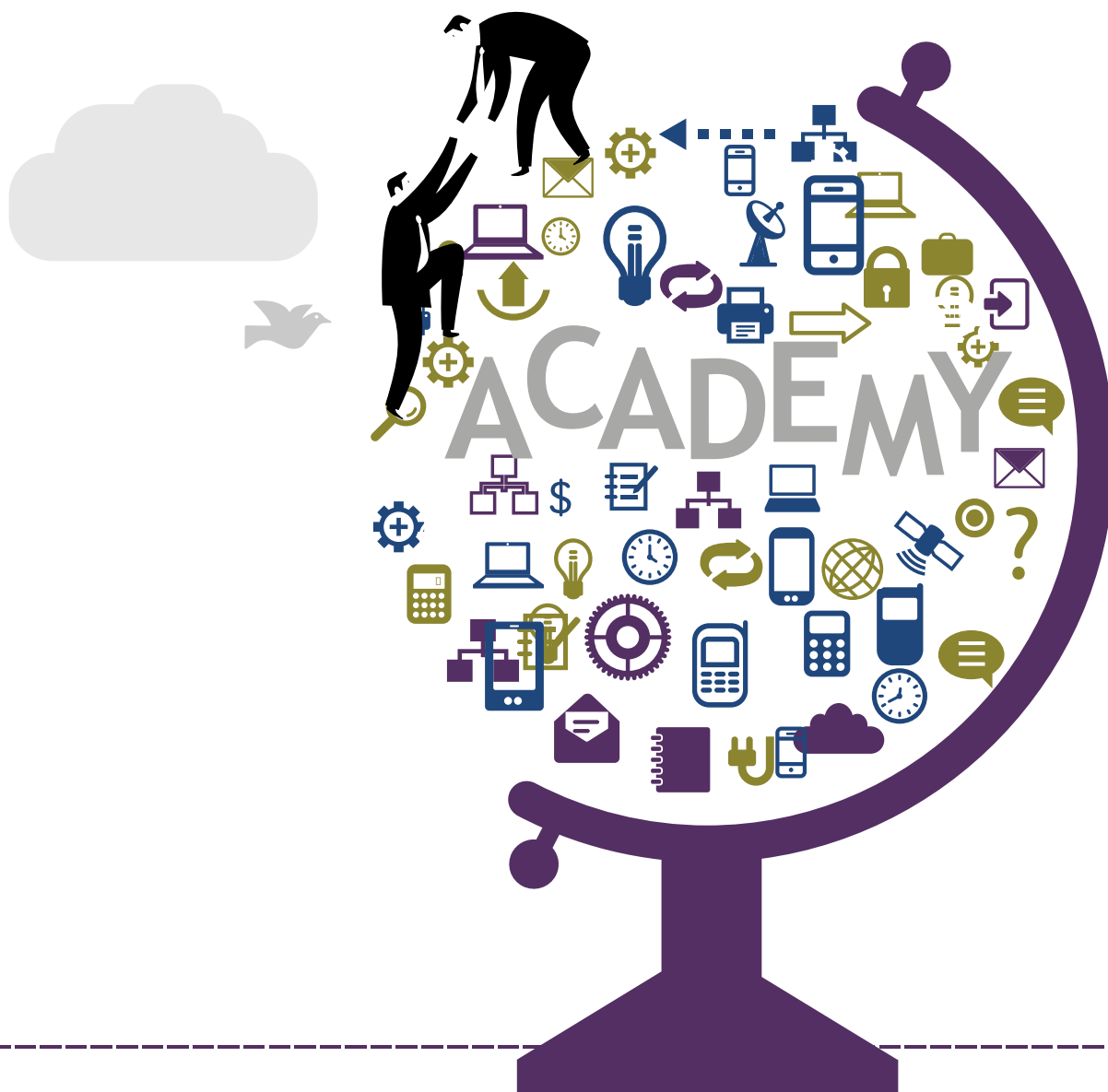


BUSINESS MANAGEMENT DEVELOPMENT PROGRAMME

13 SEPTEMBER - 03 DECEMBER 2018



ABOUT THE PROGRAMME

The LMA Academy's Business Management Development Programme is an interactive and highly practical course that will introduce participants to the multidisciplinary nature of business management within a Lloyd's managing agent and its crucial link to business performance.

