

Felix heralds an era of electronic trading for insurers after two decades of disappointment

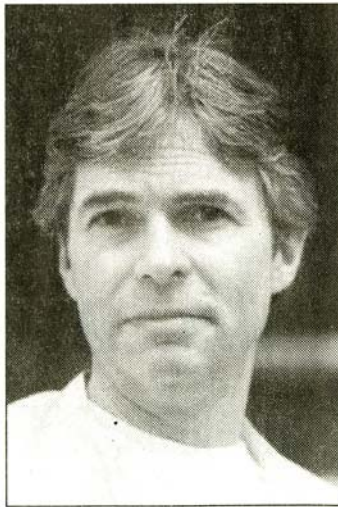
By James Brewer

AFTER 21 years of failed efforts costing hundreds of millions of pounds, the London insurance market could be just months away from access to the system it craves that will allow fully electronic trading.

The new watchword is Felix — Framework for the Electronic London Insurance Exchange — and the key is the co-operation of two top technology companies which have up to now worked to separate but complementary agendas in their respective specialities.

First implementation of Felix, backed by RI3K and Xchanging, is on target for launch in September 2006, to handle both reinsurance and the more complex direct insurance business of Lloyd's and of the London company market.

Felix will attempt to draw a line under five attempts over



Letts: an end to confusion.

two decades, ending with the pulling of the plug in January 2006 on Lloyd's development

Kinnect to develop a centrally funded, monolithic solution for electronic infrastructure.

Use of the new system will be optional. It is said to have been presented to senior Lloyd's staff, the G6 group of underwriting companies working on technology questions and other interested parties without objections.

In addition to technical problems, obstacles to delivering a widely accepted electronic system have included lack of interest (now said to be largely overcome), difficulty in co-ordinating market initiatives, finding a solution that suits both brokers and insurance carriers, funding, and who should be in control.

RI3K chief executive Alex Letts said: "This is the beginning of the electronic market. It is the end of the confusion, and the beginning of an era of electronic exchange.

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"We are moving from the age of Heath Robinson into the post-Google era.

"This will create a sense of unity in the market that we are working towards a common goal, but without anyone being locked in to a single solution or a single set of suppliers.

"It will allow every company in the London market — not just a chosen few — to move during 2006 to an electronic solution that completely suits their own business."

Felix will provide an end-to-end electronic insurance exchange, creating a front office market for trading, and a back office for settlement and data repositories.

Mr Letts stressed that Felix was not an organisation, but a framework for guiding the development of commercial components and services that compa-

nies such as Xchanging and RI3K built.

"At a recent meeting with 21 companies from the London market, RI3K and Xchanging were asked to outline a roadmap for delivering all embracing e-commerce and efficiency gains for everyone within the London insurance community," he said. Companies wanted choice, flexibility and ease of entry to dovetail with their strategies.

Jonathan Bradshaw, managing director for implementation at Xchanging, added: "We have been collaborating closely with RI3K to ensure that the results of our individual projects will integrate."

One part of the Felix jigsaw still to be resolved is governance — deciding which market body or potential new committee that would hold a watching brief over the application.

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