

LMA Forum: Documentation & Contract Checking

Old Library 26 April 2007



Welcome/Purpose

- Invitation extended to all LMA members
- Intention today to:
 - provide background to planned change
 - review our approach to managing this change
 - share the broker's perspective
 - provide a forum for your queries/concerns



Panel members:

LMA - Martin Roberts, Mel Goddard

Lloyd's - Rolf Tolle, Steven Haasz &
Kieran Flynn

LMBC - Mike Reidie, Nigel Roberts



Background

Making the London Market a more attractive place to do business

Overview of Market Reform activity

- Peer to Peer / Electronic trading
- Accounting & Settlement
- Electronic Claims transactions
- Documentation & Contract checking
- our focus for today



LLOYD'S

Documentation & Contract Checking

Increasing certainty, quality and speed

- Market Reform Slip
- Contract Certainty
- Contract Checking



Changes to Documentation & Checking

Have been developing for some months:

- Background – Richard Ward’s letter 22 May 2006 and subsequent publications
- All checking pre-bind: no stage 2 checking (limited volumes/ too late in process)
- Key dates:
 - February 2007 no automatic addition to UPR
 - End June 2007 stage 2 checking ceases
- Documentation options and new XIS service:
 - Attestation Clauses – Policy document required?
 - Policy Signing Service – limited policy review, not full check (proof read process)



Contract Checking

All contract checking will need to be 'Pre-Bind'
(‘Pre-Bind Quality Assurance’ - PBQA):

- Underwriter/Broker responsibilities for quality
- Scope of checks for PBQA:
 - CC, Tax & Regulatory and Lloyd’s Advisory/Risk Management



Documentation

Ensuring clarity and certainty for all parties

- **Underwriter Documentation:**

- Lloyd's policy
- Complete copy of slip
- Certificates

- **Broker Documentation:**

- BID



Pre-Bind Quality Assurance (PBQA)

Focus now on:

- Reducing Legacy UPR listing vs. 2007 target
- Ensuring Pre-Bind Quality Assurance

Engagement with the market has included:

- Fact find on current 'PBQA' procedures
- Working Group shaped market approach to PBQA & endorsement by UCC of proposals to market
- Liaison with LMA, LMBC & IUA to encourage consistency on 'Documentation and Contract Checking' issues



Pre-Bind Quality Assurance (PBQA)

PBQA Fact Find – highlights

- All Managing Agents being seen (one visit outstanding)
- Overview:
 - great reliance placed upon underwriters' experience re slip content
 - most MAs considering options and awaiting clear guidance from Lloyd's
 - some MAs have already assessed requirements & are putting controls in place eg additional wordings resource, external checking services provider
 - most MAs have in house wordings resource, although 14 do not
 - a few MAs have given little thought beyond CC
- Initial conclusion:
 - need for review of PBQA procedures vs. risk, as leaders & followers
 - chosen controls need to be implemented and reviewed
- Follow up:
 - by Lloyd's (FPD/ RM)



Pre-Bind Quality Assurance (PBQA)

Lloyd's Market Bulletin will confirm risk-based approach:

- Each MA has own PBQA procedures, reflecting individual risk
- Risk control options include: (based on market activity)
 - experienced underwriting/ wordings personnel
 - QA tool checks
 - information sources – Lloyds.com
 - earlier receipt of slips for review
 - use of service providers
 - use of model wordings
 - use of s/ware tools to automate checks



Pre-Bind Quality Assurance (PBQA)

Lloyd's seeking practical approaches to assist the market:

- Clear risk-based approach set out for all, within U/W Standards
- Broking community engaged (assisted by Nigel Roberts & LMBC)
- Access to model wordings (in cooperation with LMA)
- Evaluation of automated checking with Adsenza (to support experienced underwriting & wordings personnel)
- Creation of coordinated information resource within Lloyds.com
- Crystal – Tax & Regulatory information, complementing QA Tool checks
- Enhancing QA Tool checks/ process (will take time)



Working together - What's in it for brokers?

Enhanced service for brokers' clients once implemented

- Certainty in document content/format
- Faster final contract to client
- Reduction in post placement administration
- Easier to achieve 30 day target for contract issuance



Any Questions?

