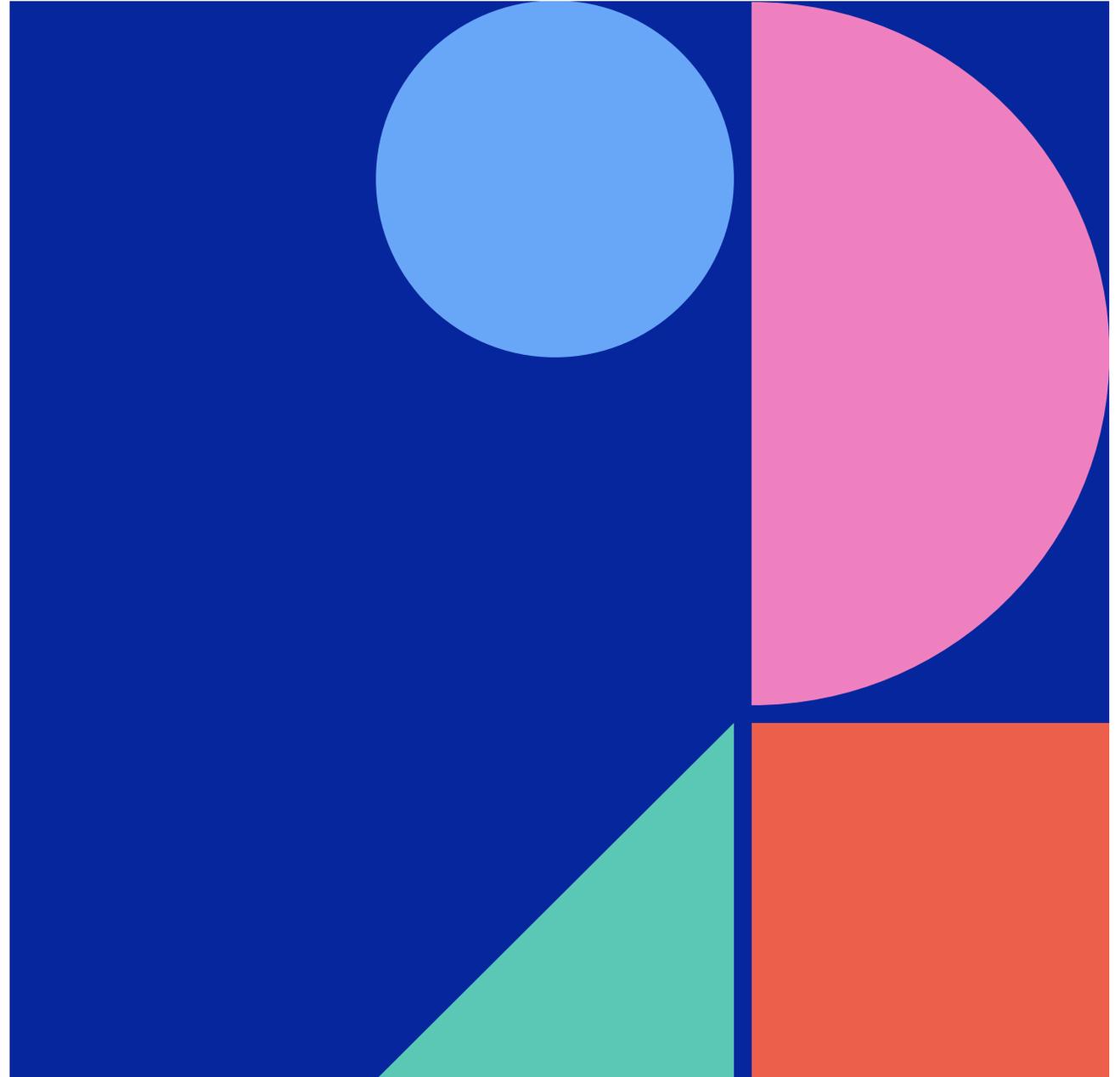LLOYD'S

Blueprint Two
Interactive Guide
First edition May 2021

→ **Begin**

Getting ready for the digital marketplace

This guide has been superseded by the second edition of the Blueprint Two Interactive Guide, which includes a roadmap of dates and key actions. Please see the new edition here.

The contents of your guide

This interactive guide provides key information about the Future at Lloyd's and how to prepare your organisation for the digital marketplace

1 Latest developments

What you need to know to prepare for the digital marketplace

2 Getting ready

Data mindset, connected technology, your digital organisation, adoption ready

Must read for CEOs

3 The future

Overviews of the end-to-end placement and claims processes for the Lloyd's and company markets

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Summary of the benefit opportunities

Must read for CEOs

5 Voice of the market

Perspectives from market leaders

6 Future editions

Key things to look out for in future editions of the guide

7 Useful information

Glossary and templates to enable your delivery teams to prepare

Must read for CEOs

01

Latest developments

What you need to know to prepare for the digital marketplace

Key takeaways:

- Core Data Record (CDR) and draft iMRC published
- The Delegated Contract and Oversight Manager (DCOM) will be launched in June 2021
- Faster claims payments for delegated authority business to be launched as pilots by Q3
- Placement support services
- The Virtual Room is open for all classes of business

Latest developments

Getting ready for the digital marketplace

Password: LLOYDS

"I am really looking forward to working with you on our journey to transform the Lloyd's marketplace."

Password: LLOYDS

"We are committed to the opportunity that the Future at Lloyds gives us to create the most digitally advanced insurance marketplace in the world."

