

Lloyd's claims

We do things differently





When you make a claim at Lloyd's, you benefit from unparalleled strength, trusted security, exceptional service and high standards you can rely on.

That's the Lloyd's standard.

We do things differently.

The Lloyd's market offers the best experience for our customers, with a claims service that has your interests at heart.

Quite simply, Lloyd's has built its global reputation by upholding its promise to pay all valid claims for more than three centuries. It's what sets Lloyd's apart, and it's done by providing unparalleled security, global strength, exceptional service and world-class expertise for customers globally.

We call it the Lloyd's standard.

The unparalleled strength of a truly global market

When the worst happens, business as usual often comes to a halt. Whatever has gone wrong, Lloyd's insurers stand ready to get things moving again.

The Lloyd's network operates around the world to settle claims as quickly as possible. With thousands of specialists, local partners and leading experts in every type of claim, you can feel completely reassured you'll have the best support, wherever you are.

From responding to natural disasters or man-made catastrophes, Lloyd's leads the way. A key priority of Lloyd's insurers is to safeguard and support customers, making sure your claim is addressed as fast as possible. It's all part of Lloyd's global approach, built on extensive experience of insuring the world's biggest and most complex risks. Where needed, representatives of the Lloyd's market's claims teams travel to major disaster sites, working together to assess what support is needed and the best way to deliver it through our global network.

Read our claims case studies at lloyds.com/claimsstories

Security you can trust

When you buy your policy with Lloyd's, you can be certain you're in safe hands. We offer a unique three-layered approach to financial security, which simply means there are additional funds available to support claims payments. The result is a market that's ready to respond to any event, no matter how large.

It's our point of difference and it's why customers have trusted the Lloyd's market for more than 300 years; we provide you with the security that we will always settle valid claims.

Chain of security

Tier 1 – Syndicate level assets

£51bn

Tier 2 – Members funds at Lloyd's

£25bn

Tier 3 – Central assets

£3bn

Exceptional service quality

When you make a claim, you want the best response and one that is right for you. Your Lloyd's policy may benefit from the expertise of multiple insurers and in most cases you'll have a single claims contact from start to end. Our claims process is designed to work for individuals, and businesses of all sizes. Which means, whoever you are, and whatever the nature of your claim, you can be confident we'll deal with it in the most suitable way.

More than 85% of claims are managed by one lead insurer, an expert in your type of claim. It's their responsibility to make a decision on behalf of all insurers, to keep things moving and make sure you're fully updated at each stage of the process.

Even the most complex claims will only have two lead insurers who offer their combined expertise and jointly coordinate, agree and deliver the most appropriate response.

Strength in Ratings*

Standard & Poor's:
(strong)

A+

Fitch Ratings:
(very strong)

AA-

A.M. Best:
(excellent)

A

*As of 31 December 2017

Standards and expertise you can rely on

As a regulated, highly secure institution which oversees and enforces standards across the Lloyd's market, the Lloyd's Corporation is instrumental in maintaining a robust and customer-focused claims process. Lloyd's insurers are also regulated by the UK Financial Conduct Authority and Prudential Regulation Authority, and comply with all regulations that apply in your local jurisdiction, if outside the UK.

The Lloyd's market combines the specialist knowledge and resources of more than 90 leading insurers, consistently delivers to the highest standards in the industry, and uses expertise, professionalism and human judgement, to protect your interests – wherever you are.

Contact your broker or insurer to learn more or visit lloyds.com/claims

Under one globally trusted name, the Lloyd's market and Lloyd's Corporation work together to offer peace of mind to individuals and businesses alike.

With global strength, trusted security, excellent service and the highest standards, we offer reinsurance when you need it most.

That's the Lloyd's standard.

Lloyd's claims in numbers

£74bn

Claims paid by the Lloyd's market between 2012–2017

£46m

Claims paid on average **per day** by the Lloyd's market in 2017

+85%

Lloyd's claims have one lead insurer

£3.5bn

Claims paid in 2017 by the Lloyd's market for catastrophic events

220

Countries and territories where Lloyd's paid claims in 2017

Global claims payments 2012–2017

Major regional events

North America
£32.7bn

Europe
£21bn

Asia Pacific
£11.7bn

Middle East
£2.8bn

Latin America
£6.0bn



Your claims journey – how it works (brokers)

Brokers

1 Policyholder informs you of their claim

Your client's claim should include initial information about the loss. Providing as much information as possible at this stage helps to ensure a swift resolution.

