

The future is here already

Richard Garnett thinks the London Market of the future is closer than you think

Just imagine the scene: it is 2012, and we are in front of Lloyd's of London early on a Monday morning. Look around, and things might look familiar — men in suits heading in for a day's work and young brokers bustling around trying to seal a deal.

But there is something missing — from under their arms. The huge bundles of paper wrapped in leather binders have gone, replaced by portable computers or hand-held wireless devices.

Some still cling on to paper in this alternative future, but as more young guns come up through the ranks, the older generation who use print-outs to keep on top of things are looking a bit out of date.

Gone is the worried look of brokers who have misplaced their files in the pub on a Friday afternoon, because now copies of everything are stored securely on a computer. Also gone are the queues of brokers outside underwriters' boxes, waiting to get paper signed off. This is now done electronically, so there is no need to meet face to face for a purely administrative task. Instead, there is now an efficiently working marketplace.

As a result of embracing technology, there are improved workflows, more efficient use of reserves and resources, better use of time, less frustrating administration — and increased profit margins.

Managers can go into their office and say: "How much have we written this month?" and at the click of a button can find out what each broker has placed, what is the margin and where problems may be arising, and reward those who have performed beyond expectations. Quarterly reports can be generated automatically and sent directly to clients, underwriters and lawyers. Policies can be written and referred to quickly on bespoke electronic forms for each kind of business.



Decisions can be taken more quickly on writing business.

Underwriters can determine exactly how much of a particular type of business they have written — and the risk it carries — with all of the information stored safely and easily accessible, with audit trails removed as a concern, and reserve management can be enhanced to daily (not quarterly) calculations.

At renewal, the contract will come up automatically and be signed off, almost without the broker having to lift a finger

— other than to review information and manage the relationship.

And when a claim does come in, the client inputs the information, avoiding mistakes made by second- or third-hand typists. The broker, underwriter and lawyer can all see the claim simultaneously. The underwriter can then immediately decide what to do and communicate with the client directly, avoiding the problem of Chinese whispers that tends to occur when information is passed through a number of different channels.

Brokers can therefore spend more time

out of the office building relationships with clients and underwriters. Underwriters, no longer chained to their box, can calculate reserves at the push of a button, as and when the claims come in.

Clients are happier because they are kept in the loop electronically and claims are processed more quickly — in weeks rather than months. Lawyers can see what is going on remotely without having to hold their client's hand physically at each turn, and third-party advisers can access all the information they need on the computer right in front of them, enabling home working to become much more prevalent and driving cost-efficiencies even further across the market.

There are additional benefits. A fully auditable trail is generated electronically that keeps even the toughest global regulators happy, and makes the system open and transparent.

Because of the improved efficiencies, cost savings and a growing reputation for outstanding customer care, product innovation and faster processing, companies are no longer re-domiciling to Bermuda. Some are even coming back to London because the cost of doing business in Lloyd's is coming down every year.

Not science fiction

But this vision of the future is not the stuff of science fiction. The technology needed to transform London into this vision of a practically paper-less nirvana is available now, and is already being used by some companies.

There is now no reason why a single communication portal needs to be imposed on the London Market. Technology has moved on to such an extent that a number of different businesses now have the potential to provide bespoke systems to meet the needs of individual clients.

This vision of the future I have outlined is not some utopian pipe dream. It is within our grasp today, if the market is prepared to embrace the possibilities rather than continue to be so determinedly attached to their over-filled slip cases.



Richard Garnett is managing director of Yellowbox.com.

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