
Delegated Authorities Town Hall

21/11/2016

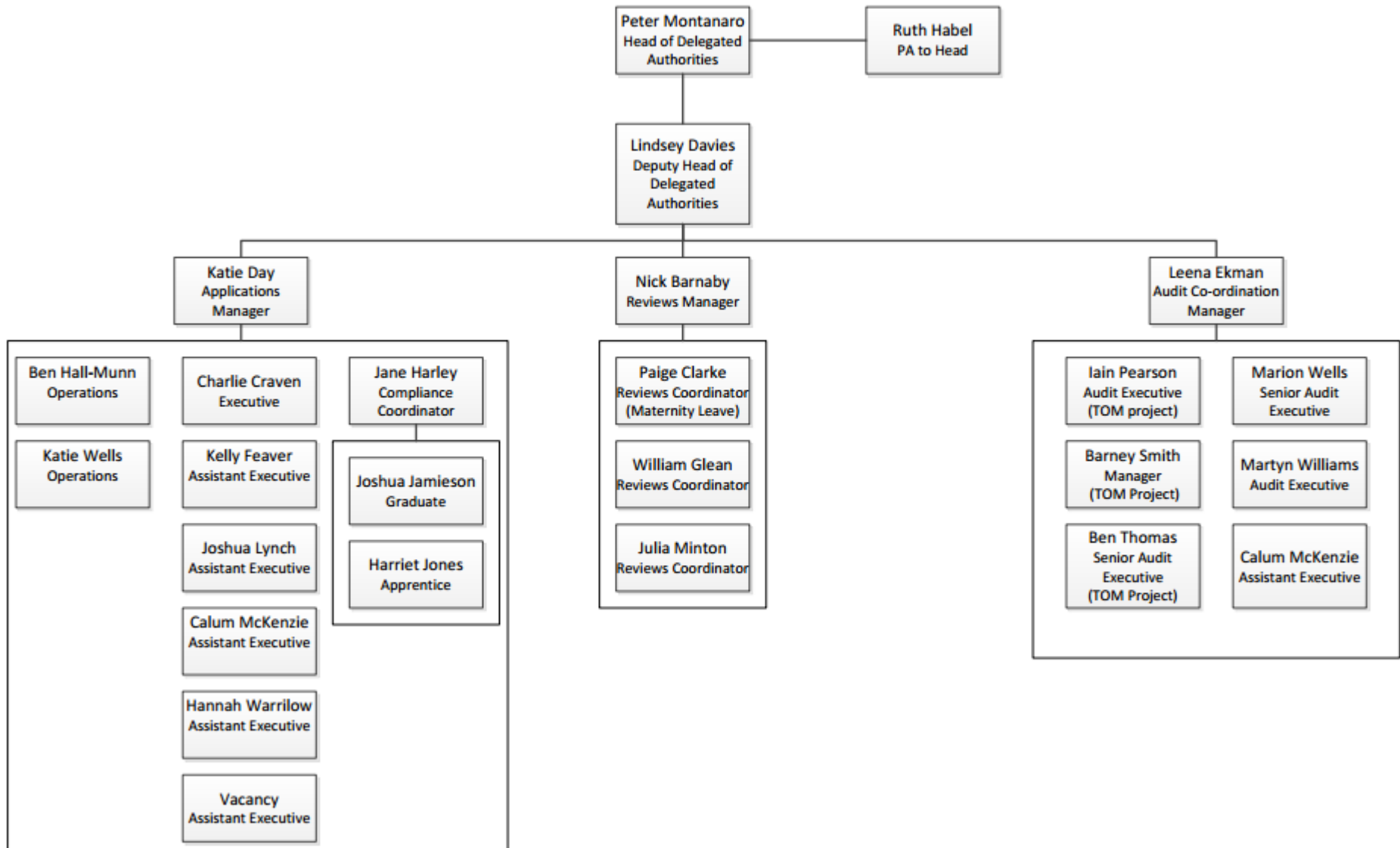
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Regions.
Minimum Standards.
Reviews 2017.
Complaints.
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Communication.
DA Data Workstream –
TOM.
AOB.

Delegated Authorities Team

2017



Streamlined Decision Papers and Coverholder Applications

Kelly Feaver

Coverholder Application Deadlines

Full coverholder applications 14th November 2016

Non registration branch applications 2nd December 2016

Registration branch applications 19th December 2016

Branch Application Criteria

If the branch office meets the following criteria then the branch application will fall under the new registration process:

The business to be written is under an existing binder to Lloyd's

The branch is in the same domicile as the already approved office

The branch office operates off the same systems that links into the already approved office

The management policies, processes, procedures and oversight regime are the same as the already approved office

The existing bank accounts, under a Lloyd's binder, are being used

The branch is writing under the same (or lower) underwriting or claims authority as the already approved office

The branch is writing business in the same regions as the already approved office (Please note we will still require the additional regional information for Australia, Canada, Switzerland and USVI)

The E&O Policy for the already approved office covers this branch office

Audit Coordination

Leena Ekman

AiMS

Phase 1 Q4 2016

- **Live on October 9th, 2016**
 - Auditor RFI's
 - Scheduling for 2017
 - Users CAF, auditors and managing agents

Phase 2 Q1 2017

- **Live Q1 2017**
 - Scoping & Quoting
 - Reporting
 - Recommendations and follow up
 - Users CAF, auditors, managing agents, brokers and coverholders

Phase 3 Q2 2017

- **Live Q2 2017**
 - TPA Audits
 - Users CAF, auditors, managing agents, brokers and TPA's

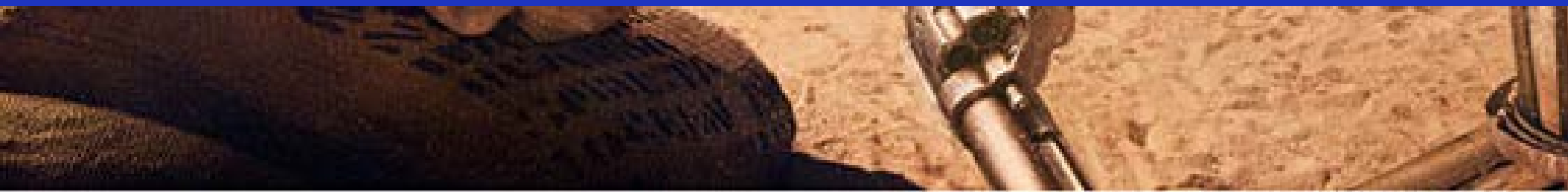
Code of Practice & Minimum Standards

Changes regarding Line slips and Consortia

Lindsey Davies



“It feels like the wild west out there!”