John Neal, CEO of Lloyd's

Through the Future at Lloyd's, we are creating the world's most advanced insurance marketplace. We want to drive innovation, growth and radically transform the way businesses at Lloyd's trade alongside one another. We want to build on our existing strengths and the power of the Lloyd's market: our global brand, reputation and culture. That's how we will continue to deliver the very best value for our customers.

As leaders of the market, our interactive guide has been designed to help us get ready for the new digital marketplace.

Jennifer Rigby, COO of Lloyd's

To successfully transform our market and get your organisation ready to operate in the digital marketplace, we need our whole community of trading partners - in London and around the world - to be ready to implement the Future at Lloyd's.

This guide focuses on four key considerations to get benefits ready – data mindset, connected technology, your digital organisation and adoption readiness. We will share specific and pragmatic actions you need to take including market perspectives and case studies to help inform your own implementation roadmap.

Getting ready for the digital marketplace

What are the latest developments I need to know and why?

1. Core Data Record (CDR) and draft Intelligent Market Reform Contract (iMRC) published	These are the critical foundation elements to capturing complete and accurate data at the point insurance transactions are entered into
2. The Delegated Contract and Oversight Manager (DCOM) will be launched in June 2021	DCOM will transform the way binders are generated and registered in the market
3. Faster Claims Payment solution being piloted in delegated authority	An automated solution that allows payment on agreement to customers directly, using a regulated and secure process by accessing funds held by Lloyd's
4. Placement support services	Working with the placement platforms to ensure that they will work hand-in-hand with Lloyd's data standards
5. The Virtual Room is open for all classes of business	Enables scheduling, collaboration, voice and video chat between market participants wherever they are located, including the Underwriting Room

What are the key actions to be taken?

- Attend the interactive guide experience forums to share your perspectives on developments associated with the Future at Lloyd's
- Familiarise yourself with the benefits ready approach and the importance of:
  - Data mindset
  - Connected technology
  - Your digital organisation
  - Adoption ready
- Identify a sponsor to lead each of these areas and undertake the priority activities for your organisation
- Within your own organisation, emphasise the importance of preparing to operate in the digital marketplace and the key steps to be taken

Latest developments

A recap of Blueprint Two

Blueprint Two will deliver benefits by redefining end-to-end journeys that provide accurate, straight-through digital processing capability for the market. Key outcomes will include:

1 A first class digital marketplace that is data-driven and digitally enabled which will create the most advanced insurance marketplace in the world

2 An ability to identify a valid claim on notification and enable claims to be tracked throughout their lifecycle, resulting in a faster settlement time and improved customer experience

3 A way of working which promotes a 'getting it right first-time' mentality to reduce lead-times and errors, driving cost benefits for everybody in the value chain

To read Blueprint Two in more detail, click here.

Areas of change	Operating in the digital marketplace – Blueprint Two commitments
Data	The placement processing data, created at the point of bind when enhanced with derived data, will form the Core Data Record (CDR) and will be the single point of reference which connects all subsequent processes, including accounting, payment, endorsements, claims, renewals and reporting. This will be truly transformational, enabling the market to become a digital marketplace.
Delegated authority	Provide centralised solutions for each stage of the coverholder placement journey including facility placement, risk placement, data capture and reporting.
Claims	Deliver a new claims platform and drive targeted process efficiency through enhanced data validation and reporting via Delegated Data Manager (DDM).
Open market	Establish a suite of services, including support services, to allow a data record to flow to the Digital Gateway. This will enable straight-through processing to deliver intuitive user experiences and accurate data, to power downstream processes from placement to claims and settlement.
Digital Processing	Build a straight-through digital processing capability enabling faster and cheaper processing post-bind.

02 Getting ready

Data mindset, connected technology, your digital organisation, adoption ready

Key takeaways:

- Identify your lead for the Future at Lloyd's programme to focus on activities relating to:
  - ○ Data mindset
  - ○ Connected technology
  - ○ Your digital organisation
  - ○ Adoption ready
    - ○ Delegated Data Manager (DDM)
    - ○ Faster claims payments
    - ○ Virtual Room
- Sign up and get involved - bookmark the Future at Lloyd's page and stay up to date through future editions of this guide
- Click here to register for regular programme updates and actively participate in market engagement sessions e.g. forums and design labs

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Digital benefits – getting ready

To transition to the digital marketplace, we know it is important for us to prepare our organisations to operate effectively.

To get **'benefits ready',** we have defined four key considerations:

- Data mindset
- Connected technology
- Your digital organisation
- Adoption ready

We will continue to define what these considerations mean, sharing specific and pragmatic actions to take, market perspectives and case studies to inform your own implementation roadmap.

Click here to register for regular programme updates and actively participate in market engagement sessions e.g. forums and design labs.

Data mindset

Connected technology

Benefits ready

Your digital organisation

Adoption ready

Getting ready

Data mindset

A data mindset promotes a data-first strategy for your organisation[...]
confidence in the accuracy and quality of data enabled by appropr[...]
governance, process and controls to effectively and safely leverag[...]
platforms and processes.

Why is this important?

