

VIEWPOINT

Market must focus on data quality ahead of new delegated authority standards

The lack of detailed guidelines issued to the market means many coverholders and brokers find themselves in a state of limbo



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It is widely recognised that delegated authority business is heavily reliant on data for carriers to get a full understanding of the risks that have been underwritten on their behalf. And we all know the struggles of taking poorly conformed data, with varying levels of data quality and getting it into a centralised solution for onwards processing and detailed analysis.

Lloyd's has issued minimum standards for coverholder data with the v5.2 format and firms have been striving to achieve this. The approach has been very much top down, with the standards being pushed through the distribution chain and the take-up varying, depending on the company.

But how much further have firms gone beyond just getting the right columns on a spreadsheet? How many have looked at the data within the columns for completeness, accuracy and consistency? Companies now have to face the challenge of making sure the data held within a correctly formatted spreadsheet is fit for purpose and onward processing within the new delegated authority ecosystem approach.

With each and every field and field value requiring scrutiny, how will firms approach this monumental challenge? The answer is gradually. Taking a big bang approach is doomed to failure, due to the sheer amount of data and queries that are going to have to go backwards and forwards between multiple parties. We need to remember brokers and coverholders are the people who are going to have to resolve the data issues. Carriers that identify issues are often one or two steps removed from the data source, which means relationships and collaboration will be key to making this happen. This data project has suddenly developed a new

sense of complexity and firms will now be forced to develop a data culture and collaborate to resolve data inconsistencies.

State of limbo

No one can disagree with the goal of sharing better quality data across the market, encouraging efficiencies and reducing the cost of doing business. However, with the recent pushback of the conditions of trade, the move to a non-mandatory approach from Lloyd's and a lack of detailed guidelines being issued to the market, coverholders and brokers are now in a state of limbo, unsure about the impact on their business.

Many carriers have taken the plunge and are carrying on with their delegated authority strategies regardless, focusing on improving the elements they know need addressing but the people who really need to drive the data agenda at source are still left wondering what is going on and what this data change is going to mean for them.

With the full standards for risk data unlikely to be available until 2022, firms are in a holding pattern and they will then be expected to implement within a 12-month period. This will put pressure on both the firms and system vendors to make potentially significant improvements in data capture and onward reporting within potentially unrealistic timeframes.

What can firms do to make a difference to their data while full guidance is being developed by Lloyd's?

First, do not be overwhelmed by the prospect of improving all data. Start small, agree the first data set for review and develop a strategy for improvement. Lloyd's has published its first consultation of the core data record, which provides a detailed insight into what we can expect to see within the delegated environment further down the line. Focusing on the core data fields in combination with the mandatory fields in the Lloyd's cover-

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holder reporting will put firms in a strong position for integration within the delegated data manager environment.

Second, businesses need a clear understanding of the quality of the data they are sending or receiving at a field-by-field level. Technology can help them to do this, and businesses should work collaboratively with vendor partners to understand the data quality deficiencies, working jointly towards addressing any issues identified. Businesses should see technology vendors as strategic partners, and if they fail to provide adequate support firms should look to other providers.

When dataset issues have been identified, firms need to consider what solutions are needed to address them. This will be a combination of both business and technology considerations and could include tightening up code sets, improving the field validation rules, aligning data sets used with the Lloyd's standards, and undertaking a data and analytics mapping exercise.

This could involve understanding the source of the data, which may require training, so this should be seen as a complete, company-wide, business change initiative.

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Data quality

The quest for data quality within the delegated authority environment is a journey and is likely to never be complete. Data drives value and competitive advantage within firms, and while we are talking about limited data sets to meet the current Lloyd's requirements, this conversation will evolve in time outside of core data and, as an industry, we need to be ready. To do this, firms need to be aware that data is at the heart of their offering and develop expertise which will help and support the transition

to a data-driven culture. This will not happen by accident – it needs to be managed properly and tracked, and be supported by champions in senior management.

While the Lloyd's delegated authority ecosystem work is ambitious and has struggled in some areas, we cannot ignore the fact that data is at the heart of the model and improvements are needed. While we can all make a judgment on whether Lloyd's has chosen the right solution for the industry, we should all be in agreement that it is pushing us forward on an agenda which is moving us in the right direction – away from the re-keying of data and multiple data sources – and towards consolidated, structured data which adheres to all appropriate standards and which can, in the future, lead to further data automation.

As an industry we recognise this is not going to happen overnight, and there will be resistance, but firms should be encouraged to make steps, no matter how big or small, in the right direction as part of a process of continuous improvement that will, ultimately, drive value for businesses. ■

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