
New Entrants: 'Making it Happen' Guide

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1 Introduction

This guide is provided to assist new entrants (managing agent or syndicate) in their understanding of, and readiness for, the Making it Happen (MiH) stage of a syndicate or managing agent application. A Special Purpose Arrangement (SPA) application is also subject to this stage of the new entrant framework, however the level of MiH work will vary depending on the purpose and structure of the SPA and therefore a bespoke MiH review will be agreed for each SPA.

The MiH work arising from an application is conducted only following an “in principle” approval decision on the application from Lloyd’s Board, however preparatory work will be undertaken from the point Lloyd’s agrees a new entrant proposal is ready to be submitted to the Board for “in principle” approval.

Approval by the UK regulators is required for a new managing agent through a separate, parallel application.

Readers should familiarise themselves with the overall [New Entrant Framework](#) and the [Minimum Standards](#) (“the Standards”).

This guide covers:

- the MiH process and methodology
- requirements for Lloyd’s formal approval of an application
- a high level timeline
- delivery of documentation for Lloyd’s review
- post-approval monitoring/validation

1.1 Glossary of frequently used acronyms

Board	Lloyd’s Board (formerly the Franchise Board)
BOC	Business Opportunities Committee
CPG	Capital and Planning Group
ECA	Economic Capital Assessment
MiH	Making it Happen
PTF	(Syndicate) Premium Trust Fund(s)
SAR	(Minimum Standards) Self-Assessment Return
SBF	Syndicate Business Forecast
SCR	Solvency Capital Requirement
TOBA	Terms of Business Agreements

2 Making it Happen Process

The MiH process has three main pillars of activity; all need to be satisfactorily completed as a pre-requisite for seeking Lloyd's formal approval for the new entrant.

2.1 The Standards

The Standards provide a clear, comprehensive and consistent framework within which all managing agents/syndicates are expected to operate (see appendix 1).

Lloyd's will engage in a detailed review of the applicant's proposals to obtain sufficient assurance that:

- arrangements are, or will be, in place for the new entrant to comply with the Standards at start-up; *and*
- the new entrant will introduce, operate and manage an effective control environment to maintain compliance as a "live" operation.

Lloyd's will seek evidence from the applicant throughout the MiH process so Lloyd's can assess the application's readiness for compliance with the Standards. This evidence should be submitted via Lloyd's Secure Store (see appendix 3).

Lloyd's will issue a blank SAR covering all the Standards. The applicant should complete and return this along with an organisation chart and details of how they plan to achieve Solvency II compliance. From this point the formal evaluation process begins.

Lloyd's review team (see section 3.2) will review the SAR and organisation chart before requesting a selection of evidence for review and it is these documents that form the basis of the MiH process. Not every document will be required however they must be available for prompt delivery if requested by Lloyd's.

Depending on the outcome of the initial document reviews, Lloyd's may require additional documentation to that initially listed in the SAR. Applicants should not under-estimate the volume of work arising from the MiH. Lloyd's anticipates this stage will take between six and eight weeks.

2.2 Non-Standards

The Non-Standards actions are also referred to as the "operational and administrative" elements of a syndicate or managing agent application. In many cases these are not subjective policies or procedures but actions necessary to deliver the successful operation of a Lloyd's business. Lloyd's will provide the applicant with a schedule of actions, some common to all applications and others bespoke to the particular proposal (see appendix 2 for examples).

2.3 Underwriting Plan & Capital Requirements (syndicate / SPA)

The full and detailed review of the proposed underwriting plan (SBF) and capital requirement. The high level plan will have been included in the paper to the Board, however the Board does not agree the SBF and it is only once the Board

has granted 'in principle' approval that Lloyd's will dedicate additional resource to review the SBF in detail. It is possible that this review may give rise to quite material changes to the original plan as presented. Details on how Lloyd's sets the capital requirement for new syndicates/SPAs can be found in the Developing a New Lloyd's Underwriting Business guide. Lloyd's Capital & Planning Group (CPG) separately agree the SBF and SCR/ECA.

