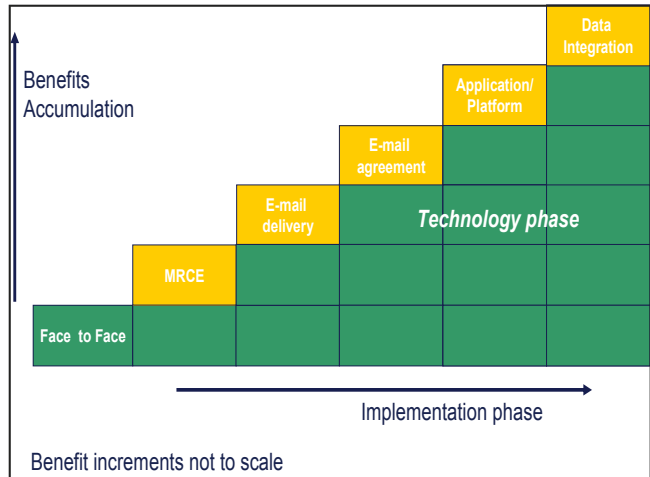


Evidence of the change may also still be provided by the broker to the client by means of a Broker Insurance Document (BID), however no reference to a BID should appear in the MRCE.

### Agreement process

The MRCE is a documentation standard and does not define the means of the agreement process or the data standards involved. However, it forms an important step in the implementation phase of the Endorsements project as set out in the diagram opposite. Standardisation alone will deliver benefit in terms of increasing the efficiency of the end to end endorsement process - it will increase the clarity to underwriters as to what changes are being made and will allow brokers to reduce processing time through not having to generate a separate evidence of change. It is also crucial in the move towards ACORD messaging while itself being independent of the means of transacting. For example, the MRCE may be exchanged between a broker and insurer using paper or as an attachment to an email or an ACORD endorsement message.



A data dictionary is provided with the MRCE Implementation Guide and lists headings generic to all contract changes. The relationship of these headings to the ACORD standard and to the historical "Honeycomb" document is provided.

Rob Campbell, Market Reform Office

## London's role in the world



*Paul Jardine, Catlin Group Chief Operating Officer and Deputy Chairman of the Catlin Syndicate at Lloyd's, joined MRG in the summer when he assumed the Chair of LMA. Drafting this article in the Catlin office in Bermuda, he considers where London sits in the global insurance market of the future and how the market reform work that we are progressing will help ensure that position.*

Sitting in Bermuda composing thoughts on the reform programme in the London market it immediately becomes apparent that we no longer live in an isolated, independent world where one insurance centre can exist autonomously without regard for any other. Insurance today is about a global market; about meeting our clients' global needs through first class service. But with that must come the realisation that few commercial clients would want all their business placed in one market. Brokers and clients want choice and want to avoid placing all of their eggs in one basket. They need a range of strong and vibrant markets to fulfil their risk transfer requirements. Further, it is in the very nature of insurance that some markets are better suited to underwrite certain types and classes of business, whether this is based on distribution, expertise or licensing. We live in a world of competing but complementary insurance centres which need each other to support a viable global insurance offering. Carriers and markets can compete within that framework for a bigger and better share of the overall global pie.

So what are the implications of this? The overriding one for me is that we need to define the role London should play in our global industry. We need to identify the things that we are good at, that make us attractive to our customers, and celebrate and promote those. And we need to analyse those things we do less well, that inhibit profitable business from reaching us and put in place the solutions that allow us to improve.

London has a unique place as the only true subscription market. It allows us to provide a holistic product to our customers and helps ensure, along with London's expertise, that speciality business will always be brought here. We also have advantages in terms of capacity – not necessarily financial capital, but certainly its human equivalent. If you include support and service staff such as lawyers and accountants, then London employs more people in wholesale insurance alone than the entire population of Bermuda.

But we must accept there are areas where we could do better. Our rather monolithic approach to placement – face to face negotiation for everything – needs an overhaul. That personal conversation in a physical marketplace has great value for some business, but we need to develop an approach that allows us to commoditise business appropriately and develop a better way of dealing with less complex risks. We need to refine and continuously improve our back office processes to reduce frictional administrative costs. Above all, we must ensure that the changes we deliver make us more open to the global market and do not impede brokers bringing business to us.