The programme intentionally builds on the learning from Academy foundation competence programmes to broaden individual skill sets beyond the day-to-day role. To contribute to an essential and wider business education, the programme:

- connects the separate LMA Academy foundation programme strands
- builds on and extends particular and key foundation topics
- introduces additional topics to prepare individuals who are progressing beyond working within a single function and are moving into more senior roles.

As with the LMA foundation programmes, it is modular. It provides delegates with an opportunity to meet and work with acknowledged experts from across the Lloyd's market, to work in co-operation with peers and have their ultimate learning tested.

The aim of the programme is to open the door to the decision making that takes place at the top of managing agents through exploring and evaluating the critical business activities, including:

- exploring and analysing the business model of a Lloyd's managing agent
- defining the purposes of the Own Risk and Solvency Assessment (ORSA), its key components and the critical business decisions required
- describing what successful capital management means in practice
- identifying the cost base and demonstrating how it must be managed
- outlining the main elements of an investment strategy and relating it back to the underlying business and underwriting strategy
- summarising the objectives and activities of business governance through reference to the Lloyd's Minimum Standards
- exploring the competitive opportunities and risks presented by innovation and change
- developing the skills of individual, continuous reflective learning.

AUDIENCE

The programme is designed for delegates who:

- are likely to have been alumni of LMA Academy foundation programmes. Ideally, attendance at one of these programmes would be from 2015 or earlier to enable delegates to have at least three more years' business experience
- are in management or professional technical roles where success comes from the ability to understand and work across wider business functions and which carry responsibilities beyond one sole function within a syndicate. They are likely to be on a succession plan, with identified potential to pre-board/ ExCo appointment roles.

PROGRAMME KNOWLEDGE REQUIREMENTS

It is not a prerequisite to have attended one or more of the LMA Academy foundation programmes, but participants would have to show an equivalent level of competence in the following areas:

- awareness of syndicate operations and the essential technical and management functions
- familiarity with the Syndicate Business Plan and performance management reporting
- Lloyd's application of Solvency II/PRA requirements for capital adequacy, risk management and governance
- familiarity with syndicate financial statements, on both a Year of Account and GAAP basis
- awareness of market issues, risks and opportunities
- a minimum of seven years' experience in the Lloyd's market.

PROGRAMME DETAILS

13 September - 03 December 2018

Six learning modules, two extracurricular sessions and one final presentation to a panel of judges.

This programme is in two parts:

Part 1: six learning modules, outlined below

Part 2: practical application in the form of a business simulation culminating in a final presentation to a team of judges, representing would-be investors.

Location: various locations in the Lloyd's building

Fee: £2,500 + VAT

PRESENTERS

John Constable and Jonathan Besso-Cowan from Searchlight Insurance Training will work with the delegates throughout the programme and will present Module 1. Professor Julian Birkinshaw from London Business School will present Module 2. Markus Gesmann and Quentin Moore will present Modules 3-5. Judy Delaforce from BP & E Global will present Module 6.

INFORMATION ON CPD HOURS

This programme is accredited by the CII and qualifies for 28 CII CPD hours.

MODULE INFORMATION

PART 1

MODULE 1: INTRODUCTION AND LLOYD'S BUSINESS MODEL

Thursday 13 September, 09.00 - 17.00

LMA Presentation Room, Gallery 4, Lloyd's
Charlotte Myers, LMA, John Constable and Jonathan Besso-Cowan, Searchlight

"An effective board establishes a sustainable business model and a clear strategy consistent with it" (PRA Corporate Governance and Board Responsibilities). A clear and articulated business model, well-thought-out strategy and robust governance are not just regulatory 'box ticking exercises' but a commercial imperative regardless of industry. This first module introduces the vital aspects of success for a managing agent, explores the processes within the Lloyd's market through which they are achieved and positions the programme themes of capital, cost and investment within them.

