

# Faster Claims Payment (FCP)

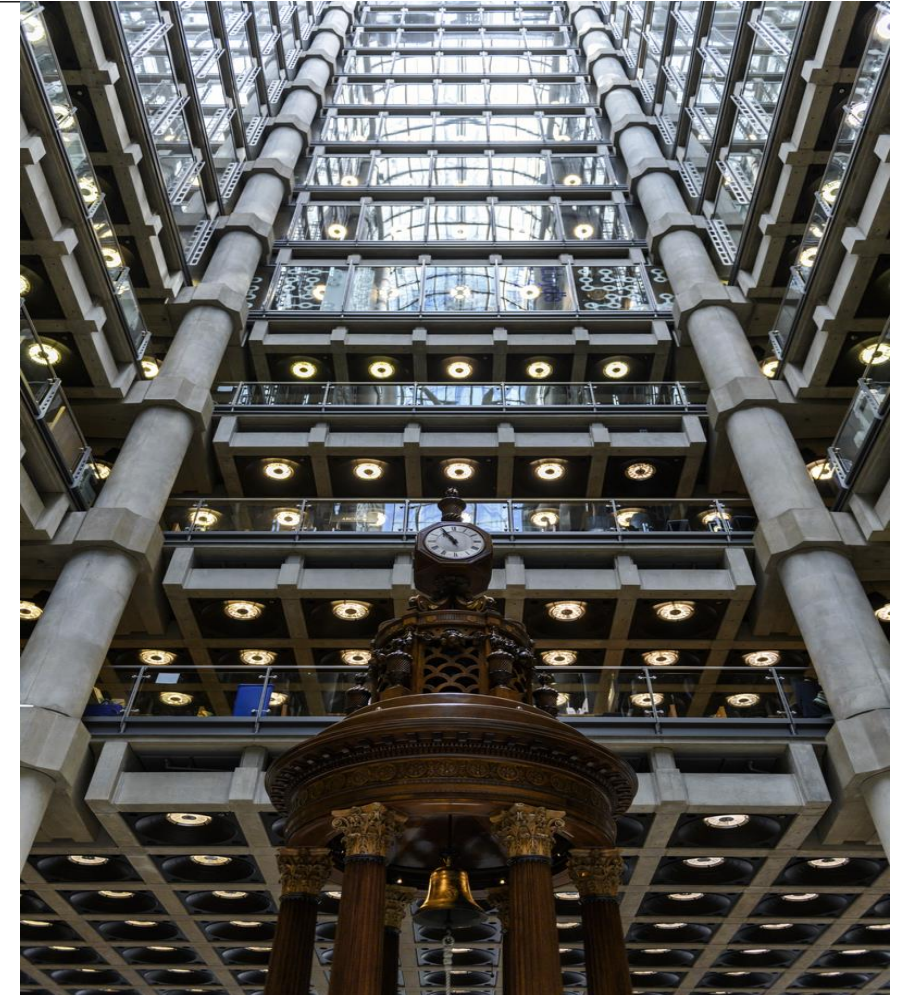
## Overview and Q&A

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

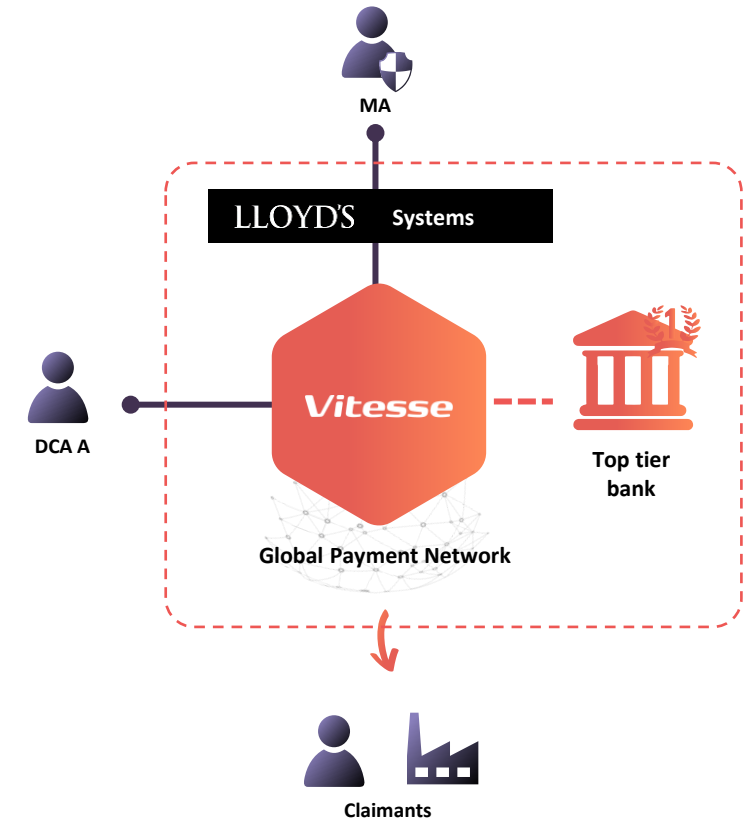


- Claim payments held up if DCA does not have access to sufficient loss funds
- Delays can occur between DCA request and subsequent transfer of monthly 'top-ups' and urgent 'cash calls' – high impact during CAT season when loss funds are critically needed
- Process creates significant work for all parties, including brokers
- Over £1bn of managing agent capital 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 their capital
- Funds held in multiple jurisdictions with different levels of complexity and regulatory environments
- Complex audit and final reconciliation requirements to manage 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
- Allows managing agents to tie up less capital in loss funds and re-invest funds in new opportunities
- Funds held centrally 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'





