

8. Submit BDX to ECF

Faster Claims Payment



FCP Modules

1. Introduction to Lloyd's Faster Claims Payment (FCP) solution
 2. Onboarding to Vitesse
 3. New placement or Renewal of a binder
 4. Transfer of an active binder
 5. Payments to beneficiaries
 6. FCP replenishment
 7. Reconcile BDX to Vitesse cash payments
 - 8. Submit BDX to ECF**
 9. Reconcile MA signings to Vitesse funding activity
 10. Refunds and recoveries
-

Objectives



Understanding the process of submitting a BDX to ECF



Understand roles and responsibilities



Overview



The broker will submit the BDX to ECF to be processed as, non-cash such that there is no movement of funds, but signing messages are generated in ECF for technical accounting.

Submitting the reconciled BDX to ECF for processing

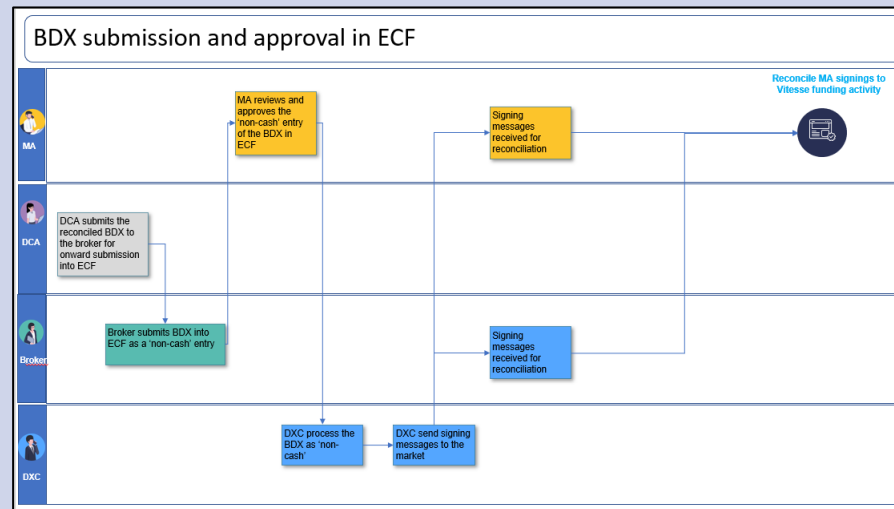
- The process covers the broker submission, MA approval and DXC processing of reconciled BDX (by a DCA) in ECF*
- The submission of the BDX to ECF is an existing requirement, however, for FCP the BDX needs to be processed as a 'non-cash' settlement transaction to ensure that no funds are moved and that signing messages are generated for the MA to reconcile

Why is it important to submit the BDX as 'non-cash'?