Morning

Programme objectives, outcomes and themes

This session will focus on:

- overview of programme objectives and individual expectations
- content in context - managing in turbulence
- mirroring the effective board - blending individual and collective competence to produce shared decision making
- unlocking dynamic learning
- dealing with paradigms and paradox.

Afternoon

The managing agent, its role and stakeholders

This session will focus on:

- the business model of Lloyd's and of managing agents, including Central Fund, overseas deposits and the link with strategy
- introduction to governance - stakeholder perspectives, e.g. to international investors
- governance oversight - three lines of defence and the culture angle
- the ORSA - creating a robust but usable business compass, the static and dynamic elements
- the PRA perspective - what does good look like?

MODULE 2: INNOVATION, CHANGE AND BUSINESS ACUMEN

Friday 14 September, 09.00 - 13.00

LMA Presentation Room, Gallery 4, Lloyd's
Professor Julian Birkinshaw, London Business School

Insurance and risk management in the broader sense are under pressure from many directions, such as alternative risk financing, disintermediation and emergent risks, among other challenges. Innovation has become an imperative. Being creative is a starting point, but business acumen is needed to turn ideas into long-term profitability. How can managers encourage innovation in their firm?

This module will focus on:

- the Innovation Agenda:
 - what is the imperative for innovation today?
 - why do established firms find it hard to innovate - what are the obstacles?
 - what do 'business acumen' and 'strategic agility' look like?
- developing new business ideas:
 - business model innovation
 - strategy canvas
 - new services and solutions
- intrapreneurship - making it personal.



MODULE INFORMATION

MODULE 3: MANAGING THE CAPITAL BASE: ATTRACTING & KEEPING INVESTORS

Tuesday 25 September, 09.00 - 13.00

LMA Presentation Room, Gallery 4, Lloyd's

Markus Gesmann and Quentin Moore

(Re)insurance competes against a wide variety of other financial service investment opportunities so investors need to achieve comparable risk adjusted returns in order to continue to supply their capital. Managing and structuring capital, through modelling a predefined risk appetite and other appropriate checks and balances over the course of the underwriting cycle, is crucial in maintaining these returns. In this way, (re)insurers can maintain or increase footprint and maximise opportunities for investor value crystallisation.

This module will focus on:

- investor expectations:
 - valuing a (re)insurance cashflow
 - valuing a Lloyd's managing agent
 - valuing an Integrated Lloyd's Vehicle ('ILV').
- sources of capital:
 - verticalisation ('own' capital) vs managing 3rd party capital
 - equity, reinsurance, ILS, debt - pros and cons, what is the best mix?
 - solvency vs economic vs rating agency capital
- reinsurance as an alternative to equity or debt, including RITC
- capital, capacity, timing and underwriting decisions, including SCR/ECA
- accounting comparisons - pure underwriting year vs GAAP
- capital models and the 'Use Test' - regulatory and economic capital
- cost of capital and return on capital - RORAC/ RAROC
- comparison of investor returns from other sources of risk premium
- contingent/reload capital and responding post-event.

MODULE 4: MANAGING THE COST BASE: UNDERSTANDING THE COMBINED RATIO

Wednesday 26 September, 09.00 - 13.00

LMA Presentation Room, Gallery 4, Lloyd's

Markus Gesmann and Quentin Moore

Underwriting profitability is vital. Monitoring performance of underwriting and operating expense is key to maintaining a profitable underwriting outcome. Given the risk appetite of the capital providers, the volatility of the gross underwriting must be managed via adequate reinsurance and other forms of hedging, such as Insurance Linked Securities (ILS). However, this can suppress net premium and therefore exacerbate expense ratios. Syndicates need to develop an economic rationale for their strategy in developing their risk portfolio, long versus short-tail, technical versus relationship underwriting, niche lines with deep expertise versus diversified portfolio, where to lead and where to follow underwriting.

This module will focus on:

- management expenses - operating costs, acquisition costs and Lloyd's costs
- price monitoring and performance monitoring - is business plan still valid?
- fixed/variable costs - where and when are the scale economies?
- working capital and capitalising expenses
- lead in time and drag in new business start-up
- technical provisions - reserving, risk loading and loss adjustments expenses
- reinsurance - managing both an asset and liability
- creditor and debtor control - the time value of money - broker balances and reinsurance recoverables
- comparative costs bases - open market/ delegated underwriting; to lead or to follow?
- distribution costs - overseas platforms, service companies, retail and wholesale brokers
- cost implications of the Lloyd's market vs its competitors.

