

Canadian Bulletin

Ref: AD-25-001

Date 19 March 2025**Recipient** All Stakeholders writing business in Canada**Subject** Delegated authority agreements – mandate of lead security**Attachments** Market Mandate of Lead Security FAQs

<i>Purpose:</i>	To advise managing agents, brokers and coverholders of Lloyd's expectations for including details of participating Lloyd's lead syndicate(s) within policy documents 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>	July 1, 2025

What you need to know

The purpose of this bulletin is to advise managing agents, brokers, and coverholders about Lloyd's expectations regarding the inclusion of details about the Lloyd's Lead in insurance contracts issued under delegated authority agreements, such as 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. Furthermore, the lack of 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.

What's changed

New requirements

Accordingly, we expect that all delegated authority agreements incepting **on or after July 1, 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 that 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:

Lloyd's Underwriters led by Managing Agent A, Syndicate 1000, under Agreement No. (UMR)

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

Please note that the new requirement does not prohibit the inclusion of details for all participating Lloyd's syndicates, if preferred 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).

What this means to you

These new requirements apply to all policies issued under contracts of delegated authority where the delegated authority agreement incepts **on or after July 1, 2025**. 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.

The Market Mandate of Lead Security FAQs is attached for your reference.

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

Nicole Seymour

Chief Agent, Lloyd's Underwriters, Canada

LloydsCanada@lloyds.com

Mandate of Lead Security FAQs

How should the details of the lead be presented for Canadian policies?

In Canada, Lloyd's underwriters are federally registered and provincially licensed for the classes of business set out in Crystal - the licences are held in the name 'Lloyd's Underwriters'. 'Lloyd's Underwriters' should continue to be used for Canadian policies with the lead underwriter(s) named subsequently e.g. "Lloyd's Underwriters led by Managing Agent A, Syndicate 1000, under Agreement No. (UMR)".

How should the details be presented if there is a co-lead arrangement (more than one Lloyd's lead on a delegated authority agreement) or different leads for different sections?

In instances where there are co-leads, or different leads for different sections of the agreement, the lead syndicate of the relevant section of the delegated authority contract should be specified. For example, for co-lead arrangements; both leads should be disclosed or for an agreement where liability and property sections have differing leads, both lead syndicates would need to be named if the policy issued covered both liability and property.

Does the guidance apply to delegated authority agreements with a non-Lloyd's lead?

The bulletin is mandating the disclosure of the Lloyd's lead to ensure policyholders have the information required should they need to confirm the validity of their contract directly with their insurer. Although we encourage the disclosure of the lead in all instances, this bulletin remains applicable to Lloyd's leaders only.

How should the information be presented if the delegated authority contract is led by a Consortia stamp?

If the delegated authority contract is led by a Consortia stamp, the details of the Consortium leader should be disclosed on the policy documentation (including the name of the managing agent and the syndicate number).

For certain geographical locations, we currently state the full security within the policy documentation in line with local regulation. Can this protocol be applied across the board so that it is a single process?

Yes. The bulletin mandates the disclosure of the Lloyd's lead. However, it does not intend to prevent policies from including details of all participating Lloyd's syndicates (and/or Company Market Insurers where applicable) if preferred or required by local regulatory rules.

Should the requirement be detailed within the binding authority agreement?

The bulletin mandates the disclosure of the Lead in policy documents issued to the insured. The managing agent can choose to stipulate this requirement in the binding authority agreement. To assist their members with consistent implementation of this mandate, the Lloyd's Managing Agents (LMA) are currently reviewing all their wordings,

policy forms, and jackets that include ‘*Certain Underwriters at Lloyd’s*’ to verify if they need to make amendments to conform to the mandate. The model binding authority agreement wordings will be updated to incorporate provisions for this mandate as part of the Computable Binding Authority Agreement (CBAA) project, with the new wording being available before July 1, 2025.

Are we expected to endorse every binder and reissue certificates?

We do not expect certificates to be reissued or for live binders to be endorsed. While the requirement is that the mandate will apply on all documentation issued under any delegated contract incepting on or after July 1, 2025, it is advised to include the details of the Lloyd’s on policy documentation before it comes into effect.

Does the guidance apply to open market contracts that are led by a Consortia stamp?

No, this guidance applies to policies issued under delegated authority contracts only, therefore, it will not apply to any open market policies.

Are the Brand Guidelines for Lloyd’s Coverholders being updated?

Yes, the ‘Insurance policies and documentation’ section within the Brand guidelines has been updated to reflect the new requirements for policy documentation issued by Coverholders.

How have Coverholders been informed of the mandate?

Any Coverholder who has signed up to receive Lloyd’s Market Bulletins will have been included on the distribution list. Market Bulletins are the formal means of advising the Lloyd’s market of business-critical issues, such as changes to licences and as such we would encourage all coverholders to subscribe to receive market bulletins [here](#). The Bulletin has also been shared with various market associations (including MGAA, WSIA, CAMGA and LIIBA) who have subsequently shared with their members. The Market Bulletin can be found on the Lloyd’s website [here](#).

Does the use of ‘Certain Underwriters at Lloyd’s/ Underwriters at Lloyd’s’ need to be removed from policy documentation?

This change is about removing the sole reliance of the generic term ‘Certain Underwriters at Lloyd’s’ and providing more transparency to policyholders. It is up to the individual Coverholder to determine how the required information is presented within the policy documentation. Therefore, this terminology does not necessarily need to be removed as long as the required information is being provided.

When disclosing the Lead in the policy documentation, what information should be included?

Lloyd’s requirements for identifying, at a minimum, the lead syndicate on all policies issued under a delegated authority is set out in [Market Bulletin Y5438](#). This includes

naming the managing agent of the lead syndicate in addition to providing the syndicate number.

We recognise, however, that in the USA the practice of naming the managing agent alongside the syndicate number could create litigation risk. Accordingly, while we continue to view the requirements in Market Bulletin Y5438 as reflecting best practice, for policies issued under delegated authorities in the USA, the policy documents may omit the name of the managing agent and detail the syndicate number only if they wish.