Lloyd's heavyweights divided over claims project

The contrasting views over Lloyd's role in providing central services to the syndicates trading in Lime Street were highlighted this month, as two of the market's most influential figures outlined markedly different stances over a proposed new claims project.

Advised by consultancy BearingPoint, Lloyd's is currently examining a shortlist of five providers that would build a new volume-based claims platform.

For a market nervous about major new central initiatives following the £70mn+ disaster of the electronic trading platform Kinnect, the project – if approved – would be a notable milestone.

However, ever since it was first mooted last year it has divided London market rainmakers. And these tensions were evident in comments made by Catlin Group founder Stephen Catlin when he addressed a group of senior claims executives on 1 March. "Where we can get economies of scale, I'm wholly in favour of it. Where we can get consistency in terms of approach, I'm wholly in favour of it."

But he added: "If it takes away from us the ability to differentiate, then I'm not."

Catlin – whose empire includes the giant Lloyd's Syndicate 2003 and significant international platforms – is reluctant to support market-wide initiatives if his firm has already invested significant resources in providing these services to its clients directly. But his views contrasted sharply with fellow Lloyd's blue-chip Hiscox. Group CEO Bronek Masojada made a point of reiterating his position in his written comments on Hiscox's annual results, which were published on 27 February.

"We therefore believe in the value of the Lloyd's licenses, the need for a secure, well-supervised market and the benefits of shared central services such as policy production, money collection and claims settlement and payment."

Masojada continued: "Some of our competitors believe that they can gain individual advantage by performing many of these tasks themselves, independent of the market. We do not, as we believe that fragmentation will lead to poorer service to clients and brokers leading to an erosion of Lloyd's, and hence our own competitiveness."

Speaking to this publication, Masojada said that he had made his written comments to "keep the pressure on". Both Catlin's and Masojada's views are supported by other Lloyd's (re)insurers, highlighting the delicate balancing act that Lloyd's CEO Richard Ward has to perform as he tries to modernise the market's processes.

The shortlist for building the platform contains current monopoly operator Xchanging, Charles Taylor Consulting and Capita Insurance Services. The platform would target low complexity, low value claims. Catlin and Masojada's comments also come against the backdrop of the wider Darwin project, which is an attempt to rethink the market's approach to its back office processes and technology.

Catlin was speaking at the LMCC's quarterly meeting – an independent forum for senior claims professionals in the London market that is run by *The Insurance Insider*.