Market Comprehension Levels

November 2022

Background

- To transition to the digital marketplace, it is important to prepare our organisations. Market participants will have their own unique transformation path and therefore need to adopt an implementation strategy which satisfies their business needs now and in the future.

- To ensure that the market has a good understanding of the Blueprint Two solutions, the joint market engagement team have set up a quarterly survey to track their perceived understanding, and in later surveys, their readiness to transition to the new digital services. This information will give us a clear indication of how ready the market is, and will allow us to adjust both our engagement strategy and delivery timelines if needed.

- We have surveyed the top 25 brokers (by GWP) and 86 carriers in October 2022, asking them 16 questions (the full question set is at the back of the deck).

- In this report, we have focused on responses to seven of the 16 questions, as well as producing an overall market understanding of Blueprint Two based on the combined results of the knowledge of solutions, benefits and changes required.

- The next survey will be conducted in Q1 2023 and will repeat the key understanding questions to see if this has improved. It will also introduce additional questions focused on the services themselves: Placement (Digital Gateway, CDR, iMRC), Premium and Claims.

- If you have any questions on the survey please submit them here.
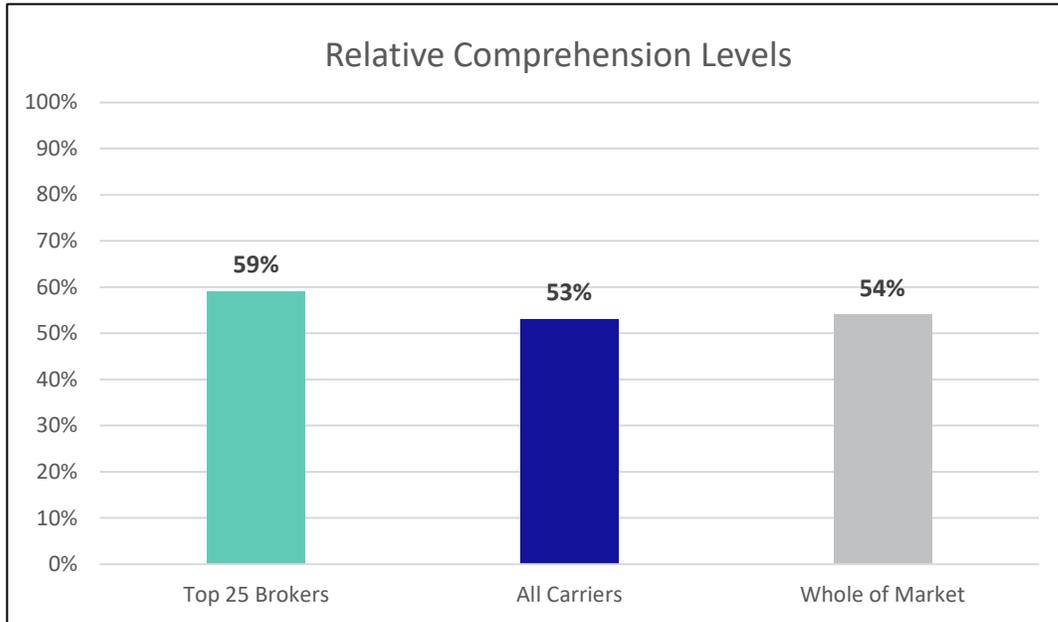
Comprehension Levels Overview

Brokers and Carriers

Overall Market Comprehension

Comprehension levels percentage based on responses to the three key understanding questions.

Relative Comprehension Levels

Chart: Relative Comprehension Levels
- Top 25 Brokers: 59%
- All Carriers: 53%
- Whole of Market: 54%

The market's **Comprehension Level** score is currently **54%.**

The comprehension is slightly higher in brokers than carriers, perhaps reflecting a higher exposure to solutions that have an impact on the broker such as the iMRC / CDR.

Please note that this is a blended score (see below). Comprehension is much higher in understanding the solution and the benefits, rather than 'what they are required to do'. This is shown in the individual question responses.

