LIIBA

London & International Insurance Brokers' Association

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Facilities Forum

The Forum will start at 11am.

We would kindly request that attendees turn off their video feed and mute microphones
Thank you.

Wednesday 31st January 2024

Agenda

- Introductions
- LIIBA Facilities Forum
- Computable Contracts
- DA Systems
- Lloyd's DA Framework Programme
- Joint Venture
- Member Q&A

Introductions

PANEL ONLINE	
LIIBA	**Lloyd's**
Sarah Peppiatt (FC Chair)	Jane Harley
	Jamie Coughlan (JV)
LMA	**LIC SA**
Carla Wise	Haris Khan
	Sytske Romijn

Facilities Committee

- ➢ Reporting Structure and Membership

- ➢ Sub Groups

- ➢ 2024 Priorities

- ➢ Facilities Distribution List

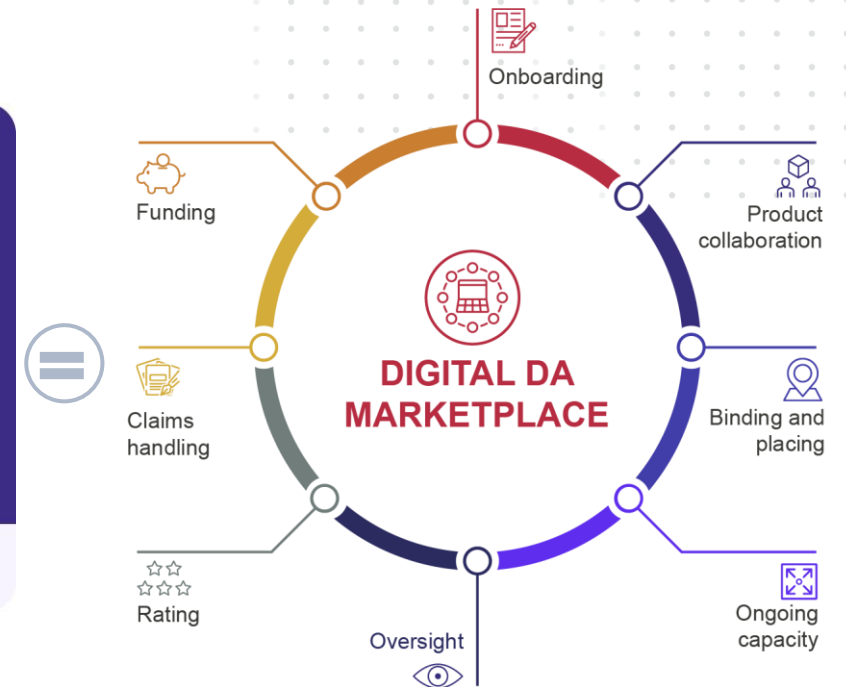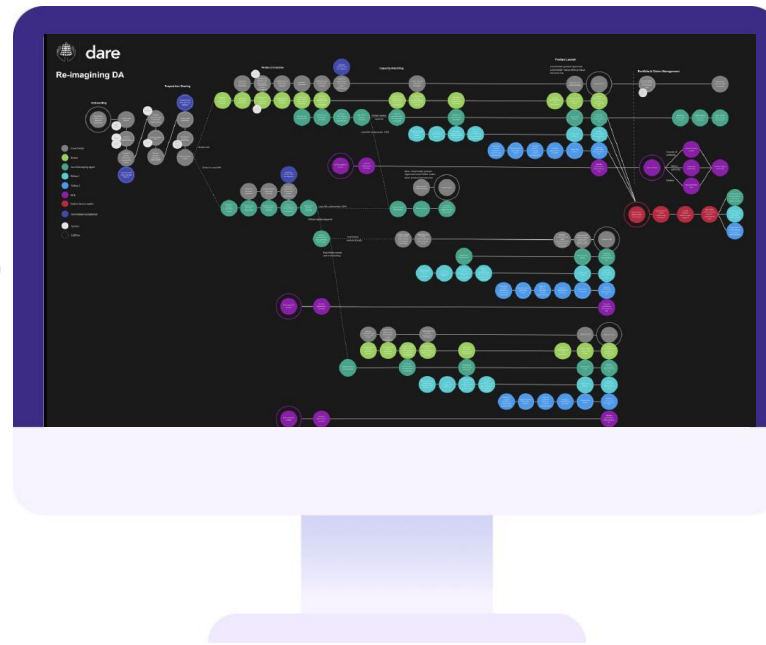# Computable Contracts

