**

**2023 will be the real game-changer**

The Data Council was born out of two needs: for firms to come together drive digitisation of the London Market and to drive adoption, starting with shared data standards and key digitisation tools, such as a digital version of the MRC and the CDR.

The ultimate prize that we seek from the Data Council’s work will be increased innovation across the market, with the Data Council defining and delivering the ‘central pipework’ that firms cannot individually determine themselves: imagine it as the creation of a Highway Code for insurance data.

2022 has been a good year, with some real successes. This includes the adoption of a single ACORD data standard for the whole market (the GRLC (Global Risk and Large Commercial), the approval of content for the new Core Data Record (CDR); and an enormously successful consultation process on the detail of a new digital version of the Market Reform Contract (originally temed the iMRC but now, for simplicity, the MRC v3).

The MRC v3 consultation process is a great example of how all parties in the market really can work together and become a force for change. We were supported by Lloyd’s, our sponsor the LMG, LIIBA, the LMA and a host of market firms. In fact, over 3,000 comments were received from firms in the market, large and small and, importantly, this has enabled us to tune our plans for the MRC v3 in ways that are likely to make it work better for everyone.

***The most simple risk we can come up with…..***

… is a single French property fac risk with no associated taxes, deductibles, fees, discounts or commissions. This applies to both the company market (53 CDR fields) and Lloyd’s market (61 CDR fields).

***The most complex risk we can come up with…..***

… is a risk with a Spanish commercial policyholder, using two intermediaries (one in Germany and one in Denmark), who are responsible for one or more taxes. These intermediaries are paid commission, and they’re shipping cargo registered in Germany with Lloyd’s of London, LIC and company market participation, including a pool with additional insureds in Portugal, with multiple taxes, fees and discounts, multiple instalments for an adjustable premium, with a different settlement currency. This would take approx. 144 CDR fields and most likely would be handled outside the automated processes.

***By comparison, buying one item on Amazon require ~30 fields.***

I am delighted that, following this consultation, the new MRC v3 will be released at the end of Q1 2023 together with the CDR v3.2.  There have been some minor changes to the CDR arising from changes requested to the MRC v3.

There has also been some market discussion about the number of data fields in the CDR. This currently is composed of about 200 fields. The number of data fields required depends on the complexity of the risk. For example, the most simple Lloyd’s risks only need 61 fields and company market need 53 fields while, on average, a Lloyd’s or mixed market risk will need 125 fields. This may seem a lot, but by comparison buying just one thing on Amazon and sending it to your home address requires about 30 fields.

Under current MRC guidance, firms had been expected to adopt the new template within three months. Given the scale of change, the Data Council has also now agreed that this adoption timeline should be extended to six months; and we now expect that all firms will be using the new template by the end of September 2023.



So far, so efficient, but this article so far contains a number of acronyms, but very little about the human impact of this change. So, let’s pause and consider what this really means for our customers, and for those of us who work in the market. We are now set on a path that will see truly fast flows of all our customer and risk information between all the many participants in our often syndicated, delegated or layered market. Instead of sharing Word documents and PDFs, data will ultimately be transferred at ultra-high speed between those who need to share information.

Again, what does this mean? Well, the answer is that it depends what you choose to make of it. If you set your teams to innovate and allow them to really think about what changes this can bring, you may be able to find completely new ways to rapidly settle and account for claims. You may be able to study risks and price them more effectively. You may be able to create completely new products based on your increased knowledge of what is in your portfolio. With digital customer information, the sky really is the limit.

So, my call to in our market as we move towards 2023 is: please put on your thinking hats and do three things.

1. Start by aligning your in-house data to the GRLC standard
2. Get ready to align your in-house systems to the MRC v3 standard that will be available in late Q1.
3. And then, much more than that, now is the time to start to think about what you and your firm want to do with data, where you want it to flow and what insights you want to be able to make use of; or how you can use this programme to manage costs. Every firm needs an API strategy, or a software provider who can help them develop one.

2023 will, I believe, be the year where digitisation really takes off in the insurance market. For everyone, this could bring a new era of innovation, controlled costs and improved customer service. And if we can do that, we really will all deserve a visit from Santa.

Finally, I want to end by thanking everyone who has put so much time and energy into the Data Council’s projects this year. Without your support we would be nowhere, and every input is appreciated. Don’t stop now – we’ll be back with renewed focus in the New Year, so see you then!