

( expleo )

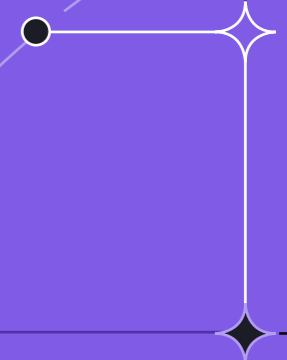
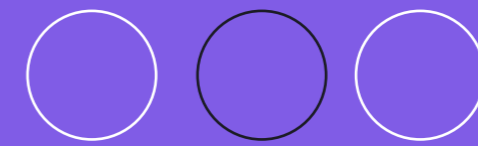
# BLUEPRINT TWO

The springboard to a more effective  
London insurance market?



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# 01-07-2024: the London insurance market's great technology switchover

## Ready or not, it's happening

On 30<sup>th</sup> of June 2024, central services, the London insurance market's legacy back-office technology stack, is due to be retired. And on the 1<sup>st</sup> of July, Velonetic's integrated, digital-first platform will replace it.



From a technology standpoint, the project, code-named Blueprint Two, is a radical change. Accessing the new platform will entail creating new endpoints. There will also be new portals and new processes to get to grips with.

And while the change will only directly impact risk placement and claims settlement, Blueprint Two is more ambitious than its scope would suggest. Lloyd's Chairman Bruce Carnegie-Brown says the ultimate goal is to "transform the way in which [the London insurance market] operate[s]"

**"We will establish new ways of doing business, underpinned by digital channels that enable advanced data collection and management. We will create solutions that will enable brokers, insurers and partners with delegated authorities to operate at a materially lower cost... [and] We will... undertake more work to quantify and illustrate other ways in which we can streamline our activities and improve the experience of all market participant's."**

These are lofty goals, by any standard. And especially so given the London insurance market's sheer size — there are currently around 400 active participants — its three-hundred-year-old tradition, and the complexity that comes with them.

Throw in the cost of getting ready for the change, the fact not all market participants will be impacted equally (or in the same way), and the reality that less than seven months from the switchover date, there are still some significant details being finalised, and the challenge looks even more daunting.

Maintaining the status quo isn't an option. On the 1<sup>st</sup> of July 2024, you won't be able to access central services if you don't meet Blueprint Two requirements.

That said, it's important not to view this as just a needlessly expensive and difficult change.

**"While there's no sugarcoating the challenge's",** says Expleo's Sales Director Marcus Hayes, **"you can't look at Blueprint Two in isolation. The bigger picture is that, with the right approach, it can spearhead improvements across your wider business."**

So, what does the 'right approach' look like? And how can you ensure you're well-placed to take advantage of Blueprint Two's benefits?

In this paper, we'll:

- Take an in-depth look at Blueprint Two: its origins, its objectives, how it will change the way you place business through central services
- Outline the key benefits of migrating to the new platform
- Walk you through our proven three-step migration process and show you how it can help you get ready to take advantage of Blueprint Two's opportunities.

# Blueprint Two: What is it, and what will it change?

Blueprint Two is Lloyd's ambitious digital transformation strategy. Launched in November 2020, it aims to make the London market better, faster, and cheaper through digitalisation.

Strategic Advisor, H el ene Stanway says: **"Blueprint Two aims to move the London insurance market away from paper-based processes where data is rekeyed multiple times, to being data-first, with data keyed once and straight through processing."**

At this stage, Blueprint Two has two primary areas of focus:

- Open market placements. This includes both direct placements and facultative reinsurance.
- Delegated authority placements.

Together, these make up around 90% of all contracts placed at Lloyd's.