2.4 Formal approval – Business Opportunities Committee (BOC)

The new entrant framework is owned and managed by BOC. BOC is a committee of Lloyd's chaired by the Director of Performance Management. The BOC is responsible for the escalation of (attractive) proposals to the Board and for the granting of formal permissions.

Only following satisfactory completion of the relevant MiH pillars of activity, the BOC will consider the application for formal approval/Permission for a syndicate to commence underwriting. It is the BOC that ultimately grants permission to the application to "go live".

Subject matter experts may attend the BOC meetings.

3 Making it Happen Resources

3.1 Project Management

The Lloyd's MiH work will be overseen by a small project team led by an individual from the Business Development team (who will also manage the review of the Non-Standards actions). The project team will include an individual from the Syndicate Capability Oversight team (co-ordinating the Standards review) and (where an SBF needs to be reviewed) an Executive from Syndicate Business Performance. We expect the applicant to organise a similarly sized project team.

The Lloyd's project team will meet on a regular basis throughout the MiH stage to:

- monitor progress across the activity pillars (Standards, Non-Standards and SBF [syndicate only])
- communicate any procedural issues to the applicant
- receive and escalate, as necessary, any issues from the applicant
- liaise, as necessary, with the PRA/FCA
- determine the overall readiness of the application to be submitted to BOC for formal approval
- prepare and present the sign-off presentation pack for BOC.

3.2 The Standards

The Standards MiH review work requires the knowledge of a number of business areas across the Corporation. Each Standard will be allocated a dedicated reviewer from the relevant business area; in some cases an individual will manage the review work across more than one Standard (see appendix 1).

We ask that the applicant organises a similar group, providing the Lloyd's reviewers with a specific point of contact for the review work. The applicant's representatives must have sufficient knowledge and authority to manage the review work and to authoritatively present the applicant's policies and procedures.

3.3 Non-Standards

Lloyd's Business Development (New Entrants) team will also manage and monitor progress with delivery of the Non-Standards actions.

3.4 Underwriting Plan & Capital Requirements (syndicate/SPA only)

The applicant's underwriting plan will be reviewed by the Syndicate Business Performance team leading to presentation to [the Capital and Planning Group \(CPG\)](#). It is usual for an updated SBF to be submitted after the first presentation.

4 Making it Happen Timeline

The timing of presenting new syndicate and new managing agent applications to the Board varies considerably. Driven in part by the UK regulators' service standard and also by the likely need to recruit senior roles to adequately resource a new managing agent; these applications are usually presented to the Board up to a year before the target 'go live' date.

The table below sets out key MiH activities for a new syndicate, where it is usual for the applicant to seek 'Permission to Underwrite' within a much shorter timeframe.

The following timelines are indicative and will be confirmed specifically for each application. The time taken will vary depending on the timeliness of applicant's submissions, the quality of those submissions and the applicant's level of "readiness" and engagement.

Activity	Working days	Comments
Once the BOC has agreed to progress the syndicate application to The Board Lloyd's will arrange a MiH 'kick-off' meeting with the new entrant. Topics will include: <ul style="list-style-type: none"> - initial assessment of Non-Standards actions - agreeing provisional MiH timetable - explanation of review process and how to submit documents 	c.20 days before the Board meeting	Timing of the 'kick off' meeting will be heavily dependent on the timing of the Board meeting
Applicant works 'behind the scenes' to prepare the SAR along with Standards and Non-Standards actions as far as possible	-	
Lloyd's and applicant establish their MiH project and review teams	10-15 days before the Board meeting	
Lloyd's Board decision	0	Formal MiH review is subject to Board approval Proposal has to be endorsed by BOC ahead of the Board

