

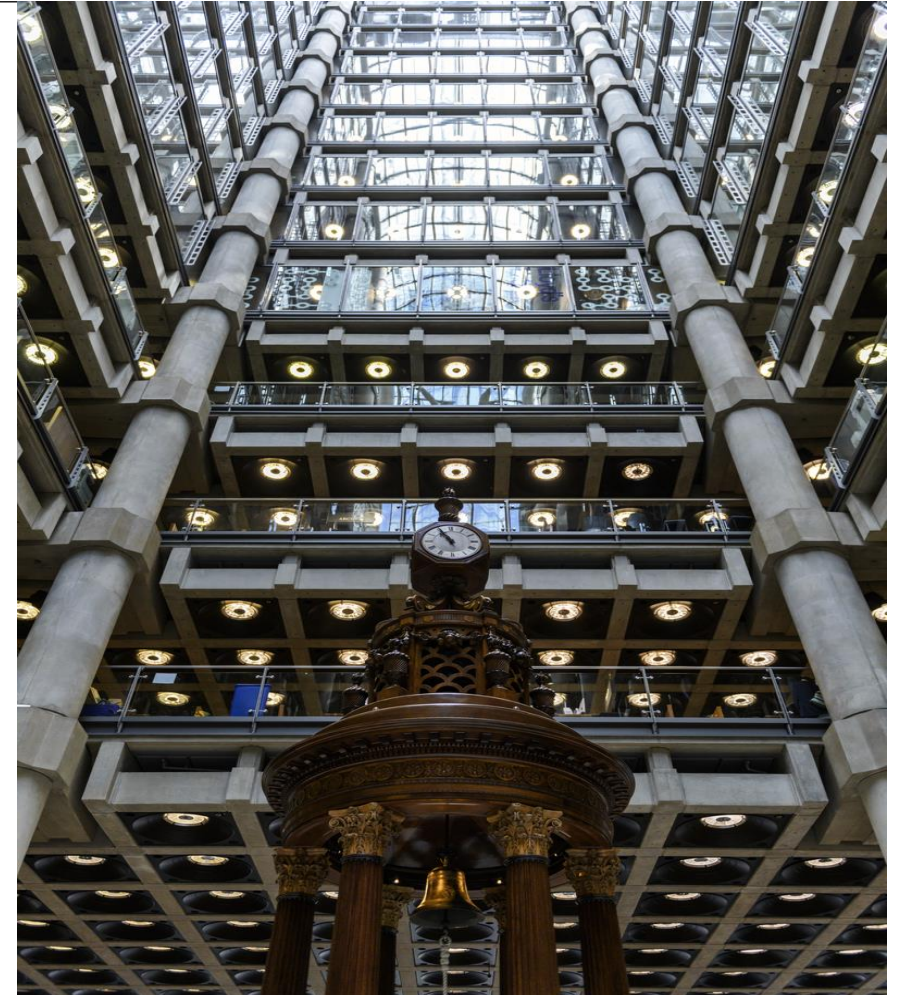
Faster Claims Payment (FCP) Overview and Q&A

November 2023



Agenda

- Challenges with today's loss fund model
- Faster Claims Payment (FCP) introduction
- Benefits for policyholders, managing agents, brokers and DCAs
- How FCP works and lessons from pilot
- LIMOSS management of FCP
- Current scope and plans to extend same
- Managing agents currently signed up and market feedback
- Q&A and links to more information on FCP



