

This case study illustrates a multinational placement at Lloyd's today



**Company:**

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**Multinational law firm  
headquartered in  
Australia**



**Risk locations:**

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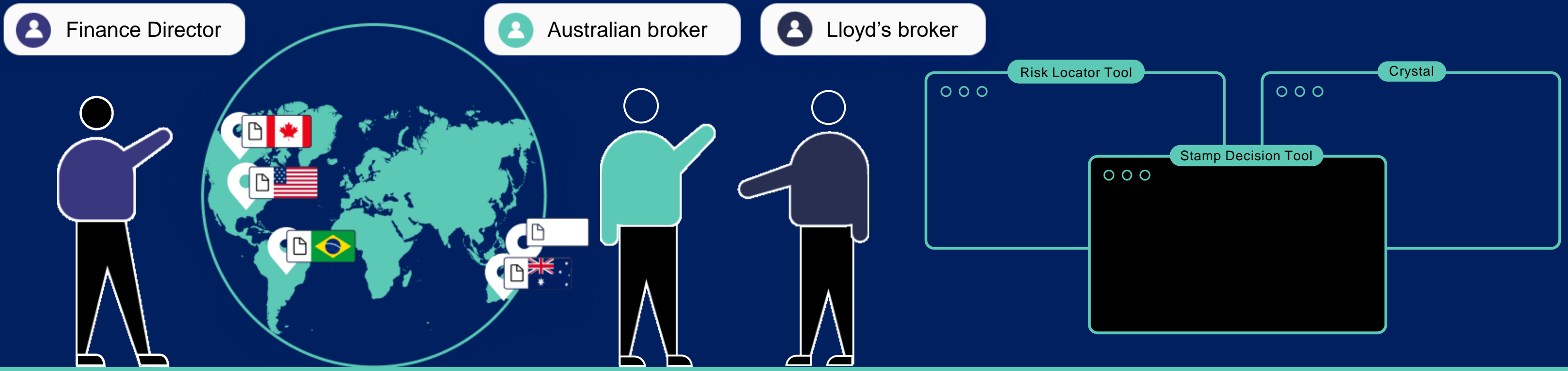
**Australia, Brazil, Canada,  
New Zealand, US**



**Class of business:**

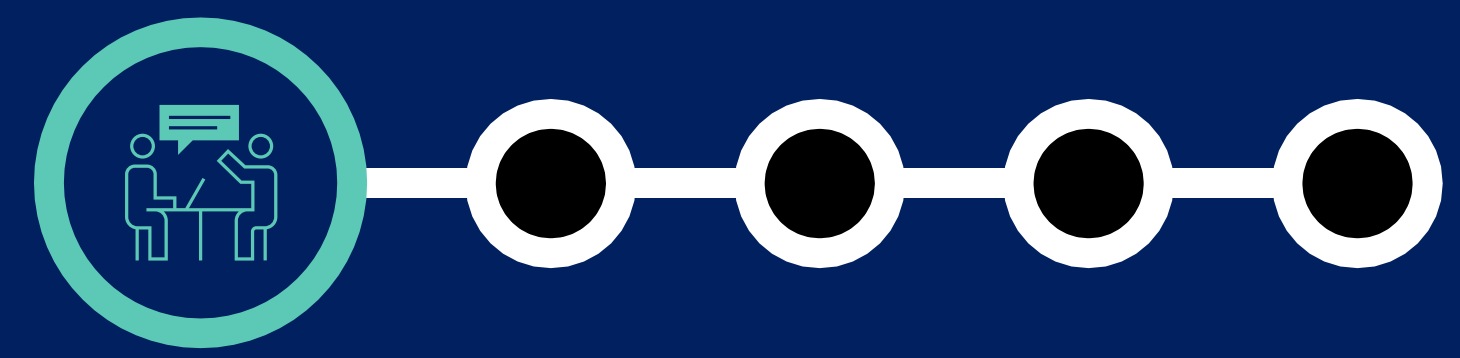
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**Directors & Officers (D&O)**