Applicant submits organisation chart, plan for achieving Solvency II compliance, completed SAR and Standards evidence	Board meeting + 1-3 days	Applicants should not underestimate the level of work required to satisfy the Standards review work.
New entrant delivers secondary applications, e.g. corporate member, coverholders, NAIC licencing	+ 5 on	These applications will have been clarified at the 'kick off' meeting
'Peer to peer' review meetings held with applicant staff responsible for each Standard to discuss any points raised from the document evaluation and to review systems in place	+10 to +30	This interaction will continue until all procedures, documents and evidence are agreed. The number of iterations and the quality of all submissions may impact the new entrant's target start date.
Lloyd's project team (Business Development (New Entrants)) and Syndicate Capability Oversight) will meet regularly with the applicant to communicate progress and highlight any issues, including escalation of areas where evidence is overdue Business Development (New Entrants) will additionally liaise with other internal and external groups to validate progress (e.g. Lloyd's Market Services, Legal Services, Xchanging, banks, the PRA/FCA etc)	-	Fortnightly, moving to weekly as the MiH review work progresses, or as required
For a new syndicate, the SBF and syndicate capital requirement will be agreed by the CPG	+ 30-35	CPG agreement to the SBF and capital requirement will be a pre-requisite for presenting the application to the BOC for formal sign-off
The Oversight Manager reviews, challenges and signs off on the output from the Standards review work	+ 30-35	Standards sign-off is a pre-requisite for presenting the application to the BOC for formal sign-off
BOC considers the recommendations of the MiH team and CPG in determining whether the application may be approved	+ 35-40	If approved, formal letter from Lloyd's usually sent within 2 days

5 Making it Happen Methodology

5.1 The Standards

Lloyd's objective is to establish that the systems and controls outlined by the new entrant in their completed SAR are in place, understood throughout by relevant personnel and employed as and when appropriate. The systems and controls must be sufficiently effective to satisfy the intention to meet the requirements of the Standards. Evidence must be provided that governance, systems and controls are specific to the individual business and will be in place for "go live".

The second and equally important goal of the review is to ascertain that there is adequate resource and skill sets in place to deliver and manage all relevant activities effectively. Resources may be provided directly or through formal outsourcing arrangements. In either case, the applicant will need to demonstrate satisfactorily that adequate skilled resource will be available to the business as required. In addition, there should be sufficient evidence to address the core areas of succession and resource planning, thereby enabling the applicant to address any potential skill gaps both in the short and longer term.

Lloyd's understands and accepts, that in some cases, the evidence to demonstrate full compliance with the Standards will not be available until after the new business is "live". Because of this it is imperative from the outset of the Standards review work that for every Standard the applicant agrees with Lloyd's the documentation and evidence that needs to be provided and when this needs to be submitted.

To enable Lloyd's to achieve the most comprehensive understanding and ascertain the robustness of the proposed new entity, a formal review of the processes and controls is undertaken.

This exercise comprises a combination of:

- reviewing SAR evidence
 - validating the evidence of **existing** processes and controls to ensure these are working and effective
 - considering **prospective** processes and controls with the expectation of reviewing the output when the business is operational
- interviewing relevant staff with roles and responsibilities in key areas of the Standards - likely to include:
 - Directors and members of the management team
 - Chief Underwriting Officer/DoU
 - Underwriters
 - Underwriting Support
 - Delegated Underwriting Management
 - Exposure Management
 - Head of Claims
 - Claims Handlers
 - Actuaries
 - Reinsurance Directors
 - Compliance

5.2 Non-Standards

The MiH review focusses on ensuring that the Non-Standards actions (some of which are distinct applications in their own right) are initiated in a timely fashion and are progressing towards the agreed target approval date. The table at appendix 2 sets out examples of common Non-Standards actions.

Lloyd's will provide a full schedule of actions that will be tailored to the application. Resolution of these actions is critical to Lloyd's considering formal sign-off of an application and the effort required to deliver these should not be underestimated.

Business Development (New Entrants) will:

- meet with the applicant at the earliest opportunity to
 - confirm the relevance of each action and
 - explain clearly for each action what is required to be done and why
- review progress against the Non-Standards actions as part of the regular meetings.

5.3 Underwriting Plan & Capital Requirements

Syndicate applicants, through the managing agent, will already have provided one or more versions of the SBF prior to the proposal being presented to the Board. Following a positive decision by the Board, Lloyd's will undertake a more detailed review of the SBF which may require further submissions via the Market Data Collection (MDC) system.

