

**Coverholder
Compliance Oversight –
Coverholder Guidance**



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Lloyd's has a responsibility for ensuring all its approved Coverholders are, and continue to be, suitable for Lloyd's approval. We will therefore be the first point of contact for collating generic core company level compliance information for your business and we will perform some checks to make sure that all Coverholders continue to meet Lloyd's threshold requirements.

The checks Lloyd's will perform are only in relation to the documents listed in Appendix 1. Lloyd's Managing Agents will need additional compliance information from you that is specific to the contracts delegated to you, and to meet their own regulatory requirements and risk appetites. Lloyd's may act as a central point of contact if requested. However, Lloyd's Managing Agents will still need to contact you directly or via your Lloyd's Broker.

To ensure that the compliance process is efficient for all, we have streamlined the process by which we collect the compliance information listed in Appendix 1. Lloyd's will contact you on an annual basis as part of the attestation process to request confirmation that your details on ATLAS are correct. This process is designed to ensure that your compliance information is kept up to date on the system of record, ATLAS. Lloyd's can act as a central touchpoint for compliance-related queries or alternatively, Lloyd's can liaise through your Lloyd's Broker to assist with the completion of your attestation should this be your preferred option.

Coverholders with multiple locations approved on ATLAS will have a Compliance PIN on ATLAS where all compliance information will be stored. Your Managing Agents & Lloyd's Brokers will have access to this PIN to complete their due diligence.

When Lloyd's contact you we will supply a copy of your existing information in ATLAS, the 'ATLAS Compliance Summary' and request completion of the Attestation Form to confirm your information in ATLAS is current and correct. Where your Lloyd's Broker deals with your compliance requirements on your behalf this information can be submitted back to your Broker to liaise with Lloyd's. Any of your Lloyd's compliance policies or procedures that have been updated over the last year can also be uploaded to ATLAS either by you, your Lloyd's Broker or Lloyd's.

Where there are no changes to your compliance information and ATLAS is up to date, you will simply confirm this by signing and returning the Attestation Form. The "attestation" is a statement to say that you have reviewed your compliance details on ATLAS and that these details are all present, current and correct.

Please see **Section 3** for detailed guidance on how to complete the Attestation Form.

2.0 Timeframe for responding

2.1 Period of time to respond

One month prior to the date your attestation is due, Lloyd's will contact you, or liaise via your broker where preferred, to obtain your confirmation, and close any outstanding compliance tasks due on ATLAS. We would require your response within 30 days. Please note that your managing agent (possibly through your broker) may contact you at other times in the year for their contract-specific compliance information, for instance at the time of your binding authority renewal.

If you are unsure of how to complete any sections after review of this document, please speak with your Lloyd's Broker or your Coverholder compliance associate within the Lloyd's Coverholder Compliance team for further assistance. Please note your Lloyd's contact is the person who has emailed you requesting the annual attestation.

2.2 Failure to respond

If we do not receive the completed compliance attestation within the required timeframe, the escalation process highlighted below will be triggered. If the compliance attestation reaches 65 days overdue, Coverholders will be placed into **POSTPONED DE-REGISTRATION**.

Postponed de-registration means that a new binding authority cannot be placed or changes made to live binders. All market stakeholders that have a relationship with Coverholders placed into postponed de-registration will be notified. If Lloyd's continue to receive no communication from the Coverholder, then ultimately approval at Lloyd's will be withdrawn.

We hope that we can work with you to avoid this happening, please contact us if you have any concerns or need any further assistance with completing your Coverholder compliance attestation. Additionally, your Lloyd's Broker will also be able to provide further support.