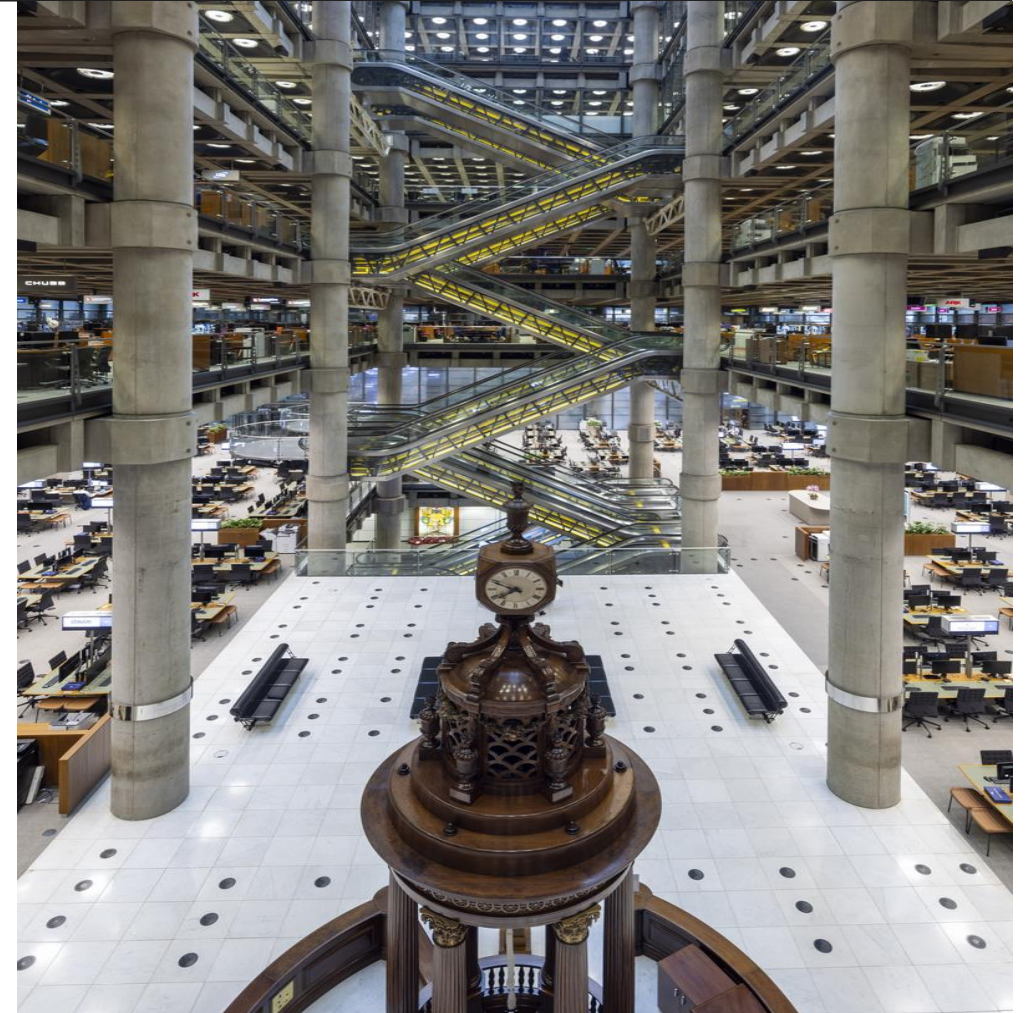
# Policyholder benefits



- ✓ 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

- ✓ Capital tied up in loss funds significantly reduced – potentially up to 80%
- ✓ 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

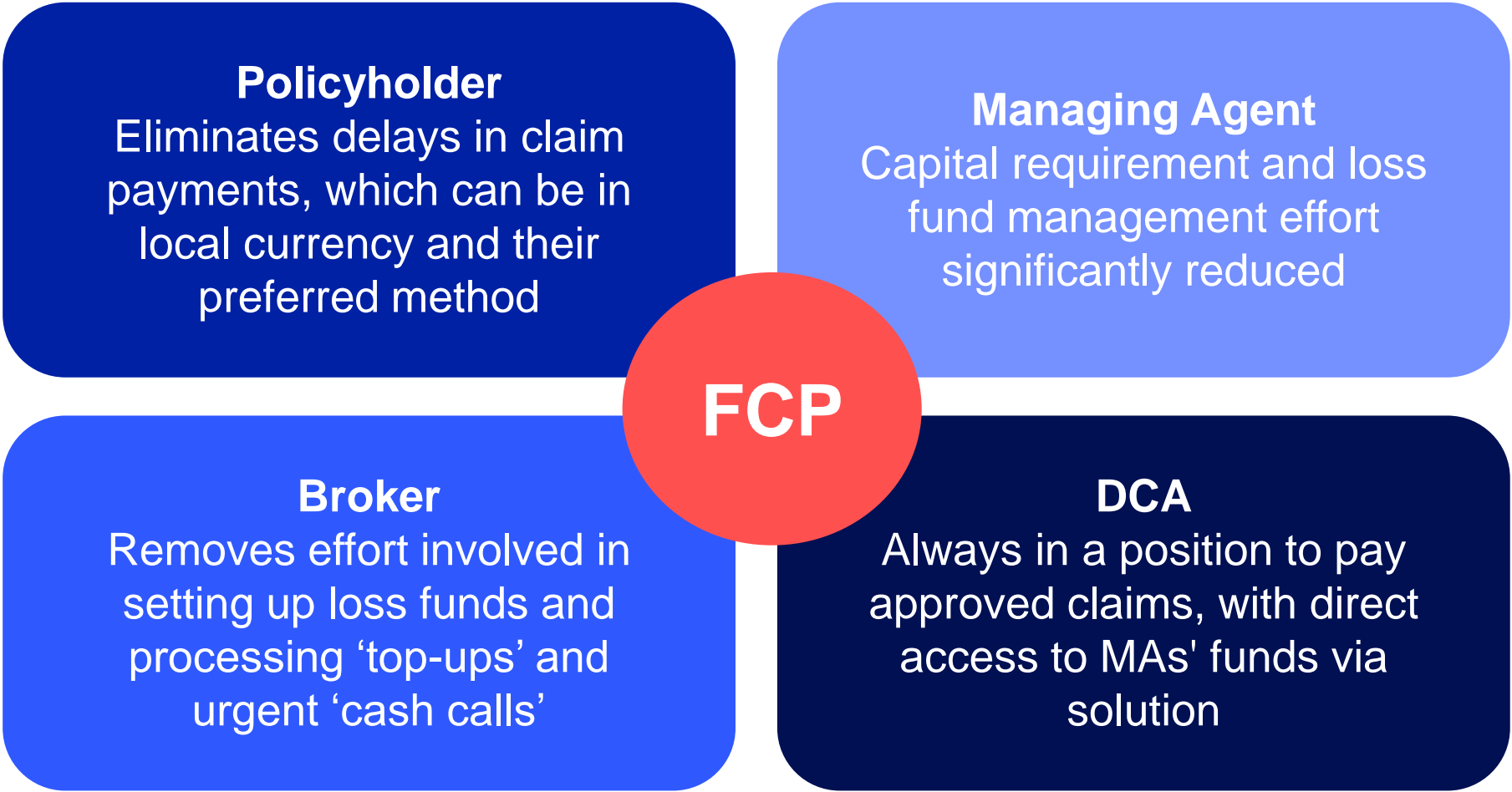
- ✓ Automated funding process ensures DCAs always able to pay approved claims to policyholders
- ✓ No longer need to hold client funds
- ✓ Reduces number of client accounts required
- ✓ Audited payment approvals and sanctions checking
- ✓ Solution requires segregated role access
- ✓ Ability to deploy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



