

# CSRP: Post-Bind Submission Target Operating Model

What is Post-Bind Submission and how will it affect me?

31 July 2014

## Executive Summary Pack

This Executive Summary pack version includes only the following sections:

- Introduction
- Executive Summary

# Introduction to the Post-Bind Submission<sup>1</sup> TOM

## Context of Post-Bind Submission within the Central Services Refresh Programme

- ▶ **Post-Bind Submission (PbS) is part of the Central Services Refresh Programme (CSRP). PbS focuses on the way data and documents are submitted by Market Participants to initiate Central Services activity or actions by other Participants.**
  - ▶ **PbS was identified, by the initial programme definition work on CSRP, as the likely first phase of CSRP, because it had the potential to help the London Market acquire and retain more business by reducing the frictional cost of Post-Bind administration for Brokers by:**
    - Increasing the accessibility of the London Market through simpler, more globally aligned business processes between Brokers and Carriers using ACORD messaging.
    - Reducing the cost of operating in the London Market by reducing the complexity and effort involved in these back-office interactions with Central Services.
    - Shortening cycle times through simplification, increased automation and better integration with Carrier and Broker systems.
    - Providing better quality information on the status of submissions and overall Market performance to Participants, while ensuring the current level and quality of information to Carriers is not compromised.
  - ▶ **The Central Services Refresh Programme is part of the overall Market Modernisation agenda. CSRP's specific ambit is the 'Post-Bind' Central Service landscape:**
    - This is where Central Services' back-office services originated and it is where there are many current problems that have their roots in the original design of processes and systems to support them.
    - CSRP is not addressing 'pre-bind' processes. However, in undertaking the TOM development work, the programme has remained conscious of such wider Market initiatives and the need to provide a path to integrate with these.
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- ▶ **The hypothesis for Post-Bind Submission is based on the idea that the ACORD EBOT/ECOT message will be introduced as a new submission channel and that these standards are the preferred mechanism through which 'globally aligned' processes should be driven across the London Market.**
    - There is an aim to align both the Lloyd's and Company Market segments in this respect.
  - ▶ **The key tests for the Post-Bind Submission hypothesis are:**
    - To what extent can these ACORD messages, designed to work in a Broker/Carrier Peer-to-Peer relationship, work within the Subscription Market?
    - How should this new messaging channel operate with existing scenarios and, in the context of the wider CSRP, possible Future Services Models?
  - ▶ **In broad terms, the scope for Post-Bind Submission includes but is not limited<sup>2</sup> to:**
    - Removal of the Londonisms (the complex administration that the Broker performs for the London Market) related to the submission processes.
    - Insulation of the originators from future change in CSRP and mitigation of Market operational risk, particularly during implementation of full CSRP (see note below).
    - Removal of barriers to the delivery of the full CSRP.
    - Ensuring Carriers continue to receive the same level and quality of information, despite the Broker no longer performing certain functions on behalf of the Carrier.
    - Enabling the capability for any authorised party to initiate Central Services through the Carriers.
  - ▶ **Note: It is the future phases of the CSRP that will address the best way to 'refresh' (i.e renewal or replacement) of legacy systems and the administration processes locked to these.**

<sup>1</sup> Post-Bind Submission (PbS) was originally called "Market Submission". With the issuing of this Target Operating Model this new name is being adopted to better describe the scope of this programme and its position within the CSRP (which itself covers Post-Bind business activity support). The scope of this TOM and its brief remain exactly as that for the original Market Submission.

<sup>2</sup> A key aspect of the TOM design stage is not just to test the hypothesis but to validate the scope and assumptions made in that hypothesis. It is through this that the TOM itself can be validated and optimised.

# Introduction to the Post-Bind Submission TOM

## Developing the Target Operating Model for Post-Bind Submission

- ▶ This document is the Target Operating Model for Post-Bind Submission. In short it answers the question:

**“What is Post-Bind Submission and how will it affect me?”**

- ▶ The TOM design activity was undertaken within the context of the wider Central Services Refresh Programme and against the scope and objectives summarised on the previous page.

