

LLOYD'S

# The Future at Lloyd's

Faster Claims Payment  
For Brokers

Powered by  
**Vitesse**

# Agenda

- ❑ Introductions
- ❑ What is FCP and why are we doing it
- ❑ FCP Broker roll-out
- ❑ Vitesse: Who we are
- ❑ Vitesse FCP solution
- ❑ FCP cross market benefits
- ❑ Successes and learnings from FCP pilot
- ❑ Current status and plan
- ❑ Market launch and adoption
- ❑ Questions



# Introduction to FCP

## FCP overview

Faster Claims Payment (FCP) is a new funding and payment solution which provides fast and direct payment of a claim to a policyholder. This solution decouples the payment of claims from the monthly BDX and loss fund top-up process. FCP facilitates direct access through the solution to insurer funds, via the Vitesse payment platform, decreasing any delay in payment.

### Lloyd's FCP solution summary

- Faster Claims Payment (FCP) is a modern payment solution leveraging the Vitesse payment platform.
- FCP allows Delegated Claims Administrators (DCAs) to make payments upon request, drawing on managing agent funds directly, and removing the need for loss funds and the associated cash calls should these funds run out
- FCP is being implemented as part of the initial set of improvements being delivered that are focused on the delegated authority market
- FCP is moving us forward to the full digital processing solution under the joint venture with DXC and the IUA, delivering the future state payment solution across both open market and delegated authority business

### Why FCP is important



#### Policyholder (beneficiary)



- ✓ Removes **delay in payment** to policyholder by providing DCAs with direct access to MA funds



- ✓ Payments can be made in **local currencies**



- ✓ Enhances Lloyd's reputation as **easy to do business with**



#### Managing Agent



- ✓ MAs have **greater flexibility in their capital management** through the return of loss funds to their accounts



- ✓ Loss fund management **effort and capital requirement reduced**



- ✓ **Real-time visibility and control** over claims payments



- ✓ Overall **reduction in volume of cash calls** and the associated effort



- ✓ **Reduction in number of bank accounts** and associated account and transaction fees



#### Broker



- ✓ Removal of the effort to set up loss funds and participate in cash call processes



- ✓ Reduced costs of wire transfers to Delegated Claims Administrators



# Benefits for the market

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**No redirection of months' payment to DCA – payments will be processed as non-cash signings only**



**Significant reduction in times spent managing ECF queries on monthly BDX thanks to DCA payments being matched to Vitesse prior to submission to the market**



**Reduced costs of wire transfers**

# FCP Broker Roll-out

## Brokers play a key role in the selection of FCP at binder placement and in monthly bordereaux processing

The Future at Lloyd's claims team is currently preparing the market for early adoption of the Faster Claims Payment solution. This solution brings early benefits in the Claims journey and will be integrated into the future-state of Delegated Authority. Having engaged with LIIBA via the Claims Operations Liaison Group and Delegated Authority Claims Committee, **we would now like to engage individual firms to deepen your understanding of the new way of working** and gain your support to onboard the first binder contracts.

### Brokers have a key role to play:

- Encouraging and confirming the use of FCP at binder placement or renewal, in partnership with MAs and coverholders where all parties are in agreement
- Ensuring the binder details are complete and accurate in DCOM to enable the automated creation of payment accounts in Vitesse, binder sections and splits in particular.
- Verifying and submitting the bordereaux into ECF as non-cash processing
- The role of brokers in placing binders as FCP grows in importance as the market scales up from placing binders with single markets to placing subscription binders (Q1 2023), as for a binder to be eligible all MA subscription participants must be onboarded to FCP
- Ultimately FCP will enhance the customer experience and remove the barriers to fast payment of DA claims, we look to you to support this message with your clients

### FCP delivers considerable benefits to brokers:

- Reduced risk around handling client money and reduced costs of wire transfers to DCAs
- Removal of the effort to set up loss funds and participate in cash call processes
- Currently there is one area where additional effort is required to generate the non-cash bordereaux whilst still being able to submit the financial detail through to MAs, as vendor platforms do not automate this yet. LIIBA and FAL are working with key vendors to introduce the change required for automation

### Key steps to engage:

- Attend process training for awareness and consult FCP process training material – slots are available to book now
- Liaise with your MA partners, coverholders and internal teams to select binders suitable to load onto FCP
- Use the drop-in sessions provided to engage with the FAL team and have your questions answered
- Consult LIIBA or the FAL team 1-2-1 if you require further support or information



