanned images or, in the case of policies, as electronic documents. Insurers' interests in the IMR, and IMR service and performance, is managed by the Associations' Administration Committee (AAC).

The IMR was originally designed to support 1,000 users and covered Lloyd's claims only. By May 2010 it was supporting 6,600 users (up from 5,800 users in July 2009) in over 250 managing agents, insurance companies and brokers and supporting a wider range of business processes, as described above. It was receiving over 1.8 million hits per day (compared with 600,000 last year). Over eleven million documents are stored on it (compared to six million a year ago) and, each day, more than 21,000 documents are added, an increase of 3,000 per day over 2009.

## 1.5 Achievements So Far

It is easy for the market to focus on current work programmes and overlook the fact that much work has been completed, is now 'business as usual', and is delivering benefit. Appendix C provides a summary of the benefits arising from these completed projects as well as benefits beginning to be realised from the work in hand.



## 2. Key Areas of Change Activity

Market modernisation activities fall into four broad categories:

### 2.1 Accounting and Settlement (A&S)

A&S is the exchange of accounting information between trading organisations. Much of the London Market accounting activity is undertaken on behalf of carriers by Xchanging Ins-sure Services (XIS). Instead of physically sending a paper premium advice note (LPAN) to XIS, the broker now sends an electronic image of the LPAN using the IMR. This cuts out the paper but does not yet introduce the efficiencies of straight through processing because XIS still have to rekey all the accounting data.

Development of protocols for transmitting structured data to XIS using ACORD messages has been agreed and linked work will enable XIS to deliver detailed accounting information required specially for Lloyd's and some other carriers (non-fundamental premium accounting data). The combination of the two initiatives are referred to as E-Accounting.

The international market is also developing protocols for the exchange of structured accounting information (which will not include London-specific data).

### 2.2 Claims

The Electronic Claims File (ECF) is the combination of the IMR and the Claims Loss Advice and Settlement System (CLASS). The LMA has commissioned XIS to provide an integrated service to Lloyd's Managing Agents, while the services remain as two separate systems for brokers and companies. This enables claim file documents to be submitted electronically and shared by subscribing underwriters, whilst CLASS provides users with access to financial data and claims processing and basic workflow functionality.

ECF allows brokers to supply an entire claims file electronically to all insurers at the same time. All insurers therefore have concurrent, contemporaneous access to the claims file - eliminating the need for the broker to serially present the claims file to different insurers individually. The major benefit of this is that it is reducing the length of the overall claims lifecycle, from first advice to settlement, providing assureds with a greatly improved service.

As with A&S, the delivery of further benefits is likely to come from the use of ACORD standard electronic messaging to exchange data between trading partners but in the meantime, improvements to ECF, known as 'ECF2', are in hand.

### 2.3 Placing support

Placing support is the electronic exchange of information between brokers and underwriters to support the placement and amendment of insurance risks. This electronic exchange includes the transfer of structured data between parties (with or without the additional transfer of unstructured data by whatever means) through the use of messaging hubs and trading platforms. Placing support seeks to support both traditional "face to face" and remote electronic broking.

Trading partners have some scope to decided what aspects of the electronic process they use but, typically, the placement of risks occurs electronically through either a trading platform or on a peer-to-peer (see [Glossary](#)) basis using ACORD messaging.



## 2.4 Other workstreams

As well as the broad areas of work, above, a number of initiatives have been launched by various other organisations and associations, either to further the aims of market modernisation or to solve specific process issues.

Worthy of note for 2010 are two specific streams of work:

1. Future Processing Model - this stream of work seeks to put aside the historic processing model and define an appropriate model for the market's current and future processing needs. See 3.1.1 for more details.
2. Right first time - seeks to reduce the query and rejection rate for submissions to XIS to 50% of the end-2009 figure, reducing rework in the broker and XIS offices. See 3.2.5 for more details.

In addition to the business types and or processes noted above, two key infrastructure workstreams have also developed during 2010:

1. The Exchange - the Exchange has been migrated from a Lloyd's-specific infrastructure to a market utility. See 3.1.3 for more details.
2. Rüşchlikon - following conclusion of the pilot in late spring, the Business Implementation Group is developing a workplan to build on the success of the pilot. See 3.2.4 for more details.

## 2.5 LMG 2010 workplan to Bluffers Guide - cross reference

The table below cross references the Guide against the LMG 2010 workplan.

LMG 2010 work-plan streams	Topics	Bluffers Guide section
Electronic Claims File	Claims usage	3.3.1
	ECF for Binder claims	3.3.1
	ECF2 Release 1	3.3.2
	Legacy claims	3.3.3
Cease paper processing	Cease paper processing	3.2.1
eAccounts	Accounts via ACORD messages (R1)	3.2.2
	Insurers' accounting entries service (R2)	3.2.3
	Take-up	3.2.2
	Transactions	3.2.2
Placing Support	Placing support	3.4.1
	Use of technical standards	3.4.1
	Endorsements pilot - scope & commitment	3.4.2
	Endorsements pilot - transactions	3.4.2
	Endorsements pilot - review	3.4.2
Right first time	Reduce bureau queries and rejections	3.2.5
Strategic	Future process model	3.1



## 3. Summary of Work-streams

### 3.1 London Market Processing

#### 3.1.1 Future Processing Model

##### *Background*

During 2009, an LMG sub-group undertook to review potential future processing models for the London Market and define a process environment which included central services that:

- Removed process burdens from brokers
- Removed negative “Londonisms”
- Opened up the model to enable service provider competition where appropriate

Potential future operating models were shared with the market associations and Lloyd’s, who had been considering the work plan post the programme “Finish What We’ve Started”. A cross-market group was formed to carry out a more detailed review of the documentation and to discuss the implementation issues.

The cross-market group concluded that for 100% written business it was viable for carriers to have choice with regard to service provision. Additionally, that choice could be extended to subscription business; however, for it to operate efficiently there was a requirement for some mandatory shared services. In particular, the group concluded that a single central infrastructure should manage the ACORD messaging and process flows.

The LMG subsequently agreed that a cross-market project be initiated with the following key deliverables:

- Ratification of an operating model providing choice in service provision
- Designs in sufficient detail to enable the market to build and implement
- A transition/implementation plan, likely to identify a two stage approach, with a new model for 100% written business as the first implementation

The LMG also agreed that the project should be driven by a project Steering Group, with an appointed LMG sponsor.

For further information, contact the project manager.

Project Owner: LMG	Project Sponsor: Tim Carroll, Chaucer
Project Manager: Simon Collins, Lloyd’s	LMA Lead: Rob Gillies

##### *Milestones*

Four working groups have been established covering Placing Support, Accounting and Settlement, Claims, and Facilities and Binders.

High-level milestones are:

- Project initiation - governance, scope, timescales - Complete
- Future model design complete - February 2011
- Transition options defined - March 2011
- Cost benefit analysis - March 2011



*Project Linkages and Dependencies*

This work should provide context for many of the process change activities currently underway and against which to evaluate potential future work-streams. The existence of a future vision for London Market processes should facilitate planning, prioritisation, investment and other decisions, both at market level and in individual firms and should allow further change opportunities to be identified.

Latest Status (last updated 20 September 2010)

The project was initiated at the start of the year and the four working groups (see above) established. The working groups are meeting regularly to progress their individual work-streams. The LMGS website provides the latest project status. A consultation document is due to be published to the market in late October.