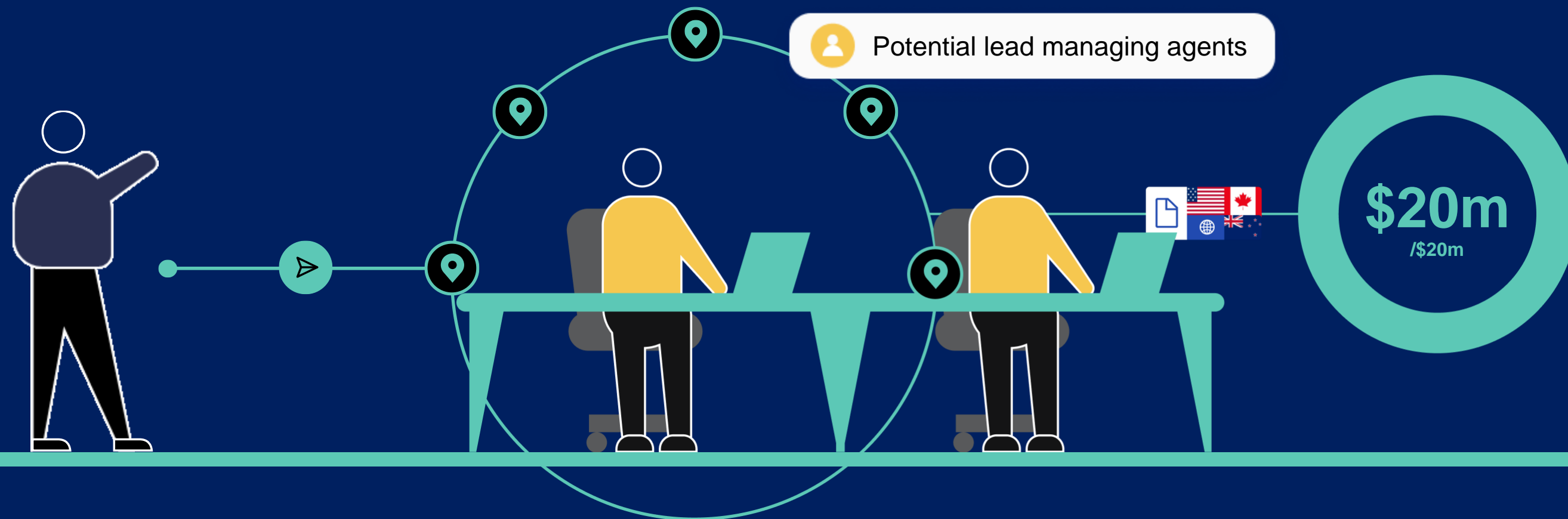
## Send submission to broker

Submission sent to Lloyd's broker requesting D&O coverage with simple programme structure. Lloyd's broker structures information and uses existing regulatory tooling (Risk Locator Tool, Crystal and Stamp Decision Tool) to determine regulatory and tax risk locations, check Lloyd's trading rights in each jurisdiction.



Submission

✓ Global reach with footprint in 200+ territories and direct licenses in 80, enabling reduced programme complexity.

