

LMG



KPMG

# The future of **skills** in the **London Market**

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# Foreword



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We have begun the process of digitisation and there will be more to come with AI, robotics and big data. These developments and overarching societal shifts offer us a once-in-a-generation opportunity to reinvent our marketplace. This report is a call to action to take charge of how our organisations acquire the skills we need to face the future. //

/ **Matthew Wilson** /

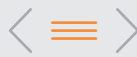
It is a truth almost universally acknowledged that our market is on the brink of fundamental change. The risks we are protecting against, the companies we are dealing with, the tools we are working with – everything is shifting. As well as adapting to new pressures, we need to address the things that make us less competitive - and that means costs. To do that, we all need to learn new skills and ways of working. And we need to learn them now.

In the last five years, the London Market has taken steps to put in the place the foundations for a digital market, and there has been progress around adoption of e-placement and other tools. These steps should reduce our cost base by removing re-keying and other administrative tasks. Staff at every level in underwriting and broking businesses will be thinking about the impact of this on what they do every day. But that alone will not be enough. Stakeholders expectations, the nature of capital and methods of distribution are rapidly evolving too.

The London Market Group wanted to facilitate a market-wide debate about what that means for all of us. With the help of KPMG, practitioners across all sectors have been engaged in thinking about where the London Market is now and where it needs to be in terms of skills. And this gap is wide, and it is not just about technology – it covers, collaboration, innovation, communication and risk partnering.

All of which makes the issue particularly urgent. London cannot wait for the next generation to grow up and fill the gap. Market players need to be proactive in training the people they already have and ensuring that their roles evolve to meet industry needs. Individuals need to take control of their professional development. New talent also needs to come from outside our traditional hunting-grounds.

This report aims to highlight what can and should be done – we hope you find it of interest, but more importantly, as a catalyst for action.



## Methodology

Over one hundred London Market professionals were engaged in this research. Underwriters, brokers, senior leaders, innovators, strategists, and technology experts all gave their insights through a survey, interviews, focus groups, and a series of roundtable events.



### 01 Kick-off

Key individuals from across the Market were recruited to create a 'think tank' to help steer the research and interpret the findings.



### 02 Research and insight

Proprietary insight produced by the KPMG Innovation Lab was supplemented with a review of existing publications on future skills in insurance.



### 03 Survey

A survey was issued to a group of around seventy people from across the Market who have found themselves at the 'sharp end' of disruption. They included strategists, technologists, innovation leads, and Market practitioners.



### 06 Executive insights

Six breakfasts, lunches and dinners were hosted with leaders from the Market, including CEOs, COOs, Heads of HR, and others. These were used to present and discuss the 'work in progress' findings, and gather additional insight.



### 05 Focus groups

Focus groups with placing brokers, claims brokers and underwriters were held to get their input on the findings of the survey and interviews.



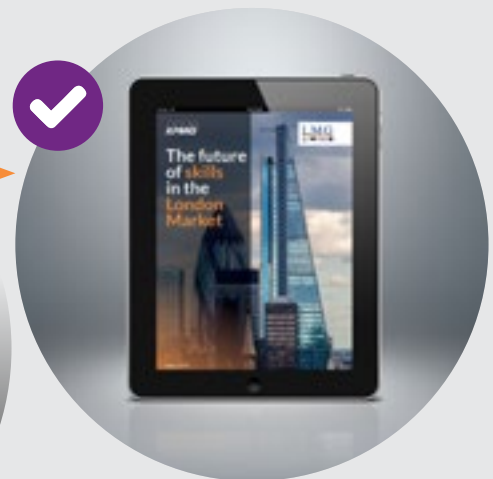
### 04 Stakeholder interviews

A number of senior stakeholders from across the Market were interviewed. Their experience covered broking, underwriting, reinsurance, operations, and leadership.



### 07 Test and validation

Sessions were held with the 'think tank' and industry leaders to review and validate the findings.



This report was commissioned and is sponsored by the London Market Group.









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## Executive summary

# The future London Market

The London Market is changing profoundly, driven by a series of disruptive forces. These include the demand for new products and broader solutions to clients' emerging risks, the need for more agile operating models, and significant technological disruption.

These forces are producing new areas of opportunity, which are driving Market players to fundamentally redefine their businesses, develop or acquire new skills and undergo significant cultural transformation.



Holding client relationships



Selecting and pricing risks



Developing new products



Capturing value in prevention and response



Sourcing capital

Having the right skills in an organisation has always been important but now, in 2019, a series of events has brought the Market to a 'tipping point' that cannot be ignored. There has been an increase in tangible use cases for technology solutions; competition is intensifying from global markets; and Brexit creates the threat of an outflow of talent from the UK.

Under these conditions, it is now imperative for the London Market to act to future-proof its talent pool and skills base.



# London Market skills of the future

**The research identified key themes relating to the skills that will be needed in the London Market in the future:**

1

## **Data, analytics and technology skills**

**are the fundamental shift, impacting broking, underwriting and claims management**

2

## **Creativity and innovation**

**are vital capabilities to provide clients with a new generation of products and solutions**

3

## **Risk partnering**

**is the deep understanding of industry-wide risks, and an ability to synthesise varied sources of information and insight into services**

4

## **Collaboration and communication**

**skills need to evolve to work effectively with a broader range of partners, including people outside the industry**

5

## **Change leadership**

**will be vital for driving and delivering change, seizing the opportunities offered by technology, and energising teams**

The gap between where the London Market is now and where it needs to be with respect to these skills is wide – wider than in personal lines insurance or in other areas of financial services, such as banking, which have invested more in digital, innovation and marketing, and the associated re-skilling that is required.

Because the skills gap is so wide, the issue is urgent. Whilst some senior leaders in the Market recognise this, many Market participants are not facing up to the scale of the task. London cannot wait for the next generation to grow up and fill the gap. Market players need to be proactive in training the people they already have and ensuring that their roles evolve to meet industry needs. They will also need to attract new talent and be open-minded about hiring others in from different industries.



# Suggested actions

Given an increasingly competitive global market, it is vital that the London Market creates an environment that attracts new talent, encourages skills development and fosters innovation. This report identifies four areas for action: the Market itself, organisations within it, individuals and senior leaders, all of whom have a part to play in creating a compelling vision of the industry. Below is a summary of the suggested actions with further detail and tangible actions provided on pages 38-42.

## Suggested actions for Market bodies

### 1. Become a skills advocate

The Market should send a clear message to its participants: the skills gap is wide; closing it is urgent; and doing so will require an upheaval, rather than incremental change. By successfully attracting and developing the right people, London can build on its leading position and become the Silicon Valley of insurance.

### 2. Partner with educators and the government to close the skills gap at source

Market bodies should work with educators and the government to narrow the gap between what students are taught and what the industry needs them to know.

### 3. Create a vision that resonates with the next generation

Market bodies should build on the work done in campaigns, such as 'London Makes It Possible' and 'London Insurance Life', to project a view of the Market that inspires new generations. Interviewees spoke passionately about the value that the London Market adds to society. Social purpose is a vital selling point, particularly for young talent.

## Suggested actions for organisations

### 1. Plan for skills: build, borrow and buy

Organisations should proactively look at their current skills gaps and what that gap will look like in five years' time, and make plans to address the gap by building, borrowing, or buying 'hot skills' as required.

### 2. Re-design for the digital age

Organisations should shift away from command-and-control structures towards more agile, networked organisations. This will break down barriers, enable better collaboration, and allow quicker adaptation to changing Market demand.

### 3. Create an agile culture

Organisations should understand why their current culture is, or is not, attractive to talent. They should build an agile culture in which testing and learning are encouraged. This can mean flexible working, varied career structures, and the ability to commence a project without a restrictive approval process.





## Suggested actions for individuals

### 1. Be curious and take responsibility for personal growth

Individuals should ask themselves whether their current skill-set adds value to the client. If not, look for opportunities to develop knowledge and skills that do, with a focus on breadth as well as depth.

### 2. Pursue the skills that will be in demand

Although the future is uncertain, individuals should focus on fostering a learning mindset to build the skills that will continue to grow in importance. In particular, they should feel confident in investing their time in developing the skills identified on p17.

### 3. Assess your attitude to change

Individuals should step back and question their response to change. Success in the London Market will increasingly depend on embracing the opportunities offered by disruption, rather than resisting them.

## Suggested actions for senior leaders

### 1. Leave a legacy

Senior leaders should think about their long-term legacy, and set their organisation up for success after their departure. Organisations will fail if they stand still while others are running.

### 2. Be brave: let go and empower your people

Senior leaders should accept that a fundamental change is required, increase their appetite for risk, and accept that some initiatives will fail. In other words, they must practice the skill of stepping back and letting others get on with it. This is difficult in a culture driven by quarterly results, but this puts even more onus on CEOs to make the brave choices.

### 3. Understand and embrace the opportunities offered by technology

Senior leaders should communicate the importance of technology – be it cloud, electronic placement, or parametrics – and then act on it. The focus groups identified that talent is engaged when they see words promptly turned into action. Leaders cannot promote the merits of new technology without then making appropriate investment choices and committing tangible resources.