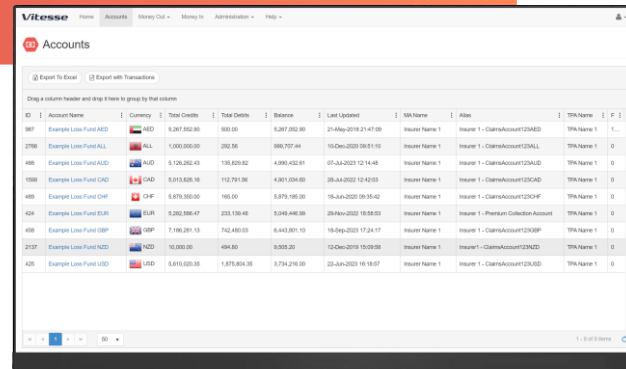


# FCP benefits all parties involved in claims process



# So how does FCP work?

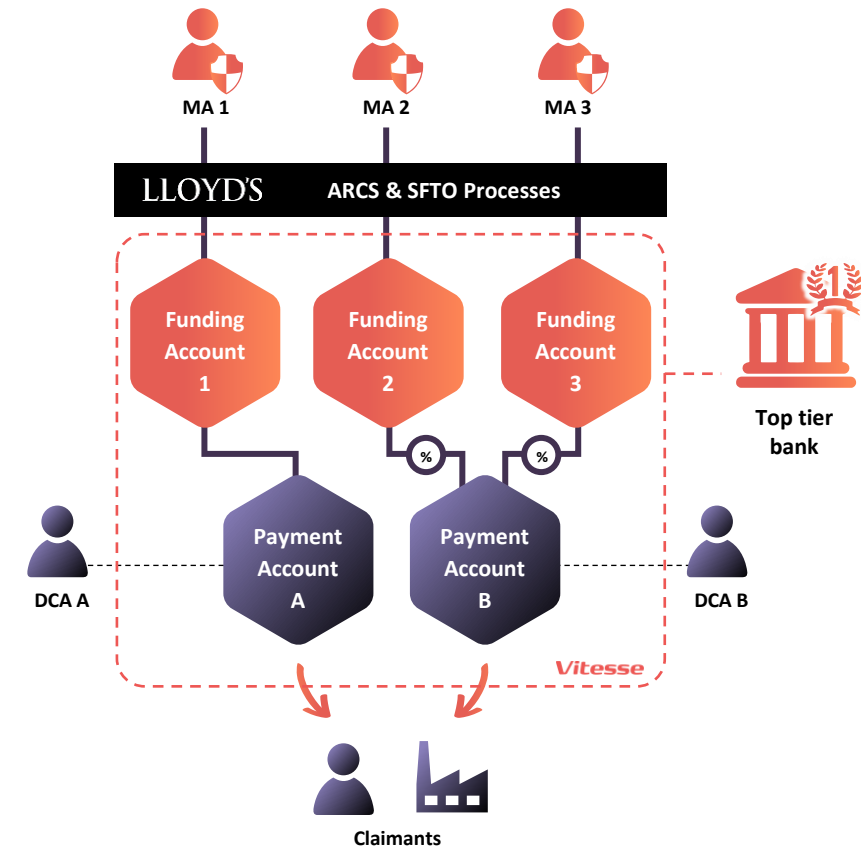
- Removal of traditional Loss Funds altogether; **MA holds small liquidity balances within a Funding Account, which are automatically topped up as needed.**
- **Payouts are executed in real-time/same-day** using the Vitesse global payment network.
- Vitesse top up the Funding Account as required (weekly/by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



The screenshot shows the 'Accounts' section of the Vitesse client portal. It displays a table with columns for ID, Account Name, Currency, Total Credits, Total Debits, Balance, Last Updated, MA Name, Alias, and TPA Name. The table lists various example loss funds for different currencies including AUD, CAD, CHF, EUR, GBP, NZD, and USD.

