



NON-LLOYD'S BROKERS

A GUIDE FOR MANAGING AGENTS

APRIL 2013

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PART 1

INTRODUCTION TO THIS GUIDANCE

ACCEPTANCE OF BUSINESS BY LLOYD'S SYNDICATES

The Legislative Reform Act to amend Lloyd's Act 1982 came into force on 19 November 2008. One of the reforms introduced was to remove Section 8(3) of the 1982 Act which had provided that generally Lloyd's syndicates could only accept business from or through Lloyd's brokers. (In other words brokers that had been registered by Lloyd's centrally in accordance with criteria laid out in the Intermediaries Byelaw).

As a result of this important change Lloyd's has the same ability as its competitors to determine its distribution methods free of unnecessary statutory restrictions giving the market, which is subject to the same competitive pressures as the rest of the global insurance industry, the flexibility to adapt to ensure its continued success.

Paragraph 27 of the [Underwriting Byelaw](#) (pdf, 136KB) provides the complete list of methods by which business may be directly accepted by syndicates. This includes accepting business via Lloyd's brokers, coverholders, service companies and also specific arrangements for the acceptance of personal lines business, Singapore business and business from Lloyd's China. Risks can be accepted directly from policyholders so long as the managing agent is capable of properly handling that business (which is likely to mean that the business is non-subscription business).

In addition, business can also be accepted by the members of a syndicate directly from non-Lloyd's brokers.

Lloyd's is of course keen to ensure that any non-Lloyd's brokers that wish to place business with a syndicate do not represent an additional prudential risk to the market. Therefore, Lloyd's has implemented rules to ensure that managing agents apply the same minimum standards that are required of Lloyd's brokers to any non-Lloyd's brokers with whom they deal with directly. These rules are designed to create a level playing field and this approach is consistent with Lloyd's position that high quality intermediation remains at the heart of how business is carried out at Lloyd's.

The specific requirements themselves are as set out in paragraphs 18 and 19 of Chapter 2 of the [Underwriting Requirements](#).

PURPOSE OF THIS GUIDANCE

The direct acceptance of business from non-Lloyd's brokers is reasonable in a world where the FSA now regulates all UK intermediaries and where regulatory standards have improved in many other countries around the world. However Lloyd's recognises that the acceptance of business from a non-Lloyd's broker presents specific practical issues for managing agents and wants to ensure that such business can be handled in an appropriate and practical way.

Lloyd's worked closely with a sub-group of the LMA to produce the original version of this guidance and is grateful for the LMA's assistance in preparing this revised version. In this document we seek to provide guidance on some of the key considerations that a managing agent should make before deciding to accept business from a non-Lloyd's broker. This includes guidance as to what standards a non-Lloyd's broker should meet, who should check compliance with these standards and what

activities a non-Lloyd's broker may or may not engage in within the Lloyd's market. The manner by which such business is handled and processed is particularly important and we also provide some assistance in that regard.

ADDITIONAL QUERIES AND PROVISION OF INFORMATION

If you have a query that you do not think is covered here or if you have any suggestions or questions and answers for future updates to this guidance please contact the Broker Relationship Management team at brokers@lloyds.com

Lloyd's is keen to understand how and to what extent managing agents are using non-Lloyd's brokers. To help us track the use of non-Lloyd's brokers, managing agents are asked to notify the Broker Relationship Management Team when entering into a TOBA with a new non-Lloyd's broker. A form has been prepared to make the notification and can be found in Annex 2 of this document.