54% is seen as reasonable score at this stage as the programme, when some of the detail as to exactly what to do, such as the publication of EDI / API schedules, portal availability, training materials, MAT approach etc, are still to be provided.

The next survey (Q1 2023) will include more detailed readiness questions by service, but the key comprehension questions will be re-run against this baseline and we will be expecting the level to increase.

Notes

There were 96 responders to the overall survey (21 broker, 75 carrier)* out of a possible 110 market responses (24 broker, 86 carrier)*, providing an 87% response rate.

The comprehension score is based on the combined average score of the three key questions detailed on slides 6 and 7: solutions, benefits and required change.

* 2 Brokers within the top 25 group submitted two questionnaires representing the different operational areas of their business (+2 actual responses)
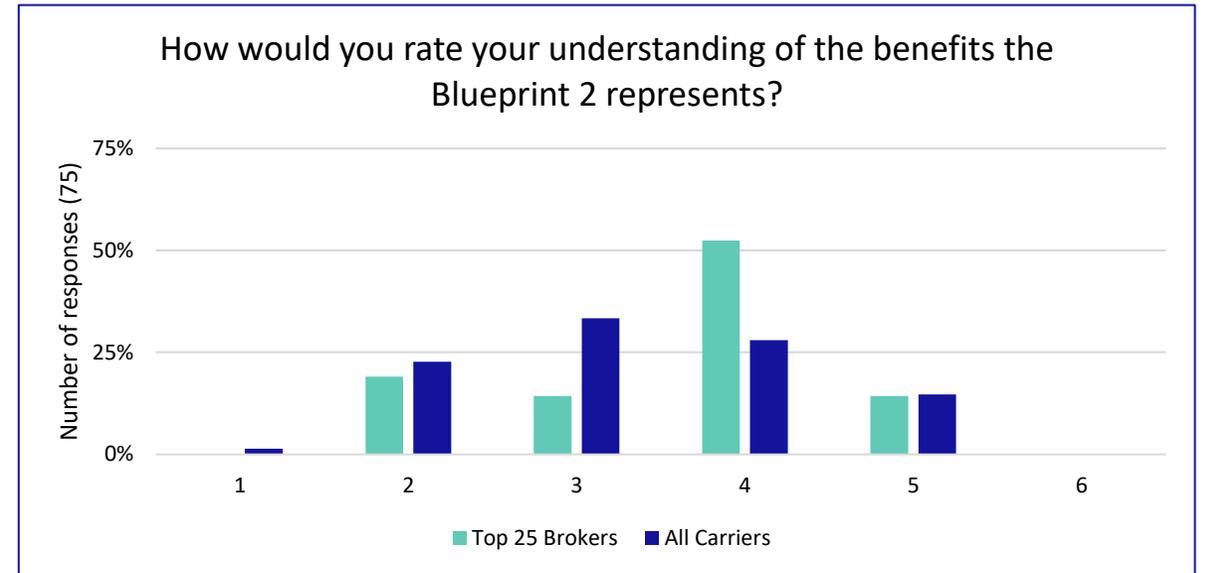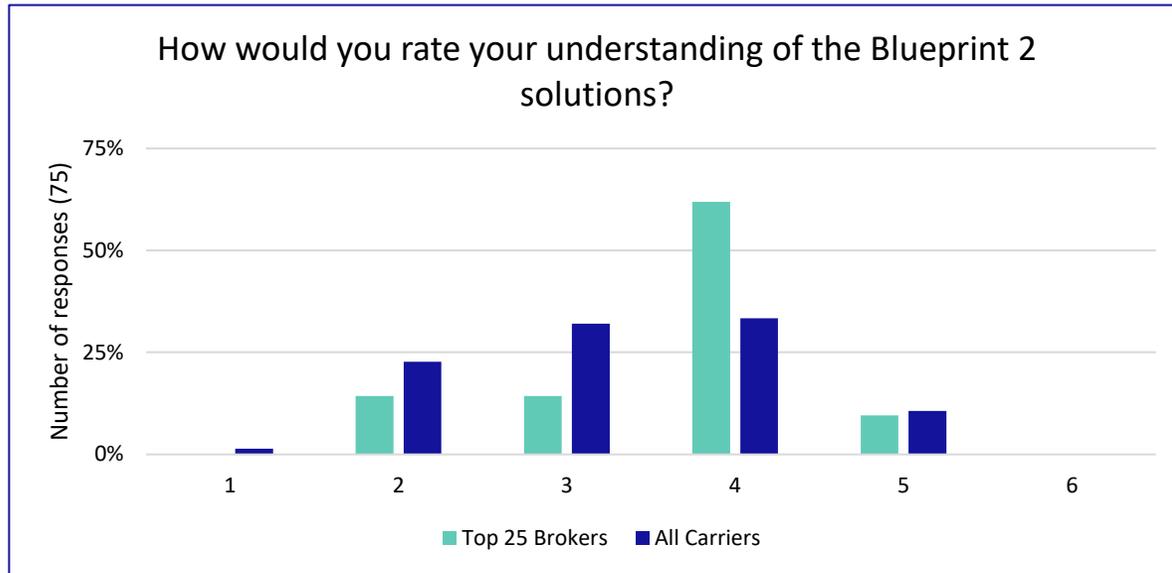 4 Brokers within the top 25 group will merge their responses (when provided) into one (-3 possible responses).
  1 Carrier submitted two questionnaires representing the different operational areas of their business (+1 actual response).