This will:
- Improve consistency of data by adopting common data standards
- Enables scalability of business without the associated costs
- Enable automation
- Reduce errors from manual processes
- [...]tive cost burden
- [...]y, reduced rework and enable cost savings – 'right first-time' mentality
- [...]of data, providing greater insights

[...]ays viewed data as an asset and put an emphasis on capturing rich
[...]that span multiple countries, coverages, and distribution models, there
[...]o connect data across disparate systems to create a singular view of
[...]tionships and overall portfolio

[...]ate lead for data readiness activities:
- [...]part in the consultations on the Core Data Record, providing
- [...]viewing feedback to form a collective view
- [...]data standards (aligned to content, process and security) and identify
- [...]ddress
- [...]elligent Market Reform Contract (iMRC) protocols
- [...]o direction for enhanced data standards for your organisation
- [...]lity, data governance, processes and controls in line with new
- [...]cyber protection requirements and identify mitigating actions
- [...]rred data format for data submission and engage with the
- programme team in the future pilots

Core Data Record

iMRC

What is it?

Intelligent Market Reform Contract (iMRC) is a market reform contract structured so that key placement processing data can readily be extracted to drive digital back office processing.

Close

Close

Who should be involved?

Typically we would expect the following functions to be involved:

- Data and Digital
- Finance
- Technology
- Underwriting and Claims
- Compliance
- Marketing
- The Future at Lloyd's sponsor

LLOYD'S

Getting ready

Connected technology

Identify priority technology investments to enable your firm to maximise the benefits from using placement platforms operating in the digital marketplace.

Why is this important?

This will:
- Improve market and customer experience – simplified access to Lloyd's applications
- Increase accuracy across the market
- Increase speed of data flow between organisations and within Lloyd's, improving the ease of doing business

Where has this been done well?

BRIT

Brit built a 3-year implementation plan:
- Thought carefully about how Blueprint Two would help them get benefits ready
- Transitioned and adopted cloud technology
- Embraced a data-first strategy

McGILL AND PARTNERS

- McGill and Partners launched in May 2019
- They have built their platform to embrace digital technology
- More than 50% of their business is placed digitally which will increase as others adopt Blueprint Two standards

What do we need to do?

Identify the appropriate lead for technology readiness activities:
1. Click here to participate with Lloyd's on the design and early adoption of new solutions to ensure that they are tailored to fit your organisation's needs
2. Encourage your preferred technology suppliers to engage with the Future at Lloyd's programme
3. Identify systems and processes likely to be impacted by Blueprint Two
4. Align your technology strategy with your organisation's data-first mindset

Who should be involved?

Typically we would expect the following functions to be involved:

- Data and Digital
- Finance
- Technology
- Underwriting and Claims

- Compliance
- Marketing
- The Future at Lloyd's sponsor

Getting ready

Your digital organisation

Develop your people capabilities to embed the new ways of working and interacting across the digital marketplace.

Why is this important?

This will:
•Equip your business to be flexible, agile and ready for the new digital marketplace
•Ensure new skills and people capabilities can deliver future business requirements
•Provide opportunities to streamline processes including cost reduction
•Enable new ways of working including connecting physically, virtually or a combination of the two in the Underwriting Room and/or Virtual Room

Where has this been done well?

beazley

•Beazley have launched a new digital business unit – Beazley Digital
•They are reimagining their approach to developing and underwriting digital insurance solutions
•Digital specialist products have been developed to build a seamless and intuitive digital trading platform to deliver simple, well executed insurance policies

What do we need to do?

Identify the appropriate lead for organisation readiness activities:
1.Understand the impact of the digital marketplace on your organisation's operating model and environment
2.Identify new skills and resource required for adopting Blueprint Two solutions
3.Adapt your organisation's ways of working as the Lloyd's market becomes increasingly digital

Who should be involved?

Typically we would expect the following functions to be involved:

- Human Resources
- Finance
- Data and Digital

- Marketing
- The Future at Lloyd's sponsor

Getting ready

Adoption ready

Engage with the Future at Lloyd's and prepare your organisation to ~~become~~ adoption ready.

Why is this important?

This will:
•Align key stakeholders and promote an understanding of the Blueprint Two solutions and their impact

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Faster Claims payment

Delegated Data Manager

Delegated Data Manager (DDM) is a system that allows for the submission and access of data relating to delegated authorities held in a single repository. It will enable consistent data and information exchange across the delegated authority market.

Visit the dedicated webpages for the DDM on our website, which includes the latest news and developments here

Close

Who should be involved?

Typically we would expect the following functions to be involved:

- Operations
- Finance
- Data and Digital

- Marketing
- The Future at Lloyd's sponsor

Classification: Confidential

03 The future

Overviews of the end-to-end placement and claims processes for the Lloyd's and company markets

Key takeaways:

- The future Lloyd's market will be digital from start to finish providing a highly intuitive user experience, complementing face-to-face placement with data at its core
- All claims will be driven by richer data from placement, blended together with data from a suite of centralised claims support functions

The future

End-to-end placement and claims journey

The Future at Lloyd's programme will harness data to streamline and simplify the end-to-end placement process, and launch new digital services and solutions that will transform the customer experience – for brokers, insurers, and other market participants located around the world.

(i) **Select open market or delegated authority journey**

Open market

Lloyd's is working with market participants, including third party placing platforms, to set data standards and enable them to provide a consistent and trusted source of data that powers downstream processes.

Digital claims management will help enable the market to identify a valid claim and increase transparency throughout the process, resulting in quicker claims payments.

→ **View**

Delegated authority

All aspects of the delegated authority journey will be enhanced, from onboarding through to placement, data capture and processing, and claims.

This will simplify and significantly reduce the cost of doing delegated business and make Lloyd's a more attractive marketplace for all stakeholders.