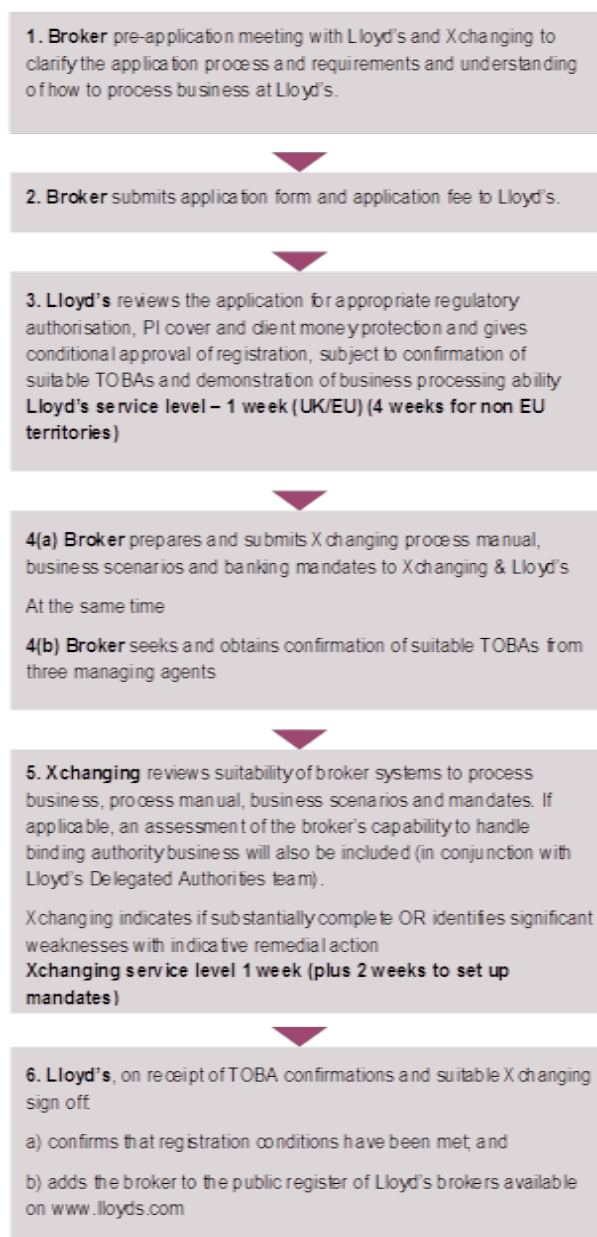
PART 2

LLOYD'S BROKERS

The classification of “Lloyd’s broker” recognises the important role that Lloyd’s brokers have to play at Lloyd’s and the benefits that high quality intermediation brings to the market.

Lloyd’s continues to work closely with the Lloyd’s broking community to develop and build upon relationships and understand how Lloyd’s and brokers can work more closely together for the benefit of the market.

OVERVIEW OF THE REGISTRATION PROCESS FOR LLOYD’S BROKERS



An overview of the application process to become a registered Lloyd's broker is summarised in the flow chart above.

The remainder of this Guidance applies to dealing with non-Lloyd's brokers (and other acceptance of business methods).

CAN A BROKER STILL APPLY TO BE A LLOYD'S REGISTERED BROKER?

Yes. The application will be assessed by Lloyd's in accordance with our criteria under the Intermediaries Byelaw. Please see [Lloyd's Guidance for Applicants](#) for further details of how to make a registered broker application.

WILL YOU CONTINUE TO CHARGE £5,000 FOR APPLICATIONS TO BECOME LLOYD'S BROKERS?

Yes. This is a one off registration fee.

PART 3

DEALING WITH NON-LLOYD'S BROKERS

THE STANDARDS NON-LLOYD'S BROKERS SHOULD MEET

Lloyd's wants to ensure that any new brokers that wish to place business with a syndicate do not represent an additional prudential risk to the market. Accordingly, managing agents must apply the same prudential standards that are required of Lloyd's brokers to any non-Lloyd's brokers with whom they deal directly and ensure a level playing field across all brokers accessing the market.