Key Question Responses

Understanding Solutions and Benefits

The average understanding of the Blueprint Two solutions was 3.38 (3.67 broker, 3.29 carrier) out of 5. For the understanding of Blueprint Two benefits, the average was 3.39 (broker 3.62, carrier 3.32). Generally in terms of solutions and benefits, the understanding is midway between low and medium, with brokers being slightly higher in both areas based on the **understanding scoring** below.

At this stage of the programme, when a lot of detail is still to be released, this score is slightly higher than anticipated. It has been lifted by the release and explanation of the LMA Playbook, the Customer Journeys and the Benefit Framework.

The aim for the next survey will be to increase the score (in terms of understanding) by 1 point, to get us to a position of medium to high. This will be mainly achieved by working with the lower (1&2) scorers to understand what the understanding gap is and provide what they need to understand the solutions and benefits better.

It is encouraging that 11% of carriers (10% brokers) felt they had a high understanding of the solutions and 15% of carriers (14% brokers) had a high understanding of benefits.

Understanding Scoring: 1 = Zero, 2 = Basic, 3 = Low, 4 = Medium, 5 = High, 6 = Expert

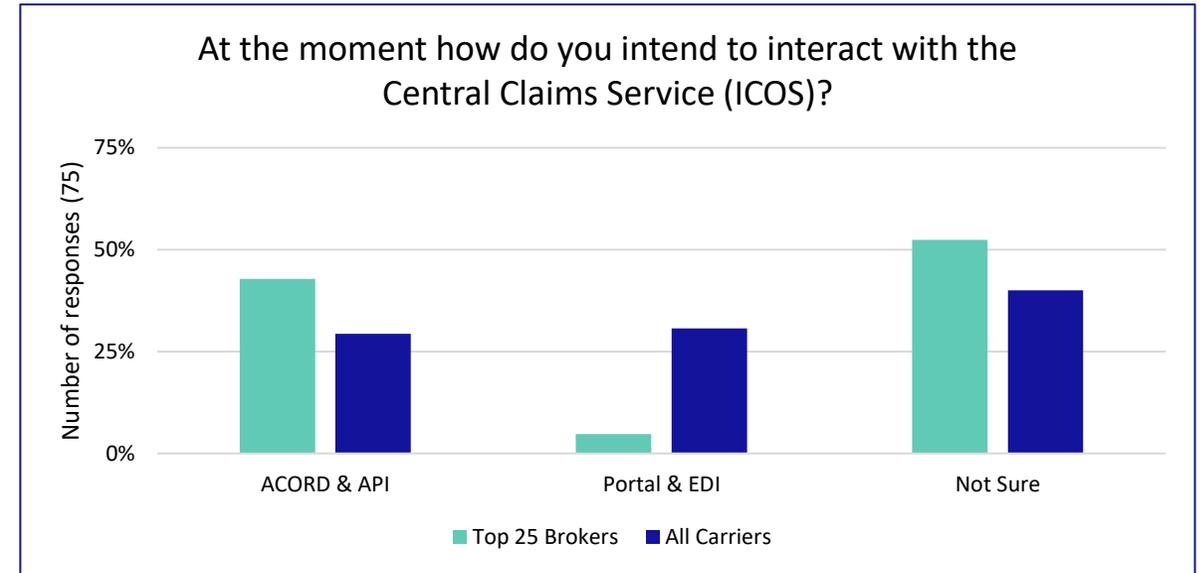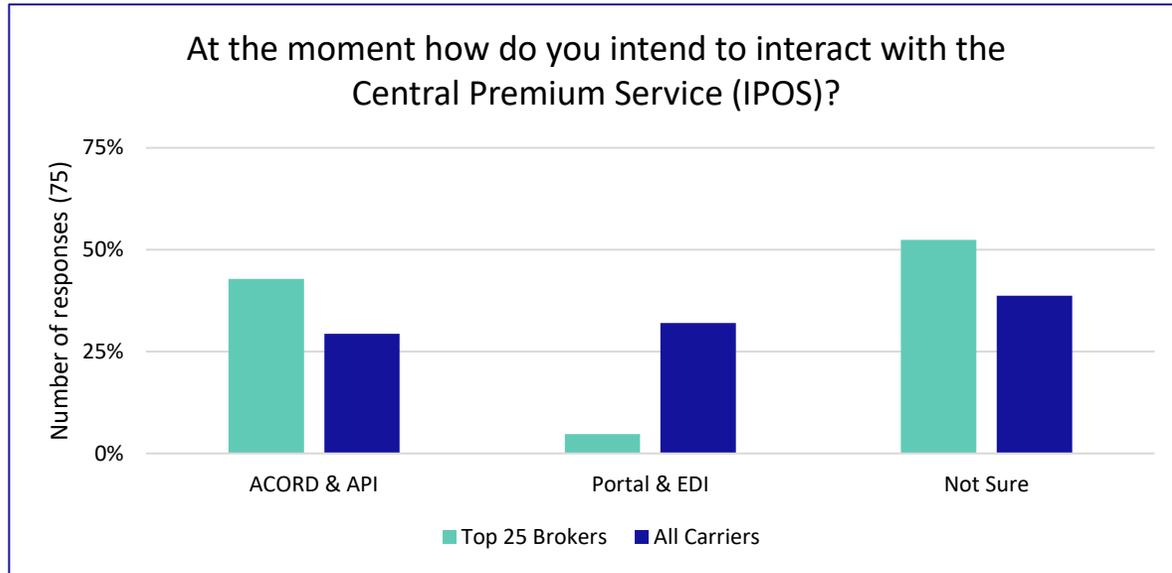# Understanding Actions Required and Talking to Vendors
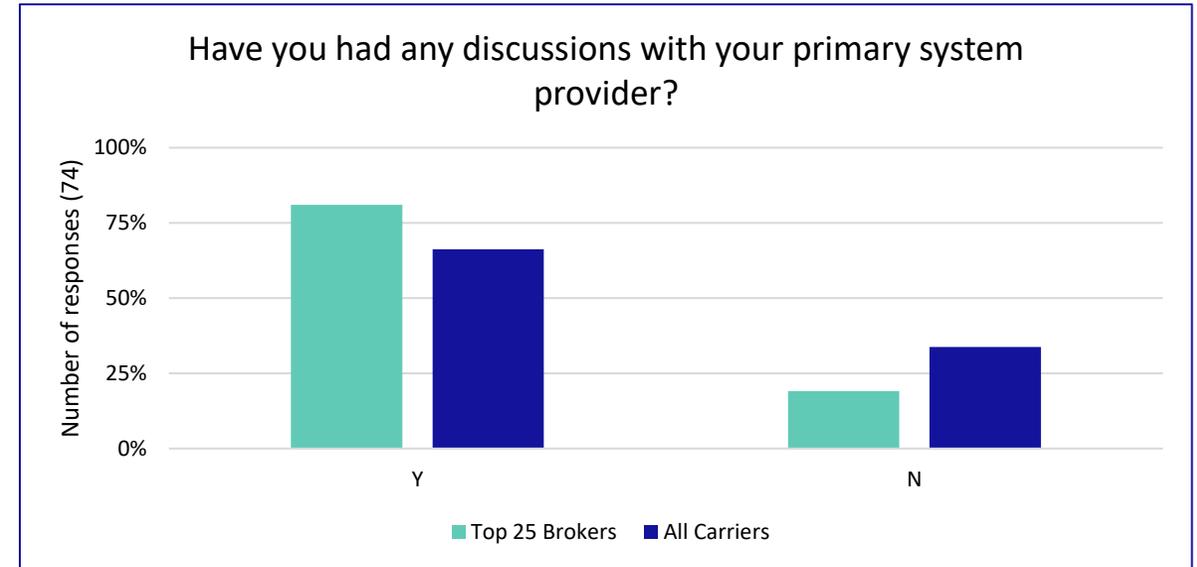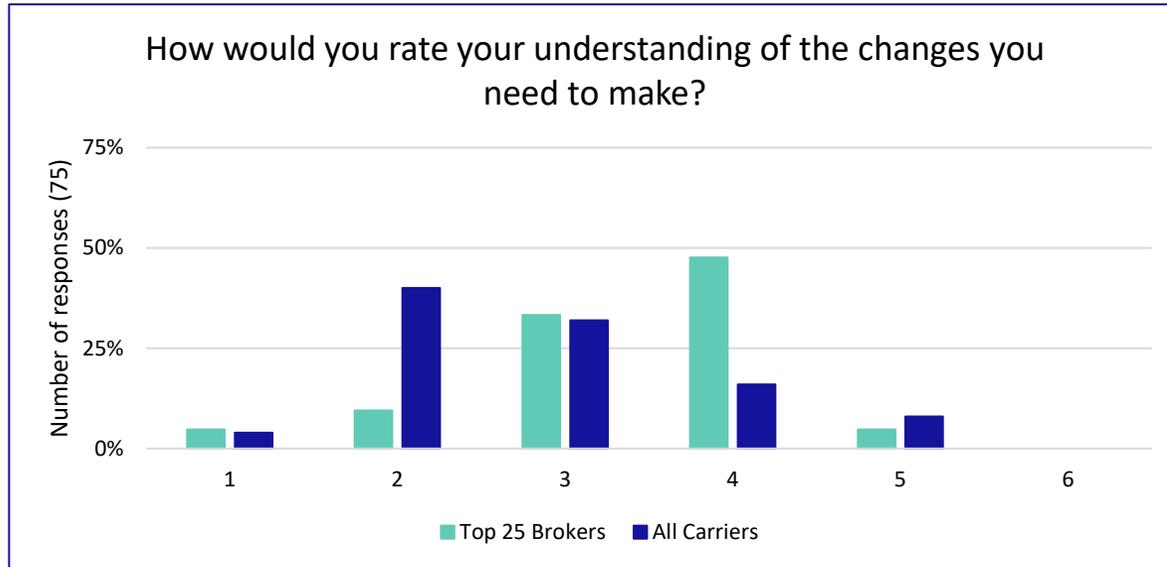
The average understanding changes required as a result of BP2 was 2.96 (3.38 broker, 2.84 carrier). This mean on average that understanding of changes is low; with brokers having a better understanding than carriers, based on the **understanding scoring** below.