**3.1.2 Lloyd’s Data and Information Reporting (including Service Company processing)**

*Background*

This work aims to separate the collection of premiums from the tax, regulatory and performance reporting processes - separating information requirements from processing. A pilot validated and documented the information needs to meet Lloyd’s tax, regulatory, performance and other requirements - whether information produced as a by-product of the processing that XIS perform on the market’s behalf, or provided by managing agents.

The objectives and ultimate vision of the project are that:

- Lloyd’s has a set of minimum information, reporting and process requirements enabling the continuing ability to provide and produce all information necessary to protect Lloyd’s position.
- Information is collected, processed and managed in the most efficient and flexible manner. Collection conforms to ACORD standards, using agreed procedures.
- The link is broken between the provision of information and account processing so providing Managing Agents with more choice around their operating model.

Lloyd's has implemented a 'direct reporting' pilot that allows managing agents to submit tax and regulatory reporting information for service companies to Lloyd's outside of Xchanging. The pilot is assisting Lloyd’s in the definition of a reporting control framework for future operational use.

For further information, contact Lloyd’s project manager.

Project Owner: Lloyd’s	Project Sponsor: Sue Langley
Project Manager: Alison Dove	LMA Lead: Keith Welch

*Milestones*

Complete implementation of results of analysis December 2010.

*Project Linkages and Dependencies*

This work stream is linked with the ACORD data reporting message which has now been implemented to support direct reporting covering Lloyd’s global tax and regulatory information requirements mapped to the ACORD data dictionary.





Latest Status (last updated 20 September 2010)

Lloyd's has implemented the direct reporting pilot that allows managing agents to submit tax and regulatory reporting information for service companies to Lloyd's outside of Xchanging. This is live for business from EEA, USA, Canada and Australia.

Two managing agents are submitting information by way of a structured (.csv) file and following completion of testing a third managing agent is now live submitting information using the ACORD Tax & Regulatory Reporting message in an XML format. The pilot continues with the current scope and participants for the remainder of this year. Analysis of the requirements for a more robust solution will start in 2011 and, depending on managing agency demand, the options to offer this service to the wider market will be considered in due course.

The work is on track for ACORD to publish the full release of the Tax and Reporting message in December 2010.

Lloyd's is also working with two managing agents to create a data standards framework to support and enhance the collection and handling of tax and regulatory information within the market.

3.1.3 The Message Exchange Limited ("TMEL") (formerly Lloyd's Exchange)

Background

Following Lloyd's implementation of the Exchange, subsequent experience and market feedback indicated that the benefits of the Exchange would be further served by evolving it into a London market infrastructure. As a consequence, during the summer of 2010 the ownership of the Exchange has been migrated from Lloyd's to a market utility jointly owned by the associations (LIIBA, IUA, LMA, and Lloyd's) in the form of The Message Exchange Limited. Work continues with IBM to transfer the original contract to TMEL.

Lloyd's original vision still holds good - the need for provision of strategic direction and removal of barriers to entry to electronic messaging capability utilising ACORD messaging.

The Exchange will be formed of two core components:

- A market directory, storing contact information for participating organisations which can be searched for via the Exchange. Through this function, users can create and maintain online trading relationships.
- A messaging hub which will allow the sending and receiving of Placing Support messages between brokers and carriers. These messages will be validated against ACORD standards and can only be exchanged with registered trading partners.

The two primary benefits of The Exchange are:

- Participants are only required to maintain one connection to The Exchange to communicate with many counter parties
- Standards are controlled in the centre, creating clarity and driving adoption.

The main source of information on the project is the [Lloyd's website](#).

Project Owner: The Message Exchange Limited (TMEL)	Project Sponsor: Sue Langley, Lloyd's
Project Manager: Paul Willoughby, Lloyd's	LMA Lead: Rob Gillies

Milestones

While the Exchange can be used for handling any ACORD messaging, the key focus at this time is the electronic support for endorsements workstream (see 3.4.2).



### *Project Linkages and Dependencies*

There may be linkages to other international messaging hubs such as the Qatar Trading Platform, New York Exchange, and Rüsclikon (see 3.2.4). LMA are working closely with Lloyd's and TMEL to support implementation of The Exchange through, for example, developing business protocols and supporting trading relationships.

#### Latest Status (last updated 20 September 2010)

Ownership of the Exchange now sits with the market - (LIIBA, IUA, LMA, and Lloyd's) through The Message Exchange Limited. The operating contract is being renegotiated with IBM.

All Lloyd's managing agents are connected, along with the brokers representing 80% of Lloyd's business by volume. Companies market connectivity continues to grow.

Further details of the latest status of this project is available from Lloyd's website as above.



## 3.2 Accounting and Settlement (A&S)

### 3.2.1 Repository based A&S (“Ceasing paper processing”)

#### *Background*

The objective of this work is to remove paper from the A&S process by using a central repository (the IMR) on which to electronically lodge images of premium advice notes (LPANs) and supporting documents; this has largely been achieved. The IMR was launched for A&S in the second half of 2006 and is proving to be a critical component in moving to paperless processes in the London Market. It allows brokers to submit accounting and settlement information electronically either by ‘direct load’ or ACORD DRI (see [Glossary](#)) messages (without manual intervention). The current focus of the work, which is managed by the A&S User Group (A&SUG), is to extend the usage and coverage of the IMR. The primary source of information on this work-stream is the [LMGS website](#).

Project Owner: London Market Group	Project Sponsor: Nigel Roberts, Aon
Project Manager: Mark Barwick, LIIBA	Chairman A&SUG: Pat Talbot
LMA Lead: Keith Welch	

#### *Milestones*

The LMG’s target was for 100% of all original, additional and return premiums to be submitted to XIS as scanned images via the IMR by Q2 2010. This target is currently being reviewed.

#### *Project Linkages and Dependencies*

Repository based A&S removes paper from premium processing and is a necessary step, both from a process perspective and culturally, to the adoption of data-based electronic processing. Unstructured data (e.g. document images) loaded to the IMR during accounting and settlement may be reused at other steps in a risk’s processing lifecycle, e.g. during claims handling. In the future it would be possible that such documents will be loaded to the IMR at the time of placing. The full adoption of repository A&S will signal the end of this work-stream and attention will turn to E-Accounting (see 3.2.2).

The residual level of paper is reported to be 11% by volume. Brokers still processing on paper have been asked to provide plans for reducing the residual volume, at which point the LMA will consider instructing XIS to end the processing of paper for A&S.

#### *Latest Status (last updated 3 September 2010)*

As noted above, this is a mature work-stream. Current focus remains on the plans of those brokers still using paper, with a view to identifying a timetable to cease paper A&S processing.

### 3.2.2 Electronic Accounting (E-Accounting) R1 (ACORD messaging)

#### *Background*

This work-stream takes the A&S process beyond document-based repository A&S (see 3.2.1) and delivers a range of benefits resulting from the electronic exchange of structured data.

Release 1 covers ACORD Technical and Financial Account messages output from broker systems into the central Xchanging systems LIDS and POSH. Rekeying into the existing mainframe systems will be removed and error recycles and query time reduced. The IMR continues as the repository for all unstructured information and straight through processing of data will be implemented wherever possible.

Release 2 will enable the Carrier Accounting Entries Service (see 3.2.3).



E-Accounting embraces work to date on ELPAN2 and, wherever possible, the EBOT implementation of the ACORD standard for direct messaging between broker and carrier which is internationally recognised.

Outside of this E-Accounting initiative, brokers and carriers wishing to account electronically on a direct basis can develop that capability. However, for Lloyd's Managing Agents, this will only become possible when data and regulatory reporting is separated from premium processing by the outcome of Lloyd's Data and Information Reporting (see 3.1.2) and subsequent build of a direct reporting capability.