2.0 Timeframe for responding

The following timeline will apply for escalating the attestation process with you:

Expiry Date - 30 days	→ Expiry Date - 15 days	→ Expiry Date	→ Expiry Date + 30 days	→ Expiry Date + 60 days	→ Expiry Date + 65 days
Lloyd's will contact Coverholder with compliance attestation form and advise of timeframe for completion.	Lloyd's will send reminder email to Coverholder.	Lloyd's will send reminder emails.	Lloyd's will send reminder emails.	Lloyd's will send final reminder email.	Coverholder will be placed into Postponed Deregistration.
Coverholder Lloyd's Broker(s) will be copied into email communication where this has been requested.	Lloyd's will follow up with a phone call where contact information is available.	Lloyd's will follow up with a phone call where contact information is available.	Lloyd's will follow up with a phone call where contact information is available.	Lloyd's will advise that Coverholder will be placed into Postponed Deregistration after 5 days if compliance attestation is not completed.	Coverholder, Lloyd's Broker, Managing Agent will be informed of this action.
	Where the Lloyd's Broker has been liaising with the Coverholder rather than Lloyd's directly, Lloyd's will contact the Coverholder directly when no response is received from the Lloyd's Broker that the attestation is currently being completed.	Lloyd's will copy Lloyd's Brokers into email communication if not already done so.	Lloyd's will copy Lloyd's Brokers into email communication.	Lloyd's will copy Lloyd's Brokers and Managing Agents into email.	
			Lloyd's will inform Managing Agents with a relationship to the Coverholder where the compliance attestation is overdue.		

3.0 Completing the attestation form

Lloyd's keeps your compliance information on our secure system of record, ATLAS, so that all Lloyd's Managing Agents with whom you have relationships, can access this. This assists Lloyd's and Lloyd's Managing Agents to complete their due diligence. Once a year we will "play" this back to you by showing you what information we hold.

This is called the ATLAS Compliance Summary. When we ask you to confirm your details are all current and correct we are asking you to sign off and "attest" that the information you have provided is the most up to date that you have. This is called the Coverholder Annual Attestation process.

3.1 ATLAS Compliance Summary

The ATLAS Compliance Summary Form will be sent to you together with the Attestation Form annually. This form has been downloaded from ATLAS and this form will only show your Lloyd's approved offices. Please review and confirm via the Attestation Form that your information is present and correctly held on ATLAS or requires updating.

Where you have multiple locations (or associated companies under one compliance structure) approved to write Lloyd's business we have noted all the PINS in your Attestation Form so you only have to complete one submission.

3.2 Annual Attestation Form

Upon review of the ATLAS Compliance Summary please complete and update the Annual Attestation Form attached to the email. This should be completed by your Compliance Officer, a Director, or another Authorised Individual.

We will note in the email any outstanding compliance documents Lloyd's requires. This may include compliance documents at contract level if the Lloyd's Managing Agent has requested us to collect them. Please ensure you provide these documents when returning the completed Attestation Form.

The attestation form highlights the compliance documents Lloyd's holds for your company. You should provide new copies of these documents only where they have been updated.

3.0 Completing the attestation form

3.3 No change to Coverholder Compliance Information

If you have reviewed the information on the ATLAS Compliance Summary for your company(s) and identified no changes to the information held and no updates are required, please complete the attestation form using the drop down boxes and select the NO

options (other than the first question). Sign, date and return the Attestation Form via email to your Lloyd's contact. The Attestation Form can also be sent to coverholdercompliance@lloyds.com

Below is an example of an Attestation Form where no changes were required.

ANNUAL ATTESTATION UPDATE FORM		LLOYD'S
Coverholder Name:	Hello	
Coverholder PIN:	Hello	
Period Covered:	01/01/2016 - 31/12/2016	
<i>As per the Lloyd's Undertaking please confirm the below Coverholder information held on Atlas for your entity is as accurate and complete to the best of your knowledge and</i>		
Please acknowledge the trading offices approved as Coverholder locations for your entity group and these are the only offices conducting Coverholder activity.		No
[LLOYD'S TO INSERT BRANCH PINS]		
Has any of your Coverholder information changed from what is currently held on Atlas as per the Playback Form?		
COMPANY INFORMATION	No	
BANK ACCOUNT	No	
LICENCES	No	
OWNERSHIP	No	
REPUTATION AND STANDING	No	
SYSTEMS AND CONTROLS	No	

