

'Delivering Blueprint Two' - Questions & Answers

On 28 July 2021, Jennifer Rigby, Lloyd's Chief Operating Officer, introduced an interactive webinar hosted by Bob James, our Market Transformation Director, for market participants implementing Blueprint Two. This document collates questions submitted before and during the webinar.

Readers are referred to the [blog published on 2 August 2021](#) which includes a recording of the webinar and further information and resources.

The joint venture agreement and collaborating with market participants

- Q What does the joint venture with DXC actually mean from a practical perspective?**
- A DXC is very experienced in providing services to the market and the commitment to building a new digital solution is a very significant step forward to realising the vision for digital processing set out in Blueprint Two. It means that existing firms will be able to continue working as they do today with minimal change, enabling some of the benefits of digital processing, and work towards adopting the end state new digital solution over time. We are targeting savings of up to 40% on current costs for those who adopt the new digital solution. This is a great outcome for individual market firms and the market as a whole.
- Q Is the International Underwriting Association (IUA) a signatory to the Heads of Terms agreement?**
- A The Heads of Terms agreement was signed by Lloyd's, the IUA, Lloyd's Market Association (LMA) and DXC Technology.
- Q Is the London & International Insurance Brokers Association (LIIBA) involved in discussions, and will we hear from them in future?**
- A We are also working with LIIBA regarding the whole of market digital processing solution and it will be great to have them on future communications.
- Q Does collaboration with all market participants include service providers and software vendors?**
- A Insight from market service providers and software vendors form part of the collaborative approach to deliver Blueprint Two and we will continue to collaborate on key areas.
- Q How and when will you be engaging with vendors? We have tried reaching out to Future at Lloyd's and haven't received any responses?**
- A A key area of focus has been on those who provide current services to the market and may be impacted by the changes that Blueprint Two will bring. In addition, we have been running cohorts in our Lloyd's lab to source opportunities for insurtechs to support Blueprint Two. Also, where we have specific requirements, we have checked the registration of interest forms to identify possible suppliers and reached out with requests for information. We will continue with these approaches through delivery of the Future at Lloyd's.

The timeline

Q You mentioned a September date for confirming the 2022 timelines with specific deliverables. What is happening between now and then and with whom to get this plan delivered in 2 months. And will the plan go beyond 2022?

A The Joint Solution Plan is currently being worked through with Lloyd's, the IUA, LMA and DXC Technology and will be shared back with the market. The aim is to provide a high-level view of deliverables up to the end state digital solution.

Q Can you comment on the expected timelines for the switch over to the new digital services?

A The timing of the transition services will be agreed as part of the planning process, and in line with what is practical for the market. We will provide more details when we have a clearer view of delivery timelines and the requirements to adopt the new end state digital solution.

Q What is the earliest date that you foresee organisations being able to 'plumb in'. Will this be rolled out by class of business or territory?

A We are working on the timeline for the transition services and will see a build through 2022 and 2023 with adoption anticipated for the whole market from the end of 2023.

Q Is there clear guidance regarding the type of investment market participants should make in their 2022 change budgets. Also, can you elaborate on the carrot and stick approach?

A The aim of the transition services is to enable market firms to continue working as they do today with minimal changes, enabling some of the benefits of digital processing. The adoption of the end state digital solution will depend on a number of factors including the final design of the solution and a market firms' digital maturity. We will provide clear guidance on how to adopt new services as part of our support to the market, with plenty of notice. The carrot and stick approach looks at how firms can benefit from digital services earlier and recognises the cost of utilising those services may become less attractive over time as the cost to run them increases.

Realisation of benefits through adoption, including transition

Q You mentioned that a lot of plumbing will need to be done by organisations to connect to the marketplace to realise the 40% cost savings. Do you anticipate a common tech stack across all market participants?

A We recognise that different market firms have different tech stacks and operating models. Our aim is to build a common solution that utilises open architecture which market firms can access, rather than attempting to align tech stacks across the market.

Q In the scenario of self-paced transition, the approach presented today elongates parallel running and consequently the overall run-cost. Additionally, is there a programme to upskill/retrain current resources?

A The aim of the transition services is to enable market firms to continue working as they do today with minimal changes, enabling some of the benefits of digital processing. Transition to the new end state digital solution will be at a different pace for different firms, although the cost of the transition services will become less attractive over time. This will naturally avoid elongated parallel running as firms look to benefit from the new end state digital solution and avoid the increasing cost of the transition services.

Q I am relatively new to the Future at Lloyd's programme and playing catch up. You mentioned benefits to the market; are these stated or captured somewhere? I work for a Carrier.

A The [Blueprint Two Interactive Guide](#) (May 2021) provided a summary of potential benefits with a conservative figure of £800 million. Benefits at a market firm level will depend on the adoption of services and the current operating model in place. In announcing the joint venture, we also stated that we are targeting saving of up to 40% for digital processing.

