

Insurance Day

London Exchange must move on from the negotiation 'nursery slopes'

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THE LONDON EXCHANGE has made significant progress in proving face-to-face negotiations can comfortably co-exist with electronic workflow within Lloyd's, but further changes in working practices are required if the "process, values and benefits" of electronic placing are to be fully realised.

Despite repeated messages from Lloyd's the exchange is not intended to impose a way of working, but will merely support brokers and managing agents by providing a simple service to enable a standardised way in which to exchange electronic information, Jeff Ward, director at Lime-St.com, said the exchange still had to prove two things to many in the market. "First, whether a simple endorsement can be conducted without any face-to-face negotiation – this scenario requires no material change in negotiation psychology and is an easy win for everyone," Ward, speaking ahead of his appearance on a panel session on electronic placing at the Insurance Day Summit London today, said.

"Second, and of far more importance, is whether a complex endorsement can be negotiated face-to-face while the electronics are there to support and workflow the process."

Ward said the latter issue would involve a repositioning of people's attitudes and working practices and "some careful thought".

"For example, how and where in an electronic workflow does the essential human negotiation remain and could this lead to favouring one party or another?" he queried, adding that for complex endorsements, the endorsement pilot would set the scene for how practitioners would perceive the process, values and benefits of electronic placing support, "which is next on the agenda".

"We are now on the nursery slopes, proving here face-to-face negotiation can comfortably co-exist with electronic workflow and process; this is an essential precursor to moving up to the 'black run' of electronic placing support," he said.

Ward concluded the endorsement pilot scheme would also provide evidence a significant proportion of the broking community would be able to render and process electronic endorsements without forcing transaction or agreement charges on their underwriting markets. "This is a critical step to levelling the playing field for the whole broking community," he said.

Ward will be joined by Graham Clark, chief executive of Miller, and Ian Summers, managing director of e-business and market reform at Aon Benfield, on the electronic placement session at the Insurance Day Summit London this morning.

The session will be moderated by Roy Laker, vice-president of Acord.