Lloyd's will model the capital requirement for a syndicate's first year of operation. CPG will consider the final SBF and capital requirement for agreement; CPG agreement to the Plan and Capital requirement for a new syndicate is one pre-requisite for the BOC sign-off meeting.

5.4 Post-approval deliverables

Recognising the necessary post approval validation work referred to above, Lloyd's will attach an appendix to the formal approval letter. The schedule in the appendix will detail what the applicant will need to provide to Lloyd's through the early period of operation (usually up to a year). Each deliverable will have a Lloyd's owner and a deadline. The applicant has to sign and return a copy of the schedule to ensure there is clarity and transparency for both parties.

6 Post Approval & On-Going Validation

Once the BOC approval has been secured, Lloyd's focus will turn to testing the operational effectiveness of the systems and procedures evidenced throughout the MiH and developed subsequently.

Lloyd's MiH teams will liaise with the applicant on any pre or post "go live" deliverables and any further testing required. Such actions will be clearly communicated to the successful applicant via the schedule referred to in section 5.4 above.

Testing post “go live” will include (but may not be limited to):

- review of board and/or committee pack and minutes for up to 12 months
- specific review (over an agreed period) of certain, defined regular returns to Lloyd’s
- Board attestation of compliance with the Standards at 12 and 24 months (then subsequently aligned with the annual process in Q1 each year)
- compliance with Solvency II at 24 months (with progress checked at 12 months).

When appropriate, Lloyd’s will issue a letter to confirm all post deliverables are closed.

Appendix 1 The Standards

Standard	Lloyd's Business Area
MS1 Underwriting Strategy & Planning	Syndicate Business Performance
MS2 Underwriting & Controls	Syndicate Business Performance
MS3 Price and Rate Monitoring	Syndicate Business Performance
MS4 Governance	Syndicate Capability Oversight
MS5 Risk Management	Syndicate Capability Oversight
MS6 Exposure Management	Exposure Management
MS7 Reinsurance Management & Control	Market Reserving & Capital
MS8 Reserving	Market Reserving & Capital
MS9 Customer	Syndicate Capability Oversight
MS10 Regulatory	Syndicate Capability Oversight with input from International Regulatory Affairs
MS11 Cyber Security & Data Management	Syndicate Capability Oversight
MS12 Scope, Change and use	Syndicate Capability Oversight
MS13 Modelling, Design & Implementation	Syndicate Capability Oversight
MS14 Validation	Syndicate Capability Oversight
MS15 Investment Management	Treasury

Appendix 2 Non-Standards Actions

Non-Standards Actions – <u>Examples only</u>
Relating to a Syndicate Application
<p>Source of U/W capital: Applicant will need to demonstrate that adequate capital arrangements will be in place to meet Lloyd's U/W requirement for the first three years of underwriting.</p>
<p>PTF banking arrangements: A new syndicate needs to set up banking arrangements for processing business through Central Accounting for each currency. <i>Action managed by Xchanging.</i></p>
<p>Overseas Licensing: In the majority of jurisdictions, Lloyd's syndicates are licensed on approval. However, in the US, each syndicate is approved separately by the NAIC. This approval is for surplus lines and reinsurance business.</p> <p>Lloyd's International Regulatory Affairs team (NAIC application).</p>
<p>'Turnkey'/incubator (Managing Agents) agreement: Where relevant, the capital provider(s) will enter into an agreement with managing agent covering provision of services, reporting etc.</p> <p>The Agreement should supplement, not materially change, the Managing Agent's Agreement between the member(s) and the managing agent. <i>Lloyd's Legal team</i></p>
<p>Corporate member application/approval: Any new corporate members that will provide capacity to the syndicate require Lloyd's approval. <i>Application to Lloyd's Market Services team</i></p>
<p>Lodging Funds at Lloyd's (FAL): The requisite FAL in the member(s) supporting the syndicate will need to be lodged at the level agreed by the CPG</p>
Relating to a Managing Agent application
<p>PRA/FCA: Approval is required for a new managing agent – Lloyd's works with the Permission team through the parallel applications. For a new syndicate managed by an existing agent, Lloyd's will discuss the application with the managing agent's supervisor.</p>
<p>Agency/syndicate auditors: It is necessary to appoint auditor(s). Lloyd's will wish to discuss appointment of same firm for both entities where unaligned capital supports the syndicate.</p>
<p>TOBAS/endorsements to reinsurance contracts: Managing agent will need to have signed TOBAs with each broker the syndicate to be managed wishes to trade with.</p>
<p>Variations to the Managing Agent's Agreement: The Managing Agent's Agreement is a standard document. Any variations require Lloyd's approval. Most usually variations are to reflect members' Limited Tenancy Capacity arrangements</p>
<p>PTF Trustees: Lloyd's needs to approve a minimum of two PTF Trustees and a maximum of three. At least two have to be executive directors of the managing agent. These are responsible for the administration of the PTF.</p> <p><i>Application(s) to Lloyd's Market Services team.</i></p>

