

Driving technological change requires co-operation not coercion

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The London market cannot be dragged kicking and screaming into a brave new world of technology that is not of its choosing

If the term *paperless office* already sounds rather dated, consider for a moment the UK government's historic decision this February to go vellum-less. After only a few hundred years, our politicians have taken the bold leap into the future by declaring that British laws need no longer be printed on calf skin. And you thought the London insurance market was technologically mired in the past.

Why the decision took so long is puzzling. It's hard to see any grounds on which calf skin could prove itself to be either more durable or robust than other modern forms of documentation. But in the London market, technological progress has often been dogged by late adoption and a rather jaded view of the 'next big thing'.

Failed market initiatives of the past – I won't list them – have led to a 'tried-it-didn't-work-won't-work' outlook combined with limited commercial advantage in being an early adopter. Altruism to one side, market practitioners who've had their fingers burned have justifiably been reluctant to blaze the trail.

Overcoming this type of fatigue is clearly a priority for the London Market Group's Target Operating Model (TOM) initiative. The Lloyd's market cannot be dragged kicking and screaming into a brave new world that is not of its choosing. Riding roughshod over reservations may lead to some short-term progress, but ultimately the resistance caused by hundreds of dragging feet will lead to the inevitable rebound. No, the only sustainable route to progress is cooperation rather than coercion. This is where TOM's Innovation Exchange has an important role to play.

Founded as a forum in which new ideas submitted by market practitioners can be tested and evaluated, the Innovation Exchange has the capacity to explore new technologies – in particular some of the techniques and tools favoured by the business start-up community. These include concepts such as sandboxing (protecting existing system integrity while testing new technology), proof of concepts (short, relatively low cost activities) and adopting a 'fail fast' approach to speed up our understanding on new and emerging technologies. This is incredibly powerful as it encourages ideas to be tried out and tested, rather than merely theorised and rejected.

Rallying the evangelists

The Innovation Exchange is addressing directly the market's reluctance to consider new technology by encouraging our evangelists of progress to become involved. Combining this with actively targeting the market's younger professionals should engender a greater willingness to experiment with and pilot new technologies. Reaching out to groups within the market, such as the under-35s, and connecting with the growing Insurtech community is bringing in new ideas and approaches that will aid technology adoption.

Ultimately, the only effective way to evaluate if a new technological solution will work is to try it. On this basis, initiatives are already under way to examine distributed ledger and blockchain technologies. Additionally, thought leadership is being promoted via events and a range of media. All of this is shepherding the market in the direction of technological progress – and that is the direction dictated by our customers.

The London market is an excellent example of what geographers call a nucleated market– the clustering of similar businesses into a close-knit group around a centre. The advantage is one of proximity; the disadvantage is the propensity to adopt an inward-looking view of the world, hence we evaluate our technologies by keeping one eye on our neighbours' successes and failures.

The reality is that our technological development is driven by customers. Every insurance buyer, regardless of whether they represent a large corporate or an SME, will expect to buy, or at the very least interact, with their broker or insurer via a channel and device of their choosing. And not just at renewal or if they make a claim, but whenever they feel like it. This will be a wake-up call for many of our IT departments, which have typically been almost exclusively of the inward-facing variety.

We should also remember that as the insurance industry has had to compete with other sectors of the financial services industry to attract talent, so the widespread adoption of technology will increasingly become a factor in young professionals' career decisions.

Tomorrow's underwriters and brokers will expect a lot more than sitting in Lime Street scanning paper and punching data into legacy systems; they will expect to bring in their own devices to work, to collaborate in virtual spaces and via open-source technology, and they expect real straight-through processing. Many members of this next generation have probably never used Outlook or a Windows PC, so unless we adapt and provide them with some or all of this, they won't come and work with us and we shall be the all the poorer for it.

TOM's Innovation Exchange is not complacent about the size of the challenge before it. Technological progress is no longer a nice-to-have, it's a pre-requisite of success for the 21 century business. And while we may be able to smile at the thought of documents printed on calf skin, our leather-bound slipcasses and inky stamps hark from a similar era.

Alas, Parliament's attempt at modernisation has not gone without a hitch. The government's move away from vellum has already been challenged and £80,000

found from the Cabinet Office's budget to continue the practice. Let's not repeat their mistake.

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