Overall it is to be expected the knowledge of the changes required to be fairly low, high level direction has been provided, but given the nature of the programme, the detail on the changes will not be available until later and the scores reflect this. We do expect this score to improve in the next survey but not by as much as solution and benefit awareness. Some additional detail will be released before the next survey, such as EDI schedule and API schedule, but these scores will only move significantly once the actual detail around changes required is available such as the EDI and API specifications themselves.

We believe the broker awareness is higher for two key reasons, firstly, they are having a more active dialogue with vendors,(66% in discussion compared to 34% of carriers); secondly, many of the brokers use ACORD messaging for premium and claims outside of the London Market extensively - it is well understood and the same standard and process will apply in London Market. The change to ACORD accounting is a major element of the premium and claims changes.

Understanding (changes required) Scoring: 1 = Zero, 2 = Basic, 3 = Low, 4 = Medium, 5 = High, 6 = Expert

Premium and Claims – Digital or Transitional?

At the moment how do you intend to interact with the Central Premium Service (IPOS)?

Number of responses (75)

Categories: ACORD & API, Portal & EDI, Not Sure

Legend: ■ Top 25 Brokers ■ All Carriers

At the moment how do you intend to interact with the Central Claims Service (ICOS)?

Number of responses (75)

Categories: ACORD & API, Portal & EDI, Not Sure
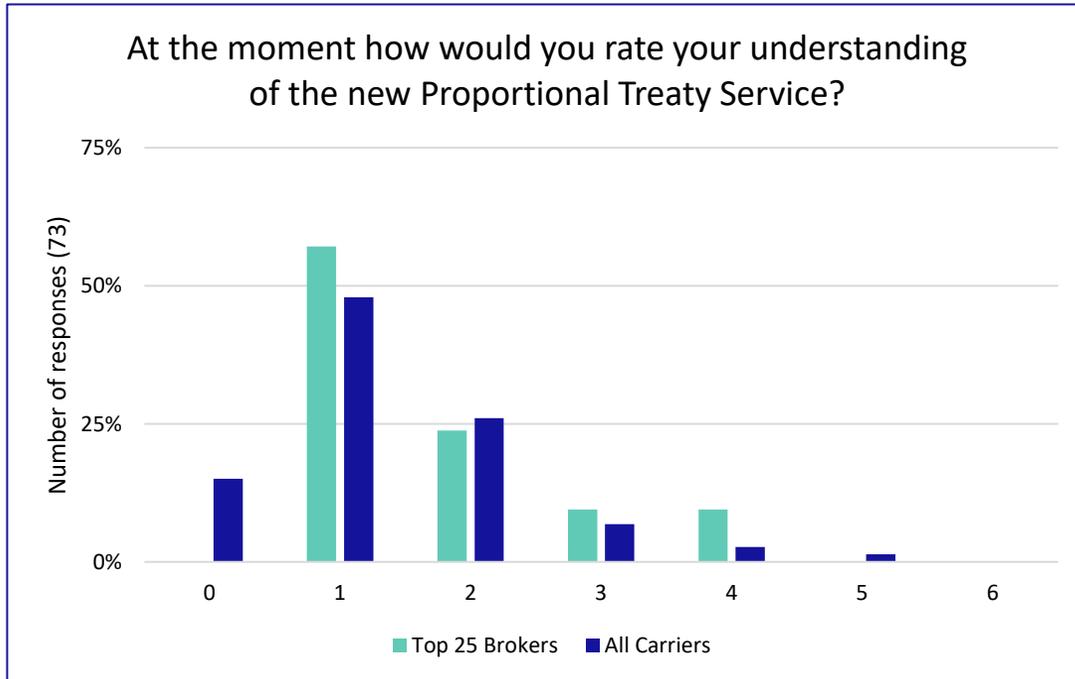
Legend: ■ Top 25 Brokers ■ All Carriers

We also looking to get early oversight of market intent to go digital (ACORD and API) or transitional (Portal & EDI) when the services go live.