2 Notify Lloyd's market

Claims should be submitted as soon as possible using our Electronic Claim File process (ECF). The claim is routed to the lead insurer for faster review, while simultaneously informing all other insurers.

3 Lead insurer makes contact

Having a lead insurer simplifies the claim process and improves efficiency. You'll get a single electronic response from one decision maker, even where a policy is with multiple Lloyd's insurers. For more complex claims, there may be two leads.

4 Keep policyholder informed

You should offer your client regular updates on how their claim is progressing. Your lead insurer will be on hand to help with this.

5 Claim approved

When you receive the agreement to settle from the lead insurer (on behalf of all insurers), you should inform your client straight away. Simply request the settlement fund as a single payment from all insurers through Lloyd's central settlement system, and you can pay your client promptly.

6 Client wants a second opinion?

We make it our priority to settle claims fairly and provide a positive claims experience for your clients. Ultimately though, if they're not happy with a claims decision, you can refer it to the insurer.

DO NOT APPLY ROTOR BRAKE
ABOVE 40% RPM

Lloyd's claims – questions and answers (brokers)

As a Lloyd's broker you may have questions about how the Lloyd's claims process and systems work. We've answered some of the more common questions here but if there's anything else you need to know, contact the Lloyd's Corporation claims team who will be able to give you more detail.

What's a subscription policy?

A subscription policy is insurance taken out with multiple insurers within the Lloyd's market, who have each subscribed (agreed) to provide a proportion of the cover. Your client will get all the security benefits of spreading their risk across a number of well-capitalised, highly-rated insurers, as well as the convenience of a single policy, claims process and settlement payment.

Does a subscription policy mean that every insurer needs to review every claim?

No – regardless of how many Lloyd's insurers are on any one policy, no more than two lead insurers are needed to agree a claim, and more than 85% of claims will just have one lead insurer. All other Lloyd's insurers on the policy are bound by the decision of the lead(s) and are termed 'followers'.

When handling a claim under a policy with multiple Lloyd's insurers, the lead(s) is required to operate in accordance with a central set of 'rules' – this is called the Lloyd's Claims Scheme. It contains the detail of the lead's responsibilities and obligations to the followers to ensure a response is provided to the broker on behalf of all Lloyd's insurers in a smooth and efficient manner. For further information on this please visit [loyds.com/claimsscheme](https://www.loyds.com/claimsscheme)

How do you decide how many lead insurers review my claim?

For claims arising from subscription policies (ie policies insured by multiple Lloyd's insurers) the number of lead insurers required to review a claim is based on a range of considerations including the specific details of the claim and its financial value.

Around 85% of subscription claims require only one insurer to agree on behalf of all Lloyd's insurers who have underwritten the policy. Generally these are claims with a financial value to the Lloyd's insurers of less than £250,000, or currency equivalent (except for the Energy and Property Treaty classes where this value is increased to £500,000). Within the Lloyd's Claims Scheme (see above) these are termed "Standard" claims.

Larger value claims may require two lead insurers to agree, meaning you get the benefit of their combined experience and expertise (these are termed "Complex" claims under the Lloyd's Claims Scheme). Additionally, there are also non-financial considerations that may determine whether two insurers will agree your claim. These considerations tend to vary by class of business (eg a medical malpractice claim will have very different attributes to a cargo damage claim), but other factors may include whether a claim involves serious injury to the insured or claimant, or where there are issues around establishing the exact value of the claim.

The number of lead insurers required to agree a claim is continuously re-assessed upon each update. It is therefore relatively common that as a claim progresses and further facts and information are established (eg following investigation by an expert loss adjuster), that the number of lead insurers reduces from two to one, thereby speeding up the settlement process. Similarly, just because a claim is financially large does not necessarily mean that it is complicated to handle. In these instances it is possible for the two lead insurers to jointly decide to reduce the number of agreement parties to just one.

Further information can be found in the 'Lloyd's Claims Scheme Process Guidelines' available at [loyds.com/claimsscheme](https://www.loyds.com/claimsscheme)

What is an electronic claim file (ECF) and how does it work?

ECF stands for 'Electronic Claim File' and is the system used by brokers to notify and update Lloyd's insurers of claims and for insurers to respond to brokers. It is also used to collect the money from insurers to settle claims.

