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# Delegated Authorities Town Hall

Policyholder Protection & Third Party Oversight

20/04/2017

# Ongoing Compliance Oversight

## Agenda

- Why?
- What?
- How?
- What we are going to STOP doing and what we want help with.

## Why?

2 main reasons for change:

**TOM + COM = Change in oversight activities in Lloyd's**

- Target Operating Model, meets Corporation Operating Model
- Result - DA will be stopping certain activities and enhancing our oversight at Entity Level.

# What is changing?

## Entity level ongoing compliance oversight

- Lloyd's are enhancing its oversight for entity level information for all Coverholders.
- Lloyd's will ensure that on an ongoing basis Coverholders remain fit and proper through an annual attestation process.
- Lloyd's will make clear what checks they will perform, reducing need for duplicative entity compliance information gathering.
- Managing agents still have to perform due diligence at contract/binder level.

# HOW?

Entity level ongoing compliance oversight

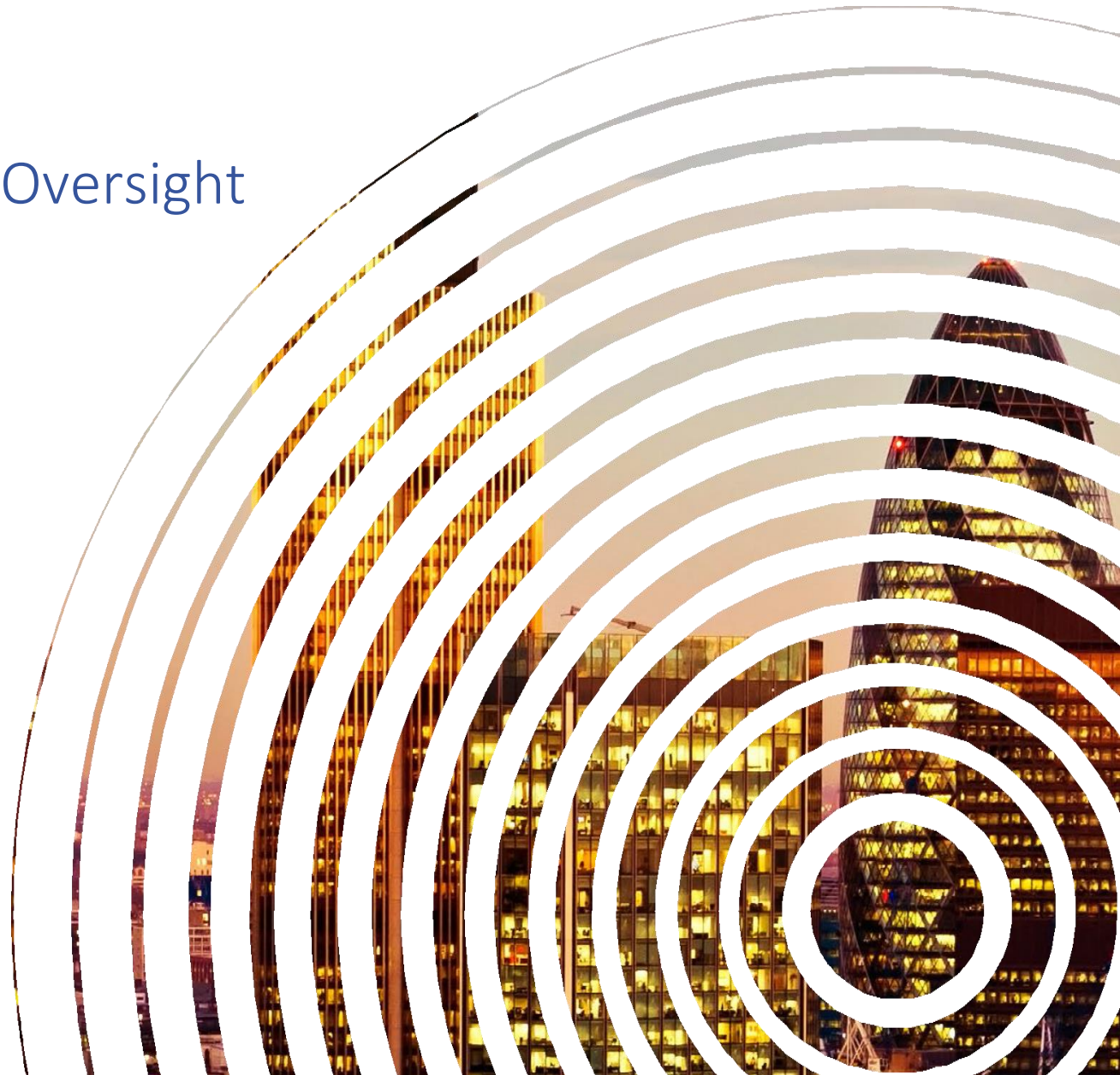
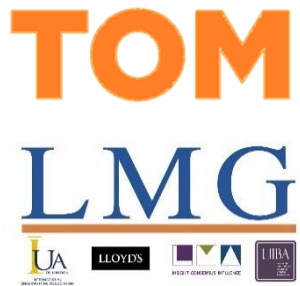
**TOM will explain everything!**