What this means in practice is that the non-Lloyd's broker must meet certain minimum standards (which already apply to Lloyd's brokers) namely that it –

- has been approved by an appropriate regulatory body;
- meets Lloyd's enhanced PI requirements;
- has entered into a terms of business agreement with each managing agent with whom it intends doing business;
- has arrangements for protecting insurance/client monies; and
- is able to properly handle and process the business in accordance with relevant London market standards and practices.

Further guidance on each of these standards is provided in the following questions and answers.

It is important to emphasise that this guidance reflects the **minimum** standards that must apply and a managing agent should make sure they are satisfied by the broker's competence and reputation. Managing agents are free to apply higher standards, for example to reflect their own credit or service ratings.

In addition, please note that the minimum standards discussed below only apply to non-Lloyd's brokers that place business directly with a managing agent (i.e. not where a non-Lloyd's broker produces business to a Lloyd's broker, service company or coverholder).

WHO IS RESPONSIBLE FOR CHECKING IF A MANAGING AGENT CAN DEAL WITH A NON-LLOYD'S BROKER?

As the byelaw provisions make clear this is a matter for each managing agent whether acting as a leader or follower. In practice the managing agent will need to make its assessment before deciding whether or not to enter into a TOBA with a new broker (and if so on what terms).

A managing agent cannot just rely on the fact that another managing agent does business with that broker or that another managing agent is leading the risk. Nor should it rely upon the fact that Lloyd's centrally will be maintaining, for information purposes, details of the non-Lloyd's brokers doing business at Lloyd's (see section below regarding Lloyd's role in issuing CSN numbers). Instead each managing agent must for its own part ensure that the broker both meets the minimum standards but also that the broker meets whatever additional or higher standards the managing agent decides should apply.

WHAT REGULATORY APPROVALS SHOULD WE CHECK THAT THE NON-LLOYD'S BROKER HAS?

This will depend upon the jurisdiction of the broker. Some primary examples include -

- A UK broker will need to be FCA approved and will need to hold the relevant permissions. The regulatory position can be checked using the Financial Services Register at www.fca.gov.uk/pages/register which gives details of the permissions held by an individual broking organisation.
- In the rest of the EU the broker will need to be regulated and approved by its relevant home state regulator (which is the relevant regulator for the purposes of the Insurance Mediation Directive).
- In the USA the broker will need to be appropriately licensed by its home state regulator and in addition possess a surplus lines licence for (as a minimum) its home state. See [Crystal](#) for further guidance regarding USA based brokers seeking to place business into Lloyd's.
- In Canada it will need to be registered by the relevant provincial regulator. Please see relevant section in [Crystal](#). Further information can also be obtained from Lloyd's Canada.
- In Australia, the Corporations Act 2001 (Cth) (FSRA) requires that those providing financial services either obtain a licence or avoid this requirement by falling under one of the exemptions that apply (Reinsurance is not considered a financial product and the FRSA does not apply to reinsurance). The FSRA applies to all types of general insurance policies provided in Australia. This licence is authorised by ASIC, the Australian Securities and Investment Commission.

Any managing agent giving consideration to doing business with a non-UK non-Lloyd's broker is strongly recommend to first contact the relevant Lloyd's General Representative or Country Manager who will be able to provide guidance (including as to the relevant regulatory approvals that need to be checked). In the case of the US please contact Lloyd's America.

Further information can be found on [Crystal](#) and advice obtained from Lloyd's International Trading Advice (LITA).

Having completed the regulatory checks the managing agent should ask the broker to supply copies of any relevant licences or approvals and should also undertake checks of any public regulatory registers (which will often be on-line).

Where there is no suitable local regulator then a managing agent may still do business with that non-Lloyd's broker but in that case managing agents are asked to first contact the Broker Relationship Management Team – brokers@lloyds.com

WHAT LEVEL OF PI COVER IS REQUIRED?

