

Delegated Claims Administrator Register

Guidance for managing agents

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1 Summary

All parties appointed by managing agents to handle claims for syndicates are key outsourcing partners that support the Lloyd's market. When handling claims, they play a critical role as the face of the Lloyd's market to many of Lloyd's policyholders, providing a core service and representing and promoting the Lloyd's brand worldwide.

Lloyd's expects managing agents to perform consistent and robust due diligence before outsourcing claims handling to **any** third party, to have in place appropriate terms governing the arrangement, and to have continued regular ongoing oversight of the third party's claims performance.

Prior to delegating claims authority to any third party other than a coverholder, managing agents are required to register that entity on Lloyd's Register of Approved Delegated Claims Administrators (Lloyd's DCA Register). The Lloyd's DCA Register is available on the Lloyd's [Insights Hub](#). If you are unable to access the Lloyd's Insights Hub, please contact delegatedauthorities@lloyds.com.

Checks within Velonetic have been in place since 1 October 2020. Velonetic will raise a query when processing a binding authority/coverholder appointment agreement if the claims arrangements stated on the binding authority/coverholder appointment agreement, including the DCA details, do not match the DCA details in [DCOM](#).

This document contains guidance on the attestation processes for adding DCAs to the Lloyd's DCA Register and should be read in conjunction with the following:

- Intermediaries Byelaw
- The requirements made pursuant to the Intermediaries Byelaw
- The Lloyd's Principles for doing business

A copy of this document can be downloaded, and all Lloyd's requirements are available on [Lloyds.com](https://lloyds.com).

1.1 Scope

For the purpose of Lloyd's framework, a DCA is a company or partnership that that is authorised on behalf of the members of a syndicate to determine claims in accordance with the terms of a delegated claims administrator agreement (see the Definitions Byelaw), in other words it is authorised to:

- accept or deny a claim in whole or in part
- agree any amount payable or
- resolve any part of the claim by agreement or, if necessary, dispute resolution.

Managing agents are not permitted to appoint a DCA to determine their claims unless the DCA is on the Lloyd's DCA Register. **All DCAs are required to be registered with Lloyd's prior to appointment whether they are being used for open market business or delegated authority business.**

Firms that have authority to make the decision to provide, or decline to provide, a non-monetary claim service, e.g. to provide assistance to a policyholder under a travel policy or respond directly to an incident such as a cyber attack, are also included in this definition.

Firms do not need to be registered with Lloyd's if they only receive notification of loss or provide advisory services, for example, a loss adjuster, surveyor or lawyer that is appointed by a managing agent or DCA to investigate a claim and advise on cover and quantum.

See section 6 below for Lloyd's requirements in relation to the delegation of claims handling to Coverholders, which are not subject to Lloyd's DCA requirements.

1.2 Sub-delegation

No firm that is given authority to determine claims, including DCAs, may be permitted to sub-delegate that authority unless the managing agent agrees to it and the firm is registered with Lloyd's. The only exception is that managing agents and managing agents' service company coverholders with delegated authority to determine claims are also permitted to sub-delegate that authority, subject to any restrictions placed on their authority to determine claims (see paragraph 4B of the Intermediaries Byelaw and paragraph A1 of the requirements made pursuant to the Intermediaries Byelaw).

2 The Due Diligence and Registration Process for new DCAs

A managing agent should apply its outsourcing strategy when considering whether or not to outsource claims handling to any third party and will need to take account of the claims handling resources and expertise that will be required to handle the claims in question.

If a managing agent decides that it would like to consider outsourcing claims handling to a DCA that is not already on the Lloyd's DCA Register, they should follow the DCA attestation process found under [section 2.2](#).

2.1 Managing agent's due diligence

Regardless of whether or not a DCA is on Lloyd's DCA Register, a full assessment of the DCA must be carried out by the managing agent before appointing the DCA, having regard to Lloyd's Principles for doing business and should take into account:

- the managing agent's claims outsourcing strategy
- the nature and volume of claims to be handled
- the needs and expectations of the policyholders receiving the claims service
- The managing agent's conduct risk appetite
- The managing agent's operational requirements

The assessment should include checking the accuracy of the information, the standing and reputation of the entity, its key staff and owners and a consideration of whether the DCA has the resources, systems and controls that will:

- provide the capability to meet the needs of the policyholders
- deliver a service that is consistent with the managing agent's conduct risk appetite
- be able to deliver services in line with the managing agent's service level expectations
- meet the managing agent's own internal due diligence thresholds

The Lloyd's DCA Due Diligence Questionnaire, available [here](#), includes the areas that Lloyd's would generally expect a managing agent to consider as part of its assessment.

Provided the managing agent remains satisfied with the DCA once the assessment of the DCA's diligence information is complete, the managing agent should then consider:

- what controls should be put in place in an outsourcing arrangement with the DCA, particularly around any risk features identified in the due diligence information¹
- what authority to delegate to the DCA in terms of financial limit of authority, denials, complaints and referral thresholds
- oversight approach including reporting, other regular communication and audits. This due diligence should be evidenced and readily available to Lloyd's if requested.

2.2 Registration process

Sponsoring managing agents should submit the DCA attestation form to add a new DCA to the Lloyd's DCA Register.

The DCA attestation form and referral criteria are available on [Lloyd's.com](https://lloyds.com) and updated periodically. Some registrations will require additional conversations or reviews by internal Lloyd's teams. These could be based on regulatory or delegated authority referrals. The sponsoring managing agent is required to review the Lloyd's referral criteria and assess if the proposed application will require any further discussions within Lloyd's. The referral criteria outlines any country specific requirements for DCAs.

