

Canadian Bulletin

Ref: AD-26-004

Date	4 June 2026
Recipient	All Stakeholders binding risk pursuant to a form of delegated authority in Canada
Subject	Delegated authority agreements – Letter of Authority
Attachments	Letter of Authority Validation of a delegated authority via a Letter of Authority

<i>Purpose:</i>	To advise stakeholders of Lloyd's Letter of Authority to be provided to retail brokerage partners for insurance policies issued under delegated authority agreements
<i>Affects:</i>	Stakeholders writing business in Canada
<i>Line of Business:</i>	All
<i>Jurisdiction:</i>	Canada
<i>Effective:</i>	Immediately

What you need to know

As part of ongoing efforts to ensure retail brokers and policyholders can have confidence in the validity of Lloyd's contracts of insurance, we are pleased to introduce a standard template "Letter of Authority". This template is intended to confirm the basic terms of a Lloyd's delegation of authority, such as binding authority agreements, line slips, and consortium arrangements, and is to be shared with retail brokerage partners who request such confirmation.

What this means to you

Going forward, if a distribution partner requests from you in your capacity as a coverholder (or consortia leader or holder of a line slip) confirmation or validation of a delegated authority arrangement with Lloyd's, the lead managing agent pursuant to a delegation of authority contract should provide the Letter of Authority using the attached template.

For your reference, we have included:

- The template Letter of Authority
- Guidance on Validation of a Delegated Authority via a Letter of Authority

For further information, please contact lloydsCanada@lloyds.com.

Nicole Seymour

Chief Agent, Lloyd's Underwriters, Canada

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[To be typed on Managing Agent's Letterhead]**To Whom It May Concern**

[DD Month YYYY]

Dear Sirs,

Confirmation of Delegation of Authority - [Insert full legal name of Coverholder]

This letter is to confirm that [Insert name of Managing Agent] has granted authority to [Insert full legal name of Coverholder] of [insert full address(es) Coverholder] (“[Insert Coverholder short name]” to act as our agent to write (re)insurances on behalf of Lloyd’s Syndicate [insert syndicate number] under the Binding Authority Agreement briefly described below:

Binding Authority Agreement Details -

Unique Market Agreement Reference:	[Insert UMR]
Unique Internal Reference:	[Insert, if applicable or remove row]
Lloyd’s Broker:	[Insert Lloyd’s Broker]
Type of (Re)insurance:	[Insert class(es) specifying whether insurance or reinsurance]
Limits:	[Insert relevant maximum Limit(s) of Indemnity / Sum(s) Insured or Various, dependent on class]
Period:	[DD Month YYYY to DD Month YYYY and include relevant time]

We confirm that:

- We will respond to all valid claims covered by, and made in accordance with, the terms of the (re)insurance policies issued by [insert Coverholder short-name] in accordance with the terms of the Binding Authority Agreement specified above.
- Premiums paid to [insert Coverholder short-name] are deemed to be paid to us.

- Payments made by us to [insert Coverholder short-name] for claims settlements and / or return premiums, shall be deemed to constitute payment to the (re)insured, only to the extent that such payments are actually received by the (re)insured).

Subject to the terms of the delegated arrangement, [insert Coverholder short-name's] authority extends to the following functions: (amend below list as necessary)

1. Underwriting, including quoting and binding.
2. Issuance of certificates (and / or policy documentation).
3. Premium Collection.
4. Receiving claims monies.
5. Claims determination authority.

This letter is for information only and is correct as at the date of this letter. The issuance of this letter does not make the person or organisation to whom it is issued an additional (re)insured, nor does it modify in any manner the Binding Authority Agreement between us and [insert Coverholder short-name].

This letter is also issued strictly without prejudice to, and without waiver of, any rights or remedies available to us under the Binding Authority Agreement or at law, including the right to cancel the Binding Authority Agreement or amend its scope.

Please do not hesitate to contact the undersigned should you require any further information regarding the Binding Authority Agreement.

Yours faithfully,

Name
Position
Email

[To be signed by an authorised person at the lead Lloyd's Syndicate]

Validation of a delegated authority via a Letter of Authority

Types of DA this guidance is relevant to

Binding authority agreements and Coverholder appointment agreements.

Key definitions

A Letter of Authority (also known as a To Whom It May Concern – Confirmation of Capacity Letter) may be used to confirm that a delegated authority agreement has been provided to a Coverholder, Service Company or Digital Platform Provider.

Why guidance is needed

To drive consistency within the market and to avoid letters with inappropriate content, Lloyd's have collaborated with the LMA to produce model templates that can be used by the market where confirmation that a specific delegated authority arrangement is in place is required. The templates can be found below.

Templates

Download [Letter of Authority – Example](#)

Download [Letter of Authority – Lloyd's Europe Example](#)

Considerations for using the templates

- These are model templates and it is appreciated that some managing agents may already have their own templates which can still be used.
- The templates should be provided on the managing agent's letter head and signed by the lead managing agent.
- Managing agents should ensure that any Letter of Authority issued does not contain any additional or onerous requirements which may impose inappropriate obligations or covenants on the managing agent.

For example, this could include confirmations of any future changes to an existing delegated authority agreement and / or providing confirmation of any contract changes or termination status to the Coverholder's introducing intermediaries.