The EBOT standard needs some modifications when used to account electronically between the London broker and XIS. These arise mainly because of XIS's operation of Lloyd's central settlement system and XIS's role as a central market provider for subscription business. The project is examining these issues with the aim that the interface between brokers and London carriers is as close as it can be to that for other markets.

The group will oversee the work necessary to:

- complete Release 1 in 2010
- get full adoption by brokers of ACORD standard accounting submissions to XIS
- enable XIS to auto-load those messages into their systems
- trigger settlement release by ACORD messaging, where appropriate
- implement the carriers' accounting entries service as part of Release 2 (see 3.2.3).

An E-Accounting management group has been established which is supported by an implementation group (EAIG) and builds upon the work done by the A&S user group which has played a vital role in the successful development of A&S via IMR.

Further information is available from the [LMGS website](#).

Project Owner: London Market Group	Project Sponsor: Nigel Roberts, Willis
Project Manager: R1 - Mark Barwick (LIIBA)	XIS IT Delivery: Vicky Wilson and Alan Giles
LMA Lead: Rob Gillies, Peter Griggs	

### *Milestones*

The LMG's work plan envisages usage of electronic accounting by Q4 2010. Current implementation milestones agreed with Xchanging being:

- Q4 2010 - Release 1 - non-fundamental messaging in line with the electronic accounts specification, followed by roll-out of early adopting brokers Miller and AON, with Trace users 1Q11

### *Project Linkages and Dependencies*

Electronic accounting provides carriers and brokers with an internationally consistent electronic interface for accounting and settlement. E-Accounting implements delinking and removes the task of creating non-fundamental accounting entries from brokers (see 3.2.3) - complimentary steps to achieving the benefits offered by electronic accounting.



**Latest Status (last updated 20 September 2010)**

Work commenced late December 2008. The group has completed all technical specifications which have been approved by LMG. It has agreed with Xchanging a two-phased release plan:

- Release 1 - non-fundamental messaging in line with the electronic accounts specification. Brokers send ACORD TA & FA messages to Xchanging with appropriate error re-cycling - go live scheduled for Q4 2010 with Miller and AON, followed by wider broker roll out.
- Release 2 - see 3.2.3

Early adopter brokers are finalising implementation plans through the E-Accounting Implementation Group, with the choice of implementing Release 1 ahead of the full splits service in Release 2.

**3.2.3 Electronic Accounting (E-Accounting) R2 (Insurers Accounting Entries Service - Non-Fundamental Accounting Splits)**

*Background*

This release follows on from the work referenced in 3.2.2. In London, for business processed via XIS, data is provided by brokers to a greater level of detail (non-fundamental accounting data) than might be the case elsewhere (fundamental - tax, regulatory, and other authorities) - leading to transactions being raised at this non-fundamental, rather than a fundamental, level. This adds to the brokers' costs of placing business in London and is not internationally consistent.

This work-stream defined an XIS service to produce non-fundamental ACORD Technical Accounts (TAs) and accounting entries on behalf of carriers from information submitted by the broker via the IMR.

An LMA-led working group agreed a service specification and definition of fundamental or non-fundamental accounting entries and reached agreement with XIS on the costs to establish the service. Following LMA, IUA, LIIBA and Lloyd's approval, detailed implementation is being undertaken by the E-Accounting Implementation Group.

Further information is available from Rob Gillies at the LMA and a service definition is also available from the [LMGS website](#).

LMG has set up an Electronic Accounting Implementation Group (EAIG). For Release 2 of E-Accounting under the chairmanship of Ian Summers of AON made up of a small number of brokers that are committed to rapid take up of electronic accounting plus representatives from LMA, IUA, XIS, Lloyd's and ACORD.

Project Owner: London Market Group	Project Sponsor: Ian Summers, AON
Project Manager: R2 - Pat Talbot	XIS IT Delivery: Vicky Wilson and Alan Giles
LMA Lead: Rob Gillies, Peter Griggs	

*Milestones*

The LMG's work plan envisages an implementation milestone agreed with Xchanging for 2011 covering acceptance of fundamental-level submissions and rollout of the carrier accounting entries service, followed by broker roll-out.

**Latest Status (last updated 20 September 2010)**

Work commenced late December 2008. The group has completed all technical specifications which have been approved by LMG. It has agreed with Xchanging a two-phased release plan:

- Release 1 - see 3.2.2
- Release 2 - subject to resource being freed up from ECF2 in a timely manner, acceptance of fundamental-level submissions and rollout of central service to create carriers' non-fundamental transactions. Design and specification has been completed, with go live scheduled for Q4 2011.

Early adopter brokers are finalising implementation plans through the E-Accounting Implementation Group, with the choice of implementing Release 1 ahead of the full splits service in Release 2.

### 3.2.4 Rüşchlikon Initiative

#### *Background*

In 2007 a group of global reinsurance industry players established a group to build a premium and claims accounting transactions processing solution using the SWIFT platform and ACORD standards. The solution came to be known as the Rüşchlikon Initiative and an overview was given at the [Market Reform Forum](#) in October 2008. The project saw a series of phases, the latest of which was a pilot that concluded in the spring of 2010.

ACORD are now facilitating the Rüşchlikon Business Implementation Group (BIG) which is currently focused on three key workstreams

- EBOT review
- Post-placement message
- Review of service levels and measuring performance

This initiative and London's work on E-Accounting (see 3.2.2 and 3.2.3) have similar aims of creating an ACORD compliant, common interface between brokers and carriers for accounting and settlement.

Project Owner: Industry Working Group	Project Sponsor: Ian Summers, Aon and Regis Delayet, SCOR
Project Manager: Juergen Heck, ACORD	LMA Lead: Peter Holdstock

#### *Milestones*

#### *Project Linkages and Dependencies*

**Latest Status (last updated 3 September 2010)**

BIG is developing a timeline for future Rüşchlikon development.

### 3.2.5 Right first time (RFT)

#### *Background*

While the Placing Support initiatives seek to make better and earlier use of data in the processing cycle, the current query and rejection rates for premium account submissions are much higher than the market would like. At the end of 2009, approximately 29% of Lloyd's premiums and 26% of Company premiums were queried and/or rejected.



Whilst brokers receive these queries and rejections from XIS, the queries may arise from insurer, XIS or broker errors. The project seeks to identify and resolve the root causes of queries and rejections wherever they may arise.

The LMG target is to reduce the current (as at 31/12/2009) query and rejection rates by 50% before the end of 2010.

The approach has been multi-faceted:

- A review of the “Stage One” premium checks to ensure currency
- Enhancements to the query feedback process, making it clearer to the broker which individual premium entries have failed
- Discussions with the “best of breed” brokers to understand their lower reject rates, leading to...
- Working with brokers to share best practise and understand inhibitors, if any, to reduced reject rates

#### Benefits

- Elimination of rework will reduce brokers’ and Xchanging costs.
- Faster premium payment since fewer premiums will be queried or rejected.
- Faster signed lines advice since fewer contracts are delayed by queries or rejections.
- Improved level of service to clients.
- Improved premium flow around the market.
- Reduce the level of inconvenience caused to brokers and XIS.

Further [information](#) is available on the LMGS website.

Project Owner: LMG	Project Sponsor: David Hough, LIIBA
Project Manager: Chris Buer, LIIBA	LMA Lead: Keith Welch

#### *Milestones*

July Meetings held with “high-performing brokers”, best practises identified.

August Meetings held with high-volume brokers to share best practises and other information to facilitate development of action plans.