### ▶ The PbS TOM development has been undertaken in a particular way:

- The London Market is a complex system consisting of a number of different, but interlinked, activities and independent Participants. Operating model design is a systematic design process that breaks this ‘complex machinery’ down into its logical components and deploys the appropriate analysis and design techniques for each component to build a better model.
- A system oriented, bottom up view has been avoided. Instead, by using a top-down business/service/process approach, driven by published ‘Design Principles’, shows stakeholders how PbS will change the existing submission experience for Brokers, Carriers and other parties and, thereby, how it solves existing problems and improves the overall Broker/Market interface.
- It has identified and examined key questions and options for the operating model to deliver PbS and, through this process of evaluation, built confidence that the right/optimised model has been designed.
- Through the design process the programme engaged more widely with the Market stakeholder community<sup>1</sup> in testing and evaluating options and the resulting design, ensuring the right model has been developed.
- Avoided ‘reinventing the wheel’ by considering the material developed in an earlier ‘draft TOM’ step that presented an outline option for a systems/operating solution, together with other analysis work and material developed through 2013 and earlier.

### ▶ This process has driven the development of the TOM. This TOM document will enable the Steering Group to confirm, and other readers to understand, the following:

- How the interactions between Broker, Carrier, and Central Services will change.
  - How the design resolves the current Broker requirement to remove ‘Londonisms’.
  - The level of service provision that is required to make London more competitive.
  - The ‘practical’ optimum process and IT architecture required for Post-Bind Submission.
  - That the solution is reasonably achievable against the Programme’s Design Principles.
- ▶ **Therefore, this TOM should provide the basis for making the decision to proceed to the next, ‘Roadmap’ phase, where more detailed implementation planning and costing will be undertaken in preparation for commissioning the start of programme delivery activity.**

<sup>1</sup> The London Market has a very large and diverse stakeholder community; the Steering Group and their support teams from their own organisations, supplemented by a wider group of organisations, have given time and effort during this phase and have been instrumental in guiding the programme delivery team. In line with usual LMG practice this TOM is being published openly to the Market.

# Post-Bind Submission overview

What is Post-Bind Submission all about?

## Participants' Post-Bind problems

Submission process through Central Services is unique to London – not aligned to emerging global standards

Submission process is complex and expensive for Brokers to administer & maintain – error prone

Frequent 'rekeying' of data in Broker, Carrier and Central Services – costly & time-consuming

Alignment of signed-line records between Carrier & Broker takes too long – adds risk & cost

## Post-Bind Submission changes...

Creates a new way for Broker and Carrier back offices to collaborate on the Post-Bind administration of contracts throughout the London Subscription Market  
*Accounting – Settlement – Claims Notification*



Reduces the burden of work on Participants - centrally serviced support is changed to add value to the Market  
*Splits, FDOs done by Central Service not Brokers, Signing Numbers & Dates removed from Claim submissions*



Resolves or improves over half of the 'LIIBA Londonisms'



Allows CSRP to then address other, deep seated, problems that result from a legacy of processes and systems stretching back up to 30 years



Provides a basis for extending centrally provisioned shared services to Carriers on a flexible and elective basis

## Post-Bind Submission delivers through...

A new **channel** for exchanging information  
*Submissions made using ACORD messaging (EBOT/ECOT)*

*Less re-keying, easier sharing of information*



New or changed **services** and **processes** - centrally provisioned  
*Structured Data Capture & Splits Service*

A new **way of working** between Brokers & Carriers  
*Placing Central Services behind the Carriers – Carriers support queries*



A foundation of new **technology** and a **data management capability** – carefully limited in extent and complexity to support the automation of data capture & splits processes and enable the flow of structured data between Participants  
*Technology Enabled - Appropriately*

## Benefits for Participants

Contributes to making the London Market more attractive – to generate more business

Broker administration, including query handling, substantially reduced cost & maintenance

Carriers able to reconcile signed-line records earlier and more easily

Fewer central delays to premium and claims settlement

# What is Post-Bind Submission going to do?

## The key features of the new Post-Bind Submission TOM

### Changes to Business Processes and Submission Channels

#### Splits and FDOs performed in Centre through the PbS Service (Using the ACORD EBOT Channel)

- ▶ Remove LPANs and FDOs\* in EBOT channel: Brokers freed from defining detailed splits when using new EBOT submission channel.
- ▶ Broker submits only basic technical account information – aligned with global processes.
- ▶ Removes processing differences in London Market between Lloyd's and Company submissions.
- ▶ Value-add shared service provided for Participants: PbS undertakes the accounting & reporting splits.