Managing agents need to ensure the non-Lloyd's broker holds at least an equivalent level of professional indemnity cover as that required for a Lloyd's broker. In other words -

- Limit of Indemnity - The minimum limit of indemnity must be the greater of £3,000,000 or 4 times the annual net retained brokerage as shown in the most recent audited financial statements at the time of renewal of the broker's policy. If its annual net retained brokerage is less than £15,000,000, the minimum limit of indemnity need be no more than £20,000,000. If the broker's annual net retained brokerage is greater than £15,000,000 the minimum limit of indemnity need be no more than £30,000,000.

- Excess - The insurance excess in respect of each claim must not be more than (a) 25% of the broker's net tangible assets for the last financial year, as shown in its last audited accounts; or (b) £2,500,000; whichever is less.

WHAT SHOULD BE INCLUDED IN A TOBA?

A managing agent must enter into a terms of business agreement (TOBA) with a non-Lloyd's broker before accepting any business, whether as a leader or follower. This applies whether or not the non-Lloyd's broker already has a TOBA with another managing agent.

The TOBA is an important agreement recording the general terms and conditions by which the managing agent and the broker will do business. Lloyd's does not mandate either the form that the agreement takes (so long as it is in writing and has been agreed by both parties) or the specific content of the agreement. Instead, the managing agent should negotiate the detail of the agreement with the broker taking into account as appropriate any relevant local laws. The specific areas that Lloyd's would expect to be covered are –

- Broker's authority - The terms of business agreement must clearly set out what authority the managing agent is giving the broker.
- Premium and claims - The terms of business agreement must set out the broker's and managing agent's responsibilities regarding the holding and payment of premiums and claims monies (including the timing of such payments). If the non-Lloyd's broker is a UK broker it will need to cover the relevant FCA Client Money rules (see the FCA Handbook at CASS). If the broker is a non-UK broker the managing agent should consider whether there are equivalent regulatory provisions regarding client money that should be covered by the TOBA.
- Ownership of and access to records - The terms of business agreement must set out what rights of access the broker and managing agent have to each other's records.
- Law and Jurisdiction- The law and jurisdiction applicable to the Terms of Business Agreement must be stated.

Managing agents may also wish to consider including a provision in the TOBA to the effect that the broker must maintain its regulatory approvals and PI cover during the period of the agreement and that the managing agent will be notified if this ceases to be the case.

When negotiating a TOBA, both parties will need to consider the interests of their clients and principals as well as any local laws or regulatory requirements.

HOW SHOULD CLIENT MONEY BE HELD?

The managing agent must be satisfied that the broker has the necessary procedures in place to protect insurance monies in the event of insolvency. In practice this means that the managing agent should check that the broker operates strictly segregated client money accounts or has alternative equivalent arrangements in place that the managing agent believes are prudent and appropriate.

If the broker is a UK broker it will need to meet the FCA's client money rules (as set out in the FCA's Handbook at CASS).

If the broker is an intermediary in another member state of the EU, it will need to meet the equivalent requirements set by its home state regulatory authority.

Typically the method by which insurance monies should be held will be specified in the TOBA.

WHAT MARKET PROCESSING STANDARDS DOES A NON-LLOYD'S BROKER HAVE TO MEET?

If the business being produced is to be underwritten entirely by a managing agent's own syndicate(s) (i.e. it is not subscription business) then the managing agent may decide it is capable of handling and processing the business for itself. If this is the case the business can be processed in a similar way to coverholder or service company business via Xchanging.

If the managing agent is relying on the broker (of particular importance when dealing with subscription business), then the broker's ability to transact and process business in the Lloyd's market will be a key factor in a managing agent deciding whether it should do business with that non-Lloyd's broker.

The non-Lloyd's broker must demonstrate that it can properly operate the necessary accounting and settlement and claims advice and settlement processes to transact at Lloyd's (using its own systems or those of an outsource provider).

