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BMS's Hill, Harrison, Knight and Hicks on a  
new approach to broking...

# LMG



the LMG

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# newsletter

## Innovation within the modernisation framework



**T**his month, in our main article, we take a look at the approach to broking that BMS has introduced using the iPad. Obviously it is easy to react a little bit like a magpie spotting a set of car keys when one is shown a fancy new piece of technology. But, as Phil Hill is keen to emphasise, the approach BMS has

introduced is not, at its core, about the iPad – that is just a convenient delivery mechanism. It helps, undoubtedly, that it is a fashionable new accessory du jour that lets you keep up to date with the cricket score and play Angry Birds whilst out and about. But what is making the exercise work is that BMS have looked at their broking process and devised a new means by which technology, via its desirable change agent, is playing a key role in delivering something better; not just the same process with some computers tacked on to it.

This is the embodiment of something that our then Chairman, Peter Harmer, touched on in his IIL lecture in February 2009. With apologies for the non PC use of the “R” word, he said: “[M]arket reform and the role of

the Market Reform Group (MRG) is about delivering a framework of standards and processes that facilitate efficient business. But beyond that it is down to individual firms to work out how they adapt to take advantage – how can they operate within a reformed market to best deliver value to their clients and shareholders? The market itself is inanimate – it can evolve its structure so that different and more modern ways of working are possible; it can provide an environment such that more profitable business is possible; but it cannot itself deliver benefit. It is up to each participant to devise its own method to reap the rewards on offer.” BMS has accepted that challenge. What they have come up with is set out in the rest of this edition.



Elsewhere, feedback is now coming in responding to the Future Processing Model consultation paper that we published in January. As a reminder, the consultation period runs until end the of March. You have a wide selection of response methods to choose from. For details of these go to [www.londonmarketgroup.co.uk/future](http://www.londonmarketgroup.co.uk/future). For the document itself go to [www.londonmarketgroup.co.uk/consultation](http://www.londonmarketgroup.co.uk/consultation).

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### Useful Links

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# Broking Made Simpler...?

*BMS and Catlin recently concluded the first electronic, fully-placed contract via iPad. News of this potentially significant step forward in the electronic support for placing has reverberated around the world – being noted in publications as far afield as the US and South Africa. So it seemed only right that the LMG Newsletter also investigated further. We asked **Phil Hill, Operations Director, Steve Harrison, Technical Services Director, Steve Knight, Director and broker Adrian Hicks at BMS** to tell us more...*

“In order to understand why this is being so successful” starts Phil “you have to appreciate the approach we have taken to delivering the solution. We have not sought to automate an existing process, to use technology to replace elements of the transaction. What we have done is taken a look at the tools now available to a broker and developed an approach that augments the job they have always been doing – that genuinely makes their lives and the lives of the underwriters they deal with better. The iPad itself is just a part of that overall approach. Its sexy, no denying that, so that it gets people’s interest; and, crucially, it is very easy to use. But this is not an iPad project; it is a project designed to allow our brokers to exploit technology efficiently and effectively. The iPad is just an agent allowing us to deliver that change.”

Having been given a fulsome demonstration of the process by Adrian, your correspondent can con-



**Hill: “single version of the truth so important”**

firm that it shows every sign of living up to its “better” billing. At the heart of the approach is BMS’s use of the RI3K platform, which they have been using for live placing for over 2 years. This approach allows their brokers to have the full detail of the placement on hand when they visit the box. And because they are able to amend the core RI3K record – the “data slip” as Phil calls it – then, at the touch of a button and in front of the underwriter, they can make any agreed changes to

the contract and send them instantaneously across to the insurer. “It means we are working on a single version of the truth and that is incredibly important.” says Phil “We have no dispute on what was or wasn’t said; no trawling back through email directories to try and establish whether something was sent; we have the full audit trail right there and always available”. What they also have is a library of information that has not been available at the box before. “With the iPad we can take the whole placement with us, not just the highlights” enthuses Steve Knight “that might be 30 slips; a 300 page survey document; all the wordings, but it is all there. Plus for renewals we have an archive of previous year’s discussions. We can show them maybe 10 years worth of slips and presentations – the entire history of the risk. We always have the stuff available you don’t even know they are going to ask you about. And for endorsements, it is one button and everybody who needs it has the change and we can demonstrate they have had it, which can be vital. So there are no arguments; no having to go back to the office to fetch additional info; no having to recreate the slip to reflect changes and come back for the stamp later; it significantly improves our speed to market and for a broker like BMS that is priceless.”

But, and this is no denigration, the RI3K part of the package is arguably the least impressive. It provides the fundamental framework for everything else and is thus a vital component of the team, but it is more water carrier than creative glamour; the Deschamps not the Zidane. It is in the use of iPad apps that the approach really shines. “This is



**Knights: "significantly improves our speed to market"**

the bit that I could not do any other way – certainly not on paper” confirms Adrian. “I can have Google Earth pre-loaded with all the locations relevant to the risk. So if the underwriter wants to see any detail around what he is covering, it is there, at my finger tips. Plus we have an app that shows all the relevant FEMA statistics for an area, flood record, hurricane damage etc etc – again pre-loaded with the relevant locations ready to just pop up on screen when it will help the broke. All of that preparation takes a few minutes – usually while I am waiting in the queue. And if the underwriter wants any of it, I can email the information straight to him while we are sitting there.”