Blueprint Two will roll out in two phases (we'll discuss Phase 1 and Phase 2 in more detail in [Ready, steady, change: Preparing for the great switchover](#)), and bring about six key changes to central services:

- A Core Data Record. This won't come into force on the 1<sup>st</sup> of July 2024 switchover date, but during phase 2.
- Version three of the Market Reform Contract, or MRC v3. This applies to risks incepting on 1<sup>st</sup> of January 2024, so it technically kicks in before the 1<sup>st</sup> of July 2024 switchover date.
- An International Risk Orchestration Service (IROS).
- An International Premium Orchestration Service (IPOS).
- An International Claims Orchestration Service (ICOS).
- Changes to EDI messages.

## Core Data Record

The Core Data Record is the data standard for direct insurance and facultative risks. It will be used to automate three processes:

- Premium validation for both company and Lloyd's placements.
- Claims validation for both company and Lloyd's placements.
- Tax and regulatory validation for Lloyd's placements.

The Core Data Record will go live during Phase 2 of Blueprint Two implementation, not on the 1<sup>st</sup> of July 2024 switchover date. That said, you should start collecting the new data as soon as possible. For one, you'll need the data for MRC v.3, which applies to risks incepting from the 1<sup>st</sup> of January 2024 (more on this in [Market Reform Contract, version three](#)).

Just as important, it takes time to build new data collection and validation processes and embed them into your organisation.

Brokers will provide around 95% of Core Data Record data, as they already gather most of it. What will change is when (and how) they collect, structure, and validate it.

In particular, the Core Data Record will specify which reference datasets you must use, and how to structure and format a submission so it's compatible with the new workflow. Every data point will also have to go through a specific approval process. At the time of writing, this process is still being worked out.

Velonetic are currently extending the Core Data Record to cover treaty and delegated authority risks and claims. They'll then extend it to endorsements. The goal is to eventually have a single source of trusted data for accounting, payments, endorsements, claims, renewals, and reporting.



### Market Reform Contract, version three

The third version of the Market Reform Contract — MRC v3 for short — will apply to risks incepting on 1<sup>st</sup> January 2024. So, technically, it will be in use before the switchover.

Its main aim is to speed up data collection and ensure contractual certainty. To this end, it closely follows ACORD standards, and collects additional data points for the Core Data Record (though it won't include all Core Data Record data points).

MRC v3 also has structural changes. These changes should make it easier for both machines and humans to read, and to maintain data quality and consistency.

### International Risk Orchestration Service (IROS)

IROS is a digital gateway that can validate data in real time. It will also enrich some data fields.

It's useful to think of it as a Core Data Record-checker. It ensures the data you collect during placement is complete and meets Core Data Record standards, removing the need for manual checks. For Lloyd's business, IROS will also check taxes and regulatory alignment.

IROS can perform two types of checks: soft and hard.

The main difference between soft and hard checks is that you can run a soft check more than once. This is useful during data collection and placement because you can confirm you're collecting the right data, the right way. IROS will highlight any areas that are incomplete or don't meet Core Data Record standards.

By contrast, a hard check is what is submitted at bind and once the contract has been completed and signed. At the latter point, the data will be validated. It will then become the definitive (and irrefutable) record of the risk until there are any changes.