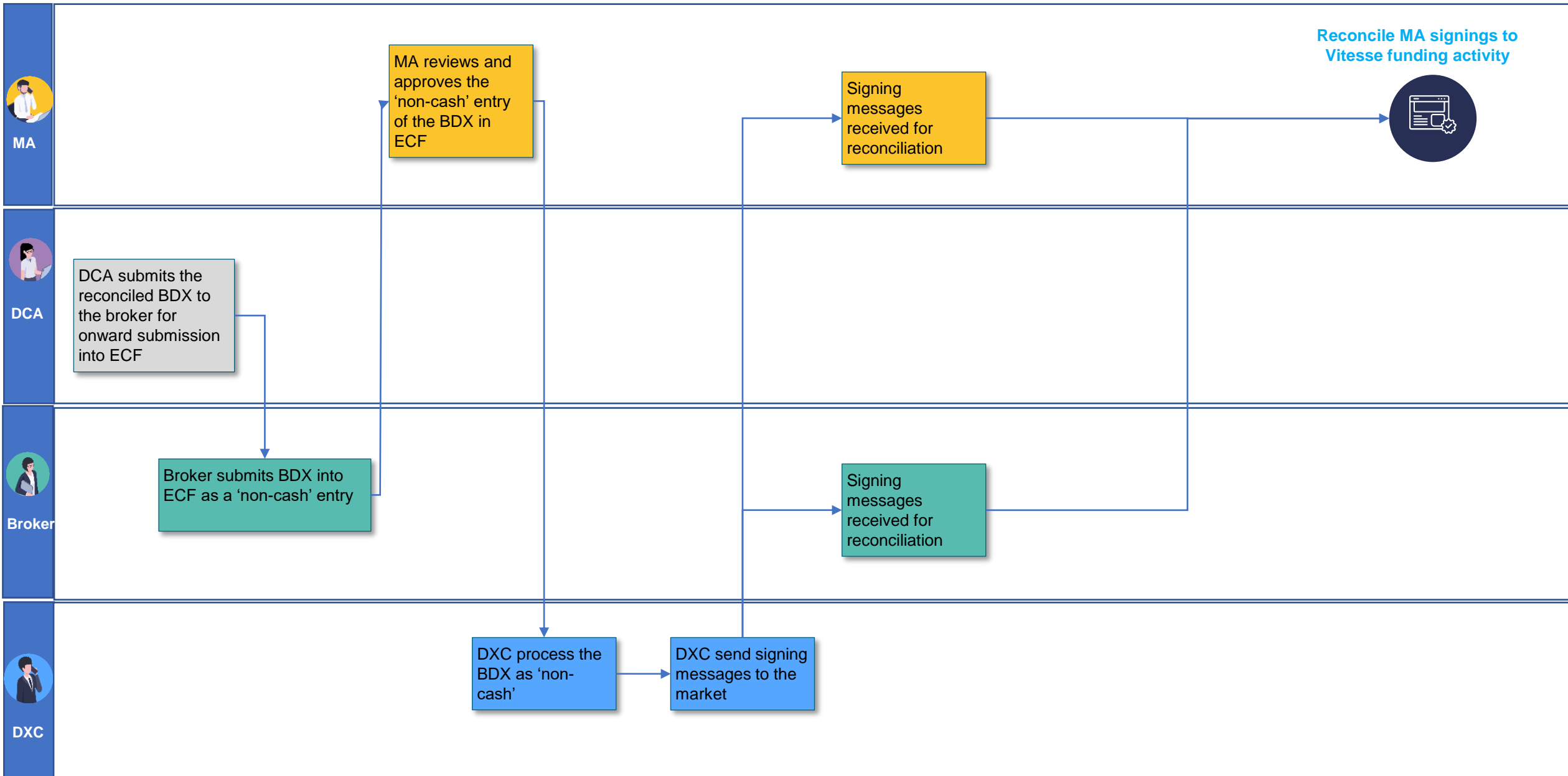
- It is imperative that the broker notes, upon submission, that the BDX is to be processed as 'non-cash' to ensure no financial movements are triggered, otherwise duplicate payments will be made in error requiring urgent and immediate corrective measures to recover funds from the policyholder
- It is also important that the MA verifies the BDX has been submitted as 'non-cash' and re-iterates this themselves in the 'Private' comments section during approval of the BDX in ECF
- No financial movements should be triggered from the BDX submission because the funds used to make claim payments have already been replenished from the MA trust accounts through the weekly replenishment process managed by Vitesse using ARCS and STFO

Overview

A high-level process flow is shown in the following section with a more detailed description of each of the steps as you proceed through the learning.



Process: BDX submission and approval in ECF



Overview



MAAs, brokers, DCAs can all use the status tracker to track the progress of the BDX once this has been submitted in ECF. If you would like to sign up to the status tracker please contact: insightshub@lloyds.com

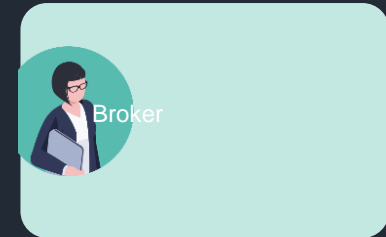


Every party involved in the review or submission of the monthly BDX into ECF must apply due diligence to avoid unintentional cash movements (including the DCA during their reconciliation of the BDX to the Vitesse cashbook; see [section 7 – Reconcile BDX to Vitesse cash payments](#)).

