

Operations Update



Welcome to the final update of 2023. It is more a half-yearly update this time as the last one was circulated in July, but that means we have lots to tell you about. As usual, we have arranged the update into topics related to the day-to-day running of operations and those which are about changing the way the Lloyd's and wider London market operates.

Details of all the various committees and groups run by the LMA for the Market Operations and Change community can be found on our [website](#) along with contact details for the LMA's Operations [team](#). We are very pleased to report that in August 2023, we achieved our target team size with the addition of Emily Wint, who joined us from Everest, and Vicky Moss previously with MS Amlin.

A few noteworthy results to start with:

- **DXC data centre migration:** Following the completion of the data centre migrations to new DXC locations in Kent in February 2023, hardware has now been removed from the retired Basildon and Acton data centres and data securely deleted. Contact: [Jane Perry](#).
- **Next Gen PPL:** PPL v3 was closed to new placements on 01 October. On 15 December, all endorsement processing will cease on PPL v3 and user access will be removed (excluding super users). PPL has provided details of how to obtain a full audit trail history of transactions processed using PPL v3. LMA has been very active through H2 ensuring the voice of the customer is heard by PPL in relation to user experience and requirements for the evolution of the Next Gen PPL service. Contact: [Emily Wint](#).
- Lloyd's Europe announced a relaxation of the mandate on managing agents to use the **LIMOSS Delegated Data Management (DDM)** platform. From September 2024, managing agents will not have to use DDM if an alternative solution for reporting delegated authority business to Lloyd's Europe is in place. A project is underway to identify and test alternate solution(s) for providing the required data fields. This is expected to conclude and report in Q1 2024. Contact: [Jen Robinson](#).
- LIMOSS has also completed an evaluation of managing agent demand for use of DDM post September 2024. This is likely to produce a different engagement and commercial model for any managing agent wishing to continue to use DDM after September 2024. Contact: [Vicky Moss](#).
- **Underwriting Room footfall:** Lloyd's recently advised the LMA that since the refurbishment of the Ground Floor, underwriter and broker attendance has increased by 18% and 14% respectively. Contact: [Rob Myers](#).

- FCA/PRA Consultation Paper 26/23 **Operational Resilience: Critical Third Parties (CTPs) to the UK Financial Sector** was distributed this month. The regulators' proposals seek to manage potential risks to the stability of, or confidence in, the UK financial system by strengthening the resilience of the services that CTPs provide to UK-regulated financial services firms and financial market infrastructure entities. LMA will play a role in choreographing a response for managing agents during Q1 2024. This is required to be completed by mid-March, so we expect this to be a primary focus early in Q1. Contact: [Matt Wood](#).
- The LMA **CISO Committee** is working with Lloyd's to consider how cyber oversight should be undertaken in the future. Currently there is a biannual questionnaire. Lloyd's is consulting the Committee on how to make this a more frequent but lighter touch process, which can give better assurance of the cyber resilience of the market. This is not expected to conclude until Q1 2024. Contact: [Matt Wood](#).
- **Business Operations Academy:** The *Insight Series powered by EY: Delegated Authority* session on 20 September featured Carla Wise as one of the presenters and panellist for the Q&A. I'm pleased to share with you that we will be continuing the partnership with EY for the Insight series into 2024, and we will also be introducing another webinar series with KPMG covering a range of hot topics for our members. The *Foundation in Operational Excellence* programme ran for a second time in November following positive feedback around the relevance of this training for operational roles within the insurance industry. We will continue to work with market members from the Next Gen COO community to explore training opportunities for 2024. For more information or to book on to any of these events visit the [Virtual Academy](#). Contact: [Devi Shelat](#).
- The first **LMA emergency communications** test was conducted on 09 October. All but one managing agent has at least one nominated contact. The purpose of the Emergency Comms channel is to be able to communicate quickly with key contacts in the market who can cascade information within their organisations, if the LMA email is either unavailable or blocked, or if other very urgent comms needs to be shared. The response rate was 85%. The next test will be arranged in April 2024. Contact: [Doug Rimmington](#).