### International Premium Orchestration Service (IPOS)

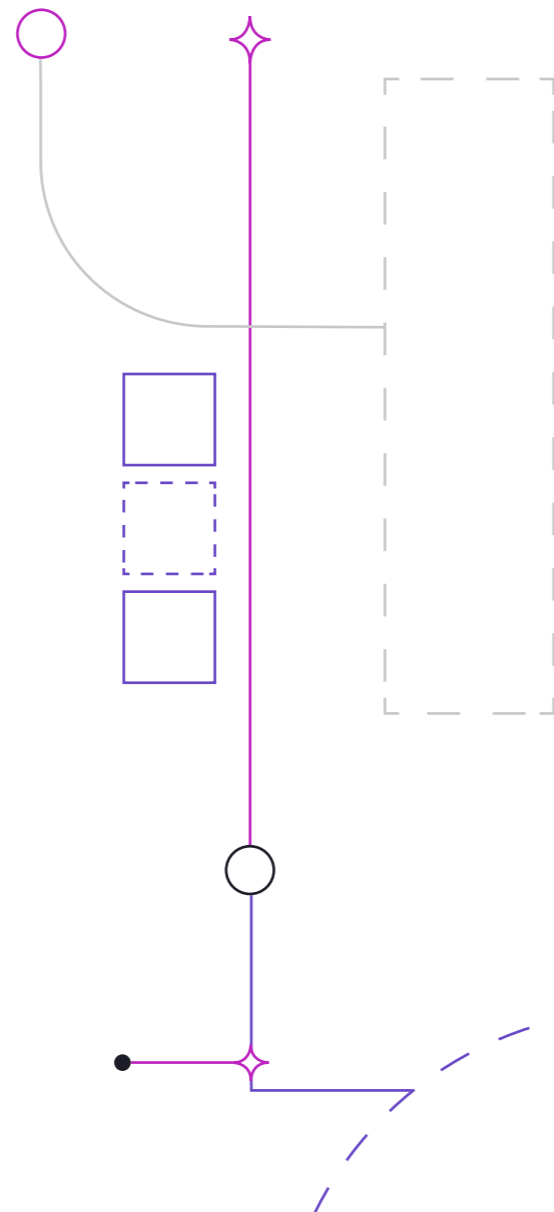
IPOS automatically checks premium data against the Core Data Record. It then validates it and produces the relevant accounting transaction.

### International Claims Orchestration Service (ICOS)

ICOS automatically checks claims data against the Core Data Record. It then validates it and produces the relevant accounting transaction.

### Changes to EDI messages

DXC will only support 39 messaging standards after the switchover date. This means you may need to transition to a new messaging format.



# Why switch? A critical look at the benefits of Blueprint Two

While Blueprint Two is a market initiative, not a regulatory one, the change is taking place whether you're involved in it or not.

There isn't a 'no change option'. You can migrate to the new platform. Or, on the 1<sup>st</sup> of July 2024, you'll no longer be able to complete post-placement activities — accounting and settlement — in the same way you did before.

Lloyd's have put the total cost at £300 million, and its likely to be much higher. Some might argue choosing between a challenging and costly transition — but losing access to central services is no choice at all.

However, H el ene Stanway argues that viewing Blueprint Two as a cost centre is missing the point. While, on paper, Blueprint Two is a change in back-office technology, its intent is to have a much wider impact. And it's in that wider impact that its true benefits lie.

**"To get the most out of Blueprint Two"** she explains, **"you have to view it as an all-encompassing digitalisation exercise. It's about moving away from documents to being data-first, right from the start. So that, by the time you get to the back office, the data just flows — the much-desired straight through processing."**

Lloyd's themselves have been clear that Blueprint Two is as much — if not more — about cultural change than it is about digital transformation.

Speaking at a Blueprint Two progress event in December 2022, Lloyd's market transformation director Bob James observed that: **"[Blueprint Two is] about how we change how we do business in the market to have a data first process... [it's] really trying to change paperbased systems."**

The real question isn't whether switching to the new platform is worth the trouble. It's whether your organisation is well-placed to take advantage of the opportunities of digitalisation: greater efficiency, agility, and adaptability.

Put more simply, what do your current operating model and processes look like? And what would need to change for your organisation to become more data-driven and digital first?

**"Without making light of the challenges — because they're indeed significant,"** says Expleo's Marcus Hayes, **"meeting Blueprint Two's requirements is a low bar. If your front office is still doing manual data entry, all you'll have achieved is maintaining the status quo at considerable expense and upheaval."**

**It's only if you embrace digitalisation throughout your organisation that you'll start to make the most of Blueprint Two's benefits: more efficient operations, cleaner data, greater accuracy, and faster, more effective decision-making."**

# Ready, steady, change: Preparing for the great switchover

## The Blueprint Two switchover will take place in two stages.

Phase 1 is when the redesigned portals and revised EDI messaging standards will go live. This phase is mandatory. If you don't migrate, you'll no longer be able to access central services on the switchover date.