Has any of your Compliance Documentation changed? (only note what is applicable to)	Version	
PROFESSIONAL INDEMNITY	Jan-17	No
FINANCIALS	Jan-17	No
BUSINESS CONTINUITY/DISASTER RECOVERY PLAN	Jan-17	No
FINANCIAL CRIME PROCEDURES	Jan-17	No
SUCCESSION PLAN	Jan-17	No
CONFLICTS OF INTEREST POLICY	Jan-17	No
COMPLAINTS HANDLING PROCEDURE	Jan-17	No
DATA PRIVACY POLICY	Jan-17	No
IT SECURITY POLICY	Jan-17	No
OUTSOURCING POLICY	Jan-17	No
CREDIT CONTROL PROCEDURES	Jan-17	No
ORGANISATION CHART	Jan-17	No
CLAIMS PROCEDURES	Jan-17	No
Have any of your Coverholder Directors changed in the last 12		No
<i>Where you have answered yes to any of the above please complete the 'Atlas Updates' tab (or complete via your broker) within this spreadsheet.</i>		
Signed on behalf of the coverholder:		
Position:		
Date:		
<i>*Please print, sign and scan the above page</i>		

Print, sign, scan and return the Attestation Form to Lloyd's via email to your Lloyd's compliance associate or coverholdercompliance@lloyds.com. Electronic signature is acceptable.

Where your Lloyd's Broker assists with the completion of your attestation this can be returned to them to liaise with Lloyd's.

3.0 Completing the Attestation Form

3.4 Changes to Coverholder Compliance Information

Where you have reviewed the information on the ATLAS Compliance Summary for your business and identify that your company information or compliance documentation requires updating, please complete the Attestation Form and note those sections that have changed or have been updated.

For example, if your Ownership details have changed, or your Business Continuity Plan has been updated then mark 'Yes' on the Attestation Form. Associated documentation should be uploaded with the Attestation Form when returning to Lloyd's. Only note 'Yes' to those sections that require updates, any section that remains the same should be marked as 'No'.

Below is an example of an Attestation form where changes were required.

ANNUAL ATTESTATION UPDATE FORM		LLOYD'S
Coverholder Name:	Hello	
Coverholder PIN:	Hello	
Period Covered:	01/01/2016 - 31/12/2016	
As per the Lloyd's Undertaking please confirm the below Coverholder information held on Atlas for your entity is as accurate and complete to the best of your knowledge and belief.		
Please acknowledge the trading offices approved as Coverholder locations for your entity group and these are the only offices conducting Coverholder activity.		Yes
[LLOYD'S TO INSERT BRANCH PINS]		
Has any of your Coverholder information changed from what is currently held on Atlas as per the Playback Form?		
COMPANY INFORMATION	No	
BANK ACCOUNT	No	
LICENCES	No	
OWNERSHIP	Yes	
REPUTATION AND STANDING	No	
SYSTEMS AND CONTROLS	No	

Has any of your Compliance Documentation changed? (only note what is applicable to Coverholder)	Version	
PROFESSIONAL INDEMNITY	Jan-17	No
FINANCIALS	Jan-17	No
BUSINESS CONTINUITY /DISASTER RECOVERY PLAN	Dec-17	Yes
FINANCIAL CRIME PROCEDURES	Dec-17	Yes
SUCCESSION PLAN	Jan-17	No
CONFLICTS OF INTEREST POLICY	Jan-17	No
COMPLAINTS HANDLING PROCEDURE	Jan-17	No
DATA PRIVACY POLICY	Jan-17	No
IT SECURITY POLICY	Jan-17	No
OUTSOURCING POLICY	Jan-17	No
CREDIT CONTROL PROCEDURES	Jan-17	No
ORGANISATION CHART	Jan-17	No
CLAIMS PROCEDURES	Jan-17	No
Have any of your Coverholder Directors changed in the last 12 months?		
No		
<i>Where you have answered yes to any of the above please complete the 'Updates' tab (or complete via your broker) within this spreadsheet.</i>		
Signed on behalf of the coverholder:		
Position:		
Date:		
<i>*Please print, sign and scan the above page</i>		

The email notification will also note any outstanding compliance documents Lloyd's requires for your entity. Please ensure you

provide these documents when returning the completed Attestation Form.

