Bordereaux Management

Recommendations for improving bordereaux data quality

Introduction

Across the Lloyd's and London market, bordereaux data quality continues to be a challenge for all stakeholders involved in the end-to-end delegated authority process. Whether you are the capacity provider, the broker, the coverholder or the sub-coverholder, working within the confines of Lloyd's v5.2 standards or trying to be more dynamic across the London market, the job of collection, collation and validation of key data fields is an ongoing challenge.

But who is ultimately responsible for resolving this conundrum? The answer, unfortunately, is not that simple. Each party within the delegated authority chain must take responsibility for their data needs and ensure that downstream and upstream stakeholders are consulted on the approach. It is not for the capacity provider to dictate data requirements. Likewise, it is not for the broker/coverholder to just produce what they have always delivered. The answer is that everyone should be working together to ensure that the datasets shared across the market meet the needs of all stakeholders, allow all parties to answer the critical business questions that can drive competitive advantage and ensure that delegated business continues to be a significant and profitable part of the insurance industry.

Purpose

This paper aims to provide some helpful background on market activities and initiatives to improve bordereaux data quality that could be considered as part of an individual firm's bordereaux data quality improvement plan. This is not an extensive guide but is more to provide pointers and further considerations to be included depending on each firm's state of maturity of data quality.

Collate your data regardless of quality

To understand the size of your data quality problem, you need to collate the data as best you can. Too often, bordereaux have been received in whatever state, including PDF, and are sat in an inbox, shared drive, document repository or all the above. There is a perception that the underwriters have looked at them, but this cannot be confirmed nor denied. And in any case, the underwriter review is often just for risk code purposes or overall GWP.

So, what do you do if you have a backlog of bordereaux, and where do you start?
 › Do you understand the universe of contracts you are working with?
 › Do you have a defined minimum set of fields allowing you to map each bordereau and assess data quality?
 › Do you have a bordereaux management tool available?

If you can answer yes to each of the above questions, you can start mapping bordereaux within one of many standard bordereaux management tools out there across the market. This is obviously the best approach, as using a tool will ensure you can undertake automated reporting on your dataset and understand the discrepancies within the data.

If the answer is no, then you have some fundamental housekeeping to undertake.
 › Work with business teams to investigate to ensure you have the entire universe of DA business
 › Agree on a minimum set of fields to map each bordereau. This should be a skeleton set of fields allowing you to map bordereaux. One suggestion for this is as follows:
    o Declaration number
    o Insured name
    o Transaction type
    o Insured country

- o Sum insured
- o GWP
- o Section/risk code

You will notice that this is not enough to satisfy any reporting requirement. Still, it does align with Lloyd's coverholder standards mandatory reporting and will support loading into a bordereaux management tool of choice. A second core data mapping should also occur at this stage and is based on your business' mandatory requirements. The advice here would be to start small and assess the data you need for mandatory reporting on day 2, and you will look to enhance this position in time.

Understand your current position

If you do not have a bordereaux management tool available, we would suggest a simple spreadsheet could suffice where you score data availability within the bordereaux according to the following criteria.

Rating Score	Materiality of Data Quality	Description
1	Material	Unable to use file to map
2	Material	Mandatory mapping fields missing
3	Non-Material	Mandatory fields are complete, but other vital data is missing
4	Non-Material	Core business requirements met but missing standards for the class of business and/or territory
5	Non-Material	Fully compliant with standards (Lloyd's or company own)

In the example below:
- › UMR1 = Rating Score 2 as the data is missing the mandatory mapping fields
- › UMR2 =Rating Score 3 as the data has the mandatory mapping but is missing key data fields as specified for your business
- › UMR3 =Rating Score 4 as it has met the firm's requirements but not Lloyd's Min Standards

Contract	Dec No	Ins Name	Trans Type	Ins Country	Sum Ins	GWP	Field 1	Field 2	CR0001	CR0002
UMR1	✓	✗	✓	✓	✓	✓	✗	✗	✗	✗
UMR2	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗
UMR3	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗

If you have a bordereaux management tool available, depending on where you are in your journey, it may be worth doing the manual assessment above to see how easily your bordereaux will be to map or to prioritise which bordereaux are in a good state and where to start.

Alternatively, it can be worth starting to map your bordereaux into the system, as that will allow you to produce a system-generated report that identifies the data's completeness.

Areas of consideration for loading into a bordereaux management tool include:
- › What level of validation is inbuilt within the bordereaux management tool?
  - o What are the mandatory fields? Do you have validations switched on?

    ○ If you have switched validations on, do they give a hard stop (i.e., you are unable to load the bordereaux)?

    ○ If you have switched validations on, do they give a warning (i.e., the data is let through, but the system tells you something is potentially wrong)?

› What are your options for amending the validation set-up?

    ○ Many systems start with the basis of the Lloyd's standards v5.2, which is not always appropriate for all businesses

    ○ Can you scale validations back to prevent bordereaux rejections and get your data into the system, recognising you can turn validations back on as your data quality improves?

› Do you have the senior expertise to manage the bordereaux loading process and any queries?