Phase 2 is when organisations will be able to use Blueprint Two's full suite of digital services. Unlike Phase 1, this phase is optional.

### Phase 1: Velonetic goes live

The first part of the switchover kicks off on the 1<sup>st</sup> of July 2024. It will bring about two key changes.

First, there will be new portals in place.

These portals will have different URLs. The screens will also be different, as they've been redesigned. This means there will likely be a learning curve and, potentially, an impact on your business processes.

Second, EDI messaging standards will be revised.

Velonetic published 23 EDI messaging specifications on the 8<sup>th</sup> of December 2023. The full suite of specifications is now available. Changes to EDI messaging may also impact how you place business through central services.

### Phase 2: The road to digital-first

The second part of the switchover, originally planned for September 2024, is now scheduled for April 2025.

This is when the Core Data Record will become available. There will also be a new query management system, and new Electronic Back-Office Transaction (EBOT) and Electronic Claims Office Transaction (ECOT) messaging.

## Vanguard

Ahead of the switchover, Vanguard — a group of around 30 insurers, brokers, and technology vendors — are conducting user-testing.

Vanguard's aim is to identify and iron out Blueprint Two's main issues and develop best practices on the market's behalf. Vanguard will also document the testing process and publish reports and updates, so firms that aren't part of the programme can apply the learnings to their own readiness efforts.

Vanguard's work should decrease how much testing others need to do and build confidence in the new platform.

That said, every organisation will be impacted differently. So, it can't — and shouldn't — be a substitute for your own readiness framework or testing assurance.

Nigel Hunt, Lead Consultant at Expleo, thinks it may be easier for newer digital companies to adapt to Blueprint Two. Established companies might find it more challenging.

**"More established companies,"** he observes **"will probably have a more complex application landscape which will need wide-ranging analysis, change, and quality assurance."**

Hélène Stanway agrees: **"Smaller, newer organisations have fewer things to change, so they'll be able to move faster."**

But whether the change will be big, small, simple, or complex isn't only a matter of size or technological readiness.

It also depends on your strategy, culture, and, of course, your role in the market.

**"Brokers, for instance, will be impacted significantly,"** says Hélène Stanway, **"because they'll be providing the bulk of the data. Then again, insurers will have to approve the data, which they haven't had to do before. It's a new task to get to grips with and add to their workflow."**

The bottom line is that there's no one-size-fits-all approach. It all depends on your unique circumstances.

So, what can you start doing today, to make sure you can hit the ground running come 1<sup>st</sup> of July 2024?

# The three Rs: Expleo's framework for a smoother Blueprint Two transition

Expleo uses a three-step framework to help organisations plan, adapt, and get ready for Blueprint Two.

We call this framework the Three Rs:

- **Readiness:** an expert-led review of the impact Blueprint Two will have on your organisation. This can focus on getting ready for Phase 1. Or, if you'd like the full picture, we can look at the impact both Phase 1 and Phase 2 requirements will have on your firm.
- **Recommendations:** an in-depth look at the changes your firm needs to make to get ready for the looming Phase 1 switchover date.
- **Roadmap for delivery:** a detailed plan that sets out goals, implementation timelines, and milestones.

## Readiness

The first step towards meeting Blueprint Two requirements is to assess your current state. How will Blueprint Two's Phase 1 impact your organisation? And how do your operational model and processes have to change as a result?

Expleo assesses readiness in six key areas:

1. Awareness and communications
2. Portal integration
3. Security and penetration testing
4. Orchestration test requirements
5. Ability to support new messaging standards
6. Self-testing and integration

If you're planning to participate in Phase 2 Expleo can also assess your Core Data Record processing and document digitisation capabilities, as well as other aspects of your business processes and technology stack that might be impacted by the new, digital-first requirements.

