

Delegated Authority Faster Claims Payment (FCP)

Submit BDX to ECF

Self-service training material for brokers

**The
Future
at
Lloyd's**

Faster Claims Payment

Introduction

FCP aims to provide fantastic market-leading service to our customers by providing fast and direct payments of claims to policyholders. It decouples the payment of claims from the monthly bordereaux and loss fund top-up process, and facilitates direct access to insurer funds, via the Vitesse payment platform, decreasing any delay in payment. Our solution will enable payments directly to appropriate beneficiaries, reducing rework and eventually eliminating the loss fund process.

In order to support effective claims fund management through FCP, accurate and timely BDX submissions are crucial to ensure these can be reconciled effectively to cash movements. Brokers will play an important role in both facilitating and supporting this activity within FCP.

This training material outlines the process for submitting a BDX in ECF as part of the wider FCP end to end process.

Purpose

The purpose of this training material is to:

- Explain the role a broker plays when a BDX requires submitting to ECF as part of FCP
- Outline key instructions brokers must follow to ensure accurate submission of the BDX to ECF
- Detail certain scenarios in which a BDX may have been submitted incorrectly, with accompanying instructions on how to rectify this

Outcome

After reading the training material, brokers should have a good understanding of:

- Key changes to the process for submitting a BDX to ECF under FCP
- How to submit a BDX to ECF accurately, ensuring a 'non-cash' narrative is clearly included during submission
- What to do should a BDX have been submitted incorrectly

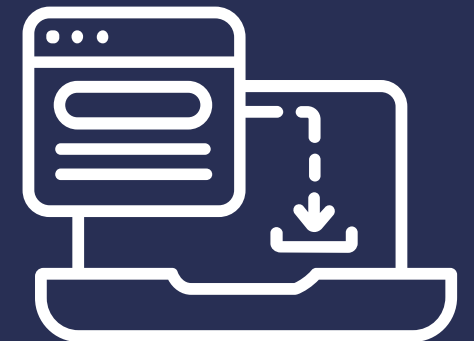
Brokers can access additional training on [Lloyds.com](https://lloyds.com) to understand the changes to the binder placement process under FCP. If you would like to learn more, simply [register using our online booking system](#), ensuring you select the appropriate service intended for brokers.



The Future at Lloyds

Delegated Authority Faster Claims Payment

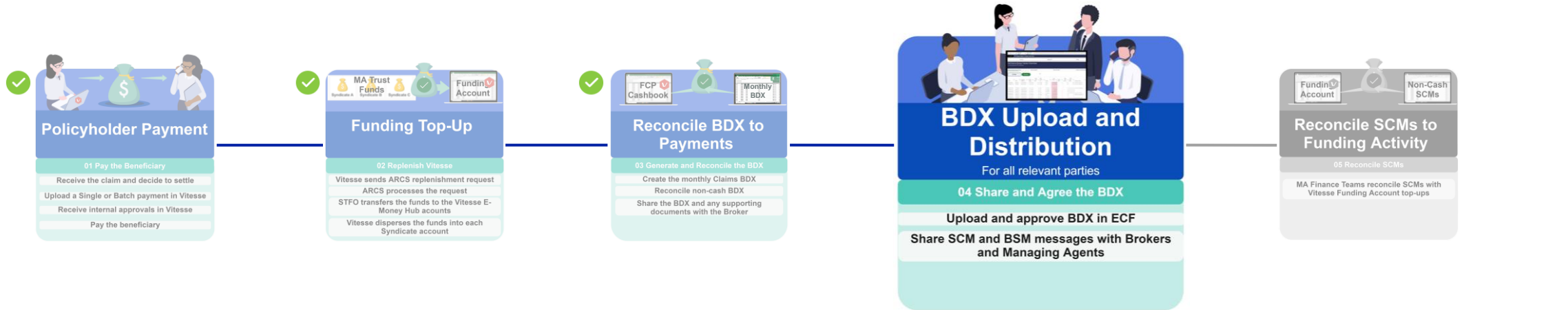
1. Introduction to Lloyd's Faster Claims Payment (FCP) solution
2. Onboarding to Vitesse
3. FCP binder placement
4. Transfer existing binder to FCP
5. Payments to beneficiaries
6. FCP replenishment
7. Reconcile BDX to Vitesse cash payments
- 8. Submit BDX to ECF**
9. Reconcile MA signings to Vitesse funding activity
10. Collections and recoveries





Submit BDX to ECF

Overview



The broker will submit the BDX to ECF to be processed as **non-cash**, such that there is no movement of funds, but signing messages are generated in ECF for technical accounting.

Submitting the reconciled BDX to ECF for processing

- The process covers the broker submission, MA approval and DXC processing of reconciled BDX (by a DCA) in ECF*
- The submission of the BDX to ECF is an existing requirement, however for FCP the BDX needs to be processed as a 'non-cash' settlement transaction to ensure that no funds are moved, and that signing messages are generated for the MA to reconcile

Why is it important to submit the BDX as 'non-cash'?

