

Operational Resilience Self-Assessments: Trends & Observations Report

September 2025

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Glossary

- **ITol** - Impact Tolerance
 - **IBS** - Important Business Service
 - **CMORG** - Cross Market Operational Resilience Collaboration Group
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Useful Links

- [The Lloyd's Principle 12 maturity matrix and breach reporting](#)
 - ORCG Guidance November 2023 [Guidance for Managing agent Operational Resilience - TLP Clear - CMORG.pdf](#)
 - [LMA Operational Resilience committee documents](#) - including templates, guidance and FAQs
 - [PRA Supervisory Statement SS1/21 - Impact Tolerances](#)
 - [FCA Policy Statement PS21/3](#)
 - [Operational Resilience Trends Report \(September 2024\)](#)
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Contents

1.0 Introduction

1.1 Purpose of this Report	04
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2.0 Executive Summary

2.1 Market Maturity	05
2.2 Resourcing	05
2.3 Mature Testing	05
2.4 Third Party Engagement	06
2.5 Self-Assessment Narrative	06
2.6 Embedding Operational Resilience by Design as Business Culture	06
2.7 Next Steps	07

3.0 Benchmarking Exercise 2025 – IBSs and ITols

3.1 IBS	08
3.2 ITOL	09
3.3 Descoping IBS	10

4.0 Trends – Areas Showing Increasing Maturity

4.1 Communication plans	12
4.2 Alignment of Incident Management plans	13
4.3 Change Triggers	15
4.4 Governance Structure and Oversight	17

5.0 Trends – Areas Needing Development

5.1 Connecting vulnerabilities to the test rationale and plan	20
5.2 Testing Maturity	21
5.3 Self-Assessment narrative	24
5.4 Third Parties	25
5.5 Impact Tolerances	26

1. Introduction

1.1 Purpose of this Report

As per PRA SS1/21 Operational Resilience is an Organisation's ability to anticipate, prevent, adapt, respond to, recover, and learn from internal or external disruption, continuing to provide Important Business Services to customers and clients, and minimise any impact on the wider financial system when, not if, disruption occurs.

The UK regulatory expectation is that managing agents now have a fully embedded Operational Resilience framework since the 31 March 2025 deadline. Being able to demonstrate Operational Resilience by design in a managing agent illustrates the move from 'project' to an embedded 'business as usual' state.

Managing agents have produced an Operational Resilience self-assessment over the past 3 years, the purpose of which is to outline the processes used to comply with the requirements of the regulation. Following the 2022 self-assessment process (November 2022), Lloyd's issued its first Operational Resilience Trends Report. The report was designed to offer practical guidance as well as insight into where managing agents were on their regulatory journey. This was followed by a repeat exercise in 2024 with the second Operational Resilience Trends Report issued by Lloyd's in September 2024.

With the UK Operational Resilience transition period having ended on 31 March 2025, Lloyd's has undertaken an updated trends review. This has been based on the latest Operational Resilience self-assessments. The focus has been on whether the 2025 self-assessment maturity has moved in the right direction since the last review as well considering the expectations of the Operational Resilience dimension of Principles Based Oversight and the requirements of the regulation.

This report highlights common areas that would benefit from further development and also provides practical examples of how managing agents have developed their maturity in these areas to embed their 'business as usual' frameworks. As such, anonymised examples of practices which support further maturity developments are included. We would like to acknowledge with thanks the support of Samatha Nowell and Melody Miller of Sea Change in preparing this report. The contents and findings, however, are solely those of Lloyd's.

2. Executive Summary

2.1 Market Maturity

Overall, it is a fair summary to say the market has progressed as a whole since the last review in 2024. There were many examples found whereby the Operational Resilience Trends Report (September 2024) had actively been referred to, with the anonymised 'good' examples being used to develop specific areas of challenge.

However, there were some self-assessments that did not provide sufficient evidence that the managing agent entirely met the regulatory expectations in certain areas. The transition period gave room for maturity and development, but the expectation is that managing agents are now meeting the regulations with an embedded Operational Resilience framework and robust testing to give assurance. A complete and well-structured Operational Resilience Self-assessment is a crucial tool in ensuring the managing agency can evidence its adherence to the requirements and provide confidence to the Board in the maturity of the Operational Resilience Framework.

2.2 Resourcing

A consistent theme for many, though not all managing agents, is underdeveloped resourcing plans. The maintenance and continuing maturity of the Operational Resilience framework represents a significant amount of input. At this point in time, Lloyd's does not expect the effort to decrease past the 31 March 2025, rather to increase with the requirement for maturity in testing, third party engagement and embedding the framework. Therefore, managing agents should ensure they are satisfied that the work is resourced, embedded and overseen appropriately, whether that be with a permanent headcount or a managed service arrangement.

The challenges of not having a dedicated resource were most evident amongst the least mature managing agents, none of whom reported having a dedicated headcount or managed service for Operational Resilience in place. All of these self-assessments scored poorly on evidencing their delivery plan and roadmap in BAU and embedding Operational Resilience throughout the managing agency.

We saw a trend in these managing agents for poor maturity of oversight, underdeveloped testing and lack of engagement with third parties supporting their important business services. Some of the self-assessments in this cohort raised concerns around whether the managing agency was meeting the standard expected of the regulation at the time of the review. Conversely the majority of the most mature managing agents evidenced a dedicated headcount or managed service driving progress with their Operational Resilience.

2.3 Mature Testing

Testing remains a key area of focus for the market. We have seen an increased volume of tests being performed since last year, responding to the market-wide feedback that testing programmes were not sufficient in the last cycle. However, there is evidence that as a market there is still a need for more maturity in this area. This is in reference to test types and measures used, recording test output, testing rationale and testing with third parties. The goal should be to make the tests performed meaningful to the managing agent's framework. It is less about the quantity of tests performed, but rather the quality of those carried out and why they were chosen in this cycle. Tests should be selected based on outcomes from resource mapping, vulnerabilities identified and a deep understanding of the third parties and services that support the IBSSs.

This is an area that needs considerable resource, skills and investment, with the added challenge of testing with peer groups and third parties. A mature mapping and defined vulnerability methodology is a strong basis on which to build upon this further.

This year we noted great progress in deepening the maturity of some managing agents testing including some managing agents performing joint testing with third parties.

2.4 Third Party Engagement

Third party engagement and testing with third parties is an area which was found to have a more mixed level of maturity market-wide. 50% of managing agents reported having none or just emerging third party risk management frameworks in place at the time of the report. 33 of 55 managing agents evidenced testing with external third parties that were not part of the Lloyd's market wide scenario test last year.

Conversely, we saw some positive examples of peer-to-peer testing, where managing agents identified mutual service providers and arranged testing with the third parties and peers. Peer to peer testing is encouraged as an effective way to engage with more common service providers in the market.

2.5 Self-Assessment Narrative

35% of the self-assessments were found to contain limited narrative of how Operational Resilience had progressed within the managing agent for the period. For these examples, it raised the question of how a managing agent's Board were able to sufficiently review and challenge the content with regards to meeting the regulatory expectations for Operational Resilience. In many cases pertinent information was only to be found in the appendices and the body of the document was detailed with methodology or expository statements regarding the expectations of Operational Resilience regulation. It is vitally important that a Board can demonstrate that they have oversight over the reported position of a managing agents' self-assessment. Rationale supporting the recommendations for Board approval of IBS selection, ITol setting and test results must be clear and well signposted.

2.6 Embedding Operational Resilience by Design as Business Culture

Now the regulatory deadline has passed, we saw more narrative describing the change into 'business as usual.' We saw evidence of team structures and projects moving into a more embedded framework and Operational Resilience being recognised in multiple business functions. More mature managing agents referenced Operational Resilience 'culture;' demonstrating how business areas understood and reviewed changes and activity through an IBS lens before key decisions were made. It is also important to note that more mature managing agents evidenced 'horizon scanning;' having opportunities built into their governance structures that assessed future changes and decisions from an Operational Resilience angle, rather than just retrospectively. In addition, we also saw evidence of managing agents driving greater accountability from IBS Owners through the use of MI and dashboards and through an expectation to speak to testing outcomes in governance forums.



2.7 Next Steps

Managing agents should carefully consider this report along with the specific feedback Lloyd's will provide to each managing agent. The managing agent specific feedback and this report should be shared at the managing agent Board or risk committee.

