



VIRTUAL

TIN London Market Claims

The London Market Claims Summary Report 2020

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INTRODUCTION

This year's Virtual London Market Claims provided a series of interactive, online sessions addressing the mission statement of the 'real world' London Market Claims conference: "to enhance and improve the claims process to the benefit of all stakeholders in the London market claims value chain".

The sessions covered both big strategic changes and the practicalities of transforming claims in the London Market.

This report summarises the key themes from the keynote session sponsored by **Guidewire** and featuring Sian Fisher, *Chief Executive Officer* at the Chartered Insurance Institute, Tim Carter, *Claims Director* at Everest Re and Ian Gibbard, *resident London Market Expert* at Guidewire.



CHANGING MINDSETS & SKILLSETS

"We need to put the customer at the heart of the claims journey and be empathic yet savvy about the way an insurance product works in practice"

CHANGING MINDSETS & SKILLSETS

Sian Fisher opened the session with what Ben Bolton described as a 'leadership statement', sharing some thoughts on changing mindsets and skillsets to deliver the high impact, sustainable change in claims that the current business environment is rapidly making a necessity for the London market. She gave an insightful overview of what she sees as the main drivers for change in the industry, and what the market's priorities should be. And Sian unequivocally stated that priority number one should be the customer, and putting the customer at the heart of everything we do. She also shared a wider vision of how the sector could move from simply insuring risk towards the mitigation of risk, the mitigation of claims and helping organisations recover following a claim, rather than simply ceasing the service when that claim is financially settled and the cheque is in the post.

At this time of transformation the London market needs to reappraise how we view the client and the claims service we deliver - and dig deeper into how our clients see their relationship with the market, and what they expect to see from us when they need us:

"we need to put the customer at the heart of the claims journey and be empathic yet savvy about the way an insurance product works in practice."



Sian goes on:

"Looking to the future, making insurance relevant could be done by helping clients manage both insurable and non-insurable risks, and then focusing on the human element of insurance by looking at services that mean the most to customers in their time of trouble"

The COVID 19 pandemic, like any crisis, will drive change, as it forces nations, individuals and businesses into uncharted waters; but in common with any crisis, with new challenges it also brings new opportunities – and forces change upon us. This was reflected in our opening audience poll, which found that 77% of respondents believed their organisations were more likely to embrace transformational change now than this time last year. There's been 20 year's 'drift' since the last crisis (9.11) so perhaps this is an opportunity to really 'land the change' and not 'snap back' once these conversations have been had, and this crisis has passed.

Sian reflected that perhaps one way we could reimagine how we work is to be better at pooling expertise across business lines – and asking what can we learn from each other. Tim Carter of Everest RE developed Sian's point with an appeal for London to learn from other sectors – and strive for a new era for excellence in London Market claims handling: taking Sian's point about pooling expertise across business lines within the market and our own organisations, he asked what can we learn from retail, for example and implement within the subscription risk model to help create a unique proposition that combines the best of London with the best of other sectors.

CHANGING MARKET DYNAMICS



Personal lines has a more insightful focus on the customer partly because they have workforces that reflect the diversity of their customer base, whereas in the London market we still suffer from a lack of diversity and an 'aging expertise' that means the our world view and that of our clients is diverging. Perhaps because we deal with corporates we are too corporate – and that we need to 'step back' more - and focus on the relationship with the broker, but also ultimately on the customer and their evolving needs.

In this context it was interesting to hear Tim explore some of the unintended consequences of the rise of the 'big

broker', expressing a concern that insurers have come to rely too much on their services, and have lost focus on the advocacy side of our business:

“whilst we’ve been busy concentrating on improving efficiency, that perhaps, one of the unintended consequences of the big broker is that we as insurers, and reinsurers, have come to rely heavily on them providing some of the advocacy skills”.

5

Is it the case that the rise of the big broker has further distanced the insurer from the insured, who instead of being focused on process efficiency could be focussed in exploring opportunities to create new services, a good example cited by Sian being cyber insurance, where

“the focus has been increasingly on benefits including reputation management, legal and regulatory advice, and crisis business management, rather than simply paying out a cash sum for a liability”

EMBRACING AUTOMATION



6

an Gibbard of Guidewire called for the sector to embrace technology to drive innovation, and for a step change in the way companies are approaching transformational change and digital transformation. He suggested following the lead of the bigger retail markets by adopting more automation, better customer contact, STP, and better use of data to drive better decision making. Sian echoed this later when I think she spoke for a lot of people by simply asking “why isn’t Lloyd’s automated?”!!