### 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. Please note the change of venue (as voted by the November forum attendees). Full details on the topics, locations and time for each one will be published prior to the session.

**Thursday 31st January - 9.15am**  
**Balls Brothers, Minster Court**

**Thursday 28th February**  
**Thursday 27th March**  
**Thursday 24th April**

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 11.15am on each date.

IT club spaces can be reserved by contacting Mel Harding, ACORD: [mharding@acord.org](mailto:mharding@acord.org)

### Beginner's sessions

We are planning further half day sessions for those people who need to get up to speed with the reform programme. To register interest in attending one of these, please email [mro@marketreform.co.uk](mailto:mro@marketreform.co.uk)

### Market reform - where do I go for more info?

Further details on all aspects of reform are available via our website - [www.marketreform.co.uk](http://www.marketreform.co.uk). The monthly market reform forums and this newsletter provide an update on progress and a more detailed look at a topical issues. Beyond this, if it would help to have a member of MRO visit your firm to discuss any aspect of the reform agenda, please email [mro@marketreform.co.uk](mailto:mro@marketreform.co.uk) to arrange.

Several external commentators have identified critical success factors for our industry outside of the obvious underwriting expertise. Many of these factors highlight the need for insurers to continually focus on cost control issues. I would place a significant emphasis on the cost of claims. For too long we as senior management have considered claims to be a backwater and not the custodian of the largest cash outflow that we as an industry expend. And too often we fail to take proper notice of the importance that our clients put on the claims process. At its core, the insurance transaction involves the client writing a cheque in return for an insurer's promise to pay. So it should be an inherent part of our business philosophy that we concentrate on the efficiency with which we meet that underlying promise.

But there are times when you cannot make progress on your own as an organisation – when we need to act collectively as a market to deliver benefits that each firm cannot realise individually. Our staff cannot progress a claim until the broker notifies them of it; full payment cannot be made until all interested parties have had an opportunity to consider the claim's merits. We need to work together to develop the swiftest, most cost effective ways of completing each task. ECF is a vital building block in this process, and I am delighted that we have knuckled down and got on with delivering this change over, in reality, such a short time frame. It may have been a long time coming, but I take my hat off to the claims teams around the market who have got on with the job and adapted to the new working practices and systems. We are now seeing close to 65% of Lloyd's claims processed via the system. We must build on this achievement and develop the market-wide claims handling service targets and measurement metrics that will really allow us to drive quality improvements and time savings.

***“we are defining a new paradigm for the way in which the right balance of collaboration and competition can deliver a more vibrant and profitable market for all of us”***

The realisation of the need to collaborate to deliver lower cost and how this work will enhance London's position in the global market is what makes me excited to be a part of MRG. MRG's agenda is driving us forward as a market in exactly the right direction – addressing the issues requiring collective action.

As I joined MRG, I was conscious of how difficult it is to accomplish change, but I also believe that the market has done well in recent years in driving forward our reform programme. At times I think we are still a little too ready to wear the hair shirt. Yes, we can sometimes wish we were making more progress faster, but look at where we are now and compare it to two or three years ago; it's a very different landscape. We can now build on what we have achieved and recognise MRG as the focal point for change. By doing this I believe we are defining a new paradigm for the way in which the right balance of collaboration and competition can deliver a more vibrant and profitable market for all of us. At the centre of this is a cooperative change programme that addresses the efficiency of the processes that we share and seeks to deliver continuous improvement. This will send a clear message to people across the market and I believe that this clarity is the key to achieving practitioner buy in. We live in a world where our clients' desires are simple. They want a product that is easy to understand; they want a claims process where they know how their case is handled; they want a reasonable level of price stability; and they want the security of being able to spread their risks across different insurers and across different markets. We can meet these needs simply as well, by playing our active part in a vibrant global industry. Rather than restricting the role London can play, it provides the opportunity for us to develop and enhance it. I look forward to the challenges and opportunities ahead in the knowledge that when it comes to change we have a united view of the future.