# TOM Delegated Authority Initiative:

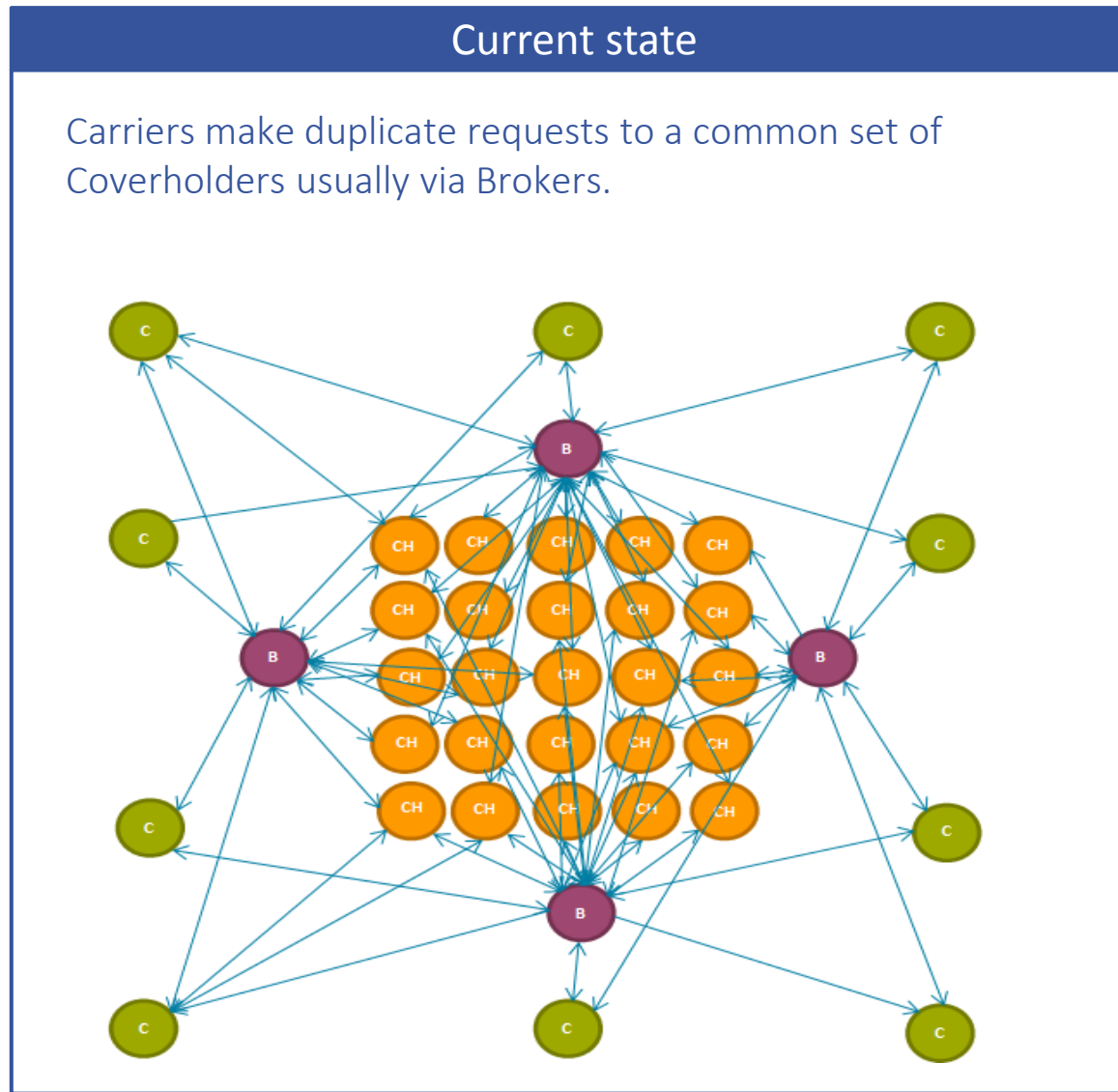
Delegated Authority Compliance

## Lloyd's Ongoing Compliance Oversight Summary

April 2017



# Coverholder Compliance: Current State



Key / simplified  
scenario:



Carriers



Brokers



Lloyd's

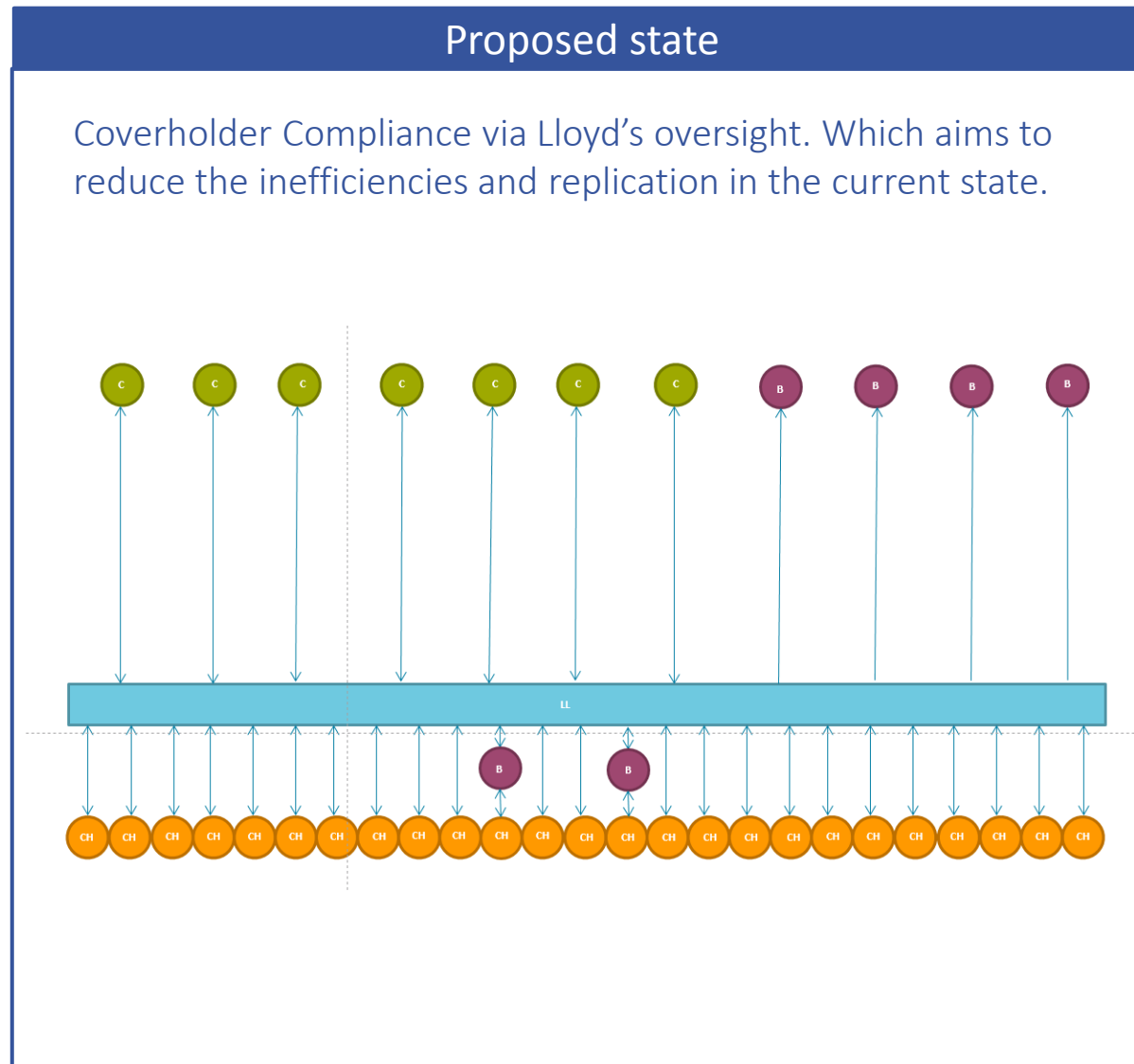


Coverholders



Coverholder Compliance  
Requests and Responses

# Coverholder Compliance: Proposed State



Key / simplified  
scenario:



Carriers



Brokers



Lloyd's



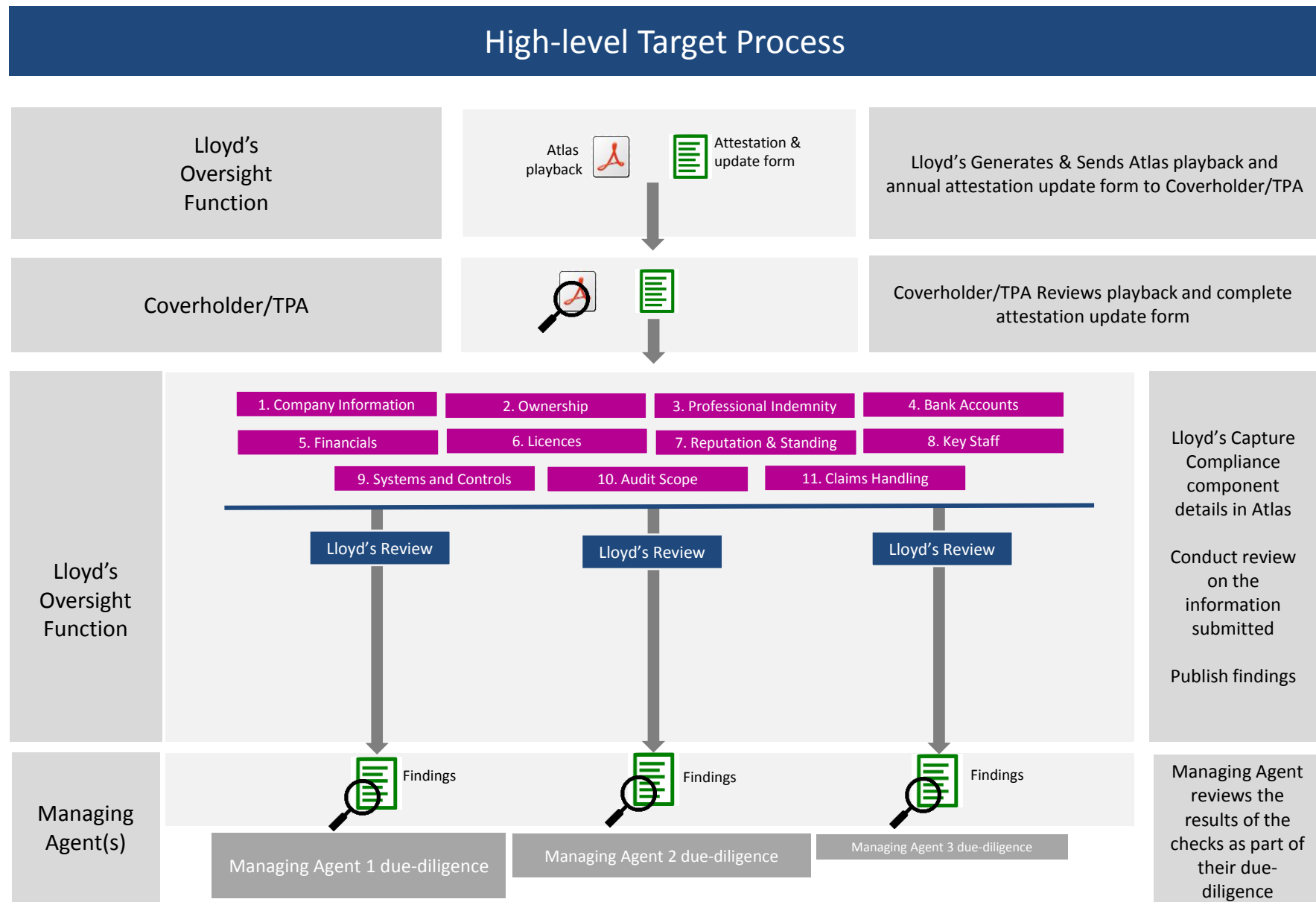
Coverholders