# Introduction to FCP

## Introduction to Vitesse

# Vitesse

**\$5bn** processed

**6 YRS** Working with the market

**>60%** of payments in real-time\*  
\*Payments completed by Vitesse for the London Market





**Dual-Regulated European Hubs**

- ENGLAND: FCA London, UK
- Netherlands: DNB Rotterdam, NL

**Our Global Tier 1 Customers**

- sedgwick.
- AVA
- BRIT
- CHUBB
- CEGA
- Munich RE

### Who are Vitesse?

-  Vitesse have been working with the Lloyd's of London market for over 6 years.
-  They are regulated in the UK and Europe.
-  They have a global domestic settlement payments platform to pay claims globally, quickly and cost effectively.
-  Vitesse have also recently completed a significant Series B fundraise to continue to invest in their insurance proposition.

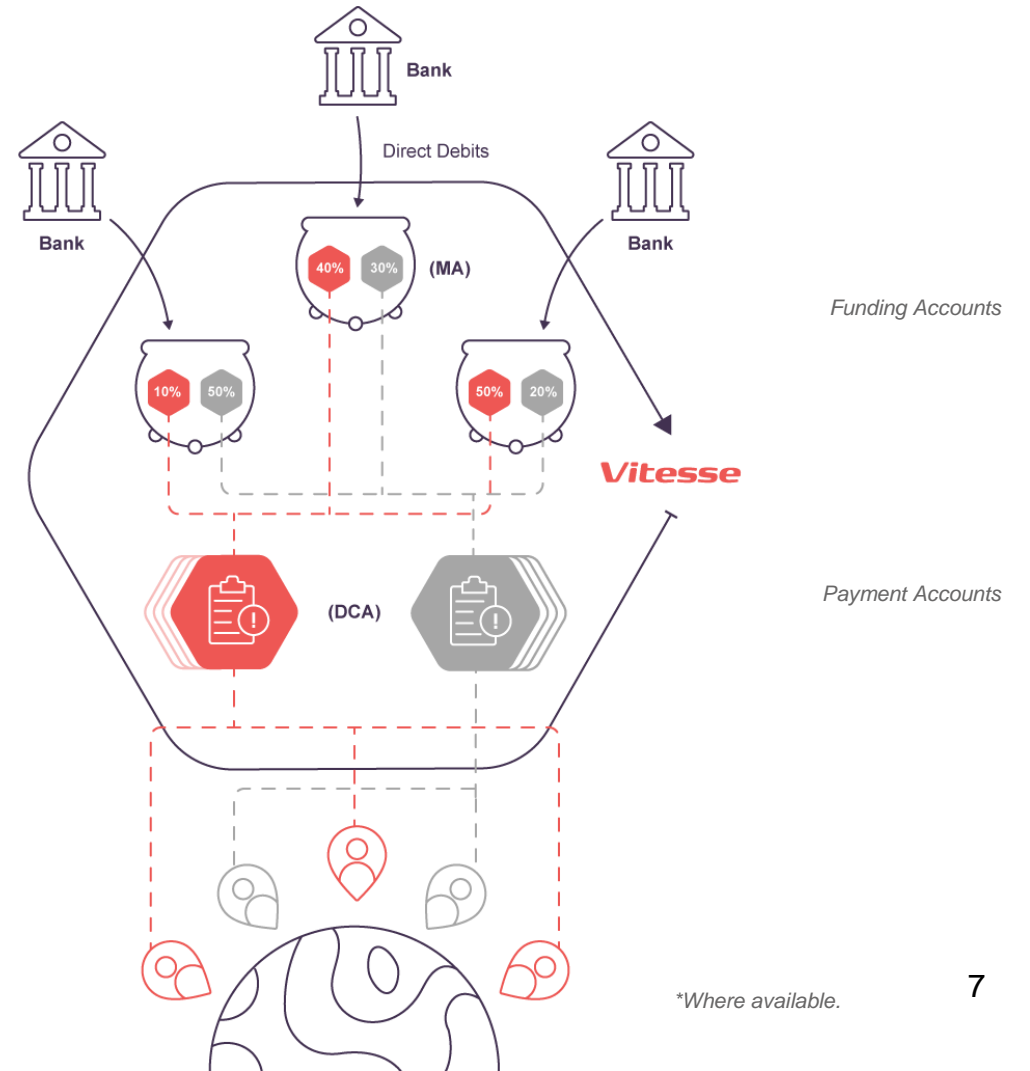


# Introduction to FCP

## Introduction to Vitesse

### FCP and Vitesse - Overview

- Removal of traditional Loss Funds altogether; MA holds small liquidity balances within a **Funding Account**, which are automatically topped up as needed
- Liquidity pulled in real time from each MA **Funding Account** depending on % split (as detailed in the binder) to fund the DCA approved payment from the **Payment Account** - splits are obtained via DCOM integration
- A claimant-focused settlement flow delivering funds real-time/same-day



\*Where available.