There is so much happening in the market change and modernisation space, it warrants its own section in this update.

- **Computable Binding Authority Agreement:** You will hear more about this through 2024. The Delegated Authority Committee (DCOM) proposal to fund the development of a computable contract version of the Binding Authority Agreement (BAA) has been approved by the LMA Board. This project will restructure the BAA into modular form and enable 'data-first' contract creation of these agreements. It will establish a 'data-first', updated version of the BAA – the contract of delegation which underpins so much of Lloyd's market business – a first important step in realising the digital marketplace for delegated business envisaged by the LMA [DARE initiative](#). Information required by Lloyd's DCOM will be drawn from the computable contract and DCOM will eventually be repositioned as an internal Lloyd's system. We have strong support from managing agents' and brokers' delegated authority communities. The majority of the design and build should be completed through 2024 and we aim to offer the computable BAA (CBAA) service via LIMOSS for 01 April 2025 incepting binding authority agreements. The LMA DA Wordings Group (DAWG) is responsible for approving the new wording and its construct. Contact: [Carla Wise](#).
- The London Market Group's Data Council published Final Recommendations for **Process, Roles and Responsibilities** (PRR) for the creation, approval, submission (to the Velonetic Digital

Gateway) and processing of the Core Data Record for open market risks. Full details can be found [here](#).

- At the end of Q3 2023, LMA, in collaboration with Lloyd's and Velonetic, published version 2 of the [Managing Agent playbook](#) for Blueprint Two. It aims to fill the gaps in knowledge and consolidate understanding in one place from the perspective on a managing agent. This is an online version that we intend to review and, if appropriate, update monthly. It should be read in conjunction with other [helpful materials](#) published by the Blueprint Two programme. Contact: [Matt Wood](#).
- **Digital Processing Services Agreement (DPSA):** This is the term used to describe the new contract between managing agents and Velonetic for the provision of Digital Processing Services (DPS) from July 2024 – the date planned for phase one implementation. There are multiple components, the status of which is summarised below.
 - **Legal framework:** At the start of October 2023, a LMA customer panel comprising eight managing agents was invited to review and comment on the draft documentation prepared by Velonetic. This draft was the product of months of negotiation (including external legal counsel advice) between the LMA, Lloyd's, the IUA, LIMOSS and Velonetic. The LMA panel and equivalent IUA customer panel provided over 400 lines of feedback to Velonetic. This is currently being reviewed and appropriate revisions made by Velonetic. Contact: [Rob Myers](#).
 - **Service catalogue and definitions:** These have been drafted by Velonetic for all 'core services' that will be provided by Velonetic. A final review is expected in the coming weeks prior to release to Velonetic customers in January 2024. Contact: [Jen Robinson](#) and [Jenny Neale](#) (Claims).
 - **Financial Matters and Price Book:** Discussions between the LMA, the IUA and Velonetic are progressing well. We expect this to be concluded in the coming weeks. Contact: [Rob Myers](#).

Velonetic aims to publish the complete DPSA to all its customers in January 2024, requesting review and sign-off by early April.

- **DPS market testing:** Velonetic will publish details of the overall testing and assurance framework in December 2023. This will cover Vanguard community testing and the self-serve variant of market testing. It is expected that LIMOSS will play a central role in the co-ordination of market testing and assessment of results. Contact: [Jane Perry](#).
- **Bespoke EDI:** Velonetic issued communications to its customers in November 2023 advising which of the existing non-standard EDI services will and will not be supported in the phase one implementation of DPS. We know managing agents are reviewing this information with software vendors and reaction is flowing back to Velonetic. The LMA is expecting Velonetic to present a proposal for the commercial treatment of this bespoke development in the next few days. Contact: [Matt Wood](#).

Well, that's it for 2023. Thank you to all LMA members for the support and engagement you provide to make our jobs at the LMA that much easier and interesting. As always, if there are topics you are interested in that are not covered by this update, please do not hesitate to get in touch with me or any of the LMA team. Season's Greetings to you and your families and the best of wishes for what 2024 has in store.

This update was issued on 14 December 2023