In some cases, managing agents may need to make appropriate remediations to their frameworks to ensure they are considered to be meeting expectations against their expected maturity under the Operational Resilience dimension of Principles Based Oversight. All managing agents are expected to be able to demonstrate that they are able to stay within their stated impact tolerances and Lloyd's will continue to support managing agents that are not meeting expectations.

Managing agents should consider their resource plans. The maintenance and continuing maturity of the Operational Resilience Framework requires a significant amount of resource. At this point in time, Lloyd's does not expect effort to decrease now we have passed 31st March 2025, rather it will increase with the needs around maturity in testing, third party engagement and embedding. Therefore, a managing agent's Board should ensure they are satisfied that the work is resourced, embedded and overseen appropriately whether that be with a headcount or a managed service arrangement. Statistics used in this report illustrate the direct correlation between the success of managing agents with appropriate resource and sufficient testing and poorer outcomes for those that have not invested in Operational Resilience.

Operational Resilience by design can include training, embedding touch points with leavers and joiners and with change functions to name but a few. Managing agents should continue to demonstrate that a culture of Operational Resilience is fostered throughout the entire managing agent and continues to be matured; evidenced through active review of change triggers and monitoring the performance of resources supporting IBs.

3. Benchmarking Exercise 2025 – IBSs and ITols

As part of the 2025 review, Lloyd’s have undertaken a full benchmarking exercise on managing agent’s Important Business Services and Impact Tolerance measures. Individual managing agents are not expected to always fit within the market averages but rather present a sound rationale that supports the IBS and ITol selections they have made.

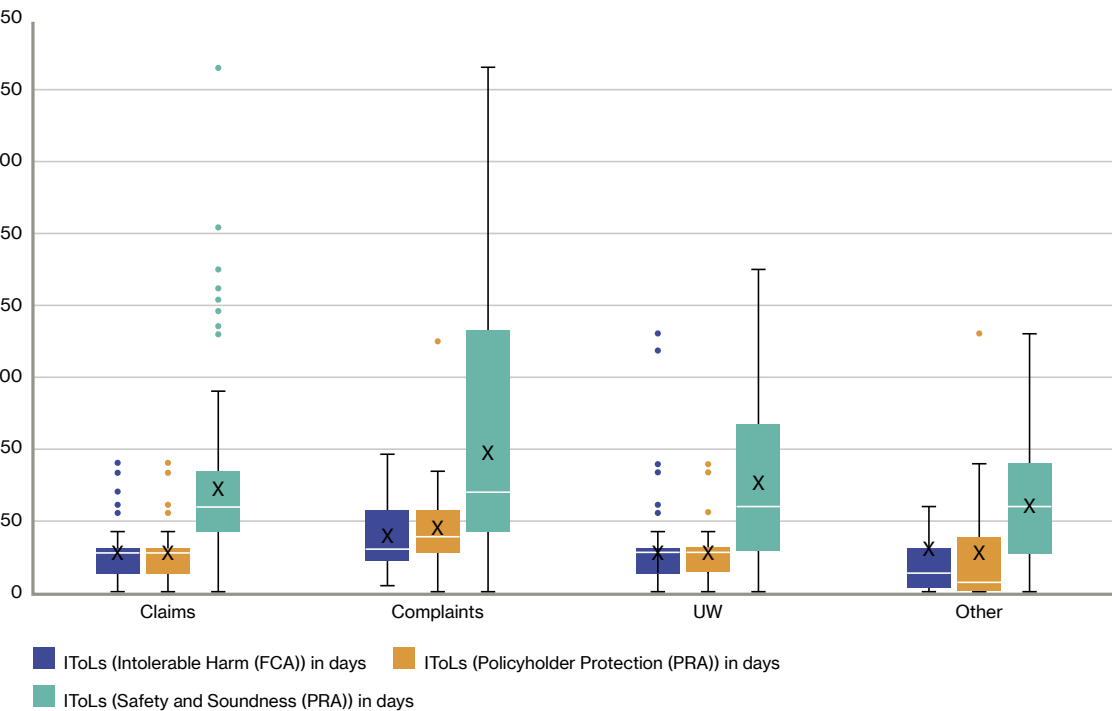
It is important to caveat the findings with a note on data quality. One of the challenges highlighted in this year’s report is the quality of the self-assessment documents in terms of presentation. It was in some cases very difficult to ascertain a managing agent’s IBSs or ITols from the self-assessment document itself, either in terms of presentation, or because these key assets were in an appendix rather than front and centre in the document. The following findings are therefore based on the data provided in the market self-assessments to the best of Lloyd’s knowledge.

3.1 IBS

The benchmarking exercise saw a range of IBS naming conventions, with most still falling into categories of underwriting, claims and complaints. To this effect, we have shared both the grouped IBSs here to better illustrate the ITols and have included the full range of IBS naming conventions in the appendix for a more detailed view.

We saw evidence of managing agents considering the circumstances of their customer groups and where the impact on the policyholder would be. In most cases this provided sound rationale for IBSs selected outside of the core set.

Table A: IBS Market Average spread by IBS category grouping



3. Benchmarking Exercise 2025 – IBSs and ITols

3.2 ITOLs

The findings illustrate a positive progression this year with regard to ITol setting. The 2024 trends report challenged managing agent’s interpretation of the regulatory definitions of Safety and Soundness (SS), Intolerable Harm (IH) and Policyholder Protection (PP). This was reflected in the regulatory feedback given to managing agents in the same year. Table b helps to highlight the improvement as managing agents have differentiated between the SS, IH and PP under the regulatory definitions. As expected, the averages show that the point at which an impact to the managing agent would take place is generally a longer period than the point at which a customer or policyholder would be harmed.

Table B: Market Averages for Intolerable Harm (IH)

