

A New Approach to Third Party Oversight

I am a broker - what do Lloyd's proposed rule changes and the use of Chorus mean for me?

Lloyd's is proposing changes to the Intermediaries Byelaw which will apply to all third parties with delegated authority, including TPAs and coverholders. Lloyd's is also adopting a new system, called Chorus, which will replace ATLAS and BAR.

A new transparent system

- The systems Lloyd's uses for administering delegated authority approvals - ATLAS and BAR – are being replaced with Chorus, a more user-friendly system, allowing greater compliance visibility to all stakeholders (managing agents, brokers and coverholders).
- This system links to other delegated authority systems such as DA SATS, reducing re-keying and errors.
- Coverholders and TPAs will find it much easier to sign up to the new system to benefit from the changes the new system offers. They will need to sign up to use of the system (be onboarded with a log on, etc) to be able to sign off any applications or post-approval changes needed. We expect brokers to assist with this task where appropriate and there will be training material provided.

Quicker, easier and more risk-based approval process

- The approval process going forward will be risk-based and Chorus is configured to only ask the questions relevant to your application. This means approval requests will be quicker and, in many cases, can be dealt with by the system automatically, without requiring the involvement of a member of the Performance Management Team. Where Lloyd's needs to review an application in more detail we will focus on the higher risk features.
- The system will provide an end to end compliance system for both managing agents and Lloyd's, meaning compliance data only needs to be submitted once. Users should see the benefits through materially faster application processes.

More flexibility for different types of business

- The revisions to the byelaws will facilitate (within controlled parameters) easier online trading, distribution via different types of firms and limited sub-delegation.
- The detailed rules will be set out in an updated 'Code of Practice – Delegated Authority'. Because we are making our byelaws more flexible and moving the detailed rules to the Code, we are future proofing our approach so that going forward it will be easier to update our requirements (in consultation with the market associations) as the market evolves.

TPAs will benefit from centralised compliance checks

- TPAs will now, like coverholders, be approved by Lloyd's and as a result they will have the benefit of annual centralised compliance in the same way as coverholders. So, they will no longer have the frustration sometimes caused by multiple compliance checks.

The benefits of these changes should be faster approval times, consistent, transparent processes and reduced frictional costs to all.

If you would like to find out more or you wish to provide feedback on our proposals please visit: www.lloyds.com/a-new-approach-to-third-party-oversight. We look forward to working with you and to hearing your thoughts on our rule changes.