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BUILDING FOUNDATIONS FOR THE FUTURE: A LOOK INSIDE LIBERTY VIRTUAL ROOMS

“I have seen the future, and it works.” Lincoln Steffens’ famous quote was made in 1919 but it’s equally relevant today when describing the London Market, which has shifted to a digital future that many thought might never come. Carol Baker, Head of Customer Proposition, Liberty Specialty Markets (LSM)

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The London Market hosts a unique ecosystem of underwriters, brokers, loss adjusters, lawyers and modellers. Located in the heart of the City of London, this group of experts rely on the strength of their network to deliver the best risk solutions for insureds. They depend on being able to get to the right people, to have meaningful discussions, to analyse and review data together in order to reach a consensus on the best way forward, for what are often difficult and complex risks.

During the first lockdown, Liberty’s underwriters –along with the rest of the market– worked long hours across every conceivable communications channel to keep the wheels turning. But very quickly it became apparent that without regular face-to-face broker meetings, or chance encounters in the Lloyd’s building, broking lounges or coffee shops unique to the London Market environment, it would be challenging to maintain business as usual.

Video conference calls dominated standard working hours and email traffic soared. Many resorted to WhatsApp just to get on someone’s radar and to schedule the conversations which are essential to getting risks written.

Welcome to the room

Responding to these challenges, in August 2020 Liberty Specialty Markets launched a pilot of Liberty Virtual Rooms, a platform that opens up Liberty employees diaries to the market so brokers and clients can schedule video appointments to speak to them.

Just like in any of Liberty’s broker lounges in their offices, the rooms enable participants to share screens, review submission data, check terms, deductibles, premiums and clauses and, if appropriate, agree there and then to bind a risk. People can leave messages in the room, collaborate and store documents and presentations for future discussions. Because transactions are bound on PPL (the London Market’s electronic placing platform) or Whitespace (the digital re/insurance trading platform), there are no regulatory issues – Virtual Rooms simply facilitates the conversation in real time that enables the decisions to be made – quickly.

Virtual Rooms is a proprietary platform, which was quickly developed using leading technology. After its initial trial in August, by September, the platform had supported 250 meetings with broker partners Marsh, Aon and Willis and clients, enabling a total of 695 participants to have over 22,000 minutes of face-to-face discussions. In October, Virtual Rooms was made available more widely and the numbers rose again: 605 meetings, 900 participants, 53,000 minutes of face-to-face discussions.

Initially seen as a way to share availability during movement restrictions imposed by the COVID-19 lockdown in the early phase of the pandemic, Virtual Rooms is here to stay! It has enabled us to connect more readily. If brokers can see that an underwriter is not available straight away, they can simply book a date in the future. They will shortly be able to record a video message, which saves them having to compose an email and should leave matters less open to interpretation as users can see the visual cues and tone as well as listen to the spoken message.

The flexibility of the architecture also enables underwriters to share line size and product information online. Brokers can view all the LSM team members, their profiles and authority, they can drill down to understand everything from appetite to capacity limits to preferred sub-sectors – information that should streamline the process for placing a risk. Brokers as well as Liberty underwriters can invite additional colleagues from within the Virtual Room using the scheduling tools and in as many ways as possible, replicating the functionality of a traditional, spontaneous, face-to-face, trading environment.

While Virtual Rooms is not intended to replace traditional face-to-face contact, it is a convenient and effective way to continue to do business when diaries don't align, or office days don't coincide.

Changing environment

Of course, LSM is not alone in recognising that having a virtual meeting capability is the defacto method for engagement. Blueprint Two saw Lloyd's develop its own virtual meeting room. Liberty is in

discussion with Lloyd's around integration via API so we can share our availability and risk appetite directly. This will encourage more transparency and makes the whole market available at the touch of a button.

Before the pandemic, only around 3% of market risks were written through PPL and Whitespace. Since lockdown was introduced the proportion of risks written electronically has risen to over 50% and it's likely this percentage will rise in the future. The introduction of both Liberty's and Lloyd's Virtual Rooms have supported this step change. It has also helped to reduce costs, increase efficiency and is improving customer journeys.

Hardening market, hard decisions

The ability to talk face-to-face is particularly important in a hardening market, when risks are harder to place.

Currently, hospitality risks have changed significantly, switching between 90% active to 90% vacant properties, at different times and for different periods, depending on location. Other risks, such as D&O, are becoming harder to place because of a combination of long-term structural changes driven in part by social inflation, but also financial instability as a result of the pandemic.

In these challenging times, Liberty's underwriters are committed to supporting broker partners and to be open and transparent about our decision-making process. We want to be open about issues, to have discussions early if a rate increase is needed due to changing risk exposure or to a changing claims situation. If it has

to be a 'no' on a risk, we want to reach that decision quickly and efficiently through a proper discussion face-to-face, rather than over email.

Broker have told us it had been taking them up to four times longer than usual to place a risk at the height of the pandemic restrictions. Current market conditions have done nothing to reduce those times, we believe it is essential that we give our partners as much time as possible to broker alternative arrangements when needed.

As I write this, we are in the midst of the renewal season which is always an intense time of year, and the impact of COVID-19 will make it even more so. Effective communication is an essential component to securing a successful outcome. Virtual Rooms will help support the smooth running of the process this year. It offers the ability to simply schedule and hold a virtual meeting at the touch of a button, this leaves more time for Liberty and the broker to focus on getting the deal done.

Future is global

There is no doubt that the pandemic has impacted insurance markets around the world and dramatically accelerated the acceptance of digital approaches. We have designed a solution which works globally which we plan to rollout to other territories across 2021. After testing pilot lines in London with our key broking partners, we now offer all London lines through Liberty Virtual Rooms.

We have built the foundations for the future, and I'm interested to see what the future holds. ■



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