

MARKET BULLETIN

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Title	A new process for co-lead binder claims
Purpose	Following a successful year-long pilot, a new process for handling co-lead binder claims will be live in the Lloyd's market from the 1 October 2012.
Type	New process for co-lead binder claims
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Related links	http://www.londonmarketgroup.co.uk/Documents/RD_Claims/Lloyd's%20SP+P%20v5_FinalVersion_08082012.pdf

Summary

A new Electronic Claims File (ECF) process for handling co-lead binder claims will be live in the Lloyd's market from the 1 October 2012.

The new process is not mandatory, but follows a successful year-long pilot:-

- The pilot was led by the LMA with support from LIIBA, Lloyd's and Xchanging
- Over 25 managing agents and 12 brokers equating to around 85% of the overall volume of co-lead binder business were involved in the pilot
- End to end turn-around times for claims bordereaux processing were reduced by 21 days

Background

Co-lead risks are those where the insured has been issued with one certificate of insurance which the coverholder has placed across 2 or more different binding authority contracts.

In terms of agreeing claims, each binding authority has its own lead managing agent with some including XCS as an agreement party.

Approximately a quarter of Lloyd's premium written is via a binding authority, and a third of this is written on a co-lead basis.

The old process

The system for managing claims in the Lloyd's market is the Electronic Claims File (ECF). Current system security constraints do not allow co-lead claims to be co-ordinated within ECF without manual intervention, as co-lead managing agents are not able to view on ECF each other's comments in relation to any particular risk or claim as these are recorded on ECF under the separate binding authorities.

Under the old process, if a claims bordereau was presented for processing that contained a co-lead claim, either within or outside authority, then the whole bordereau was deemed out of scope for ECF and all the claims were processed on paper.

Within and outside authority claims

In fact, it is only when a claim is outside the authority of the coverholder or TPA that the co-lead(s) and XCS (where an agreement party) require sight of each other's comments prior to the processing of these claims.

Within authority claims (claims which the coverholder or TPA has authority to approve) do not need to be co-ordinated prior to processing and the bordereaux containing these claims could therefore be processed via ECF

For the claims where comments from the co-lead / agreement parties are required, that is those outside the coverholder's authority, a new process was devised. A pilot of this was initiated in May 2011.

The new process

Highlights of the new ECF process include:

- a) The outside authority claims agreement process remains out of scope for ECF.
- b) The broker is still required to present the outside authority paper file to each co-lead / agreement party.
- c) The individual co-lead / agreement party adds their comments and syndicate stamp.
- d) Instead of the broker submitting the paper file to XCS for bordereau agreement and processing, each comment made by the co-lead / agreement party is scanned and stored by the broker within their internal systems as evidence of the claim being seen by the relevant market.
- e) Upon creation of the bordereau to be submitted via ECF, the broker attaches the outside authority evidences to correspond with the relevant co-lead claims.
- f) When a managing agent or XCS is checking the bordereau submission via ECF, an additional process is required to ensure the evidence of agreement for the outside authority claims is present.

- g) Having completed the agreement and checking process, the bordereaux is ready to be processed via ECF and will include both the outside and within authority co-lead claims.
- h) As the individual above authority claims are still handled on paper, all co-lead binder claims; those is both those on bordereaux and above authority claims, continue to remain out of scope of the 2010 Claims Scheme (CTP). These claims should continue to be treated as part of the 2006 Claims Scheme.

Further details

Full details of the process can be found on page 67 of Lloyd's System Process and Procedures Manual version 5.0:-

http://www.londonmarketgroup.co.uk/Documents/RD_Claims/Lloyd's%20SP+P%20v5_FinalVersion_08082012.pdf

Key Contacts

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