3.0 Completing the Attestation Form

For those sections marked 'Yes' that require updates you should provide these updates under the relevant 'Update Sections' within

the Attestation Form. Please note you will only be able to amend those sections that have been marked as 'YES'.

Below is an example of an Attestation Form where changes were ownership changed have been marked yes. Also shown is the relevant part of the Attestation Form that needs to be completed with updated information.

ANNUAL ATTESTATION UPDATE FORM		LLOYD'S
Coverholder Name:	Please fill	
Coverholder PIN:	Please fill	
Period Covered:	01/01/2016 - 31/12/2016	
As per the Lloyd's Undertaking please confirm the below Coverholder information held on Atlas for your entity is as accurate and complete to the best of your knowledge and belief.		
Please acknowledge the trading offices approved as Coverholder locations for your entity group and that these are the only offices conducting Coverholder activity.		Yes
[LLOYD'S TO INSERT BRANCH PINS]		
Has any of your Coverholder information changed from what is currently held on Atlas as per the Playback Form?		
COMPANY INFORMATION		No
BANK ACCOUNT		No
LICENCES		No
OWNERSHIP		Yes
REPUTATION AND STANDING		No
SYSTEMS AND CONTROLS		No
Has any of your Compliance Documentation changed? (only note what is applicable to Coverholder)		
PROFESSIONAL INDEMNITY	Jan-17	No
FINANCIALS	Jan-17	No
BUSINESS CONTINUITY /DISASTER RECOVERY PLAN	Dec-17	Yes
FINANCIAL CRIME PROCEDURES	Dec-17	Yes
SUCCESSION PLAN	Jan-17	No
CONFLICTS OF INTEREST POLICY	Jan-17	No
COMPLAINTS HANDLING PROCEDURE	Jan-17	No

ANNUAL ATTESTATION UPDATE FORM		LLOYD'S
COVERHOLDER NAME:	Hello	
COVERHOLDER PIN:	Hello	
PERIOD COVERED:	01/01/2016 - 31/12/2016	Show form
Please update the below sections for your Coverholder entity level information. Note that those areas with a * are mandatory and we require this information to be provided.		
COMPANY OWNERSHIP:		
Company Trading Name *		
Registered Name *		
Country of Incorporation *		
Start Date *		
Cease Date		
Shareholding % *		
INDIVIDUALS OWNING OVER A 10% SHARE OF EQUITY IN THE APPLICANT COMPANY:		
Title*		
First Name*		
Last Name*		
DoB		
Nationality		
Start Date*		
Cease Date		
Ownership Total percentage: *		
Comments		

Please ensure you complete the 'Update Sections' tab prior to returning the completed Attestation Form to Lloyd's.

Once you have completed all required updates **print, sign, scan and return the Attestation Form alongside the ATLAS Updates Tab to Lloyd's via email to your Lloyd's compliance associate or coverholdercompliance@lloyds.com.** Electronic signatures are acceptable. Where your Lloyd's Broker assists with the completion of your attestation this can be returned to them to liaise with Lloyd's.

Where you have made changes to your compliance information/documentation Lloyd's will then review this and process any updates where required including uploading documentation to ATLAS. Lloyd's will follow up with you where any additional information is required. For further guidance on our minimum requirements for compliance documents please see **Appendix 1.**

3.0 Completing the Attestation Form

3.5 Contract specific compliance documents & ad hoc requests

Certain parts of your Coverholder compliance information may expire during the year – such as your PI and Financials. Lloyd's, or your Lloyd's Broker, will contact you to request the updated documents as and when this information expires on ATLAS.

Your Lloyd's Managing Agents will need and have to request other compliance documentation depending on the nature of your business and their risk appetites. This will be specific to contracts and classes that you write and Lloyd's will not perform a central check on these documents. To avoid duplicate requests however Lloyd's can act as a central point of contact for these compliance requests.

