



Date: 27/01/2021

Attendees: Chief Operations Officer (COO), Senior Vice President (SVP) and Chief Relationship Officer (CRO) at a large Insurance Group

## 1. Interview:

### 1.1 Background:

- The Insurance Group began in 1995 with only two employees and a dedication to providing the most comprehensive cargo insurance policy available. As the company grew, the vision expanded and services and solutions were added for additional sectors in the maritime insurance industry.
- The Insurance Group is a Lloyd's Coverholder and only does business in the DA space.
- The Chief Operation Officer (COO), has worked with the company since 2013 and oversees the operations of the company which includes marketing, claims, people, operations, analytics, reporting, and compliance; in addition to market relationships and program building.
- The Senior Vice President (SVP) joined the company in 1996 and now has 23 years of expertise in Marine Cargo Administration, Claims, Underwriting, and Operations and this benefits clients and colleagues alike in providing solutions for their ever changing needs.
- The Chief Relationship Officer (CRO) is responsible for managing all underwriting relationships. Joined the company in 2017 and has worked in the industry for 27 years prior to joining the company. The CRO opened UK operations based in London and has extensive experience in structuring Cargo and Stock Throughput (STP) programs including specialist knowledge.



## 1.2. Interview Questions:

As an established, reputable coverholder what is your opinion on how the market treats coverholders?

- From the perspective of who is a bad coverholder, the market needs to make a mark between them. It can be achieved with a grading system. (CRO)

What are your frustrations with the DA Market?

- The company's history to tackle compliance: In 2017 the renewals finished in late December, even though this was started early. The company organised and held their own summit to which people from the Lloyd's market and syndicates were invited. The discussion included an in depth presentation in all forms of compliance for every department, focusing on the books and performance. When the renewal season came around, this information was overlooked.
- The company tried to engage directly with the DA team to address what they needed, they made a little improvement, but it has to change radically. (COO)
- Coverholders have to push for responses until the start of the renewal process. There is an option they could do: the Underwriter can notify Lloyd's that they got the renewal from the company and therefore Lloyd's need to get compliance moving and get completed. (CRO)
- Another problem is the audit. The coverholders would like to learn if they did something wrong and how they could improve that. The problem is no consistent information flow around it. (COO)
- Lloyd's could make the compliance to a centralised "ready made pack", that everybody gets in the process. (CRO)

Where does your company's success derive from?

- All of their systems are transparent to Underwriters, each of them able to access and see live data. (SVP)
- The company has 15 IT associates in house and 5 full time staff who are delegated to Lloyd's DA process only.
- They look after DA relationships with London based staff.



## 1.3. Discussion on Innovative Ideas:

Do you think these ideas will solve your problems?

*Separate legal from product:*

- P&L allocation is difficult if positions change in the middle of the year.
- There is a need for due diligence information requirements standardisation.

*Improved communication:*

- It links to standardising the onboarding process and review of a coverholder.

For example, lack of communication when DASAT was introduced. The API feeds came out, but Lloyd's hadn't introduced it properly. The company only found out about it by going onto the website and researching it themselves.

*Risk based check (health):*

- Using a scorecard – built in KPI – scores in underwriting financial performance, local compliance and regulatory part. Individual functions need to meet minimum standards. For example a financial inhouse scorecard: GAS cages – when SVP writes the risk has a GAS cage for risk exposure, it's a baseline scorecard for risk, marked with different colours. (SVP)

*Collaboration:*

- It's a key element for Lloyd's DA market and syndicates. There is an expectation from coverholders, for Lloyd's DA information and for Syndicate information in advance.

*Data in one place:*

- To be able to make data, real time access useful there is a need to provide tooling for coverholders regardless of their size. Templates are not the solution. (SVP)
- It should be separated into a compliance tool kit and an underwriting tool kit.



## Audit separation idea:

1. DA audit, including compliance, disaster recovery, KYC form, financial statements
  2. Underwriter audit would focus on BDX, individual risk, binder compliance
- Two major issues appeared in the discovery workshop:  
The compliance and the annual contracts. For a coverholder the annual contract is a big problem because of the compliance hurdle. The system doesn't join the Underwriter, DA and claim side, those are operating independently in each individual syndicate therefore there is an uncertainty each year for coverholders. (COO)

## What do you think of the idea of evergreen contracts?

- The relationships with Underwriters are significant, high value on contract certainty (CRO)
- Certainty of contract is important, they believe a 12- 24 months contract would be ideal. (SVP)
- If a Coverholder is approved by Lloyd's they should be able to work with any syndicate on the open market placement. Annual contracts can't target profit sharing and calculation, it should be based on performance review. (COO)

The COO feels like Lloyd's are not engaging with Coverholders about the changes. They proposed an idea that Lloyd's invest into an annual coverholder conference, there is a requirement to maintain Coverholders, that at least one person needs to register and attend. They can spread information, updates, changes and make people aware in time and communicate from a central Lloyd's DA position.