

To all US coverholders

8 September 2016

Dear Lloyd's Coverholder

Introducing our new arrangements for handling complaints - How coverholders can help us make the changes

I am writing to you because I would like to let you know about some changes we are making to our complaints processes and what it means for you.

We know that you are already subject to local laws and regulations for the handling of complaints. We are not asking that you change how you handle complaints. The change is primarily to how you record and report those complaints.

Why are we making these changes?

We are implementing these changes for two reasons. First, it will allow Lloyd's to meet our regulatory reporting obligations to our UK regulator, the Financial Conduct Authority. Second, our experience is that by accurately capturing data about complaints, coverholders and Lloyd's underwriters obtain an invaluable source of business information. By analysing why complaints are arising coverholders and managing agents can consider if any lessons can be learnt and whether any changes to policy wordings should be made. It can lead to an improved customer experience and improved retention of business. This data can drive that discussion.

The process we are rolling out is intended to be as simple and streamlined as possible. We are also insisting that our managing agents adopt a consistent approach and we are supporting them in ensuring that can happen, with standard guidance and model wordings to be used. If you do get different instructions from managing agents on what is required, please discuss with your Lloyd's broker and if appropriate they can contact me directly.

The new process is based on existing US regulatory requirements for complaints handling. In designing the procedures, we have also worked closely with Lloyd's managing agents,

the broker community and other relevant stakeholders. We have also obtained comments from a number of US coverholders and TPAs and we have made adjustments, where possible, to reflect their feedback.

What is the new process?

Set out below are the main points of the new process. We have also prepared a note, included with this letter, which sets out the process in more detail. It includes details of what we define as a complaint for these purposes and which type of policyholder it applies to.

Note, the new process only applies where you have delegated authority to deal with complaints. Where complaints are dealt with by the managing agent or another TPA, then you will need to provide them with prompt details of the complaint but they will be responsible for all other steps, including notifying Lloyd's.

The key elements of the new process are as follows:

1. **Notify Lloyd's:** Where you have delegated authority to handle complaints, we are asking that all **written** complaints received from personal lines customers (and some other small companies) should be recorded and reported. Lloyd's keeps a central log of all complaints and therefore we are asking that you send your report directly to Lloyd's. A copy should also be sent, via your Lloyd's broker, to the managing agent of your lead Lloyd's syndicate. Note that Lloyd's does not expect to become involved in the complaint or review your response. We merely ask that you inform us of the complaint using the template we have developed. If you prefer to ask your lead managing agent to submit the reports to Lloyd's on your behalf then that is fine.

We ask that any complaints that you receive from a Department of Insurance (or equivalent agency) should be reported to us as soon as possible. For all other complaints we ask that you report the complaint within two weeks of receipt.

2. **Respond to the complaint:** Unless you have been able to deal with the complaint in three working days we ask that you provide a written response to the complainant in accordance with any applicable timeframes. Where you provide a written response we ask that you also inform the complainant that they can, if they remain dissatisfied, refer the complaint to the relevant Department of Insurance (and provide contact details for that Department). Obviously, where you have been notified of the complaint by a Department of Insurance then you should follow the procedures they prescribe.
3. **Update Lloyd's:** Once you have sent the complainant a full response you should send a copy of that response to Lloyd's (or your managing agent for them to forward it to us) together with a copy of the original written complaint. For complaints resolved within two weeks, it will very often be possible for you to provide first notification of the complaint to Lloyd's at the same time as you send us a copy of the full response as sent to the complainant and a copy of the original complaint.

When do these changes come into effect?

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

Therefore, all binding authorities renewing on 1 January 2017 should adopt the new arrangements from that date and a new clause will be endorsed to your binding authority for that purpose. All other binding authorities renewing after 1 January 2017 will adopt the new arrangements on renewal and no later than by 31 December 2017.

Further information

We understand that you are likely to have some questions regarding this new process and therefore we have also prepared some 'Frequently Asked Questions' which are included in the guidance note. Many of these questions were raised by US coverholders. If these do not answer your question, please speak to your Lloyd's broker or you can contact Lloyd's directly by sending an email to internationalcomplaints@lloyds.com or by calling Sabrina Miesowitz at (212) 382-4081.

Finally, I look forward to seeing many of you at the NAPSLO Annual Convention in September. If you have any questions on this or anything else relating to Lloyd's, I would be pleased to discuss them with you.

Thank you for your assistance with this.

Yours sincerely



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Enclosures