Current Oversight of Line slips & Consortia

Minimum standards – line slips mentioned once

MRC is out of date

Code of practice concentrates on bulking/non bulking differences

Intermediaries byelaw

Definitions byelaw

Fragmented and not easy to follow or implement

What Does This Mean? Why Change?

Managing agents cannot meet the minimum underwriting standards = prudential risk

Frameworks and rules in place to safeguard Lloyd's licenses are ignored putting licenses at risk

The Line Slip MRC – the Contract is the Key

Transparency of contract

Complex v non complex

Understanding of terms – execution of process

Document issuance

Reporting

Lead / followers relationship

Minimum Standards
Bulletin

Code of Practice
LMG – MRC

Review and test
regularly
Thematic reviews
Six monthly reviews

Strengthen Lloyd's
requirements under
minimum standards

Update existing
market guidance

Improve monitoring
of standards



Principles & guidance

June 2007



Principles	Page
Guidance	
A When entering into the contract	3
B After entering into the contract	3
C Demonstration of performance	4
D In respect of contract changes	4
Where there is more than one participating insurer	
E When entering into the contract	4
F After entering into the contract	4
G Where the contract has not met the principles	7
Appendices	
1 Subjective guidance	8
2 Subjective standard contract	8

Contract Certainty Code of Practice



Thank you for your feedback!



**YOUR FEEDBACK
MATTERS**

Recommendations and Response

Recommendation: The PBQA tool in its current form sets unreasonable expectations around minimum requirements. These should be clarified and the QA tool should be reduced in scale to a document that is more usable.

Recommendation: Remove the mandating of the specific KPIs within this section as they may not be appropriate to all managing agents.....

Recommendation: Postpone the implementation of Line Slip / Consortia reporting standards until further consideration has been given to the purpose of the reporting standards, the data needed to meet that purpose and to align with proposed market modernisation initiatives.

Response: Lloyd's will remove the PBQA tool for the moment until some further work in conjunction with the LMA has been carried out.

Response: Lloyd's will remove the specific text around KPI's for the moment – we will ask what measures you measure and monitor your book with. We will then assess if its adequate.

Response: Lloyd's will postpone the standards for 2017 and look to work with the new technology and the market for a further solution. We will test however that followers are receiving information to meet minimum standards.

Consortia

Main issues with Consortia

No standardised contract

No reporting

Little understanding of setting up or processing

No central register

9000 numbers

Minimum Standards
Bulletin

Code of Practice
Lloyds.com
LMA wording

Review and test
regularly
Thematic reviews
Six monthly reviews

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Contract Certainty Code of Practice



Consortia

What have we achieved?

LMA standardised contract due out by December

Code and minimum standards changed to ensure information sharing

Code and Lloyds.com – guide to set up

Central register created @ Lloyds

9000 numbers - project

Multi Year Contracts

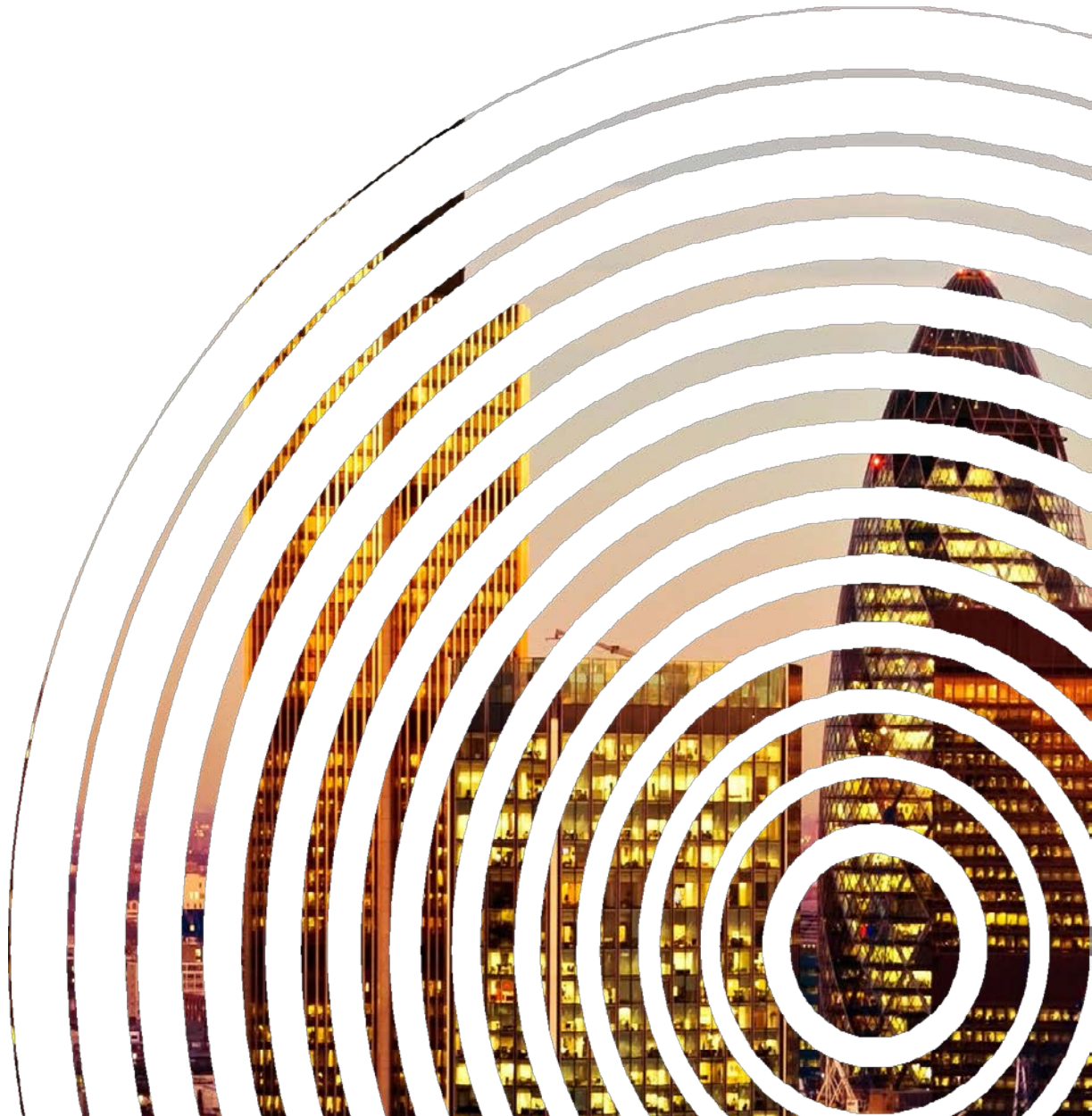
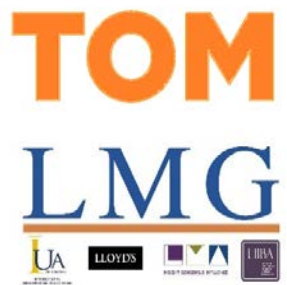
Kevin Lazarus