In the event the BDX has been submitted or processed erroneously, corrective action will need to be taken. See page '[Potential processing errors when submitting the monthly BDX in ECF](#)' for step by step instructions on resolving BDX processing errors. These cover the corrective measures to take in submitting the BDX accurately as well as outlining how to recover funds if the BDX has been processed as 'cash' instead of 'non-cash'.

Step by step

Step 1 : Broker submits BDX in ECF as a 'non-cash' entry



1 Broker submits BDX in ECF as a 'non-cash' entry

The broker submits the BDX into ECF as 'non-cash' for MA approval

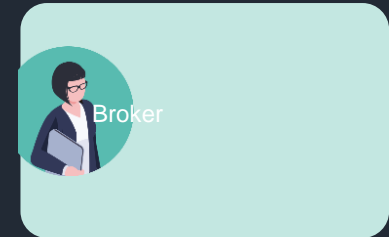
The broker will use the 'Claims Data Entry: Narrative' section within ECF to flag the BDX to be processed as 'non-cash', before it is reviewed and approved by the MA.



The broker will upload the BDX to ECF (often done automatically by their internal claims system) as a settlement transaction, while noting that it is to be processed as 'non-cash'

Step by step

Step 1 : Broker submits BDX in ECF as a 'non-cash' entry



1 Broker submits BDX in ECF as a 'non-cash' entry

The broker submits the BDX into ECF as 'non-cash' for MA approval



This is done by entering the following details in the fields within the 'Claims Data Entry: Narrative' section:

- NON-CASH
- FCP
- MONTH the BDX relates to

CLAIMS DATA ENTRY : NARRATIVE (LLOYD'S)

LA0126M 0200 CMUSSON 14/10/21 12:32:10

CLAIMS DATA ENTRY : NARRATIVE (LLOYD'S)

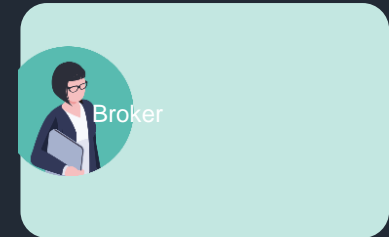
UCR : B 0001 FCPABC TR: B 0001 001

TYPE: BROKER ADDITIONAL DETAILS PAGE NO: 1 OF 1

NON CASH	
FCP	
MONTH	

Step by step

Step 1 : Broker submits BDX in ECF as a 'non-cash' entry



1 Broker submits BDX in ECF as a 'non-cash' entry

The broker submits the BDX into ECF as 'non-cash' for MA approval



Some market systems used by brokers are unable to automatically submit BDX transactions to be processed as 'non-cash'. If this is the case, the following process has been suggested in conjunction with LIIBA:

- Process a collection and release that to CLASS (with a narrative for Xchanging to 'process as non-cash')
- Back out and cancel the collection on your core system
- Process a 'stats only' entry for the same amount

LIIBA and the Future at Lloyd's are engaging with market system vendors to request this additional functionality be added to their platform offering.

Step by step

Step 2 : MA reviews and approves BDX in ECF



2 MA reviews and approves BDX in ECF

The broker submits the BDX into ECF as 'non-cash' for MA approval



Once uploaded, the BDX will be passed to the MA for review and approval



The MA should check that the broker has used the appropriate 'non-cash' narrative



The MA should use the **private comments** within ECF to include the requirement for the BDX to be processed as non-cash

Step by step

Step 2 : MA reviews and approves BDX in ECF



2 MA reviews and approves BDX in ECF



Ensure inclusion of key information in the 'Claims Data Entry: Narrative'

- Submitting the BDX without the required details in the 'Claims Data Entry: Narrative' section will lead to it being processed as cash, meaning funds will be transferred
- This will lead to duplicate funds being transferred from the MA trust account, whereby corrective measures will need to be taken to recover funds
- In such instances, the MA and Broker must work to transfer the relevant amount back to the MA trust account via ECF
- Submitting the BDX incorrectly as 'cash' will also cause downstream reconciliation problems and require additional work to rectify
- All reasonable steps must therefore be made to avoid having to use such corrective measures

Step by step

Step 3 : DXC process the BDX as non-cash



3 DXC process the BDX as non-cash

DXC will process the BDX as 'non-cash' and send the signing messages

The settlement transaction is processed as 'non-cash' by DXC to prevent funds from moving, but also to enable signing messages to be generated for technical accounting purposes.