**"The aim isn't just to test that your systems are working as they should, but to understand what data goes from one system to another and how it works,"** explains Nigel Hunt.

**"So, we're big on both QA and data analysis. This enables us to evaluate whether the client can move forward with confidence. Are they equipped to manage the change? How do their processes compare to best practice? And which areas require improvement?"**

## Recommendations

Once we've assessed your current state, we put together a plan of action. We'll identify your strengths, weaknesses, and any readiness gaps. And we'll make recommendations for addressing them. **"We address both tactical and strategic issues,"** says Nigel Hunt. **"The idea is to give you a complete view: the short-term changes needed to meet the Phase 1 deadline, as well as longer-term considerations."**

## Roadmap for delivery

This is a tailor-made guide that walks you through the steps you need to take to get ready for Blueprint Two. It tackles everything from configuring APIs to ensuring your people understand the new standards and processes.

**"The roadmap for delivery is a document that helps you make well-informed decisions,"** says Nigel Hunt.

**"Looking at it, you should be able to answer important questions about how you move forward. What is it going to take, as an insurer or as a broker, to meet Blueprint Two Phase 1 requirements? Can you make the changes in-house, or do you need external help? And what about Phase 2 requirements, if this is something you're looking to prepare for?"**

# Get the switch to Blueprint Two right, with Expleo's expert help



## Thinking you'd benefit from external help to get ready for Blueprint Two?

With a track-record of delivering large-scale transformations for some of the biggest names in insurance, Expleo is ideally placed to help make your switchover as smooth as possible.

Our approach combines comprehensive industry knowledge with deep technical know-how. This means we can quickly cut through complexity and get down to the practicalities.

First, our subject-matter experts work hand-in-glove with your internal stakeholders to home in on your requirements.

Once we're clear on where your readiness gaps are, we use proven frameworks, models, and methodologies to help you get where you need to be. Organising your data and processes, managing the change, and making sure everything works as it's supposed to ahead of the switchover.

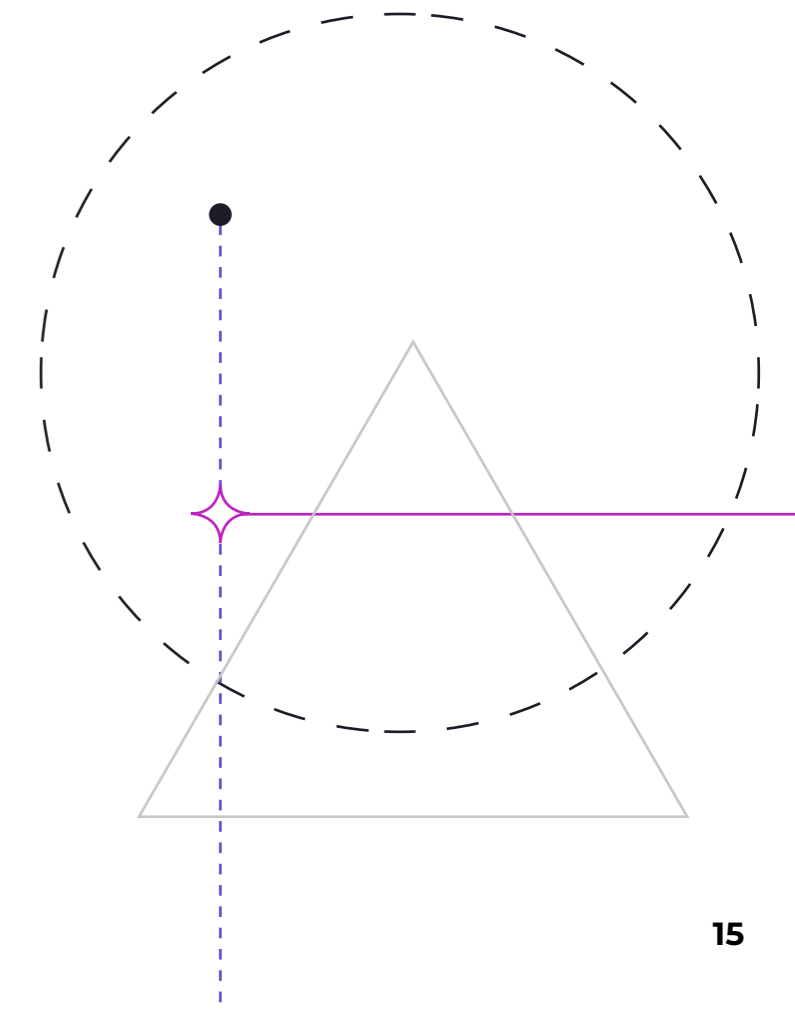
Expleo's capabilities include:

- Business analysis
- Enterprise architecture
- Data strategy migration, and governance
- Quality assurance, testing, and test management
- Change programme management and delivery
- DevOps
- Cybersecurity
- Process automation
- Performance and non-functional testing
- Access to accelerators, industry certifications, and other resources.

Marcus Hayes says:

**“Blueprint Two is a big, complex change, but it's very achievable if you have the right support.**

**Whether you're struggling with the data, the process, the technology, or the people aspect of the migration, we can help you make sense of all the moving parts, putting together a plan of action that ensures it's more structured and manageable.”**





# Looking ahead: Blueprint Two as an opportunity to set new standards of service

Digital-first businesses have set the standard by which we judge every customer interaction. We're so accustomed to swift, seamless experiences that we expect them by default. Regardless of which sector the business we're dealing with operates.

An Ipsos report calls this phenomenon 'liquid expectations.' And its chief consequence is that "...it is no longer good enough to be 'best in class'... the service provided by Amazon One-Click Ordering or Apple's Genius Bar affects the way consumers expect to deal with their bank, utility provider or local restaurant."

Liquid expectations have been impacting the business-to-customer space for a long time. In a 2019 Fiserv survey, 82% of respondents said banks' digital services should be at least on par with tech giants like Amazon and Google. Even though the latter have about as much in common with your average legacy bank as chalk with cheese.

But the business-to-business space — and, particularly, verticals with centuries-old traditions like the London insurance market — has been more resistant. At least until now.

It's safe to say this is changing at neck-breaking pace.

In 2020, the insurance sector made 'massive and unprecedented' digital progress. Respondents to a KPMG survey noted they were months or, in some cases, years ahead of where they expected to be.

Most of the progress happened in personal lines. But attitudes are changing among commercial lines customers, too.

The Blueprint Two document makes several mentions of the importance of offering 'a seamless... experience designed to meet [customers'] expectations.'

Meeting customers' expectations is, of course, important. But it's not the only reason digital progress is a strategic imperative for the London insurance market.

Equally, manual, and legacy-driven processes have considerable opportunity costs. The market isn't as adaptable, efficient, and effective as it could be. And, moving forward, it will be harder to identify and exploit merging opportunities, or even simply to attract and retain top talent.

By itself, Blueprint Two is unlikely to move the digital needle significantly, primarily because its scope is limited to the back office. **"If you look at this as simply a case of replacing an old technology stack with a new one,"** Hélène Stanway explains, **"then, yes, it's difficult to see the future benefits."**

But there's also a bigger opportunity at the heart of Blueprint Two. It opens the door to re-thinking operations more broadly, both inter and intraorganisationally.