ID	Account Name	Currency	Total Credits	Total Debits	Balance	Last Updated	MA Name	Alias	TPA Name
987	Example Loss Fund AUD	AUD	5,287,852.90	500.00	5,287,852.90	21-Aug-2019 21:47:08	Insurer Name 1	Insurer 1 - ClaimsAccount123AUD	TPA Name 1
2780	Example Loss Fund AUD	AUD	1,000,000.00	202.56	999,797.44	19-Dec-2020 09:51:10	Insurer Name 1	Insurer 1 - ClaimsAccount123AUD	TPA Name 1
488	Example Loss Fund AUD	AUD	5,128,262.43	135,829.82	4,992,432.61	07-Jul-2023 12:14:48	Insurer Name 1	Insurer 1 - ClaimsAccount123AUD	TPA Name 1
1388	Example Loss Fund CAD	CAD	5,813,828.18	112,791.38	4,891,036.80	28-Jul-2023 12:42:03	Insurer Name 1	Insurer 1 - ClaimsAccount123CAD	TPA Name 1
489	Example Loss Fund CHF	CHF	5,878,188.00	165.00	5,878,188.00	18-Jul-2023 09:35:42	Insurer Name 1	Insurer 1 - ClaimsAccount123CHF	TPA Name 1
424	Example Loss Fund EUR	EUR	5,282,286.47	233,138.48	5,049,148.00	28-Nov-2022 16:55:53	Insurer Name 1	Insurer 1 - Phoenix Collection Account	TPA Name 1
488	Example Loss Fund GBP	GBP	7,198,281.13	742,480.03	6,445,801.10	18-Sep-2023 17:24:17	Insurer Name 1	Insurer 1 - ClaimsAccount123GBP	TPA Name 1
2137	Example Loss Fund NZD	NZD	10,000.00	404.80	9,595.20	12-Dec-2019 15:09:59	Insurer Name 1	Insurer 1 - ClaimsAccount123NZD	TPA Name 1
425	Example Loss Fund USD	USD	5,815,020.38	1,875,854.95	3,739,165.43	23-Jun-2023 16:18:57	Insurer Name 1	Insurer 1 - ClaimsAccount123USD	TPA Name 1