In practice this capability will be assessed by the non-Lloyd's broker having asked Xchanging (or other appropriate alternative third party) to work with it to determine whether the firm (or its outsource provider) has the necessary competence. (The [Xchanging information pack](#) provides more detail). For Xchanging to provide the necessary training and assessment it will charge a fee to the non-Lloyd's broker (currently £5,000). Only once Xchanging has confirmed the non-Lloyd's broker's ability to handle the business processing would you be able to enter into a TOBA.

DOES THE NON-LLOYD'S BROKER NEED TO GET RE-ASSESSED BY XCHANGING EACH TIME THEY WANT TO DEAL WITH A NEW MANAGING AGENT?

Although the managing agent will always need to be satisfied that the broker is capable to handle the business Lloyd's recognises that it might be prohibitively expensive and time consuming to expect the non-Lloyd's broker to go through this assessment process with Xchanging each and every time that it wants to start trading with a new managing agent.

For that reason Xchanging has agreed that once it has assessed a broker for the first time its ability to process business to the minimum standard will be confirmed by Xchanging recommending to Lloyd's that the broker should be issued with a Central Settlement Number (CSN). Holding a CSN number will demonstrate to any subsequent managing agent wishing to start trading with a non-Lloyd's broker that the broker complies with this minimum standard.

Xchanging will thereafter keep under review the broker's on-going ability to process business and if concerned it could ultimately withdraw the confirmation of competence previously issued.

PART 4

WHAT CAN NON-LLOYD'S BROKERS DO? WHAT RIGHTS DO THEY HAVE?

Under the provisions contained in the Underwriting Byelaw managing agents can accept business from or through a non-Lloyd's broker so long as a TOBA exists between them and the non-Lloyd's broker and that the broker meets the standards discussed in the previous part of this Guidance. In other words a non-Lloyd's broker can now broke risks directly to a managing agent (and can also handle claims).

However there are a number of other specific areas upon which we wish to provide clarity as to the role and rights of a non-Lloyd's broker.

CAN A NON-LLOYD'S BROKER USE THE DESIGNATION OF "LLOYD'S BROKER"?

No. The title "Lloyd's broker" is a valuable one which can only be used by a broker that has satisfied Lloyd's that it should be registered.

Nor should non-Lloyd's brokers include in their marketing any copy that may imply that they are "approved" in any way by Lloyd's. Further guidance as to the use of Lloyd's name and brand on marketing materials can be obtained by contacting marketing@lloyds.com.

IS A NON-LLOYD'S BROKER ABLE TO OBTAIN LLOYD'S PASSES? IF SO HOW?

We generally expect the managing agent to arrange day passes to enable a non-Lloyd's broker to access the Lloyd's building.

Where the level of contact justifies a permanent pass then the relevant managing agent may, if it thinks appropriate, sponsor an application for a blue "representative" pass.

Application forms can be obtained from Lloyd's Room Services on [contact details]. Lloyd's has the right to refuse to issue a pass or withdraw a pass that has been issued. Applications must be sponsored by the managing agent with whom the non-Lloyd's broker has entered into a TOBA.

Where either day or blue representative passes have been issued they may only be used for the purposes of discussing risks/claims with managing agents with whom the non-Lloyd's broker holds TOBAs. No other use (such as unauthorised broking to other syndicates) is permitted.

ARE NON-LLOYD'S BROKERS ABLE TO ACCESS CENTRAL SETTLEMENT AND HAVE THEIR OWN CENTRAL SETTLEMENT NUMBERS?

Yes. It is a key element of the process that the applicant broker is able to use the market's central settlement system. In order to use the system it is necessary for the broker to have a central settlement number (CSN).

CAN A MANAGING AGENT OWN A NON-LLOYD'S BROKER? CAN NON-LLOYD'S BROKERS HOLD SHARES IN A LLOYD'S MANAGING AGENT?

Yes. However, this is subject to Lloyd's disclosure and conflict of interest rules. Any queries on the disclosure requirements should be addressed in the first instance to the managing agent's Performance Management Directorate (PMD) account executive.