Plans identified with brokers to continued monitoring of broker progress and achievements and lessons learnt. Continued focus on improving performance within the market.

October Review of broker plans.

#### *Project Linkages and Dependencies*

None.

Latest Status (last updated 23 September 2010)

Accounting checks review complete. Broker best practises identified and shared amongst high-volume brokers.

Brokers are being encouraged to identify and plan how they can improve their performance.



## 3.3 Claims

### 3.3.1 Electronic Claims Files (ECF)

#### *Background*

The Electronic Claims File is a combination of the IMR and the Claims Loss Advice and Settlement System (CLASS). The LMA has commissioned Xchanging to provide an integrated service to Lloyd's Managing Agents, while the services remain as two separate systems for Brokers and Companies. This enables claim file documents to be submitted electronically and shared by subscribing underwriters, whilst CLASS provides users with access to financial data and claims processing and basic workflow functionality. ECF allows brokers to supply an entire claims file to all insurers "on risk", electronically, at the same time. All insurers will therefore have concurrent, contemporaneous access to the claims file - eliminating the need for the broker to serially present the claims file to different insurers individually. The major benefit of this is that it will greatly reduce the length of the overall claims lifecycle, from first advice to settlement, providing policyholders with a greatly improved service.

ECF has matured from a change initiative to a point where it supports the processing of the majority of new in-scope claims. System changes or further definition of market processes is required to enable full support.

It is expected that the current ECF system will be required to support the market at least until the end of 2012. The following work-streams cover ongoing work to continually enhance ECF usage:

- Out of scope claims (including co-lead binders, multi-OSND (see [Glossary](#)) claim scenarios and claims affected by the Access Control List issues)
- Legacy
- Usability and functionality (enhancements to CLASS and the IMR to improve the user experience)
- Workflow/Management Information
- Training
- Best Practice
- Service Standards.

Project Owner: LMG	Project Sponsor: Various depending on work-stream
Project Manager: Various depending on work-stream	LMA Lead: Gary Bass

The primary source of information on this subject is the [LMGS website](#).

#### *Milestones*

For a more detailed view of the component parts of ECF and the associated milestones and delivery dates, see the ECF Business Plan on the [LMGS website](#).

#### *Project Linkages and Dependencies*

ECF removes paper from claims handling and processing and is a necessary step, both from a process perspective and culturally, to the adoption of full, data-based, electronic processing. Over time, further linkage is anticipated between ECF and documents loaded to the IMR at earlier stages of a risk's process lifecycle such as placing or accounting.

Latest Status (last updated 21 September 2010)  
Usage stands at 69% for Lloyd's and at 53% for non-Lloyd's claims (in scope business, LMG Dashboard September 2010). For detail of the current status of any part of the ECF Business Plan please contact the LMA.





### 3.3.2 ECF2

#### *Background*

Section 3.3.1 above describes the implementation and current status of the market's ECF initiative. Further improvements to this system are under discussion between Xchanging and the market and this package of improvements is known as 'ECF2'. ECF2 seeks to provide:

- a new version of the current ECF screens
- a common new front end for all carriers dealing with electronic claims

and positions the market to use back end systems, other than CLASS. Further, ECF2 will adopt open architecture enabling the integration of claims functionality into carriers' systems (and those of service providers) removing CLASS from the business process and could enable the implementation of one approach or system for London, subject to market approval.

The focus is on four new main components:

- Claim work flow triggers - being a file produced regularly during the day advising all claim transactions: creations, updates and responses
- Claim Work Flow Services - being a work flow front-end allowing users to manage their work load of actions related to claims transactions
- Document file viewer - being a piece of technology allowing claims handlers to see the documents making up the claims file as one user friendly document
- Claims Database - being a new data warehouse for claims information from the various Xchanging source systems, including ECF management information.

Project Owner: Associations Administrative Committee	Project Sponsor: Joe Dainty (chair, ECF2 management Group)
Project Manager: Gary Bass	LMA Lead: Gary Bass

#### *Milestones*

First presented to LMG in March 2009, development began later in the year with implementation scheduled for 2010. See "latest status" below for the current position.

#### *Project Linkages and Dependencies*

ECF2, along with upgrades to the IMR and IMR security model, legacy partnerships, and a Binder Protocol, if introduced in 2010, will significantly extend the scope of ECF2 to close to 100% of appropriate claims. These changes will improve functionality as well as set the scene for less reliance on the ancient CLASS system and a move toward an international claims trading platform aiming at establishing claims as a service differentiator for the Lloyd's and London platform.

**Latest Status (last updated 21 September 2010)**

The Binders prototype has been built and presented to the LMG who have requested a cost benefit analysis prior to making a final decision on design and build.

ECF 2 Core (Single Sign On, Claims Workflow Triggers, Document File Viewer, Claims Adjustment Service, and Claims Workflow Service) has moved into market acceptance testing. The current schedule anticipates the introduction of these products to the market in a phased approach during 4Q10 and through to the first quarter 2011.

The Claims Data Warehouse is being built and is anticipated to be ready for use for the first quarter of 2011. The management information reports associated with the CDW are moving into MAT now and expected to be available in the first quarter of 2011 .

On the 10 September the Associations Administration Committee issued an update on ECF2.

[Click this link to access the update.](#)

### 3.3.3 Electronic Claims Files - Legacy

#### *Background*

Having proved that ECF addresses many of the sources of delays in the claims process by removing the hand-offs between the broker, the leader and XCS, and delivers significant improvements in the end-to-end claims processing times, a broker-led ECF Legacy Working Group was set up to identify and assess the options for extending the scope of ECF to include legacy claims. The group made a number of recommendations which were accepted by LMG in October 2008.

The project now falls under the governance of the ECF User Group (see 3.3.1). A new group, under the chairmanship of Steve Robson of Alterra, has been formed to specifically review appropriate legacy claim back loading. Several initiatives have been instigated, predominately with Aon / Benfield, Guy Carpenter, Willis, and Xchanging, to load high value reinsurance claims. LMACC has recently agreed to expanded the reinsurance initiative with other brokers including Guy Carpenter and with other lines of business such as property , energy and aviation under consideration. The group continues to explore the use of “willing partners” as another area of legacy development.

### 3.3.4 ECOT

#### *Background*

The ACORD Claims Working Group was formed in the Spring of 2010 to pick up the ECOT+ baton and take it forward in conjunction with the international claims community. ACORD standards for claims, as they stand, do not handle all the information flows and processes of claims management for worldwide placements, including the London subscription market with its claims schemes. The significant limitations of the current standards are:

- the restriction on the ability of all participants in the claims process to conduct an effective dialogue using messages
- the inability to distinguish between the differing roles of the many parties involved in a claim, each of whom could be a message sender or recipient
- a focus on the submission of the claims advice by broker, and its subsequent response, to the exclusion of other processes like the instruction of experts and delegated parties and the forwarding of messages and documents.

The new standards will allow, amongst other benefits:



- carriers to operate internationally and use their own claims systems rather than the central bureau systems, if they choose
- brokers to streamline their advice of claims and documents to all markets simultaneously
- third parties to communicate electronically as experts or delegated administrators/adjusters.

This project has a wider international involvement with participants from USA, Europe and the London market. As such, the key London market contacts are:

- Project manager: Mike Smith, ACORD
- ACORD Claims Working Group chairman: Graeme Veale, Markel

#### *Milestones*

The draft ECOT guide was completed in March 2009. Draft standard messages are anticipated by November 2010 for live use in 2011.