Reporting Standards and Solvency II

Peter Montanaro

DA Data Update

Sarah Thacker



TOM Initiative – Delegated Authorities Data Standards

Objectives

- Market to agree data requirements for each class of business for risk bound data

Benefits

- Clear and consistent data requirements for coverholders
- Improved data quality for managing agents
- Data requirements to enable central data service (DA SATS)

Agreed

- Bloodstock has been agreed by the working group, LMA committee and with LIIBA

In progress

- Property; Bankers' Blanket Bond / Crime; Directors and Officers; Employers' Liability; Financial Institutions; Medical Malpractice; NM General Liability and Professional indemnity; Cyber; Yacht; Fine Art / Specie; Livestock; Aviation; Accident & Health; Legal Expenses; Contingency & Pecuniary

Other classes proposed

- Overseas & UK Motor; Marine; Cargo; Agriculture & Hail; Nuclear; Energy Construction, Liability and Property; Engineering; Political Risk; Credit and Financial Guarantee; Space; Treaty & Reinsurance

TOM Initiative – Data Integration DA Messaging Standards

Objectives

- ACORD XML messages to reflect risk bound, premiums and claims standards

Benefits

- Tool to enable straight through processing
- Enables automated generation of data

Agreed

- ACORD AML XML Risk Bound Message for Property

In draft

- ACORD AML XML Risk Bound Message for Property, enhanced to include Flood Re, Bankers' Blanket Bond / Crime; Directors and Officers; Employers' Liability; Financial Institutions; Medical Malpractice; NM General Liability and Professional indemnity; Cyber
- ACORD AML XML Premium Message
- ACORD AML XML Claims Message

Other XML proposed

- ACORD P&C XML Messages for each of the above

TOM Initiative – Data Integration Market Business Glossary

Objectives for Delegated Authorities

- Tool which can assist in a common understanding of data and its use in reporting requirements

Benefits for Delegated Authorities

- Easily identify data required for combinations of class, territory, high product risk
- Assist in agreeing data submissions at binder renewal
- Assist in creating standardised spreadsheet templates
- Online feedback mechanism

In progress

- Functionality to allow user to select class, territory and whether or not high product risk for Lloyd's Premium Reporting Standards
- Work underway on Claims Reporting and additional class of business data standards
- Screen display of list of data its definition, usage, and values for requirements
- Ability to export to spreadsheet the list of requirements and details
- Aspirations to provide spreadsheet of CR numbers and data element names as a template for requirement reporting
- Pilot starts in December
- Next steps will depend on pilot, market appetite, funding, etc.

TOM Initiative – DA Submission, Access and Transformation - Vision

Objective

Introduce a central data service for Delegated Authority business enabling data to be submitted, accessed and transformed in a coordinated manner to produce consistent output to market participants.

Scope

Collection of Data Services

1. Data Submission (C)

Submission of data from the source specified by the lead for any given binder. Data for all binders is expected to be submitted.

2. Data Transformation (C)

Transformation of data if required to standard formats and codes.

3. Data Validation (C)

Checks against the format and content of the data to agreed data validation rules.

4. Business Validation (E)

Business validation of the risk, premium or claim against agreed rules determined by the terms of the binder contract. Query handling via the broker or other agreed source.

5. Submission Monitoring (E)

Chasing of submissions as required.

6. Reg & Tax Services (E)

Desirable to provide services with respect to regulatory reporting.

7. Service Management (C/E)

Service management including managing changes to data requirements and codes and the provision of metrics around services and performance.

8. Sanctions Checking (E)

Desirable to provide services with respect to sanctions checking.

9. Credit Control (E)

Desirable to provide services with respect to credit control.

10. Fraud Checking (E)

Desirable to provide services with respect to fraud checking.