# Introduction to FCP

## Introduction to Vitesse - Funds Placement

### Payments processing

- 1 Create a **Payment Account** and splits on binder creation.
- 2 Each MA holds an agreed 'own funds' **Funding Account** (syndicate funding account) with Vitesse holding an agreement to top this up as required.
- 3 The DCA processes a claim and instructs a pay-out.
- 4 The balance on the DCA **Payment Account(s)** is 0 and the relevant funding split is drawn from each MA **Funding Account** to fund the pay-out. Full referencing is available on all transactions.
  - ✓ The payment is executed in **real-time/same-day** using the Vitesse global network.
  - ✓ Vitesse top up the **Funding Account** as required (weekly/by minimum bulk amount) and provide a full remittance report.

The screenshot displays the Vitesse web interface for an Insurance Claim Account GBP. The page title is "Insurance Claim Account GBP | Transactions". The table below shows the transaction history:

| Entry | Created On           | Type               | Payment Ref            | Merchant Ref | Narrative       | Debit  | Credit | Balance  |
|-------|----------------------|--------------------|------------------------|--------------|-----------------|--------|--------|----------|
| 4     | 13-Dec-2019 16:41:45 | Merchant Liquidity | AXA Fund               | UMR123456    | 50% share       |        | 50.00  | 0.00     |
| 3     | 13-Dec-2019 16:41:45 | Merchant Liquidity | Britt Fund             | UMR123456    | 30% share       |        | 30.00  | (50.00)  |
| 2     | 13-Dec-2019 16:41:44 | Merchant Liquidity | Liberty Fund           | UMR123456    | 20% share       |        | 20.00  | (80.00)  |
| 1     | 13-Dec-2019 16:38:34 | Payout             | Claim Reference ABC... | UMR123456    | Car Leasing Ltd | 100.00 |        | (100.00) |
|       | 27-Nov-2019 13:27:52 | Initial Balance    | null                   | null         | null            |        |        | 0.00     |

The interface includes navigation links (Home, Accounts, Money Out, Administration, Help) and a "Chat" button. The table has a "Back" button at the bottom left and a "1 - 5 of 5 items" indicator at the bottom right.





# Introduction to FCP

## Introduction to Vitesse - Reporting

### Reporting

- The **Funding Account** is credited with the initial agreed balance and top up, as configured
- On approval of the payment from the processing account, the relevant transactional share is automatically deducted from each insurer account, based on the agreed fund split
- There will be an agreed minimum balance and funding value to top up **Funding Account**, as required
- There is an option to fund the **Funding Account** as required on an ad-hoc basis should urgent, large payments be required
- Full reporting options are available with customisable output formats

The screenshots show the Vitesse interface for reporting transactions for three different insurers. Each report includes a table with the following columns: Entry, Created On, Type, Payment Ref, Merchant Ref, Narrative, Debit, Credit, and Balance.

**Insurer 1 Fund GBP | Transactions**

| Entry | Created On           | Type               |
|-------|----------------------|--------------------|
| 2     | 28-Jul-2020 14:55:09 | Payout             |
| 1     | 28-Jul-2020 14:54:14 | Merchant Liquidity |
|       | 28-Jul-2020 14:15:55 | Initial Balance    |

**Insurer 2 Fund GBP | Transactions**

| Entry | Created On           | Type               |
|-------|----------------------|--------------------|
| 2     | 28-Jul-2020 14:55:09 | Payout             |
| 1     | 28-Jul-2020 14:54:14 | Merchant Liquidity |
|       | 28-Jul-2020 14:22:16 | Initial Balance    |