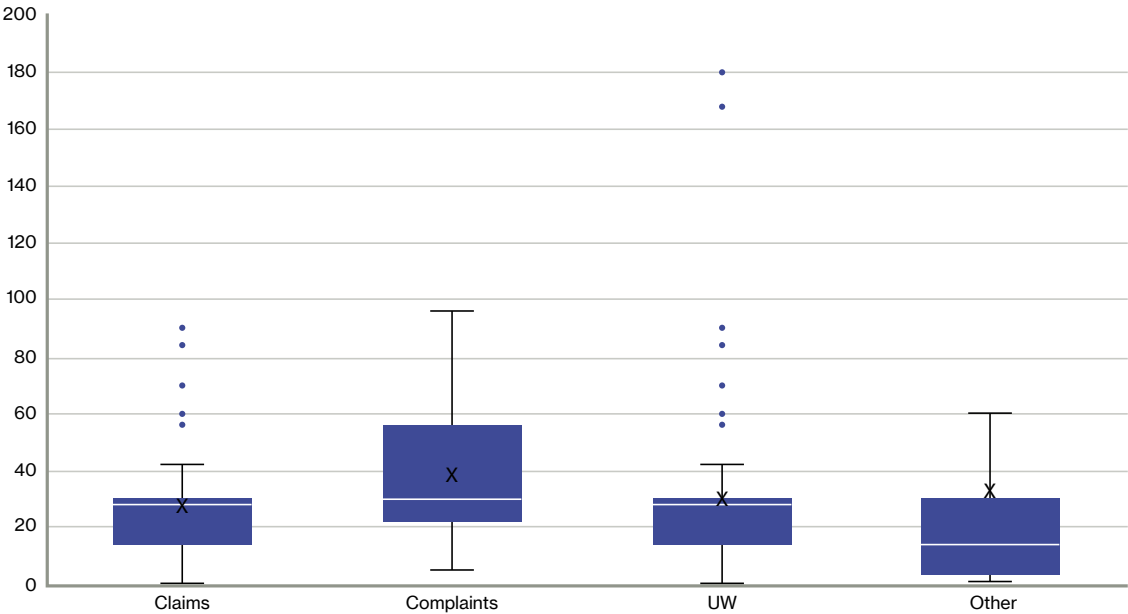
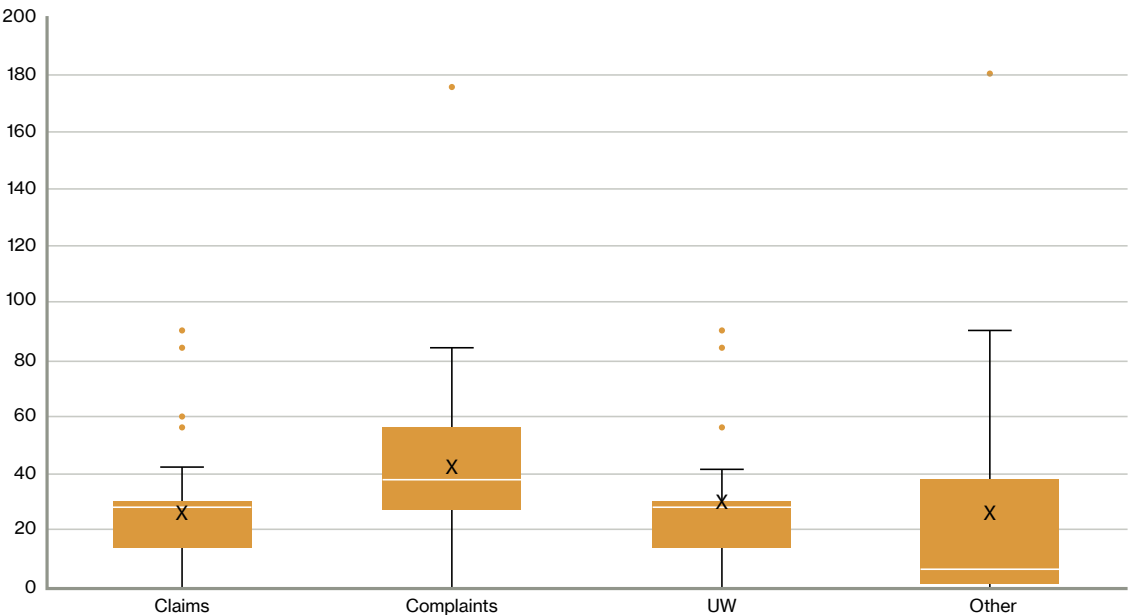
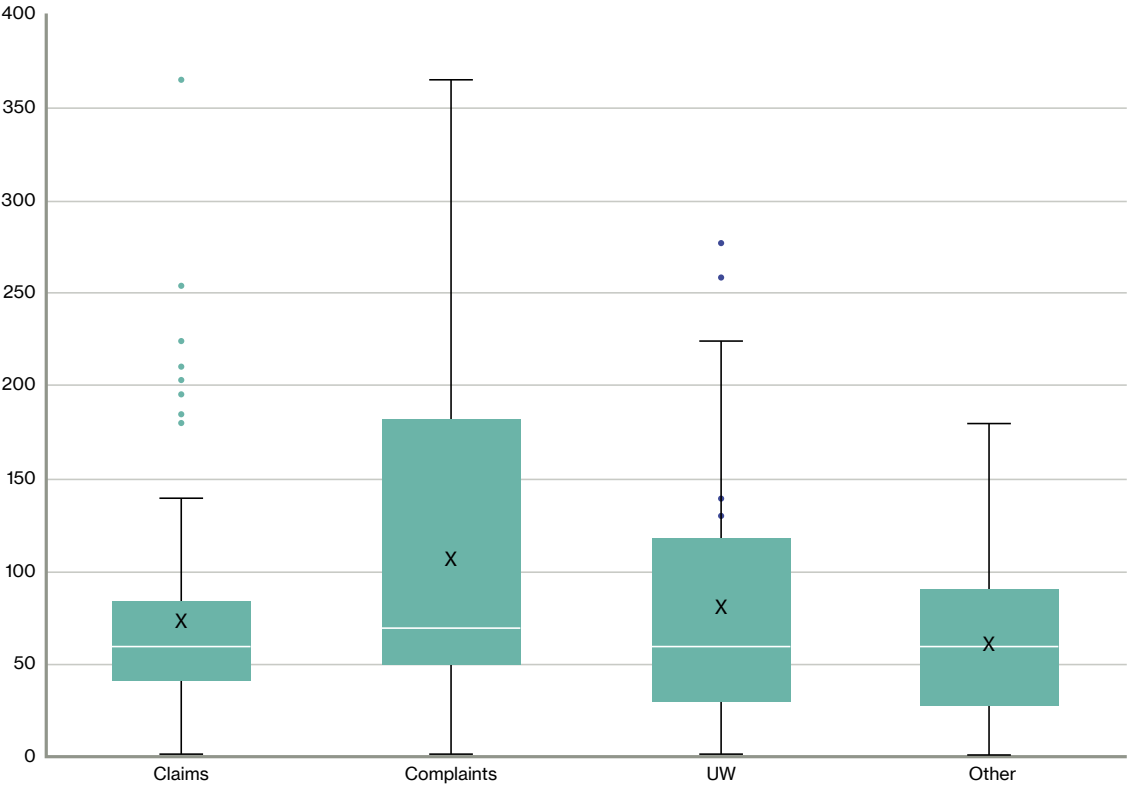


Table C: Market Averages for Policyholder Protection (PP)



3. Benchmarking Exercise 2025 – IBSs and ITols

Table D: Market Averages for Safety and Soundness (SS)



3.3 Descoping IBS

We noted a trend this year where some managing agents have chosen to descope complaints as an IBS upon review of their important business services in this cycle. There was a variance in the rationale to support this decision. It is important to note that complaints is a key service that affects customers and policyholders, and so a rationale based on proportionality alone would not hold merit when qualifying an IH or PP (harm to customer) impact tolerance measure. The rationale of proportionality could however stand when considering the impact to a managing agent’s safety and soundness (harm to managing agent) if the volume of complaints is extremely low. Therefore, there is an expectation in the regulation to ensure that all impact tolerance definitions are not only understood but also evidenced in the scoring methodology for why an IBS has been descoped. Please see table o for the regulatory definition table.

4. Trends – Areas Showing Increasing Maturity

4.1 Communication plans

Expectations

All managing agents should have developed an Operational Resilience communication plan with established roles and responsibilities aligned to wider crisis communications plans. This should include defining the responsibilities and process for reporting to the various authorities/regulatory bodies during a crisis, such as Lloyd's, PRA and FCA.

The PRA expects managing agents to develop communication strategies for both internal and external stakeholders as part of their planning for responding to operational disruptions. These communication plans should be developed with a view to reducing harm to counterparties and other market participants, and supporting confidence in both the managing agent and financial sector. This should also include the escalation paths to manage communications during an incident and to identify the appropriate decision makers. For example, the plan should address how to contact key individuals, operational staff suppliers and the appropriate regulators.

Firms should evidence the testing of their communications plan as part of their Operational Resilience testing framework, and document any lessons learnt or edits as a result.

Review Findings

Overall, we saw a significant improvement in this area from last year. There was a greater inclusion of communications plans in the self-assessments and more evidence shared of how crisis communications plans and incident response plans had been aligned to the Operational Resilience frameworks.

More mature managing agents:

- Had clear roles and responsibilities documented
- Ensured that IBS owners were key stakeholders in gold and silver teams, or incident teams
- Could demonstrate the lines of communication between the risk areas.

However, there was still a lack of evidence of testing communications plans as part of a wider strategy. 49% of managing agents did not document when the communication plan was last tested. Simply including the managing agent's crisis communications plan as a standalone document does not sufficiently meet regulatory expectations. It is important that managing agents document how they have ensured that they treat communications as mandatory entry criteria to their testing framework. In addition, it was rare for managing agents to mention the process or responsibilities for reporting an ITol breach to the regulatory authorities. This is an area that will need to mature further to ensure there is a clearly identified and documented process.

4. Trends – Areas Showing Increasing Maturity

Table E: Example of a crisis response strategy



4.2 Alignment of Incident Management plans

Expectations

A managing agent's Operational Resilience framework should be embedded and aligned with the wider risk framework, ensuring consistency and clear communication in an incident or crisis. Incident response plans, gold and silver team compositions and BCP plans should refer to and align with IBS Owners, IBSs and supporting processes to ensure that all core services are accounted for.

Review Findings

Managing agents that had well integrated incident management frameworks displayed similar features such as:

- event categorisation: crisis classification including definitions on what constitutes an incident and a crisis.
- clear roles and responsibilities defined in responding to a crisis.
- offline, accessible guides that could be used in the event of a crisis being declared.
- set up ways to collaborate during a crisis, including access to communication and shared documentation.

