

London digitisation: Nearly there?

ACORD CEO Bill Pieroni identifies weaknesses in digital processes laid bare by COVID-19.

By Mark Richardson, London Editor

While the London market has adapted very well to doing business remotely during the coronavirus crisis, it has also exposed weaknesses that will need to be addressed, says ACORD CEO and President Bill Pieroni.

Further awareness of the benefits of increased digitisation will have a positive effect, he believes.

“In the last century the London market has weathered the Spanish Flu, two World Wars, and numerous other global challenges, and emerged stronger every time,” Pieroni tells *Reactions*.

“Our members in the London Market have adapted very well to doing business remotely. Existing contingency plans were enacted swiftly, and modified when needed.

ACORD is industry-owned and sets digital data standards across the global industry. It helps to build digital assets where there is a gap in existing solutions, and raises awareness of the benefits of a standardised digital data exchange.

In London, ACORD standards account for nearly 75% of transactions. The organisation recently mapped its standards to the new Lloyd’s API specifications, allowing brokers and carriers to interact more quickly with each other over different platforms.

However, despite steps forward in digital trading brought about by the pandemic, Pieroni says the process of working remotely has exposed

other weaknesses in the system that need addressing.

“It has become painfully apparent that many London market stakeholders do not leverage a consistent logical and physical data model for transactions,” says Pieroni. “They speak similar languages, but their vocabularies are slightly different. When you have to rely on machine-mediated transactions, slight differences in terminology create real challenges. This is precisely why data standards are crucial.”

Integration among partners, he notes, is not yet sufficiently automated. That data integration is too variable across stakeholders, Pieroni says, and requires too much manual intervention. The solution: it needs to be embedded in the technology itself.

“The market isn’t leveraging straight-through processing nearly as much as it could,” Pieroni explains. “While they’ve done a fantastic job of adapting to doing business digitally, they’re primarily just translating the same old processes to the most obvious digital equivalent.

“If you just use e-mail and video conferencing to simulate what you’ve always done face-to-face, you’re not tapping into the power of digitisation,” he adds. “Stakeholders need to think through the digital value chain end-to-end, and integrate new process, organisation, and technology in a thoughtful way.”

Pieroni says ACORD is trying to drive modernisation in the industry by facilitating collaboration.

Its London Advisory Board includes representatives of every London market association, plus those at leading brokers and carriers.

This is helping the market to shape

its own future in line with its own requirements, he says, and to identify areas where digital transactions can be improved.

ACORD boasts more than 36,000 participating firms in over 100 countries, and Pieroni says this means anything the London market does with ACORD standards instantly plugs them in all over the world.

With the superior value proposition offered by the London market, Pieroni says such wider-scale integration will lead to the accrual of more premium.

“The London market has the best underwriting and claims expertise, the highest level of solvency, and world-class regulators,” Pieroni says. “It only makes sense to compete based on that, not on proprietary standards and models.

“The market becomes more attractive to international capacity when trading partners don’t have to duplicate costs by adopting processes and practices unique to London.”

He believes that legacy constraints are holding back market modernisation, and the many different systems that have developed over time present a difficult challenge to overcome.

“Much of our industry’s strength lies in its legacy — brand, reputation, expertise, balance sheets, and more. But with that comes legacy constraints in process, organisation, and technology,” says Pieroni. “These can limit strategic and tactical degrees of freedom.”

By investing in digital capabilities, Pieroni says it leads to higher levels of efficiency, customer satisfaction and ultimately financial performance.

However, he says to drive these material benefits, the investment must be made prior to the time of need — not when the need is urgent.

