

MARKET BULLETIN

REF: Y4690

Title	Lloyd's Minimum Underwriting Management Standards and new Self Assessment requirements
Purpose	To update the market on developments regarding Lloyd's Minimum Underwriting Management Standards and to inform Managing Agents of a new requirement to complete an annual Self Assessment, beginning April 2013
Type	Event
From	Tom Bolt, Director, Performance Management Directorate
Date	11 April 2013
Deadline	N/A
Related links	Lloyd's Underwriting Management Standards

1. Background

Lloyd's Minimum Underwriting Management Standards were introduced via Market Bulletin Y3844 following market consultation and came into force on 1 January 2007, following a transition period.

All managing agents are required to meet the Standards and these represent the minimum level of performance required.

Where a Managing Agent identifies that it does not fully comply with the Standards, it is currently required to identify the gap and articulate plans to address it (including timescales) in the annual Syndicate Business Forecast (SBF) Return.

2. New Requirements

Lloyd's is changing its approach and in advance of the 2014 SBF business planning season, all managing agents will be required to complete an annual Self Assessment against the published Minimum Underwriting Management Standards in respect of each syndicate it manages, identifying all available evidence. This will need to be signed off by a member of the Managing Agent's Board.

The first Self Assessment will be sent to managing agents this month (in April 2013) with completion required within a month. The Performance Management Directorate (PMD), in a process led by a newly established Performance Management Standards Review (PSR) team, will review the Self Assessments working with existing PMD teams. Acknowledgement and any feedback will be provided to managing agents as appropriate and factored into the SBF review process.

Given the market outlook and the need to conduct more evidence based reviews, managing agents should expect more underwriting review based work, focussing on validation by examination and testing of evidence. There will be a structured review programme for Underwriting and Claims Management Standards and all managing agents can anticipate review activity over the course of a rolling review cycle. This will be additional to any review work the Directorate requires to undertake in response to material concerns with a particular managing agency or syndicate.

3. Future Developments

As already advised to managing agents, Lloyd's will be conducting a review of its Minimum Standards during 2013 with PMD teams working alongside the newly established Risk Assurance Function. The standards will be revised and re-published to ensure alignment with Solvency II and wider regulatory requirements.

Consultation with the market on this process is ongoing via the LMA and Lloyd's will keep all managing agents updated on developments as work progresses with a view to a new set of standards being in place for 2014.

4. Further Information

If you have any questions please contact:

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