## Disruption and opportunity

# Seven disruptive forces shaping insurance

**A range of political, economic, social and technological macro-trends are dramatically re-shaping society. These include persistently low interest rates, the growth of emerging markets, Generations Y and Z joining the workforce, and advances in Artificial Intelligence (AI)<sup>2</sup>.**



There are significant opportunities – clients are facing new risks and looking to the insurance industry to help. Technology can be a game changer and transform how we serve our clients. //

/ Interviewee /



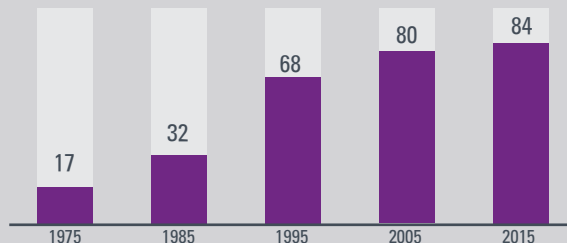


## In the London Market, these macro-trends are manifesting into seven disruptive forces.

1

Demand for new products as businesses develop different risk profiles

### Intangible assets as % of S&P 500 market value (Ocean Tomo, Intangible Asset Market Value Study, 2017.)



The risk landscape is changing from steel works, car plants and oil rigs to intangible assets like brands, cultures, and intellectual property. These new risk areas will eventually become the London Market's sweet spot, where the majority of good business can be written.

Meanwhile, today's specialty coverages will be tomorrow's normal and will move towards commoditisation as market players get comfortable with these risks.

2

Demand for broader solutions, rather than just insurance products

### Insurer of the past

Assess Mitigate Protect Respond

### Insurer of the future

Assess Mitigate Protect Respond

Demand from clients is driving innovative end-to-end solutions, which means that offering simple protection services will no longer be enough to remain competitive.

Business models of insurance market players will increasingly evolve from protecting against a downside risk to proactively adding value through risk prevention and mitigation services.

3

Cognitive computing advancements creating value through sophisticated analytics

175

zettabytes of data by 2025, growing from 33 zettabytes in 2018 (IDC Seagate Data Age Whitepaper: The Digitization of the World, From Edge to Core.)

88%

Percentage of data within organisations which remains untapped

85%

Proportion of the data to come from net-new data sources, including mobile, social media, and web / machine-generated data (Information Week: 10 Powerful Facts About Big Data.)

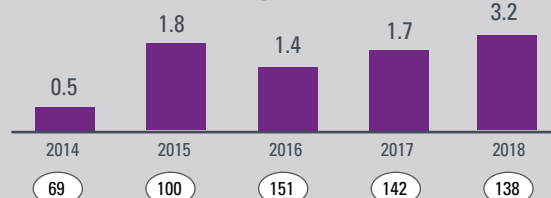
Analytics is being driven by cognitive computing advances and these are enabling the creation of value by businesses who are able to access data and harness the power of new technology.

Organisations will trust cognitive technologies in decision making (including risk selection and pricing), as well as building better client engagement by providing customers with an instant response or action (including in purchasing insurance and in claims process).

4

Collaborative development of insurance solutions

### Global insurtech funding (bn,\$)



### # of insurtech deals

(Fintech Global: Global InsurTech funding tops \$3bn in 2018.)

69 100 151 142 138

Innovation of insurance solutions will require new capabilities that are not always available in-house but could be acquired by collaborating with players from other parts of insurance value chain or from other industries.

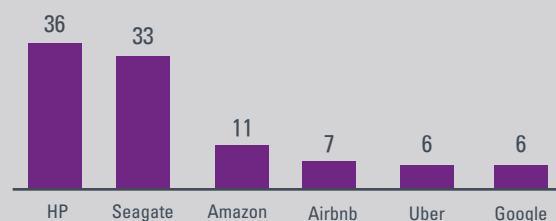
As new technologically advanced market entrants start challenging incumbent players, carriers and brokers will need to strengthen their ability to develop strategic partnerships to stay competitive.

5

Increasing need for more agile operating models

### Years taken to join S&P 500

(Financial Review: Google, Facebook, Alibaba, Amazon, Uber and Airbnb show older businesses how it's done.)



Business models are evolving faster than their associated operating models. Successful players will embed flexibility and agility across their businesses without introducing excessive operating costs.

The accelerating pace of change and shorter life cycles of speciality risks means that players will have to continuously innovate without taking too much exposure. That will require careful planning to place the right bets and rapid execution.



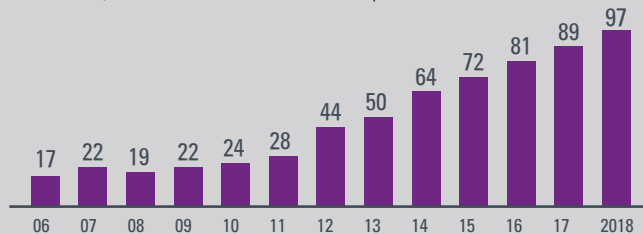


6

The new  
world of  
excess  
capacity

### Growth in global alternative capital (bn,\$)

(AON Benfield, Reinsurance Market Outlook - April 2019.)



Alternative capital has grown significantly in recent years, rising from \$17bn in 2006 to \$97bn in 2018. It has become an established part of the global reinsurance market, accounting for 16.5% of the total reinsurance capital.

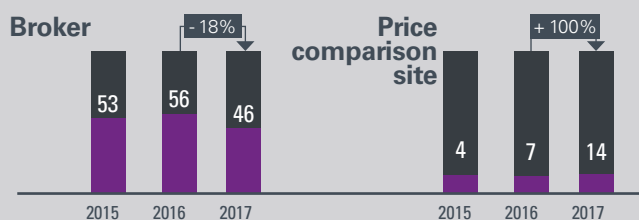
The vast majority of alternative capital to date has been focusing on well-understood property lines, such as U.S. hurricane, flood, earthquake, wildfire, and Japanese typhoon. London could innovate in the areas of cyber and terrorism where we already have a wealth of experience.

7

The rise  
of risk  
aggregators

### Share of distribution channels used by small businesses 2015-2017 (%)

(UK Commercial Insurance Distribution 2018, Global Data, 2018.)



Some less complex risks, and some insurance needs of small and medium sized enterprises (SMEs) may be impacted by the evolution of risk aggregators, from simple comparison engines to sophisticated platforms.

With growing functionality, expanding product coverage and a widening client base, the rise of aggregators may result in traditional broking being less relevant for these clients, and insurance providers being forced to compete on price and bundled solutions.

## Focus on technology

Advances in technology are a driver of, and response to, much of this disruption. In light of this, research participants were asked to name the technologies they thought most likely to impact the Market in the future. Those shown below were consistently identified, with a fairly even split of votes between them. Notably, some of these technologies are already starting to take hold. Electronic Placement for example, is a key aspect of the LMG's programme to make London an easier place to do business.



Electronic  
Placement



Big Data



Artificial  
Intelligence



Straight Through  
Processing



Robotic Process  
Automation

Looking further ahead, participants were also asked to distinguish between impacts in the next 2-5 years compared to in ten years time. On this point, fewer clear opinions were articulated. This suggests there is broad agreement on which technologies will impact the Market, even if the intricacies of how is still to be clarified.

// Most will assume we are behind the curve in terms of adopting new technologies. But I constantly see amazing examples of data being used to support high performing teams. Those experiences are inspiring and hint at how much more of this we can do in the insurance industry. //

/ Survey participant /

# Future opportunities and winning models

## The disruptive forces create opportunities for businesses in the London Market.

### Opportunity 1: Holding client relationships

Clients will increasingly expect the same level of service they are receiving in other industries, and various players in the market will seek to develop stronger relationships. Brokers, insurance carriers and MGAs will seek ways to get closer to clients and build trust. Technology companies and insurtechs will try to find ways to redefine client interaction<sup>3</sup>. In the SME segment, simplicity and client experience will be key, drawing on developments in personal lines.

#### EXAMPLE:



Berkshire Hathaway has just launched a comprehensive simplified insurance for SMEs that covers all key insurance needs, with the policy document being articulated on 3 pages.

### Opportunity 2: Selecting and pricing the risk

Underwriting will remain critical in the future commercial insurance value chain and players will incorporate rich data insights into advanced risk modelling tools to gain a competitive edge. Carriers, MGAs, brokers, and insurtech will all compete, as well as collaborate, for this opportunity, with clear advantages for players who have better industry-specific knowledge and client insight and can, therefore, model and price risks better than others.

#### EXAMPLE:



Allianz has partnered with an insurtech analytics company Praedicat to better predict the key catastrophe liability risks of the future.

### Opportunity 3: Developing new products

As some of the traditional risks reduce (e.g. fewer human errors in marine due to the use of autonomous ships), insurance market growth is expected to stall in some product lines and geographies. This will put increasing pressure on insurers to find new growth areas in poorly insured or currently uninsurable areas. Businesses across industries will search for innovative solutions which can offer flexibility in coverage and pricing to move risks off balance sheet. This means that players who can offer highly tailored solutions with dynamic pricing models will have the highest chance of winning this opportunity.

#### EXAMPLE:



AXA XL tops Advisen's Pacesetters Index for Insurance Product Innovation having introduced 19 products in 2018. AXA XL has been on the top of this index for 3 years straight.

<sup>3</sup> KPMG, Value of FinTech, 2017:  
<https://home.kpmg/uk/en/home/insights/2017/10/value-of-fintech.html>



## Opportunity 4: Capturing value in prevention and response

As clients' needs change and more accurate and cheaper data becomes available, preventative solutions and response services will become more prevalent. The value of advice will lie in the ability to provide end-to-end risk consulting services, from preventing risks from happening to minimising damage after major incidents by implementing responses services. Insurance carriers, brokers and a plethora of players from outside the industry will compete to capture value in this part of the value chain. Technology will be at the heart of new service offerings and will require new skills across the insurance industry.

### EXAMPLE:



Hiot Labs offers "prevention as a service" by leveraging Internet of Things sensors to measure humidity and temperature inside buildings, thus enabling early detection of water damage.