Challenges with today's loss fund model

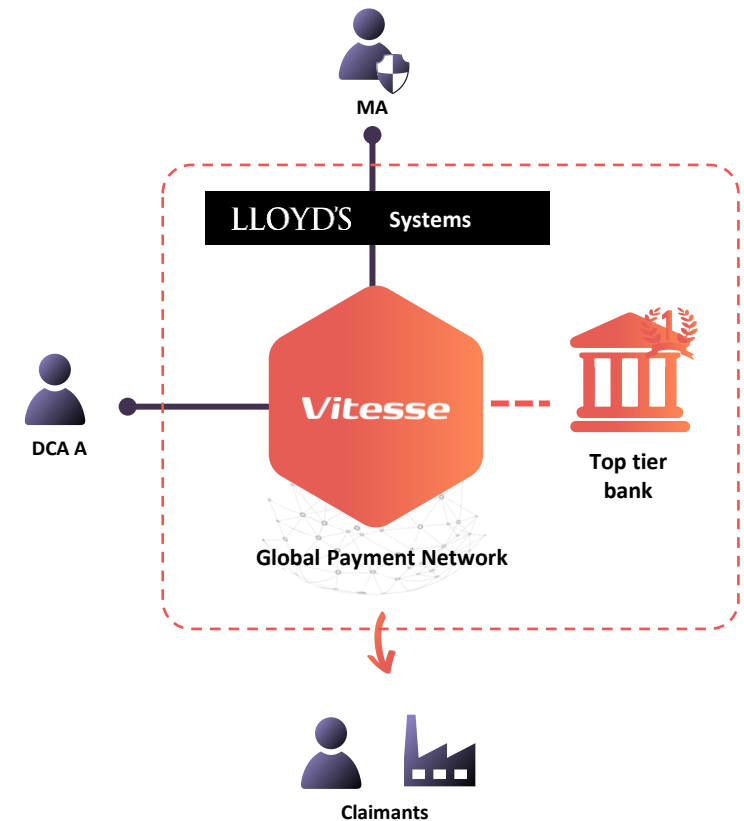


- Claim payments held up if DCA does not have access to sufficient loss funds
- Delays can occur between DCA request and subsequent transfer of monthly 'top-ups' and urgent 'cash calls' – high impact during CAT season when loss funds are critically needed
- Process creates significant work for all parties, including brokers
- To cover anticipated claims activity for DCAs significant sums of managing agents' money is tied up in loss funds, held by DCAs in thousands of client accounts around the world
- Managing agents do not have real time visibility and control of these funds
- Funds held in multiple jurisdictions with different levels of complexity and regulatory environments
- Complex audit and final reconciliation requirements to manage, adjust and ultimately return loss funds

Faster Claims Payment (FCP)

A new funding and payment solution for the Lloyd's market

- FCP provides fast and direct payment of approved claims - never more important than for catastrophe-linked claims
- Payments no longer delayed by cumbersome and lengthy back-office processes that use an average of 3 month in advance funding from managing agents.
- Allows managing agents release capital currently held in loss funds and re-invest in new opportunities
- A single managing agent fund for all claims is held in a regulated entity, providing greater visibility and control for managing agents
- Uses a technology-driven solution to deliver significant efficiency and free up expert resources to focus on value-add activities
- Removes broker involvement in setting up loss funds and processing monthly 'tops ups' or urgent 'cash calls'