Q Traditionally, asynchronous implementation has hampered the market with a constraint for us all (a sea anchor if you will) where the tech has always had to be accessible to the lowest common denominator (look at IT requirements for accessing CASA (CLASS/ECF2 and LORS) where companies have to ensure their users have out-of-date software). How will your laissez-faire approach address this significant issue?

A The aim of the transition services is to enable market firms to continue working as they do today with minimal changes, enabling some of the benefits of digital processing. Transition to the new end state digital solution will be at a different pace for different firms, although the cost of the transition services will become less attractive over time as the cost to run them increases.

Q True digital innovation will only make a material difference when this is aligned with simplification of the regulatory control framework (information requirements for tax purposes and for regulators), as well as the connectivity within the financial model (i.e. issues with bank account constraints post Brexit). What is being done to ensure these areas are also taken into consideration?

A We need to focus delivery in line with current regulations and financial models ensuring that there is flexibility to make changes as new regulations and models emerge. We will continue to monitor changes and factor them into the products and services that are provided.

Q Where do you see the use of advanced technologies such as DLT to replace legacy and enable hyper efficiencies in data exchange, smart contracts for automated processes and payments: shortening the gap between risk and capital, and keeping the relevant parties informed and costs low?

A We are targeting cost reductions for digital processing at around 40% less than today's costs. Having the right technology will be vital to support this and all relevant options will be considered as part of the design and build.

Q Regarding transition between legacy and new digital systems/messages: will this approach allow for legacy insurance books to remain on legacy solutions indefinitely, or will an eventual upgrade be required?

A The aim is to move the market to digital solutions as soon as possible and practicable. The transition services will enable some of the benefits of digital processing ahead of adopting the new end state digital solution and avoids having legacy solutions. However, the transition services won't be run indefinitely, as the cost of utilising those services may become less attractive over time as the cost to run them increases. We will work with the market to agree appropriate timings as the solutions are designed and built.

Q How significant will the success of Blueprint Two be impacted by a lack of alignment by all London Market Carriers in adopting this change?

A We believe that the benefits speak for themselves. The aim of the transition services is to enable market firms to continue working as they do today with minimal changes,

enabling some of the benefits of digital processing. The whole market will move together on this step. Those firms that are more digitally advanced will be able to move quickly to the new end state digital solution. Those that need more time will get more time, although the cost of the transition services will become less attractive over time.

Q Lloyd's tried to achieve this 20 years ago with Kinnect. Lloyd's failed to deliver then. What are you doing different this time round to avoid failure and how confident are you that you will succeed?

A Thankfully things have moved forward, and electronic placement is now a feature of our market place, with the tools are already in place and widely adopted. We are now talking about the next evolution of those services. By ensuring we have the right data collected and validated earlier in the process, we can provide more efficient and lower cost processing throughout the lifecycle of a risk. The market recognises the benefits of a more digital marketplace and has responded well to the plans laid out in Blueprint Two and continues to engage and support its progress.

Q Does the Future at Lloyd's / Blueprint Two programme have sufficient funding to fully achieve its objectives or will scope need to be curtailed (or further funds needed)?

A Lloyd's is committed to delivering the objectives set out in Blueprint Two and funding is closely monitored through the programme's governance to ensure this can be achieved.

Queries about elements of the end-to-end process, from placement to claims

Q To what extent has PPL's termination of its contract with CGI impacted on Lloyd's Blueprint Two agenda?

A We continue to work with PPL to ensure the Next Gen solution adopts the data standards to enable the generation of the CDR.

Q Are the Future @ Lloyds team able to articulate clearly how the new accounting and settlement (A&S) process will work between brokers and XIS particularly where some of the required Core Data Record (CDR) data is only available post bind?

A The aim is to collect and validate the right data pre-bind as part of the Core Data Record with contract certainty available earlier in the process. This will enable right first-time data to be sent to DXC and avoid the time and cost involved in validating data and rectifying errors.

Q Is the intention/expectation for DXC Technology to build replacements for A&S, ECF etc. from scratch or is the more sensible route to leverage existing technology where appropriate (e.g. TMF for premium tax) being considered? (I use TMF as an example.)

A There will be a new digital processing capability set up outside of the current service provided to the market. Having said that, we will utilise existing services, such as tax calculation services, to feed into the new digital processing capability where appropriate.

Q Can we expect DXC to deliver a claims solution that the market wants and needs and not simply deliver what they think we want?

A The work undertaken through the Joint Solution Plan includes Lloyd's, the IUA, LMA and DXC Technology to ensure a whole of market approach. As part of this approach, we will ensure continued engagement to create solutions that work for the market with market insight and feedback, including the claims solution.