## Opportunity 5: Sourcing capital

Excess supply of alternative capital via insurance linked securities (ILS) has become an integral part of the global reinsurance market. Alongside that, the growth of catastrophic events has encouraged governments to participate in risk pooling, by attracting new capital. It appears that the ILS sector will continue to attract investment, making this part of the value chain increasingly competitive and sustaining pressure on insurance premiums and returns. (Re)insurers will increasingly face competition from alternative capital providers, as well as clients deciding to self-insure.

### EXAMPLE:



"Haven", the new health insurance venture by Amazon, Berkshire and JP Morgan that aims at intermediaries in the health-care system as a part of a broad effort to reduce wasteful spending.

## Winning models

There is a range of business models that Market players will start to apply to differentiate and increase their chances of success in responding to these opportunities. Some will focus on innovating the core model of traditional insurers or brokers, e.g. by creating a Virtual Risk Advisor, Dynamic Personalised Insurance, or a Portfolio Manager. Others may focus on creating platforms or marketplaces, e.g. a stock exchange for risk or a data utility. Success ultimately may reflect the ability of Market players to scan and understand clients' business models, and translate these into future products, services, or organisational constructs.

Whichever of these models (or combination of models) ends up as a dominant feature of the London Market, it is clear that the status quo will change. One area certain to be influenced is the future skills requirements of brokers, underwriters, and senior leaders<sup>4</sup>. As new models emerge, Market players will have to evolve their recruitment and talent management strategies, as well as their cultures, to remain relevant.

<sup>4</sup> John Neal, Lloyd's CEO, 'We must seize this opportunity to set Lloyd's up for success', 2019:  
<https://www.lloyds.com/news-and-risk-insight/news/lloyds-news/2019/01/insider-conference-the-lime-street-perspective>





## Changing skills requirements

# Future skills in the Market





**The areas of opportunity previously described, together with the business model upheaval they necessitate, will have a significant impact on the skills needed in the London Market workforce. This holds true for placing and claims brokers, underwriters, senior leaders, and support staff.**

***But what are these future skills, and how can Market players make the shift as rapidly and painlessly as possible?***

To help answer these questions, we worked with over one hundred people from across the Market who have found themselves at the sharp end of disruption.

The research participants were clear on several points: disruption is creating a significant skills gap for all players in the Market, and not enough is being done to address it. Some of the skills needed in the future are evident in pockets, but not to the breadth and depth necessary to keep a competitive edge in the global marketplace<sup>5</sup>.

### Survey highlights: changing importance of skills in the London Market

-  **90%** of respondents agreed that **data and analytics** will increase in importance
-  **89%** of respondents agreed that **innovation** will increase in importance
-  **88%** of respondents agreed that **technology and automation** will increase in importance
-  **62%** of respondents agreed that **personal risk judgement** will decrease in importance

The research identified five key themes relating to future skills requirements in the London Market:



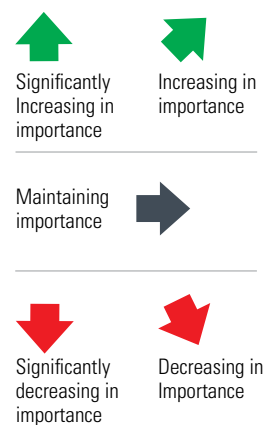
The research suggested that for placing brokers, claims brokers and underwriters, the future will see dramatic shifts in the importance of a range of skills.

SKILL CATEGORY	Placing broker	Claims broker	Underwriter
<b>Data and analytics</b>	↑	↑	↑
<b>Technology and automation</b>	↑	↑	↑
<b>Risk partnering</b>	↗	↑	↗
<b>Creativity and innovation</b>	↑	↗	↗
<b>Collaboration and communication</b>	↗	→	↗
<b>Negotiation and issue resolution</b>	→	↗	→
<b>Personal risk judgement</b>	↓	↓	↓

The skills requirements for senior leaders are also expected to evolve:

SKILL CATEGORY	Senior leaders
<b>Leading and managing change</b>	↑
<b>Technology understanding</b>	↗
<b>Managing third party partnerships</b>	↗
<b>Strategic thinking</b>	→
<b>Organisation and cost management</b>	→
<b>Managing market relationships</b>	↓

#### KEY



**Note:** See Appendix A, page 43, for definitions of these skills.

<sup>5</sup> Big Innovation Centre, Learning to Learn, 2018, <https://www.appg-ai.org/evidence/theme-reports/learning-to-learn-the-future-proof-skill/>





# Key themes

## More detail on the five key skills themes from our research:

### 1 Data, analytics and technology: tools for many trades

Unsurprisingly, all participants pointed to the growing importance of expertise in technology, data and analytics. These developments will provide opportunities for access to richer information, and redefine how Market organisations serve their clients (see Opportunity 2: *Selecting and pricing the risk*).

Underwriters will need to identify and assimilate novel sources of data to get pricing right. Claims brokers will be able to use their data to help develop products focussed on mitigating or

preventing losses. Placing brokers will use tools and data to generate a rich view of their clients businesses and industries so that they can provide broader services. Market players may gain a competitive advantage by setting up their own research and development teams to explore emerging risks.

The list of possible applications of data and technology in the Market is long. Further examples are explored in this report.

#### Most relevant skills



Data and analytics



Technology and automation



A lot of people in the Market will think it is all about the administrative technology ... But the most important bit is the ability to leverage, explore, understand and provide predictive analytics from the data that we have. This is where insurtechs are coming in. //

/ Interviewee /



I think the relationship aspect will still be there as an important thing, but will become more specialised. It will be less of a broker going in and chatting up the underwriter. It will be more collaborative, bringing together a view of risk improvement. //

/ Interviewee /

### 2 Creativity and innovation: it's not only about technology

Innovation and creativity are crucial skills for the future of the London Market. Many points raised on this topic related to the use of data, analytics and technology, but also emphasised the importance of creating new products and services (see Opportunities 3: *Developing new products* and 4: *Capturing value in prevention and response*).

Senior leaders will need to be role models for creativity<sup>6</sup>, and will need to build and oversee

teams specifically tasked with innovation. Parametric insurance is a good example, i.e. products that pay out to insureds following certain events without measuring the actual loss. SwissRe now offers protection against fluctuating river flow. Based on continuous monitoring of river levels, they can pay out to insureds immediately without the need for a claim to be submitted. This is just a hint of the potential for innovative new products in the London Market.

#### Most relevant skills



Creativity and innovation

<sup>6</sup> Chartered Insurance Institute, Skills Survey, 2015:  
[https://www.cii.co.uk/media/6565627/cii\\_skills\\_survey\\_2015\\_web.pdf](https://www.cii.co.uk/media/6565627/cii_skills_survey_2015_web.pdf)



All of these developments in data, analytics and innovation, are ultimately there so that we can provide better service to our clients. //

/ Interviewee /

### 3 The growing importance of risk partnering

All of the participants spoke about the importance of becoming an expert in their clients' business and industry in order to operate as a 'risk partner' rather than 'product provider'. A risk partner would have a deep understanding of the challenges and opportunities faced by their clients, and would bring that knowledge and experience to bear in wide-ranging conversations. They would advise clients on how to manage the interconnected spread of tangible, intangible and emerging risks (see Opportunities 1: *Holding client relationships*, 3: *Developing new products* and 4: *Capturing value in prevention and response*).

Risk partnering goes beyond traditional rapport and relationship building. On top of a broad understanding of industry-wide risks, it requires the ability to synthesise varied sources of information and insight into solutions that will make a real difference to clients. Personal relationships have long been the currency of the London Market. Risk partnering does not replace this, but represents an opportunity to build on it. Better use of data, visualisation, and digital interaction will enhance this process.

Effective risk partnering requires an aptitude for seeking out new research and data sources relevant to particular industries and client needs. One interviewee expressed that "maybe 1 in 15" brokers today are taking the time to listen to their clients, and ask questions to understand their real needs. It seems some are taking steps towards the role of risk partner, particularly amongst placing brokers, but there is a long way to go for the Market as whole. Claims brokers have a huge amount of insight to offer to risk partnering conversations, and senior leaders will need to set the example in the way they engage with clients.

Other industries have been practicing similar models for decades. In professional services, for example, firms tend to assign a single lead for each client. That individual will engage with the client on any and every subject, help them to understand what their issues are, and then help them to find the most appropriate services to fix them.

### 4 A new mode of collaboration

Collaboration and communication are bedrock skills that London Market participants will need to maintain and evolve in order to thrive in the future<sup>7</sup>.

Brokers, underwriters and leaders alike will need the ability to effectively convey information about risks, data and industry insights to clients in a way that is coherent and simple to understand (see Opportunity 1: *Holding client relationships*). One interviewee suggested that the 'nirvana' would be "the broker, client and carrier all using the same data set to maximise value for the client." Interactions will increasingly be with those other than the risk manager, and brokers will need to

speak in a language that resonates with finance professionals and strategy setters.

Underwriters and brokers will also need to collaborate seamlessly across silos and with players from outside the industry in order to deliver competitive products and services at the right price point. For example, underwriters will need to work cohesively with data scientists to develop the right models and insights to better manage the portfolio, or to analyse emerging risks. Combining data through partnership, consortia or even at the industry level will drive this, and potentially open up new markets.

### 5 No change without leadership

All of this change must be driven from the top. The research participants repeatedly pointed to 'change leadership' as a vital skill for senior leaders in the future, particularly in implementing appropriate operating models and ways of working (see Opportunity 5: *Sourcing capital*). This is a complex ability, requiring a mix of soft skills including: communication, storytelling, demonstrating a growth mind-set, openness to change, authenticity, advocacy, and so on.