➢ Progress to date

➢ Plans for 2024

Delegated Authority Re-imagined (DARE)

- In 2021, an **end-to-end** Vision for a Digital DA Marketplace – *created by the DA community, for the DA community*

Broker Coverholder
9

Claims Representatives
14

Managing Agent representatives
174

Independent consultants
12

Coverholders
75

Brokers
32

A credible discovery process

DIGITAL DA MARKETPLACE

Onboarding

Product collaboration

Binding and placing

Ongoing capacity

Oversight

Rating

Claims handling

Funding

64 concepts grouped into 8 key areas

DARE 2 – Computable Contracting Proof of Concept

- Project Objectives

#1 Demonstrate how the Binding Authority Agreement (BAA) can be redesigned for a future computable contracting environment
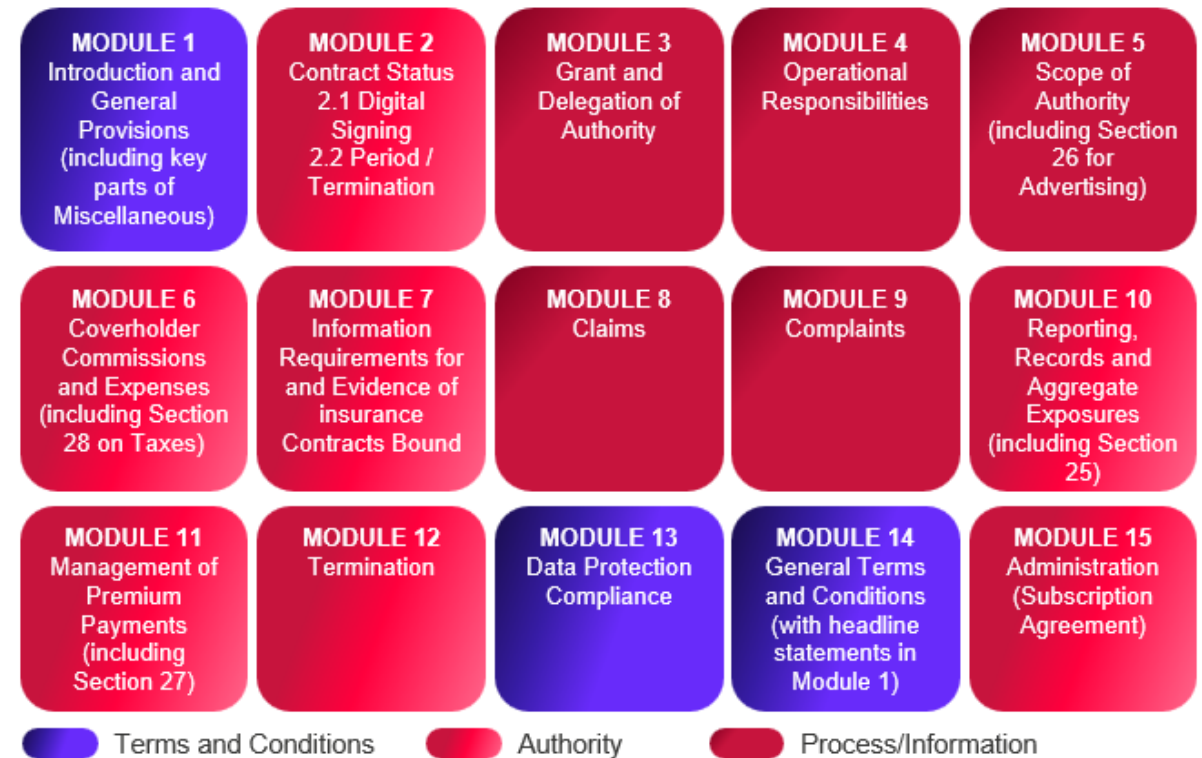
#2 Develop a prototype

#3 Demonstrate how customer policies can be digitised and modularised

BAA Redesign: Overview of Modules

The Binding Authority Agreement has been redesigned to form a set of contract modules, each being a natural grouping of functionalities and/or data objects.