Appendix 3 Secure Store

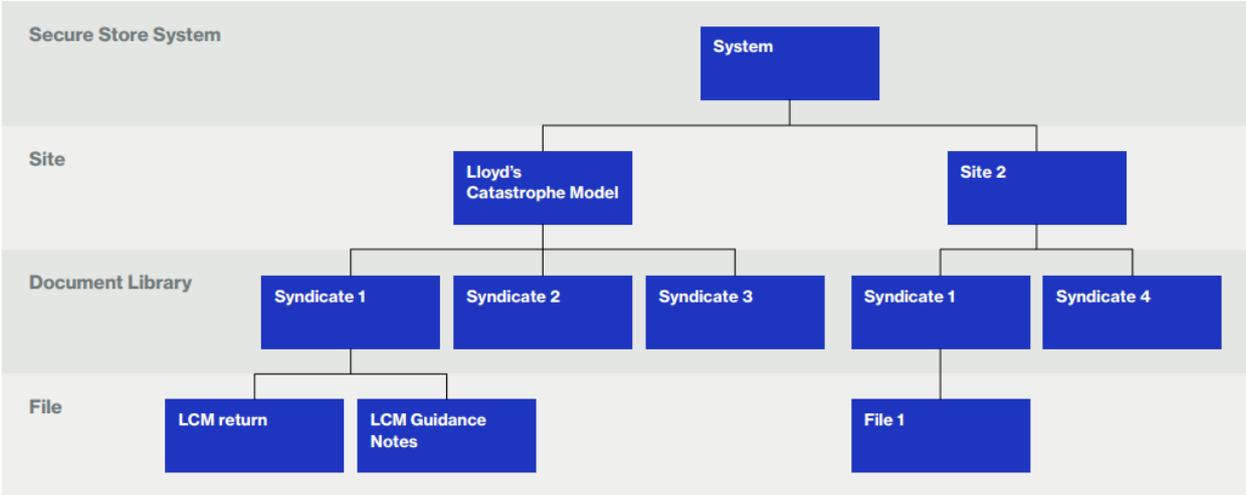
About Secure Store

Lloyd’s Secure Store is a secure web-based facility that allows Lloyd’s Market users to exchange files with Lloyd’s Corporation users. Secure Store may be used by the Corporation to distribute information to market users, and also by market users to upload information to Corporation users.

Secure Store has been designed to work with “unstructured” data, as opposed to form-based data. Where previously we may have used, for example, CDs, DVDs, or email, Secure Store now provides a single, convenient, secure location, where information can be delivered between Corporation departments and market entities.

Secure Store Structure

Secure Store consists of many ‘sites’, a site contains libraries which in turn contain files. The following diagram illustrates the structure of a typical Secure Store.



Secure Store sites can be based on different entities: syndicates, managing agents, brokers, members or members agents.

Depending on the entity used the Secure Store site will contain a series of folders with each folder restricted to a specific organisation, e.g. syndicate 0123 or managing agent XYZ.

Devolved Administrators

Each syndicate / managing agent / broker has a nominated Devolved Administrator for Secure Store.