It allows the broker to send electronically the key claims data (such as the client's details, policy reference, date of loss, loss location, and so on) from their own internal system, along with electronic documentation required to support the claim. This data and documentation is then provided to the lead insurer(s) for their review and to capture their response to the claim notification/update. On average there are over 2,800 transactions handled through the system per day.

If the policy is a subscription policy (ie there are multiple Lloyd's insurers who have underwritten the insurance), then all insurers are made aware of the claim notification/update at the same time as the lead(s). However only the lead(s) is required to respond.

What are the benefits of using ECF?

There are many benefits in using ECF for all parties involved in a claim, but the main one is speed.

A study conducted by the Lloyd's market shows that the lead insurer's response is available to the broker more than 50% quicker electronically than when claims are handled on paper, resulting in the customer receiving a more rapid response.

ECF also means that brokers do not have to be physically based in London to communicate directly with London-based insurers, allowing two-way communication between international broker offices and insurers via a central platform.

Additional benefits of ECF include:

- Availability of claim file – unlike a paper file, an ECF claim is available 24/7 to all insurers and broker wherever they are located. Also, any updates are available to all stakeholders concurrently.
- Transparency – all parties have visibility of where a notification/update is at any point in time.
- Management Information – ECF provides insurers, the market and the Lloyd's Corporation with a wealth of data to monitor claims performance and response times.

What is Xchanging Claims Service (XCS) and why is it involved in the process?

XCS is the Lloyd's market's service provider and plays a vital role in processing claims once they have been reviewed by the lead insurer(s). XCS's primary role is to supplement the information provided by the broker via ECF with additional lower-level information. This ranges from regulatory and taxation information (relating to trust fund codes, the Department of Trade & Industry codes, which foreign insurance legislation is applicable to the claim, and so on) to capturing the names and details of any experts appointed to the claim and their associated fees. Essentially it provides the details behind the claim that you are not expected to provide – the Lloyd's market does it for you.

Once XCS has enriched the claims information, an automated message is sent to all insurers involved in the claim which feeds directly into their internal system ensuring all parties have the same detailed data.

XCS works to a single market-level contract, which contains strict Service Levels for XCS to process notifications and updates to claims. On average, XCS processes about 120,000 claim updates per month – more than one million a year.

If I have multiple Lloyd's insurers on one claim will I therefore receive multiple payments at the point of settlement?

No – one of the benefits of the Lloyd's market is the Lloyd's central accounting system, which means that if a claim needs to be settled by multiple Lloyd's insurers only one financial transaction is made on behalf of all insurers. Furthermore, it can handle settlements in 14 different currencies.

The Lloyd's central accounting system holds each insurer's bank account details and those of each Lloyd's broker. The claims payment is triggered when XCS processes a settlement transaction (ie a request from the broker to collect the funds relating to a claim). It then automatically takes each insurer's share of the overall settlement amount from their bank account and passes it to the broker's bank account (notifying the insurers and brokers involved, so the money can be linked to a particular claim). The broker receives one claims payment, collected from multiple insurers with little to no effort.

Are there other benefits of central settlements?

There is a further significant financial advantage in using the central accounting system. Any time that a claim settlement is moved from the insurers' accounts to the broker's, bank charges are incurred. This is equally true when the broker passes over the client's premium to the insurers.

Rather than incur this charge every time, the central accounting system looks at *all* the transactions (both premium and claims) which are due to be settled on a given day for each individual broker-insurer relationship, and calculates the difference or net movement to be made. It is this *net* amount that is transferred in a single payment, which significantly reduces the number of financial transactions, and therefore the associated bank charges, between the two parties.

In 2017, central accounting saved brokers and insurers millions of pounds by reducing the number of transactions that took place by 14 million to 250,000.

How do I make a complaint?

The claims standards set by the Lloyd's Corporation are upheld globally by the Lloyd's market, to ensure your experience dealing with Lloyd's insurers and representatives is positive, wherever you are.

Of course, there may be times when issues arise. If they do, we have stringent measures and procedures in place for registering a complaint, to help resolve any issues.

In the first instance you should consult your customer's policy which will clearly state the procedure as to how to make a complaint. You should pass any complaints to the insurer as quickly as possible.

Further support on the complaints process specific to where you are is available through the Lloyd's website at [loyds.com/complaints](https://www.loyds.com/complaints)