\* FDOs = "For Declaration Only" submission used for Delegated Authorities and other Facilities.

#### EBOT/ECOT Submission Channel Established

- ▶ ACORD adopted – Global processing standards.
- ▶ Simplified Broker & Carrier side implementation.
- ▶ Retire non-electronic channels over time, existing channels not upgraded (e.g. LPANs not removed here).
- ▶ Online portal for Brokers who do not have own ACORD messaging gateway/enabled systems.

#### Provide for faster submission Broker to Carrier through 'Best Practice' Standards

- ▶ Aim for earlier EBOT Technical Account (TA) submissions (de-linked from settlement) as Broker split workload removed.
- ▶ Fewer settlement delays as more time to resolve problems`.

#### Remove Signing Number and Date from Claims Submission

- ▶ Reduce claim submission complexity & timescale for Broker.
- ▶ SN&Ds retained for Carriers (review further in CSRP).

#### Aim to decouple Accounting & Settlement processing from Reporting

- ▶ Reduce delays in settlement resulting from availability of data for detailed reporting 'split' processing.
- ▶ Enables future flexibility in reporting services.

### Changes to Central Services to emphasise the Broker to Carrier relationship

#### Service Provider behind Carrier

- ▶ Follows normal protocol of Broker working with/submitting to Carrier through the EBOT channel.
- ▶ Can use message 'redirection' to minimise submission burden on Carrier.
- ▶ Carriers become 'first stop' for material back office central services questions.

### Changes to improve capturing and managing information across the Market

#### New Structured Data Capture Service that can 'Serve All'

- ▶ Utility 'SDC' service created for PbS available across lifecycle (e.g. Placement platform) as elected.
- ▶ Enables greater automation in individual services.
- ▶ Enter once, use many when unstructured data submitted.

#### CCR and Post-Bind Submission

- ▶ PbS does not require a 'single-source-of-truth' Common Core Record.
- ▶ SDC repository provides source of good-quality structured data for use by services.
- ▶ Data Management provides necessary data referencing coordination.

#### Structured Data Capture Service also supports Submission of Information in 'Digital' format

- ▶ Supports direct integration with other services (e.g. Pre-Bind Placement Platform or Carrier work).
- ▶ Reduces capture costs when possible.
- ▶ Enables greater automation in individual services.

#### Introduction of Data Management & Governance Capability/Service

- ▶ Supports sharing/creation/use of structured data and referencing (EBOT onwards) for all Participants.
- ▶ Reduces errors/improves data quality.

### Changes to create a more flexible shared services model

#### New Services Structure 'Componentised'

- ▶ Creates clear interfaces and allows for 'supplier agnostic' choices.
- ▶ Gives options for commercial grouping of services.
- ▶ Provides for enhanced service measurement (SLAs).

**The new model for Post-Bind Submission (the 'Target Operating Model') has a profound impact on Brokers, Carriers and Central Services...**