4. Trends – Areas Showing Increasing Maturity

Table F: Example of crisis event classification

	INCIDENT RESPONSE	CRISIS RESPONSE
Definition	Any serious event, internal or external which could threaten the reputation of the firm or its important Services and which may affect the ability to continue operations. Lesser and shorter-term impacts than a crisis/	Events which threaten the firms license to operate, calling into question the fundamentals of the business, including integrity, value and competence. Typically impacting multiple geographies and causing significant public & media interest.
Examples	Activism outside a corporate office; systems outage, localised physical disruption; severe weather; third party data breach, localised staff reputational issue.	E.g sustained event; cyber-attack or system outage leading to loss of IBS; allegations of significant senior misconduct, major loss black/greyswan event e.g. pandemic, war, staff safety issue or loss of life.
Response	<ul style="list-style-type: none"> – Does not reach the threshold for a crisis – Crisis Comms lead to support the accountable individuals as required – Provide guidance on the communication response 	<ul style="list-style-type: none"> – Feeding information into executive functions to ensure they are aware of the internal/external reactions – Develop the overall comms strategy – Liaison with the board, legal and compliance – Allocation appropriate media spokespersons – Co-ordinating staff, regulatory and media communications – Agreeing reactive and proactive statements for approval

Market leading managing agents in this area showed a depth of understanding in how an incident would play out and had a clear set process for handling the incident through to conclusion and recovery. This often included reporting templates to use at each stage.

4. Trends – Areas Showing Increasing Maturity

Table G: Example Situation Report to gather and express key information during an incident response meeting

Situation report	Incident
Date: Time:	
What... Has happened	
Who... Is impacted? Is involved in responding?	
Where... Did this happen?	
When... Did this happen? Are key decisions needed? Might things change?	
Forward Look Current approach Significant risks Critical Uncertainties Likely required steps or actions Possible Developments	

4.3 Change Triggers

Expectations

In addition to the minimum annual review, it is crucial that managing agents review their important business services following any significant change and as such should be aware of the kinds of changes that would require a review. Triggers could include, but are not limited to:

- Implementing new software
- Mergers or an acquisition
- Migrating to the cloud
- Outsourcing or insourcing a service supporting an IBS
- Material adjustment to a third party service supplying or supporting an IBS, for example Blueprint 2
- Any other planned material change that would affect the key resources (people, processes, facilities, data, technology) that support the IBSs

In the event of a possible 'trigger', a managing agent would take the following steps in reviewing their Operational Resilience and self-assessment document:

- Review the IBSs and ITols to assess any possible breach, or check if any changes or amendments need to be made as a result
- Amend any mapping underneath
- Take any new elements or vulnerabilities through to the testing plan
- Reflect any new output in an updated self-assessment

4. Trends – Areas Showing Increasing Maturity

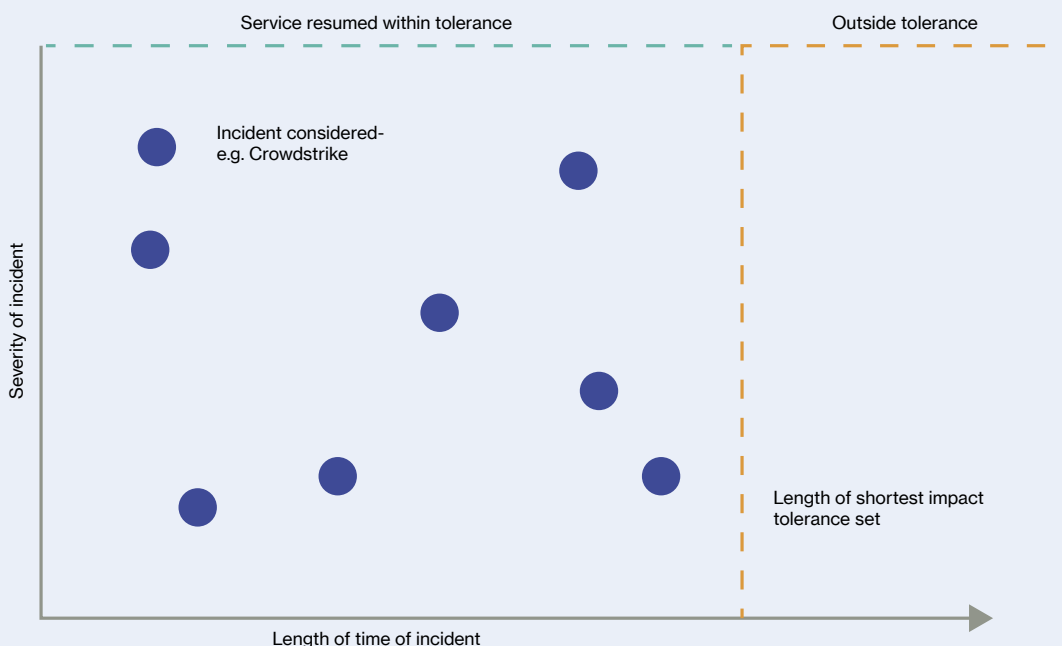
Review Findings

We found some good examples of this in the market where change triggers were identified ahead of any change being implemented; this 'horizon scanning' approach demonstrates Operational Resilience by design.

The most mature managing agents:

- Fed trigger information through established committees to consider any potential changes against the IBSs, using the mapping to identify possible impacts
- Used trigger information to inform test selection; and considered their ability to remain within impact tolerances before moving forward with the change or event
- Built Operational Resilience trigger considerations into change projects such as technology or operating model changes
- Reviewed current and past events to properly consider any impact on their IBSs, ITols and resources
- Recorded any possible vulnerabilities to explore further in testing or remediate as the change progressed
- Assessed the impact that Blueprint 2 would have on their IBSs and have begun considering what workarounds may be needed based on various cutover scenarios

Table H: Example of a managing agent illustrating horizon scanning in this cycle and reviewing trigger events against their impact tolerances



4. Trends – Areas Showing Increasing Maturity

4.4 Governance Structure and Oversight

Expectations

An effective governance structure ensures that Operational Resilience is well understood and appropriately prioritised throughout the managing agent, enabling decisions to be ratified and clear output shaped for the Board. This supports Operational Resilience by design and illustrates an embedded framework.

Oversight and challenge of the Operational Resilience Framework should be delivered across the three lines of defence. It is crucial that there is clear ownership and accountability from first line functions who own and are responsible for IBSs. Whilst we would expect the Operations Function to have a key role in facilitating the framework, they should not, unless appropriate due to the organisational design of the managing agency, be responsible for managing the IBSs on a day to day basis.

Managing agents should ensure that the governance structure is documented and accurately reflects the roles and responsibilities, including sign off structure and requirements of the Board. The regulators require that the managing agent's board approve:

- The list of IBSs
- The Impact Tolerance statements for each IBS
- The following year test plan
- The Operational Resilience Self-Assessment at least annually or when a trigger event occurs

Review Findings

More mature managing agents had a clear governance structure, and we saw a clear correlation between good sponsorship from senior leadership and maturity. It was also evidenced how decisions were made through the governance structure up to the Board, as the detail and output was clear and well signposted. More mature managing agents;

- Demonstrated how Operational Resilience was embedded in the managing agent's culture
- Thought about the skills needed to ensure Operational Resilience was embedded
- Demonstrated clear accountability with clear roles and responsibilities across the three lines of defence
- Made the sign-off procedure and version history clear in the self-assessment
- Could demonstrate independent challenge coming from risk or internal audit functions, or external third party reviews

We observed that in some managing agents the day to day responsibility for managing Operational Resilience sat within the risk function in the second line of defence. This is at odds with industry good practice, which emphasises Operational Resilience being owned and delivered by the business owners in the first line.

We have shared a number of anonymised good examples below that illustrated a successful governance structure, regardless of a managing agent's size or structure.