The survey results pointed to the importance of senior leaders really understanding technology, and not just saying that it is important. As one focus

group participant put it, "If your CEO can't articulate the benefits of Cloud, you're toast".

Finally, research participants consistently noted the ability to partner with third parties as a crucial skill for London Market leaders of the future. Such partnerships will unlock many of the technological advancements needed to improve client service and product offerings. Future senior leaders will need to be adept at spotting the right partnerships, and driving them to fruition.

#### Most relevant skills



Risk partnering



Creativity and innovation



Collaboration and communication



Negotiation and issue resolution



Data and analytics

#### Most relevant skills



Collaboration and communication

#### Most relevant skills



Leading and managing change



Strategic thinking

<sup>7</sup> Big Innovation Centre, Learning to Learn, 2018, <https://www.appg-ai.org/evidence/theme-reports/learning-to-learn-the-future-proof-skill/>

## Placing brokers

# Future skills

The research suggests that the skills required by placing brokers will shift in the following ways:

1. **Successful placing brokers will step into the role of a risk partner.** Many already focus on developing bespoke solutions for the clients, but this will become the norm. Placing brokers will need to become experts at listening to their clients, asking the right questions, and teasing out their real needs. The traditional practice of arriving to meetings with a prepared list of products and telling the client what they need will no longer be competitive.

### Most relevant skills



Risk partnering

//  
Placing brokers will have to add genuine value to clients beyond the placement of insurance, instead focusing on the risks clients face and providing a suite of options for risk mitigation. //

/ Interviewee /

## 2. Placing brokers will need to understand data science, advanced analytics and sophisticated risk modelling techniques.

They will also need to work closely with experts who perform these activities to generate valuable insights. As brokers become more and more adept at understanding the outputs of data science and analytics, they will be able to look at risks in new ways and help to devise innovative services for their clients.

### Most relevant skills



Technology and automation



Data and analytics



Creativity and innovation

## 3. The need to collaborate across silos will continue to increase.

Collaboration is a difficult skill to master, and also requires a cultural shift away from being protective about client relationships. Not only will placing brokers need to collaborate internally, but they will also need to work closely with external third parties to ensure they effectively meet their clients needs.

### Most relevant skills



Collaboration and communication

## 4. Negotiation and issue resolution skills are important to placing brokers now, and that is not expected to change in the future.

But placing brokers will need to recognise that this facet of their role is rivalled in importance by others, such as advising clients on risk management and providing a first class client experience. This will require a shift in mind-set.

### Most relevant skills



Negotiation and issue resolution

A number of participants suggested that the importance of building personal relationships in the Market is so culturally ingrained that it can get in the way of the desire to develop new or different skills. Market participants should ensure that they keep pace with the changing requirements for their role and be open to new ways of working.

Brokers will increasingly look to move along the value chain to where they believe they can add additional value. This may include looking to advise on capital management or furthering the MGA trend being mindful of the regulatory requirements.

### Survey highlights:

Changing importance of skills for brokers



**100%** of respondents agreed that *tech* and *automation* will increase in importance



**96%** of respondents agreed that *data and analytics* will increase in importance

















**92%** of respondents agreed that *innovation* will increase in importance





## The expected change in importance of skills for placing brokers, according to our research participants:

SKILLS	Future change in importance	For example...
 <b>Technology and automation</b>		<ul style="list-style-type: none"> <li>Using technology to reduce the cost of insurance by moving to a more dynamic pricing structure</li> <li>Using electronic placement platforms</li> <li>Collaborating with insurers to find ways to use technology to develop new product structures (e.g. parametric insurance) to address emerging client needs</li> </ul>
 <b>Data and analytics</b>		<ul style="list-style-type: none"> <li>Applying advanced analytics to enhance understanding of client risk profiles</li> <li>Exchanging real-time data with insurers for richer data sets</li> <li>Acting as product owners for client data portals, enabling clients to have full visibility and access</li> <li>Accessing client data and insights through portals, and using benchmarking to give further value</li> </ul>
 <b>Creativity and innovation</b>		<ul style="list-style-type: none"> <li>Designing bespoke insurance products based on in-depth knowledge of a client's business and industry</li> </ul>
 <b>Risk partnering</b>		<ul style="list-style-type: none"> <li>Providing an end-to-end service experience for a client</li> <li>Applying client segmentation tools and assessing their emerging needs</li> <li>Designing custom experiences for different buyers at client organisations (e.g. risk managers, CFOs, business owners)</li> </ul>
 <b>Collaboration and communication</b>		<ul style="list-style-type: none"> <li>Forming alliances with technology firms to reduce duplication of client data already captured by other players, and to help shape future digital strategy</li> <li>Engaging with clients through a range of technologically-enabled channels, rather than prioritising face-to-face</li> </ul>
 <b>Negotiation and issue resolution</b>		<ul style="list-style-type: none"> <li>Identifying an appropriate carrier with which to place insurance for a client</li> <li>Resolving disagreements over a contract with, or on behalf of, a client</li> </ul>
 <b>Personal risk judgement</b>		<ul style="list-style-type: none"> <li>Placing brokers will still apply personal judgement, but to a smaller degree; less complex risks will be increasingly commoditised and placed via a platform, with client needs met by the use of portals rather than personal interactions.</li> </ul>

### Placing brokers of the future are driven by...

Providing holistic risk mediation service to clients

Access to digestible, bite-size learning about their client and industry

Collaborating with colleagues across the organisation and along the value chain

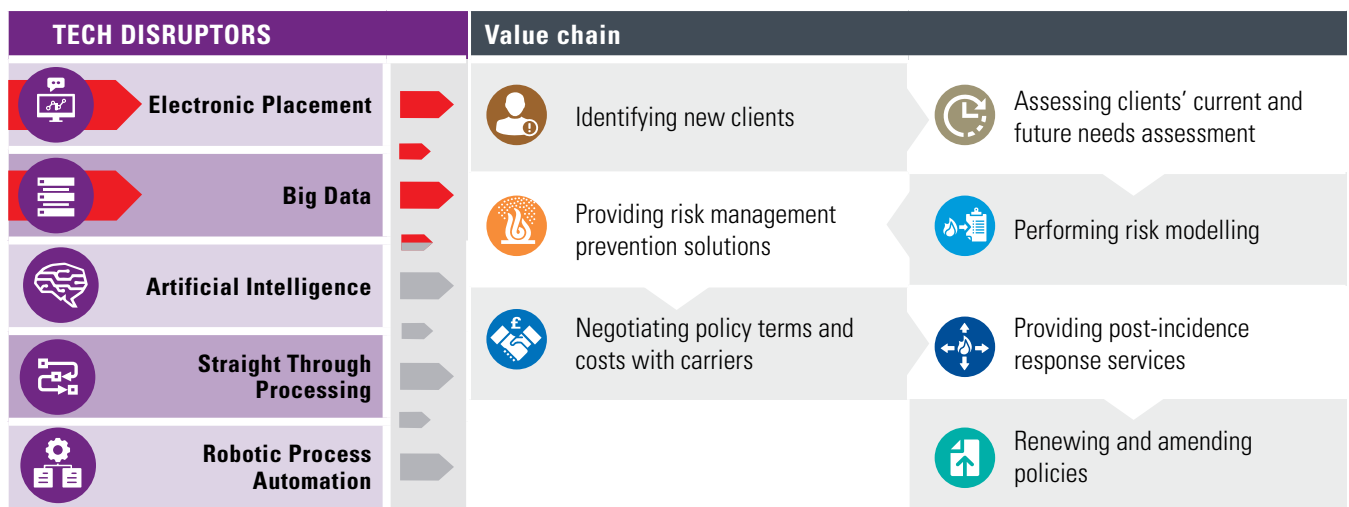
Using data that has been processed and validated to support recommendations



## Role: Placing brokers

It is expected that skills used across the entire broking value chain are likely to change. In particular, as shown in the graphic below, the research highlighted electronic placement and big data as the specific developments that will have a dramatic impact on the day-to-day activities of placing brokers.

Many participants believed that electronic placement, and new ways of matching capital to risk, will free up time for placing brokers, whilst big data will enable them to generate much richer analysis and insight for clients. In turn, this will allow placing brokers to perform more valuable risk advisory services, rather than focusing predominantly on traditional products



Key:  Tech disruptors expected to have the biggest impact on the placing broking value chain

Added to this, other players – including carriers, MGAs, price aggregators and insurtechs – may begin to challenge for market share on distribution. This will make it even more important for placing brokers to step into the role of the 'risk partner'. Currently there is distinction between brokers who walk the floor to engage the underwriters, and those who focus on client relationships. This distinction may erode, and all brokers will need to evolve their roles to remain competitive.



The broker of the future will need more breadth – not necessarily just being the best at one thing, but also having a wider perspective. They need to maintain distinctive capability in their chosen field, but will also need to be “a mile wide, and an inch deep” on many other topics and issues facing their clients. //

/ Interviewee /

#1

### Link to opportunity #1 (on p13)

#### Holding client relationships

**The winning placing brokers of the future will take charge of building deep, trusted relationships with their clients, enhanced by insight from data and analytics. They could even take accountability for some risk management functions, and help clients to predict and mitigate new risks based on a strong understanding of the industry concerned. Innovations such as *electronic placement* and *big data* will therefore propel brokers into enhanced 'risk partnerships' with their clients – based on their deepening understanding of industry trends.**

## Claims brokers

# Future skills

The research suggests that the skills required by claims brokers will shift in the following ways:

- 1. The abilities to gather and analyse data from a wide variety of sources will be increasingly vital for claims brokers.** Claims data has massive value for the improvement of pricing and risk selection. They will need to be adept at using new tools and technologies to generate this insight.