The results are higher than expected for digital: 43% of brokers and 29% of carriers intend to go digital for both premium and claims.

We should take these scores with a little caution. We also assume premium and claims have not been considered separately - they will separate as more detail is released, and we still have 52% of brokers (40% carriers) who are not yet sure. However, it is encouraging to see such significant commitment for digital rather than transitional processing at this early stage of the programme.

We suspect, based on some broker feedback, that the reason the broker digital position is much higher that carrier is related to the high usage of ACORD messaging by global brokers outside the London Market. This is the same point driving one of their reasons for better understanding of change.

Understanding New Prop Treaty Service

At the moment how would you rate your understanding of the new Proportional Treaty Service?

Number of responses (73)

Legend: ■ Top 25 Brokers ■ All Carriers

15% of responders advised this question was not applicable to them, as some carriers and brokers do not write property treaty business.

81% of brokers (74% of carriers) had zero or basic knowledge of the service. This is higher if you allow for 15% not writing prop treaty.

The Prop Treaty project has been running for some time. It has a well established market steering group, with a good level of market representation. We are hoping that this score reflects the specialist nature of Prop Treaty and that the project to deliver this service is well understood in some parts of the organisation, but not with the individuals surveyed. We are aware this is the case in some of the organisations surveyed.

We will explore this further ahead of the next survey, to expand the knowledge within brokers and carriers and/or provide material to fill the gaps. We would be looking to get this position on par with the position of the understanding of Blueprint Two solutions.

Understanding (changes required) Scoring: 0 = N/A 1 = Zero, 2 = Basic, 3 = Low, 4 = Medium, 5 = High, 6 = Expert

Appendix

Oct 2022 Survey question set

Oct 2022 Question set and full results

Question Number	Question	Results for whole of market
1	**How would you rate your understanding of the Blueprint Two solutions?**	**See Slide 6**
2	**How would you rate your understanding of the changes you need to make?**	**See Slide 7**
3	**How would you rate your understanding of the benefits the Blueprint Two represents?**	**See Slide 6**
4	At the moment how do you intend to interact with the Digital Gateway?	Via Placement platform = 60%, Via Direct API = 23%, Via Extraction service = 2%, N/A = 15%
5	**At the moment how do you intend to interact with the Central Premium Service (IPOS)?**	**See Slide 8**
6	**At the moment how do you intend to interact with the Central Claims Service (ICOS)?**	**See Slide 8**
7	Do you transact Proportional Treaty Business?	Yes = 67%, No = 33%
8	**At the moment how would you rate your understanding of the new Proportional Treaty Service?**	**See Slide 9**
9	Have you set up a project internally in relation to Blueprint Two?	Yes = 56%, No = 44%
10	Are you a member of ACORD (GRLC) or access ACORD through an association (e.g. Lloyd's)?	Yes = 71%, No = 29%
11	Do you use ACORD standards in any part of your business inside or outside the London Market?	Multiple = 25%, UK = 9%, US = 6%, EU = 2%, No = 58%
12	What is your primary Policy Administration system (PAS) or Primary Broking system? (free text)	Responses given have provided a solid view of the service providers used which will aid the ability to tailor conversations appropriately.
13	Outside of your Primary System, do you have any other systems that interact or integrate with current central services, either by creating an MRC, Creating claims / premium submissions, or consuming EDI? Please list with which area they system covers (claims or premium) (free text)	Responses given have provided a solid view of other systems used which will aid the ability to tailor conversations appropriately.
14	**Have you had any discussions with your primary system provider?**	**See Slide 7**
15	Do you sit on any Blueprint Two groups or forums?	Yes = 54%, No = 46%
16	If no, would you like to?	Yes = 10 responses