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When Cuthbert Heath sent his famous cable to Lloyd's agent in San Francisco following the devastating earthquake and fires in April 1906, to "pay all our policyholders in full irrespective of the terms of their policies," it must have sent a collective shudder down Lime Street.

But the subsequent claims payments, despite producing a considerable underwriting loss for that year of account, went a long way to establishing the reputation of Lloyd's in the United States and, to this day, the capacity and readiness of underwriters to pay claims (*within* policy terms) remains a basic requirement of where brokers look to place their business.

Whilst the London Market continues to grapple with 'front end' issues, the second phase of the Electronic Claims Files initiative (ECF2) is being rolled out to Managing Agents over the next few months and, under the stewardship of the London Market Group many market associations and technology companies have collaborated to accelerate the process.

For the past 18 months, DOCOsoft has been the claims software provider working alongside the in-house IT departments of underwriters who were part of the Market Acceptance Testing (MAT) for ECF2 on behalf of the market with Xchanging and Lloyd's. Ideally, workflow applications should work across both Lloyd's and Company markets in London, providing a complete lifecycle claims workflow solution. These applications will drive efficiencies and speed of handling losses as claims handlers are guided through the entire process from the original policy transaction to final payment by claims workflow triggers.

Underwriters will have the ability to quickly prioritise and adjust claims, seamlessly extracting relevant information from their own in-house systems and, via a single sign on link to the ECF2 claims acceptance screen, access latest claims data through real-time dashboards, regular information reports plus automated ECF validation, all of which will clearly benefit clients and help underwriters fulfill their Service Level Agreements.

Heath was also famous for issuing a life assurance policy for a monkey belonging to an organ grinder - this was also paid in full when the monkey's corpse was

produced at Heath's office, whereupon reputedly he had it stuffed and put on display - and the London Market cannot be accused of not seeing, speaking or hearing any evil as regards to ECF's performance. It has voiced frustrations, including, the types of business out of scope, the slow response times from some underwriters and the (happily diminishing) knot of market traditionalists who continue to resist the initiative.

On the other hand, the market has been quick to acknowledge the positive things ECF has brought to the table, generally accepting that it has reduced the overall claim handling process and settlement time for many claims, captures data for future reference eliminating the need for paper files and offers users visibility of real time status of claims, amongst other benefits.

Additional implementations to the market are currently going through MAT and several syndicates should shortly be implementing live ECF2 triggers.

In more than 15 years' experience in the software industry in Japan, I learnt the meaning of their word *kaizen* which, literally translated, means continual assessment and improvement, and the harvest of this principle can now be clearly seen in the London Market.

Before 2008, no claim was adjusted or settled electronically and with the introduction of the ECF a true transformation was instigated resulting in approximately of 70% of all London claims currently being processed electronically, thus stealing a march for the market over its ever increasing global competitors by making it the place where brokers want to place their business.

ECF2 can only enhance this rapid progress and, with the London Market promoting itself as a centre of insurance excellence, perhaps this next stage will also begin to attract talented insurance professionals to consider joining the complex and challenging claims sector.

Heath would be impressed.

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