4. Trends – Areas Showing Increasing Maturity

Table I: Example of a governance structure incorporating input from the business

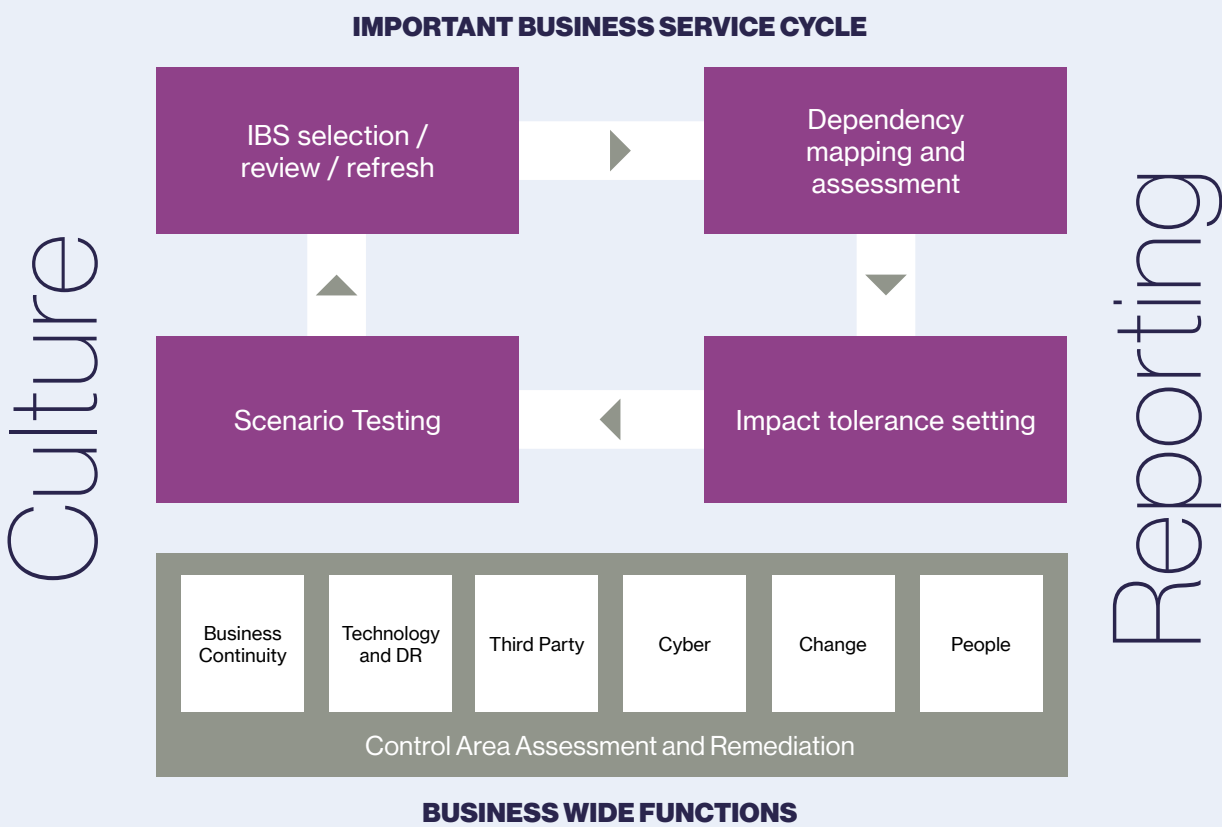


Table J: Example of governance structures detailing roles and responsibilities and indication cycle and frequency

Governance Forum	Responsibilities	Meeting Frequency	Participants
Board	<ul style="list-style-type: none"> – Review of IBS's and ITOLs – Review lesson learnt and remediation plan – Challenge and sign off self-assessment 	Quarterly	Board Members
Risk Committee			
Management Committee			
Operational Resilience Governance Committee			
Operational Resilience Working Group			

5. Trends – Areas Needing Development

5.1 Connecting vulnerabilities to the test rationale and plan

Expectations

To demonstrate a working test framework and embedded Operational Resilience cycle, managing agents must discover, analyse and mitigate vulnerabilities found during their resource mapping and subsequent internal scenario testing cycles. The Operational Resilience regulation requires managing agents to:

- Identify the vulnerabilities that threaten their ability to deliver important business services within impact tolerances
- Make every effort to remediate these vulnerabilities, detailing the actions taken or planned and justifications for their completion time

Vulnerabilities identified in the resource mappings should be brought through to testing where appropriate; acting as a rationale for the test selection. If a vulnerability has been identified in one of the resource pillars supporting an IBS, testing this in a severe but plausible scenario allows the managing agent to decide an appropriate remediation action, dependant on how far the vulnerability affects the IBS.

Review Findings

We saw managing agents approach identifying vulnerabilities in a variety of ways depending on their framework. This included:

- Performing business impact assessments (BIAs) on the resources, to align with DORA and other jurisdictions where they have a multi-jurisdictional Operational Resilience framework
- Performing vulnerability assessments using a standard set of resilience indicators, leveraging guidance from the CMORG.
- Less mature managing agents did not use a standard methodology but used SME input to decide if there were any vulnerabilities.

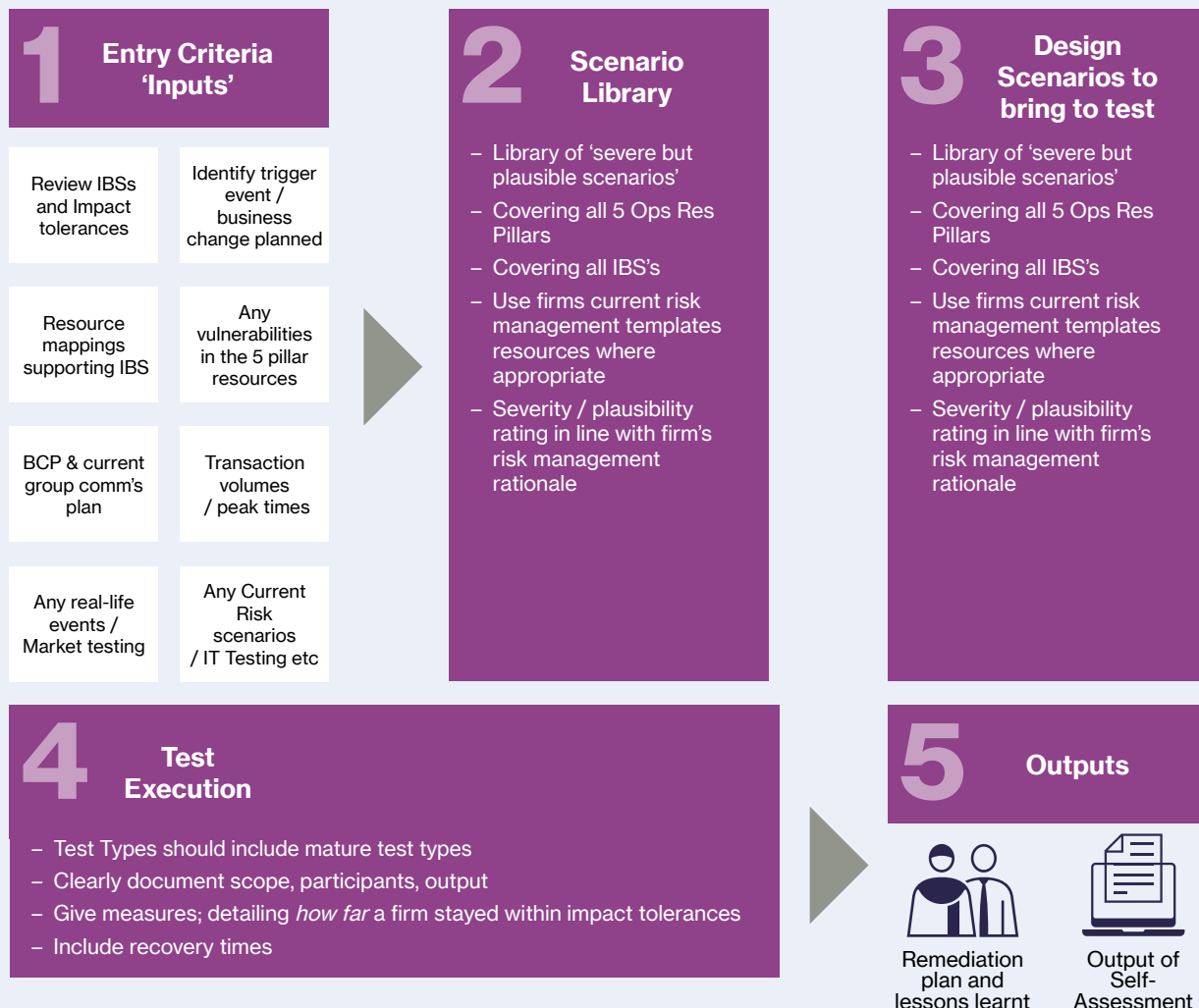
42% of managing agents did not fully evidence how resource mapping has been used to identify vulnerabilities in their self-assessments, whether that be performing vulnerability assessment on resource pillars, or using BIAs. These managing agents should carefully consider this going forward as an area needing additional development and maturity.

Regardless of how vulnerabilities were identified, a key trend was that a number of self-assessments did not clearly show how vulnerabilities identified in the mappings were brought through to testing. 49% of managing agents did not make the connection between this exercise and the rationale of selecting tests for this cycle.