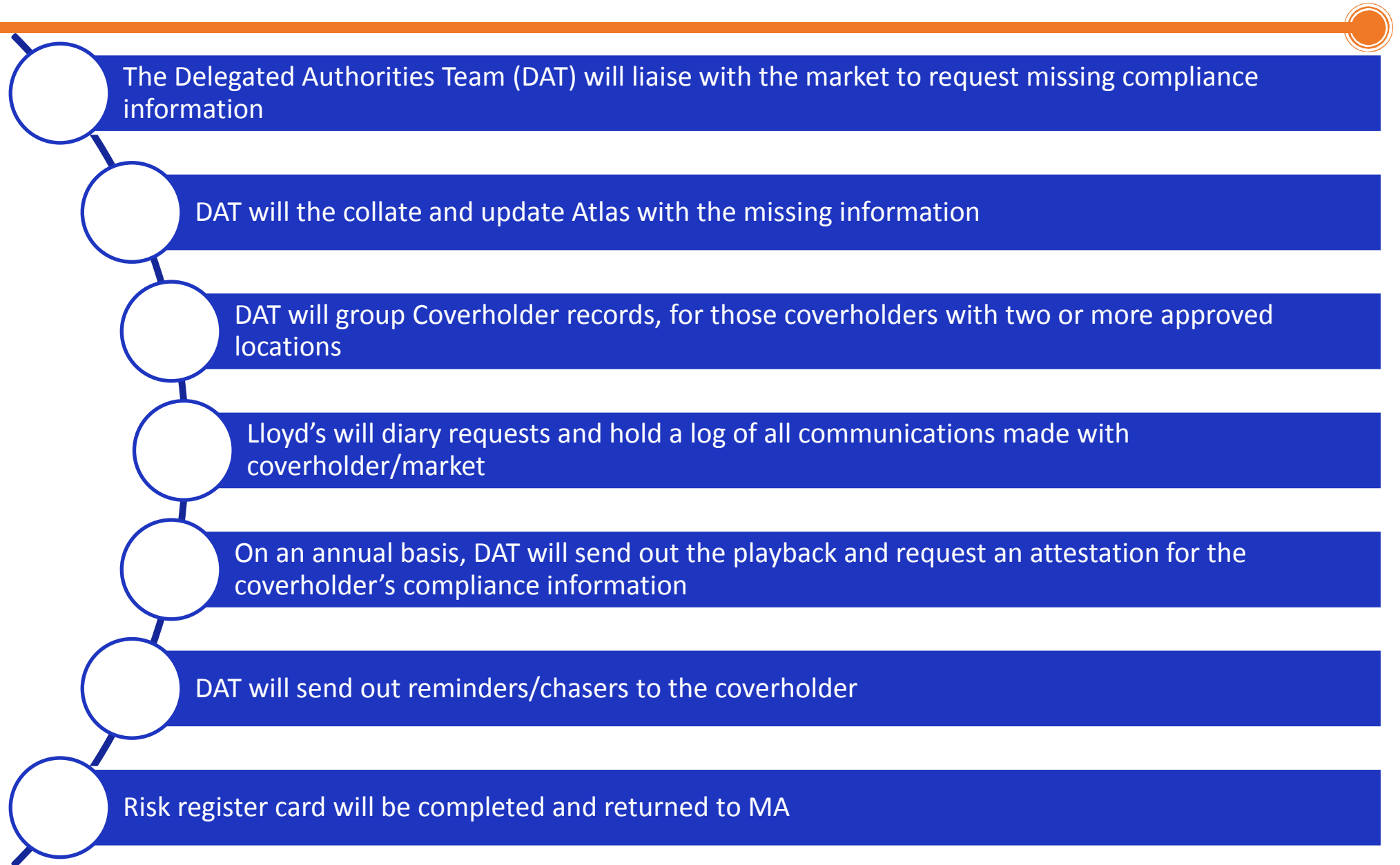
Coverholder Compliance  
Requests and Responses