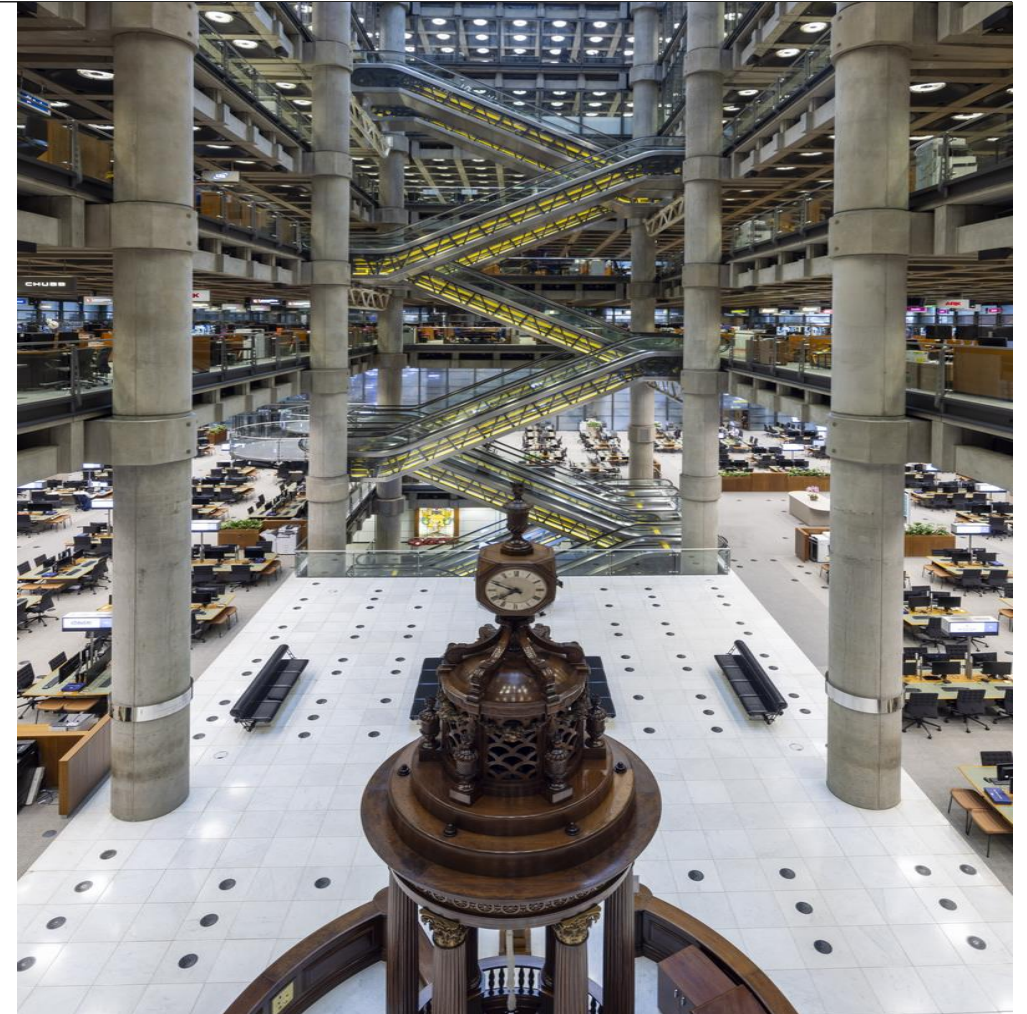
Policyholder benefits



- ✓ When a loss occurs or disaster strikes, policyholders can be confident that DCAs will be able to pay their valid claims quickly
- ✓ Payments can be in local currency
- ✓ Claimant can ask for payment in their preferred method, including eChecks
- ✓ FCP supports real-time payments once DCA processes the payment

Managing agent benefits

- ✓ Money tied up in loss funds significantly reduced – potentially up to 80% and funding is directly in control of the managing agent.
- ✓ Capital returned can be reinvested and/or redeployed to other priority areas
- ✓ Funds held in a central, regulated entity, reducing risk and helping to satisfy audit requirements
- ✓ Removes need for manual ‘top-ups’ and urgent ‘cash calls’
- ✓ Real time visibility and control over funds being used by DCAs to pay claims
- ✓ Reduces challenges involved in reconciling and returning loss funds when no longer required



Broker benefits



- ✓ No longer involved in setting up original loss fund and processing monthly 'top-ups' and urgent 'cash calls'
NB:
Will still need to process monthly claims bordereaux but now as a non-cash entry
- ✓ No financial/client account reconciliation effort
- ✓ Reduces number of bank accounts required and eliminates bank transfer costs
- ✓ Reduces number of queries and time involved in reconciling bordereaux and DCA payments