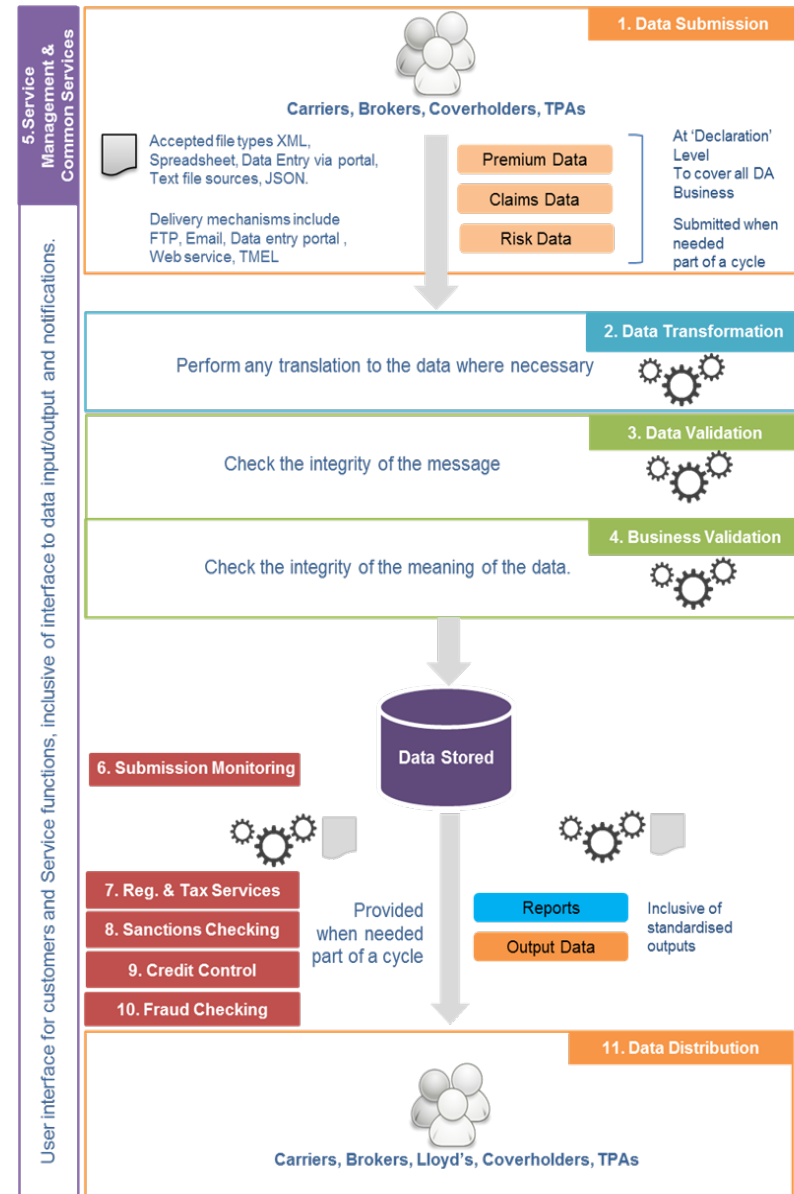
11. Data Distribution (C)

Access and distribution of original and any amended data to agreed stakeholders.

TOM Initiative – DA Submission, Access and Transformation

Outcomes Expected

- The ability to submit risk, premium and claims DA data using standard formats and stored centrally. Lloyd's Coverholder Reporting Standards will provide the core set of data for premiums, claims, tax and regulation.
- Access to a DA Data Service web portal.
- Data validation for submissions.
- Ability to extract data and 'out of the box' reporting capabilities.
- Data transformation layer which can be used to map submissions into a standard format.
- Data mapping service for participants who would like mappings to be completed on their behalf.
- Data enrichment capabilities.
- Market wide business rules.
- Access to a self-service reporting portal enabling data analysis.



TOM Initiative – DA Submission, Access and Transformation (SATS)

Progress

- Townhall held for vendors.
- Invitation to Tender (ITT) document distributed to Vendors.
- 500 vendor questions received and answered.
- 37 vendors interested.
- First market panel session completed providing an introduction to the tender process.
- 25 interested vendors have answered some qualifying questions and responses are being reviewed

Current plan

- Vendors to respond with proposals by end of November.
- Project Team and Panel Review and shortlist by mid January.
- Various selection activities.
- Vendor selection by end of March.

Central Compliance

Katie Day

Central Compliance

Central compliance project

What have we done so far

Next steps and timelines

Current information on Atlas

Lessons learnt from the compliance PIN pilot

Central point of contact

Atlas

Engaging with all stakeholders

Feedback

Regional Binding Authority Agreement Wording Guidance

Charlie Craven

Regional Binding Authority Agreement Wording Guidance

Sub-Section 9.1 - 9.3

Increasing confusion in the market

What specifically needs to be listed under sub-section 9.1, 9.2 & 9.3 on the Binding Authority Agreement?

Lloyd's is NOT authorised to write insurance on a worldwide basis – further restrictions may apply on how business is accessed and also what classes can be written

Binding Authority Agreement being set too broadly in scope

To Clarify:

- *Section 9.1* – should specify clearly where the risk will be located e.g. (property)
- *Section 9.2* – should state where the insureds are domiciled.
- *Section 9.3* – should be used where the risks are transient, such as ships and relevant areas they can navigator between.

Therefore, 9.1 and 9.2 of Binding Authority Agreement should NOT state “Worldwide”

Exception on an insurance basis is “Cargo”

Regional Binding Authority Agreement Wording Guidance

The right and wrong way

Wrong example:

Sub-section 9.1

RISKS LOCATED IN:

Worldwide excluding Israel, North Korea, Yemen, Iraq, Afghanistan, Syria, Libya, Lebanon, Sudan, South Sudan and UK.

Sub-section 9.2

INSUREDS DOMICILED IN:

Worldwide excluding Israel, North Korea, Yemen, Iraq, Afghanistan, Syria, Libya, Sudan, South Sudan and UK.

Sub-section 9.3

TERRITORIAL LIMITS:

Worldwide Excluding USA and Canada.

Regional Binding Authority Agreement Wording Guidance

The right and wrong way

New approach to be adopted:

Sub-Section 9.1 – risks located in: (State High Level Regions as reflected on ATLAS or individuals countries where applicable on business transacted on an insurance basis).