# Function Process



# Lloyd's oversight – HOW?



# Key points – HOW?

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The Lloyd's oversight proposal is an existing function that has been piloted with a number of large US & UK Coverholders

The proposal will be based and operate from the London, Sydney and Chicago offices.

Minimise the ad-hoc nature in which tasks are created on the ATLAS system for Coverholders and Lloyd's and switch to annual mechanism via an annual attestation update form as defined in the RFP.

Another key change is to only approve Directors, Shareholders and Account Signatories as part of the Key staff approval

ATLAS will continue to be used as the Coverholder Document repository and Workflow system

CRM tool will be used for relationship management and recording chasers emails etc.

# Summary of checks included in the Lloyd's proposal



Company Information
Ownership
Bank Accounts
Key Staff
Reputation and Standing
Professional Indemnity
Financials
Attestation of Licences
Underwriting system and controls including the following documents BCP/Disaster Recovery plan Succession plan Financial Crime procedures (including AML, Anti-bribery and corruption) Conflicts of Interest Policy complaints handling procedure TCF
Claims

# Summary of checks excluded in the Lloyd's proposal



Binder checks/due diligence
Whistleblowing procedures
Conduct minimum standards
Compliance procedures
Data privacy/data protection policy
IT Security
Outsourcing policy
Sanction screening
Full review of financials
Full review of PI
Review of licences
Third Party Administrators (TPAs)

Blue – will be included next year; Black - will be included if specifically requested; Red – will never be included

# Hard and Soft Benefits



Hard Benefits	Process Efficiency Savings
Managing Agent	Carrier need for extra FTE head count is reduced and / or FTE is redeployed on value add activities as a result of Administrative (collation and checking of information) activities completed by Lloyd's once vs. 56 times.
Coverholder	Reduced set of data requirements, Branch record data requirements are rationalised and tailored so Information is requested and submitted once. This will be on a risk based approached

Hard Benefits	Operational Benefit
Managing Agent	3 <sup>rd</sup> party outsourcing costs reduced / eliminated as they become surplus to requirements.

Soft Benefits	
Coverholder	Reduction of complaints in doing business in the London market. Clear and simple compliance process as a result of un-ambiguous data requirements and a simple process to submit the compliance information.

# What do we want from you?

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## **STOP :**

- Key Staff ad-hoc tasks in ATLAS
- Company information ad-hoc tasks
- Service Company - class of business tasks
- True Branches – class of business tasks

## **START:**

- ATLAS up to date
- Cooperate with us
- Please respond to us quickly
- Feedback is needed

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LLOYD'S