**Insurer 3 Fund GBP | Transactions**































| Entry | Created On           | Type               | Payment Ref         | Merchant Ref      | Narrative                 | Debit | Credit     | Balance    |
|-------|----------------------|--------------------|---------------------|-------------------|---------------------------|-------|------------|------------|
| 2     | 28-Jul-2020 14:55:09 | Payout             | Claim Reference ABC | UMR123456         | Insurer 3: 20% share C... | 20.00 |            | 99,980.00  |
| 1     | 28-Jul-2020 14:54:14 | Merchant Liquidity | 2020801 DD Top Up   | 2020801 DD Top Up | DD top up see report ...  |       | 100,000.00 | 100,000.00 |
|       | 28-Jul-2020 14:22:16 | Initial Balance    | null                | null              | null                      |       |            | 0.00       |



Automated API "claim paid" status update to claims management system.



Branded remittance advice to claimant.

|                       |  <b>FINANCE</b>   |  <b>RISK</b>   |  <b>OPERATIONS</b>   |
|-----------------------|--|---|---|
| <b>BROKER</b>         | <ul style="list-style-type: none"> <li> Removal of fund fwd'ing</li> <li> No Client account recs</li> <li> Bank cost removal</li> </ul>               | <ul style="list-style-type: none"> <li> No held funds</li> <li> Removal of cash calls</li> <li> Reduced Bank Access</li> </ul>                   | <ul style="list-style-type: none"> <li> Reduced processing cost</li> <li> No funding split details</li> <li> No Unapplied queries</li> </ul>     |
| <b>DCA</b>            | <ul style="list-style-type: none"> <li> No need to hold funds</li> <li> Reduction in Bank accs</li> <li> All client acc processing</li> </ul>         | <ul style="list-style-type: none"> <li> Audited payment approvals</li> <li> Sanction checking</li> <li> Segregated role access</li> </ul>        | <ul style="list-style-type: none"> <li> API payment integration</li> <li> Personalised reporting</li> <li> Claimant focused delivery</li> </ul>  |
| <b>MANAGING AGENT</b> | <ul style="list-style-type: none"> <li> Return of up to 80% of funds</li> <li> Investment income</li> <li> Real-time claims paid data</li> </ul> | <ul style="list-style-type: none"> <li> Centralised funds view</li> <li> Regulated environment</li> <li> Control of Binder funds</li> </ul> | <ul style="list-style-type: none"> <li> Consistent data format</li> <li> Signings reconciliation</li> <li> Removal of cash calls</li> </ul> |



# Introduction to FCP

## Successes and learnings from the FCP pilot

The objectives of the FCP pilot were to test the viability of the solution within the delegated authority market and to demonstrate that the stated benefits could be achieved.

### Summary



The pilot ran from July 2021 through until March 2022 with three managing agents (MAs), two Delegated Claims Administrators (DCAs) and four brokers.



The pilot has demonstrated that the technology used is fit for purpose and can deliver the benefits targeted; it has also helped define further enhancements for the next phase of solution build.



The pilot has surfaced key learnings and opportunities to improve the overall DA claims process and the interaction between MAs and DCAs; these learnings have been embedded into onboarding material and guidance for implementation.

### Outcomes

#### Solution

- ✓ Speed of payments has met expectations validating the technical solution
- ✓ Requirements for provision of binder splits from DCOM were defined, front and back-end reconciliation processes were documented and tested
- ✓ Solution build now in progress (with integration planned for phase two)

#### Benefits validation

- ✓ Use of Vitesse payment and funding accounts has removed the need for DCAs to hold loss funds
- ✓ Capital held in loss funds can be released and it is estimated 70% of this can be made available for re-use
- ✓ Urgent top-ups through cash-calls are no longer required due to the FCP replenishment process
- ✓ Over \$13m worth of claims were successfully processed in the first 9 months with all payments made within 4 hours

#### Process learnings

- ✓ Defined the processes DCAs need to adhere to under FCP to improve data quality and support smooth reconciliation of funds
- ✓ Understood the impact of FCP on MA and DCA internal processes to inform onboarding material and adoption planning
- ✓ The most effective way for the DCA to use the solution is to integrate with Vitesse via an API to reduce monthly cash reconciliation issues