Sub-Section 9.2 – insureds domiciled in: (State High Level Regions as reflected on ATLAS or individuals countries where applicable on business transacted on an insurance basis).

Sub-section 7.1	AUTHORISED CLASS(ES) OF BUSINESS AND COVERAGE(S): Fire and/or Allied perils on Commercial Property and Time Element Coverages. (subject to the terms, conditions, exclusions and limitations of the Agreement)
Sub-section 8.1.5	OTHER EXCLUDED CLASS(ES) OF BUSINESS AND COVERAGE(S): Any Risks or classes of business not specified in Section 7.1 above. (and subject always to the provisions of the US General Cover Conditions)
Sub-section 9.1	RISKS LOCATED IN: Florida.
Sub-section 9.2	INSUREDS DOMICILED IN: U.S.A
Sub-section 9.3	TERRITORIAL LIMITS: U.S.A.

Sub-section 9.1

Sub-section 9.2

Sub-section 9.3

RISKS LOCATED IN: Australia, Canada, Europe (Licensed), Singapore.

INSUREDS DOMICILED IN: Australia, Canada, Europe (Licensed), Singapore.

TERRITORIAL LIMITS: WORLDWIDE

In negotiations with Xchanging – reduced pushback on signings. Effective implemented for April renewals.

Regional Binding Authority Agreement Wording Guidance

Reinsurance

Reinsurance business – should be stated clearly within Binding Authority Agreement and separately identified from insurance business

Binding Authority Agreement may state “Worldwide” under Sub-Section 9.1 and 9.2

NO regional extensions are required

Only approval on ATLAS for the class of business of “Reinsurance” and the corresponding class that is being reinsured

BAR registration guidance found on [Lloyds.com](https://www.lloyds.com)

Regional extensions are ONLY required on insurance business.

Regional Binding Authority Agreement Wording Guidance

Risk Location

2017 – Further development into assessing risk location and what permissions are required on ATLAS

Does the risk create a regulatory risk location in the territories on the slip?

i.e. a regulatory risk may be triggered in ONE or MORE territories depending on definitions of risk location per local legislation / regulations

Guidance to be released Q2 2017

Reviews 2017

Julia Minton

Topics

Team Changes

Q4 2016 Six Monthly Meetings

2017 Reviews

Questions?

Complaints Handling

Hannah Ryder

International Complaints Code – Territories in scope

France

Germany

Spain

Belgium

Cyprus

Denmark

Greece

Netherlands

Portugal

Ireland

Italy

Norway

Poland

Sweden

Channel Islands

Isle of Man

International Complaints Code

The International Complaints Code allows us to avoid applying the UK two stage process across the board

Lloyd's will continue to roll out formalised complaints processes for the remaining territories taking into account local and FCA requirements. Market Bulletins will be issued as and when they come into scope

Different processes apply to each territory and a summary for each territory is available at: www.lloyds.com/complaintshandling

If you have any concerns please let Lloyd's know

US Process

Market Bulletin Y5019 was issued on 8 September 2016 setting out the complaints process to be followed for US complaints as of 1 January 2017. Subsequently a letter was issued to all US coverholders explaining what affect this would have on them. The key points are:

A complaint is any written communication where there is an expression of dissatisfaction with an insurance product or service

All complaints need to be reported to Lloyd's within 2 weeks of receipt using the International Notification Template at: www.lloyds.com/complaintshandling

Direct Complaints may be resolved informally if verbal resolution is reached within 3 business days

US Process

Direct Complaints (not resolved informally) should receive a full response to the complaint as soon as practicable and in any event within eight weeks of the complaint being received

In the event that a full response cannot be issued within four weeks the complainant should receive an 'investigations ongoing' letter explaining the present position and when the full response is anticipated

When a response is issued it must include referral rights to the DOI

No escalation rights are required to be in the policy wording unless the local requirements deem this necessary

US Process

DOI Complaints should be dealt with in accordance with any directions of the relevant DOI for the handling of complaints

Template endorsements for binding authorities are available at:
www.lloyds.com/complaintshandling

Endorsements must be added to binders upon renewal as of 1 January 2017

Lloyd's asks that the process we have published is not changed or elaborated by the syndicates. If this is identified Lloyd's will become involved

Any Questions?

Key Changes in the UK

The FCA introduced changes for complaints handling with effect from 30 June 2016. This meant:

'Non-reportable' complaints became 'informal' complaints meaning that all complaints need to be reported

A complaint can be resolved informally where the resolution is agreed and accepted by the complainant within 3 business days following receipt of the complaint

Complainants must be provided with a written summary resolution communication (SRC) within 5 business days of receipt of the complaint. Lloyd's templates must be used which are available at: www.lloyds.com/complaintshandling

Key Changes in the UK

If a complainant asks Lloyd's for a review it will escalate to a stage two case immediately without a Stage One Response being issued

Complaints that are referred directly to the FOS will be reviewed by FOS in accordance with their usual processes without a Final Response being issued

Lloyd's will produce MI regarding the number of such complaints that are escalated for review by Lloyd's / FOS

Lloyd's will review a sample of complaints resolved informally

FCA Complaints Return

Lloyd's reports all complaints in relation to Lloyd's business to the FCA on behalf of the market. The FCA have requested data to contextualise the information we are providing them. As a result Lloyd's will be requesting the following:

- Number of eligible complainants

- Number of policyholders

- Number of claims handled

- Declinature rate

Helpful Resources

Model wordings and coverholder procedures at:

www.lloyds.com/complaintshandling

Email : complaints-enquiries@lloyds.com

Helpline: 0207 327 5696

FCA Handbook – DISP



DA Communication Framework

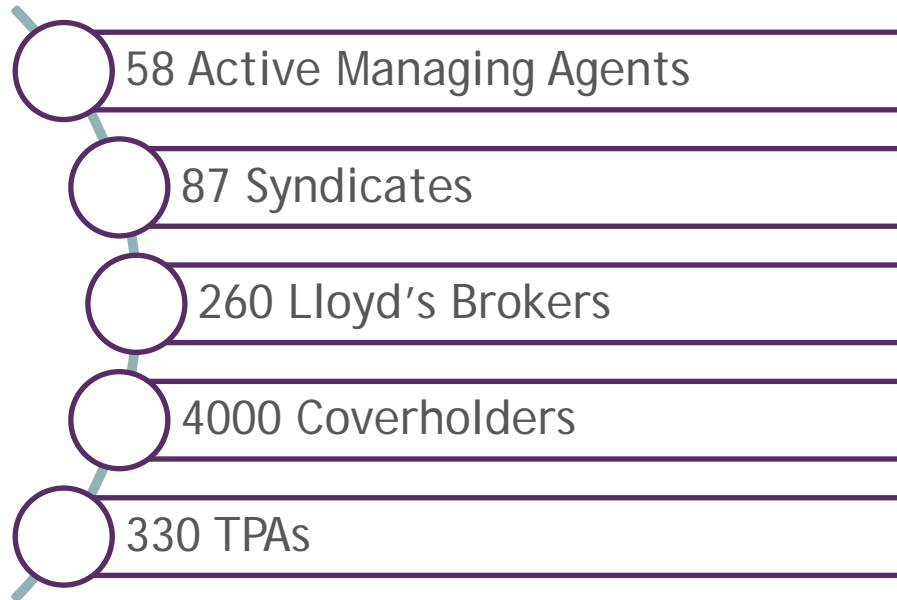


Tom Hamill
Senior Executive, Underwriting
21/11/2016



Introduction

DA creates a unique communications challenge for the Lloyd's market:



The DA Communication Framework is being designed to ensure consistent, transparent and effective communications with all stakeholders.



DA Communication Framework:

Communications Strategy

Inward Focus

Outward Focus

Corporation of Lloyd's

Managing Agents

Associations

Coverholders

Lloyd's Brokers

TPAs

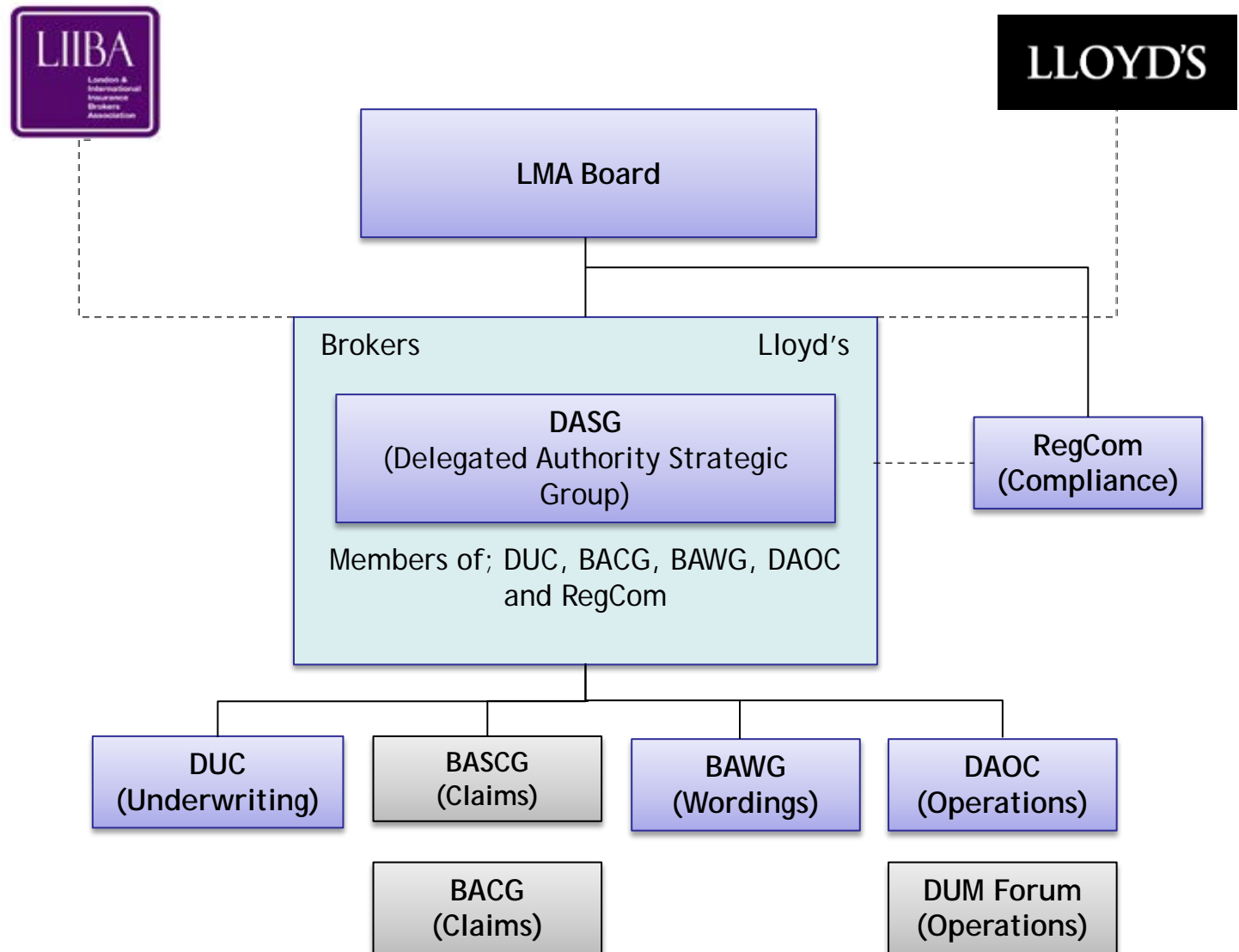


DA Communications Strategy:

- Added value for members;
- Inward & outward focus;
- Address issues at a market level;
- Working with all stakeholders to ensure clarity, transparency & effectiveness;
- Clear communication of appropriate timelines;
- Aligned strategy within the LMA - Underwriting, Operations & Claims;
- Tailor communications to the right audience;
- Hold other stakeholders to the same standards.



