



Date: 02/02/2021

Attendees: Associate Director at a large Broking firm

## 1. Interview:

### 1.1 Background:

- Joined the company in 2015, having previous experience in operational roles within a number of broking firms, concentrating on business change. The SME looks after a number of committees and working groups, including placing, claims, tax and facilities. They also liaise closely with Lloyd's, the LMA and IAU in these areas.

### 1.2. Interview Questions:

What element of DA do Brokers add the most value to currently?

- It is difficult to put value on the activities. The brokers main role is to bring business to the market, to bring their customers.
- Role of the broker is very varied:
  - Boutiques brokers have only a couple of customers and they're focused on one particular area. They perform services on behalf of the coverholders. For instance, for the US coverholders the brokers produce Lloyd's standards. They are acting like a quality gateway for the Coverholders
  - Specialist brokers with expertise knowledge. Their strength is to know the clients, the market and who would be interested in a product. They are specialising in a territory or a class of business.
- Brokers provide provisioning services, the broker is the agent of the coverholder. Brokers are the intermediaries between Lloyd's and Coverholders in the contracting and renewal process. (It's the binder contract wording stipulated that the communication should go through a broker, and use standard templates.)
- Analytic services, countries where Lloyd's don't hold services.



Scenario: there is an option for the coverholders to choose what broker they like to work with because they have quality work, good reputation and expertise. Is that relevant in the current world, if so how would this happen?

- It depends on the level of the sophistication of the coverholder. In Europe it's different: the broker as an agent only working for an underwriter or the broker is an intermediary and provides broking services.
- Any carrier or broker going through acquisition. Each broking firm themselves acts like a diverse marketplace, therefore difficult to encapsulate what they do generally. Their activities depend on product type and client type.

What do you think the future areas of opportunity for Brokers are within DA?

Opportunities are:

- The actual capacity, to be able to bring business to the market innovatively and offering products that the domestic market is not capable of.
- Simplify communication and information flow with Lloyd's. The opportunity for those barriers to doing trade and business need to be streamlined.

Issues with DA currently:

- Lloyd's like to reduce the operating cost but first they should tackle their internal cost. LMTOM or Blueprint2 doesn't solve the problems, just picks up some of the pieces, there are fundamental issues to resolve and the solution needs to be joined in each area of DA business. For instance the target operating model, Lloyd's can't clarify who is responsible for it.
- LMTOM wanted to expose commercial relationships, that was a big issue for brokers.
- There is a fundamental mistrust of Lloyd's. Sometimes Lloyd's require certain data but the challenge is they are not able to confirm the purpose of that data collection, why they need it or how that data will benefit the participants. Therefore people are sceptical to provide that information.



## How does reporting and information flow work on the company market?

- SME's example - in Germany's market they have the right information in the contract so they are able to provide the reporting and administration needs.
- Lloyd's try to have quick wins and doesn't look at the fundamental problems.
- Like the company market Lloyd's should listen to the market needs and expectations, how to make things easier. Often when Lloyd's introduced a new technology they duplicate the processes and therefore cost.

## What is movement of money from a Broker's perspective and what's the problem with it currently?

- Specifically in DA, introducing a system is incorporating the legacy issues of the previous system. The data and money flow need to be quick and efficient.
- Managing Agents have sophisticated inhouse systems and they can integrate data into the market, Lloyd's needs to catch up with it and move onto this way of working.
- Unnecessary delays from brokers perspective are:  
Loss funds should be available at the point that binding authority is put into place. The key is to collaborate and put loss funds into place so brokers don't need to chase people to move money around because it's already there.
- They are introducing a direct payment, in the claim payment project, what will be a faster, better way but the brokers need to get used to it.

## From a broker perspective, to change from the old to new world how would that work?

- It is difficult to find a one size fits all solution and to move from old working practices to a new one because not all businesses are the same.



## Issues brokers have with the current model:

- What does Lloyd's think of the purpose of their market? Introducing legacy systems because the current model is unable to support some of the newer operating models that rely on connectivity.
- Lloyd's should split into 2 main areas, so it will be easier to work around them.
  1. Capacity: business brought into the DA market because domestic insurers don't have ability to do it.
  2. Expertise knowledge business, domestic market would have availability but it's a complex business and it demands an expertise knowledge.

### **1.3. Discussion on Innovative Ideas:**

- The brokers are specialists in their field and have access to different data source, know what the trends are. The broker's values are the network, relationships and trust with different parties.
- Brokers offer valuable information when the Coverholders join Lloyd's, help to where to find information about regulation or different services.

Insight from another session, the concept and solution of Bridge attempted a few years ago, it was a good idea in principle but it wasn't intelligently matched and didn't connect the dots. What is your take on it from a broker perspective?

- The reaction to Bridge was that they took their commercial model and gave it to other brokers (competitors) for free. What they forgot is that brokers are in competition with each other.
- Lloyd's is very good to approach brokers and talk to certain sectors but when it comes to an agreement and actions they don't do anything about it.