

# Market Reform

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**MARKET REFORM GROUP  
PRESS RELEASE  
Significant progress made on Market Reform**

The London market has made significant progress in meeting its goal of reforming business processes during 2007 the Market Reform Group (MRG) announced today.

The new Chair of the Market Reform Group, Steve Matanle, has set out the Group's priorities for continuing progress in reforming London market processes for the coming year, with the first priority being to complete the three key reform workstreams.

## **Reform progress and plans**

The MRG has identified three major areas in which the market was successful in 2007:

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

**2007 Progress** Over 70% of Original Premium Submissions are being processed electronically via the Insurance Market Repository. This represents a significant increase since the beginning of the year when less than 20% of submissions were being made via the IMR.

**2008 Target** All firms must submit all original premiums electronically by the end of the first quarter.

### **Electronic Claims File (ECF)**

**2007 Progress** The adoption of ECF rose rapidly during 2007 with approximately 88% of new in scope claims and 75% of all new claims now being handled electronically. In the Company Market, 24 firms are now up and running and accepting claims electronically, with more poised to go live.

**2008 Target** The MRG aims to complete take-up by the end of the first quarter for Lloyd's in-scope new claims and across the London market by the end of the third quarter.

### **Contract Certainty & Legacy**

**2007 Progress** Contract certainty performance has remained above the MRG's 90% target across the London Market.

Contract certainty is now embedded as business as usual in market firms. The FSA has acknowledged and agreed with the CCSC<sup>i</sup> that there is no need to continue central measurement.

Dealing with outstanding legacy risks has been a priority for both the MRG and the FSA. Both Lloyd's and the company market are substantially ahead of the 2007 target, having

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reduced the backlog to less than 40% of the volume measured in mid 2006.

## **2008 Target**

The target for 2008 is to reduce the outstanding volume to below 20% of the original.

## **Other priorities for 2008 include:**

### **More electronic progress in 2008**

The second key priority for 2008 will be to increase substantially the market's ability to exchange structured electronic data to support the insurance process. This will reduce processing times; reduce re-keying costs; and reduce operational risk across the market.

### **E-Placing**

A key aim is moving to e-placing for all risk placements and amendments in the London market. ACORD international data standards will support the submission of risk details, the agreement of terms, and contract formation. In line with the MRG vision, face-to-face negotiation on individual risks, supported by the electronic process, will remain a key part of market activity where it adds value.

### **Endorsements**

2008 will see the full adoption of a new market standard for contract changes (Market Reform Contract Endorsements, MRCE). This builds on the successful adoption of the Market Reform Contract (MRC) for all open market risks in 2007. The MRCE will provide the foundation for a significant increase in remote electronic agreement of contract changes.

### **Steve Matanle, Chair Market Reform Group:**

"The market has made very significant advances in 2007 - electronic processing of claims and premium submissions is now the norm, showing market firms' appetite to embrace improved ways of working. In the coming year, we will make further strides into the electronic world, extending paperless processing of the insurance transaction. Continuing progress will help maintain London as the vibrant market of choice for global insurance."

### **Richard Ward, CEO of Lloyd's:**

"During the last year, the market has once again demonstrated that by working together we can achieve our goal of modernising the way we work and ensuring a better level of service for our customers. Against the backdrop of difficult circumstances I am delighted with the progress that has been made on ECF and A&S. This momentum must continue in 2008"

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**Stephen Riley, Chair of the International Underwriting Association:**

“The MRG work plan is focused on the most pressing issues, and will maintain successful cross market collaboration. Delivering these projects will be another milestone on our journey towards ensuring London is the market of choice.”

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<sup>i</sup> Contract Certainty Steering Committee - the industry-wide body formed to co-ordinate the response to the FSA challenge. See [http://www.marketreform.co.uk/Documents/About\\_market\\_reform/CCSCAnnouncementJan2008PublishedVersion.pdf](http://www.marketreform.co.uk/Documents/About_market_reform/CCSCAnnouncementJan2008PublishedVersion.pdf) for further details.

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