### Most relevant skills



Technology and automation



Data and analytics



The danger is thinking we just need to do things faster; tech enables us to do things differently. //

/ Interviewee /



**2. There will be a need for claims brokers to transition more and more towards advocacy, on behalf of their clients.** With high volume, low-frequency claims increasingly being automated, brokers will be freed up to support their clients with more complex, higher value claims. They will engage in complex negotiations, help to interpret complicated policy language, and even advise clients on risk management. Although placing brokers are currently better positioned to perform this latter function, claims brokers have a depth of knowledge and experience that they could bring to bear in this capacity.

#### Most relevant skills



Risk  
partnering



Negotiation and  
issue resolution

**3. There will be a fundamental shift from being reactive to being proactive.** To stay competitive, claims brokers will need to be able to mitigate and prevent claims through innovative products and services. One such innovation is advanced telematics, i.e. the long-distance transmission of computerised geo-positioning data. This can be used, for example, to track marine cargo should it veer off course and automatically raise alerts in the events of an emergency, to reduce the likelihood of loss. Additionally, geo-coded data on exposures linked to weather alerts can provide additional understanding to the brokers before a claim is triggered, enabling them to perform a number of intermediary steps ahead of notification.

#### Most relevant skills



Creativity and  
innovation

#4

#### Link to opportunity #4 (on p14)















Capturing value in prevention  
and response

**The winning claims brokers of the future will provide end-to-end consulting services. They will use analytics and technology to help prevent loss from occurring, and ensure quick responses are in place for when they do. Many players will compete to capture value from prevention and response, so brokers will need to stay ahead of the curve.**





## The expected change in importance of skills for claims brokers, according to the research participants:

FUTURE SKILLS	Future change in importance	For example...
 <b>Data and analytics</b>		<ul style="list-style-type: none"> <li>Using data visualisation and voice analytics tools to understand diverse types of claims</li> <li>Deploying behavioural science tools and techniques to nudge claimants to provide complete and accurate data</li> <li>Using data to predict events and intervene before they occur, e.g. sending out sandbags in anticipation of a flood</li> </ul>
 <b>Technology and automation</b>		<ul style="list-style-type: none"> <li>Working with suppliers to use technology, such as drones, to assess losses up-front</li> <li>Using data from new technologies (such as event data recorders or collision-avoidance technology) to improve risk selection and provide insights for future events</li> </ul>
 <b>Risk partnering</b>		<ul style="list-style-type: none"> <li>Re-evaluating the 'moments that matter' in the client claims journey, such as when they find out whether their claim has been successful</li> <li>Continuing to partner with a client after a claims incident, to improve quality of resolution and reduce the likelihood of recurrence</li> </ul>
 <b>Creativity and innovation</b>		<ul style="list-style-type: none"> <li>Devising new products and tools that can identify and address emerging or evolving client needs</li> <li>Communicating and engaging with clients via non-traditional channels, including chat-bots and mobile apps</li> </ul>
 <b>Negotiation and issue resolution</b>		<ul style="list-style-type: none"> <li>Securing a mutually satisfactory payment outcome for a client at an optimal speed</li> <li>Resolving complex negotiations with multiple parties</li> <li>Adding value for carriers by feeding back insights from data and analytics that can help to prevent claims</li> </ul>
 <b>Collaboration and communication</b>		<ul style="list-style-type: none"> <li>Engaging directly with other players along the value chain, such as the cover holder, underwriter and claims adjuster for the carrier</li> <li>Developing partnerships with technology providers to enhance capabilities throughout the claims journey, from first notification of loss and investigation, to recovery</li> <li>Synthesising a wealth of data accumulated from claimants and providing access for partner organisations in a standardised format</li> </ul>
 <b>Personal risk judgement</b>		<ul style="list-style-type: none"> <li>Large volumes of claims will be automated and so the volume of cases on which claims brokers will apply their personal judgement will decrease. However, they will apply their judgement on higher-value, more complex claims.</li> </ul>

### Claims brokers of the future are driven by...

The satisfaction of resolving claims for clients

Working seamlessly with data, AI and tech to mitigate the effects of losses and benefit the client

Working collaboratively on complex problems with claimants and underwriters

The opportunity to make a real difference by preventing and mitigating losses, allowing clients to focus on their objectives

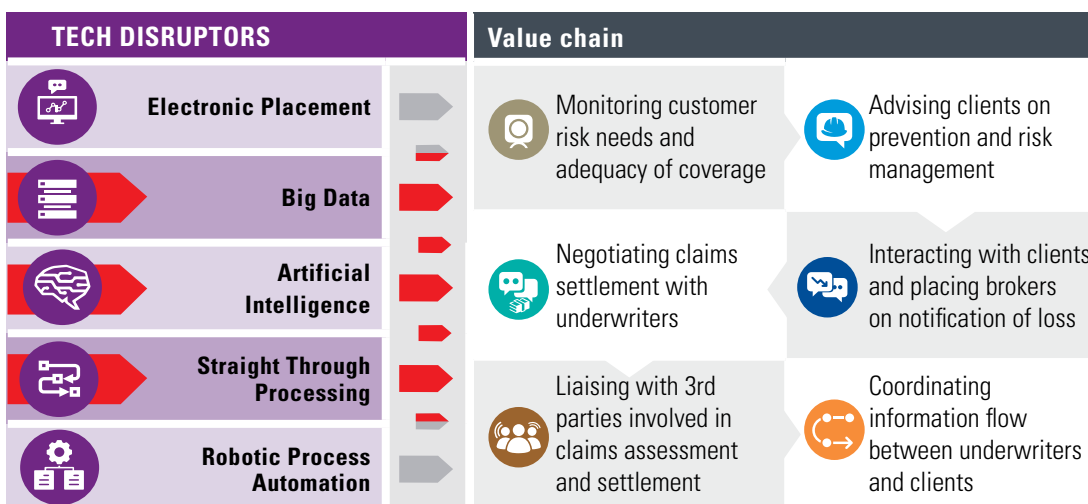
As shown in the graphic below, the research suggests that significant impacts on the skills used along the claims broking value chain will come from big data, AI and straight through processing in particular.


Accessing and analysing big data from clients and external sources (including unstructured data) will help enable claims brokers to address coverage gaps and emerging risks. This will likely drive developments in the ability to predict the likelihood and severity of risks, particularly when they are interconnected.

AI will help brokers to more effectively segment claims, validate whether they are covered by policies, reduce

claims leakage, and improve fraud identification. It was suggested during the research that the ability to exploit these technologies will allow claims brokers to embed their position as a crucial conduit between claimants and other Market players, adding more touchpoints into their relationships.

Straight through processing will reduce the claims lifecycle, enabling a faster service for clients, via auto-notifications to the carriers which remove the need for manual inputs and reduce the risk of keying errors. This will naturally result in a degree of disintermediation for claims brokers, enabling them utilise their additional capacity towards more value-add services<sup>8</sup>.



Key:  Tech disruptors expected to have the biggest impact on the claims broking value chain

//

Claims have a better reputation in terms of adopting technology than the other parts of the Market. //

/ Interviewee /

//

We need to focus on data, analytics and technology, but find the right balance with client experience and looking after clients. We need to get that mix right. //

/ Interviewee /

<sup>8</sup> PwC and LMA Claims workforce of the future – London Market, 2019:  
<https://www.pwc.co.uk/insurance/documents/claims-workforce-of-the-future-2030.pdf>



# Underwriters

## Future skills

The research suggests that the skills required by underwriters will shift in the following ways:

- 1. Underwriters will need to work in multi-disciplinary teams, collaborating closely with data scientists, relationship managers and other roles.** Collaboration and communication are already important for underwriters, and will become more so in the future. Underwriting teams will evolve to include roles, such as data scientists (who use data to drive real time insight and value for clients) and relationship managers (who focus on developing partnerships with key stakeholders along the value chain). Underwriters will also regularly engage with team members based in different countries and time zones, and benefit from having skills in cultural awareness and multiple languages.

### Most relevant skills



Technology and automation



Data and analytics

// Underwriters will need to get much more involved in data. As new datasets and increased processing power allow for more sophisticated decision-making. //

/ Interviewee /

## 2. Underwriting teams will need to seek out relevant data from novel sources and assimilate it into the models they use.

Enhanced data will both enhance pricing models, to narrow the gap between technical price and market price, and will enable underwriters to be more forward-looking and improve prediction of loss events. For example, some interviewees discussed the possibility of anticipating and preventing aviation losses using pilot and aircraft history data from the Civil Aviation Authority. 64% of survey participants think that prevention will be more important for underwriters of the future.

### Most relevant skills



Risk partnering



Creativity and innovation

## 3. Focus will increasingly be placed on client-centric solutions that address a portfolio of risks across multiple classes of business, as

opposed to a calculated answer to a specific risk. Greater emphasis will need to be placed on talking to clients, understanding their industries more profoundly, and providing or considering links with risk consultancy services (i.e. 'risk partnering').

### Most relevant skills



Collaboration and communication

#2

## Link to opportunity #2 (on p13)

Selecting and pricing the risk

**Historically, many risk decisions were made through the personal judgement of underwriters. This will remain, but underwriters will increasingly need to use, understand and interpret sophisticated risk modelling tools to maintain a competitive edge. Identifying and exploiting such tools will become a more critical activity in the future.**

A number of participants in the study speculated on a move towards distribution by underwriters; being mindful of the regulatory environment, this could lead to conflicts of interest and even contravene regulatory requirements.