- It is imperative that the broker notes, upon submission, that the BDX is to be processed as 'non-cash' to ensure no financial movements are triggered, otherwise duplicate payments will be made in error requiring urgent and immediate corrective measures to recover funds from the policyholder
- It is also important that the MA verifies the BDX has been submitted as 'non-cash' and re-iterates this themselves in the 'Private' comments section during approval of the BDX in ECF
- No financial movements should be triggered from the BDX submission because the funds used to make claim payments have already been replenished from the MA trust accounts through the weekly replenishment process managed by Vitesse using ARCS and STFO



Submit BDX to ECF

Key changes for brokers and MAs



Broker



Managing Agent



What's changing?

- The broker needs to ensure the narrative against the corresponding BDX in ECF is 'non-cash', as well as including 'FCP' and the BDX month against the narrative
- MAs need to ensure that the appropriate 'non-cash' narrative has been provided to DXC by the broker in ECF, and should also use the private comments to re-iterate the need for the BDX to be processed as 'non-cash' by the technical processing team in DXC
- The technical processing team in DXC need to process non-cash bureau signings to the market to enable signings messages to be sent without duplicate payment; this will enable technical accounting and facilitate back-end reconciliation to take place by the MA

What's NOT changing?

- The BDX will still need to be submitted into ECF by the broker
- The MA still needs to validate the BDX in ECF
- The BDX is still the trigger for the signing messages



Note

Some market systems used by brokers are unable to automatically submit BDX transactions to be processed as 'non-cash'. If this is the case, the following process has been suggested in conjunction with LIIBA:

- *Process a collection and release that to CLASS (with a narrative for Xchanging to 'process as non-cash')*
- *Back out and cancel the collection on your core system*
- *Process a 'stats only' entry for the same amount*

LIIBA and the Future at Lloyd's are engaging with market system vendors to request this additional functionality be added to their platform offering.



Submit BDX to ECF

Best practice



Broker



Managing Agent

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BDX submission best practice



DCAs should submit the BDX to the broker at the start of every month, immediately after reconciling the BDX against the cashbook



Brokers should use their clear, established method for communicating that the BDX is FCP and requires processing as 'non-cash'



Brokers, DCAs and MAs should record all binders using FCP internally to ensure they are aware which BDX require processing as 'non-cash'



Brokers must use the narrative in ECF to highlight **'NON-CASH', 'FCP'** and **'BDX MONTH'** to DXC



MAs must ensure the correct details are included in the broker narrative and re-iterate 'non-cash' in the private comments



Ensure inclusion of key information in 'Claims Data Entry: Narrative'

- Submitting the BDX without the required details in the 'Claims Data Entry: Narrative' section will lead to it being processed as cash, meaning funds will be transferred
- This will lead to duplicate funds being transferred from the MA trust account, whereby corrective measures will need to be taken to recover funds
- In such instances, the MA and Broker must work to transfer the relevant amount back to the MA trust account via ECF
- Submitting the BDX incorrectly as 'cash' will also cause downstream reconciliation problems and require additional work to rectify
- All reasonable steps must therefore be made to avoid having to use such corrective measures



Submit BDX to ECF

Submit BDX to ECF summary and checklist



Broker



Managing Agent



ECF BDX submission for FCP

Key steps for brokers:

1. Check each FCP BDX received from DCAs to confirm they have been flagged as 'non-cash'
2. Submit the FCP BDX in ECF as 'non-cash'



Key steps for Managing Agents:

1. Confirm the FCP BDX has been submitted as 'non-cash' by the broker
2. Use the private comments in ECF to re-iterate the requirement for 'non-cash' processing



ECF BDX submission checklist

Before the BDX is submitted to ECF, ensure:

- ✓ DCAs have reconciled the BDX and the Vitesse cashbook before sharing the reconciled BDX with the broker
- ✓ Each market participant working on the binder (DCAs, brokers and MAs) has recorded which binders are using FCP and will subsequently require 'non-cash' BDX processing
- ✓ Brokers (working with DCAs) have appropriately communicated that a BDX is FCP and therefore needs to be processed as 'non-cash'





Submit BDX to ECF

Process: BDX submission and approval in ECF



Broker



Managing Agent



DXC



Reconcile MA signings to Vitesse funding activity

Continue to section 9

Top tip

MA's can use the status tracker to track the progress of the BDX once this has been submitted in ECF.

Every party involved in the review or submission of the monthly BDX into ECF must apply due diligence to avoid unintentional cash movements (including the DCA during their reconciliation of the BDX to the Vitesse cashbook - see section 7).

In the event the BDX has been submitted or processed erroneously, corrective action will need to be taken. See page '[Potential processing errors when submitting the monthly BDX in ECF](#)' for step by step instructions on resolving BDX processing errors. These cover the corrective measures to take in submitting the BDX accurately as well as outlining how to recover funds if the BDX has been processed as 'cash' instead of 'non-cash'.



