

## COVERHOLDER RISK ASSESSMENT GUIDANCE NOTES

The following notes are provided as guidance for managing agents to help apply a risk based approach to coverholder data in relation to Lloyd’s control framework phase II.

Lloyd’s does not mandate that managing agents use our ratings but strongly recommend that each managing agent develops their own ratings to determine their proportionate approach. The risk matrix is therefore illustrative.

### COMPLEXITY OF BUSINESS WRITTEN

<p><b>Binding Authority-</b> Single or multiple territories</p>	<p>Coverholder writes business in one territory only. This is also the coverholders physical/ domiciled location</p>	<p>Coverholder has offices in multiple locations and writes risks only in these territories</p>	<p>Coverholder writes business across borders and/or globally</p>
<p><b>Principal Regional Complexity</b></p>	<p>Coverholder writes business in a single country which is not: Australia, Canada, Greece, Ireland, Italy or US</p>	<p>Coverholder writes business in one of the following countries: Australia, Canada, Greece, Ireland, Italy or US</p>	<p>Coverholder writes business world wide</p>
<p><b>Lines of Business</b></p>	<p>Coverholder writes only reinsurance business or only one line of business excl. cargo and bloodstock</p>	<p>Coverholder writes multiple lines of business excl. cargo and bloodstock</p>	<p>Coverholder writes multiple lines of business including cargo and/or bloodstock</p>
<p><b>Premium written</b></p>	<p>Premium written by coverholder is up to £10,000 per year</p>	<p>Premium written by coverholder is over £10,000 but less than £100,000 per year</p>	<p>Premium written by coverholder is over £100,000 per year</p>

## NATURE OF COVERHOLDER OPERATIONS

<b>Coverholder Resources and information provided</b>	Coverholder employs specialist staff, carries out regular training and reports at policy level	Coverholder employs specialist staff, carries out regular training and reports at summarised level	Coverholder employs specialist staff, carries out some training and reports at summarised level
<b>Use of Lloyd's Tools</b>	Coverholder has access to and uses Crystal, Risk Locator tool, QA tool and is signed up for market bulletins	Coverholder has access to but does not use Crystal, Risk Locator tool, QA tool but is signed up for market bulletins	Coverholder does not have knowledge of and use of Lloyd's tools and/or is not registered for market bulletins
<b>Historic Issues</b>	No issues with regulatory and tax reporting in the last 5 years	No significant issues with regulatory and tax reporting in the last 5 years	Significant issues with regulatory and tax reporting in the last 5 years
<b>Use of Lloyd's coverholder reporting standards</b>	All submissions reported in line with Lloyd's coverholder reporting standards	Some submissions reported in line with Lloyd's coverholder reporting standards	No submissions reported in line with Lloyd's coverholder reporting standards