

Title	Lloyd's Scheme ("the Scheme") Transition
Purpose	To provide information to the market around the retirement of the Scheme
Type	Event
From	Yael Chen, Senior Manager Lloyd's International Regulatory Affairs +44 (0)20 7327 5597 Yael.Chen@lloyds.com
Date	27 November 2019
Deadline	1 November 2022
Related links	Insurance Act (Chapter 142, Sections 35B and 35L) Insurance (Lloyd's Scheme) Regulations

Background

The Lloyd's Scheme was established in 2000, as a temporary measure to enable Lloyd's underwriters to write Singaporean domiciled risk from outside Singapore, while the Lloyd's Asia platform was being established. Under the Scheme, Lloyd's underwriters outside of Singapore are licensed to write all classes of business shown to them by six authorised brokers (AON, JLT, Lockton, Marsh, Willis Towers Watson and Howden).

It was intended by the Monetary Authority of Singapore (MAS) that the Lloyd's Scheme would be retired once the Lloyd's Asia platform reached maturity.

The MAS has now advised Lloyd's and the six authorised brokers (AON, JLT, Lockton, Marsh, Willis Towers Watson and Howden) that the Lloyd's Scheme will be repealed by November 2022. Lloyd's has agreed with the MAS the market should have a three-year transition period to enable solutions to be found for Singapore domiciled risks currently written under the Lloyd's Scheme.

Impact

With effect from 1 November 2022, Lloyd's underwriters based outside of Singapore will be able to write Singapore domiciled business on a cross border basis in the following ways:

1. Reinsurance business.
2. Insurance business written via a Singapore intermediary which has obtained specific authorisation from the MAS.
3. Insurance business written without the involvement of a Singapore intermediary, i.e. directly from the insured.

Lloyd's Asia Scheme – Permitted Classes of Business

The Lloyd's Asia Scheme Regulations, which permit Lloyd's underwriters to establish a service company on the Lloyd's Asia Platform, contain a positive list of permitted classes of business. There are a number of classes, including Property, General Liability, Accident and Health, Motor and Workers' Compensation, which are not currently permitted to be written under the Lloyd's Asia Scheme Regulations. Lloyd's continues to explore options with the MAS to enable Lloyd's underwriters on the Lloyd's Asia Platform to provide a broader scope of specialist insurance products.

Trading Options for Singapore insurance business Post Lloyd's Scheme Closure

Managing agents with a Singapore service company should consider options for how this business may be transferred to Singapore, in consultation with the managing agent's contact within Lloyd's Performance Management and with the Lloyd's Asia team.

Managing agents without a Singapore service company may consider:

- Working with a Singapore service company to agree a partnership model (with the agreement of Lloyd's Performance Management and Lloyd's Asia).
- Setting up a Singapore service company.
- Establishing a coverholder (note only Singapore service companies may delegate authority to a Singapore coverholder).

Singapore insurance business may continue to be written by Lloyd's underwriters either on a direct assured basis, or via a Singapore intermediary with the approval of the MAS.

Next Steps

Lloyd's has held market updates on this topic both in Singapore with local service companies and in London with managing agents (via the LMA). Managing agents are encouraged to consider their current books of business written under the Lloyd's Scheme and to engage with Lloyd's Asia as soon as possible to ensure that desirable business can be retained.

Key contacts

Angela Kelly, Country Manager (Singapore) & CEO Lloyd's Asia
Angela.Kelly@lloyds.com

Lloyd's International Trading Advice (LITA)
LITA@lloyds.com