#### *Project Linkages and Dependencies*

The ECF project provides for scanned claims documentation to be stored on a central repository and links this to financial claims data available through CLASS. ECF2 and the ECOT project are aligned to this but go a step further by defining the core claims data in a structured format.

#### Latest Status (last updated 29 September 2010)

The objective of the ACORD Claims Working Group is to define two way messages to support the end to end claims management process including all parties. It applies to reinsurance and large commercial business in subscription and non-subscription markets. The group's output will include process flows and definitions, data items and supporting information for the efficient management of the claims dialogue between all parties.

The aim is to have draft standard messages ready by November 2010 for live use in 2011.

### 3.3.5 Lloyd's Claims Transformation Project

#### *Background*

This project responds to the market's debate about future claims handling and aims to enhance Lloyd's reputation for fair and fast claims handling and place claims on a par with underwriting in terms of creating competitive advantage for firms and the market as a whole.

Through a pilot, the project enhances the current move towards segmentation of claims and introduces choice for managing agents. The pilot scope includes marine (excluding cargo and energy), property and casualty treaty claims on new contracts from 1 January 2010 excluding resignings and renewal of long term contracts.

The pilot is trialling three tranches of claims (Lloyd's share values): Standard - up to £100,000, Mid-tranche - £100,000 - £5,000,000, and Complex - over £5,000,000. Allocation of a claim to any particular tranche also involves a number of non-financial triggers. For claims in the pilot the Lloyd's leader acts as single agreement party for Standard claims and will bind the following Lloyd's market. For Mid claims, agreement is by the leader and second Lloyd's underwriter. This will be similar for Complex claims except that the remaining follow market will have powers to call a market meeting if there is disagreement with, or between, the leader and second underwriter.

Leaders and second underwriters have an express duty of care to followers but with limitation of liability.



Underwriters wishing to outsource claims handling are able to do so although for the pilot, XCS is the only outsource option.

In addition, the Claims Talent Programme has now been initiated, with consideration also being given separately to Expert Management.

Project Owner: Lloyd's	Project Sponsor: Tom Bolt, Director of Performance Management
Project Manager: John Goodbody, Lloyd's	LMA Lead: Tim Willcock

### *Milestones*

Commence pilot:	January 2010
Pilot findings checkpoint:	July 2010
Assess results of pilot:	January 2011

### *Project Linkages and Dependencies*

The project is in line with the general desire amongst many managing agents to have flexibility and choice in business processing and although not directly linked to other claims initiatives offers the prospect of a more streamlined claims agreement process to be managed within the functionality of ECF.

#### Latest Status (last updated 30 September 2010)

The pilot has seen over 1600 claims to date with over 2,200 transactions, twice the estimated volume for this stage of the pilot; claims have largely fallen into the predicted tranches.

Success criteria on speed, quality and market perception are being met, so Lloyd's have formally announced an extension of the pilot into 2011. [Click this link to access the announcement.](#)



## 3.4 Placing support

### 3.4.1 Placing support project

#### *Background*

Placing support is the electronic exchange of data and documents between trading parties to support the processing of insurance business, whether a new risk, a renewal or a contract term amendment; it does not replace the face-to-face negotiation of business where this adds value. Placing support is a major part of the LMG's view of the future and under this project, LMA runs various central activities to support and coordinate with the activities of market organisations, suppliers and other bodies.

The Placing Support Steering Group (PSSG) has set the vision for placing support as:

*The use of electronic processes, compliant with ACORD international data standards, for the submission of risk details, the agreement of terms, and contract formation for all risk placements and contract amendments in the London market, enabling the selective use of negotiation outside the electronic process where required by trading partners.*

The objectives of the project are:

- to create clarity in the market about the benefits and implications of, and options for, the adoption of placing support
- to extend significantly the use of placing support amongst Brokers and Managing Agents in the market generally.

The key work-stream for 2010 is adoption by the market of electronic support for endorsements (see 3.4.2). In addition, background work continues addressing original placement, declarations under lineslips and facilities, and additional structured data, and much of the project's activity is now focussing on supporting and complimenting deployment of The Exchange (see 3.1.4).

The main source of information on the project is the [LMA's website](#).

Project Owner: LMG	Project Sponsor: David Gittings, LMA
Project Manager: Rob Gillies, LMA	LMA Lead: Peter Holdstock

#### *Milestones*

Please refer to section 3.4.2 for information on the market's adoption of electronic processes to support the transaction of endorsements, which is the main activity in this field.

#### *Project Linkages and Dependencies*

Placing support is the starting point for the full electronic lifecycle of the risk and is a key element of the markets' discussion about future London market processes. As adoption of placing support gains momentum, this will open up distribution models, driving change in the way accounting and settlement and claims are processed.

Latest Status (last updated 23 September 2010)  
See 3.4.2

### 3.4.2 Electronic support for endorsements

#### *Background*

One of the major aspects of the market's drive to adopt electronic processes to support placing is in



the area of endorsements. This is part of the LMG's wider sponsorship of the use of electronic processes to support business placement. It builds on previous related work such as the introduction of the Market Reform Contract Endorsement (MRCE) format and the transaction of MRCE by email (eMRCE) and exploits work by individual firms and The Exchange.

The ultimate objective of this work is for all endorsements in the London market, irrespective of complexity, to be submitted and agreed electronically using data messaging. Importantly, this does not preclude negotiation between broker and underwriter, whether face-to-face or by other means.

The project will progress through a pilot starting during the second half of 2010 into wider roll-out across other classes in 2011. The pilot will confirm that electronic processes can be used effectively and will enable underwriters and brokers to get experience of the benefits offered by the use of such processes.

The primary source of information on this work-stream is the LMA [website](#).

Project Owner: LMG	Project Sponsor: David Gittings, LMA
Project Manager: Rob Gillies, LMA	LMA Lead: Peter Holdstock

### *Milestones*

Key milestone dates are market technical readiness on 1 June and market operational readiness and 100% live business within the pilot scope on 1 October. Pilot review will be concluded from December 2010.

### *Project Linkages and Dependencies*

As with the MRC, aligning the London endorsement format (the MRCE) with ACORD data standards has allowed the adoption of data messaging based on those same ACORD standards. Adopting data messaging to support endorsements, as an initial step in the wider area of placing, is aligned to the markets' plan to adopt data messaging in A&S and claims and hence a foundation for future processes.

#### Latest Status (last updated 25 September 2010)

The first stage of the pilot (based on direct marine hull, cargo, war and liability business) commenced on 1 June, running thorough to the end of September, ensuring pilot participants are connected to The Exchange and able to transact messages in a number of business scenarios.

Current connectivity covers all the Lloyd's managing Agents, 18 major brokers, and 20 IUA members.

The pilot moved into the live messaging phase on 1 October, with further business classes to be phased in during 2011.