If the non-Lloyd's broker is in the US then this may also be subject to any Controlled Business statutes.

CAN NON-LLOYDS BROKERS PLACE BINDING AUTHORITIES?

Yes. Managing agents will need to be satisfied that the non-Lloyd's broker can properly place and service the business.

WILL NON-LLOYDS BROKERS BE ABLE TO PREPARE AND SUBMIT APPLICATIONS FOR COVERHOLDER APPROVAL?

Yes. Non-Lloyd's brokers are able to work with applicant coverholders to prepare and help submit applications for coverholder approval. Where they do this Lloyd's requires them to complete the "broker sign off" part of the application form. The sign off contains important confirmations that Lloyd's would want from any broker arranging a coverholder application. This includes an on-going commitment to inform Lloyd's and the lead managing agent of any matters of possible concern relating to the coverholder.

Under the Intermediaries Byelaw only managing agents and Lloyd's brokers can formally "sponsor" applications for coverholder approval. So if a non-Lloyd's broker prepares and submits an application Lloyd's will regard the managing agent that has countersigned the application as being the formal sponsor. This means that the managing agent must take extra care to ensure it is satisfied as to the assessment of suitability of the applicant coverholder.

Any queries regarding coverholder applications should be addressed to the Delegated Authorities Team at Lloyd's - coverholders@lloyds.com,

CAN NON-LLOYD'S BROKERS ACCESS THE ATLAS ON-LINE APPLICATION SYSTEM AND THE BINDING AUTHORITY REGISTRATION SITE (BAR)?

Yes. Non-Lloyd's brokers involved with placing binding authorities or arranging applications for coverholder approval are able to apply to Lloyd's (to the Delegated Authorities Team at [contact]) for access to both the Atlas and the BAR systems.

Please note that Lloyd's reserves the right to use its discretion as to whether to issue access to these systems. In the event that a non-Lloyd's broker fails to use the systems properly or does not comply with the undertakings it has given in the "broker sign off" then Lloyd's may withdraw the non-Lloyd's broker's right to access these systems.

WHAT IS THE STATUS OF A NON-LLOYD'S BROKER THAT IS ALREADY AN APPROVED COVERHOLDER?

The non-Lloyd's broker continues to be an approved coverholder. However in order to broke open market risks into Lloyd's it will need to meet the same standards as for any other non-Lloyd's broker.

WHAT ABOUT NON-LLOYD'S BROKERS THAT ARE CURRENTLY REGISTERED OR APPROVED AS LLOYD'S OPEN MARKET CORRESPONDENTS (OMCS)?

The current OMC process will continue to apply in respect of those countries where the OMC process is a local legal or regulatory requirement namely in –

- Canada
- Illinois
- Ireland
- Israel
- Italy
- Kentucky
- Namibia
- Portugal
- South Africa
- Switzerland

Accordingly, a non-Lloyd's broker from these countries will need OMC approval.

If the non-Lloyd's broker is placing business via a Lloyd's broker then the Lloyd's broker should sponsor the application using the existing process. If the non-Lloyd's broker produces business directly to the managing agent (or to another non-Lloyd's broker) then the managing agent will need to sponsor the OMC approval. This will involve undertaking the relevant checks that a sponsor must carry out and liaising with the appropriate Lloyd's general representative.

COUNTRY LISTS

In respect of the other Countries/territories where Lloyd's maintained an OMC approval or registration process Lloyd's no longer approves or registers those brokers. However Lloyd's still needs to maintain a list of the local non-Lloyd's brokers that produce business into Lloyd's (whether directly or via another intermediary such as a Lloyd's broker) to ensure that regulatory queries can be properly handled and for reasons of awareness and promotion.

For the avoidance of doubt this country list must include the names of any broker that would until LRO needed OMC approval or registration.