# How will Post-Bind Submission affect me?

## The key impacts of the new Post-Bind Submission TOM

Area	Broker/Originator Impact	Carrier (& Lloyd's Regulator) Impact	Service Provider Impact
<b>Processes</b>	<ul style="list-style-type: none"> <li>✓ Far less Post-Bind administration work.</li> <li>✓ Do not have to understand 'splits' and FDOs.</li> <li>✓ Not affected by changes to splits process.</li> <li>✓ Same submission process for both Lloyd's/Company ('Bureau').</li> <li>✓ EBOT/ECOT submission – 'global' process.</li> <li>▶ <i>Brokers now focus on completeness, accuracy and timeliness of basic Post-Bind data submission to Carriers.</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ Fewer settlement delays.</li> <li>✓ TA processes earlier so Carriers receive TA/Post Placement information earlier.</li> <li>✓ Carriers can use EBOT directly for their own post-placement information purposes.</li> </ul>	<ul style="list-style-type: none"> <li>✓ New PbS Splits service: shifts to 'doing work' once; creates a value add shared service.</li> <li>▶ <i>Provider responsible for 'right first time' process quality, with internal control and service management frameworks, to ensure accuracy, reliability and timeliness.</i></li> <li>▶ <i>Data input and 'checking others' work largely removed from existing A&amp;S services.</i></li> <li>▶ <i>Claims service changed to take on processing of ACORD ECOT messages.</i></li> </ul>
<b>Interactions</b>	<ul style="list-style-type: none"> <li>✓ Submit Post-Bind information to Carriers.</li> <li>✓ Carrier (not Broker) becomes first contact for CS questions.</li> <li>▶ <i>Broker interactions with Carriers are on material issues (e.g. missing schedules).</i></li> </ul>	<ul style="list-style-type: none"> <li>▶ <i>Carriers (Lead) will be the main point of call for CS on material questions.</i></li> <li>✓ But far fewer/none of the detailed questions that the Brokers currently field on LPANs.</li> </ul>	<ul style="list-style-type: none"> <li>▶ <i>New query channels to build with Participants (Carriers).</i></li> <li>✓ Change in interaction style with Brokers (e.g. fewer rejects, more 'agree and fix' and confirm changes for audit trail).</li> </ul>
<b>Technology Enabled</b>	<ul style="list-style-type: none"> <li>✓ Leverage advantages of automated ACORD message generation &amp; processing.</li> <li>✓ No additional 'London' Implementation effort.</li> <li>✓ Online EBOT channel for Brokers without an ACORD messaging capability.</li> <li>✓ Lower cost of adaption/entry to London Market c.f. existing London specific channels (including eAccounts).</li> <li>▶ <i>Existing submission channels (A&amp;S, online, paper etc.) will be retired over time.</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ Carriers can submit structured data into PbS if they are already using a capture service (i.e. reduce effort in using SDC).</li> <li>✓ Enables integration with future Placing Platform.</li> <li>✓ Carrier subscribers to 'SDC' receive updates to any changed data captured in PbS.</li> </ul>	<ul style="list-style-type: none"> <li>✓ New Structured Data Capture Service – common service used across lifecycle for risk data ('enter once').</li> <li>✓ Automated checking of messages and splits processing using structured data (staged implementation).</li> <li>▶ <i>Manual intervention for exceptions/queries on business questions &amp; some manual data processing where data cannot be structured.</i></li> </ul>
<b>Support</b>	<ul style="list-style-type: none"> <li>✓ Data teams will be able to easily improve accuracy of submitted electronic data.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Will be able to reliably accept &amp; use submitted electronic data.</li> <li>✓ Enables extension of or greater degree of 'electable' Central Services in future.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provides for reliable, easy checking of submitted structured data.</li> <li>▶ <i>Services will require commercial structuring – including pricing and measurement of new services/revision of existing.</i></li> </ul>
<ul style="list-style-type: none"> <li>▶ <b>Easier to do business with London Market</b></li> </ul>		<ul style="list-style-type: none"> <li>▶ <b>Earlier access to information</b></li> <li>▶ <b>Fewer settlement delays</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Provides better, real value add service(s)</b></li> <li>▶ <b>Manual data processing role shrinks</b></li> <li>▶ <b>Automated processing grows</b></li> </ul>

