

LLOYD'S US COMPLAINTS

Handling US Complaints at Lloyd's: Guidance for managing agents

This guidance note provides a practical process for handling complaints received from Lloyd's US policyholders.

These arrangements have been introduced to ensure Lloyd's underwriters can meet the regulatory expectations of the UK regulator, the Financial Conduct Authority (FCA) and are consistent with US regulatory requirements. Lloyd's also believes that, by properly recording details of all complaints received, coverholders, delegated claims administrators (DCAs) and managing agents are provided with an invaluable source of business information that can be used to improve products and the service provided. This benefits policyholders and the businesses in the Lloyd's market, including coverholders and DCAs.

For more information about US complaints handling at Lloyd's please refer to:

<http://www.lloyds.com/the-market/operating-at-lloyds/regulation/complaints/complaints-handling/international-complaints-handling/us>

General Requirements

- Managing agents reporting more than 100 complaints per year to Lloyd's for UK and international complaints (excluding EEA, Australian and New Zealand) are required to exchange all data, documentation and case communication via secure API automated data exchange messages (DEX). It will no longer be possible to share data or information via email
- The API messages are only able to exchange data between Lloyd's and managing agents' system and therefore all requests for documentation and information will be made via the managing agent rather than direct to a coverholder or delegated claims administrator.
- All emails (with the exception of notification spreadsheets) must only contain data relating to a single policyholder. Emails should only be used by managing agents not in scope for DEX.
- All email attachments must be password protected using the managing agent / coverholder standard password provided to Lloyd's Complaints team.
- Lloyd's Complaints team are not to be copied in to emails between managing agents and their representatives. Any additional documentation supplied that is not required will be deleted.
- All documents including original complaints, investigation ongoing letters and stage one responses are to be submitted in pdf format. Local language documents may be provided as Word documents, for managing agents both in scope and out of scope for DEX, these can be provided via email.

What is the definition of a 'complaint' in the US?

"A complaint is any written communication where there is an expression of dissatisfaction with an insurance product or service."

Which complainants?

Only complaints from the following are in-scope:

- Personal lines policyholders (private individuals);
- Small commercial policyholders (where the policyholder has fewer than 10 employees and a gross revenue or annual balance sheet that does not exceed \$2.5m);
- A charity which has an annual income of less than \$2.5m at the time the complainant makes the complaint;
- A trustee of a trust which has a net asset value of less than \$2.5m at the time the complainant makes a complaint.

Process to be followed for handling US complaints

- It is the responsibility of managing agents or their representative to handle all US policyholder complaints appropriately and ensure they are compliant with all relevant local rules. This includes any requirement to acknowledge complaints, provide information to the complainant and meet applicable time limits.
- Managing agents who are not in scope for DEX must, within two weeks of receipt of a Direct Complaint and by the end of the next business day after receipt of a DOI Complaint must complete the Lloyd's International Complaint Notification Template with details of the complaint and send the same to complaints-notification@lloyds.com. The complaint may be notified to Lloyd's by :
 - the coverholder or DCA;
 - the lead managing agent;
 - the coverholder directly to the managing agent of the lead syndicate who will notify Lloyd's; or
 - the coverholder via their broker to the managing agent of the lead syndicate who will notify Lloyd's;
- Notification spreadsheets must be received by 16.45 to be loaded on the day of receipt otherwise they will be loaded on the following working day.
- Complaints which have been brought to the attention of the managing agent by Lloyd's Complaints team must not be notified back to Lloyd's. Complaints must be notified to Lloyd's within 14 days of receipt and those not notified to Lloyd's with 21 days of receipt will incur an 'additional administration charge'.
- There is no requirement for a nil return where no new complaints have been received.

- On policies or binding authorities where there is more than one syndicate participating, Lloyd's expects the lead syndicate to notify the complaint.
- For managing agents not in scope for DEX, the International Complaint Notification Template should be downloaded from www.lloyds.com/complaintshandling and sent once completed via email to: complaints-notification@lloyds.com. Managing agents must use the template provided by Lloyd's and should not create their own templates. The subject line of the email should state 'Notification Spreadsheet' unless the spreadsheet is automatically created by a complaint management database. The email should only contain the spreadsheet and no other documentation.
- For complaints made by a party other than policyholder, the details on the notification spreadsheet must be the complainant details and the covering email should provide details of the policyholder. For managing agents in scope for DEX, the policyholder contact details should be added to the managing agent system and these details will be provided to Lloyd's via API message 'Contacts'.
- The following table explains how to complete the International Complaint Notification template. Completion of all fields is mandatory, with the exception of the Address field. Managing agents should ensure that they provide the information in a way that is compliant with the applicable data protection laws.