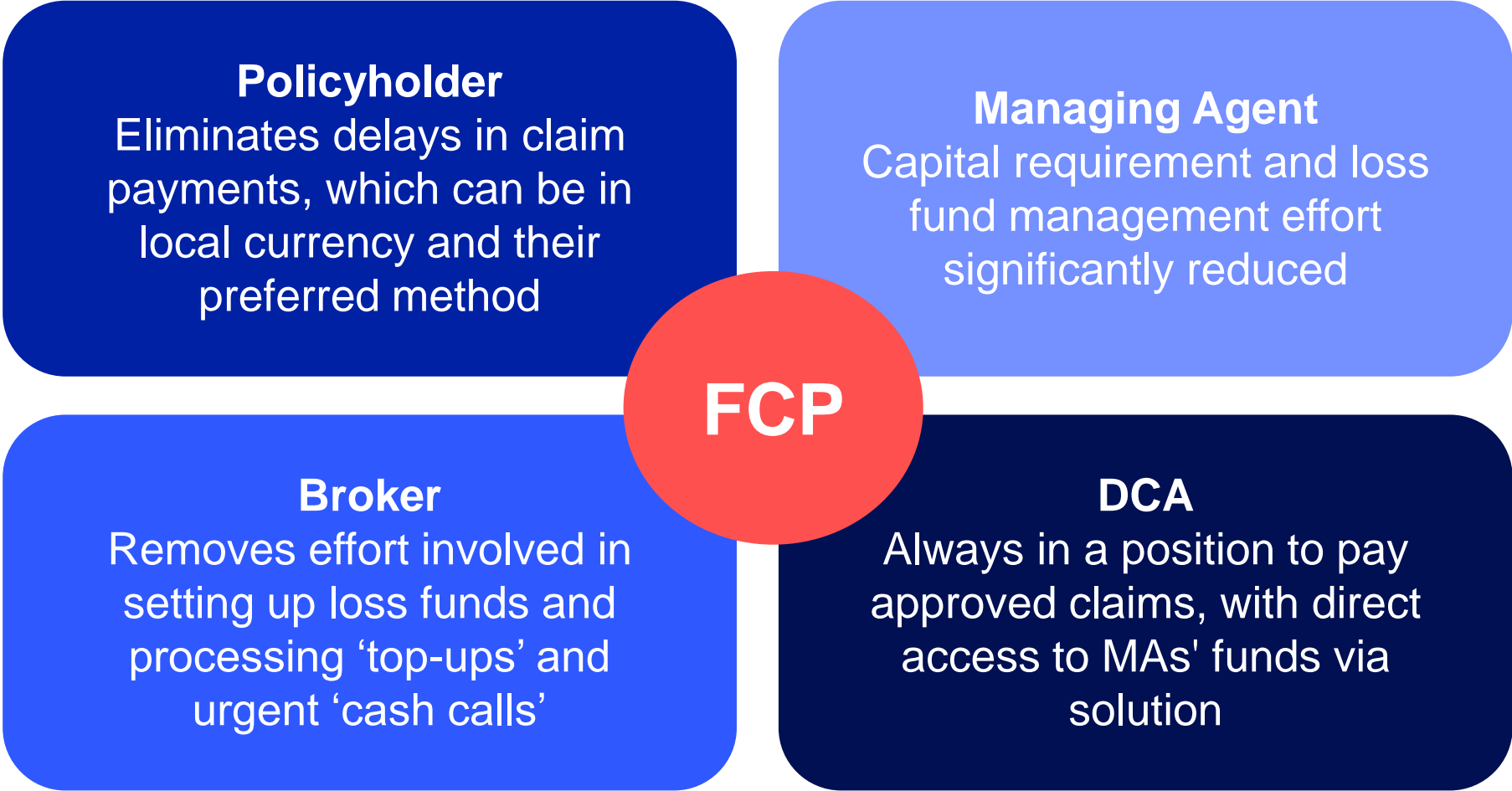
DCA* benefits

- ✓ Automated funding process ensures DCAs always able to pay approved claims to policyholders
- ✓ No longer need to hold client funds
- ✓ Reduces number of client accounts required
- ✓ Audited payment approvals and sanctions checking
- ✓ Solution requires segregated role access
- ✓ Ability to deploy API payment integration with FCP solution
- ✓ Personalised reporting