→ **View**

LLOYD'S

The future

Open market: End-to-end placement and claims journey

→ **Broker path**

→ **Insurer path**

→ **Go to end-to-end journey homepage**

Lloyd's is working with market participants, including third party placing platforms, to set data standards and enable them to provide a consistent and trusted source of data that powers downstream processes.

Digital claims management will help enable the market to identify a valid claim and create transparency throughout the process, resulting in quicker claims payments.

For more information on the open market journey click [here](#)

Getting covered

Placement
New business, endorsements and renewals

Post placement processing
Accounting, payment and reporting

1) Access the marketplace
Brokers and insurers can connect, collaborate and meet anytime, either physically in the Underwriting Room, virtually in the Virtual Room or via a combination of the two.

2) Risk placement:
More efficient risk placement using platforms including PPL and Whitespace, supported by placement support services.

3) Firm order and bind:
Right first time data and reduced errors without manual rekeying, powered by the Core Data Record.

4) Streamlined signing down:
Streamlined processing at the point of bind supported by placement rules.

5) Digital processing and payment:
Faster invoicing, payment and reporting enabled by the immediate creation of an irrefutable technical account and associated ledger entry.

Recovering from loss

Claims
First notification and adjusting

Claims processing
Accounting, payment and reporting

6) eFNOL:
Faster and simpler claims submission to insurers.

7) Effective policy matching, verification and coverage checks:
Automation will increase the speed of decision making.

8) Digital routing and intelligent workflow:
Greater transparency of activities across the claims lifecycle through direct routing and tracking of tasks to the appropriate channel.

9) Greater market collaboration:
Efficient claims handling facilitated by digital tools and market collaboration.

10) Digital processing and payment:
Faster claims payment and simplified reporting.

LLOYD'S

The future

Open market:
End-to-end placement and claims journey

💼 Broker path

→ **Insurer path**

→ **Go to end-to-end journey homepage**

Typical broker challenges that will be addressed include:

- Burdensome administration and processes:
  - Lack of standard data practices
  - Manually rekeyed in different systems
  - Highly manual payments and settlement processes
  - Slow claims management processes
- No single source of truth for reporting purposes and difficulty of tracking payment sources

Getting covered

Placement
New business, endorsements and renewals

Post placement processing
Accounting, payment and reporting

1) Access the marketplace:
The broker can access insurers in a way that works for them – in the physical Underwriting Room and/or Virtual Room – to collaborate and place risk efficiently.

2) Risk placement:
The broker can access placement support services to make risk placement more efficient.

3) Firm order and bind:
The broker can use the 'doc-check' service to ensure data is complete and will not need to create LPAN submissions and tax schedules. The broker's need to manually rekey is reduced by the Core Data Record, which reduces errors.

4) Streamlined signing down:
The broker will adopt placement standards, so signing down will only be used where it's required. Where signing down is required, Lloyd's will establish consistent standards.

5) Digital processing and payment:
The broker benefits from faster invoicing, payment and reporting enabled by the immediate creation of an irrefutable technical account and associated ledger entry.

Recovering from loss

Claims
First notification and adjusting

Claims processing
Accounting, payment and reporting

6) eFNOL:
The broker can review relevant policies through the automated claims solution post registration of a claim.

7) Effective policy matching, verification and coverage checks

8) Digital routing and intelligent workflow:
The broker can view the claim in real-time and receive automated reminders for document requests.

9) Greater market collaboration
The broker can request the status of a claim, respond to any queries and interact with insurers to enhance the claims handling process and lead to quicker outcomes.

10) Digital processing and payment:
The broker can receive faster claims payments and can agree with the insurer to pay claims directly to the customer.

LLOYD'S

Open market: End-to-end placement and claims journey

✓ Insurer path

→ **Broker path**

→ **Go to end-to-end journey homepage**

Typical insurer challenges that will be addressed include:

- Burdensome administration and processes:
  - Lack of standard data practices
  - Manually rekeyed in different systems
  - Highly manual payments and settlement processes
  - Duplicative process for followers
  - Slow claims management processes
- No single source of truth for reporting purposes and difficulty of tracking payment sources

Getting covered

Placement
New business, endorsements and renewals

Post placement processing
Accounting, payment and reporting

1) Access the marketplace
The insurer can meet brokers and share their risk expertise in a way that works for them – in the physical Underwriting Room and/or Virtual Room.

5) Digital processing and payment:
The insurer benefits from faster invoicing, payment and reporting enabled by the immediate creation of an irrefutable technical account and associated ledger entry.

2) Risk placement:
The insurer can collaborate and negotiate with brokers and other insurers easily and access the placement support services.

3) Firm order and bind:
The insurer can review the Core Data Record and placement processing data, enabling the insurer to bind the risk.

4) Streamlined signing down:
The insurer will adopt placement standards, so signing down will only be used where it's required. Where signing down is required, Lloyd's will establish consistent standards.

Recovering from loss

Claims
First notification and adjusting

Claims processing
Accounting, payment and reporting

6) eFNOL

10) Digital processing and payment:
The insurer can pay the customer directly where required.

7) Effective policy matching, verification and coverage checks
The insurer is able to invest more time in the complex areas of coverage decision, as the claims solution will guide them through simple coverage checks.

8) Digital routing and intelligent workflow:
The insurer is able to adjust the handling route based on their preferences and view the actions of others relevant to the claims they are handling.

9) Greater market collaboration
The insurer is able to collaborate with brokers and request further documentation / information where required.

The future

Delegated authority: End-to-end placement and claims journey

→ **Broker path**

→ **Insurer path**

→ **Go to end-to-end journey homepage**

All aspects of the delegated authority journey will be enhanced, from onboarding through to placement, data capture and claims.