Access to your Secure Store Library is provided by your Devolved Administrator through the [Lloyd's Access Framework \(LAF\) website](#). The Devolved Administrator is responsible for adding and removing users from groups so that staff from his or her organisation can access relevant content - see [here](#) for a Guide for Secure Store Devolved Administrators.

File Type Constraints

Certain file types may not be uploaded to Secure Store as these can be potentially harmful. These file types are too numerous to list, but a sample (in no particular order) is provided below. The Secure Store system will automatically prevent uploads of any potentially harmful file.

.exe .com .bat .app .asp .chm .class .cmd .csh .hlp

File Size & Bandwidth Considerations

As with any web based computer system; large files will take some time to upload based on your internet connection. The absolute maximum file limit is 2GB.

A Note on Usage

The system is designed as a straightforward and secure method to support certain time-specific business activities. It is not intended as an on-going information source, or as an information portal or storage location for documentation. The only files that should be uploaded to Secure Store are completed/published files i.e. not work-in-progress.

Using Secure Store

Accessing Secure Store

To access Secure Store you must first [sign up for a LAF account](#). As discussed above, your Devolved Administrator will need to add your account into the correct group from the LAF website.

In order to access Secure Store, simply navigate to <http://securestore.lloyds.com> alternatively follow the link at www.lloyds.com/securestore. Then login with your email address & password.

Navigating Secure Store

On the Secure Store home page navigate to your desired area by clicking the plus sign.

 Site : New Entrant Process (67)

Then simply click your organisation name to access the library.

Site : New Entrant Process (67)
- Guidance Notes and Templates
 Advent Underwriting Limited

See appendix 4 for details on the specific New Entrant Process library set-up.

Uploading Files

Select the folder you wish to add a document on then click 'Add Document'.

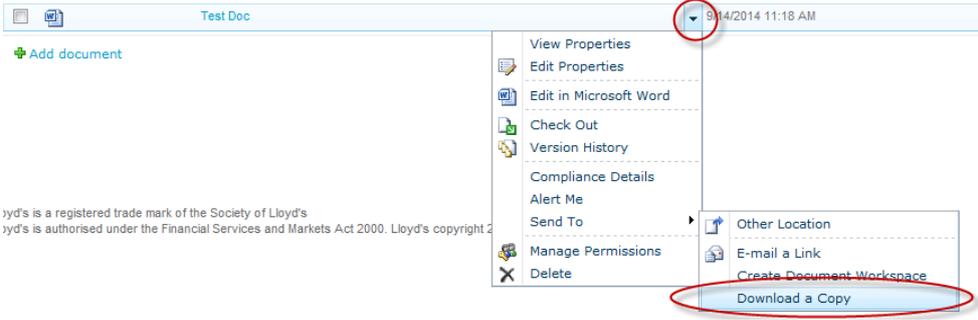
 Add document

Select the file from your local computer and click Ok.

You may now be presented with a screen asking you for information relating to this file (metadata). Simply follow the prompts. All fields marked with a red asterisk * are mandatory. Finally you should see your file uploaded in the library.

Downloading Files

Hover over the file to be downloaded then click on the drop down arrow that now appears to the right of the file name. Choose 'Send To' then click on 'Download a Copy'.



You will be prompted to save the file to a location on your computer. Please note large files will take longer to download.

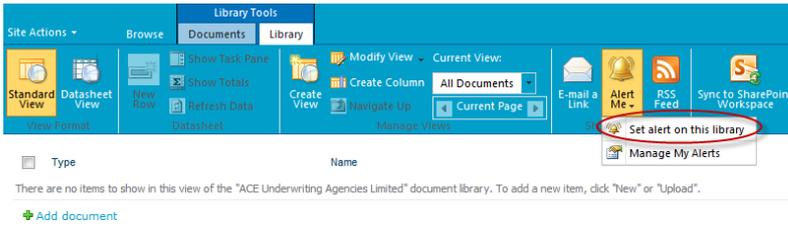
Email Alerts

Secure Store provides you with the ability to create Email notifications when new files are uploaded or changed.