* All references to DCAs also apply to coverholders with claims settlement authority, provided they do not net off premiums and claims



FCP benefits all parties involved in claims process

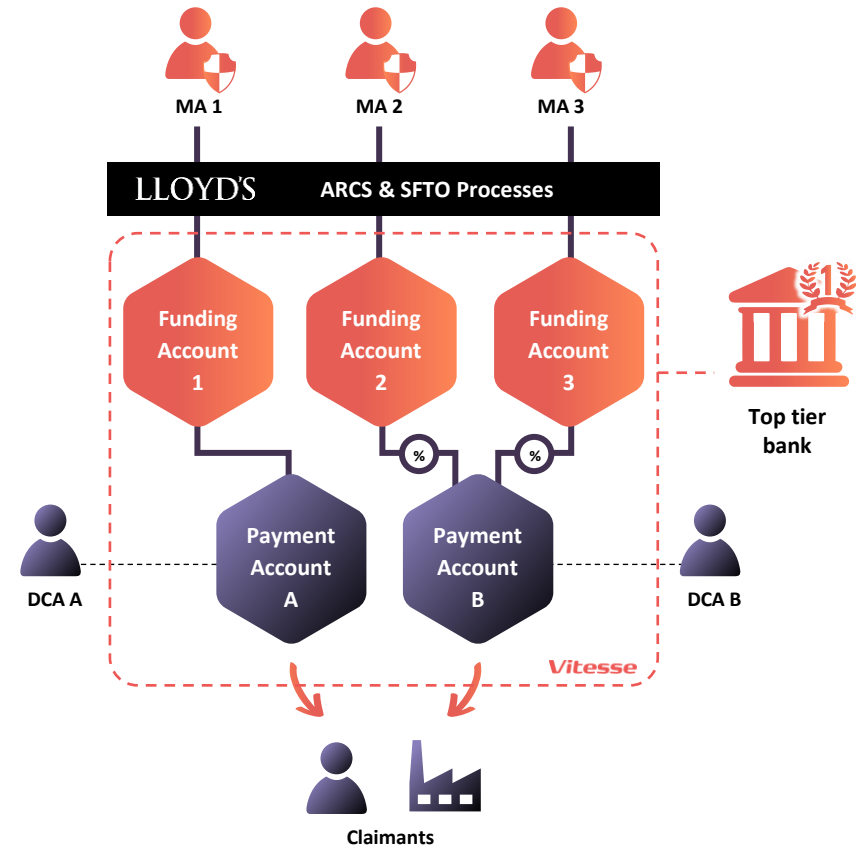


So how does FCP work?

- Removal of traditional Loss Funds altogether; MA holds small liquidity balances within a Funding Account, which are automatically topped up as needed.
- Payouts are executed in real-time/same-day using the Vitesse global payment network.
- Vitesse top up the Funding Account as required (weekly/by minimum bulk amount) and provide a full remittance report.