This will simplify and significantly reduce the cost of doing delegated business and make Lloyd's a more attractive marketplace for all stakeholders.

For more information on the Delegated Authority journey click *here*

Getting covered

Coverholder onboarding and facility placement

Risk placement, data capture and processing

1) Coverholder onboarding: Fast and transparent coverholder onboarding process.

2) Enhanced facility placement: Intuitive placing platforms enhance user experience and confidence by getting the data right first-time through DCOM.

3) Continuous contracts: Quality data eliminates the need for coverholder's renewal process.

4) Enhanced risk placement: Meeting all Lloyd's requirements for coverholders through Coverholder Workbench.

5) Data capture, reporting and processing: Simplifying and centralising the exchange of transactional data between coverholder, broker and underwriter using DDM.

6) Digital processing and payment: Faster movement of data and transparent processing of risks and claims enabled by initial releases of digital technology including the Digital Spine and Digital Gateway.

Recovering from loss

Claims notification and reporting

Claims processing Payment and reporting

7) Delegated claims status tracking: Allowing effective tracking of the claims.

8) Bordereaux submission and reconciliation: Streamlined bordereaux submission and automated data quality checks.

9) Faster payments: Automated claims payment and improved loss fund management.

10) Integrated reporting: Centralised data store enabling automated reporting.

LLOYD'S

The future

Delegated authority: End-to-end placement and claims journey

💼 Broker path

🔵→ **Insurer path**

🔵→ **Go to end-to-end journey homepage**

Typical broker challenges that will be addressed include:

- Burdensome administration and processes:
  - Lack of standardisation across documents and information in the market
  - Manually rekeyed in different systems
  - Highly manual payments and settlement processes
  - Claims professionals must review bordereaux to ensure claims outcomes from DCAs meet expectations (or alternatively pay to outsource)
  - Slow claims management processes
- Limited communication and lack of collaborations tools prevent stakeholders from working efficiently on a claim together
- No single source of truth for reporting purposes and difficulty of tracking payment sources

Getting covered

Coverholder onboarding and facility placement

Risk placement, data capture and processing

1) Coverholder onboarding:
The broker receives guidance from DCOM on how to onboard coverholders.

2) Enhanced facility placement:
DCOM will highlight variances from model clauses to the broker, providing greater transparency into the risks that coverholders are writing on the broker's behalf.

3) Continuous contracts:
Due to quality data the broker will not need to undertake the coverholder renewal process.

4) Enhanced risk placement:
The Coverholder Workbench supports the broker in meeting Lloyd's requirements.

5) Data capture, reporting and processing:
The broker can collect brokerage quicker as they are no longer required to submit an LPAN.
The broker provides data once into DDM, which is automatically submitted to the bureau.

6) Digital processing and payment:
The digital capabilities (Digital Spine and Digital Gateway) enable data flow and the processing of risks and claims. These capabilities will form part of the engine room and will not be visible to the user.

Recovering from loss

Claims notification and reporting

Claims processing
Payment and reporting

7) Delegated claims status tracking:
The broker is able to track the status of claims.

8) Bordereaux submission and reconciliation:
Automatic checks and validations will reduce time consuming manual checks and queries the broker has throughout the bordereaux process.

9) Faster Payments

19) Integrated reporting

Classification: Confidential

LLOYD'S

The future

Delegated authority: End-to-end placement and claims journey

✓ Insurer path

→ **Broker path**

→ **Go to end-to-end journey homepage**

Typical insurer challenges that will be addressed include:

- Burdensome administration and processes:
  - Lack of standardisation across documents and information in the market
  - Manually rekeyed in different systems
  - Highly manual payments and settlement processes
  - Insufficient information and analytics leads to incorrect loss adjustment instructions
  - Laborious feedback loop of adjusters and incorrectly formatted data causing inefficient feedback loop
- Slow claims management processes
  - Review and process bordereaux along with DCAs/coverholders in the delegated claims authority space
- No single source of truth for reporting purposes and difficulty of tracking payment sources

Getting covered

Coverholder onboarding and facility placement →

Risk placement, data capture and processing →

1) Coverholder onboarding:
The insurer can make quicker and more informed decisions using data and regulatory compliance requirements stored in DCOM.

2) Enhanced facility placement:
Intuitive placing platforms enhance user experience and confidence by getting the data right first-time through DCOM.

3) Continuous contracts:
Due to quality data the insurer will not need to undertake the coverholder renewal process.

4) Enhanced risk placement:
The Coverholder Workbench supports the insurer in meeting all Lloyd's requirements.

5) Data capture, reporting and processing:
Enhancements to the accounting process means payments can be accelerated, and the insurer's need for loss funds can be reduced.

6) Digital processing and payment:
The insurer benefits from faster and more transparent reporting enabled by initial releases of digital technology including the Digital Spine and Digital Gateway.

Recovering from loss

Claims notification and reporting →

Claims processing
Payment and reporting →

7) Delegated claims status tracking:
The insurer is able to track the status of claims.

8) Bordereaux submission and reconciliation

9) Faster payments:
Reduction in administrative burden for the insurer due to reduction in manual touchpoints. Reduction in credit risk as efficient loss fund top-ups reduce the insurer's need to hold large sums in loss funds.

10) Integrated reporting:
Data stored in DDM will support Management Information (MI), reporting and performance analysis. Automatically generating reports take away some of the manual burden for the insurer.