This would need to be agreed with all parties (as the Lloyd's Broker may wish to perform this task) and the Managing Agent would need to clearly specify which documents they would like Lloyd's to collect. Please refer to the Conditional Documents section within Appendix 1 for clarification of such documentation that could be requested. Additionally Managing Agents may request documentation on your Underwriting & Claims procedures. If you would prefer Lloyd's to be the central point of contact for the additional documents, please contact your Lloyd's Managing Agents and Brokers to agree the process.

3.6 Feedback

Where you require any further support then please contact us – we are here to assist with all queries and welcome feedback.

Where you require further assistance or have feedback please contact: Lloyd's Policyholder and Third Party Oversight department – coverholdercompliance@lloyds.com



4.0 Appendix 1

Criteria Guide for checking compliance documents

This section is to make clear exactly what Lloyd's will be checking and on what documents. Anything not listed here will not be checked by Lloyd's. Any other documentation requested by Managing Agents/Brokers may be collected centrally by Lloyd's if requested. Such other documents will not be reviewed by Lloyd's.

For transparency we have listed what documents we will always ask for as we believe they are relevant to all Coverholder businesses. These are the Mandatory Documents. The documents that apply under certain conditions are called conditional documents as they will apply in certain conditions.

Mandatory Documents

These are documents that Lloyd's expects all Coverholders to have regardless of what classes are being written and these are also territory agnostic.

Financials

Latest financials to be provided – showing the Profit and Loss Statement/Income Statement as well as a Balance Sheet/Statement of Financial Position. Audited Accounts are preferable although Management Accounts are acceptable.

Lloyd's will check the following information:

Solvency – Total Assets/Total Liabilities (eg long term debts).

Current Ratio – calculated as Current Assets/Current Liabilities.

Professional Indemnity

ATLAS details should include inception/expiry dates, limits, deductibles and the name of the insurer(s).

Lloyd's will review the wording to ensure binder activities are covered and that the Coverholder is included as an insured under the policy. Full policy wording to be provided and not just the schedule/cover note is provided.

*Please note each managing agent will need to perform their own review to assess the adequacy of your company's professional indemnity cover relative to the authority given to the Coverholder under each contract held by you (eg. limits, income size, territories) and this check will not be performed by Lloyd's.

Business Continuity

Lloyd's will check that there is:

An emergency contact list of staff and key brokers/suppliers (however we do not need to hold that personal data so this may be removed or we will accept redacted versions).

Suitable method of communication to cascade messaging to all staff i.e. telephone.

Alternative office accommodation arrangements (or working from home, if applicable).

Information that there is data back-up in place:

- There is a process for systems reinstatement where applicable.

- Information on how long to reinstate to Business As Usual.

Details as to the frequency of the testing of the Business Continuity Plan.

Directors/Owners

Lloyd's will check details of any change in board directors or change of ownership.

4.0 Appendix 1

Anti-Money Laundering (if there is a stand-alone policy)

Lloyd's will check:

Definition of what it is and how you comply with local regulations.

Written procedures covering the recognition and reporting of suspicious transactions, including the appointment of a designated person to receive, consider and report any suspicions identified by staff.

Ensure training for staff on AML is included.

Policy covers how the coverholder promotes awareness and manage record keeping.

We will identify the individuals at the coverholder who have completed the 3 Financial Crime training modules on lloyds.com (Lloyd's will upload this information to ATLAS on an annual basis). The Lloyd's Financial Crime training modules should only be completed if the Coverholder does not have internal training solutions in place.

Conditional Core Compliance Documents

These are documents that are applicable in certain circumstances and are specific to the size/nature of business you are and will depend on where you are situated and the classes of business you may be writing.

Succession Plan - this will be required if there is deemed to be key personnel dependencies.

Controls are in place to cover for the loss of key personnel.

The impact of the loss of key personnel on the Coverholder's ability to operate the binding authority.

The experience levels of those people named in the succession plan.

Financial Crime (consolidated policies) - can include AML, Anti-Bribery & Corruption, Sanctions

If you are writing high-risk classes then you will be expected to have the full suite of financial crime policies and procedures. Lloyd's will look at:

Who the designated financial crime officer is.