Where tests were selected to cover all IBSs, or to cover a broad range of scenarios, there was at times missing rationale as to why these tests were selected. Using known vulnerabilities as part of the test selection ensures the test rationale is building towards answering the key question of the self-assessment; can we stay within impact tolerances for our important business services?

5. Trends – Areas Needing Development

Table K: Testing framework. Section 1 details the entry criteria needed in order for meaningful test selection and execution.



5.2 Testing Maturity

Expectations

Managing agents must be able to demonstrate they are able to stay within their impact tolerances for their IBSs through severe disruptions. In order to provide an accurate self-assessment to the Board, each cycle should contain a test selection that tests all IBSs and all resource pillars supporting these IBSs. A comprehensive set of tests not only covers these core requirements but should be selected based on a clear test rationale and should cover various test types; including simulations, live tests and testing with third parties.

The expected focus in a self-assessment is 'what are the impact tolerances for our IBSs and have we proved our ability to stay within those tolerances? What are the remediation plans for vulnerability areas we have found?' A comprehensive set of tests will answer these questions, and the testing framework and output is therefore the backbone of the self-assessment and Operational Resilience Framework.

5. Trends – Areas Needing Development

Review Findings

Overall, we saw an increase in the number of tests being performed. The volume of tests went up considerably, with the review finding all managing agents having reported to have performed at least one test excluding the Lloyd's market test in this cycle.

Type of test	Average Number/Proportion
Average Number of Tests	7.12
– of which Live Scenario testing	14%
– of which Simulations	36%
– of which Desktop / Walkthroughs	49%

However, in general there were areas needing development in regard to the testing output articulated in self-assessments, these are summarised below:

- Only 20% of self-assessments evidenced testing all resource pillars in this cycle of testing
- 80% of self-assessments evidenced testing all IBSs in the last 12 months. It is vital that all IBSs are tested in order to fully validate the question 'Can we stay within impact tolerance.'
- The self-assessment in many cases gave no rationale underpinning the test selection
- As mentioned above, 49% did not demonstrate the connection between vulnerability assessments and test rationale, rather selecting tests on volume or quantity
- The majority of managing agents defined the testing output as pass/fail rather than measurable output, and did not ask questions such as 'how long could we stay within impact tolerance for?' 'How long was recovery time?' The regulatory testing template requires this information, and so managing agents should consider using the same measures in their testing parameters
- The self-assessments listed all tests performed in total over a number of years, rather than clearly outlining which tests were performed in this cycle, based on this year's vulnerability assessments, and this year's position

More developed managing agents:

- Had clear test rationales and covered various test types; including simulations, live tests and testing with third parties
- Demonstrated how the sophistication of testing increased year on year
- Conducted disaster recovery testing both at an application and infrastructure recovery level
- Had assessed their cyber resilience through advanced penetration tests and red-team testing which emulate the actions of real hackers whilst operating within the bounds of ethical frameworks

It was concerning that a high proportion of self-assessments still did not make the testing narrative and output conclusion for this cycle clear. If the testing output gave no measures or was not clear in terms of measurements or workarounds, it was very difficult to validate whether a managing agent was able to stay within their impact tolerances in this cycle.

5. Trends – Areas Needing Development

We noted that in this year’s self-assessments, among the most popular scenario to test was ransomware, which is aligned with the regulator’s feedback and interest. We also noted that there were no scenarios used that explored risks posed by Generative AI. Conversely, the lack of transparency around the use of Generative AI by third parties was cited as a concern by managing agents in the LMA Operational Resilience Benchmarking exercise 2025. Lloyd’s would agree and with this developing threat landscape, would therefore expect to see this explored in future test plans.

It should be noted that there is still a significant trend across the market for testing to take place in a siloed manner with individual IBSs being tested in isolation. Managing agents should consider carefully moving away from this approach to testing which impacts on multiple IBSs at the same time to more accurately represent real world disruption which is unlikely to impact a single IBS in isolation.

Below are some examples of successful testing outputs and frameworks;

Table L: Example of a testing output table, whereby the output is given with clear measures, demonstrating how far the managing agent stayed within impact tolerances. (Data given is not market data.)

Test Number	xx	IBS Tested	IBS1	x		
Test Date	xx		IBS2	x		
Test Type	Desktop		IBS3	x		
	Simulation		IBS4	x		
	Live		IBS5	x		
Test severity	1-10					
Test description	Test script and details					
Stakeholders	Team / external / Third Parties					
IBS Impact		IBS 1	IBS 2	IBS 3	IBS 4	IBS 5
	Disruption (days)	10	10	10	10	10
	ITOLs (shortest)	50	50	50	50	50
	ITOL impact (%)	20%	20%	20%	20%	20%
Vulnerabilities	– A – B – C					
Lessons Learned	– A – B					
Actions	– 1 – 2 – 3					

5. Trends – Areas Needing Development

5.3 Self-Assessment narrative

Expectations

A managing agent's self-assessment ought to be regarded as a self-contained Board document which outlines the resilience status of a managing agent at a particular point in time, as well as the envisaged maturity journey/roadmap ahead.

The self-assessment should be updated at least once a year, or when a 'trigger event' occurs, giving an accessible view of a managing agent's IBSs, ITols, testing output and remediation plans.

The document in its entirety should answer the question 'can the managing agency stay within impact tolerances?' The document layout and content should promote transparency giving the Board clear engaging material and therefore the opportunity to challenge the findings.

Review Findings

At the time of review, all managing agents provided an up to date, Board-approved self-assessment for Lloyd's to review. This is an area where there is a great amount of variance as there was a broad range of formats, as well as various levels of detail included.

More mature managing agents:

- Demonstrated a consistent assessment in response to all requests from different stakeholders e.g. into the PRA (in the Regulatory template return), to Lloyd's (under the Principle 12 attestation) and to their own Board (in the self-assessment document).
- Gave a clear narrative of this year's position in an executive summary, highlighting key activity and changes in this cycle
- Set out sections with the assets and detail embedded in the body of the document; making it easy for the reader (and therefore for the Board) to review IBSs and ITols, supporting resources, testing strategy with clear output, lessons learned and remediation plan.

Less developed managing agents:

- Focused on dense methodology under the key headers, rather than the output of this year's cycle.
- Expressed ITols in a mix of text and numbers, making it more difficult to read through to the testing output.
- Did not have key artefacts such as IBSs, ITols, vulnerability assessments included in the body of the document, but in the appendix or separate attachments available on request. When considering the key focus of the document is transparency to the Board, this often led to challenge when considering how the Board was able to engage with or sign off the self-assessment when the key materials were not included or signposted.

5. Trends – Areas Needing Development

5.4 Third Parties

Expectations

The PRA expects managing agents to be able to remain within impact tolerances for important business services, irrespective of whether they use third parties in the delivery of these services as it is the regulated entity that holds the responsibility. This means that managing agents should effectively manage their use of third parties to ensure they can meet the required standard of Operational Resilience. Although managing agents may assume that an arrangement is inherently less risky where the service provider is part of its own group, this may not be the case. The PRA expects managing agents to manage risk and make appropriate arrangements to be able to remain within impact tolerance, whether using third parties that are other entities within their group or external providers.

All managing agents are required to carry out the following activity in relation to third parties:

- Identify all third parties, connected sub outsourcing arrangements and intra group arrangements which support the delivery of an IBS.
- Ensure all material third parties are operationally resilient; if a third party provider supplying an IBS fails to remain within impact tolerances, that failure is the managing agent's responsibility.

Review Findings

The review found that 60% of managing agents had included a test with a third party in their testing output for this cycle. This excludes testing with Lloyd's in the market wide exercise.

Third party engagement with regard to a managing agent's Operational Resilience continues to be a key area of focus and development across the market. We saw a wide range of approaches and a range of maturity levels on this topic.

More mature managing agents -

- Identified third parties at a granular level in their IBS mapping and illustrated their materiality to the IBSs
- Developed a clear third party engagement strategy
- Demonstrated active and current engagement with their key third parties; communicating their IBSs and ITols, and requiring assurance of their ability to keep within them
- Have performed testing with their key third parties, testing their ability to stay within their ITols in a severe but plausible disruption
- Have engaged with peer to peer testing; arranging group tests where managing agents share a third party supplier
- Had third party exit plans and playbooks for both intragroup and external providers.

