

# Making London an easier place to do business

Ben Reid, CEO, London Market Group

The London Market – in common with the rest of the global insurance industry – is facing an almost unprecedented combination of challenges covering underwriting, investment, capital provision, competition and new risks. The result is that we are seeing differing responses from various players in the market – all looking for alternative ways to drive growth and the efficiencies that they need to survive and thrive.

Our role as the London Market Group (LMG) is to support this activity. Our aim is not to duplicate effort being made by individual businesses, or by other associations or bodies, but rather to undertake specific initiatives where collective action on growth and modernisation issues will be most powerful.

To that end we have created four workstreams to address specific challenges faced by the market - each of which is mutually dependent and all of which need to be pursued in parallel.

## *Telling the London Market story*

A key project is providing prospective buyers with a persuasive case for coming to London to purchase our product, and reassure existing customers that they are making the right choice. We are alive to the issues of creating another brand but let's look at other markets – Bermuda, Singapore, Qatar, Gibraltar – they are all investing considerable time and money in promoting themselves as a place to be, and a place to do business. So for London to rest on its historical laurels and do nothing would be very complacent.

But we need to understand from our customers – as well as other parts of the distribution chain that sit outside the UK – how the London Market is perceived. We have some insights from existing research and there are lots of opinions about why buyers may come to London. But we want to refresh this with some new research. This work is being led by Interbrand and, with their guidance, we are working towards developing a compelling market story.

## *Building a better business environment*

The other side of the growth equation is to ensure that – having attracted buyers' attention – we have products that meet their needs. New product development is an area where businesses gain a competitive edge – so this is not necessarily area for collective action. What we can do however, is to ensure that the business environment delivered by our government and regulators is as positive

as possible in terms of growing the market. So, working with the UK government is high on our agenda.

The most tangible success so far has been working with the Treasury to put in place the legislation that will bring Insurance Linked Securities to the UK – creating an onshore UK hub for these capital markets products. ILS has brought new capital and solutions to the market, and we want London to be the centre for the future development of this business.

We are also involved in the Brexit negotiations, talking to ministers and MPs about the what needs to be in any an agreement with the EU to maintain London’s position as a centre for conducting insurance and reinsurance business from Europe.

#### *Creating a dynamic workforce*

A creative market also needs a diverse and dynamic workforce. So in May 2016, Deloitte helped us to understand the skills shortages across the market in specific areas. The results provide some important food for thought, and there are a number of elements that individual organisations, and the market as a whole, need to consider.

Firstly, millennials will account for three-quarters of the workforce by 2025. Are we as a market considering the ambitions and motivations of the upcoming generations in how we approach employment?

93% of respondents did not see actively seeking talent outside the market as a priority – so we clearly need to do a better job of looking outside our own backyard for talent and skills.

And finally, we know that significant numbers of senior managers across the market are nearing retirement age. But nearly a third of respondents identified leadership capacity as a skill gap. So clearly some succession planning needs to happen.

#### *Making London an easier place to do business*

Everything we are doing to grow the market needs to be complemented by efficient processing of business so we can deliver the right level of customer service. The TOM, and the various initiatives within it, are there to streamline areas of the market that are inefficient, and help us make London an easier and more cost-effective market to do business with.

The TOM has achieved a number of specific deliverables this year. On the four priority initiatives – PPL has gone live with stand-alone terrorism risks being placed electronically, CSRP has implemented its first phase which allows premiums to be submitted electronically, for delegated authority business centralised audits are underway and progress has been made on enabling data to move around the system seamlessly, which is essential to meet the aim of one touch data entry.

At the end of July, the Blueprint for the TOM was launched which outlines a set of further solutions that gives the market choices beyond the four priority initiatives. It has been developed with modular solutions, so the market can decide what to implement and over what timeframe, balancing the expected investment against benefits. The market will realise significant benefits even if it only implements the four priority initiatives currently in progress. However, if it decides to proceed with the other solutions defined in the Blueprint, it can select which ones are most relevant at that time.

We have made great strides this year in progressing our growth and modernisation plans despite tough market conditions. But, there is a lot more to do. We all want London to retain its position as the centre of insurance excellence and, while there is no single silver bullet, we are confident that we are heading in the right direction.

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