Written procedures covering the recognition and reporting of suspicious transactions, including the appointment of a designated person to receive, consider and report any suspicions identified by staff, as well as conduct staff training, promote awareness and manage record-keeping.

- Covers training for staff on financial crime.
- Covers International sanctions – definition of what it is, what checks are expected to be made and when they will be made.
- Covers Anti-Bribery and details your company's Gifts and Entertainment Policy.
- Covers how records are kept and how long for.

Conflicts of Interest Policy

- Definition of a conflict.
- Includes a process for settling conflicts of interest.
- Covers an outline of the segregation of duties.

4.0 Appendix 1

Complaints Handling

A definition that meets local or Lloyd's requirements (refer to Crystal for country-specific requirements). If business is written in various countries, multiple definitions will be required.

- Includes timeframes for responses, that meet local or Lloyd's requirements.
- There is reference to the person responsible for dealing with complaints.
- There is an internal escalation process including MI – what does the coverholder do with the data?
- There is reference to reporting complaints to the Managing Agent and Lloyd's.
- Any templates letters used are attached to the policy.
- Process in place for training/awareness of staff.

UK only, please refer to the Lloyd's document ['Creating a Procedure for UK Complaints' to ensure compliance.](#)

Whistleblowing

If there is a requirement for this policy Lloyd's will check:

- There is a policy in place.
- There is a nominated whistleblowing contact.
- Referral criteria to Principals (Managing Agents) where relevant issue has been identified via whistleblowing.

Treating Customers Fairly (Conduct)

This policy is only in relation to UK business. If deemed necessary this would be the company level document however there will be much more product specific documentation needed:

Lloyd's will check:

- Definition and outline of company approach to customer detriment.
- Outline of governance and ownership of the policy.
- Outline TCF Management Information that the board will review and frequency of these reviews.
- There is an escalation process when customer detriment is identified.

Data Privacy

Detail on how the Coverholder complies with relevant data protection laws in its territory and for the UK:

- The steps undertaken to ensure that all data is kept securely.
- The controls in place.
- Data retention and general information security procedures outside of personal data, for example confidential information.
- If there are branch offices, details of how data is transferred between offices and how it is secured. Details of the processes for home workers/branch offices and those with remote access.
- Details of any policies governing the management of passwords including password length, format, expiry, use of unique user IDs and user lockout.

IT Security

Details of systems which the coverholder has which are hosted in the Cloud or by a third party. Include comments on:

- Any Service Level Agreements (SLAs) in place.
- Any security in place.
- Details of the coverholders anti-virus and anti-spam protection that is in place for the network, including servers and workstations. Include comments on any changes made in the last twelve months.
- Details of the coverholders policies on the use of own devices (staff private devices such as tablets or smart-phones) and the security policy in place for these.

4.0 Appendix 1

Outsourcing Policy – where a significant proportion of the business is outsourced we may require to see an outsourcing policy. Lloyd's will check the following:

Details provided of the Coverholders' outsourcing arrangements and any activities which are insourced, that is provided by a different company or division within the same group of companies, for example.

Details provided of any call centre arrangements including how they are controlled. Include comments on:

- Whether the calls are scripted.
- Whether the calls are advised or non-advised.
- Details of the training that employees receive.
- Which staff receive training.
- Whether the Coverholder provides on-going training.
- How the Coverholder monitors calls.
- Whether call audits are carried out, the frequency of these and how the calls to be reviewed are selected.
- What the Coverholder does with the results, and whether these are reported to management on a regular basis.
- Details of the actions that a Coverholder takes if a call is not satisfactory.

Details provided of how the Coverholder manages their external producers. Include comments on:

- How the Coverholder monitors external producers.
- Details of any regular vetting or monitoring.
- Any processes to check that due diligence has been done.
- Validate that the correct licences are in place for their producer agreements.
- The process to end relationships with external producers including details of any documentation such as TOBAs.
- Where the Coverholder has a network of producers bringing business in on a non-inclusive arrangement, validate that there is a document of the arrangement such as a TOBA.