# Post-Bind Submission, what else should I be aware of?

## Further considerations

### Roadmap, Achievability and Implementation Options

- ▶ **The next stage of the PbS programme is to look at delivery planning ('Roadmap'), programme cost estimates for delivery and supplier engagement.**
- ▶ **While the development of the TOM has not focused on these elements, implementation achievability ('do-ability') has been a constant consideration. Overall, there is confidence that the TOM is achievable for the following reasons:**
  - The Steering Group guidance focused the TOM onto resolving the Market problems related to submissions (Londonisms) but do so in a 'future proof' way, that will support extending the scope of Central Services later. This has ensured the TOM has not 'drifted' into aiming at a much bigger (i.e. full CSRP) implementation target.
  - The Systems Landscape for PbS is relatively limited. There are no major core-system replacement /developments envisaged for PbS. There will be complexity in building the systems and data repositories, but the intent is to aim for solutions that can be built using commercial tools.
  - Interface reuse; the TOM reuses (and extends) the existing eAccounts interface to the mainframe systems to minimise implementation risk and to avoid building a new one.
  - Changes to existing back-end systems (e.g. LIDS, POSH, CLASS) have been avoided for PbS, wherever possible, because these systems are difficult and costly to modify.
    - The exception is for claims handling of ECOT messages where, given the intrinsic message workflow handling in these systems, ECOT needs to be managed through the Claims workflow systems.
    - Additionally, the existing Claims systems will need to be changed to insulate Brokers from using SN&Ds in their submissions.
  - The design team have been working with a 'stretch-target' to develop the TOM to pilot stage in 2015. Planning will thoroughly test this.
- ▶ **The Roadmap stage will also look further at a number of 'implementation considerations' identified in the TOM development. Key options here are:**
  - Using the existing eAccounts 'service' as a vehicle for delivering the envisaged PbS 'splits' service. The underlying systems interfaces capability will be used the consideration would be around how/whether the service delivery approach could be changed to the PbS model.
  - Structured Data Capture service. The Data Capture Service (DCS) is in a pilot phase. The consideration would be around how / whether the pilot could be transformed into an efficient production service for PbS

### What PbS is Not Tackling – Wider CSRP Context

- ▶ **Post-Bind Submission is 'just' the first phase of CSRP**
  - In this context, establishing the scope and model for PbS provides more clarity over what will still need to be tackled in further phases of CSRP. Work on these phases can be initiated at any time, including while PbS is in development / delivery. The programme expects a number of additional thrusts:
    - Claims systems and operations. The Market is already looking at early action here on improving Claim agreement coordination. ECOT messaging integration needs to be considered with these initiatives. CSRP expects the programmes to align design and delivery; there is a case for one sub-programme driving the Claims change agenda under an overall design umbrella, to ensure alignment across modernisation initiatives.
    - Delegated Authority / Facilities systems. DAs have been 'shoehorned' into the existing mainframe systems. The complexity of these important products deserves specific attention.
    - Remediation / replacement of existing mainframe systems and operations (e.g. LIDS, POSH, CLASS and the LORS service). PbS is not addressing some of the system and data structure and referencing issues that are inherent in these systems, which result in operational work-arounds. A strategic (i.e. long-term) resolution of these problems will still be needed from the full CSRP.
  - As noted earlier, PbS is providing a new EBOT/ECOT channel through which Londonisms will be materially resolved. Existing channels will continue for a period that will provide for controlled migration but will not be altered; the goal being to retire non-ACORD messaging channels. Thus, the full benefits of PbS will only be available through this new channel.

### Quick Wins and Post-Bind Submission

- ▶ **The opportunity for 'Quick Wins' to address, in-part or wholly, the problems (Londonisms) has been part of the programme's work:**
  - Quick Win opportunities cover both the PbS scope, wider CSRP scope and areas that are being tackled by other modernisation initiatives.
  - As a result, a separate workstream is being set up to deliver Quick Wins within CSRP but this is coordinated with PbS activity:
    - Quick Wins are expected to have to be capable of delivery in a 3 to 9 month timescale and deliver benefits from implementation
    - Are likely to be 'process' change, rather than system, but may need minor change / workarounds to existing CS systems – they may initiate early business changes that will be fully delivered or enabled by PbS or CSRP
    - Should not need to be reversed with later PbS / CSRP implementations.
- ▶ **The Quick Wins context and alignment with PbS is covered in the TOM**