

MARKET BULLETIN

REF: Y4774

Title	Lithuania: New complaints handling procedure
Purpose	To inform the market of a new Lloyd's complaints handling procedure for establishment business in Lithuania.
Type	Event
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Date	19 February 2014
Deadline	1 April 2014
Related links	Crystal report for Lithuania

Summary

The regulator in Lithuania, the Bank of Lithuania, has announced new requirements for the handling of complaints. The requirements apply to all complaints, regardless of whether the complainant is an individual person or a corporate entity, that relate to business written on an establishment basis.

Given the unique structure of the Lloyd's market, it has been necessary to introduce a new complaints handling procedure for Lithuanian establishment business to ensure that underwriters comply with the new rules. It will also enable Lloyd's to meet the associated requirement to report all relevant complaints to the Bank of Lithuania on an annual basis, which will be done centrally.

Background

The Bank of Lithuania has implemented the EIOPA Guidelines on Complaints Handling by Insurance Undertakings¹ that were issued to EEA member state regulators in 2012. These Guidelines set out standards that member state regulators should apply to insurers in their territory in respect of how they handle and report complaints. Member state regulators were free to determine how the standards should be implemented in their territory and had to

¹ EIOPA-BoS-12/069.

respond by 15 January 2013. The Bank of Lithuania implemented the Guidelines through Decision No. 03-105 on 6 June 2013. Please refer to Appendix 1 for the definitions of “complaint” and “complainant” used in the Decision.

Lloyd’s complaints handling procedure

Managing agents are required to comply with all of Decision No. 03-105 dated 6 June 2013, a copy of which is available on Crystal. The content of this market bulletin relates only to Sections 12-14 and 17-18 of the Decision.

The new Lloyd’s procedure is set out in Appendix 2 and must be followed for complaints received with effect from 1 April 2014. It contains a two stage process that is similar to the procedure for handing complaints for UK personal lines business (see [Market Bulletin Y4683](#) for details of this) in order to provide an approach for the market that is as consistent as possible.

Provision of pre-contractual complaints information

Under Article 31 of EU Directive 92/49/EEC (Third Non-Life Directive) and Article 36 of the EU Directive 2002/83/EEC (Consolidated Life Directive) an insurer must, prior to inception, inform proposers for non-life mass risks and life risks where the proposer is a natural person of the arrangements for handling the policyholder’s complaints. However, Article 6.993(8) of the Civil Code states that such information should be provided to all proposers prior to inception. Lloyd’s has produced Complaints Notice LSW1849, which reflects the new complaints handling procedure in Appendix 2. LSW1849 must be given to all proposers where it is intended to write the risk on an establishment basis. It is available on the [Lloyd’s Wordings Repository](#) and should be used with effect from 1 April 2014. LSW1849 replaces LSW1002LT, which will be archived from this date.

Further information

If you require information regarding the regulatory requirements for underwriting or placing Lithuanian business, please contact:

Lloyd’s International Trading Advice
Lloyd’s Desk, Ground Floor, Underwriting Room
Telephone: + 44 (0) 20 7327 6677
Email: LITA@Lloyds.com
www.lloyds.com/crystal

If you require information regarding the new complaints handling procedure for Lithuania, please contact:

Policyholder & Market Assistance department
Complaints Helpline Telephone: + 44 (0) 20 7327 5696
E-mail: complaints-enquiries@lloyds.com

APPENDIX 1

RELEVANT DEFINITIONS IN THE BANK OF LITHUANIA DECISION NO. 03-105 OF 6 JUNE 2013

“complaint” means: A complainant’s written appeal submitted to a financial market participant stating a violation of the rights or legitimate interests of a person related to the services provided by the financial market participant or contracts made, and requesting to satisfy the complainant’s claims.

“complainant” means: A person who has filed a complaint concerning the services provided by a financial market participant and/or contracts made with a financial market participant, i.e., a current or potential policyholder, insured person, beneficiary, aggrieved party, client of another financial market participant, potential client or his representative.

A complainant may be an individual person or a corporate entity.

APPENDIX 2**PROCEDURE FOR HANDLING COMPLAINTS RELATING TO ESTABLISHMENT
BUSINESS IN LITHUANIA**

Stage 1

1. The managing agent² receives a complaint.
2. As soon as practicable, the managing agent must acknowledge receipt of the complaint, in writing. The complainant must also be informed of the following information, in writing:
 - An acknowledgement of receipt of the complaint.
 - The additional information that is required from the complainant in order for the managing agent to deal with the complaint, if applicable.
 - The complaint procedure that will be followed.
 - That the final response will be available within 30 calendar days of the receipt of the complaint.
 - The contact details of the Bank of Lithuania, to whom the complainant can refer the matter if he remains dissatisfied with the insurer's response, if the complainant is a consumer³. Note that the Bank of Lithuania will only deal with complaints made by consumers. (For details, please see the Complaints section of the Crystal report for Lithuania.)
3. Within 15 calendar days of receipt of the complaint, the managing agent must advise the complainant of its decision, in writing, based on the outcome of the investigation. The managing agent must include the following statement in the letter.

“Should you remain dissatisfied you may, if you wish, refer your complaint to the Lloyd’s Country Manager for Lithuania, who will investigate and assess this complaint and provide you with a final response. The contact details are as follows:

*Tomas Kontautas
Lloyd’s General Representative for Lithuania
c/o Sorainen
Jogailos 4
01116 Vilnius
Lithuania
Tel: + 370 52 649 376
Fax: + 370 52 685 041
Email: tomas.kontautas@lloyds.com*

² Reference to a managing agent in Appendix 2 includes reference to a coverholder or third party administrator (TPA) or legal representative that is authorised by a managing agent to adjudicate on a complaint on its behalf.

³ Under Article 207 of the Law on Insurance 2003, a consumer is defined as a policyholder that has purchased an insurance contract for personal, family or household needs or an insured person, beneficiary or injured third party where the insurance contract is intended for their personal or household needs.

The above statement must be included in all letters where the managing agent provides its decision on the complaint, regardless of when the letter is sent. Lloyd's expects that there will be very few occasions where a managing agent is not able to provide its decision to the complainant within 15 calendar days.

A copy of this letter must be e-mailed to the Lloyd's General Representative, together with the following information:

- First name and surname or name of the complainant.
 - Address of the complainant.
 - Date complaint was received and method by which the complaint was made.
 - Description of the complaint, e.g., denial of a claim, cancellation of the policy.
 - Services or products of the managing agent that were complained about.
4. If the managing agent is not able to communicate its decision to the complainant within 15 calendar days, it must notify the Lloyd's General Representative that this is the case. The Lloyd's General Representative will inform the complainant that he is now dealing with the complaint. The Lloyd's General Representative will examine and assess the complaint and may request any relevant information, documents or records from the managing agent as may be necessary in order to provide a final response to the complainant.

Stage 2

5. Within 30 calendar days of receipt of the complaint by the managing agent, the Lloyd's General Representative will make a decision on the complaint and issue a final response letter to the complainant confirming that the investigation has been completed. If the Lloyd's General Representative is unable to issue a final response letter within 30 calendar days, e.g., due to a delay by the managing agent in providing relevant documents, he will inform the complainant in writing of the reason for the delay and the anticipated timeframe within which he hopes to resolve the complaint. If the complainant is not upheld in full, he will also advise the complainant of the reasons for this and his rights to refer the matter to the Bank of Lithuania (if the complainant is a consumer) and to take legal action against Lloyd's underwriters in the civil courts.