

Not every transaction in London needs to be face to face, McGill says

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Technology can help deliver business to London it has not previously had access to, as well as ensuring it interacts better with growth markets such as Asia, Aon group president says.

It is no longer right for London market practitioners to assume every insurance transaction has to take place face to face, Aon group president, Steve McGill, told a packed Old Library at Lloyd's as he kicked off this year's Insurance Institute of London lunchtime lecture series.



Instead, London's insurance sector must embrace the fact technology can help deliver business to the City it has not seen before, as well as ensuring it interacts better with growth markets such as Asia.

Meanwhile, the use of analytical tools and mining of new forms of data will help give insurers and brokers clearer insight into the products and services that are relevant for the market's customers, McGill said, adding data is now being captured on an unprecedented scale.

"This has the potential to change industries and fuel innovation in a manner never seen before," he said.

McGill, who is also chief executive of the broker's Aon Risk Solutions division, told attendees the way in which people interact and how companies sell their products to customers is "fundamentally changing" as a result of increasing use of social media tools.

And he warned that would ultimately affect the way London transacts insurance business.

"The face-to-face dealings that make London a unique environment are integral to the success of the market but when I was sitting in Chicago [where Aon's global headquarters was based before its relocation to London last year], I saw masses of business that was sitting in Aon that actually wasn't going to the London market. Yet if this could get to the London market efficiently I think clients would get very good responses."

McGill said the business in question was not "big-ticket" business but rather "middle-market" business, which was often not efficient to transact via the conventional broking process.

But this business could come to London if the market addresses the chain between the client, the retail broker in the US, the wholesale broker in London and Lloyd's, he said.

"It is no longer right to assume every transaction can take place face to face in the box at Lloyd's or in the London market," he continued. "When I talk to my colleagues in New York on the broking side they are already placing a lot of their business electronically, even when they are dealing with companies' based next door."

"There is opportunity that can be captured by technology and we should not be fearful of embracing that but we should always recognise with the large, complex programmes, the skills of the London market come to the fore when you have got the expertise of the individual brokers and the individual underwriters."

"There is a profound shift taking place in the world today, the consequences of which are extremely difficult to predict; they provide challenges that need to be managed and opportunities that need to be captured," he concluded.