The relevant countries are –

- Germany
- France
- Greece
- Spain
- Malta
- Netherlands/Belgium
- Cyprus
- US Virgin Islands

The identity of the non-Lloyd's broker should be identified in the Market Reform Contract (MRC) slip.

Where the local non-Lloyd's broker produces business to a Lloyd's broker for placing at Lloyd's the Lloyd's broker should email to the relevant Lloyd's general representative details of the local broker. Where no Lloyd's broker is involved with placing the business then the managing agent should make the notification.

PART 5

LLOYD'S ROLE

Lloyd's generally has limited involvement in the arrangements managing agents have with specific non-Lloyd's brokers although it may, in certain circumstances, audit the managing agent's ability to properly assess and deal with non-Lloyd's brokers. This is why the managing agent must be sure they are satisfied that the business can be properly handled by the non-Lloyd's broker.

DOES LLOYD'S HAVE ANY ROLE IN "APPROVING" OR REGISTERING NON-LLOYD'S BROKERS WITH WHOM MANAGING AGENTS DO BUSINESS?

No. Managing agents must assess whether a non-Lloyd's broker with whom they intend doing business meets the relevant minimum standards. Lloyd's does not centrally approve or register non-Lloyd's brokers.

DOES LLOYD'S KNOW WHICH NON-LLOYD'S BROKERS ARE BRINGING BUSINESS TO LLOYD'S?

Lloyd's maintains a confidential list of non-Lloyd's brokers with whom managing agents are doing business. This is kept for information purposes and is maintained from management information reports run as a result of the provision of CSN numbers and from the notifications made to Lloyd's by managing agents.

DOES LLOYD'S AUDIT MANAGING AGENTS' RELATIONSHIPS WITH NON-LLOYD'S BROKERS?

Managing agents are expected to be able to demonstrate to Lloyd's, if requested, that they have suitable arrangements in place to satisfy themselves that any non-Lloyd's broker with whom they deal meets the minimum standards laid out in this document. Where necessary, Lloyd's should be able to audit these arrangements.

CAN A MANAGING AGENT ASK LLOYD'S IF THEY HAVE ANY CONCERNS AROUND A NON-LLOYD'S BROKER A MANAGING AGENT INTENDS TO APPROVE?

Yes. Although it is a matter for an individual managing agent to decide whether to do business with a non-Lloyd's broker, Lloyd's (including where relevant the local General Representative or Country Manager) may be contacted and may be able to provide some assistance.

However Lloyd's may also be limited in the amount of information it can properly provide and therefore checking the position with Lloyd's is no substitute for a managing agent undertaking its own direct checks.

SHOULD MANAGING AGENTS INFORM LLOYD'S ABOUT ANY CONCERNS THEY HAVE WITH A NON-LLOYD'S BROKER?

Yes. You should tell us about any concerns that you have (which in practice will include where you have decided to stop doing business with a non-Lloyd's broker for any reason other than for purely commercial reasons). It is especially important that you tell Lloyd's if you have reason to be concerned about the non-Lloyd's broker's integrity or reputation.

PART 6

OTHER WAYS OF ACCEPTING BUSINESS

As stated in the introduction section to this Guidance there are a number of methods by which syndicates can accept business. The complete list is set out in the Underwriting Byelaw and Annex 1 to this Guidance summarises those arrangements.

DOES ANY OF THIS IMPACT UPON HOW NON-LLOYD'S BROKERS CAN BRING BUSINESS TO LLOYD'S BROKERS; TO LLOYD'S COVERHOLDERS OR TO MANAGING AGENTS' SERVICE COMPANIES?

No. A non-Lloyd's broker that currently produces business to a Lloyd's broker for placing in the Lloyd's market will be able to continue to do so. Similarly a non-Lloyd's broker can continue to place business with a coverholder or service company.

For the avoidance of doubt the new minimum standards discussed at part 3 of this guidance only apply to non-Lloyd's brokers that place business directly with a managing agent.