Sian was again succinct on this: we need to make automation a friend, and a friend than can help with the age-old challenge of achieving relevance. Machines and automation can help more and more with the outline aspects of what we do, taking away the boring, repetitive manual tasks – and far from costing people their jobs they are enriching those jobs, freeing people up to do things that only people can do well, and adding value where the client most appreciates human intervention.

Automation that focuses only on managing transactions efficiently will simply make insurance more commoditised and less relevant. We should embrace the opportunities automation affords to both free our people up to add real value to the customer, and to allow us to expand our offerings and offer solutions which, without the automation, would have been impractical or too expensive to deliver.



ENABLING CHANGE

an also stressed that London should focus on value add and move away from the obsolete mindset that London market processes are a source of competitive advantage: alongside embracing automation, London should retain the elements of the market that make it unique, and uniquely beneficial

“The London market should only be different when the customer demands it”

He argued that the London Market is yet to truly harness the power of data, especially in areas such as triage in claims, and in customer communications where something like simply giving more transparency on timelines would make a big difference to the client experience.

This theme chimed throughout the day as both panellists and attendees highlighted the need to change outdated processes, systems and

technology. Someone on the chat summarised this succinctly:

“anyone who has had to input claim advices into ECF will probably agree that the system is archaic and inefficient from a technical point of view”

The focus should be on customer outcomes rather than internal or broker to carrier processes, and by having that laser focus on customer outcomes claims operating models will be transformed.

THE FUTURE AT LLOYD'S & THE BLUEPRINT

"I think COVID has taught us that we shouldn't be scared of change and it doesn't hurt as much as we might fear it will"

The Future at Lloyd's Blue Print has a major role to play in the modernisation agenda of London, and the current initiatives are focused on transforming claims. Later in the day, Phil Godwin, *Head of Claims* at Lloyd's explained some of the current priorities with a clear focus to improve day to day services and help respond to the Covid situation. These priorities have included:

- Change to the Lloyd's claims scheme to speed up claims agreement
- APIs build under PPL to further support electronic placement
- First phase of the virtual underwriting room – looking at required capabilities



- Appointment of a new US HOC for Lloyd's to better support the market's US claims service and US business development strategy and US cat response as well
- Building of a portal solution to speed up and make more efficient US cat loss data reporting

There was a robust discussion around whether the Blue Print, and frankly any strategic document written before March 2020, was still relevant today.

Phil argued that it has re-validated and in fact reinforced the central vision of the Blue Print which is based on a digital market place. He went on to say that this will provide the most efficient, and crucially the most resilient market model - and this digital capability has enabled the claims community's central offering to be delivered in a remote setting. On reflection, the fact that the majority of London market organisation successfully transitioned

to 'work from home' must be applauded, however it should not be overblown nor accredited to a central, market reform strategy. Individual firms made it a success because they had a metaphorical gun to their head. Just because they made it work with ECF does not mean that is the best system to operate claims in the future and there is a danger, as already mentioned, that we don't take this opportunity to fundamentally change the claims service.



Lee Elliston made the point that we have been talking about claims modernisation for years and we now need to see action.

"I think COVID has taught us that we shouldn't be scared of change and it doesn't hurt as much as we might fear it will. I think there's been a lot of positive change around the market within central reform or otherwise, but we are slow on the uptake, to adopt it and there's some fear around what the consequences may be. There's also a mindset that holds us back."

"I think the impact of COVID has seen that mindset shift."

It's now about how quickly we can execute on some of what the market has promised in a number of centralised reforms over the years. We've been too quick to spend time talking about what we should be doing and what the ideas look like, without actually bringing them to life.

One of the concerns is that businesses are now looking to change quickly, they're looking to adapt their workforce quickly, they're looking to adopt these technologies and the skills that they need quickly. If businesses advance quicker than the centre, then we are going to be out of step and the market risks going into a catch-up mode that will cause cost and adoption issues,

We've been too quick to spend time talking about what we should be doing and what the ideas look like, without actually bringing them to life.

and the companies that invested in transformation and digital tech will leave the rest behind creating a two tier market: a fragmentation of the market which is in no one's interests.

The key now is to realise the potential for transformative change in the market, and capitalise on the momentum created by FAL, market modernisation and the pandemic around the claims transformation - and leverage this renewed drive for change to address some of the issues we have been discussing for over 10 years.

We will see in the next 12 months whether the time for talking stops and a period of action and change takes its place.

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