Less mature examples saw:

- Key third parties not identified by name in their resource mapping e.g. writing 'coverholder' or 'DCA' rather than identify the third party
- Had not begun direct engagement any third parties on this topic
- Did not include third party testing on their test plan

5. Trends – Areas Needing Development

Table M: Third Party Engagement – Top Contributors in Resource Mapping

Third Party Top Contributors	1	2	3	4
Coverholders (Based on 2023 GWP & volume of Open Claims)	ChdrA	ChrdB	ChdrC	ChrdX...
Brokers (Based on 2023)	BrokerA	BrokerB	BrokerC	BrokerX...
Key DCAs (Based on volumes of Open Claims)	DCAA	DCAB	DCAC	DCAX...
Key Outsourcing Partners	Technology partnerA	Service PartnerB	Service PartnerC	Technology PartnerX...

5.5 Impact Tolerances

Expectations

Setting impact tolerances is a foundational measure for a managing agent to be compliant and the measure by which managing agents test they are operationally resilient. Setting ITols correctly is vital to enable valid testing. It is important to note that impact tolerances which have not fully considered the challenges a managing agent may face during a disruption may undermine the value and efficacy of the testing programme as the measures being tested are flawed.

Review Findings

This year we saw an improvement in managing agents demonstrated understanding of the regulatory definitions. All managing agents expressed more than one impact tolerance.

However, there were still a number of examples where self-assessments did not express the regulatory definitions correctly. In 2024, 52% evidenced an insufficient understanding of the impact tolerance regulatory definitions. In 2025, 37% were still recorded as either having an insufficient understanding of one or more of the regulatory definitions or having not made it clear in their rationale which definition their ITol related to. It is worth noting that if upon Lloyd's review this proved difficult, the same difficulty could be expected when a managing agent's Board is reviewing the self-assessment. It also suggests that any testing performed is less useful if ITol measures are not set correctly.

More mature managing agents:

- Expressed their ITols under clearly explained definitions
- Expressed ITols in a prominent place in the self-assessment
- Made it clear to the reader what the self-assessment looks to measure throughout the rest of the narrative
- Considered and assigned different ITols to their most vulnerable customers

Less mature managing agents:

- Did not evidence sufficient understanding of the differences between the harm to customer/policyholder and the harm to managing agent. This makes it extremely difficult for a regulator, or the Board to know what they are measuring this year's output against.
- Expressed their ITols in the appendix only, or as separate attachments.

Some managing agents expressed ITols with an additional qualifier; using a quantity metric as well as a time. For example, ITols which considered lost premium as well as time in regard to SS ITols. Whilst this is reasonable in the context of safety and soundness of the firm, an ITol which looks at time and a threshold of customers is not appropriate as, for the same reason descopeing an IBS due to low volumes would be inappropriate, if one customer is intolerably harmed, under the regulatory definition, this constitutes intolerable harm.

Table N: Example table to express IBSs and ITols in a clear format at the top end of a self-assessment

IBS	X days	X days	X days	X days	X days	X days	X days	X days
UW New / Renewal business				PP IH			SS	
MTA		PP IH						SS
Claims FNOL					PP IH	SS		
Claims Handling				PP IH		SS		
Claims Payment				PP IH		SS		
Complaints						PP IH		SS

Table O: Impact tolerance definitions

Regulator	PRA			FCA
Regulatory definition	Financial Stability (FS)	Firm Safety and Soundness (SS)	Policyholder Protection (PP)	Intolerable Harm (IH)
Where the impact falls	Impact on the Market	Impact on the Market	Impact on Policyholder	

Disclaimer

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Our Report only comments on significant matters that were identified during the Review, together with any other related matters that we wish to bring to your attention. It is in the nature of this Review that only certain aspects of managing agents' operations are examined within a particular timeframe and at a certain level of detail. Shortcomings may therefore exist which were not identified during the Review. Whilst managing agents may have provided Lloyd's with various items of documentation to enable the Review, by necessity our Review was strictly limited in scope. The absence of feedback on a particular item either within or outside of the scope does not therefore imply tacit approval of the approach set out therein. Where we may have identified issues outside of our scope, we will endeavour to take them forward with managing agents outside of the scope of this review, though that may occur as part of other Lloyd's oversight activities.

To note: All artefacts used within this document have been adapted from examples as part of the review and are to be regarded as good practice examples only rather than treated as a prescribed requirement.

Appendices

Table P: Operational Resilience Market Statistics 2025

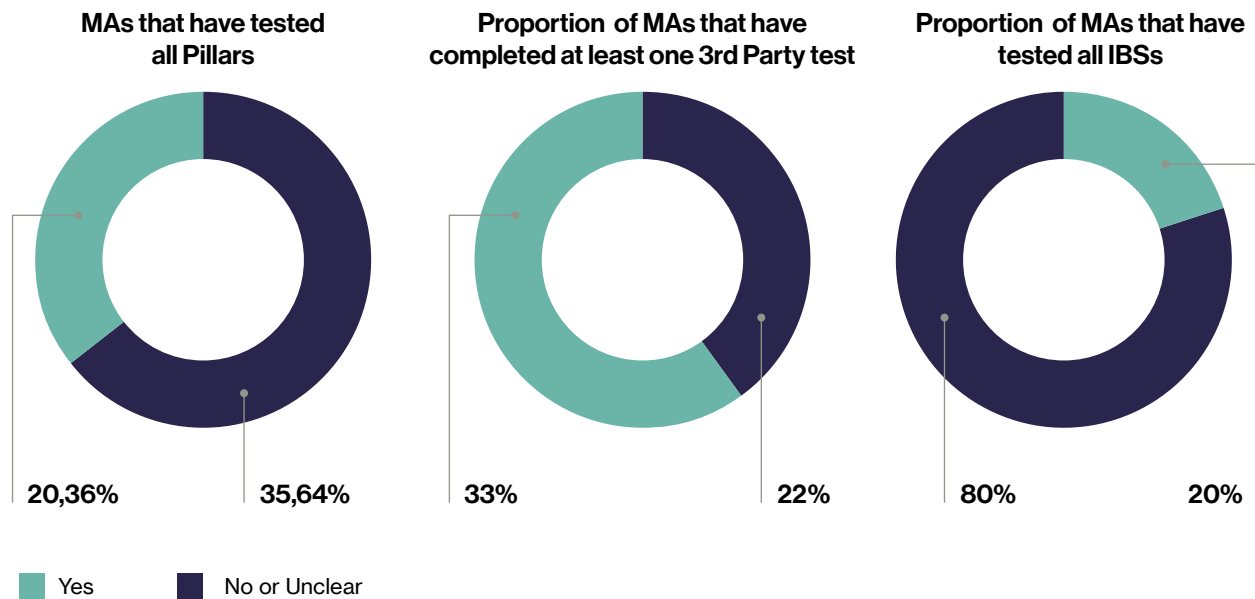
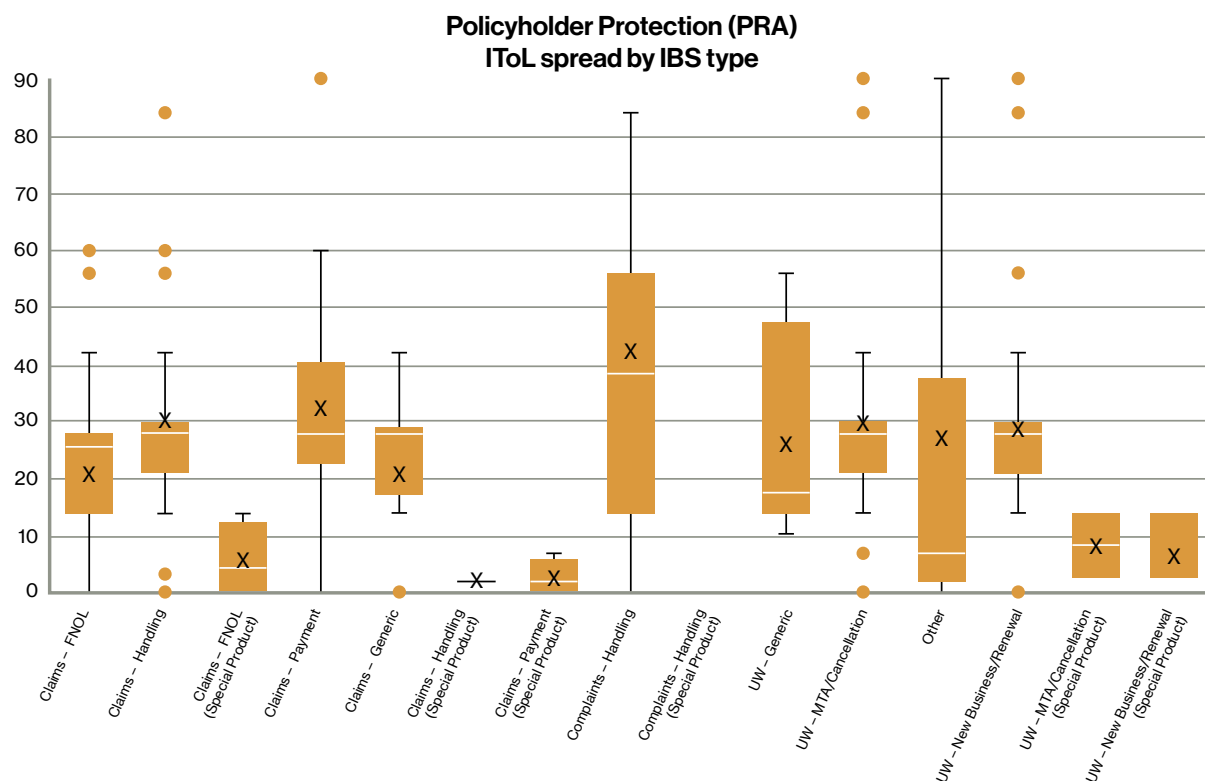