MODULE 1 Introduction and General Provisions (including key parts of Miscellaneous)	MODULE 2 Contract Status 2.1 Digital Signing 2.2 Period / Termination	MODULE 3 Grant and Delegation of Authority	MODULE 4 Operational Responsibilities	MODULE 5 Scope of Authority (including Section 26 for Advertising)
MODULE 6 Coverholder Commissions and Expenses (including Section 28 on Taxes)	MODULE 7 Information Requirements for and Evidence of insurance Contracts Bound	MODULE 8 Claims	MODULE 9 Complaints	MODULE 10 Reporting, Records and Aggregate Exposures (including Section 25)
MODULE 11 Management of Premium Payments (including Section 27)	MODULE 12 Termination	MODULE 13 Data Protection Compliance	MODULE 14 General Terms and Conditions (with headline statements in Module 1)	MODULE 15 Administration (Subscription Agreement)

Terms and Conditions   Authority   Process/Information

Note that each module has scope for 'endorsements' – a distributed and structured version of the 'old section 6.1'

DARE 3

Design & Build of a Computable Binding Authority Agreement (CBAA)

uma dare

2023

DARE 3 • Design & Build of a Computable Binding Authority Agreement (CBAA)

The LMA Board have approved funding for the DARE 3 project to:

- design a fully digital contract of delegation

- where a single BAA model wording can be used interchangeably between and across markets, classes and territories

- with the words as well as the numbers, created as structured data that can be finance

- creating digitally that is traceable controlled
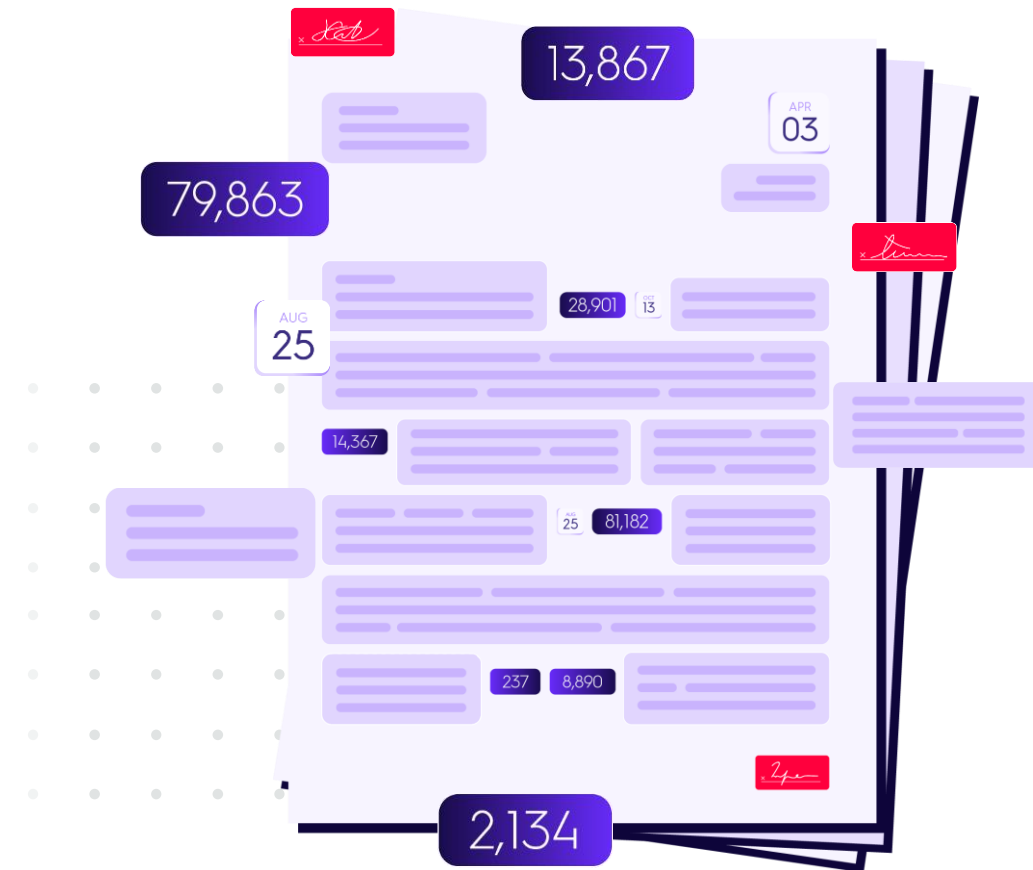
Modularise

Simplify

Standardise

DARE 3 • Design & Build of a Computable Binding Authority Agreement (CBAA)