And when the fancy tools have done their stuff, RI3K comes back into its own. “For this process to work, it is essential that there is a strong trading platform with all of the controls and processes firmly in place for both sides of the transaction. Once we have reached agreement we hit the buttons and the finalised slip is with the underwriter as a non amendable pdf” says Steve Knight. “That is instant contract certainty with no possibility of amendments that might cause confusion later. It also provides the contract docu-

screen. Then, wherever I am in the world, I can do my bit, no delay. As a manager I can monitor brokers lines as they are placed; I get stats on each of my team; and that full audit trail means we are always in control of the process and there are never any surprises.”

“Overall, this is delivering so much for us” Phil concludes. “There is the speed to market, the single version of the truth and the consequent contract certainty we have discussed. All delivered within a streamlined but managed process. As Steve has noted, endorsements are incredibly simple. We are now part of the LMG pilot and we have not had to change a single thing in our process.

“Plus you shouldn’t forget the Disaster Recovery benefits of not using paper and the implications for business continuity. The impact of all the snow days at the end of last year was significantly reduced for Steve’s team as they could easily progress business from home; and underwriters could respond.”

So, clearly the team at BMS like it, but how has it gone down with others? Internally the signs are good. “We began roll out in Steve’s facultative team but we are now extending it across the rest of the organisation.” Steve Harrison picks up “North American treaty is next and they will place their first risks

admits Steve Knight “the old school have tended to hate it at first, but equally the new generation just wonder what all the fuss is about. Even the most resistant, though, have tended to be won over once we have started using it with them – we have a number of firms lined up to come in for demonstrations and they are all supportive of the concept. And that is not surprising. All that efficiency we are experiencing – having everything we need easily available, the ability to review everything and get business done in one sitting – is just as much a benefit to them.”



**Hicks: "could not do this on paper"**

Away from the box, it is also proving popular: “We have been part of the Lloyd’s iPad initiative, but this is taking it one step further by incorporating a trading platform. This is allowing firms

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mentation we send to the client – including full transparency on commissions. It lets us control placements appropriately through workflow, but not to the detriment of getting things done. So if Adrian is placing a bit of business that our rules say needs a second approval at our end, as soon as he has confirmed he is happy, it pops up on my

on the iPad in the next couple of weeks. We have another Marine team just preparing to start using RI3K. The brokers there are pretty enthusiastic. Keenest of the lot, though, is our CEO. He wants everybody to have it, now.”

Insurers too are embracing the approach. “Of course, the initial reaction with underwriters was a bit mixed”



to get a return on their investment in the Exchange.” says Phil “when one of our brokers hits a button, a message goes across the Exchange into Catlin’s, say, underwriting system. Their underwriter accepts and the message comes back.

That is the Exchange doing its job – providing the utility service that facilitates electronic business.”

The benefits extend beyond just the point of transaction. Already the approach is being “looked on favourably” by BMS’s E&O insurers. Plus there are other initiatives in the pipeline where it will come to the fore. “BMS is doing a lot of work in the world of value added services.” says Phil “The



**Harrison: "our CEO wants everybody to have it now"**

analytical tools we are developing are all software based. We want to be able to run those in front of the insurers and let them adjust the variables and such. The iPad makes that a real possibility. Also, as our underwriting friends begin to implement their Solvency II programmes there is going to be a need for us to provide them with more and more data. We couldn’t do that on paper, but now we will have no issue with it.”

A testament to the appetite there is for this sort of solution, both in London and further afield, is the reaction to the press release they put out when the first risk

was placed with Catlin. Phil sets out the detail. “It’s the most successful single PR event we have ever had. We have had a tremendous amount of interest from North America and it has made the trade press in South Africa. Obviously that is great publicity for us. But more generally, I genuinely think this is good for the London market. It has been associated with a piece of technological innovation in the minds of areas from which a lot of its business is generated. That may not always have been the case in the past.”

That interest in the wider market implications is not just hyperbole. Phil confirms that BMS are keen to show any firm – broker or underwriter – what they are doing. “Of course we want to lead the field here, but we are realistic. Electronic support for placing will work best when the whole market embraces it. We want to play our part in making that happen, so we are happy to share what we have done with other firms. After all, the fundamental idea here is nothing new. It’s

something that I personally have been working on since almost before Adrian was born! What we have got is a new

**“This is the bit that I could not do any other way – certainly not on paper. If the underwriter wants to see any detail around what he is covering, it is there, at my finger tips, pre-loaded with the relevant locations ready to just pop up on screen when it will help the broke. All of that preparation takes a few minutes – usually while I am waiting in the queue. And if the underwriter wants any of it, I can email the information straight to him while we are sitting there”**

method of implementing the idea. The iPad and RI3K together give us something that people can intuitively see working; that they can think “I can see how that would actually make my job easier” rather than “I can see how that might not be too horrific if somebody made me do it” which is the best I think any of us have come up with previously. That is a huge leap forward. People talk a lot about hearts and minds but winning them is pretty straightforward. You need something slick, easy to use and that does the job it is supposed to. That is what I think we have achieved.”



## Events...

### Dates for your diary

The LMG Forum sessions are designed to provide an update on the progress of the modernisation programme and give more detailed information on particular projects or aspects of the process. All sessions start at 9:15am at Willis Auditorium, Lime St.

- Wednesday 23rd February**
- Wednesday 23rd March**
- Wednesday 27th April**

Only those who pre-register will gain admittance. Online booking is available via [www.londonmarketgroup.co.uk](http://www.londonmarketgroup.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 24th February**
- Thursday 31st March**
- Thursday 28th April**

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))