04

The opportunity

Summary of the benefit opportunities

Key takeaways:

- Modernisation and digitalisation of our marketplace is being structured and delivered via central capital investment
- The opportunity to reduce the Lloyd's market combined ratio by more than 3% (£800m) by delivering the digital marketplace
- Key benefits levers in Blueprint Two have been validated with the market:
  - ○ 'Data-first' approach
  - ○ End-to-end automation
  - ○ New placement and claims technology
- Opportunity to maximise the benefits of our ecosystem for everyone in the market

The opportunity

Realising the benefits in our new digital marketplace

The Future at Lloyd's is built on the principle that the way to succeed is to provide greater value to customers – by offering them more comprehensive cover and the highest quality protection, through simpler processes, at a lower cost.

The solutions outlined in Blueprint Two are the first steps to be delivered over the next 2 years along that journey. They offer market participants the opportunity to innovate in the way they serve their customers, and operate more efficiently, at a lower cost base – better, faster, cheaper.

By making a capital investment and delivering the capabilities required centrally, the Future at Lloyd's enables benefit to be realised across the market's value chain. Crucially, this includes the company market and Lloyd's distribution network around the world.

We outline here some of the savings that the Future at Lloyd's will enable and have validated these through discussions with insurers and brokers. Delivery of these savings represents an important milestone towards improving customer outcomes, ensuring the sustainability of our market's business model, and growing profitably in the future.

Blueprint Two identified that brokers and insurers could realise annualised benefits of over £800 million from operating in our new digital marketplace. This is equivalent to a 3% reduction in the combined ratio of the market.

We will achieve this by:
- Focusing on accurate, straight-through data delivered through new placement technology, reducing the end-to-end cost of placement and saving brokers and insurers over £500 million
- Delivering automated claims triaging and process enhancements to reduce the cost of claims processing, saving over £300 million

These savings are underpinned by standardised data, which will remove burdensome tasks for all participants.

We have validated this with the Lloyd's market in 2021. Many firms believe we could achieve far greater benefits when Blueprint Two is delivered and embedded; benefits for both the Lloyd's and company markets.

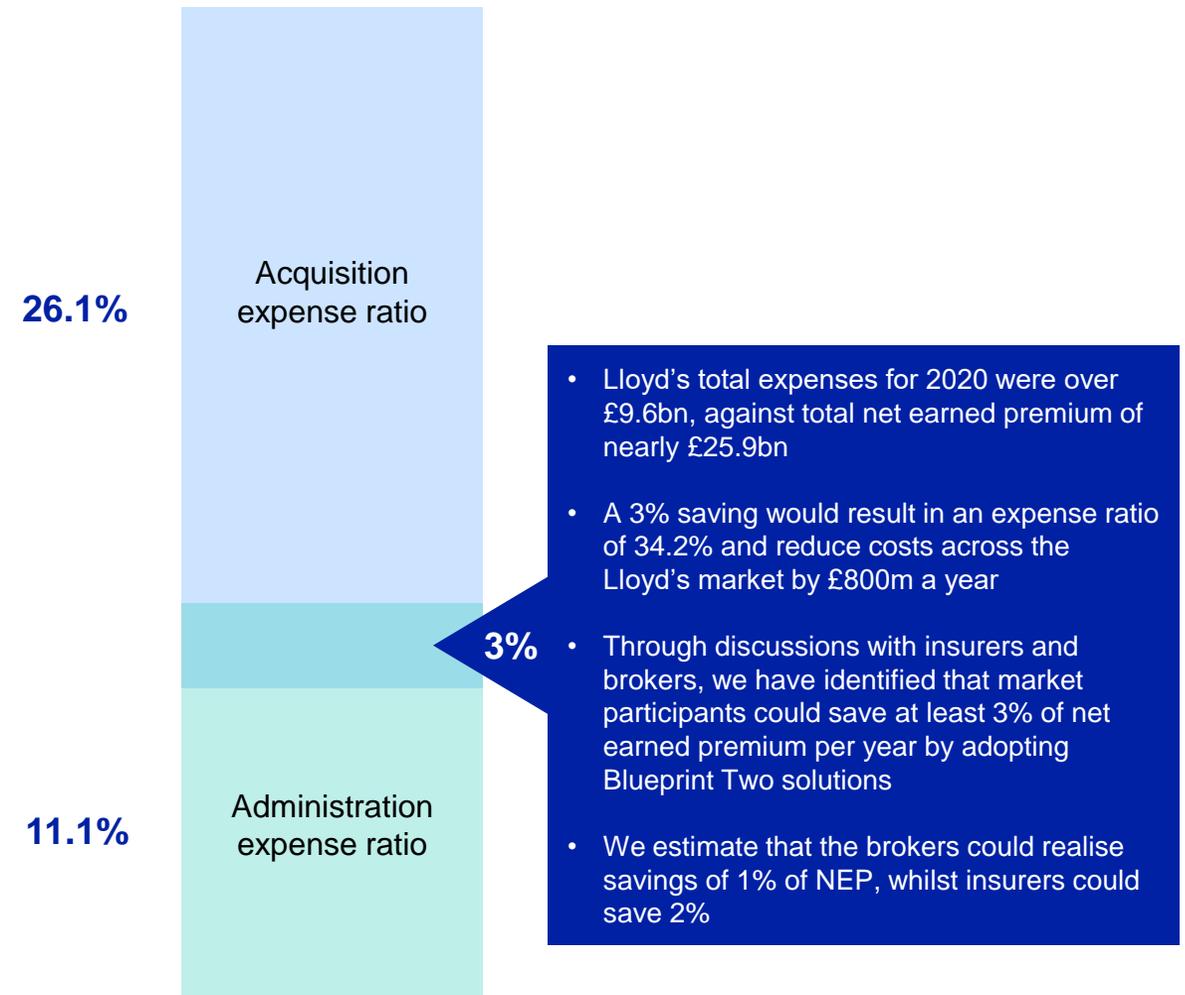To realise this opportunity the market needs to be benefits ready.