DXC technicians processing the settlement will do so in **XCS CLASS** as 'non-cash'



This will stop any funds moving from the MA trust account to the broker

Step by step

Step 4 : DXC send signing messages to the market



4 DXC send signing messages to the market

DXC will process the BDX as 'non-cash' and send the signing messages



DXC will send the relevant signing messages to the market to enable signings reconciliation to take place:

- The broker will receive the BSM*
- MA(s) will receive the SCM**

Best Practice

BDX submission best practice



DCAs should submit the BDX to the broker at the start of every month, immediately after reconciling the BDX against the cashbook



Brokers should use their clear, established method for communicating that the BDX is FCP and requires processing as 'non-cash'



Brokers, DCAs and MAs should record all binders using FCP internally to ensure they are aware which BDX require processing as 'non-cash'



Brokers must use the narrative in ECF to highlight **'NON-CASH', 'FCP'** and **'BDX MONTH'** to DXC



MAs must ensure the correct details are included in the broker narrative and re-iterate 'non-cash' in the private comments



Note

- Ensure inclusion of key information in 'Claims Data Entry: Narrative'
- Submitting the BDX without the required details in the 'Claims Data Entry: Narrative' section will lead to it being processed as cash, meaning funds will be transferred
- This will lead to duplicate funds being transferred from the MA trust account, whereby corrective measures will need to be taken to recover funds
- In such instances, the MA and Broker must work to transfer the relevant amount back to the MA trust account via ECF
- Submitting the BDX incorrectly as 'cash' will also cause downstream reconciliation problems and require additional work to rectify
- All reasonable steps must therefore be made to avoid having to use such corrective measures

Potential Errors

Potential processing errors when submitting the monthly BDX in ECF



Every party involved in the review or submission of the monthly BDX into ECF must apply due diligence to avoid unintentional cash movements. In the event the BDX has been submitted or processed erroneously, corrective action will need to be taken. The 3 scenarios below highlight the different steps that MAs, brokers and DCAs should take when the BDX has been processed incorrectly in ECF.



Scenario 1

MA reviews the BDX submission in ECF and identifies that the BDX has mistakenly been submitted as 'cash' instead of 'non-cash'

- Upon identifying this error, the MA should query the submission by notifying the broker via ECF
- The broker should then withdraw the BDX submission in ECF and re-submit this as 'non-cash'



Note

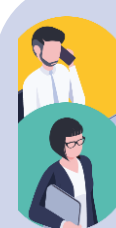
DXC may also identify an incorrect submission of a BDX in ECF if the MA has mistakenly approved the BDX entry as 'cash'. DXC will follow the same steps by querying the entry with the broker (via ECF), who should then withdraw the BDX and resubmit it in ECF as 'non-cash'.



Scenario 2

MA reviews the BDX submission in ECF and identifies that the BDX does not match the Vitesse cashbook record of payments made in that month

- Upon identifying this error, the MA should query the BDX figures with the broker via ECF
- The broker and/or MA should then query the BDX with the DCA
- The DCA should investigate (internally) the cause of the mismatch, and then correct the BDX to ensure payment records in the BDX match the payment records in the Vitesse cashbook
- Upon completion, the DCA should then re-submit the BDX to the relevant party (usually the broker) for re-submission to ECF



Scenario 3

DXC mistakenly process the BDX as 'cash' instead of 'non-cash' in ECF

- Although the broker may submit the BDX as 'non-cash', DXC may still inadvertently process the BDX as 'cash' in ECF
- In such an event, the submission by DXC will trigger money movements from the MAs trust fund account to the broker that equals the BDX amount
- If this happens, the MA (or broker) should identify the mistake during their monthly accounting processes, after which the broker should refund the value of the funds processed to the MA via ECF
- If the broker has already sent the funds to the DCA before identifying the mistake, they should recover the funds from the DCA (and any beneficiaries that may have been paid in error)
- Finally, the broker should re-submit the BDX as 'non-cash' in ECF, ensuring all details have been worked through prior to re-submission

End

Faster Claims Payment