## Appendix A - Glossary of Terms

Phrase	Acronym	Description
A&S User Group	A&SUG	A practitioner based group, reporting to the AAC, dealing with issues related to the development and adoption of new A&S processes.
Accounting and Settlement	A&S	The processing of technical accounts (closings) and financial accounts (settlements) between broker and carrier (or between broker and XIS where the carrier elects to use XIS to perform this and other functions on its behalf). For many years, business processed via XIS has been based on paper documents (LPANs). Predominantly, the process is now based on document images loaded to the IMR. In the future, A&S will be based on the exchange of ACORD standard electronic data messages.
Accounting Splits (Carrier Accounting Entries)		The breakdown of a premium into amounts at which transactions are raised. These may be: <ul style="list-style-type: none"> <li>• ‘fundamental accounting splits’ - related to the fundamental structure of the risk as determined by the requirements of the broker’s client or as dictated by the conditions imposed by carriers, or</li> <li>• ‘non-fundamental accounting splits’ - splits required for other reasons, mainly for a carrier’s regulatory reporting.</li> </ul> A non-fundamental split from a broker’s perspective may be fundamental from a carrier’s perspective.
ACORD4ALL		ACORD4ALL - an Xchanging service converting bureau legacy message files (signing, settlement & claims) to individual ACORD (RLC XML 2008-1 and 2005-2 ) equivalents of technical account, claim movement and financial account.
Association for Cooperative Operations Research and Development	ACORD	A global, non-profit standards development organization serving the insurance industry and related financial services industries [ <a href="http://www.acord.org">www.acord.org</a> ].
Associations’ Administrative Committee	AAC	A practitioner based group established by the LMA and IUA to manage the market’s contract and relationship with XIS as regards the IMR.
Bureau		Colloquial London terminology for XIS.
Claims Loss Advice and Settlement System	CLASS	CLASS enables brokers to load claim transactions and some supporting information so that carriers can agree, query and reject claims ‘on line’ using EDIFACT messages e.g. LIMCLM.
Claims Services Review Board	CSRB	The LMA committee, reporting to the MPC, responsible for managing the delivery by XCS of its claims services to managing agents (see also the <a href="#">LMA website</a> ).
Cross Market Messaging Group	CMMG	An LMA supported group which operates jointly on behalf of the LMA and IUA as a centre of knowledge and expertise for dealing with and advising on technical issues in relation to the use of, and changes to, London market insurance business messages (see also the <a href="#">LMA website</a> ).



Phrase	Acronym	Description
Document Repository Interoperability	DRI	A technical standard that supports the automatic interchange of free-format documents between repositories.
E-Accounting		An initiative to replace the inputs to XIS with the full suite of ACORD messages as above which will then be automatically loaded to the current XIS systems.
ECF User Group	ECFUG	A practitioner based group, reporting to the AAC, dealing with issues related to the development and adoption of ECF.
Electronic Accounting Implementation Group		A sub-group of EAMG tasked with resolving process issues arising from the development and implementation of electronic accounting in the London bureau market.
Electronic Accounting Management Group	EAMG	The senior governance body, reporting to LMG, tasked with developing the market's electronic accounting capability and driving adoption.
Electronic Back Office Transactions	EBOT	The use of the full suite of ACORD messages for management of accounting and settlement processes for the non-bureau market.
Electronic Claims File	ECF	An integrated service for claims handling and processing delivered through a combination of the Insurers Market Repository (IMR) and the Claims Loss Advice and Settlement System (CLASS).
Electronic Claims Office Transactions	ECOT	The use of the full suite of ACORD messages for management of the claims processes for the non-bureau market.
Electronic Data Interchange	EDI	A standard for the exchange of structured transmission of data between organizations by electronic means. It is used to transfer electronic documents from one computer system to another, i.e. from one trading partner to another.
Electronic Data Interchange for Administration, Commerce, and Transport	EDIFACT	An international EDI standard developed under the United Nations. The work of maintenance and further development of this standard is done through the United Nations Centre for Trade Facilitation and Electronic Business.
Electronic London Premium Advice Note	ELPAN2	The use of ACORD messages for the management of accounting and settlement processes for carriers using XIS. ELPAN2 has been subsumed into electronic accounting.
Electronic Market Reform Contract Endorsement	eMRCE	The initiative to implement processes to transact MRCE using email and other forms of non face-to-face communications.
Electronic Placement		See Placing Support
Endorsement Management Group	EMG	The governance body, reporting to PSSG, tasked with implementing the market's adoption of electronic endorsements.
Financial Services Authority	FSA	The regulatory body of the UK's financial services industry.





Phrase	Acronym	Description
Finish What We've Started		The phrase used to refer to a programme of work which will complete Xchanging related-elements of the LMG's current work plan. This includes work to: <ul style="list-style-type: none"><li>• get all claims within the scope of Electronic Claims File (ECF) including extending the scope to encompass legacy claims and to achieve full usage as well as usability improvements to the claims systems collectively known as "ECF2"</li><li>• get all premium submissions within the scope of the Insurers' Market Repository (IMR)</li><li>• to implement E-Accounting.</li></ul>
Insurance Market Repository	IMR	Infrastructure owned and funded by London market insurers, both Lloyd's and non-Lloyd's, which provides a common repository for documentation to support new accounting and settlement and claims processes.
International Underwriting Association of London	IUA	The trade body representing international and wholesale insurance and reinsurance companies [ <a href="http://www.iua.co.uk">www.iua.co.uk</a> ].
Lloyd's Market Association	LMA	The trade association representing the interests of Managing Agents operating in the Lloyd's insurance market [ <a href="http://www.lmalloyds.com">www.lmalloyds.com</a> ].
London & International Insurance Brokers' Association	LIIBA	The trade association representing the interests of insurance and reinsurance brokers operating in the London and international markets [ <a href="http://www.liiba.co.uk">www.liiba.co.uk</a> ].
London Insurance Market Claims Message	LIMCLM	The current London market standard EDI claims message.



Phrase	Acronym	Description
London Market Group	LMG	<p>The senior market-wide body responsible for promoting London as the market of choice for insurance. Through consensus between its principal participants - LMA, IUA, LIIBA, Lloyd's and members of the constituencies they represent - LMG sponsors and promotes work:</p> <ul style="list-style-type: none"> <li>• Set vision, strategy and timetable for the market.</li> <li>• Resolve difficult cross market issues.</li> <li>• Communicate: influence the environment and disseminate information.</li> <li>• Set up governance for initiatives.</li> <li>• LMG firms lead by example, form lead implementer partnerships and encourage laggards.</li> <li>• Ensure that initiatives are consistent with each other and with vision.</li> <li>• Measure progress on individual projects and whole reform programme.</li> <li>• Agree standards and where necessary produce them.</li> <li>• Make sure that resources are in place               <ul style="list-style-type: none"> <li>- Project Managers, analysts, experts</li> <li>- Resolve funding for agreed initiatives</li> </ul> </li> </ul> <p><a href="http://www.marketreform.co.uk">www.marketreform.co.uk</a></p>
London Market Group Secretariat	LMGS	<p>The office providing administrative and technical support to the LMG and to London's change programme (<a href="http://www.marketreform.co.uk">www.marketreform.co.uk</a>).</p>
London Premium Advice Note	LPAN	<p>A document (originally paper, now almost exclusively an image on the IMR) to communicate technical account information from broker to XIS where a carrier has elected to use XIS to process business on its behalf. Similar to a closing for non-XIS business.</p>
London-ism		<p>A colloquial term indicating a process or other characteristic of the London insurance market which is inconsistent with processes or characteristics of other insurance markets. London-isms are often referred to as being negative, meaning that they act as barriers to entry or disincentives for brokers to place business in London compared to other markets. However, London-isms can also be positives. For further information on the analysis of London-isms, contact the LMA.</p>
Market Processes Committee	MPC	<p>LMA's principal committee, reporting to the LMA Board, concerned with market process issues (see also the <a href="#">LMA website</a>).</p>
Market Reform Contract	MRC	<p>An ACORD based standard adopted by the London insurance market for risk placement documentation.</p>
Market Reform Contract Endorsement	MRCE	<p>An ACORD based standard adopted by the London insurance market for endorsement documentation.</p>



