FOCUS/MGAs

Blueprint Two data revolution is the path to power for MGAs

As well as improving risk selection and pricing, Blueprint Two also gives MGAs the chance to differentiate themselves by helping end customers better understand their risks

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A paradigm shift is under way in London's delegated authority market and the outlook for 2021 is very positive. The past couple of years have undoubtedly been tough, with high costs, enduring inefficiencies and waning performance threatening to undermine London's competitiveness, particularly on crucial North American binders.

However, a surge of changes, driven by Lloyd's and underpinned by cutting-edge technology, looks sure to improve both performance and service delivery from managing general agents (MGAs) and coverholders in the months and years ahead.

We are now entering an era of real-time data exchange – a game-changer for the market by improving speed and efficiency while shortening London's crowded distribution chain. At the same time, underwriters and coverholders have better-quality data at their fingertips all the time, empowering them to make more informed decisions while delivering better value to clients.

Meanwhile, automation is set to play a bigger role, reducing human error and the need for re-keying of information, freeing up London's abundant talent to focus on complex underwriting.

Lloyd's Blueprint Two has given these changes impetus and charts the course for formal movement away from outdated processes such as spreadsheet bordereau.

Meanwhile, market participants themselves are proactively seeking out more efficient ways of transacting. This will all benefit customers, who should enjoy improved choice, speed and efficiency from London coverholders

in the year ahead, while ensuring London remains competitive.

Data exchange and automation
Delegated authority business is set to evolve in a number of ways in the year ahead. One of the most important changes is the removal of many of the barriers that have slowed down and complicated data exchange.

The London market has already moved away from manual paper transactions – which were prone to error and highly inefficient – in favour of digital placement via company application programming interfaces (APIs) and central market systems like Placing Platform Limited.

In the coverholder market, the race to trade online has led to a complex web of portals, each with their own interfaces and logins, which are time-consuming and arduous to navigate. This problem is being addressed by real-time data exchange hubs such as Sequel's Rulebook Hub, which allows underwriters, coverholders and brokers from across the market to transact from within their own systems, in real-time, using just a single login.

Lloyd's has also now launched Coverholder Workbench, a configurable platform that includes all the essential tools coverholders need to trade while feeding data directly to Delegated Data Manager (DDM) – the market's central capture platform for premium, risk and claims data. Submission of delegated authority data to DDM will become mandatory by the second half of 2021.

Under Blueprint Two, bordereau will be fully removed from the market by 2022 – a move Sequel has long anticipated and advocated through its suite of solutions.

Lagging by up to 90 or 120 days, these spreadsheets of outdated policy data make it virtually impossible for carriers to get

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an accurate view of their position in any given line of delegated authority business. Not only does this undermine confidence, but also adversely affects underwriting performance, exposure management and responsiveness to market conditions.

In future, market participants will share data in near-real time within a market-wide ecosystem. In this new environment of fast, transparent data exchange, coverholders and underwriters will be empowered to make decisions based on consistent, accurate and timely data, while end customers will benefit from improved speed and efficiency and reduced costs in the distribution chain.

Tools such as Lloyd's' new insights portal will give managing agents and other stakeholders greater oversight across their delegated portfolios, while Sequel MGA gives coverholders an end-to-end product management and distribution solution facilitating fast, seamless business. This should all help restore capacity providers' faith in London's delegated authorities – including smaller firms that have suffered from the recent flight to quality in the market.

Another big positive in Lloyd's Blueprint Two is the recognition the market needs to shift its focus from building systems to standardising data; in a few years' time, centralised market tools may even not be needed, as data should by then be flowing seamlessly and consistently

across the market. In pursuit of this goal, Sequel are working closely with Acord, the insurance industry data standards body, to define and develop data and API standards.

The standards will work seamlessly with market systems such as PPL, and Coverholder Workbench. They will also be internationally compliant, allowing brokers and carriers from outside London to easily place business in the Lloyd's market. The goal, after all, is to make Lloyd's more accessible, so we need to design an open standard that allows anyone in the world to send risks to London and for the market to seamlessly capture and translate that data and write the business rapidly and effectively.

Customer experience
Under Blueprint Two, the MGA market will also see a number of key placement and settlement processes automated, including the automation of claims payments where appropriate. This will improve customer experience as well as the competitiveness of London globally, particularly on high-volume business, where London has lagged in speed of service in recent years.

Sequel already automates many processes through its products. This includes certain underwriting selection and rating processes for commercial and specialty lines – as is already commonplace in the personal lines market – with the aim of freeing up underwriting talent to

focus their expertise on complex risks and referrals.

Meanwhile, data quality continues to rise across the market. There is now a recognition that putting high quality, timely data at the fingertips of underwriters and coverholders as early in the underwriting as process as possible is vital if the industry is to improve performance and deliver flexible, responsive and appropriate coverage solutions.

Modern tools like Rulebook bring comprehensive risk and exposure data to users' desktops in near-real time, including integrations with third-party data sources, overlays and analytics, giving decision-makers at each stage of the distribution chain a powerful toolbox with which to write business quicker, more transparently and more effectively than before.

In addition to improving risk selection and pricing, the data revolution also presents an opportunity to differentiate and offer value-added service by feeding insights back to the end customer – helping them better understand their risks and tailor coverage perfectly suited to their needs.

Great strides have already been made in improving back-end efficiency, and this will gather even more pace in 2021 – particularly in light Covid-19, which has accelerated the acceptance of digital tools and demonstrated the industry's ability to pivot quickly to new ways of working.

However, now is also the time to focus on delivering a better front-end experience. The biggest winners in 2021 will hopefully be the end customers – and if the customer is happy, this will be a strong sign London's delegated authority market is in a much healthier shape. ■

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