- Project Workstreams

A. Draft, design and modularisation of the CBAA

B. Digital Wording Objects Library

C. Contract Creation Application/Workflow

D. Access & Control Model

E. Data Store

F. Review and Approval Application/Workflow

G. Electronic Signing

H. Post-bind modification, renewal and termination

I. Integration (with DCOM/JV/Other)

J. Market Engagement

Computable Binding Authority Agreement (CBAA) - Project Flows

Workstream A - Draft, design and modularisation of the CBAA (Approach)

Framework for Development

This approach will be followed for the development of all Modules

Axiome Draft Requirements for Modules

LMA DA Wordings Group (DAWG) Sign-Off Requirements

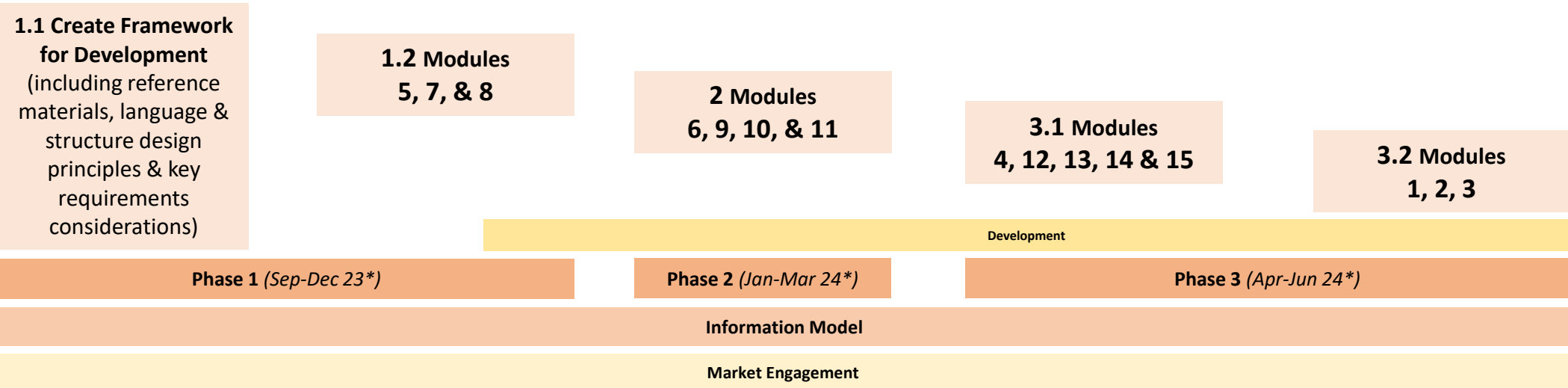**Axiome Create 1st Draft of Modules**

DAWG Review & Feedback

Axiome Create 2nd Draft of Modules

DAWG Review & Feedback

Axiome Create Final Draft of Modules & DAWG Sign-Off

Axiome to develop CBAA modules in the following sequence –

Development of the CBAA Information Model runs parallel to the development of all Modules

1.1 Create Framework for Development
(including reference materials, language & structure design principles & key requirements considerations)

1.2 Modules 5, 7, & 8

2 Modules 6, 9, 10, & 11

3.1 Modules 4, 12, 13, 14 & 15

3.2 Modules 1, 2, 3

Development

*Approx. timeframe for Axiome to complete 1st Draft

Phase 1 *(Sep-Dec 23*)*

Phase 2 *(Jan-Mar 24*)*

Phase 3 *(Apr-Jun 24*)*

Information Model

Market Engagement

DARE 3 • Design & Build of a Computable Binding Authority Agreement (CBAA)

- Workstream A - Draft, design and modularisation of the CBAA

- **Phase 1.2 Create Framework for Development** ✓

- **Design Principles agreed with LMA DA Wordings Group (highlights)**

- moving to a single model wording for binder agreements that can be used interchangeably between and across markets, classes and territories

- adopting simplified plain language where possible

- **revising, expanding or removing language to reflect current and future practice and market needs**

- using market/class/territory agnostic language wherever possible to support smoother changes in capacity

- embedding standard (often mandatory) endorsements in the main body of the wording

- embedding variables (such as those held in the schedule today) within the main body of the wording where it makes sense to do so

- constructing the contract so that it will include only in-force language

- aligning with industry standards (CDR, ACORD GLRC etc.)