MODULE INFORMATION

MODULE 5: MANAGING INVESTMENT STRATEGY

Thursday 27 September, 09.00 - 13.00

LMA Presentation Room, Gallery 4, Lloyd's

Markus Gesmann and Quentin Moore

Investor returns are driven by premium leverage and asset leverage. Although the latter has been low in recent years, three-month \$ LIBOR is back around 2%, so asset leverage is becoming an important component of total returns once more. The ability to increase returns must always be balanced with the need for liquidity to pay both expected and unexpected claims. At the same time, investment risk and its symbiotic relationship with underwriting risk must be factored into a syndicate's overall economic capital risk assessment.

This module will focus on:

- constructing an investment strategy to support business and underwriting strategy
- investment asset types/classes and characteristics
- asset/liability matching
- market risk
- timing risk
- currency risk
- credit risk
- liquidity risk: matching the underwriting book and your investor base, e.g. non-aligned syndicates who need to make annual distribution of profits
- diversification with other risk sources.

MODULE 6: HOW TO WIN OVER YOUR BOARD OF DIRECTORS

Tuesday 13 November, 08.30 - 17.30

LMA Presentation Room, Gallery 4, Lloyd's

Judy Delaforce, BP & E Global

Having a great business idea and getting it to the point of reality is a particular journey full of hazardous stepping stones. Even if you successfully overcome all the potential obstacles, sometimes you can fall at the final hurdle by not presenting your case well and failing to engage the board. There are certain 'must-haves' and 'do-nots' when presenting your case, which will either gain your audiences positive buy-in or lead them to reject your proposal. Planning ahead and knowing how to do this well can make all the difference to success or failure.

This module will focus on:

writing your business case:

- key elements of a good board paper
- great executive summaries
- appropriate use of appendices
- key challenges
- top tips.

presenting to the board:

- key messages
- what to include
- knowing your audience
- reading and engaging people
- how do you come across?
- top tips.

MODULE INFORMATION
PART 2
PRACTICAL AND PRESENTATIONS TO A PANEL OF JUDGES

Working in teams, delegates will take over a synthetic managing agent with its syndicate business plan submitted and largely approved. Each team will be given the same managing agent profile, of a representative £300m capacity syndicate which has recently been acquired by private equity and aims to recoup its investment in three years' time.

Delegates will be tasked with running the managing agent over a simulated two-year period and will prepare presentations to an expert panel over a number of weeks. Made of both written and verbal presentation, the team of judges will represent a potential new investor. Delegates will need to show the probable value - an acceptable Return of Equity (RoE) along with a sustainable and prudently run Lloyd's business.

PRESENTATION TO EXPERT PANEL

Monday 29 October, 09.00 - 13.00

LMA Presentation Room, Gallery 4, Lloyd's

Teams will present their first year of trading results and year two strategy to an expert panel, where they will be challenged and must justify their strategic and business plan decisions.

FINAL PRESENTATION TO BOARD OF INVESTORS

Friday 30 November, 09.00 - 14.00

Lloyd's Boardroom, Gallery 11, Lloyd's

Teams will present their final presentation to a board of investors. Only one team can be invested in and the winning team will be selected based on their written report and performance on the day.

POST REVIEW OF INVESTMENT PLANS

Tuesday 03 December, 09.00 - 13.00

LMA Presentation Room, Gallery 4, Lloyd's

All teams to attend a post review session with Charlotte Myers and Searchlight Insurance Training.

"True entrepreneurs never stop learning from their own successes and failures - and from one another"

Deborah Meaden, Dragons' Den



ACADEMY



HOW TO APPLY

The 2018 application process has now closed.

www.lmalloyds.com/bmdapply

CONTACT

If you have any questions about the Business Management Development Programme, please contact Charlotte Myers: charlotte.myers@lmalloyds.com.

www.lmalloyds.com/academy