



Date: 01/03/2021

Attendees: Chief Operating Officer at a large Broker

1. Interview:

1.1 Background:

- The company has different insights into DA, from a broker and coverholder perspective as well.

1.2. End-to-End Vision Discussion:

Onboarding:

- Believes that a lot of corporations rely on commercials, and what Coverholders can bring to the market. SME understands the concept but is concerned that sponsoring the Coverholder without a broker part and how that natural commercial filtering will take place. Otherwise entities will get on board who don't have any commercial background on the market.
- Depends on criteria and how we would evaluate the coverholder as an entity to get them accepted to join the market.
- Commercial background - concept risks misses the natural content filter of that.

Proposition:

- Interested in the point of how do you match a broker with this proposition? Which brokers get through the gate? How does it select the broker?
- Believes this is a difficult area and needs more thought to be put into it. The broker has relationships with coverholders and they bring it to market.
- Didn't agree with the idea that brokers won't have direct relationships with the Coverholder. The brokers value their network and this model would replace that.
- Believes that there is a risk that companies who don't fit Lloyd's model, will try to access Lloyd's paper.
- DA is a specialist market with a specialist network, dealing with primary access to surface lines business in the US or other parts of the world.
- Thinks the focus shouldn't be on matching capacity to MGA through electronic matching process, this shouldn't be the priority.



- The data and sharing information efficiently is the important element because it brings value to everybody on the market.
- Supportive of the ideas as a means to getting more structured data onto the platform in the onboarding process and extending data to become the item that reduces duplication.

Digital dealsheet – digital workflow idea:

- Doesn't like the idea that the Coverholder goes direct to market to do business. Their opinion is that a lot of difficult conversations are included in that part therefore a broker is needed. Brokers would negotiate on behalf of Coverholders and it's the broker's job to find the right capacity for that particular product.
- Thinks that if the Managing Agent puts up a capacity algorithm they might match some specific submissions and it can auto-rate things and automate flows that should be easier to do in DA than other markets. Supports this.

Ongoing capacity:

- Supports the concept of evergreen contracts and has made a point that brokers usually try to get the best terms and prices as possible.
- 100% behind ideas to make the workflow more efficient.
- Strongly agrees with Lead and Follows information sharing, because at the moment there is a lot of inconsistency and duplication. The question is, what happens if the lead doesn't want to cooperate, would the Follow refer to the broker? Or will an arbitrator be involved?
- The point that they understand being commercially savvy and working with Managing Agents that have the right underwriting capabilities is a potential to understand where the value add comes from.
- If the market can agree on one process around DA for multiple carriers that would be a real differentiator for the London market.

Holistic rating, from a broker perspective do you think ratings would be useful?

- Rating of Coverholders won't be useful, because brokers already know the Coverholder's ability. It is the broker's job to know who is good or not in the market, that's their value add. From the carrier point of view it might be useful but it depends who does the rating.
- From a corporation view it can be of value to filter who underperforms and understands behaviours, creating dashboards.



- Capture structured data and populate it automatically would be preferred by the broker community, particularly not working with spreadsheets. Capturing data in a modern process can be used as validating and populating BDX. If it can be done with an API plugin would be a great improvement.
- The risk from a broker point of view, if they don't implement those things at the same time, or are not able to API these data, they will have more work than before.
- Brokers add value to the data with analytics, CAT analysis modelling and scenario etc, so adding value to risk infection.
- Maybe in the long term there is an opportunity for brokers to clean up data and charge for that.

How do you think value-added remuneration structures would work in the future?

- Underwriters are currently paying brokers to bring business to them and bringing specialist contracts to market and the SME doesn't see how that will change.
- Brokers should be paid for bringing complex specialist solutions to specialist capital. SME doesn't think that the % should change just because data would be API-ed, that's not what the brokers get paid for. If the brokers are inhibiting the ability of the Coverholder to do whatever they want, that would be a different thing.
- Coverholders who say they don't need a broker – they probably have a long established relationship on the market. For a new Coverholder it is difficult to start conversations directly with syndicates about moving business, they need a broker to offer alternatives and ensure they get the best solution in the market.
- Thinks the priority of the vision should be the data process and the efficiency of that, to get data to Coverholders and carriers straight through. Brokers can add value to make sure that the client gets best terms, capacity and solution form the right market. The data should be hygienic underneath this process.
- Opinion on FAL is that it doesn't seem to link to DUA, they missed part of it. Data needs to be consistent and all systems should be integrated to the same standards. If the end-to-end vision included that it would be a positive improvement.

Where would you like brokers to be positioned in DA, what you like to do as a broker?

- Specialist consultant to find the right capital solution to MGA.
- If a Coverholder has a very difficult portfolio and can't find a market for it then the broker will find a solution and place the business. There should be exceptions based on contract placement.



dare

- The opportunity is outside of North America, to do something similar in different territories. A portal for appetite checking can be useful to discover new territories.