



## Maturing nicely but scope for further improvement...

*As the International Underwriting Association (IUA) is enjoying its 10th birthday this year, we asked Tim Carroll, newly installed as Underwriting Director at Canopus, but an IUA “original”, and a survivor from the simultaneous launch of the London Market Principles, to reflect on the progress that the market has made since then – and the work still to be done.*

**B**y my recollection 2009 does not just signify the tenth anniversary of the coming together of LIRMA and ILU to form the IUA but also marks a decade since the launch of the London Market Principles initiative. Ten years on then from the first rumblings of what became the market reform process I thought it was time to have a look at what we have achieved and consider the questions we have yet to answer.

At this stage I should come clean and admit that, whilst I was there at the start of the LMP, I did spend the years 2002 – 2004 in Chicago. Frankly, by the time I returned from the States, I would say little had changed. Even something as simple as introducing a standard slip format was more talk than action for the first five years. Then I think a number of factors came together that created the momentum we have enjoyed in recent times. There is no doubting that the FSA interest in contract certainty, announced in John Tiner’s speech in December 2004, was a catalyst that got us all acting rather than thinking on reform. This revitalised the Market Reform Group which reconstituted itself as a streamlined, strategic leader rather than the talking shop some might previously have accused it of being. MRG brought with it (with due deference to my publishers!) the Market Reform Office a central resource to support the work and above all to inject the necessary energy to get

things done. The final tipping point was reached, I believe, when Rolf Tolle and Richard Ward agreed that CLASS could be used to manage claims in the Lloyd’s market. Whatever your gripes about its foibles as a system – and I understand these – this put claims on a (reasonably) common technology platform and made the realisation of an Electronic Claim File that could service the whole London market a possibility.

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That series of happenings brought the market together and focussed it on getting going, not just on contract certainty but also on the accounting and settlement and ECF work. And we have now got most of the way on these initiatives. I support my former colleagues on MRG’s desire to focus on

finishing what we have started; but let’s finish it quickly. E-Accounting apart – where I accept there is significant work to be done that may extend a little into 2010 – I would hope that we had pretty much finished off ECF this year. Then we can get on to what is next, but let’s not take another ten years to get that done!

In terms of the ongoing agenda, undoubtedly the Holy Grail remains electronic placing. To my mind, an efficient market needs a standard, electronic, linked approach to managing and auditing the end to end insurance transaction. So that is quotation to claims payment via placement; binding; evidence of cover; settlement and endorsement. It would ensure that, as a market, we continued to adhere to contract certainty requirements, that we minimised the operational risk of our primary processes and that we delivered streamlined and efficient administration that freed us to concentrate our resources on the areas of the transaction where our respective skill sets can most fruitfully be brought to bear. The short-term inconvenience



of adapting to an electronic transaction service is far outweighed by the immense industry-wide benefits that will be felt for years to come. As I chair RI3K's advisory board, it will come as no surprise to you that I also believe there is a role for a market utility in supporting this approach.

Above all else, what this approach will mean is that our clients enjoy the benefits of speed, lower costs and increased transparency. They will understand the process they are engaged in, understand what it is they pay for, how much it costs them and the value it adds to their business. And that will allow us as an industry to demonstrate our worth and attract profitable business opportunities.

I am convinced that now is the time that this vision can come to reality for a number of reasons. Firstly, the lessons of the past and the progress of technology mean we have reached a landing on how, in practice, this might work. There will never be a single market system that everybody logs on to to do business. Far better, we have the ACORD messaging model combined with one or more inter-related

messaging hubs. This provides the necessary standard but flexible approach to the required transfer of data. That is why I welcome the Lloyd's Exchange, the Rushlikon initiative and the work going on in Qatar; and I particularly welcome the commitment of all three of these to keeping in touch with each other and with the

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market to ensure that choosing to use one hub will not shut you off from users of one of the others. We have choice of provider but mutual standards to ensure that each hub can talk to the other. That is how the mobile phone industry effectively works – the principle should be exactly the same for us.

To draw another parallel, when you buy a round the world airline ticket, this can all be processed as one seamless electronic transaction. Your journey may well involve utilising the services of several carriers. You pay once and behind the scenes the allocation of fare to carrier is performed and transacted. Single purchase, single payment, multiple providers all managed by technology and delivering impressive customer benefit. There is no reason why we cannot enjoy a similar system.

Ten years ago we embarked on a reform process, clear in our minds that failure to do so would leave London's position in the global insurance market seriously exposed. We have made a lot of progress over those years, particularly in the latter half. But so have our competitors. The case for change is probably stronger now than it was back when we began. Finishing what we have started will only get us part of the way to the market of choice. Finishing the job is what we need to do. Electronic placing is the significant mountain we have yet to conquer. Now is the time to get moving.



# 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.

**Wednesday 18th March**  
**Wednesday 15th April**  
**Wednesday 20th May**

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 26th March**  
**Thursday 30th April**  
**Thursday 28th May**

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