Inward Facing: Committees & Forums



Inward Facing: Corporation of Lloyd's & Regulators

- Act as an interface with the Corporation on DA issues;
- Provide technical expertise and a confidential sounding board for both Managing Agents and the Corporation;
- Lloyd's Central Comms Process: Work with the Corporation & brokers to facilitate easier communication with all stakeholders in the distribution chain;
- Seek clarity and lobby on behalf of Managing Agents with regulators.

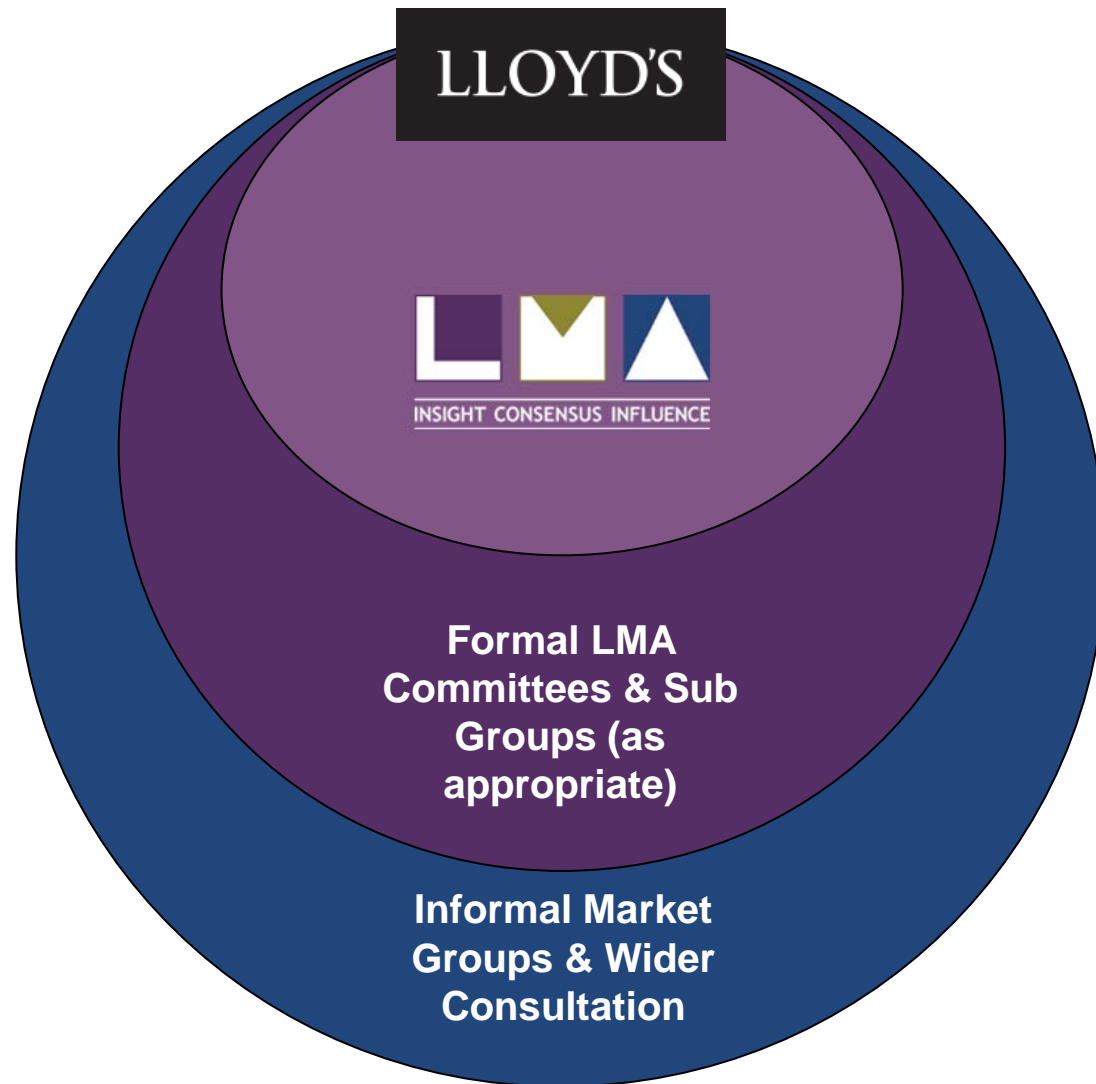


Inward Facing: Consultations

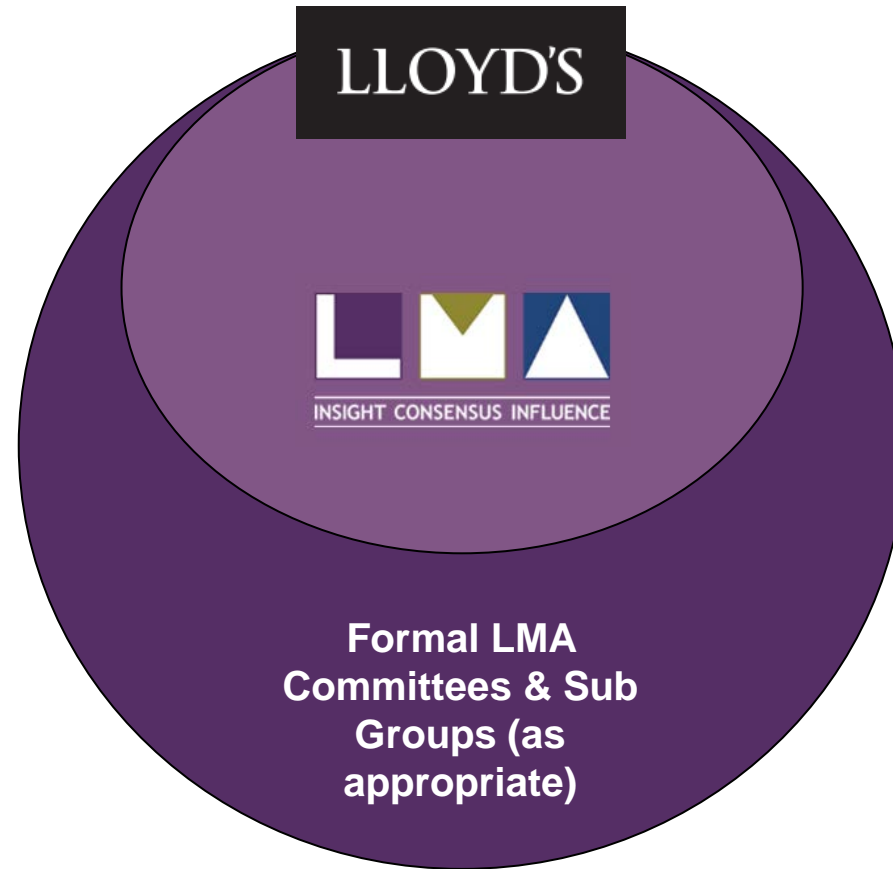
- Significant variations in complexity, urgency and the nature of issues;
- The nature of any consultation needs to reflect that;