Broker

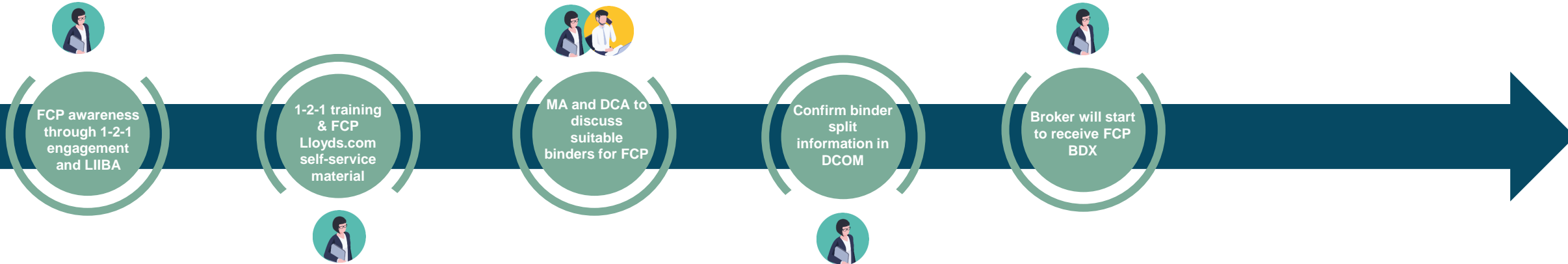
# FCP Market Journey

## Brokers

Lloyd's will work with broker community and LIIBA to ensure brokers are kept informed about FCP and what to expect.

The MA to discuss which binders have been identified for FCP with the DCA and Broker, including data cleansing activities and start dates for FCP. The MA may communicate additional processing instructions at this stage.

A broker must be able to identify if a BDX is FCP / non-FCP. If FCP, the broker must enter 'non cash' in the free text narrative on ECF to avoid duplicate claims payments.



FCP awareness through 1-2-1 engagement and LIIBA

1-2-1 training & FCP  
Lloyds.com self-service material

MA and DCA to discuss suitable binders for FCP

Confirm binder split information in DCOM

Broker will start to receive FCP BDX

Brokers to complete **FCP Broker training and review self service materials** on Lloyds.com.

**Binder splits** will be sent to Vitesse via an API from DCOM, therefore data within DCOM must be accurate.

**Vitesse**

**LLOYD'S**

**Lloyd's of London**  
1 Lime Street,  
London,  
EC3V 1AB

**Enquiries**  
[FCP@Lloyds.com](mailto:FCP@Lloyds.com)

Etienne Bender (Delivery Lead)  
[etienne.bender@lloyds.com](mailto:etienne.bender@lloyds.com)

**Vitesse PSP**  
16 High Holborn  
Holborn  
London,  
WC1V 6BX

**Enquiries**  
Mark Rogers  
[rogersm@vitessepsp.com](mailto:rogersm@vitessepsp.com)

# Appendix

## Training and Support

# FCP Process Training



Broker



Managing Agent



DCA

## Managing Agents



| Course code | Course name               | Processes                                 | Duration     | Target Audience  | Platform             |
|-------------|---------------------------|---|--------------|--|----------------------|
| MA01        | Placing a binder with FCP | 3. FCP binder placement                   | Approx. 1.5h | Underwriters, Underwriting Technicians, Claims Brokers and Claims Handlers | Virtual or in person |
|             |                           | 4. Mid-term binder change                 |              |  |                      |
| MA02        | Accounting in FCP         | 6. FCP Replenishment                      | Approx. 2.5h | Operations, Claims and Finance   | Virtual or in person |
|             |                           | 7. Reconcile BDX to Vitesse cash payments |              |  |                      |
|             |                           | 8. Submit BDX to ECF                      |              |  |                      |
|             |                           | 9. Singings Reconciliation                |              |  |                      |

## Brokers



| Course code | Course name               | Processes                 | Duration     | Target Audience   | Platform      |
|-------------|---------------------------|---------------------------|--------------|---|---------------|
| B01         | Placing a binder with FCP | 3. FCP binder placement   | Approx. 1.5h | Placing Brokers, Placing Technicians, Claims Brokers and Claims Technicians | Virtual       |
|             |                           | 4. Mid-term binder change |              |   |               |
| BPR01       | BDX submission            | 8. Submit BDX to ECF      | N/A          | Claims Brokers  | Self service* |

## Delegated Claims Administrators



| Course code | Course name  | Processes                                 | Duration     | Target Audience                         | Platform |
|-------------|--------------|---|--------------|---|----------|
| D01         | FCP for DCAs | 5. Payments to beneficiaries              | Approx. 1.5h | Claims Handlers, Finance and Accounting | Virtual  |
|             |              | 7. Reconcile BDX to Vitesse cash payments |              |   |          |

