



E-Trading Platforms

Challenges, Opportunities and Imperative
- An InsTech London View



About InsTech London

InsTech London was founded in 2015 and has grown to become one of the most active networks driving innovation through the use of technology, data and analytics in insurance and risk management. The two executive partners, Matthew Grant and Robin Merttens, each have over 30 years' experience of bringing new technologies into the global insurance market. Today InsTech London runs regular events (currently only digital due to the pandemic), a weekly podcast and newsletter and provides advisory services to its members. We are extremely grateful to our corporate members, now reaching 100, and an extended community of over 15,000 people who keep us honest and informed about what is happening in insurance, technology and beyond.

Report Authors

This report has been prepared by Robin Merttens and Puneet Bharal, formerly Product Director at RI3K who then spent a decade at ACORD and is now a freelance consultant. We would like to thank the many people who contributed information for this report.

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InsTech London Reports

The uptake and evolution in e-trading platforms is one of the ten themes we believe will be driving change in insurance in the next decade. This is the second in a series of reports we are producing aligned with those themes. The first was on Parametric Insurance and was published in September 2020. A copy of that report can be accessed here <https://www.instech.london/insights/parametric-insurance-2021-outlook-companies-to-watch>. The third report in the series will be published at the beginning of April 2021 and will focus on Location Intelligence.

To learn more about InsTech London, our reports, themes, podcasts, recordings of our live events or to discuss hosting an event with us, you can find us at www.instech.london and contact us at hello@instech.london. If you believe that your business, or another, should be included in our future reports then please contact us by email using the same address.



Introduction

I was working as an insurance broker with Heath Lambert back in 2000 when Alex Letts approached me to act as a subject matter expert and wingman for his insurance e-trading idea. Alex was in the process of raising the seed capital to build an e-trading platform from BRIT Insurance. We co-founded RI3K and our very first PowerPoint was rather grandly entitled “e-Lloyd’s – the Future of the London Market”. Puneet Bharal, who has co-authored this report with me was one of our first employees and shortly afterwards became our Product Director. We have both remained in and around the e-trading platform space ever since.



RI3K was one of many propositions spawned during the dotcom boom and its resulting hive of innovation and speculation as entrepreneurs and investors tried to define what was newly possible. As commodities trading floors evolved into internet-based “exchanges” there was strong support for the proposition that insurers and their brokers would be able to do the same.

As a global hub for reinsurance and specialty insurance, and because of its reliance on its physical marketplace, the London market was understandably the focus of this activity and remains so today. The Corporation of Lloyd’s itself funded the creation of the Kinnect platform, to modernise for the new millennium. Regrettably, all the early insurance e-trading initiatives proved a false dawn for reasons we will examine later in this report.

Nearly 20 years later there is palpably a renewed interest in insurance e-trading which is what has galvanized me into writing this report. My observations pull on the RI3K experience and subsequent insights gained in the last five years observing the insurance innovation world. While it might be easy to just point at COVID-19 as the catalyst for the reinvigoration of e-trading, the truth is that the dynamics that give rise to it run far deeper. We will examine these too in more detail later on.

The publication of Lloyd’s Blueprint Two in November 2020 and in particular, the Corporation of Lloyd’s decision to back off from building its own e-trading platform and allow market forces to take their natural course, has thrust a key industry trend right into the spotlight. It seemed an ideal time to look at what history can teach us and to review current e-trading options and what they offer. Then provide context around what is going on in the specialty insurance space generally and in particular examine how those platforms align with the specialty (re)insurance industry’s current needs and the collective innovation effort.

We have identified and list in the Schedules to the report the companies we know about that have e-trading propositions relevant to the reinsurance and specialty insurance. If you believe you have a relevant proposition we have not featured and you feel we should have please do get in touch.

This report is a combination of experience, knowledge and insights obtained over 20 years at the sharp end of insurance innovation. As such it would not have been possible without the support of all the companies and people I have met, spoken to or who have sponsored and participated in InsTech London events over that time.

Robin Merttens
Partner, InsTech London

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