

## Opinion - The word from the front

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TO COIN A phrase little used since my grandfather was a lad, the balloon's gone up and the big push is on. The scope for electronic endorsements is to be widened significantly from this July to include property, PI and specie and, by early next year, all other classes.

The project started as a pilot for marine last October. Those who had hoped it would all be over by Christmas were in for a disappointment as it became business as usual in January and, by March, had completed over 15,000 electronic endorsements and as many electronic listings again.

Far from the smoking ruin anticipated by the sceptics, the Exchange is now set to become the norm for doing endorsements across the market.

Of that total to date, only about 7% of them have required face-to-face negotiation to complete - a very impressive statistic. That's 93% of electronic endorsements being completed without anyone's backside leaving their seat. Bad news for the bottom, perhaps, but very good news for the bottom line.

All of that occurred within the first six months of the system going live with over 80 different firms involved and, conservatively, around a thousand practitioners, technicians and assistants.

Can anyone remember a London market technology initiative that has gone as well as this? This one has worked across a wide section of the market and delivered on-time a good proportion of what it set out to achieve. And it hasn't cost a fortune.

### HALFWAY THERE

So what has it not achieved yet? That's simple: only around half of marine endorsements are being done electronically over The Exchange right now.

The other half is the challenge – how to engage all practitioners for all endorsements, not just the simple ones (endorsements, that is). Not everyone wants to do endorsements electronically in this way and they have a good point – the system isn't yet very good at handling those complex cases that need face-to-face negotiation.

We're not standing still, however, and modifications to the systems, processes and guidelines are all under way to help. E-endorsements 2.0, for want of a better tag, will by the end of the year combine with new technologies such as iPads and Blackberries at the box to help bring others to the party and open up the potential to handle hundreds of thousands of electronic endorsements annually.

Key to the initiative's success has been The Exchange itself whose core value lies in its inherent simplicity that keeps it cost-effective and non-threatening. It is also supported extremely well from the centre by a small band of dedicated and expert market professionals and all these ingredients have combined well to achieve what the project has so far.

The supplier and technology choice for participants is also very broad, providing systems to suit a variety of budgets from just a few thousand pounds a year for a small broking firm. And there are even DIY options for the - how shall I put it? - brave.

Integration to back-end systems has been optional which has greatly aided quick-start engagement. Of course, straight through processing is the ultimate goal of electronic trading and yields significant benefits but it is quite costly so most firms are currently trading without it. Yes they will eventually integrate but, for them, significant volume growth will dictate the need, when and how.

And, bar a few notable exceptions, the costs are roughly split equally between the broking and underwriting communities. This is a novel approach for our market more used to asking the underwriters to pay for everything. Given that everyone has their own relatively equal personnel, change and software costs to cope with, and benefits are to be had for both parties, this seems a perfectly fair and equitable approach. Transaction charges for underwriters are rapidly becoming an anachronism.

### VALUE FOR MONEY

So, if you want to get value for money out of the market's only successful electronic placing initiative, there's only one way to do it – use it. Cost-effective software is out there, it's tried and tested, the training is simple and the benefits can be almost immediate.

The big push starts in July and the roll-out will accelerate as the year progresses with more and more firms engaging in the new classes. With the majority of the underwriter community connected and ready to heed to the call to arms, the broking community now has every reason to follow the lead of those mariners in the 20 or so broking firms who drove the pilot forward.

They can do so secure in the knowledge that electronic endorsements work and can be a highly effective means of transferring the load from the legs to the bottom, as well as saving time, effort, cost and E&O in the process.

Your Market Needs You.

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The progress of London's electronic endorsements pilot is just one of the issues on the agenda at this year's Insurance Day Summit London, which takes place tomorrow and Wednesday at the Grange City Hotel in London.

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