

# Together, electric dreams become reality

As we covered in these pages in May last year, Aon are leading the drive towards the realisation of the MRG vision of electronic support for risk submissions. 2007 saw the firm pursue this objective through offering business via the RI3K trading platform – and you may have seen significant coverage of their achievements over the 1/1 renewals season. We thought it was therefore time to catch up with **Ian Summers – Director of Change Strategy at Aon** – and a key business partner **Trina-lane Pearce – UK Operations Manager at Catlin** - to learn about the experience of electronic placing from both sides of the process.

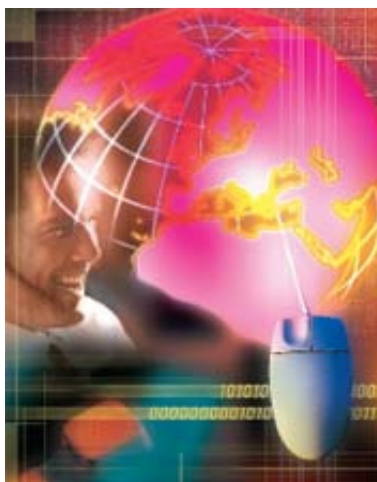
Firstly some facts; Aon transacted over 5000 lines electronically during the renewals season making up 80% of their treaty portfolio. Since then they have written a further 2000 lines, expanding use of RI3K to cover their direct book, starting with Marine business where over 50% of business is already being offered via the system. All these figures support Ian in saying that this has not been a one off exercise for renewals – “this is a fundamental change to the way we do business on an ongoing basis. 2007 was the first, sometimes painful, step towards delivering the end game. Now we have got going there will be no taking our foot off the accelerator.”

Internally, Aon has managed the change through a structured process aimed at winning the cultural argument first and then deploying the technology: “We have worked hard to explain to our broking teams how the use of RI3K fits in with our corporate vision. We have also been very careful that the work has not been seen in isolation – the transactional element of placing is only part of the story; it lays the basis for efficient premium processing and will form the core record of any claim file. It is therefore part of a wider initiative that will deliver better client service and a more effective core process. Our guys understand that, buy into the approach and recognise it is here to stay”.

Once this initial communication phase had been concluded in each area, Aon mandated use of RI3K for in scope business. It also built usage into the personal objectives of the relevant staff.

So placement data began to leave Aon not in a slip case, but via the trading platform, with insurers logging on via the internet to review risks. So how did that feel on the other side? What is the insurer's story?

Catlin has been a pioneer in the electronic placing area. It was part of the initial pilot work in 2007 and has a fully developed peer to peer messaging system. This is reflected in the internal culture – whilst Catlin underwriters like the traditional face to face approach to placing, they can see the long term benefits of a move to the electronic exchange of data and documents and are comfortable with the company's strategic vision to move to this way of processing business using its peer to peer messaging system.



Trina-lane Pearce picks up the story: “We are very clear that for us to benefit fully from our investment in electronic placing, we need a far greater volume of business than we have seen so far. We are equally clear that the ability to drive greater volume lies with the brokers. We are therefore very keen to encourage any effort on the part of our business partners to move in this direction. However we do recognise that our trading partners must both believe in and experience clear benefits from a move to greater electronic placement in order for the take up to be more widespread”

This was the reasoning behind Catlin actively engaging with Aon and accepting business via RI3K. Trina again: “It was our intention to use two way messaging with RI3K, feeding data and documents straight into our underwriting system and also responding from within our underwriting system. Unfortunately, this option was not available to us for the 1/1 renewals. Using the browser to access Aon business was not ideal for our underwriters but it was a step forward. Plus we see Aon as one of our key clients and are prepared to do what is necessary to meet their requirements. Our underwriters know that this is a temporary process and that RI3K are working closely with Catlin to achieve two-way messaging early 2008. We made it company policy to process business via RI3K whenever presented to us in this way; we made sure that our staff



knew that the electronic approach had been mandated at Aon and that Catlin management supported Aon's initiative.

Working to the simple rule of thumb that anything presented electronically was processed electronically, Catlin placed more than half its total business with Aon for the 1/1 season via RI3K, which included over 85% of its Aon treaty book.



Trina is pleased with Catlin's achievement. It demonstrates what the underwriting team can achieve when it embraces change. But, so much for the volume, what was the experience like on the front line? "One of the things to bear in mind is that our Underwriters were expecting to use Catlin's peer to peer system, which they have helped design and therefore believe it will truly enable them to realise the benefits of electronic placing. Compared to that, using the RI3K browser was always going to have its downsides although it must be noted, the criticisms are not of the browser itself but largely around double keying of data and general teething problems with a 'new business process' for both brokers and underwriters. So, yes, it did take longer to place business via RI3K both compared to placing business on paper or through the peer to peer system".



Summers accepts this point, but is clear that, in order that Aon could reach its major markets – not all of whom were as advanced in their electronic readiness as Catlin – the web offering was the most pragmatic solution to get things up and running. "But we remain absolutely committed to the movement of data from client to broker to insurer with no degradation (and with some value added by the broker). We will be working to align our offering with Catlin during the coming months".



Trina is also quick to point out that the issues that their underwriting staff have had with the process do not add up to a tale of woe for Catlin; far from it: "What the experience has highlighted to staff is the extent to which they will benefit when our long term vision is in place - message based trading with our business partners, where data and documents are automatically taken straight into our underwriting system and we respond from within our system. We saw the experience over the renewal season as a step towards that end goal and our chance to support and encourage a broker partner in its efforts to deliver the ramp up in volume that we need. Viewed in that light, the end result has been extremely positive. It has proved that even in a busy renewal season, business can be placed electronically whether on a browser or through messaging."

Catlin is already building on these achievements. It has had two way messaging capability since August and is actively working with counterparties to process live business in this way where possible. This will include with RI3K thus realising true benefits for underwriters. Meanwhile Catlin continues to see significant volumes of business from Aon via the platform, further demonstrating that it was not a one off exercise for renewals but a genuine change in business behaviour.

## Events...

### Dates for your diary

The Market Reform Forum sessions are designed to provide an update on the progress of the reform programme and give more detailed information on particular projects or aspects of the process.

Forthcoming dates are provided below.

**Thursday 28th February - 9.15am**  
**Balls Brothers, Minster Court**

**Thursday 27th March**  
**Thursday 24th April**  
**Thursday 29th May**

Places can be booked by emailing [mro@marketreform.co.uk](mailto:mro@marketreform.co.uk). Places are reserved on a first come first served basis.

### IT Club dates:

The Market Reform Forum now shares dates and venue with IT Club - with this session kicking off at 11.00am on each date.

Aon are also seeking to learn lessons to make the process better. They are currently involved in a detailed post project implementation review and have commissioned third party consultants to interview their top 20 counterparties for full feedback. "We expect to have concluded this process in mid March" says Ian "and when we have we will share the output with the market. We realise we have some procedural and technical issues to overcome and we will make changes and enhance the system to improve the experience for our business partners and clients. We remain convinced that electronic processing is the future for this market and we will make sure we build on experience to deliver it in the most effective manner."

Trina concurs: "Exchanging structured data to support the placing process is the way the market has to go in the next few years if we are to remain competitive. The process we have been through with Aon and RI3K is a vital staging post on the road to that vision".