    ○ Many firms outsource the bordereaux loading process to third-party BPO teams, which will run the data through the system, however where queries exist, will push them back to the business

    ○ If you are using v5.2 coverholder standards for bordereaux, and enforcing them, the number of queries identified by your outsourcer is likely to be low. If you do not have standardised bordereaux in place, this is likely to be a challenge for outsourcers to implement without strong leadership

    ○ This expert needs to have experience in the DA business and be familiar with contracts and regulatory standards. However, the need to understand data and systems cannot be underestimated, and technicians might not be the most appropriate resource to oversee this process

› Do underwriting teams understand the requirements of them to support the accurate loading of bordereaux into the system?

    ○ Underwriters are responsible for reviewing the risk bordereaux; where queries exist, there may need to be a referral back to the underwriting teams for confirmation. Teams must understand their duties regarding bordereaux management, as the output from this process will be their ability to monitor their portfolio and support decision-making and delegation more closely and accurately upon renewal

Data completeness reporting from your bordereaux management solution

Assuming you have managed to force your data into a bordereaux management solution before you start considering the data available, assessing the accuracy and completeness of data is essential.

An automated completeness report should be designed to support you in doing this quickly and look similar to the following:

Contract	Field 1	Field 2	Field 3	Field 4	Field 5	Field 6	Field 7	Field 8	Field 9	Field 10
UMR1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
UMR2	100%	100%	100%	90%	38%	78%	30%	100%	100%	100%
UMR3	100%	100%	100%	100%	54%	0%	0%	0%	100%	100%

The parameters around this are as follows:

› Each field held within the bordereaux management tool should be a column

› Each contract should be a row (NOTE - you will need to decide whether to do this at UMR level, section level or policy reference level depending on how your data is held)

› 100% means the field is completed every time for every bordereau processed

› <100% but greater than 0% means the field is partially completed therefore, the data is not complete for reporting purposes

> › 0% means no data is received for this field (NOTE – this could mean its missing from the bordereaux or could mean it has been mapped incorrectly)

Based on the above extract, a firm could only accurately report on fields 1, 2, 3, 9 and 10 at a portfolio level, as everything else would be inaccurate as the data is incomplete.

Comparing the data set with your mandatory and core day-one field requirements would provide a basis for an improvement plan with coverholders/brokers.

Standardised bordereaux templates

For Lloyd's markets

The client standard bordereaux template should be based upon the latest version of the coverholder reporting standards issued by Lloyd's (currently v5.2 at the time of writing).

This will include coverholders as well as delegated claims administrators. These standards state the core set of regulatory, tax, premiums, and claims information coverholders and delegated claims administrators must report into the Lloyd's market for regulatory purposes.

In addition, underwriters can request additional class of business-specific information where required.

The coverholder is also required to add additional information for high product risk products located in the UK or EEA and consider the requirements for Consumer Duty.

For further information on the latest Lloyd's coverholder standards, please consult www.lloyds.com

For Non-Lloyd's markets

For non-Lloyd's markets, there is a recognition that the Lloyd's coverholder standards are quite onerous and that these markets are trying to make themselves much easier to deal with. That said, there is still a regulatory requirement for firms to have oversight of their DA portfolio, and Consumer Duty still applies.

It is recommended that you use 5.2 as the basis of your template however the value of each field for reporting purposes must be assessed, only request it if you are going to use it to drive decision-making.

Implementing standard bordereaux templates

The best time to implement these is at renewal and include them within the contract wording. It is no use just putting it within the contract and not enforcing it; someone needs to check that the data received is as requested, and firms need to work with coverholders, so they understand the rationale for change and why the data is needed. Some firms might have IT constraints, so work with them to understand their limitations and discuss the best way to implement the change in a timely manner.

API

There is much talk across the market about using APIs instead of bordereaux. Without data standards and templates, this is near impossible. The first step is to have a consistent data standard. The second is for firms to meet this standard directly from source systems or data warehouse solutions with manual intervention before discussions around API can commence. It is also worth considering who your strategic partners are and where your GWP is being driven

from, as these are the firms you should consider investigating the concept of API in the first instance. It is also worth considering whether you, as the capacity provider, would want to part-fund these initiatives to cement your strategic partnerships if cost is a blocker.

Are market data quality tools worth considering?

Without a doubt, market data quality tools are worth considering and there are many to choose from. The information documented above is, however, only a small element of a scoring matrix for data quality as it focuses on completeness and timeliness.

Data quality scores using market tools will typically focus on the following attributes:
› Accuracy
› Completeness
› Consistency
› Timeliness
› Validity
› Uniqueness

These tools can give you a well-rounded view of your data quality from all angles, still, the challenge is the activity required to support improvements in data quality as this should not be underestimated.

Data quality areas for consideration

› Who within your business has accountability and responsibility for ensuring that data quality is at the forefront of all functions?
› What is the driver for data quality?
  o Competitive advantage?
  o Operational?
  o Portfolio assessment?
› How do you measure and monitor data quality?
› What data is critical for your business?
› Does your company have a data culture in place?
› Do you have a staged approach to DQ improvement?
  o Mandatory
  o Key fields for portfolio overview
  o Key risk attributes
  o Financial fields
› Is your bordereaux management system supplier supporting your vision?
  o Have you actively communicated it to them?
  o What does their technology support which might help you?

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