



Kinnect
Contract certainty

Institute of Actuaries



The vision for business process reform

- Simplified, harmonised business processes**
 supporting subscription process across Lloyd's and London market
- Exchange of standardised data between multiple trading partners**
 structured electronic messages
 ACORD standards
- Community platforms**
 minimising interfacing costs
 enforce discipline
- Three initiatives across full value chain**
 placing (Kinnect), premium accounting (A&S), claims (ECF)



Kinnect

- Platform live since May 2004 for North American property**
- Electronic placing process**
 agreed a cross-market harmonised business process for negotiation of slip
 electronic data transfer from placing brokers to underwriters
 structured slip data and attachments (e.g. schedules)
 browser and web services connectivity
 process can record all stages of negotiation, selection of lead and follow markets, through to bind
- Finalising the design of equivalent process for endorsements**
- Governance**
 Lloyd's sponsored and funded
 user governance through Kinnect Board

 **Kinnect activity**


Risk classes

North American property risks
 12 months to May 2005
 500 risks
 1,300 signed lines
 \$800 mn premium
 Terrorism from 1 June

Programme of new risk classes being agreed for 2006

Current customers

Brokers	Marsh	Willis	Guy Carpenter
Managing agents	Ace	Amlin	Ascot
	Beazley	Catlin	Hiscox
	Liberty	Market	Wellington
(In train)	Aeglis	Chaucer	Limit/OBE
	SVB	Talbot	

 **Kinnect benefits**


Increased efficiency through electronic data transfer
 more accurate data exchange with reduced errors and reworking
 faster accurate data for improved risk and capital management

Greater transparency of process

Independent record of all activity contributing to negotiation and amendment of risk

Foster improved contract certainty
 document disclosures
 wordings review pre-bind

Greater ease of access to Lloyd's and London market through cost effective placing process

 **Contract certainty**

London market initiative
 responding to regulatory challenge
 deadline end 2006

Interim definition
Complete and final agreed of all terms (including signed down lines) between insured and insurers before inception.
 Outstanding issue on evidence of cover - June

Delivered though fully claused slip
 builds on LMP initiative

Delivered by
 new internal processes
 slip quality auditing and monitoring
 codified and earlier (i.e. before bind) checking



Contract certainty

Measurement though published statistics
aggregate of 26 measurable attributes

Target contract certainty of 99% in March 2006
91% in February 2005

Achievement is not dependent of Kinnect
but electronic placing systems offers brokers and carriers an
opportunity to achieve contract certainty at much lower cost