# FCP Process Training Summary

## Key steps for Brokers



Claims Broker



Placement Broker

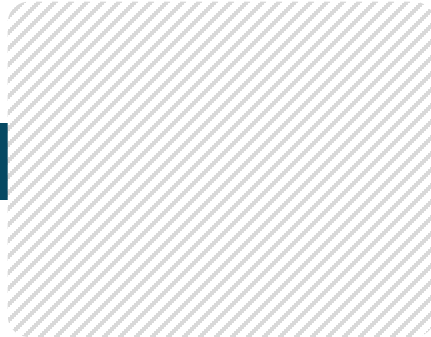


### 1 Introduction to FCP

Removal of the effort to set up loss funds and participate in cash call processes  
Reduced costs of wire transfers to Delegated Claims Administrators



### 2 Onboarding to Vitesse



### 3 FCP binder placement

- Verify all MAs on the contract are onboarded to FCP
- Include additional FCP clause in the binder contract
- Enter binder details in DCOM and flag the binders as 'FCP'
- Ensure the sections and binder splits are accurate as this data is key to ensuring payments are made from the right markets

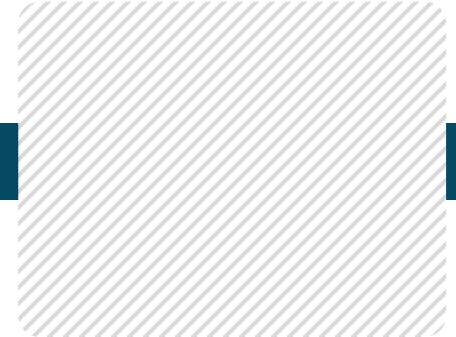


### 4 Mid-term binder change

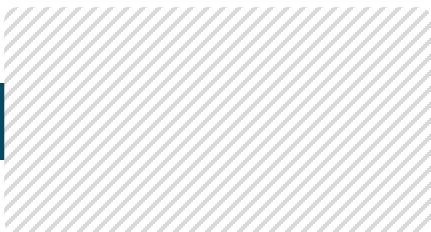
- Verify all MAs on the contract are onboarded to FCP
- Add FCP clause to the binder contract
- Complete repatriation of Loss Fund in ECF
- Process binder endorsement in DCOM to add the 'FCP' flag to relevant sections
- Ensure the sections and binder splits are accurate as this data is key to ensuring payments are made from the right markets



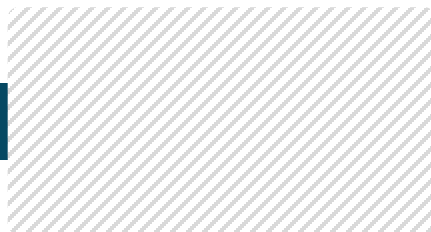
### 5 Payments to beneficiaries



### 6 FCP replenishment



### 7 Reconcile BDX to Vitesse cash payments

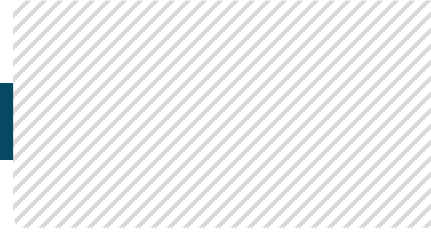


### 8 Submit BDX to ECF

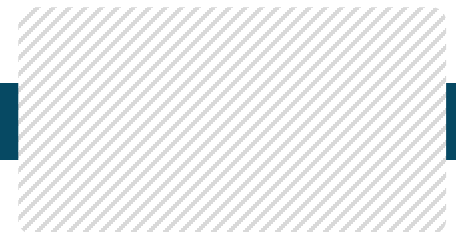
- Check each BDX received from DCAs to identify whether it must be submitted as 'cash' or 'non-cash'
- Ensure BDX to be submitted in ECF are processed as 'non-cash'



### 9 FCP signing reconciliation



### 10 Collections and recoveries





# FCP Training: Summary Approach

## Objectives

- Provide FCP process understanding to MAs, DCAs and Brokers to prepare them for the early adoption & scale phase of the FCP roll-out
- Deliver self-service training materials to support the market with easy access to process knowledge and best practice
- Deliver a robust training approach that minimises market enquiries to the DA Claims team during Early Adoption and beyond