WHAT DO MANAGING AGENTS HAVE TO DO TO DEAL WITH AN INSURED (OR REINSURED) DIRECT?

It is vitally important that managing agents only deal directly with a policyholder where they are satisfied that they have the necessary competencies to handle and process that business. Without a broker being involved a managing agent will have to be sure that they can deal with the processing directly.

Generally, Lloyd's would expect that direct dealing with a policyholder will only occur where the business will be accepted 100% by the managing agent's own syndicate(s). This may include where the managing agent has previously established its own service company to handle the business. The managing agent will need to arrange for the evidence of insurance (normally in the form of an individual declaration) to be prepared and agreed for each risk.

If a managing agent intends to accept directly business that is being placed on a subscription basis then this should be discussed first with Lloyd's as the processing of such business (and any subsequent reporting obligations) will be much more complicated. If Lloyd's believes the managing agent is capable of handling and processing such business it will be issued with a Central Settlement Number (in a similar way as currently happens where a managing agent operates a consortium arrangement).

ANNEX 1

METHODS OF ACCEPTANCE OF BUSINESS

(see paragraph 27 of the Underwriting Byelaw for full terms)

A managing agent may accept business on behalf of the members of a syndicate which it manages only –

- from a Lloyd’s broker, provided that prior to accepting business the managing agent has entered into a terms of business agreement with the Lloyd’s broker;
- directly from the insured or reinsured or, in the case of a syndicate, through a managing agent;
- through an approved coverholder in accordance with the terms of a registered/restricted binding authority;
- through a restricted coverholder in accordance with the terms of a restricted binding authority;
- through a service company coverholder in accordance with a service company agreement;
- in respect of personal lines business, commercial life business, and commercial motor business, without limiting any other sub-paragraph, from or through a person who is not a Lloyd’s broker where –
 - that person is registered with a competent authority for the purposes of the Insurance Mediation Directive/ complies with FSA provisions; or
 - the managing agent accepting business on the member’s behalf has obtained the consent of the Franchise Board to accept business from that person;
- in respect of reinsurance of Lloyd’s Reinsurance Company (China) Limited directly from Lloyd’s Reinsurance Company (China) Limited;
- in respect of business constituting “Singapore policies” or “offshore policies” (as respectively defined in the Insurance Act (Cap 142) of the Republic of Singapore) and where the contracts in question are made in Singapore, through a service company coverholder registered with the Monetary Authority of Singapore;
- from or through any other person (i.e. a non-Lloyd’s broker) where, prior to accepting business, the managing agent has –
 - satisfied itself that the person meets such criteria as the Franchise Board may from time to time prescribe for the purpose of this sub-paragraph; and
 - entered into a terms of business agreement with that person.

ANNEX 2

NOTIFICATION TO LLOYD'S OF ACCEPTANCE OF BUSINESS FROM NON-LLOYD'S BROKER

This is to notify Lloyd's that:

1 We [name of managing agent]....., intend to accept business from the following non-Lloyd's broker –

Name of non-Lloyd's broker:

Address:

.....

.....

2 We confirm that we have assessed the non-Lloyd's broker and we are satisfied that the non-Lloyd's broker satisfies the relevant criteria as prescribed by Lloyd's under the requirements made under paragraph 27 of the Underwriting Byelaw (Chapter 2 of the Underwriting Requirements, paragraphs 18 and 19) having taken into account the guidance provided by Lloyd's in the "Guidance to managing agents - Acceptance of business from non-Lloyd's brokers."

3 We confirm that we will provide any information regarding the non-Lloyd's broker as Lloyd's (including any Lloyd's general representative, country manager, attorney-in-fact, fiscal representative or agent) may from time to time request and we will inform Lloyd's of any matters of concern relating to the non-Lloyd's broker of which Lloyd's may reasonably be expected to be informed.

Signed (Director):

Date:

Please email the completed form to brokers@lloyds.com