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

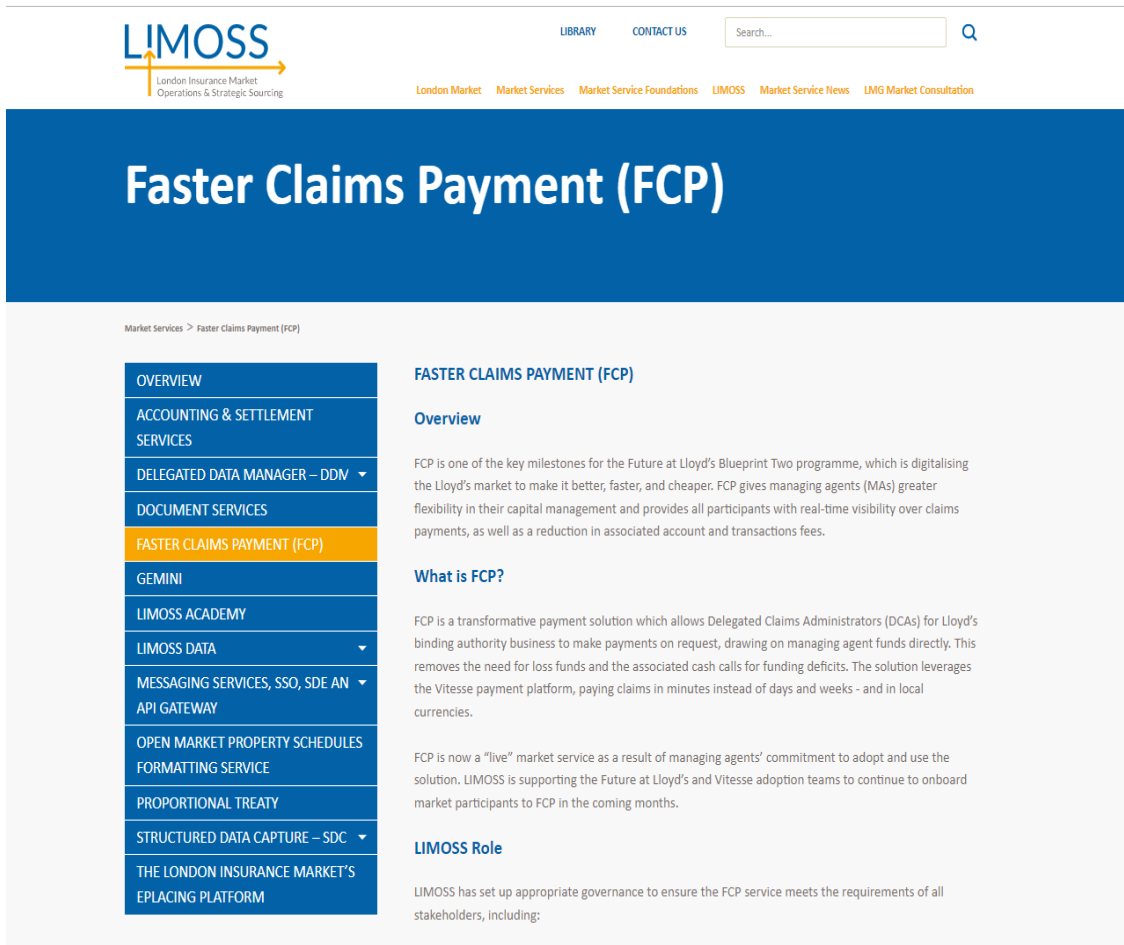
- ✓ Use of Vitesse payment and funding accounts has removed the need for DCAs to hold loss funds
- ✓ Capital held in loss funds can be released and it is estimated up to 80% of this can be made available for re-use
- ✓ Urgent top-ups through cash-calls are no longer required due to the FCP replenishment 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



**FASTER CLAIMS PAYMENT (FCP)**

Market Services > Faster Claims Payment (FCP)

- OVERVIEW
- ACCOUNTING & SETTLEMENT SERVICES
- DELEGATED DATA MANAGER – DDV
- DOCUMENT SERVICES
- FASTER CLAIMS PAYMENT (FCP)**
- GEMINI
- LIMOSS ACADEMY
- LIMOSS DATA
- MESSAGING SERVICES, SSO, SDE AN
- API GATEWAY
- OPEN MARKET PROPERTY SCHEDULES
- FORMATTING SERVICE
- PROPORTIONAL TREATY
- STRUCTURED DATA CAPTURE – SDC
- THE LONDON INSURANCE MARKET'S REPLACING PLATFORM

**FASTER CLAIMS PAYMENT (FCP)**

**Overview**

FCP is one of the key milestones for the Future at Lloyd's Blueprint Two programme, which is digitalising the Lloyd's market to make it better, faster, and cheaper. FCP gives managing agents (MAs) greater flexibility in their capital management and provides all participants with real-time visibility over claims payments, as well as a reduction in associated account and transactions fees.

**What is FCP?**

FCP is a transformative payment solution which allows Delegated Claims Administrators (DCAs) for Lloyd's binding authority business to make payments on request, drawing on managing agent funds directly. This removes the need for loss funds and the associated cash calls for funding deficits. The solution leverages the Vitesse payment platform, paying claims in minutes instead of days and weeks - and in local currencies.

FCP is now a "live" market service as a result of managing agents' commitment to adopt and use the solution. LIMOSS is supporting the Future at Lloyd's and Vitesse adoption teams to continue to onboard market participants to FCP in the coming months.

**LIMOSS Role**

LIMOSS has set up appropriate governance to ensure the FCP service meets the requirements of all stakeholders, including:

**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 and won at the British Insurance Awards and Claims Excellence Awards



# 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



“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



“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

# 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](#)

[FCP@lloyds.com](mailto:FCP@lloyds.com)

[Lloyd's FCP website](#)



[LIMOSS FCP website](#)



[Vitesse FCP website](#)