Table Q: Market IBS Types by Spread



Appendices

Table R: Market IBS Types by Spread

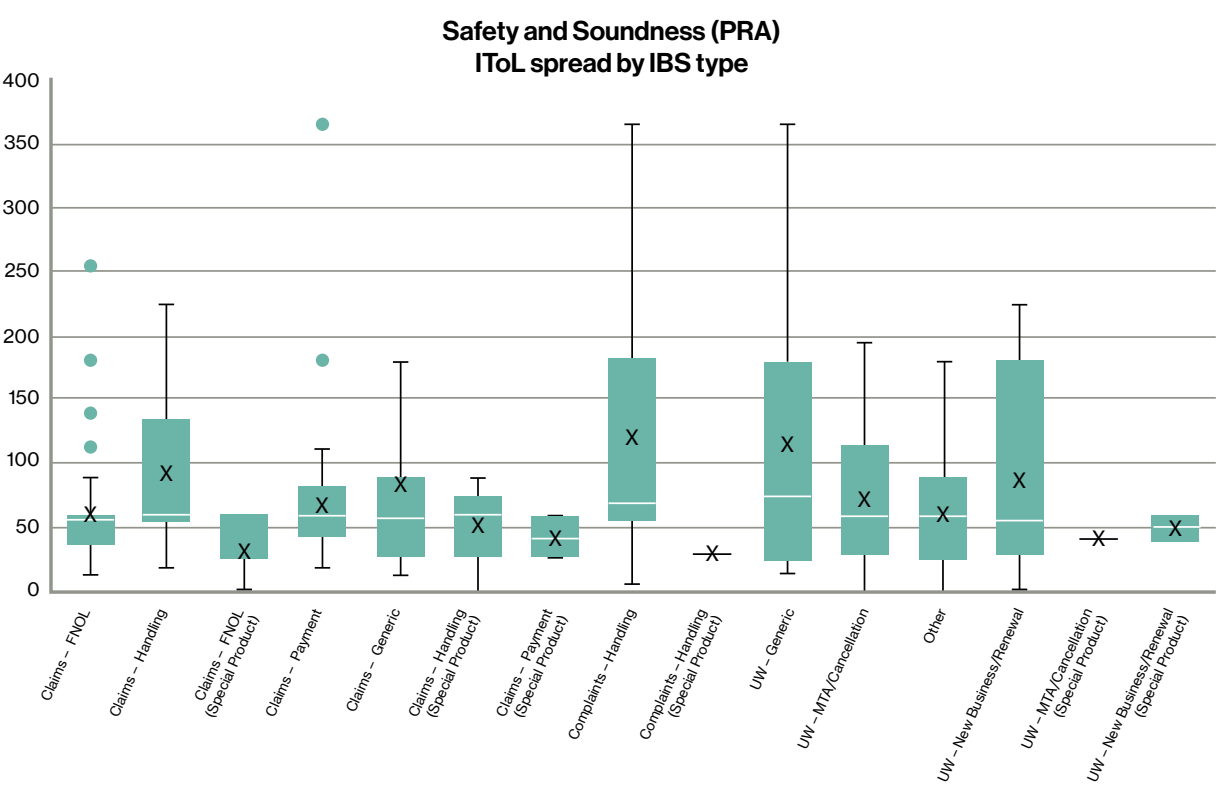
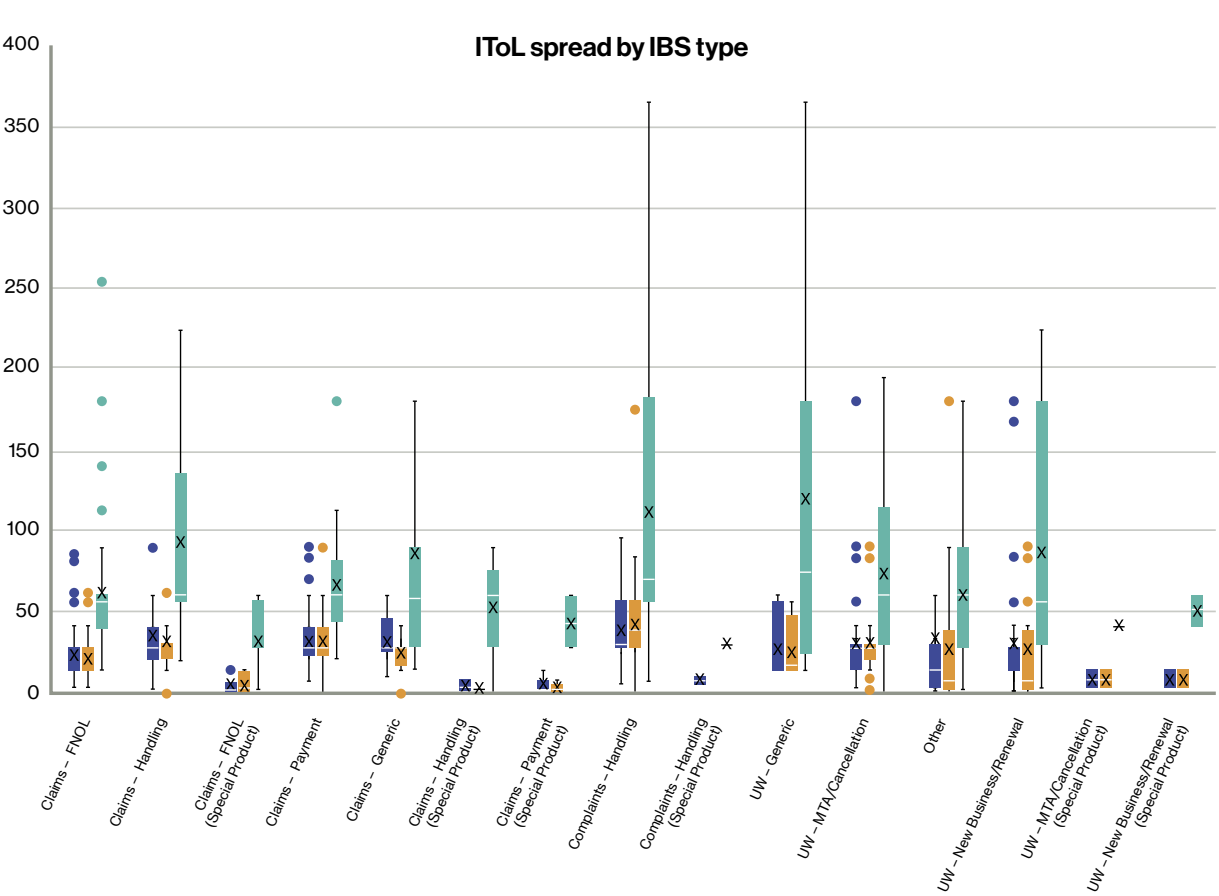


Table S: Market IBS Types by Spread



Instagram Lloyds of London
LinkedIn Lloyds of London
YouTube Lloyd's Insurance

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