Field	Comments
Submitting Company	This is the name of the managing agent or its representative which is completing and submitting the template.
Coverholder	If the policy was bound by a coverholder, select the coverholder name from the dropdown list.
DCA	This is the name of the delegated claims administrator involved in the claim. This field is optional.
Complainant Surname	This is the name of the complainant. Either the surname or company name must be completed.
Complainant Company Name	This is the name of the complainant. Either the surname or company name must be completed.
Complainant Address	Insert a correspondence address for the complainant. This field is optional.
Complainant Town	Insert a correspondence town for the complainant. This field is optional.
Complainant Zip / Postal Code	Insert the postal / zip code for the complainant.
Complainant Country	Select from dropdown list.
Policy Number	Either policy number or claim number must be entered.

Claim Number	Either policy number or claim number must be entered.
Year of Account	Enter in the format YYYY. This field is optional.
Complaint Process	Select USA from drop down list.
Policyholder Country	Select from drop down list. If the complainant and policyholder are the same person, please enter same option as in Complainant Country.
Date Received	Insert the date the complaint was first received by the managing agent or its representative. For example where the complaint was initially received by a coverholder who subsequently notifies the managing agent of the matter the date the complaint was first received by the coverholder will be the operative date.
FCA Complaint Code	Select from dropdown list.
Product	Select from dropdown list.
Placement	Select from dropdown list.
Syndicate Number	Lead syndicate on the coverage. *Select from drop down list.
Claims Related	Select Yes or No from drop down list.
Lloyd's UK Root Cause	Select from dropdown list.
Managing Agent Name	Managing agent for the lead syndicate. Select from drop down list.
Managing Agent Reference	Enter reference from managing agent system. This field is optional.

*If written on a multi lead basis, please leave blank and set out in an email the lead managing agent/syndicate for each contract and the percentage share of the risk.

- The spreadsheet should be named 'NotificationInternational' and saved as an xls document, no additional columns should be added to the spreadsheet.
- No verification checks will be performed on the spreadsheet prior to upload and it will be loaded as received. In the event that the spreadsheet fails to load successfully, the spreadsheet will be returned to the managing agent, or their representative, with details of the records that have failed. These incorrect records should be resubmitted on the next spreadsheet. NB The complaint will not be classed as logged for performance oversight purposes until the corrected spreadsheet is received and the complaint is successfully uploaded.
- The notification of complaints for managing agents in scope for DEX will be automatically provided to Lloyd's via the API message 'Notification' when loaded on to the managing agent system. Whilst it is not a requirement, it would be beneficial if a copy of the original complaint, in pdf format, is saved to the managing agent system at the same time so that this is provided by the API message 'Attachments' prior to the resolution of the case. If written on a multi-binding authority agreement basis, please provide details of each managing agent and their percentage

share via API message 'Case Communication'. **NB** For complaints received from a DOI, a copy of their correspondence must be sent with the notification message.

- Complaints will be entered onto the complaints monitoring database by Lloyd's Complaints team to enable effective monitoring and reporting to the relevant regulators.
- Managing agents must also keep their own record of each complaint received and the measures taken for their resolution.
- Lloyd's reserves the right to review and take over coordinating the response to individual complaints where, in the view of Lloyd's, this is appropriate in all the circumstances, including to meet local regulatory expectations of Lloyd's.

Responding to complaints

- Direct Complaints may be resolved verbally (ie with no written response provided) if resolution is within three business days. In that case, a summary of the outcome should be sent to Lloyd's. This should include details of the complaint, the date it was resolved together with resolution details including any redress or remedial action. Lloyd's believes that complaints that are not resolved informally within three days should have a full written response.
- Direct complaints (not resolved informally) should receive a full response to the complaint as soon as practicable and in any event within eight weeks of the complaint being received. Standard US business practice is to issue a response within two weeks of a complaint being received and therefore in the event that a full response cannot be issued within four weeks the complainant must receive an 'investigation ongoing' letter explaining the present position and when the full response is anticipated.
- When providing a full response to a Direct Complaint, the letter must include details of the appropriate DOI (or equivalent agency), including contact details, and the complainant must be informed that, if they remain dissatisfied, they may be able to refer their complaint for review by that DOI.
- The letter should set out details of any redress or remedial action being offered. Redress includes:
 - Payments to put the complainant back into the position they should have been in had the act or omission complained about not occurred, including any claim payments
 - Amounts paid for distress and inconvenience
 - Goodwill payments and goodwill gestures
 - Interest on delayed settlements
 - Waiver of any excess
- For managing agents not in scope for DEX, a copy of the response together with a copy of the original complaint must be emailed to complaints-notification@lloyds.com within two business days after the response is sent to the complainant. There is no requirement for these documents to be translated to English; this will be arranged by Lloyd's. The subject line of the covering email should state 'Stage One Response – policyholder name'. The body of the mail should confirm:

- policy / claim number used to notify the complaint to Lloyd's
- stage one decision (justified or not justified)
- if justified, the grounds for justification and action taken, using Lloyd's standard options
- redress payable
- root cause of complaint (if not provided on notification spreadsheet)
 - o Cancellation / refund
 - o Claim – coverage / terms and conditions
 - o Claim – customer service
 - o Claim – delay
 - o Claim – quantum
 - o Claim – standard / duration / delay of repair
 - o Customer Service – non-claims related
 - o Other (we would expect this option to be rarely used)
 - o Product suitability
 - o Underwriting / Premium Issues
- coverholder (if not provided on notification spreadsheet)

For complaints received via the telephone, a copy of the call or a transcript must be provided.

- For managing agents in scope for DEX, the API message 'Stage One' will be automatically provided to Lloyd's when the case is resolved on the managing agent's system. A copy of the original complaint, if not already provided, and stage one response, both in pdf format, must be sent via the API message 'Attachments' with the stage one message. If these are not provided on the same day, the stage one message will be rejected and this will then need to be corrected and resubmitted by the managing agent.
- Lloyd's Complaints team will monitor each complaint against Key Performance Metrics to ensure:
 - o regulatory deadlines are complied with
 - o appropriate EDR rights are provided to the complainant

Failure to comply with the following requirements will incur an additional administration charge:

- correctly report the complaint received date or other mandatory information
- provide all documentation in the format required by the Complaints Documentation Policy Statement
- provide a copy of the original complaint and international response within required deadline
- provide details of the coverholder / root cause
- provide correct and complete EDR referral rights

Referral to local Department of Insurance

- Managing agents or their representatives must inform the Lloyd's Complaints team as soon as they are aware that a complaint has been referred to any Department of Insurance. If the DOI contacts Lloyd's, Lloyd's will facilitate the response and notification by the managing agent or its representatives will not be necessary.
- When the DOI process has been concluded a copy of the DOI's outcome must be provided to Lloyd's Complaints team. Where the DOI scheme operates on a "non-binding" basis Lloyd's will also require confirmation as to whether the DOI decision is being accepted or rejected.
- Mediation requests from the DOI are to be handled as complaints, Please note that the US Regulator strongly encourages participation in Mediation and it should be noted that the outcome of any mediation is non-binding. If underwriters do not agree that they should participate in mediation, Lloyd's will require details of the reasons why and these will be referred to Lloyd's America and the relevant Department of Insurance. Lloyd's must receive a response by the deadline set by the Department of Insurance, which either accepts or rejects Mediation, in order that this can be forwarded. Lloyd's cannot request an extension for Mediation requests.

Assessment of Managing Agent Compliance with the Code

- Sample checking of stage one responses for managing agents in scope for DEX will be conducted on a regular basis and this will feed into Lloyd's Complaints team quarterly review managing agents' performance against Lloyd's Complaint Performance Metrics , KPIs and other measures.
- Managing agents failing to meet the required standards will be required to explain the measures being taken to address any failings. Failure to improve performance may result in remedial or enforcement action.

FCA complaints return

- Every six months, Lloyd's is required to submit a return to the FCA, detailing the number of complaints received, how quickly they were resolved, how many were upheld in the period and the amount of redress paid. This contains details of both UK and non-UK complaints.
- Managing agents are required to provide details of the number of policies in place for eligible complainants, broken down into specific product categorisations and territory. Managing agents must ensure that the product categorisation used to report complaints aligns with the product categorisations used for the eligible complainant return. A reconciliation of this data must be undertaken prior to submitting the eligible complainant return to ensure that there are no discrepancies between the two data sets.
- As required by the FCA, Lloyd's publishes these figures on its website at: www.lloyds.com/complaints.