- clearer & contractual assignment of roles and responsibilities of key DA operational processes to enable value driven remuneration

DARE 3 • Design & Build of a Computable Binding Authority Agreement (CBAA)

- Workstream A - Draft, design and modularisation of the CBAA

- **Phase 1.2 Modules 5, 7 & 8**

- Tackled the big modules first – Scope of Authority, Evidence of Policies Issued & Claims
- 1st Drafts were reviewed by LMA DAWG in mid-January
- 2nd Drafts will be shared with wider market for feedback in Q2

- **Phase 1.3 Modules 6, 9, 10 & 11**

- Module Requirements have been shared with LMA DAWG
- Requirements to be signed off on 7th February
- 1st Drafts to be reviewed by LMA DAWG 24th/25th April

DARE 3 Design & Build of a Computable Binding Authority Agreement (CBAA)

Target Timelines

- All CBAA Modules fully drafted – Sep 2024

- Phase 1 Digital Wording Objects Library & Contract Creator built – Jan 2025

- First 'cohort' of CBAAs incept – Q2 2025

- Post-bind modification, renewal and termination workflow built – Jul 2025

Notes

- A full external legal review of the new, single, binder agreement model wording may impact timelines

- A requirement for post-bind modification to be part of phase 1 delivery will affect timelines

- 'Phase 1' delivery will not be defined until we are further along with the drafting/design work (Q2) but could be binders of a certain territory for example

DARE 3 • CBAA Benefits

	Managing agent	Broker	Coverholder
Scalable DA contracting model to accelerate growth – contract modules can be easily copied, and variables amended, reduced time/cost reviewing	✓	✓	✓
Deeper and faster interrogation of DA contracting portfolios via a comprehensive contract data set, the words as well as the numbers	✓	✓	✓
Test case for computable contracting approaches before attempting further work on insurance contracts	✓	✓	✓
Greater adherence to contractual requirements via cross-market contract consistency, user-friendly contracts including only in-force requirements and a versioning (rather than endorsement) amendment model	✓	✓	✓
Greater viability of Continuous Contracts which are easier to manage via a versioning (rather than endorsement) amendment model and can reduce year-end compliance bottlenecks	✓	✓	✓
Reduction in manual, duplicative pre-bind quality assurance review and DXC checking fees as in-built logic automates checks for all contracting parties	✓	✓	✓
'One-click' bulk amendment at either a market, organisational or other determining factor level	✓	✓	✓
Targeted, accelerated contract review via a modular contract structure and bespoking functionality that is structured, controlled and reportable	✓	✓	✓
Enhances the reputation of Lloyd's as market of choice for distributors by beginning the data rationalisation journey for DA to reduce reporting requirements for Coverholders and offering a simpler contracting experience	✓		✓
Accelerated contract completion via collaborative contract creation and electronic signing	✓	✓	✓
Elimination of re-keying via a single, digital version of the truth accessible to all contracting parties, that is traceable and controlled	✓	✓	✓
Reduced data cleansing as data will be validated at point of contract/CBAA creation	✓	✓	✓
No requirement to separately update DCOM as Lloyd's can obtain the data they need directly from the CBAA	✓	✓	
Resolves GDPR and privacy issues for multi-section/multi-lead contracts	✓	✓	✓
Unlocks potential to deliver other aspects of the DARE vision including improving declaration level data quality and clarifying roles & responsibilities to enable value driven remuneration	✓	✓	✓

Questions?