All participants across the value chain will have to work more closely together to create a customer-centric distribution model, with a clear view of the contribution that each role brings to the client.

### Survey highlights:

*Changing importance of skills for underwriters*



**90%** of respondents agreed that *data* and *analytics* will increase in importance



**89%** of respondents agreed that *innovation* will increase in importance

















**88%** of respondents agreed that *tech* and *automation* will increase in importance





## The expected change in importance of skills for underwriters, according to the research participants:

FUTURE SKILLS	Future change in importance	For example...
 <b>Data and analytics</b>		<ul style="list-style-type: none"> <li>Applying advanced analytics to improve risk modelling and pricing</li> <li>Using alternative, non-traditional sources of data (such as metadata or parametrics) to support risk assessment</li> <li>Pricing and profiling portfolios effectively, to inform decisions and product development</li> </ul>
 <b>Technology and automation</b>		<ul style="list-style-type: none"> <li>Using new technology to improve business-as-usual activities and support strategic objectives</li> <li>Using systems that optimise the route to market</li> <li>Identifying areas of more routine work which can be automated, to increase capacity elsewhere</li> </ul>
 <b>Risk partnering</b>		<ul style="list-style-type: none"> <li>Engaging with clients on how to manage their tangible and intangible risks, drawing on their deep industry knowledge and insights</li> <li>Harmonising data to create structured and meaningful insights for clients</li> </ul>
 <b>Creativity and innovation</b>		<ul style="list-style-type: none"> <li>Enhancing existing product coverage and developing new coverages to address evolving risk profiles</li> <li>Developing expertise in emerging risks, and devising new services to address them</li> </ul>
 <b>Collaboration and communication</b>		<ul style="list-style-type: none"> <li>Uploading and drawing down data, from open source ecosystems, shared with other Market organisations</li> <li>Using innovative tools and platforms to access data and engage with clients and other Market participants</li> </ul>
 <b>Negotiation and issue resolution</b>		<ul style="list-style-type: none"> <li>Resolving differences of opinions over which new risks the company should agree to insure</li> <li>Securing understanding and agreement for the pricing of a risk</li> </ul>
 <b>Personal risk judgement</b>		<ul style="list-style-type: none"> <li>Underwriters will remain critical. They will apply their personal judgement to a lower volume of higher complexity risks. The simple risks will instead be dealt with through analytics and automated tools.</li> </ul>

## Underwriters of the future are driven by...

Making decisions that are backed up by a wealth of incontrovertible data

Discovering new data sources and new ways to get value from them

Collaborating with colleagues from different disciplines across the Market

Understanding how a range of risks interact with each other

//  
The underwriting capability will involve development of more sophisticated AI. Decisions will become less gutsy and more science. //

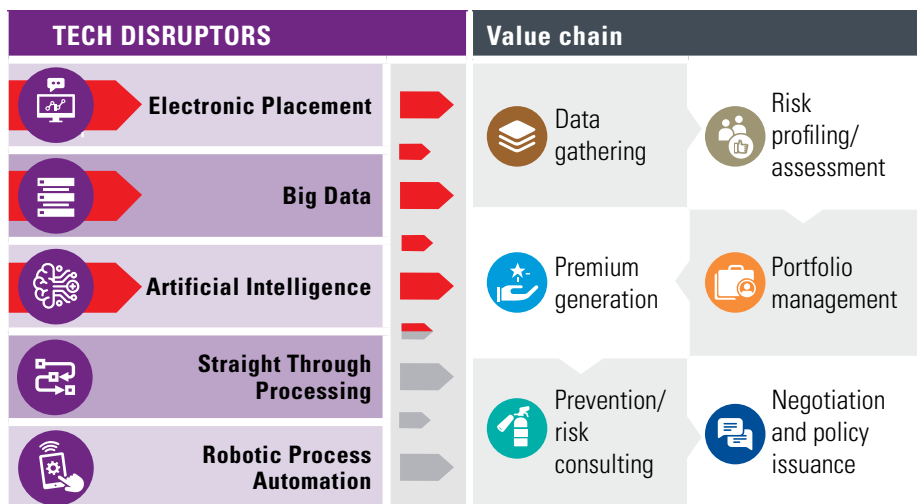
/ Interviewee /


As shown in the graphic below, the research suggests that the most significant impacts to the role of underwriting in the future are likely to be from *electronic placement*, *big data* and *AI*.

The impact of electronic placement is being felt already, driven by the increased availability of capital exerting pressure on the whole value chain to reduce costs and increase efficiency. Many of the research participants felt that under these conditions we may develop a Risk Exchange, creating a direct link between clients and capital providers. At the core of the Exchange would be electronic placements, supplanting some of the traditional activities of underwriters. As the concept develops, they will have the opportunity to enhance the platform, using it to help model risks and find the optimal mix of terms for an insurance contract that is satisfactory for all parties.

The ability to access and harness big data will allow underwriters to create new products and services. For example, SwissRe now offers protection against fluctuating river flow, which is only possible through access to a large amount of data about river levels<sup>9</sup>. As this shows, underwriters in the London Market will be able to make data-driven decisions, using gigabytes of aggregated data in complex models<sup>10</sup>.

AI will enable transactional underwriters to automate some of their less complex decisions, providing additional capacity to focus on other activities, such as seeking out new and enhanced sources of data, and integrating them into their tools and models.



Key:  Tech disruptors expected to have the biggest impact on the underwriting value chain

//  
It is not about being good at technology but being good at understanding the data coming out of the technology. //

/ Interviewee /

Several interviewees noted that not all underwriters will adopt new technology so easily. Such individuals could focus instead on portfolio underwriting. The key here will be to work collaboratively with the next generation of tech-savvy underwriters to benefit from their data-driven insights to better manage the portfolio, or to analyse emerging risks. In other words, either use the data, or work closely with those who can: without data-driven insights, competitive advantage is lost.

<sup>9</sup> Swiss Re Corporate Solutions launches FLOW, 2019, [https://corporatesolutions.swissre.com/insights/news/flow\\_new\\_parametric\\_water\\_level\\_insurance.html](https://corporatesolutions.swissre.com/insights/news/flow_new_parametric_water_level_insurance.html)

<sup>10</sup> KPMG, Enabling the future of underwriting: A digital roadmap, 2018 <https://assets.kpmg.com/content/dam/kpmg/us/pdf/2017/05/enabling-the-future-of-underwriting.pdf>

## Senior leaders

# Future skills

The changes described so far represent a major shift in the traditions, ways of working and skills of the London Market. It feels, listening to the research participants, that the Market is on the brink of a new era. Senior leaders will have a critical role to play in guiding their organisations through this change.

### Change leadership

Research participants agreed that the most important future skill for senior leaders in the London Market is *leading and managing change*. This involves a number of activities and abilities:

#### Most relevant skills



Leading and managing change



Strategic thinking

#### 1. Having the imagination to envision the future size and shape of their workforce.

The Market will expand outside of London and the UK. The future workforce will be international and far more diverse, which will be more difficult for senior leaders to manage. They will need to be able to coach and understand individuals, build a coherent strategy, and inspire purpose across cultural boundaries.

//  
I think this is the event horizon to be honest. Things are going to be very different. We have to be ready, and we have to think very carefully about how we get there. //

/ Interviewee /

//  
I'm not the best or an expert in any area. But I understand the trends and the business, so I have the ability to explain that to the people that I work with. //

/ Interviewee /

//  
If your CEO can't articulate the benefits of Cloud, you're toast. //

/ Focus group participant /



- 2. Having the bravery to invest in new hires, new skills and new technology ahead of the curve.** This is never easy, but it is unlikely that leaders will be able to build a critical mass of data and technology specialists with only incremental changes.
- 3. Being empathetic yet bold in supporting long-standing Market participants.** Leaders must help these individuals to realise that their roles are shifting, that they are not immune to change, and they must help them through this process.
- 4. Role-modelling the change required.** Effective leaders know that junior staff look to them for signs that they mean what they say. Leaders must ask themselves, what am I doing to maintain my own skills, broaden my horizons, and learn about technology?
- 5. Creating an agile culture.** Data- and technology-driven businesses are agile, creating products and services quickly. They test, learn, adapt and move on. This kind of culture requires leaders to let go, to empower their people, and to trust. It is a big ask in a culture driven by quarterly reports and formal Boards, but a fundamental requirement for success nonetheless.





### Developing tech partnerships

Next to change leadership comes the requirement to understand the broader ecosystem of Market players that is emerging and become skilled at working with them. Forging alliances with insurtechs, data providers and cloud providers is increasingly a source of competitive advantage for London Market players, rather than a more traditional focus on aligning with other Market organisations. Senior leaders who are adept in understanding, seeking out and allying with emergent tech providers are more likely to win in the future. Of course, managing the intellectual property and data protection implications of this will be crucial.

#### Most relevant skills



Technology understanding



Managing third party partnerships

### Maintain the core skills

Whilst increasing focus on driving change and developing partnerships with third parties, senior leaders will also need to maintain their more traditional leadership skills. They must still set and communicate a clear strategic vision, keep an open mindset about the most suitable structures and ways-of-working to respond to clients' needs, and manage their organisation's day to day to achieve their objectives. The research participants indicated that these skills will maintain their current importance in the future.

#### Most relevant skills



Organisation and cost management



Strategic thinking

### A changing of the guard?

In 2016, the average age of chief executives of leading managing agents was 54. This means that a number of CEOs will likely retire in the next few years<sup>11</sup>. The way is open for a changing of the guard, and 61% of research participants for this report believe that the new guard will benefit significantly from having had experience in other industries or markets.

