

Title	Delegated authority agreements – mandate of lead security
Purpose	To advise managing agents, brokers and coverholders of Lloyd's expectations regarding providing details of participating Lloyd's lead syndicate(s) within policy documents issued under delegated authority agreements.
Type	Event
From	Jane Harley, Head of Delegated Authority Oversight
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Deadline	1 July 2025
Related links	Market FAQs relating to this bulletin: https://www.lloyds.com/conducting-business/delegated-authorities/compliance-and-operations/code-of-practice

The purpose of this bulletin is to advise managing agents, brokers and coverholders of –

- Lloyd's expectations for providing details of the Lloyd's Lead in the contract of insurance issued under delegated authority contracts (including binding authority agreements, line slips and consortium arrangements)

Background

At Lloyd's, it has been a longstanding market practice, for many policies issued under delegated authority agreements, that details of the Lloyd's market participation is shown as 'certain underwriters at Lloyd's' without naming any of the subscribing syndicate(s).

This generic language can contribute to a lack of clarity of the security behind the policy. The lack of any details of the participating Lloyd's security can make it difficult for policyholders to confirm quickly which syndicates are providing the cover. As a result of commercial and regulatory challenges, including the misuse of the Lloyd's brand which have arisen from this practice Lloyd's has accordingly reviewed its requirements with regards to policy documentation being issued.

New requirements

Accordingly, we expect that all delegated authority agreements incepting on or after 1 July 2025 must require that details of the Lloyd's lead are specified in the policy documentation provided to the insured. This should include the managing agent name and syndicate number. Mandating the disclosure of the Lloyd's lead will ensure policyholders have the information required should they need to confirm the validity of their contract directly with their insurer.

The following is an example of wording that would meet our requirements:

*Certain Underwriters at Lloyd's led by Managing Agent A, Syndicate 1000.*¹

In instances where there are multiples leads, the lead underwriter(s) of the relevant section of the delegated authority contract should be specified.

For the avoidance of doubt, the new requirement is not intended to prevent the parties including details of all participating Lloyd's syndicates, where that is either the preference or required by local regulatory rules.

It is also important that managing agents continue to ensure that an appropriate several liability clause is incorporated in every certificate issued to the policyholder. LMA5096 is suitable for use by coverholders on combined certificates for both US and non-US risks. In respect of certificates that are only underwritten by Lloyd's underwriters, managing agents may continue to use their existing several liability clause (such as LSW 1001).

For policies issued under Coverholder Appointment Agreements with Lloyd's Insurance Company SA. ("Lloyd's Europe"), Lloyd's Europe already requires that its details be shown on policies issued by coverholders. As such there is no requirement to specify the lead syndicate(s) providing 100% quota share reinsurance to Lloyd's Europe.

In addition, policies issued by Lloyd's Japan Inc ("LJI") also require policy details to be disclosed within the documentation and therefore there is no additional requirement for policies issued by LJI to specify the lead syndicate(s).

Coming into force

These new requirements apply to all policies issued under contracts of delegated authority where the delegated authority agreement incepts on or after 1 July 2025. However, while there is no requirement to amend contracts of delegated authority mid-term, we would encourage the market to adopt the change with immediate effect, where possible.

¹ 'Lloyd's Underwriters' should continue to be used for Canadian policies with the lead underwriter(s) named subsequently eg "Lloyd's Underwriters led by Managing Agent A, Syndicate 1000".