Sources: Lloyd's annual report 2020 and Lloyd's analysis

The opportunity

Offering greater value to customers and market participants

The Lloyd's market expense ratio is already improving, with a 2% reduction since 2018. However, there is still much to do to improve the value that we offer to customers.

Many market participants have invested in transforming their business models over the last 2 years. Blueprint Two will leverage these efforts to accelerate the pace of change across the Lloyd's and company markets.

Lloyd's total expense ratio in 2020 was 37.2% of Net Earned Premium (NEP)

26.1% — Acquisition expense ratio

3%

11.1% — Administration expense ratio

- Lloyd's total expenses for 2020 were over £9.6bn, against total net earned premium of nearly £25.9bn

- A 3% saving would result in an expense ratio of 34.2% and reduce costs across the Lloyd's market by £800m a year

- Through discussions with insurers and brokers, we have identified that market participants could save at least 3% of net earned premium per year by adopting Blueprint Two solutions

- We estimate that the brokers could realise savings of 1% of NEP, whilst insurers could save 2%

Sources: Lloyd's annual report 2020 and Lloyd's analysis

The opportunity

Realising the benefits in our new digital marketplace: placement

Every market participant has a different cost base, level of productivity, growth and business model. Most incur significant expense from the same non-value adding tasks that can be resolved by structured data, accessible to all relevant parties.

This will promote automation and enable all parties to focus on value adding tasks for the customer.

Placement benefits

Benefit opportunities

- Unstructured and low quality data leads to extensive re-work as information is manually keyed into multiple systems. While remote working has resulted in an increase in electronic placement, much is agreed by email before being rekeyed separately into insurer, broker and placement systems

- Lack of standardisation across market documents results in no single source of the truth. This means differences must be reconciled and additional information is required for reporting purposes

- Post bind and settlement process is highly manual with duplicated payment reconciliation processes

Future at Lloyd's capabilities that enable benefits in the next 6 months

- **Accurate iMRC, Core Data Record** and **common data standards**: These are the critical foundation elements to capturing complete and accurate data at the point insurance transactions are entered into

- **Delegated Contract and Oversight Manager (DCOM)**: Will transform the way binders are generated and registered in the market

- **Placement support services**: Working with the placement platforms to ensure that they will work hand-in-hand with Lloyd's data standards

- **Accredited placement platforms:** Working with the placement platforms to ensure that they will work hand-in-hand with Lloyd's data standards

- **Virtual Room**: Enables scheduling, collaboration, voice and video chat between market participants wherever they are located, including the Underwriting Room

Potential opportunity to reduce costs for brokers

£200 million

c. 10% of placement and associated indirect costs

Potential opportunity to reduce costs for insurers

£300 million

c. 10% of placement and associated indirect costs

Sources: Lloyd's annual report 2020 and Lloyd's analysis

The opportunity

Realising the benefits in our new digital marketplace: claims

While there are significant savings to be made in claims processing, the real benefit is to the customer.

Providing a single source of structured data at First Notification of Loss will remove non-value adding activities. The ability to automate the very high volume of low value claims will remove unnecessary effort and increase the speed of claims settlement.

Claims benefits

Benefit opportunities

Inefficiencies in the claims process increase time to payment and expense. These include:

- Re-keying of data and version control of documents, with no single source of the truth
- Time taken to pay approved claims and difficulty of tracking payment sources
- Manual review and processing of delegated authority bordereaux
- Manual processing of small, non complex claims
- Communication gaps and a lack of collaboration tools that prevent stakeholders from working efficiently on a claim together

Future at Lloyd's capabilities that enable benefits in the next 6 months

- **Data capture**: Data from the iMRC will flow through the digital spine and gateway and form the Core Data Record (CDR)

- **Faster payments solution in delegated authority**: Allows payment on agreement to customers directly using a regulated and secure process accessing funds held by Lloyd's

Potential opportunity to reduce costs for brokers

£100 million

c. 30% of claims handling and associated indirect costs

Potential opportunity to reduce costs for insurers

£200 million

c. 10% of claims handling, claims experts and associated indirect costs

Sources: Lloyd's annual report 2020 and Lloyd's analysis

05

Voice of the market

Perspectives from market leaders

Key takeaways:

- Success stories of operating in the digital marketplace:
  - ○ AmWins – data as an asset
  - ○ Beazley Digital - Beazley's new digital business unit
  - ○ McGill and Partners – embracing technology to enable growth
  - ○ Brit Insurance – Ki the digital syndicate
  - ○ BMS – global Data Programme

Voice of the market

Perspectives from leaders across the market as they prepare to operate in the digital environment