Once the referral criteria has been reviewed and the necessary referrals have been completed by the managing agent, a signed DCA attestation confirming the proposed DCA meets all the requirements to become a Lloyd's DCA will need to be signed by the sponsoring managing agent and submitted to delegatedauthorities@lloyds.com. The DCA undertaking will need to be signed by the DCA and provided to Lloyd's. For Lloyd's Insurance Company (LIC) DCAs these will need to be sent to LloydsEurope.Claims@lloyds.com.

- For LIC DCAs the NBB has published a circular on Cloud Outsourcing in 2020. This circular, including its requirements, is applicable for new and existing outsourcing arrangements. It outlines the requirements regarding the outsourcing of operational functions or activities to service providers that rely significantly on cloud infrastructures to deliver their services. As LIC are regulated by the NBB, DCAs are required to fill out a short questionnaire on this subject. The questionnaire can be found [here](#). This will need to be submitted alongside the DCA attestation to LloydsEurope.Claims@lloyds.com.
- For DCA agreements relating to LIC business, the managing agent is required to upload the DCA agreement to Lloyd's secureshare:
 - SecureShare site: "Lloyds Europe Underwriting for Managing Agents",
 - Site code SS0012
 - Folder "DCA TPA Agreements"

Once Lloyd's has completed the review of the DCA attestation, the name of the DCA will be entered into the Lloyd's DCA Register. Managing agents will also have access to the DCA register on the [Insights Hub](#).

A DCA must not hold itself out as being a Lloyd's registered DCA until the Lloyd's registration process has been completed.

¹ The full requirements for delegated claims administration agreements is set out at paragraph 13 of the Requirements made pursuant to the Intermediaries Byelaw.

2.3 Law firms

The attestation and decision paper processes in this guidance do not apply where managing agents appoint law firms to determine claims. Managing agents should none the less complete a robust assessment of the law firm's claims handling capabilities before appointing them, as set out in paragraph 2.1 above. Once satisfied that the appointment is appropriate, managing agents should add these firms to the Lloyd's DCA Register by emailing delegatedauthorities@lloyds.com and they should be linked to the relevant binding authority/coverholder appointment agreement in [DCOM](#).

3 Registration of branches and associated companies

The Lloyd's DCA Register treats each company within a group and each branch from which Lloyd's claims are being handled as a separate DCA registration. **Therefore, managing agents need to apply separately for registration of all branches and all companies within the same group.** The process for registering a DCA entity that is a company that is associated with a DCA already on the Lloyd's Register is the same as the process for any other DCA.

Where a managing agent **has a relationship** with a DCA on the Lloyd's DCA register and wishes to register a new branch of that DCA, the managing agent will need to confirm and provide answers to the questions outlined below via email to delegatedauthorities@lloyds.com. If the below criteria cannot be met, the same process as registering a new DCA entity will need to be followed ([see section 2](#)):

1. The branch management policies, processes, procedures and oversight regime is the same as the registered DCA entity
2. The PI/E&O, fidelity and cyber policies for the previously registered office covers this branch office
3. The branch is in the same domicile as the registered DCA entity
4. Confirm the legal name of the DCA
5. Confirm the registered address
6. Confirm the trading address
7. Provide confirmation directly from the DCA that claims are being handled from the new branch address
8. The class of business is the same

The sponsoring managing agent is also required to review the Lloyd's referral criteria and assess if the proposed application will require any further discussions with Lloyd's. The referral criteria outlines any country specific requirements for DCA's.

The process for registering a branch of a DCA that is already on the Lloyd's DCA Register where the sponsoring managing agent has **not** previously registered a relationship with the DCA on the Register is the same process as registering a new DCA entity ([see section 2](#)).

4 Appointing a DCA on Lloyd's DCA Register

When a managing agent wishes to appoint a DCA that is already on the Lloyd's DCA Register having completed its assessment of that DCA, they should apply for a new relationship registration prior to appointment of the DCA. Managing agents are required to complete a DCA relationship attestation and this should be submitted to delegatedauthorities@lloyds.com.

Lloyd's will review the attestation and create the relationship between the DCA branch and the managing agent. Lloyd's will notify the managing agent once this has been completed.

5 Lloyd's expectations

DCAs that have been registered by Lloyd's are expected to comply with the terms of the Lloyd's DCA undertaking and operate within any conditions applied to the DCAs registration (including any regard to class of business or geographical limits). Lloyd's will also expect DCAs to meet the terms of their delegated claims administration agreement(s) and engage positively with managing agents and Lloyd's in monitoring and managing the service provided.

DCAs are highly valued business partners who play a key role in enhancing Lloyd's reputation and therefore are expected to meet Lloyd's high standards of business conduct.

Managing agents are also expected to notify Lloyd's of any changes to a DCA legal name, address or cease of relationship with a DCA by contacting delegatedauthorities@lloyds.com.

Managing Agents are required to notify Lloyd's at the email address TPMI@lloyds.com of any material issue that arises in their dealings with Coverholders and DCAs and these will also need to be reported to the Board of the managing agent as soon as possible. If in doubt, the Managing Agent should notify Lloyd's of its concern. Generally, issues which are purely commercial in nature will not be considered to be material issues requiring to be notified to Lloyd's. Further detail can be found under the TPMI web page on Lloyds.com.

6 Coverholders

If a managing agent proposes to delegate authority to determine claims to a coverholder in respect of business which it has written, the coverholder does not need to be registered on the Lloyd's DCA Register but is subject to the Lloyd's Coverholder approval process and Lloyd's may impose conditions on a coverholder approval which restricts or prohibits the grant of claims handling authority.