

# ANALYSIS



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Printed by Stroma, Unit 17, 142 Johnson Street, Southall, Middlesex UB2 5FD.

Print managed by Paragon Customer Communications.

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# Lloyd's must be clearer about Blueprint Two technology standards

## There are fears technology initiatives devised in isolation will not align with the Lloyd's vision of a digital ecosystem



Rasaan Jamie  
Global markets editor

**U**nder Blueprint Two, Lloyd's does not intend to develop its own open market digital placement platform, which is a change from the original plan under Blueprint One, where Lloyd's planned to build a complex risk platform itself. Lloyd's, however, will set the technology and placement standards for the processing of transactions.

This development has clear and welcome implications for the market, not least for independent electronic re/insurance placement platforms such as Whitespace, Tremor and Riskbook, as well as for the rising number of proprietary trading platforms being developed by brokers and insurers.

What is less clear are the implications of this development for those working at the insurance technology coal face – the third-party technology service providers – in terms of their work with companies in the Lloyd's market to enable transactions to be processed faster and at a lower cost.

The message from the technology sector is further clarity is needed from Lloyd's about its vision in this regard. The quicker Lloyd's can articulate the direction and standards it is working to, the easier it will be for all concerned to work within that, Paul Bermingham, managing director of Advent Insurance Management, says.

"There is a danger that if initiatives are devised in isolation they won't align with the vision, meaning precious time and investment will be wasted," he argues. "But if Lloyd's gets the vision right and engages with the market in clearly articulating the necessary guidance, the fact many different platforms will emerge won't matter because they will all adhere to a universal standard and align with the global vision set by Lloyd's."

More work is needed to align the vision and standards before the guidance that will be crucial to achieve this can be given, Bermingham adds.

Despite the uncertainty, however, the

opportunities for third-party service providers are significant. Ben Potts, UK managing director of Novidea, says in Blueprint One, Lloyd's made it clear its would control the end-to-end market technology for risk placement. "It is now great to see with Blueprint Two they have changed direction and are now embracing the value external vendors can bring to the market," he says.

Nobody argues about the need to implement common data and operating standards in the market. But for many, Lloyd's has been historically poor at managing all-encompassing technologies. This is despite the fact that the more proactive technology companies in the market make a point of ensuring Lloyd's is made aware of their technology transformation plans and roadmaps. This is in recognition that, with the future changing landscape, alignment is more important than ever.

To successfully implement its vision of a digital ecosystem in which third-party solutions work hand-in-hand with the Lloyd's market systems, Lloyd's will have to achieve two objectives simultaneously: it will need to ensure competitive market pressures continue, at the same time as it mandates the outcomes to ensure innovation and future proofing of the market.

The question is how Lloyd's manages this. Does it require technology companies to submit their technology and product development plans for scrutiny in the same way as underwriting companies in the market have to do with their business plans?

Some argue if done in the right way, Lloyd's will publish APIs third-party vendors will need to adhere to so they can communicate with the Lloyd's platforms. "This should not introduce the need for the third-party system providers to have their roadmaps and technologies scrutinised by Lloyd's, as they will be very much separate from the market systems while adhering to the Lloyd's API requirements," Paul Templar, chief executive of Vipr, a provider of delegated authority solutions to Lloyd's brokers and managing agents, says.

For Rebecca Oliver, managing director of technology at Xceedance, the ability to interoperate between legacy platforms

and new digital capabilities will be key and third-party providers will need to demonstrate their platforms and services can adapt to this new paradigm.

It is unlikely Lloyd's will require detailed oversight of a company's technology transformation plans, Oliver says. "But Lloyd's will, undoubtedly, want re-assurance from its participants that they have a plan and a viable execution timeline. The simple Darwinian fact is only the most adaptable participant and provider companies will flourish," she adds.

For others, there will likely be a requirement to prove, via a certificate or a kitemark, that a technology provider has met certain standards for Lloyd's market participants to collect, process and share information as quickly as possible. For many in the market, the best practice guide published by the Ruschlikon Community provides a good model.

Another model to ensure technology providers are able to support the market's digital vision is the vetting process used by Lloyds at present to approve third-party electronic risk platforms as part of its e-placing mandate, according to Marcus Broome, chief platform officer at Whitespace. "However, Lloyd's would need to be completely confident it would be able to implement best global practice to require firms to submit technology plans for approval," Broome says.

Any such strategy by Lloyd's would have to be agile and able to change quickly if more effective standards emerged anywhere else in the world. "Furthermore, it is the combination of technology and standards that deliver the process improvement and, as technology advances, so too do data standards and data techniques. The idea that standards could be defined once and left alone would lead to rapid obsolescence," Broome adds.

There is no doubt it is in the interests of everyone to make London the most attractive insurance centre in the world. But achieving that will require close collaboration, a willingness to compromise and acceptance on all sides some processes will have to be abandoned, according to Bermingham. "But agreeing common standards is crucial to give this ambitious collective effort more than a fighting chance of succeeding," he adds. ■