AMWINS

AmWins – Data as an asset
- AmWins have always viewed data as an asset and put an emphasis on capturing rich data
- With an operation that span multiple countries, coverages, and distribution models, there is the opportunity to connect data across disparate systems to create a singular view of their business relationships and overall portfolio
- AmWins is investing in building resources to broaden their ability to aggregate data at scale from both structured and unstructured sources

beazley

Beazley Digital - Beazley's new digital business unit
- Beazley have launched a new, data driven digital business to reimagine their approach to developing and underwriting digital insurance solutions
- Beazley Digital brings together dedicated cross functional business units with underwriting technology, operations and other support capabilities into one team to write high volume, low touch, simpler risk business
- Digital specialist products have been developed to build a seamless and intuitive digital trading platform to deliver simple, well executed insurance policies
- Effective leveraging of technology enables more efficient use of specialist underwriting time, allowing greater access to technical experts and higher volumes of business
- These high performing teams are orientated around a common set of business goals all focused in the same direction

"Leveraging this data to build data models and consolidated data sets allows us to not only perform deeper and more efficient analytics on our portfolio, it will also enable much richer conversations with our client and market partners – ranging from benchmarking to new product development to better alignment of capital to risk. Additionally, this investment will allow us to streamline, and in some cases eliminate, manual processes as well as transform today's methods of exchanging information with our trading partners"

Matthew Crane Allan, AmWins CEO

"Beazley's digital business unit represents a natural progression for Beazley that will enable us to leverage digital technology to deliver enhanced value to brokers and clients alike – and to re-imagine the insurance relationship and value chain"

Ian Fantozzi, Beazley COO and Head of Beazley Digital

Voice of the market

Perspectives from leaders across the market as they prepare to operate in the digital environment

McGILL
AND PARTNERS

BRIT

bms.

McGill and Partners – embracing technology to enable growth
- McGill and Partners launched in May 2019
- They have built their platform to embrace digital technology
- More than 50% of their business is placed digitally which will increase as others adopt Blueprint Two standards
- They are using their technology, talent and the Lloyd's platform to efficiently handle business and innovate, enabling them to attract a significant amount of business into the marketplace

Brit Insurance – Ki the digital syndicate
- Ki is a newly launched, fully digital and algorithmically-driven syndicate, set up within Brit to provide another way for business to be placed at Lloyd's
- The new data-led and digital platform dramatically improves efficiencies for brokers
- Collaborating with Google Cloud combines 200 years of insurance experience and knowledge with Google's aspirations of innovation, enabling the digitalisation and transformation of brokers' experience

BMS – global Data Programme
- BMS has a global Data Programme that is focused on embedding data and knowledge across their business to drive better insights across clients and markets
- They have recently launched a global analytics platform, BMS Pathlight Analytics, to harness the power of their data to deliver better client solutions

"We recognise that technology can be used to link risk and capital more efficiently. We don't need to physically touch every transaction as it flows through the system. So, we are using the same digital technology to create portals to link our customers directly with the market for certain types of volume transactions"

Karl Hennessy, McGill and Partners Head of Speciality Broking

"[Ki will] reinvent the process to really challenge the way business is placed today in Lloyd's... and we're using a digital platform to achieve that, where a broker can log in and get an instantaneous quote, which is completely different to how the market transacts business today"

Mark Allan, Brit Group CFO and Ki CEO

"In our insurance transactions, our objective is to deliver straight through processing wherever possible by capturing more structured data earlier, automatically where possible. We are active users of e-trading platforms and we are keen to see a Data First approach adopted by the London market"

Nick Cook, BMS Group CEO

06 Future editions

Key things to look out for in future editions of the guide

Key takeaways:

- Key things to look out for in future editions of this guide, include:
  - Vision for the future Underwriting Room
  - How digital processing will be delivered for the benefit of company market and Lloyd's market
  - More information on placement support services including the tax calculator
  - Claims process improvement initiatives for open market business
  - Delivery of Core Data Record (CDR) and Intelligent Market Reform Contract (iMRC)
  - Additional benefit levers

- Feedback from experience forums with market leaders

- Planning considerations from leading technology suppliers to the market

07

Useful information

Glossary, key contacts and templates to enable your delivery teams to prepare

Key takeaways:

• Helpful links

• Sample implementation plan, board pack including key messages and benefits case and activity tracker

• Glossary of terms

Documents and templates to enable your delivery teams to prepare

Suite of the Future at Lloyd's content

This guide forms a key part of the suite of materials that are being published as part of the Future at Lloyd's

The latest information is available on the Future at Lloyd's website

Interactive Guide

Provides key information to CEO and C-suite members about the Future at Lloyd's and how to prepare your organisation for the digital marketplace.

Blueprint Two

Sets out the plan to deliver the second phase of the Future at Lloyd's strategy, building upon Blueprint One.

Templates

Coming soon:

- Sample Implementation Plan
- Sample Board Pack
- Activity Tracker

Glossary of terms

BAR	Binding authority registration system	Lloyd's current binder registration system
CDR	Core Data Record	The critical transactional data which needs to be collected by the point of bind, in order to drive downstream processes
DA	Delegated authority	An arrangement under which an insurer delegates its authority to a coverholder to enter its contracts of insurance or handle claims on its behalf
DCA	Delegated Claims Administrator	An organisation which acts as an outsource provider to insurers
DCOM	Delegated Contract and Oversight Manager	Lloyd's new platform to support coverholder onboarding, facility placement and binder registration, replacing ATLAS and BAR
DDM	Delegated Data Manager	Centralised coverholder reporting system
FNOL	First notification of loss	First notification of loss
iMRC	Intelligent market reform contract	A market reform contract which is structured in a manner in which key placement processing data can be extracted
LPAN	London premium advice note	Communication of the technical account information
PPL	Placing Platform Limited	A commonly used third-party placing platform