Phrase	Acronym	Description
Original Signing Number and Date	OSND	A reference applied by XIS to each premium or claims transaction (original to that transaction).
Peer-to-peer	P2P	A direct relationship between two parties; in terms of electronic trading this usually means that electronic data messages are passed directly between the parties. These messages may sometimes be transmitted via an exchange (as happens with telephone calls or email) which helps with addressing and routing. The phrase is often used to contrast with data transmitted to a trading platform, which usually provides additional functionality and itself generates messages on parties' behalf.
Placing Implementation Guide	PIG	A suite of technical documentation setting out agreed implementation protocols for the use of ACORD standards to support the placing process in London. Available from the <a href="#">LMA website</a> .
Placing Support	PS	(as defined by the Placing Support Steering Group) 'The use of electronic processes, compliant with ACORD international data standards, for the submission of risk details, the agreement of terms, and contract formation for all risk placements and contract amendments in the London market, enabling the selective use of negotiation outside the electronic process where required by trading partners.'
Placing Support Implementation Group	PSIG	A body, reporting to PSSG, made up of business analysts and project managers responsible for implementing Placing Support within their own firms and which tackles technical and implementation issues which arise from a collective perspective.
Placing Support Steering Group	PSSG	The senior governance body, reporting to LMG, tasked with developing the market's Placing Support capability and driving adoption.
Premium Payment Improvement Working Group	PPIWG	A London cross-market group tasked with identifying how improvements could be achieved in settlement of premium from brokers to insurers.
Reinsurance and Large Commercial	RLC	The ACORD standard adopted for use in the London market.
Rüschlikon		Swiss Re's conference location where the 'Rüschlikon Initiative' was originally conceived.
Structured data		Information contained within an XML document which conforms to a set of rules regarding data structure and intended usage. Structured data can be reused at any point in the process chain for ancillary processes. An ACORD message contains four types of structured data: 1. References: for example, client contract reference. 2. Coded lists: for example, countries or classes of business. 3. Percentages and Currency Amounts: for example, written lines or premiums. 4. Text descriptions: free text for descriptions and key clauses.
Systems Group		The LMA committee, reporting to the MPC, which provides a focal point to consider systems and technology matters within the Lloyd's market community (see also the <a href="#">LMA website</a> ).



Phrase	Acronym	Description
The Exchange		The Exchange is a messaging service that enables brokers, underwriters and IT suppliers send and receive information securely between multiple parties, to one common standard through a single connection. Initiated by Lloyd's, The Exchange is being migrated to a mutualised market utility.
Unstructured data		Information that is used to support structured information, typically in the form of a document, and sent as an attachment (file) to the XML message. For example, detailed clauses, MRC and wordings.
Xchanging (Xchanging Claims Services Xchanging Ins-sure Service)	XCS  XIS	The publicly listed outsourcing company providing back office and centralised processing services to London and other insurance markets principally via Xchanging Claims Services (claims adjusting and technical processing) and Xchanging Ins-sure Services (premium and policy processing) [ <a href="http://www.xchanging.com">www.xchanging.com</a> ].
Xchanging Review Board	XRБ	The LMA committee, reporting to the MPC, responsible for managing the delivery by XIS of its premium and policy services to managing agents (see also the <a href="#">LMA website</a> ).
XML		Extensible Mark-up Language. XML provides a basic syntax that can be used to share information between different kinds of computers, different applications and different organizations without needing to pass through many layers of conversion. It's purpose is to aid information systems in sharing structured data, especially via the Internet.

## Appendix B - Key Information Technology (IT) Components

The following is a generic summary across the market and individual firms may have chosen to install one or more of these components within their own IT environments:

### 1. Transaction Processing Systems

- Broker, Underwriter, and Reinsurer specific systems designed to address core business and accounting needs of an organisation. Automatic input/output capability for interface to 3<sup>rd</sup> party systems.
- Commonly feeds central/corporate General Ledger for corporate accounting purposes.
- Often been in place for some time, and difficult/expensive to upgrade/change in total due to a variety of reasons.
- Most firms have aspired to upgrade and replace older mainframe systems and continue to use the most recent and proven technology.
- Examples : Broker Systems - Twins, Brokersure, Eclipse: Carrier Systems - Openbox, Genius, Eclipse, Subscribe.

### 2. Email - communications

- Central to all companies operations now, examples include : Microsoft Exchange/ Outlook, and Lotus Notes.

### 3. Document Repository

- Central storage location for electronic documents of all forms i.e. Word, Excel, PowerPoint, Adobe PDF, Visio, images, video.
- Strong search and retrieval capability, indexing, optical character recognition (OCR).
  - Within individual organisations
    - Examples include Swordfish, Knowledge Centre, Interwoven.
    - Some companies have chosen to work with fixed hierarchical structures within their PC LAN environment rather than implement a specific Document Repository solution.
    - Companies are presented with the choice of securing documents within their own repository, or outsourcing ownership to a trusted third party.
  - Central to the market
    - XIS IMR for general Broker & Carrier transactional usage
    - ECF - combination of CLASS (Transactional System) and IMR
    - ISO repository - Wordings/Clauses.

### 4. Workflow

- A relatively new technology that has allowed organisations to automate routine and repeating processes.
- Sits across all technology platforms and defines the processing steps that specific documents or transactions should pass through, with associated SLAs.
- Assists with the engagement of service providers since all organisations can use the same central system.

## 5. Internet Connection and Corporate Website

- External corporate connection to the internet, protected by firewall security.
- Web Browser - sits on every desktop and provides a standard interface to internet websites - typically Internet Explorer.
- DMZ - secure area for delivery of corporate websites to the Internet.
- Corporate Website, most organisations have one, many are hosted by service providers.
- Website functionality continues to grow and integration with all corporate systems assists 'straight through processing'.

## 6. XML Message processing gateway

- Supports Acord XML messages - primarily structured data - output/input from/to core transactional processing systems
- Also un-structured/scanned documents for exchange between workflow and repository systems.
- Enables machine to machine interface of data fields, hence data is only keyed once within the insurance risk cycle and then shared between companies for consistency.
- Supports send/receive/acknowledge functionality.
- Successor to Electronic Data Interchange (EDI).

## 7. Rating Engine

- Built to provide automatic quotations where underwriting rules are repetitive and consistent i.e. Motor, Household.
- Personal Lines in particular supported by Polaris - Productwriter and iMarket

## 8. Aggregate Exposure and Modelling System

- Allows U/W carriers to monitor risk accumulation in a variety of ways.
- Examples include : Open Xposure, RMS, Exact.
- Used to support Lloyd's RDS returns
- Results are often used to determine Outwards Reinsurance programmes.

## 9. Trading Platforms

- Run by an independent/trusted organisation in the centre of a market.
- Supports the Placing Support of insurance contracts primarily, and may also support the processing of accounting and settlement and claims transactions.
- Allows standard system interfaces to be built once, to a central system, rather than multiple times to each business partner.
- Examples : Ri3K, TIW, eReinsure, MI Trader.

## Appendix C - Achievements So Far

(We acknowledge the role of the London Market Group Secretariat in producing much of the following content)

### Introduction

This Appendix sets out at a summary level some of the benefits that market change initiatives have delivered to this point.

### Placing

#### Contract Certainty and Legacy Reduction

- Achievement:** Solidly over 90% of risks placed in the market met the contract certainty criteria throughout 2007. At this point, FSA agreed to the Contract Certainty Steering Group's proposal that central measurement should cease.  
The volume of outstanding legacy policies was reduced to approximately 12% of the original total by end 2008. At this point, FSA agreed to LMG's proposal that central measurement should cease.
- Benefits:** Met FSA challenge set out in John Tiner's speech of 2007.  
Customer satisfaction with the speed with which they receive contract documentation risen from 5.2 out of ten in 2005 to 7.3 in 2008 (Source: Lloyd's customer survey).  
Feedback from lawyers dealing with contract disputes is that there is a reduction in time spent on disagreements relating to matters such as appropriate law and jurisdiction.

