

# MARKET BULLETIN

REF: Y4769

<b>Title</b>	Restricted Coverholders - Byelaw Amendment
<b>Purpose</b>	To announce Council's approval of amendments to the Intermediaries Byelaw to remove the restricted coverholder category
<b>Type</b>	Event
<b>From</b>	Peter Montanaro Head, Delegated Authorities Team Performance Management Directorate
<b>Date</b>	7 February 2014
<b>Deadline</b>	
<b>Related links</b>	<a href="#">Market Bulletin Y4739</a> <a href="#">Lloyd's Byelaws</a>

This bulletin is to announce Council's approval of amendments to the Intermediaries Byelaw to remove the restricted coverholder category and to set out the consequential transitional arrangements<sup>1</sup>.

The amendments to the Intermediaries Byelaw were agreed by Council on 5 February 2014 and will formally take effect from Monday 10 February 2014. A link to the amending byelaw is included above.

The reasons behind the change and the implications for existing restricted coverholders were detailed in Market Bulletin Y4739 which should be read in conjunction with this bulletin.

The primary results are that (a) no new restricted coverholders can be registered with Lloyd's (b) all binding authorities will need to be registered on the BAR system as registered binding authorities and (c) that all current restricted coverholders will as from 10 February be grandfathered as approved coverholders.

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<sup>1</sup> Provisions made under paragraphs 4 and 5 of the amending byelaw (No 1 of 2014)

The continued approval of the former restricted coverholders is subject to them –

- a. remaining “suitable” at all times in accordance with the Intermediaries Byelaw; and
- b. signing the “coverholder undertaking” within 12 months. We will separately contact the relevant coverholders via their brokers in that regard.

Certain consequential amendments have also been made to Chapter 2 of the Underwriting Requirements (the requirements made under the Intermediaries Byelaw). Those amendments are included at the back of the amending byelaw.

### **Transitional arrangements**

#### Atlas

Details of the former restricted coverholders will be uploaded into Atlas when the new Atlas system is released which is expected to be in the middle of the year.

There will therefore be a few months in between the removal of the restricted coverholder category and the newly approved coverholders appearing on Atlas. During that period the coverholders will be deemed to be approved coverholders with no discretion and as such will only have permission to be granted “no discretion” binding authorities (see bulletin Y4739 for a description of “no discretion” status). No discretion binding authorities will not have to be registered on BAR until after the new Atlas system is released.

From Monday 10<sup>th</sup> February no new restricted binding authorities can be entered into. Existing restricted binding authorities can run to expiry but should be renewed as no discretion binding authorities and registered at that time on the BAR system.

#### Application for new no discretion coverholders

If a managing agent wishes to make an application for a new no discretion coverholder during the interim period before the new Atlas system is launched the coverholder application should be completed on the current Atlas system with pre-determined rates selected as the authority level. The letter of support should indicate that the application is for no discretion authority and the permission level will be reduced when the new Atlas system is released.

#### BAR system

It should also be noted that a recent change has been made to the BAR system. A question has been added asking whether the business under the binding authority is consumer, commercial or both. The relevant definition of consumer is outlined in Market Bulletin Y4739. The question has been added as it will enable Lloyd's to determine how many Consumer Product Binding Authorities (CPBs) are written and to identify those binding authorities for which enhanced conduct due diligence should have been conducted.

Questions

If you have any questions on the content of this bulletin please contact Gabriella Barker ([Gabriella.Barker@lloyds.com](mailto:Gabriella.Barker@lloyds.com))