Submit BDX to ECF

The broker submits the BDX into ECF as 'non-cash' for MA approval



Broker



Managing Agent

The broker will use the 'Claims Data Entry: Narrative' section within ECF to flag the BDX to be processed as 'non-cash', before it is reviewed and approved by the MA.

Step 1: Broker submits BDX in ECF as a 'non-cash' entry

- The broker will upload the BDX to ECF (often done automatically by their internal claims system) as a settlement transaction, while noting that it is to be processed as 'non-cash'
- This is done by entering the following details in the fields within the '**Claims Data Entry: Narrative**' section:
 - NON-CASH**
 - FCP**
 - MONTH** the BDX relates to

Step 2: MA reviews and approves BDX in ECF

- Once uploaded, the BDX will be passed to the MA for review and approval
- The MA should check that the broker has used the appropriate 'non-cash' narrative
- The MA should use the **private comments** within ECF to include the requirement for the BDX to be processed as non-cash

CLAIMS DATA ENTRY : NARRATIVE (LLOYD'S)

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CLAIMS DATA ENTRY : NARRATIVE (LLOYD'S)

UCR : B 0001 FCPABC

TR: B 0001 001

TYPE: BROKER ADDITIONAL DETAILS

PAGE NO: 1 OF 1

NON CASH	
FCP	
MONTH	



Note

Some market systems used by brokers are unable to automatically submit BDX transactions to be processed as 'non-cash'. If this is the case, the following process has been suggested in conjunction with LIIBA:

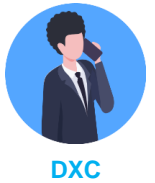
- Process a collection and release that to CLASS (with a narrative for Xchanging to 'process as non-cash')
- Back out and cancel the collection on your core system
- Process a 'stats only' entry for the same amount

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Ensure inclusion of key information in the 'Claims Data Entry: Narrative'

- Submitting the BDX without the required details in the 'Claims Data Entry: Narrative' section will lead to it being processed as cash, meaning funds will be transferred
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Submit BDX to ECF

DXC will process the BDX as 'non-cash' and send the signing messages



The settlement transaction is processed as 'non-cash' by DXC to prevent funds from moving, but also to enable signing messages to be generated for technical accounting purposes.



Step 3: DXC process the BDX as non-cash

- DXC technicians processing the settlement will do so in **XCS CLASS** as 'non-cash'
- This will stop any funds moving from the MA trust account to the broker



Step 4: DXC send signing messages to the market

- DXC will send the relevant signing messages to the market to enable signings reconciliation to take place:
 - The broker will receive the BSM*
 - MA(s) will receive the SCM**



Reconcile MA signings
to Vitesse funding
activity

Continue to section 9



Submit BDX to ECF

Potential processing errors when submitting the monthly BDX in ECF



Broker



Managing Agent

8



Every party involved in the review or submission of the monthly BDX into ECF must apply due diligence to avoid unintentional cash movements. In the event the BDX has been submitted or processed erroneously, corrective action will need to be taken. The 3 scenarios below highlight the different steps that MAs, brokers and DCAs should take when the BDX has been processed incorrectly in ECF.

Scenario 1

MA reviews the BDX submission in ECF and identifies that the BDX has mistakenly been submitted as 'cash' instead of 'non-cash'

- Upon identifying this error, the MA should query the submission by notifying the broker via ECF
- The broker should then withdraw the BDX submission in ECF and re-submit this as 'non-cash'

Note

DXC may also identify an incorrect submission of a BDX in ECF if the MA has mistakenly approved the BDX entry as 'cash'. DXC will follow the same steps by querying the entry with the broker (via ECF), who should then withdraw the BDX and resubmit it in ECF as 'non-cash'.

Scenario 2

MA reviews the BDX submission in ECF and identifies that the BDX does not match the Vitesse cashbook record of payments made in that month

- Upon identifying this error, the MA should query the BDX figures with the broker via ECF
- The broker and/or MA should then query the BDX with the DCA
- The DCA should investigate (internally) the cause of the mismatch, and then correct the BDX to ensure payment records in the BDX match the payment records in the Vitesse cashbook
- Upon completion, the DCA should then re-submit the BDX to the relevant party (usually the broker) for re-submission to ECF

Scenario 3

DXC mistakenly process the BDX as 'cash' instead of 'non-cash' in ECF

- Although the broker may submit the BDX as 'non-cash', DXC may still inadvertently process the BDX as 'cash' in ECF
- In such an event, the submission by DXC will trigger money movements from the MAs trust fund account to the broker that equals the BDX amount
- If this happens, the MA (or broker) should identify the mistake during their monthly accounting processes, after which the broker should return the value of the funds processed to the MA
- If the broker has already sent the funds to the DCA before identifying the mistake, they should recover the funds from the DCA (and any beneficiaries that may have been paid in error)
- Finally, the broker should re-submit the BDX as 'non-cash' in ECF, ensuring all details have been worked through prior to re-submission

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If you have a question in relation to the training material outlined in this document, or would simply like to learn more about FCP, please email FCP@lloyds.com.