#### Slip standard

- Achievement:** Successive iterations of the slip standard culminating in the Market Reform Contract (MRC) published in 2007 and updated annually. Use of MRC is mandated in the Lloyd's market and is the standard method of introducing business in the company market. It also facilitates the use of the slip as the final contract documentation sent to the client, allowing for faster issuance of insurer authorised evidence of cover.
- Benefits:** Ease of slip construction for brokers.  
Easier access to relevant information for underwriters.  
Direct mapping from MRC information to the ACORD RLC standard providing foundation for electronic exchange of placing information.  
Up to 80% usage of MRC as final contract document (source: sample of broker data).

## Accounting and Settlement (A&S)

### Electronic submissions using Insurers' Market Repository (IMR)

- Achievement:** 95% of all premium submissions now sent as a scanned LPAN to XIS
- Benefits:** Removal of “van time” from process (up to two days in some instances)
- Transactions are being processed quicker: consistently it has taken <3 days to process query free work in 2009 & 2010, typically <2 days.
  - A triage of premium submissions is in place: typically >90% of High Value Premium (LPAN >£500k) processed on the same or next day.
  - Electronic submissions are being processed 2-3 days faster than paper.

*Source - XRB scorecard - August 2010*

### Use of delinking

- Achievement:** LMG have now formally closed the delinking work stream on the basis that the process is embedded in market usage. The market adoption of E-Accounting provides for an automatic delinked process going forwards.
- Benefits:** Delinking speeds up the processing of premium by up to 12 days on average (Source: PPIWG data). Increased delinking rates have contributed to the premium processing benefits listed above.

## Policies

### Use of Electronic Policies

- Achievement:** Over 91% of policies are now submitted to XIS electronically, with signed policies also returned in an electronic format. A process exists for where business needs continue to require a paper policy; it is anticipated that over time brokers will be able to educate all policyholders of the benefit of epolicies.
- Benefits:**
- A faster turnaround time enables brokers and insurers to meet their contract certainty obligations
  - Insureds are able to receive their policies earlier
  - Handling and related costs are reduced
  - An electronic policy is retained on the IMR to support subsequent processing and claims



## Claims

### Use of IMR (ECF) for in scope claims

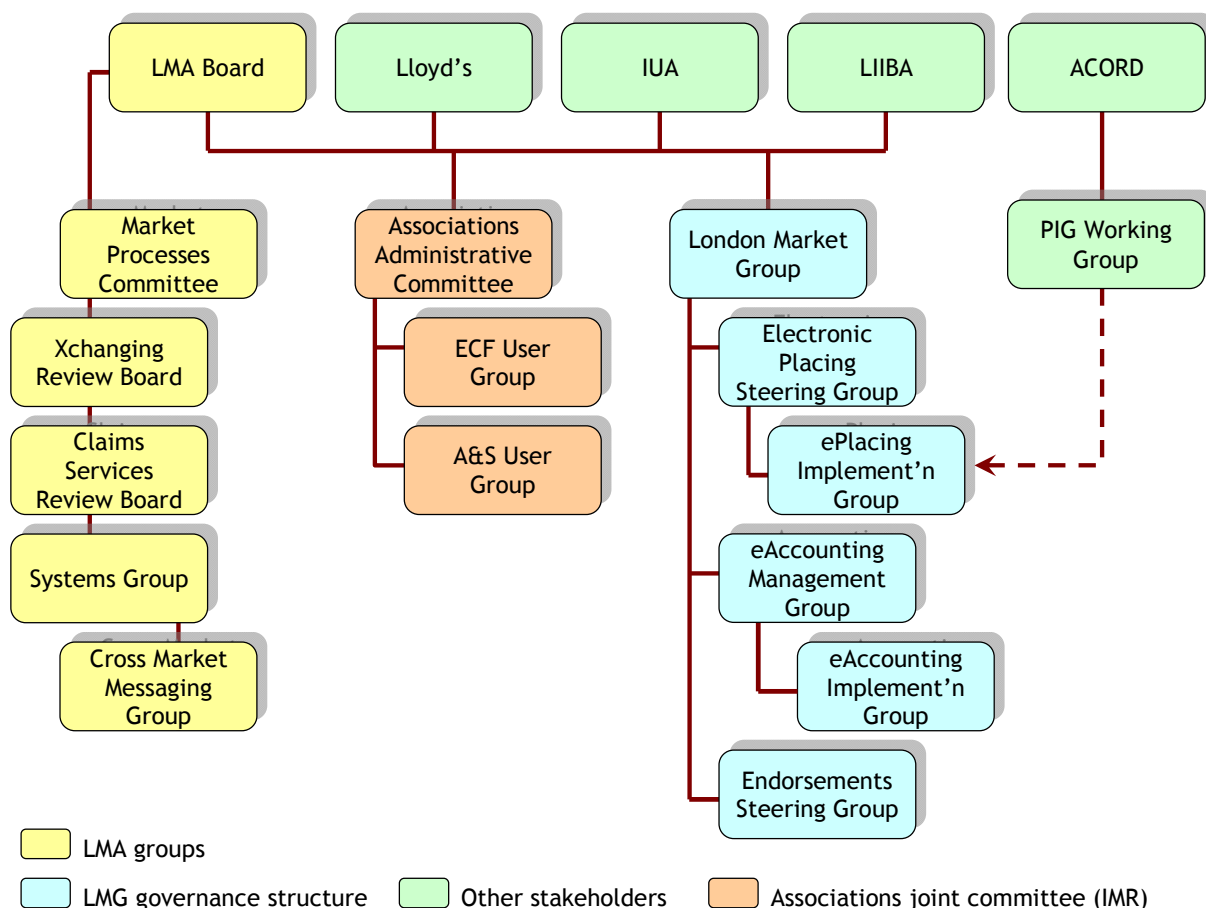
**Achievement:** Solidly over 90% of new in scope claims in the Lloyd's market have been processed via ECF since Easter 2008. In the Company market 44% of *all* new claims were initiated electronically in May 2009.

**Benefits:** End to end transaction time for the average claim is reduced from 35 days on paper to below 20 days when processed via ECF (source: Lloyd's).  
Use of ECF is marginally quicker for carriers across all business classes and significantly quicker for non document intensive claims (e.g. marine) (source: Markel time and motion study 2009).  
Use of ECF delivers claims information earlier, especially to follower markets, allowing for earlier reserving.  
Lloyd's customer survey shows satisfaction with:

- Process for claims notification at 7.8 out of ten in 2008 (up from 7.4 in 2005)
- Being kept informed during a claims at 7.1 out of ten in 2008 (up from 6.9 in 2005)
- Speed of claims payment at 7.1 out of ten in 2008 (up from 6.6 in 2005).

## Appendix D - Key groups involved in market change

The following diagram shows the principal groups responsible for process change from the perspective of managing agents. The diagram is not exhaustive and omits a number of lower level groups and temporary project and working groups.



**Notes:**

1. For further details about a particular group, please refer to the [glossary in Appendix A](#) or, for information about LMA groups, please refer to the [LMA website](#).
2. As an important stakeholder in London market processes, ACORD attend the three LMG sponsored Steering Groups.
3. Another important stakeholder, Xchanging, is not shown on this diagram. The role of many of these groups is, or includes, management of the delivery by Xchanging of its various services.