**"The key aspect of Blueprint Two is data standardisation,"** continues Stanway. **"It's about ensuring all market players can speak the same data language."**

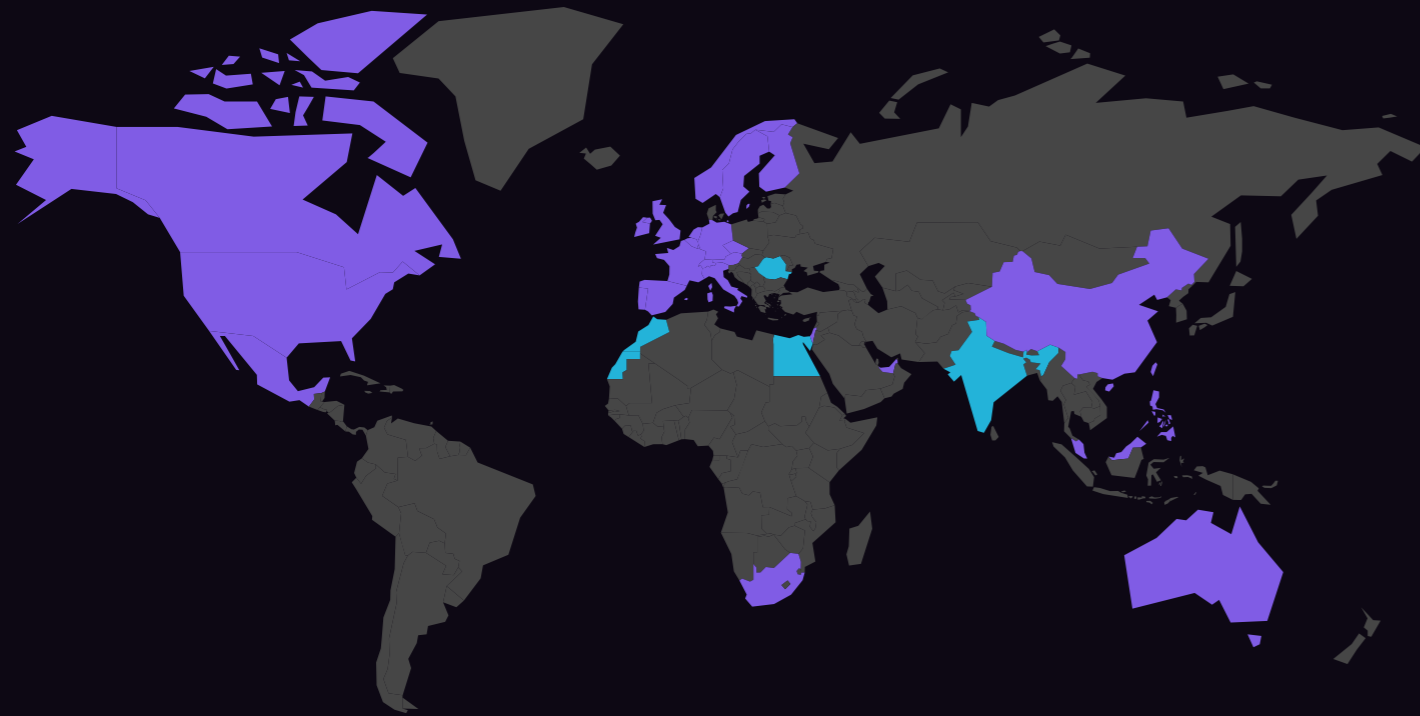
**"When that happens, information can flow far more easily between and within organisations. There will be better risk information sharing. A golden source of truth which will enable the market to operate much more efficiently."**

**"The best way to view Blueprint Two,"** concludes Marcus Hayes, **"is as a springboard, not as an end in itself. It's an opportunity to reassess how you work and to embrace the power of data, so you can become more agile, effective, and resilient."**

# About Expleo

Expleo is a global engineering, technology and consulting service provider with a 19,000-strong team of independent experts in 30 countries. We've been successfully helping the insurance industry navigate complex digital transformation projects for 20 years. Our clients include Allianz, Aviva, Hiscox, and Lloyd's.

Find out more about us and how we can help you tackle the challenges of change and seize the new opportunities it brings your way at [expleo.com](http://expleo.com).



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### ROMANIA

Bucharest  
Iasi

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