



*Barnabas Hurst-Bannister, chairman of Travelers Syndicate Management Ltd, chaired the London Market Repository Board that managed the delivery of the Insurers' Market Repository (IMR) – the key system underpinning electronic claims and premium processing - and its accompanying agreement. He also sits on the Market Reform Group. In this article, based on his speech at the Xchanging conference in November 2008, he reviews the lessons that the introduction of the IMR has taught the market; and the implications for reform into the future.*

## Repository reveals level of market resolve

First and foremost, I believe it is important that we recognise the significance of the achievement that the introduction of the IMR represents. A significant amount of market endeavour has produced what will be a cornerstone of the London market for the foreseeable future. Whatever the end result of the, newly invigorated, deliberations on future claims strategy, the IMR will be fundamental to electronic claims processing for a number of years to come.

On top of this, the new IMR agreement, which came into force on 1st October, is a significant development. To most observers there would be nothing noteworthy about an organisation and its service provider agreeing the basis on which service levels will be provided; and the appropriate penalties for non-performance. However, when, in place of that one user there are over 250 distinct legal entities all signing up to the same contract language, you begin to understand the degree of thought, effort and coordination which has been possible only because of the effort of the market representatives. This has been a major achievement – but what are its wider implications? What does the success of the IMR tell us about our maturity as a market and our ability to embrace further change?

It confirms that we are able to come together as a market and collaborate in order to deliver change that promotes mutual benefit. IMR can be added to a growing list of successes here.

It shows that we are getting better at doing change. As a market we are growing up. Don't imagine that we have

set adolescent petulance behind us entirely, but we are beginning to grow out of the worst of our spotty phase.

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Finally, it shows that the cultural challenge of embracing technology is not insurmountable. This can be the critical enduring legacy that IMR gifts our future efforts at reform.

But before I get on to that, one note of caution. Change must be a continuous process. We delivered ECF when it did the basic job, recognising that we had a responsibility to make incremental changes to the software to improve the user experience and make further efficiency gains in claims processing. We must continue that investment. As Gary Bass, chairman of the ECF User Group commented in these pages recently, "the current system is not perfect...The only way you make systems like ECF work is to

follow the pattern that we have – deliver the system once you are sure it does the basic job and then deliver incremental improvements based on actual experience of using the system in anger...ECF has already played its part in helping the market improve its claims game...My task is to ensure that we continue to deliver advantage to the market". We, as a market, must support Gary and the User Group in that endeavour or risk giving up some of the ground so recently won.

But we must also find time to look to the future. Whilst I fervently support the MRG focus on finishing what we have started, I readily agree that completing this agenda will not signify that we have in any way finished. IMR has helped to provide a very solid launching pad for what will be the next significant phase of reform; and part of that launching pad has been built within the psyche of the market. One of the key ingredients for successful change is confidence. The ever increasing track record of achievement must give us confidence as a market that no challenge is too great. We must be bold in our ambition. The market now accepts widely that electronic placing support in some form is inevitable. 2009 is the year in which we should make significant strides to see that this happens. And this must mean a serious move to embrace structured messaging in the near future. I fully support the Endorsements initiative being led by John Muir at Willis; and accept the argument that utilising email was central to the achievement of rapid initial take up. But this is not the end game. We who are not of the Wii generation

must accept that email is an activity seen as obsolescently unambitious by the social networkers of 2008. We need to progress beyond it; and we need to do so pretty rapidly.

This would be consistent with the prevailing mood in the market – certainly within the constituency that I represent. I believe that, whatever the inevitable squawks of opposition from those underwriters and claims adjusters who do not wish to see change, the vast majority of managing agents are perfectly clear about their desires. They wish to have the capability to trade electronically; if possible, not exclusively, but whenever their customers want it. They want an end to unnecessary re-keying; with the advantages that that would bring in terms both of cost reductions and of a slashing of error rates. They want a claims system which benefits carriers as well as brokers and policyholders. They want an electronic accounting system disentangled from regulatory reporting and the ability of carriers to initiate both of these.

But do not forget that, however farsighted the CEO or CFO is, they know that, on behalf of their capital provider, whatever future changes are foreseen they cannot be contemplated or paid for without underwriting profitability –

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without that no results will be delivered, whether in the electronic world or not. Reform remains the great challenge facing our market but we must always view it in the right context for it to be successful. Ultimately all of this change is aimed at supporting the main purpose of our business – to deliver customer

service, and if possible, harvest a return for so doing, if possible. So, we must create a virtuous circle – underwriter profitability leading to a meaningful level of investment in systems leading to greater underwriter profitability. Underwriters need to make a profit anyway, and as night follows day, without profit there will certainly be no investment in systems. This is no more than a clarion call to common sense. Whatever the options for change are, doing nothing isn't one of them. We need to invest, and to do that we underwriters need to make profits.

Peter Harmer wrote to the CEOs of market firms at the beginning of January setting out his plans to put flesh on the bones of the MRG vision. His work gives fuller definition to the musings I have set out in this article. It is the work that will deliver the common desire of all of us – broker, managing agent or company insurer – that London maintains a vibrant role in the global insurance industry in which we now work. There will be much to do but, as IMR has shown, there will be no challenge that is insurmountable. The world that delivers that virtuous circle of profit, investment and further profit is within our reach. Let us redouble our efforts to get there.

# 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. Dates coming up are provided below. All sessions start at 9:15am at Willis Auditorium, Lime St.

**Tuesday 20th January**  
**Wednesday 18th February**  
**Wednesday 18th March**

Only those who pre-register will gain admittance. Online booking is available via [www.marketreform.co.uk](http://www.marketreform.co.uk) Places are reserved on a first come first served basis.

### ACORD Club dates:

ACORD Club provides an update on the latest technological innovations in the market. The venue for this is Balls Brothers, Minster Court. All sessions start at 11am. Dates coming up are:

**Thursday 29th January**  
**Wednesday 25th February**  
**Thursday 26th March**

For more details on upcoming speakers, visit the ACORD website ([www.acord.org](http://www.acord.org)) or email Melanie Harding ([mharding@acord.org](mailto:mharding@acord.org))