DA Systems

- ➢ DAM

- ➢ DCOM

- ➢ DDM

Lloyd's DA Framework

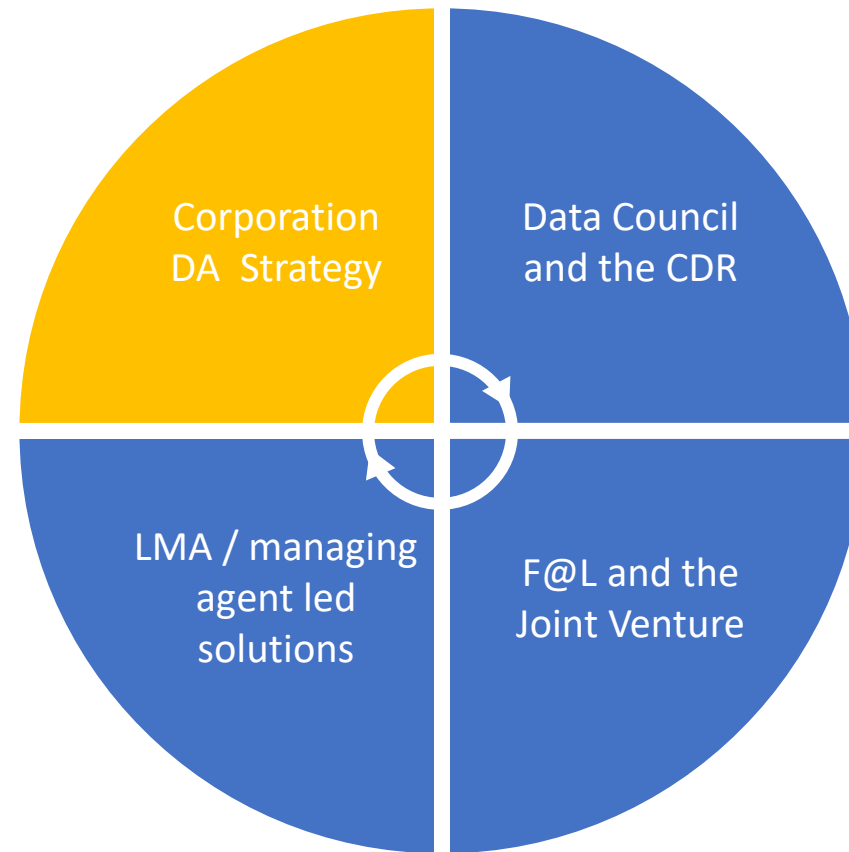# Alignment with other in-flight DA activities

- **Important to complement, not replicate, other strategic initiatives that impact DA**

Define the Corporation's purpose and activities
- Regulation/oversight
- Performance
- Commercial
- Support and advice
- Global network
- LIC/ Lloyd's China
- Supporting data & systems

Defining the data standards the market uses
- Data Standards
- Roles and Responsibilities
- ACORD involvements

Corporation DA Strategy

Data Council and the CDR

LMA / managing agent led solutions

F@L and the Joint Venture

Creating a digital marketplace for DA
- DARE
- Building on F@L foundations
- Computable contracts
- Inputs into DDM, JV

Building the processing platform
- Build epic definitions
- Seq. 4 design & build: Ph1 & 2
- 3iaBox engagement
- Design Office
- Service definitions
- DA Data Strategy

Proposed Model: Design Principles

The Strategy proposes a new model for the Corporation to support those goals

Eight design principles...

1. Focus on where we add value.

2. Recognise that primary responsibility for coverholder compliance rests with lead MA (not Lloyd's centrally)

3. Complement, but not replicate, other DA activities (e.g. JV/DARE).

4. Be flexible and adaptable – not build on 'today's' DA business

5. Be clear and understandable

6. Align with our PBO (Rio) Principles-based approach

7. Be excellent for our customers, providing the service and products they need

8. Enable us to win the best underwriting led DA propositions

... that inform one Corporation model..

One Vision:

To be the market of choice for the best DA Business

Six functions (ie responsibilities):

1. Embed a flexible framework based on business segmentation eg onboarding

2. Fully leverage a PBO (RIO) approach to oversight

3. Provide expert guidance and be a catalyst for process improvement (to address pain points)

4. Robustly protect our brand

5. Meet our regulatory obligations

6. Promote underwriting performance

Delivered by a set of defined activities Lloyd's would perform

... which support DA businesses that...

Deliver sustainable profitable performance across the insurance cycle

Are supported by a clear DA management framework

Meet Lloyd's regulatory obligations

Uphold Lloyd's brand and provide good value for policyholders

Have fair, reasonable and transparent commissions

Have capability to accurately capture and share meaningful data and MI

Joint Venture

PLEASE REFER TO THE PDF FILE UPLOADED ON TO THE LIIBA LIBRARY FOR THE JOINT VENTURE SLIDES SHOWN DURING THE WEBINAR

Member Q&A

Please enter question in the chat bar or raise hand.

To cover any unanswered question already posed via the chat bar

Resources

➢ Join LIIBA's Facilities Distribution List – enquiries@liiba.co.uk

➢ Join Lloyd's DA Connect Sessions: delegatedauthorities@lloyds.com

➢ Join LIC SA DA Forum: lloydseurope.delegatedauthority@lloyds.com

2024 Facilities Forum Dates:

31st January, 24th April, 17th July, October 23rd

Thank you for your attendance at today's session

London & International Insurance Brokers' Association