

# Exari's Automated Binding Authority Checks

An estimated 15% of all business underwritten at Lloyd's comes through binding authority agreements and Lloyd's Minimum Standards demand robust checks across a portfolio.

## Do you recognize this problem?

For Lloyd's underwriters, giving away the underwriting pen requires high level of control.

The collective actions of coverholders selling thousands of individual policies around the world are funnelled into binding authority agreements, making it vital your checking process meets the very highest standards.

Lloyd's syndicates typically carry out checks using manual processes, applying individual expertise to analyse one binding authority at a time and ultimately deploying significant resources to review individual contracts.

Given its attractiveness as source of profitable income, binding authority underwriting is expected to grow across the Lloyd's market and this type of operational friction is already becoming an unwelcome burden. As a result, forward thinking managing agents are searching for an efficient solution.

## Meeting the practical challenges

There are numerous practical challenges managing agents face when maintaining minimum standards of compliance in binding authority underwriting.

The checklist is a significant undertaking, with an average of 50-60 specific requirements all needing to be reviewed against every contract. Any red flags will frequently require escalation to senior individuals such as a specialist wordings manager or an external consultant.

This task demands high levels of proficiency, market knowledge and a scrupulous eye for detail. The reviewer will probably spend around 1-2 hours reviewing each contract, possibly longer if they are to go beyond the 'tick box' approach and providing evidence of the contracts' adherence with your policies and objectives on things like conditions, claims control and limits. Most importantly, they should identify which ones don't.

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Source; American Association of Managing General Agents – weighted average premium broked into Lloyd's circa \$2.6bn (£1.95bn) p/a between 2010-2013

## The Exari Solution

Exari QA users have a unique, configurable software enabling automated binding authority review with powerful in built MI. This ensures minimum standards are adhered to consistently, delivering insight and expertise at the touch of a button.

In addition, Exari QA's intelligent checks help users go beyond pure compliance, matching their binding authority book to strategic business objectives, enabling them to process risks due for renewal and beginning renegotiations sooner.

### Benefits: Pre-Bind

Automating contract review has significant time saving benefits, with Exari QA able to provide instant user response summaries with simple red-amber-green coding to indicate what the checking process has uncovered. True operational control can be achieved with a compliance review and audit trail demonstrating every check meets minimum regulatory standards. Brokers receive quicker response times and checks are completed consistently.

### Benefits: Post-Bind

Code your own risk appetite with Exari QA's wide-ranging portfolio analysis capability.

When a minimum standard check might simply ask you to prove 'the coverholder's commission is stated'; Exari QA automatically reviews the stated percentage and cross checks this with important parameters such as your company's commission policy.

By configuring the system to cross check minimum standards against a variety of your own exacting terms, Exari QA delivers meaningful management information which becomes richer the more information the system is asked to review.

### Benefits: Strategic

When businesses are attempting to write more business and maintain compliance without increasing their staffing or operational costs, automating checks makes perfect sense as a strategic option.

For example, during M&A transactions, due diligence must be conducted with a fine toothed comb to ensure value in a transaction. Alongside our open market checks, Exari QA allows the acquiring company to review a target's binding authority portfolio in detail so that no stone is left unturned.

## ABOUT EXARI

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Exari delivers the most complete Enterprise Contract Lifecycle Management platform, used every day by market-leading companies to understand all aspects of their contract ecosystem worldwide. With Exari, customers can reduce contract risk and improve operating efficiency with 100% Contract Certainty™.