ID	Account Name	Currency	Total Credits	Total Debits	Balance	Last Updated	MA Name	Alias	TRN Name	F
987	Example Loss Fund AED	AED	8,287,852.90	900.00	8,287,852.90	21-May-2019 21:47:09	Insurer Name 1	Insurer 1 - ClaimsAccount123AED	TRN Name 1	1
2780	Example Loss Fund ALL	ALL	1,000,000.00	202.56	999,797.44	10-Dec-2020 09:51:10	Insurer Name 1	Insurer 1 - ClaimsAccount123ALL	TRN Name 1	0
488	Example Loss Fund AUD	AUD	8,128,292.43	135,829.82	4,992,462.61	07-Jul-2022 12:14:49	Insurer Name 1	Insurer 1 - ClaimsAccount123AUD	TRN Name 1	0
1388	Example Loss Fund CAD	CAD	8,513,828.18	112,791.38	4,901,036.80	28-Jul-2022 12:42:03	Insurer Name 1	Insurer 1 - ClaimsAccount123CAD	TRN Name 1	0
489	Example Loss Fund CHF	CHF	8,878,350.00	165.00	8,878,185.00	18-Jul-2022 09:35:42	Insurer Name 1	Insurer 1 - ClaimsAccount123CHF	TRN Name 1	0
424	Example Loss Fund EUR	EUR	8,282,356.47	233,138.48	5,049,488.99	28-Jul-2022 18:58:53	Insurer Name 1	Insurer 1 - Phoenix Collection Account	TRN Name 1	0
488	Example Loss Fund GBP	GBP	7,188,281.13	742,480.03	6,445,801.10	18-Sep-2022 17:24:17	Insurer Name 1	Insurer 1 - ClaimsAccount123GBP	TRN Name 1	0
2137	Example Loss Fund NZD	NZD	10,000.00	494.80	9,505.20	12-Dec-2019 15:00:00	Insurer Name 1	Insurer 1 - ClaimsAccount123NZD	TRN Name 1	0
405	Example Loss Fund USD	USD	8,616,000.00	1,875,854.35	3,734,216.00	23-Jun-2022 16:18:57	Insurer Name 1	Insurer 1 - ClaimsAccount123USD	TRN Name 1	0

Vitesse client portal



Successes and learnings from 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 up to 80% 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

FCP now managed by LIMOSS as a 'Live' market service



The screenshot shows the LIMOSS website interface. At the top, there is a navigation bar with the LIMOSS logo, a search bar, and links for LIBRARY and CONTACT US. Below the navigation bar, there are several menu items: London Market, Market Services, Market Service Foundations, LIMOSS, Market Service News, and LIMG Market Consultation. The main content area features a large blue header with the text "Faster Claims Payment (FCP)". Below this, there is a sidebar with a list of services, including OVERVIEW, ACCOUNTING & SETTLEMENT SERVICES, DELEGATED DATA MANAGER – DDV, DOCUMENT SERVICES, FASTER CLAIMS PAYMENT (FCP) (highlighted in orange), GEMINI, LIMOSS ACADEMY, LIMOSS DATA, MESSAGING SERVICES, SSO, SDE AN, API GATEWAY, OPEN MARKET PROPERTY SCHEDULES FORMATTING SERVICE, PROPORTIONAL TREATY, STRUCTURED DATA CAPTURE – SDC, and THE LONDON INSURANCE MARKET'S REPLACING PLATFORM. The main content area is titled "FASTER CLAIMS PAYMENT (FCP)" and includes an "Overview" section with a paragraph describing FCP as a key milestone for the Future at Lloyd's Blueprint Two programme. It also includes a "What is FCP?" section with a paragraph explaining that FCP is a transformative payment solution that allows Delegated Claims Administrators (DCAs) for Lloyd's binding authority business to make payments on request. Finally, there is a "LIMOSS Role" section with a paragraph stating that LIMOSS has set up appropriate governance to ensure the FCP service meets the requirements of all stakeholders.

LIMOSS have created an FCP specific web page that includes details of:

- Managing agents who have signed their MUA
- FCP status of MAs i.e. 'FCP Ready', 'FCP Live' and 'FCP Advanced' plus definitions
- Brokers who are 'FCP Engaged' or 'FCP Ready'
- DCAs who are 'FCP Engaged' or 'FCP Ready'
- Current scope
- Online training material, videos etc
- Market Steering and User Groups details
- FAQs
- Market contacts process

Link: [LIMOSS | Faster Claims Payment \(FCP\)](#)

Current FCP scope

Currently in scope:

- ✓ Lloyd's singleton and subscription binders, however all MAs must be "FCP Ready"
- ✓ New and active binders
- ✓ All classes of business
- ✓ Co-leads and policy orders of less than 100% placed in Lloyd's market only
- ✓ Funding accounts in USD, GBP, CAD, AUD, CHF, DKK, EUR, HKD, JPY, NOK, NZD, SEK, SGD and ZAR*

Currently out of scope:

- Combinations of Lloyd's, London companies and/or overseas insurers
- Lloyd's Europe (LIC)
- Lineage processing in Canada
- Coverholders with claims settlement authority, who also net off premium and claims
- Service companies
- Consortia
- Continuous contracts
- Line slips

* Funding accounts in USD, GBP, or CAD = Daily Urgent or Weekly Scheduled ARCS top-ups

Funding accounts in AUD, CHF, DKK, EUR, HKD, JPY, NOK, NZD, SEK, SGD, ZAR = Monthly Scheduled ARCS top-ups only

NB

Claim payments can be processed in over 100+ local currencies

Areas under review to extend current scope

FCP Steering Group and Market User Group (consisting of representatives from managing agents, brokers, DCAs, market associations and Lloyd's) are looking at the following areas to extend current scope or improve processes:

- Manual 'Back Office Matching Service' to support managing agent reconciliation processes
- Service companies
- Line Slips (proposed process currently being piloted by two managing agents)
- Consortia
- Continuous contracts

In conjunction with London Market's Claims Market Advisory Group (MAG), we are also engaging with those brokers who have raised concerns about their systems currently supporting a ramp up in non-cash bordereau processing volumes



53 managing agents have now signed their MUA

FCP nominated for multiple industry awards, winning at the British Insurance Awards, Claims Excellence Awards, Insurance Times Awards and Claims & Fraud Awards

AEGIS LONDON

Antares

Arch

Argenta

ARK

ascot

dasta
A Davies Company

ATRIUM

AXA

AXIS

beazley

Blenheim

BRIT

canopus

chaucer
A China Re Company

CINCINNATI
GLOBAL UNDERWRITING LTD.

Dale Underwriting Partners

FARADAY

HAMILTON

HISCOX

Lancashire

Liberty Insurance

MS Amlin

Munich RE

NEWLINE GROUP

TOKIOMARINE HCC

RenaissanceRe

RiverStone International

THE HARTFORD

TOKIOMARINE KILN

TRAVELERS

WESTFIELD SPECIALTY

Market feedback on FCP



Sheel Sawhney
Group Head of Claims
Brit

“Our TPAs and coverholders said it made a world of difference to them ... this could be an absolute gamechanger ...

“I’m really proud that the market worked on this in collaboration ... getting together and thinking about how to embrace technology, how to embrace automation, and how to challenge the status quo.”

“The end state benefit for everyone is we have happy customers ... for me, it’s always been about delivering on the promise to the customer, helping them when they need us the most.”

“FCP is a significant step in the right direction for the future of Lloyd’s. It removes several steps, allowing us to decrease the time to pay claims and increase financial accuracy.”

Dave Hausch
President, Hausch & Company



“Lloyd’s will be able to be more competitive with US insurers because you now have the ability to pay claims, right now, every time.”

Van Mieke, Director of Finance
Hausch & Company

“If other DCAs are not already aware of the FCP process, I would urge them to get onboard and get involved ... there is huge benefit to every single stakeholder in the claims life cycle with the adoption of FCP. It’s going to move the needle on how fast Lloyd’s is going to pay claims. And that is a fantastic opportunity for everybody.”

Duncan Wood, VP of TPA Services
Vanguard Claims Administration



Any final questions or comments



**We look forward to
supporting you on
your FCP journey**

**Thank you for your
time and input today**

FCP information and resources

[MA and DCA guidance](#)

[Broker guidance](#)

[Frequently asked questions](#)

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[Lloyd's FCP website](#)



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