

FROM: Head of Business Process Reform, EXTN: 5932  
DATE: 22 August 2005 REF: Y3615  
SUBJECT: **Analysing bureau data on rejections to improve market performance**  
SUBJECT AREA(S): Clarifying the arrangements for the collation of risk level data from XIS to enable analysis of performance  
ATTACHMENTS: None.

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ACTION POINTS: **Managing agents to note the contents.**  
DEADLINE(S): **No deadlines; information only.**

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## Introduction

The Franchisor is committed to helping market participants improve the quality of documents and accounting submissions checked by the bureau. Rejection rates are extremely high. This indicates that achieving high proportions of correct submissions will eliminate a great deal of rework, and mean that processes are completed much faster. Better quality will reduce costs and improve client service, and will be associated with a higher standard of contract certainty in many circumstances.

As the first step in this commitment to quality, the Franchisor has published the documented checks undertaken by the bureau, for both binders and open market business, so that the market has certainty as to the standards required. The bureau now refers to specific checks when querying binder submissions, and will shortly do so for open market business. The Franchisor will publish the checks undertaken by the bureau in relation to accounting submissions, later this year.

This development parallels the Franchisor's approach to improving slip standards through mandating the use of published LMP standards. To assess compliance with the slip mandate, the Franchisor now analyses data relating to slip errors and provides feedback through regular slip quality reports to individual market participants, both on their performance in relation to peers and on particular problem areas. For published reports, please refer to the following link [http://www.lmp2001.com/LMP\\_Slip1.htm](http://www.lmp2001.com/LMP_Slip1.htm)

The Franchisor believes that a similar analysis in relation to bureau checking would help franchisees and brokers in the monitoring of compliance with standards applied to policies, wordings and other submissions, and also with improving the efficiency of processing. In order to take this forward in the most efficient manner, the franchisor needs to collect certain information (including data) from XIS. This bulletin therefore seeks to clarify the proposed arrangements.

## What information will be collected?

The franchisor will collect transaction level data from XIS in relation to every submission checked by XIS. This will include key fields relevant to identifying characteristics of the underlying contract, time stamps related to processing and any defects discovered by

checking. In order to avoid the risk of breach of data protection legislation and of confidentiality agreements that may be in place, the data will not include any information that could result in the identification of the policyholder.

### **What the information will be used for**

The information will be used for the following purposes –

- i. to analyse defects in submissions by Lloyd's brokers and (where relevant) franchisees in relation to compliance with Lloyd's published quality standards<sup>1</sup>, including those to be published later this year in relation to accounting submission checks;
- ii. to prepare reports for individual franchisees and Lloyd's brokers on their record of performance in order to promote and facilitate improved levels of performance and customer service. The Franchisor will provide market participants with the necessary granular information in order to better understand or challenge the findings contained in reports issued to franchisees.
- iii. to prepare reports for the market as a whole on performance levels. These reports will not identify any individual franchisee without prior consultation between Franchisor and franchisees.

The Head of Business Process Reform will be responsible for reporting to franchisees on their performance and for dealing with any questions or concerns that market participants may have.

### **Process for obtaining information**

Under the terms of the contracts between franchisees and XIS, XIS is authorised to provide information to the Council pursuant to its regulatory powers. Accordingly, and in order to avoid the administrative burden of entering into separate authorisation arrangements with all franchisees, the Franchisor is intending to impose a requirement on franchisees under paragraph 63 of the Underwriting Byelaw<sup>2</sup> to authorise XIS to release the information to the Franchisor, and no action will be required of franchisees.

Lloyd's has agreed the content of this bulletin with the Xchanging Review Board prior to its release.

This bulletin is being sent to all Managing Agents.

Head of Business Process Reform

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<sup>1</sup> Refer to market bulletins Y3472 dated 23 December 2004, Y3547 dated 21 April 2005 and Y3584 dated 7 July 2005 for details on quality standards.

<sup>2</sup> Refer to market bulletin Y3085 30 June 2003 for a copy of the Underwriting Byelaw.