- The LMA will adopt either a Full Consultation or a Streamlined Consultation depending on those factors above;
- Clearly defined time lines to be agreed with Lloyd's.



Full Consultation (3 Stage):



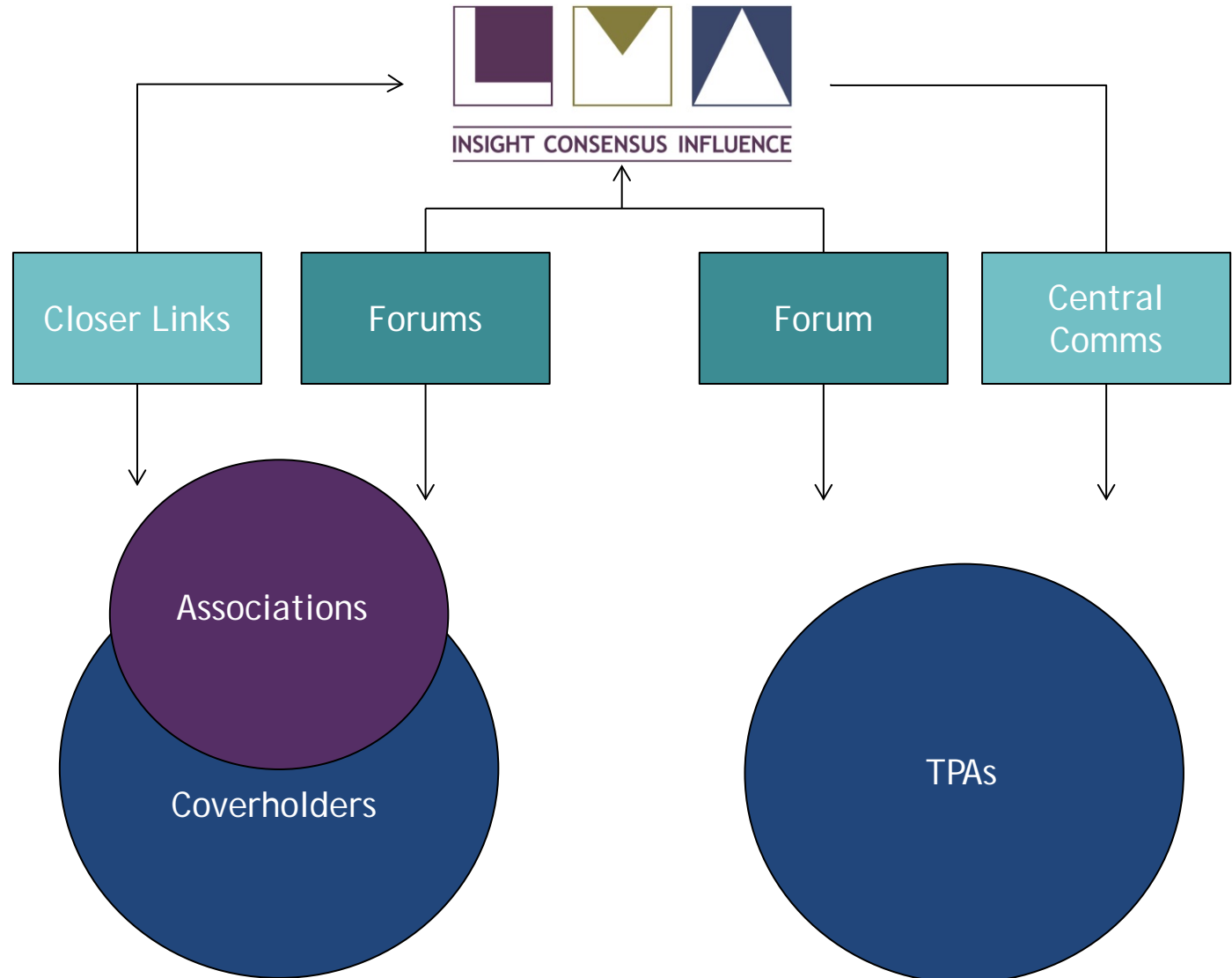
Streamlined Consultation (2 Stage):



Outward Facing

2016

2017



Next Steps

- Discuss lessons learnt with Lloyd's on Central Communication exercises in 2016;
- Undertake survey with Managing Agents to ensure that we can communicate effectively depending on their business models;
- Work with Lloyd's DA Team to ensure communication strategies align;
- Finalise & publish draft framework with relevant consultation.



LLOYD'S