

MARKET BULLETIN

REF: Y5019

Title	International Complaints Handling: USA
Purpose	To advise that the USA is being brought in-scope for Lloyd's international complaints handling arrangements.
Type	Event
From	Paul Brady Head of Market Conduct
Date	8 September 2016
Deadline	From 1 January 2017 on renewal of the binding authority or placement
Related links	www.lloyds.com/complaintshandling

In January, Lloyd's notified details of its updated arrangements for international complaints handling - see [Market Bulletin Y4961](#). As noted in that bulletin, the implementation of the new arrangements to further territories will be notified to the market from time to time.

Managing agents are accordingly asked to note that the USA is now being brought in-scope for Lloyd's arrangements for complaints handling. Managing agents, however, are asked to note that the process being adopted for the USA is different in some respects to the process implemented to date for countries in the EU. Details of the process to be followed in the USA are set out in Appendix 1.

Timetable for implementation

The new arrangements are being implemented commencing from 1 January 2017 on the renewal of each binding authority or placement.

All binding authorities and open market placements (including line slip programmes and master or group policies) renewing on 1 January 2017 are therefore required to adopt the new arrangements. All other binding authorities or other placements renewing after 1 January 2017 must adopt the new arrangements on renewal and no later than by 31 December 2017.

Coverholders and TPAs

To support the implementation of the changes with coverholders and TPAs in the USA, Lloyd's has produced the following additional documents, available to download at www.lloyds.com/complaintshandling:

- A guidance note and FAQs prepared for coverholders and TPAs.
- Model complaints handling clauses for endorsing to binding authority agreements writing USA business – LMA5268 (for coverholders without complaints handling authority) and LMA5269 (for coverholders with complaints handling authority).

In addition, a letter from the Head of the Delegated Authorities Team has been produced which Lloyd's brokers will be asked to send to all USA coverholders explaining the changes.

Lloyd's believes it is important that coverholders in particular are given consistent instructions by all managing agents to ensure the successful implementation of the new arrangements. Variations of approach between managing agents, while understandable, can increase the cost and resource required for coverholders to make any necessary changes. This is particularly the case for coverholders who have binding authorities with more than one managing agent.

Accordingly, managing agents must use LMA5268 or LMA5269 for binding authorities writing USA business. Any changes (other than as allowed for in the model wordings) must be agreed with Lloyd's Delegated Authority Team.

Managing agents are also asked to use the guidance note prepared for coverholders and TPAs as the basis for any briefing of coverholders/TPAs.

Further information

Lloyd's is presently arranging a Town Hall meeting where there will be a short presentation on the new arrangements and an opportunity to discuss them with members of the Complaints Team. Further details will be provided shortly.

Any questions regarding the arrangements for complaints handling at Lloyd's can be sent to the Complaints Team by email at: complaints-enquiries@lloyds.com. Alternatively managing agents can contact the Complaint Handling Helpline on 020 7327 5696.

Copies of all relevant material including full details for all in-scope countries can be found at www.lloyds.com/complaintshandling.

Appendix 1 - Process to be followed for US Complaints

Lloyd's has set out the process to be followed for international (non-UK) complaints in [Market Bulletin Y4961](#). For USA complaints the process to be followed is modified in a number of respects as set out below. These changes reflect local regulatory and legal requirements and market practice.

What is a complaint?

- Lloyd's complaints handling requirements for USA complaints apply to complaints that meet the following definition:

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

Which complainants?

- Only complaints from the following are in-scope:
 - Personal lines policyholders (private individuals);
 - Small commercial policyholders (where the policyholder has fewer than 10 employees and a gross revenue or annual balance sheet that does not exceed \$2.5m);
 - A charity which has an annual income of less than \$2.5m at the time the complainant makes the complaint;
 - A trustee of a trust which has a net asset value of less than \$2.5m at the time the complainant makes the complaint.

What is the process to be followed for handling complaints?

- Managing agents should have in place arrangements for acknowledging and handling complaints received directly from policyholders (Direct Complaints) in accordance with the relevant USA laws and regulations and which meet USA best practice. Where the complaint is received via a Department of Insurance (or equivalent agency) (DOI Complaints), the DOI will provide instructions on what steps to follow.
- The following timescales are intended to reflect current best practice:
 - Direct Complaints may be resolved informally if verbal resolution is reached within three business days.
 - Direct Complaints (not resolved informally) should receive a written acknowledgement of the complaint promptly and, where possible, within three business days of receipt of the complaint.
 - 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. Standard USA business practice is to issue a response within two weeks of a complaint being received and therefore in the event that a full response cannot be issued within four weeks the complainant

- should receive an 'investigation ongoing' letter explaining the present position and when the full response is anticipated.
- DOI Complaints should be dealt with in accordance with any directions of the relevant DOI for the handling of complaints.

Providing full response letters

- When providing a full response to a Direct Complaint, the managing agent (or their coverholder/TPA) must include details of the appropriate DOI (or equivalent agency) and the complainant should be informed that if they remain dissatisfied, they may be able to refer the complaint for review by that DOI. If the complaint is subsequently referred to the DOI, a copy of the letter from the DOI and any response should be sent to Lloyd's.
- Direct Complaints may be resolved verbally (ie with no written response provided) if resolution is within three days. Lloyd's believes that complaints that are not resolved informally within three days should have a written full response.

How should complaints be notified to Lloyd's?

- Within two weeks of receipt of a Direct Complaint and by the end of the next business day after receipt of a DOI Complaint, the Lloyd's Complaint Notification Template must be completed with details of the complaint received and sent to internationalcomplaints@lloyds.com.
 - There is no need to include complaints that were brought to the attention of the managing agent (or their coverholder/TPA) by Lloyd's.
 - There is no requirement for a "nil return" where no new complaints have been received.
- A copy of the full response together with a copy of the original complaint must be emailed to internationalcomplaints@lloyds.com within two business days after the response is sent to the complainant. Where the complaint was resolved informally within three day, a summary of the outcome should be sent to Lloyd's. This should include details of any redress or remedial action.