Ten years from now, the Market may be host to a much more diverse set of senior leaders. Several research participants believe that tech firms will supply insurance leaders of the future, and individuals will be sought for their skill in leadership rather than their expertise in insurance.

#### Survey highlights:

*Changing importance of skills for senior leaders*



**61%** of respondents agreed that leaders *experience of other industries / markets* will increase in importance

## Senior leaders of the future are driven by...

Inspiring their people into action, and allaying their fears about change

Forging exciting and experimental relationships with third parties

Championing technologies and partnership that are vital to the success of clients' businesses

Developing teams with a diverse array of skills, experiences, backgrounds and priorities













<sup>11</sup> LMG and Deloitte, Talent in the London Market, 2016

//

The Market requires external influences to come in and disrupt the status quo. As long as those individuals are commercially minded, they will benefit the Market and help it last for a further 300 years. //

/ Interviewee /

### The expected change in importance of skills for senior leaders, according to the research participants:

	FUTURE SKILLS	Future change in importance	For example...
	<b>Leading and managing change</b>		<ul style="list-style-type: none"> <li>Developing a business model that harnesses the opportunities presented by technology to meet the changing needs of clients</li> <li>Driving transformation programmes that improve speed and efficiency for the client, such as digitising first notification of loss, capturing and acting on feedback throughout the client journey and increasing the automation of settlements</li> <li>Challenging leaders of the other circa 300 firms in the Market to coordinate on utilising modernising technologies</li> </ul>
	<b>Managing third party partnerships</b>		<ul style="list-style-type: none"> <li>Actively developing alliances with emerging insurtechs to keep up with the latest advances in (re)insurance</li> <li>Sponsoring social outreach and awareness programmes for schools and universities, in the UK and beyond, to encourage applicants from a diverse range of backgrounds</li> <li>Building a network amongst leaders and experts from other industries (e.g. technology, telecoms, manufacturing, healthcare, etc.), and speaking to the Market about innovations from those areas</li> </ul>
	<b>Technology understanding</b>		<ul style="list-style-type: none"> <li>Championing the adoption of specific technologies that provide new opportunities and ways of working within organisations (such as electronic placement and robotic process automation)</li> <li>Encourage the development of and invest in new technologies to provide Market-wide opportunities for collaboration (such as using open source platforms to access and share data)</li> </ul>
	<b>Organisation and cost management</b>		<ul style="list-style-type: none"> <li>Engaging in day-to-day operational and tactical decision making</li> <li>Managing the organisations risk appetites, budgeting, and financial forecasting</li> </ul>
	<b>Strategic thinking</b>		<ul style="list-style-type: none"> <li>Developing and articulating a clear future-focused mission and vision for the organisation</li> <li>Making brave organisational design decisions to maximise productivity, and having the conviction to implement them</li> <li>Assessing and pursuing potential mergers and acquisitions, based on developments across the Market</li> </ul>
	<b>Managing market relationships</b>		<ul style="list-style-type: none"> <li>Engaging predominantly with broking and underwriting firms to identify opportunities for new products or services.</li> </ul>

## Support roles

# Implications for support roles

Today, the London Market includes thousands of support roles, meaning primarily individuals in administrative positions that assist the work of underwriters and brokers. These roles typically perform activities such as data capture, policy and endorsement issuance, renewal invitations, checking of policy documentation, and premium collection and reconciliation.

Technological advances, in particular automation, will likely have a dramatic impact on these administrative activities. As just one example, the Market's electronic placing platform, PPL, is already enabling business to be quoted, negotiated, bound and endorsed with minimal human intervention. Once Structured Data Capture (SDC) initiatives are integrated, this will enable a reduction in the need for data entry and the creation of manual audit trails, and therefore free up time for more value-adding activities by the people who previously performed them.

### Survey highlights:

**91%** of respondents agreed that the need for traditional admin roles will decrease



Support staff will intervene if you have a query. They will be there to provide the support that can't be done through automation. //

/ Focus group participant /

## New opportunities

91 % of survey participants believe that the need for 'traditional administrative' tasks to be performed by humans will decrease in the future, as new technologies are embedded across the Market.

However, a common theme was that not all support can be provided through automation or AI, and there will always be a need for human intervention. Interviewees and focus group

participants expanded on this and, in addition to retraining and redeployment, suggested several ways in which support roles are expected to evolve as a result.

Individuals in support roles today could go on to perform activities such as:

- Assisting underwriters, data scientists and actuaries in data cleansing and evaluation
- Monitoring and 'sense-checking' business put through by electronic placement
- Managing of queries and exceptions
- Supporting product or wording development
- Dealing with escalations on reconciliation issues
- Measuring the effectiveness of client service
- Co-ordinating back office functions
- Unwinding of legacy issues such as historical claims, unmatched cash, and aged debt. The volume of work here in particular may require dedicated team members over a number of years

### Most relevant skills



Technology and automation



Data and analytics



Creativity and innovation



Collaboration and communication

## Implications for skills

The skills required by individuals in support roles of the future will mirror those already discussed in relation to brokers and underwriters.

Individuals in support roles will add the most value to clients by developing their ability to:

- Use new software and technologies
- Be comfortable rapidly analysing and interpreting data
- Provide creative solutions to issues as they arise, and
- Work closely with their peers and other colleagues

Organisations and senior leaders will need to think carefully about where and how to utilise the people currently performing administrative tasks, and how to help them transition into the support roles of the future.

# Suggested actions

**The London Market is changing significantly – and this change will have implications for all those who operate within it. The Market of the future will require a workforce that is adaptable, curious and tech-savvy. Its participants will need to adapt and focus on attracting a new generation of talent.**

So, how should Market players respond to such change? Suggested actions are presented at each of the following levels:

## **The Market**

- Become a 'skills advocate'
- Partner with educators and policy-makers to close the skills gap at source
- Create and promote a vision that resonates with the next generation

## **Organisations**

- Plan for skills: build, borrow and buy
- Re-design for the digital age
- Create an 'agile' culture

## **Individuals**

- Be curious and take responsibility for personal growth
- Pursue the skills that will be in demand
- Assess your attitude to change

## **Senior leaders**

- Be brave: let go and empower your people
- Understand and embrace the opportunities offered by technology
- Leave a legacy



## Suggested actions:

### for Market bodies

//  
We need to find the people we already have with these skills NOW, and then find where else we can purchase them in the marketplace. //

/ Focus Group participant /

**The London Market comprises of various bodies - such as the Corporation of Lloyd's, LMA, LIIBA, the CII, the IUA and the LMG - all of whom can and should play their own roles in the transformation of the talent and skills landscape in a number of ways:**

1

#### Become a skills advocate

The Market should send a clear message to its participants: the skills gap is wide; closing it is urgent; and doing so will require an upheaval, rather than incremental change. By successfully attracting and developing the right people, London could build on its leading position and become considered as the Silicon Valley of Insurance.

- Invest more in understanding how people and skills will be impacted in the future
- Act as a 'Think Tank' that shares knowledge with Market participants and relentlessly driving talent and skills onto Board agendas
- Promote and build on the learning opportunities offered by the CII.

2

#### Partner with educators and the government to close the skills gap at source

Market bodies should work with educators and the government to narrow the gap between what students are taught and what the industry needs them to know.

- Support curriculum design, and ensure teachers receive the right training to deliver it
- Create more touch-points with students, including sponsoring research
- Engage more effectively with students e.g. through the London Insurance Life campaign
- Invest in careers advice services
- Continue and strengthen existing academic partnerships e.g. the LMG's partnership with the University of Kent
- Engage academic specialists around industry specific topics
- Provide accreditation for existing courses and initiatives.

3

#### Create a vision that resonates with the next generation

Market bodies should build on the work done in campaigns such as 'London Makes It Possible' to project a view of the Market that inspires new generations. Interviewees spoke passionately about the value that the London Market add to society. Social purpose is a vital selling point, particularly for young talent.

- 'Open the doors' of the London Market. Publicise what it is that London does, and how insurance adds value to society, by speaking at events, making publications, and using social media
- Identify inspirational role models in the London Market, and promote their stories to children and young adults
- Include social purpose as a key facet of vision statements and communications
- Sponsor inclusion and diversity initiatives, and celebrate successes.



## Suggested actions: for organisations

**Insurers, brokers and syndicates are the main employers in the Market, and have direct responsibility for the development of their people's skills and careers. There are three suggested actions for organisations in the Market.**

1

### Plan for skills: build, borrow and buy

Organisations should proactively look at their current skills gaps, and what that gap will look like in five years' time, and make plans to address the gap by building, borrowing, or buying 'hot skills' as required.

- Before the next year end, set a five year transition plan to address the skills gap
- Hire from different talent pools, such as data scientists, tech firms, apprenticeship schemes, or from other industries
- Ensure that job descriptions include behaviours (e.g. inquisitiveness, global mindset, response to challenge) in equal balance to experience
- Make positive steps in diversity, and publicise this widely: it is of noted relevance and importance across generations
- Consider less restrictive pay bands in order to compete with other industries for high demand skills, such as data science
- Smaller organisations could take advantage of the gig economy by hiring on short-term contracts or employing freelancers, as opposed to creating permanent roles when they require "hot skills"

2

### Re-design for the digital age

Organisations should shift away from command-and-control and matrix structures towards agile, networked organisations. This will break down barriers, enable better collaboration, and allow quicker adaptation to changing demand.