Click on the Library tab



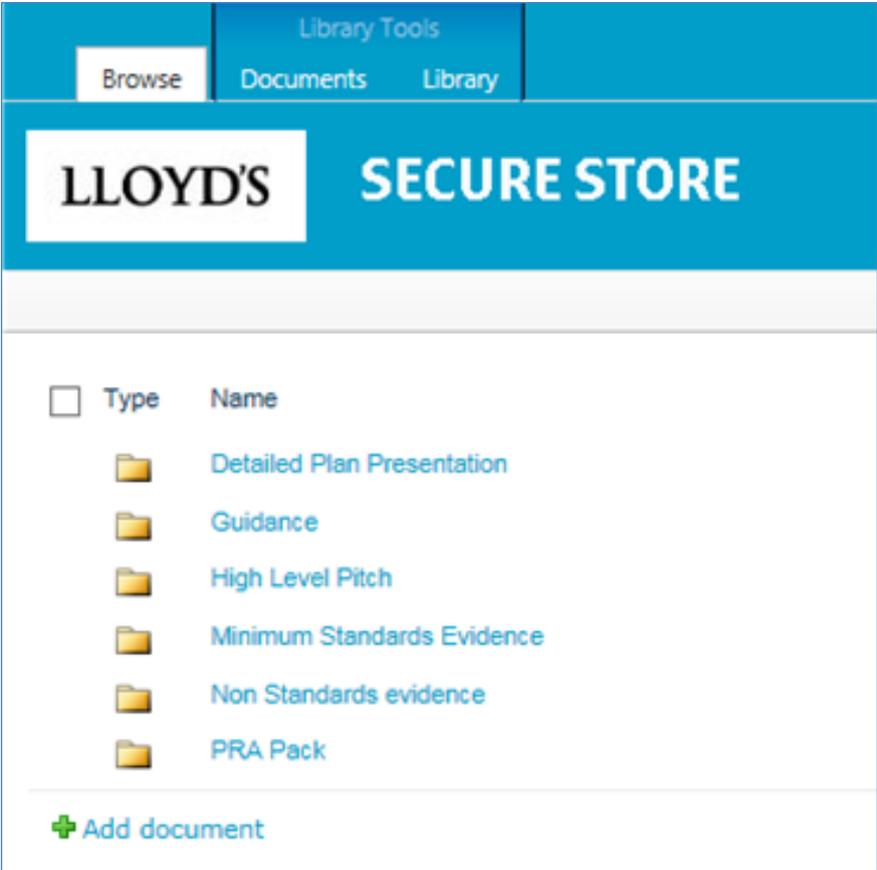
Click the Alert Me icon, then “Set Alert on this library”



Follow the on-screen instructions to setup your alert.

Appendix 4 Submitting Making it Happen Documentation

The Secure Store library for new entrants contains a number of folders.



Guide

Guide documents will be provided by Lloyd’s; all else is to be provided by the applicant and uploaded to the relevant folder.

Document Mapping Spreadsheet – The Standards

To assist the review of Standards evidence by Lloyd’s, applicants will need to complete a document mapping spreadsheet for which a template will be provided in the Guide folder.

Before submitting documents, applicants should confirm with Lloyd’s that the document naming convention is acceptable. If submissions do not follow the agreed convention, this is likely to extend the MiH timeline. Document names stated in the spreadsheet should exactly match those which appear in the SAR and the documents submitted via Secure Store. Some documents will refer to multiple Standards and this should be indicated in the spreadsheet.

The completed SAR, document mapping spreadsheet and Standards evidence should be uploaded to the Minimum Standards Evidence folder. If any of these is incomplete this may impact timelines and affect the “go live” date.

Please list each document that is submitted as evidence for a Minimum Standard/Requirement.

For each document specify (with asterisk) the Standard Group that the document provides evidence for and the date of the version sent.

Some documents will refer to multiple Standard Groups - mark the relevant Standard Group until all covered by that document have been selected.

Doc Name	Date	Non Standards	MS1	MS2	MS3	MS4	MS5	MS6	MS7	MS8	MS9	MS10	MS11	MS12	MS13	MS14	MS15