

# Market Bulletin

Ref: Y5290

<b>Title</b>	COVID-19 & Changes to the Lloyd's Claims Scheme (Combined)
	To inform managing agents of changes to the Lloyd's Claims Scheme (Combined) as part of the COVID-19 response.
<b>Type</b>	Event
<b>From</b>	Paul Brady Head of Policyholder & Third Party Oversight Performance Management
<b>Date</b>	08 April 2020
<b>Deadline</b>	Immediate
<b>Related links</b>	Detailed below

As part of the response to the challenging market situation caused by the COVID-19 pandemic we are making certain changes to the requirements within the Claims Scheme<sup>1</sup> to help managing agents respond effectively during a time of potential operational challenge. These changes will provide benefits to Lloyd's policyholders, managing agents, brokers and delegated agents. This change is aligned to the Phase 1 activity for claims as set out in Blueprint One.

Effective immediately, we are amending the Claims Scheme requirements to empower the lead managing agent to handle a greater volume of claims as a single agreement party as follows:

1. We are increasing the financial thresholds for when a 'standard claim' becomes a 'complex claim' (as those terms are defined in the Claims Scheme, see paragraph 2(d)).

The complex claims financial thresholds that apply to each risk code are set out in Column D of the table in Schedule 5 to the Claims Scheme. These shall now be read as amended as follows:

All risk codes within the following Classes (Columns A&B)	Complex Claims Financial Threshold (Lloyd's Share) (Column D)	
	Current	Amended
Property Treaty	GBP 500,000	GBP 1,000,000
Energy	GBP 500,000	GBP 1,000,000
All other classes	GBP 250,000	GBP 500,000

2. We are allowing the lead managing agent to be solely responsible for reassigning complex claims as standard claims in accordance with paragraph 4 of the Claims Scheme. The lead managing agent is not required to obtain the prior agreement of the second lead managing agent.

Accordingly, paragraph 4 of the 2010 Claims Scheme shall be read as amended as follows:

*'The managing agent of the leading Lloyd's syndicate may reassign a complex claim as a standard claim at any time if it reasonably considers that it would be appropriate in all of the circumstances having regard to such guidance as Lloyd's may from time to time prescribe. Upon reassignment of the 2010 scheme claim as a standard claim the managing agent of the second Lloyd's syndicate's obligation to determine the claim in accordance with paragraphs 6 and 7 below shall cease.'*

The 2010 Lloyd's Claims Scheme (Combined) can be accessed [here](#) and the full 2010 Claims Scheme Guidance can be found [here](#)

These changes apply to all new claims and subsequent transactions for existing open claims. They do not vary the application of the Single Claims Agreement Party (SCAP) arrangements which are governed by separate contractual provisions which will have been agreed by the participating insurers on the placement.

A consultation on these changes has been carried out with the LMA's Claims Committee (LMACC) and LIIBA both of which have confirmed their support for the changes. The changes will apply until 31 December 2020, when they will be reviewed.

To further support the market, we have additionally set out Lloyd's expectations for the adoption of the LMA9186 Co-Lead Claims Agreement clause and the use of Proofs of Loss. Our guidance on this has been published on Lloyd's COVID-19 information hub and can be found [here](#).

### Further Information

For further information, please contact:

Phil Godwin – Head of Claims  
Tel: 0207 327 5841

Zoe Woods – Claims Improvement Manager  
Tel 0207 327 5046

Email: [claimsteam1@lloyds.com](mailto:claimsteam1@lloyds.com)

<sup>i</sup> The application of the Lloyd's Claims Scheme (Combined) is mandated for all syndicates by Lloyd's under paragraph 12 of the [Underwriting Byelaw](#).