- Set up cross-functional projects that actively encourage collaboration across silos
- Measure profitability for accounts, rather than classes of business, to encourage people to think beyond product silos
- Identify the informal networks that enable work to get done – there are tools available to do this – and make them public
- Enable both technical and managerial career paths, with technical roles aligned to the skills required for the future.

3

### Create an agile culture

Organisations should understand why their current culture is, or is not, attractive to talent. They should build an agile culture in which testing and learning are encouraged. This can mean flexible working, varied career structures, and the ability to commence a project without a restrictive approval process.

- Carry out a culture audit to understand current organisational culture
- Make senior leadership accountable for taking positive steps to make their organisation more inclusive
- Identify staff who are closest to the client, and tell them they are encouraged to experiment with novel products and services
- Allow people to take ownership and start initiatives without following prohibitive approval processes
- Design office spaces with cross-communication and collaborative working in mind.

## Suggested actions: for individuals

**The London Market is a ‘learners’ market’. Everyone operating in it can take responsibility for their own personal skills development and seize the opportunity for growth.**

1

### Be curious and take responsibility for personal growth

Individuals should ask themselves whether their current skill-set adds value to the client. If not, look for opportunities to develop knowledge and skills that do, with a focus on breadth as well as depth.

- Find your role profile, and highlight any activities that do not add value for the client. Ask yourself if you can stop doing them
- Pick a new industry or class of business, and seek permission to shadow a colleague in that area to learn about the risks and services involved
- Make a five-year skills development plan, and hold yourself accountable to it by constantly revisiting, reviewing and updating it; and integrating it into your company's annual goal-setting process
- Write a business case to your employer to fund the training you require
- Consider finding a mentor to support your career aspirations.

2

### Pursue the skills that will be in demand

Although the future is uncertain, individuals should focus on fostering a learning mindset to build the skills that will continue to grow in importance. In particular, they should feel confident in investing their time in developing the skills identified on p17.

- Take the time to look at curricula offered by your organisation or by Market bodies, and set aside dedicated time each week to learn about different industries, advances in technology or data science
- Create opportunities to meet with developers, client experience experts, data scientists, and so on, to learn about what they do, and identify how it could benefit your role, both inside and outside your organisation
- Talk to your manager about taking on new responsibilities that expose you to these skills, such as developing models, or analysing new sources of data.

3

### Assess your attitude to change

Individuals should step back and question their response to change. Success in the London Market will increasingly depend on embracing the opportunities offered by disruption, rather than resisting it.

- Reflect on the three most significant changes you've experienced at work in the last year, and ask yourself: did you focus on the opportunity, or the threat?
- Think about the five opportunities described in this report. Come up with an idea for how you could help your organisation to succeed in each.



## Suggested actions: for senior leaders

**The skills required by senior leaders (i.e. c-suite executives or equivalent) are different to those in the other core roles. They should seek to change their mind-set and enhance their skills in three ways:**

1

### Leave a legacy

Senior leaders should think about their long-term legacy, and set their organisation up for success after their departure. Organisations will fail if they stand still while others are running, and 'short-termism' amongst leaders is sure to lead to this outcome.

- Create a long-term workforce transition plan, and make your employees believe in it
- Put more focus on social purpose in communications and annual reports
- Invest in experimental technologies and become known as a pioneer in the industry
- Speak passionately to your people about your future vision for the company.

2

### Be brave: let go and empower your people

Senior leaders should accept that a fundamental change is required, increase their appetite for risk, and accept that some initiatives will fail. In other words, they must practice the skill of stepping back and letting others get on with it. This is difficult in a culture driven by quarterly results, but this puts even more onus on CEOs to make the brave choices.

- Enable underwriters and brokers to freely experiment with new products and services, by: breaking down silos, offering financial incentives for profitable ideas, and adjusting performance expectations accordingly
- Involve junior talent in key decisions, such as the structure of investor presentations, or the internal communications strategy
- Simplify governance procedures for sign-off of internal transformation initiatives
- Set-up 'reverse mentoring' or work shadowing schemes to allow senior leaders to learn directly about how younger talent thinks.

3

### Understand and embrace the opportunities offered by technology

Senior leaders should communicate the importance of technology – be it cloud, electronic placement, or parametrics – and then act on it. The focus groups identified that talent is engaged when they see words promptly turned into action. Leaders cannot espouse the merits of new technology without then making brave investment choices and committing tangible resources.

- Set up a research and development unit that works to link up ideas from underwriters and brokers, the latest tech news, and leadership's strategic vision
- Elevate the position of the CIO, and establish a tech forum to discuss the organisation's latest strategic technology initiatives
- Speak at technology conferences about your most innovative products and your tech needs – inspire a reciprocal response from start-ups.

# Appendices

A - Descriptions of London Market skills

B - Glossary of terms

C - Sources

# A

## Descriptions of London Market skills

### CORE SKILLS



**Innovation and creativity** The ability to develop new products and services that meet client needs to emerging and existing risks.



**Data and analytics** The ability to analyse and interpret data, using sophisticated tools and techniques, to manage risk, shape services and deliver client outcomes.



**Technology and automation** The ability to understand and take advantage of technological developments, particularly automation, to enhance and improve business processes and client outcomes.



**Client management** The ability to anticipate and understand client needs, and to deliver an effective client experience.



**Negotiation and issue resolution** The ability to influence people to deliver mutually beneficial business outcomes.



**Personal risk judgement** The ability to apply personal judgement to assess risk.



**Collaboration and communication** The ability to communicate and work effectively in a team with individuals from a variety of backgrounds and disciplines.

### LEADERSHIP SKILLS



**Leading and managing change** The ability to drive, manage and embrace a changing environment, including new technology, a shifting economy, and fluctuating market demand.



**Organisation and cost management** The ability to manage and improve operating structures for an organisation, including reducing cost.



**Strategic thinking** The ability to think ahead and anticipate longer term changes in the market, its participants and your own organisation.



**Managing Market relationships** The ability to build, maintain and make use of relationships in the market.



**Managing third party partnerships** The ability to generate, manage, and make use of partnerships with third parties (e.g. insurtechs, data providers).



**Technology understanding** The ability to understand and articulate technological advancements and their benefits for the insurance industry and firms.





# B

## Glossary of terms

TERM	DEFINITION
<b>Artificial Intelligence (AI)</b>	Machines' ability to interpret structured and unstructured data, using techniques such as natural language processing, machine learning, and image recognition.
<b>Cognitive computing</b>	The ability of computers to learn, hypothesise and predict future behaviour based on data patterns.
<b>Generation Y (Millennials)</b>	People born around 1977-1994 (also known as 'Millennials'). Characterised as tech-savvy digital natives who have concern for health, social, economical and environmental issues.
<b>Generation Z</b>	People born around 1995-2012. Most of Generation Z have used the Internet since a young age and are comfortable with technology and social media.
<b>Internet of Things (IoT)</b>	This is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and connectivity which enables these objects to connect and exchange data.
<b>Parametrics</b>	The practice of determining coverage and payment based upon pre-set criteria relating to a potential event.
<b>Robotics</b>	This is the science of making and using programmable machines to carry out a series of actions autonomously, or semi-autonomously.



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# LMG



LLOYD'S



## The London Market:

- Controls over £60bn of insurance business
- Contributes over 21 % of the City of London's GDP and 7 % of London's GDP
- Has paid more than £140bn in claims over the last five years

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# About the London Market Group

**The London insurance Market is the largest global hub for commercial and specialty risk, with 350 insurance carriers, brokers and affiliated professional services working within the square mile of the City of London. It provides a unique concentration of 52,000 insurance and risk management professionals, with an unrivalled breadth of expertise.**

Its dynamic eco-system and deep reserves of capital make it better equipped to manage complex and challenging risks. And better prepared to help clients – from individuals to global businesses – get back on their feet when disaster strikes.

The LMG is a market-wide body, bringing together the specialist commercial (re)insurance broking and underwriting communities in London. It is supported by the International Underwriting Association of London (IUA), Lloyd's of London, the Lloyd's Market Association (LMA) and the London and International Insurance Brokers' Association (LIIBA). It speaks collectively for Market practitioners and aims to make London the leading client centric global provider of specialist commercial (re)insurance knowledge and solutions.

A key element of the LMG's work is to help develop a deep, diverse talent pool for the London Market with the objectives of:

- Building a better understanding of where the true skills shortages in the market lie, in which specific areas, in the medium, long and short term.
- Promoting the London Market as a first class employment choice to new and existing talent pools – whoever they are and wherever they are from.
- Ensuring that those who will be the market leaders of tomorrow are integrally involved in its future design.



# About KPMG

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**KPMG UK is one of the largest member firms of KPMG's global network providing audit, tax and advisory services. In the UK we have 635 partners and 14,587 outstanding professionals working together to deliver value to our clients across our 22 offices.**

Our vision is to be the clear choice in professional services in the UK. For our clients, for our people and for the communities in which we work. KPMG's core business is to help your organisation work smarter, evaluate risks and regulation and find efficiencies. We do this by providing deep insight into market issues, transparency in everything we do, and using innovative technology to tackle complex problems.

We are focused on the issues that keep our clients awake at night and responding to them as One Firm. To do that, we strive to create a high performance culture, guided by our values, where our diverse talent feels included and excels.

## Our Clients

# 28%

of FTSE 100 (ranked No.2 by market share)

## Total Revenue

# £2,338<sub>m</sub>

## Community support

# 1,092

Organisations supported

## Our Services

### Audit

Obtain deeper audit insight, increase transparency and harness innovative technology.

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Stay competitive and compliant with tax advice for both corporate and individual taxpayers.

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