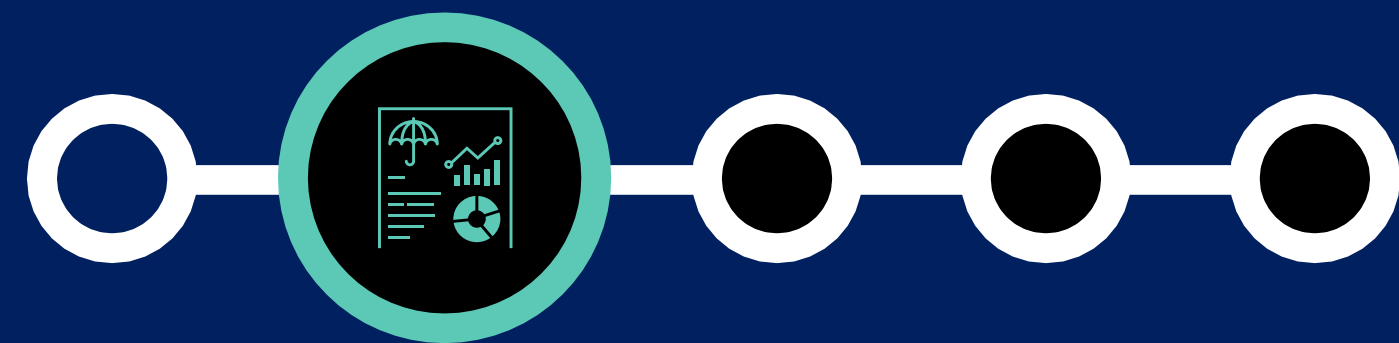


## Managing agent provides quote

On receiving submission information from broker, potential lead managing agents evaluate risk, considering regulatory and tax factors. They conduct more detailed due diligence using the same tools (Risk Locator Tool, Crystal, and Stamp Decision Tool). Key reminders include:

1. In the US the independent procurement exemption can be used as there is no US broker involved. Any taxes due must be paid by the insured.
2. Compliance with Canadian intermediary licensing and Attorney in Fact (AIF) process.
3. Ineligibility to underwrite direct insurance in Brazil.
4. Risk doesn't fall within the definition of retail insurance in Australia.

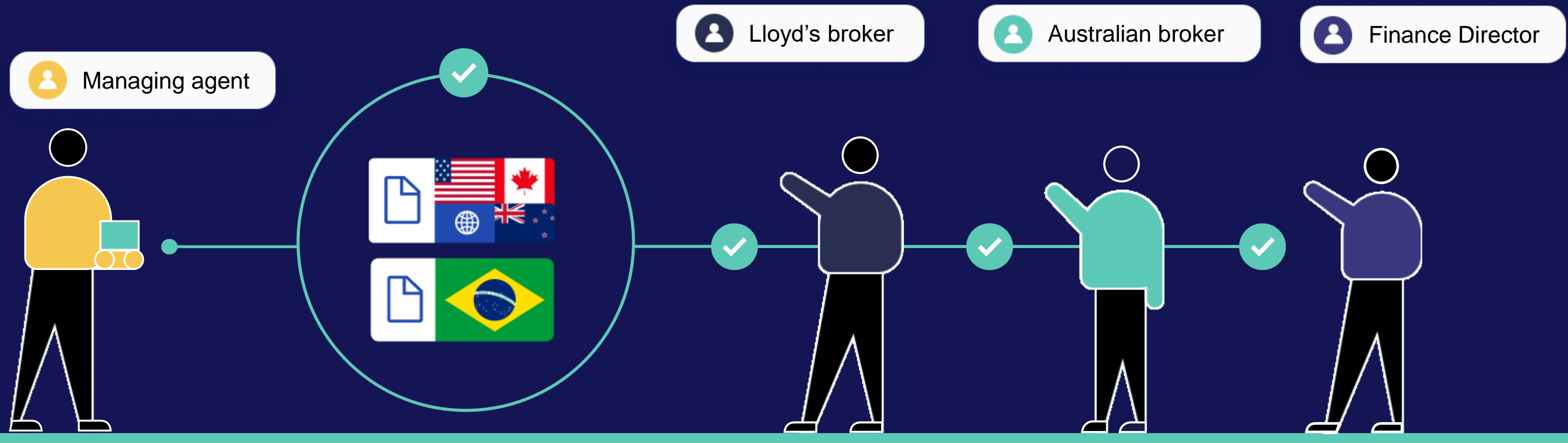
One managing agent provides competitive quote terms along with a 100% line for full \$20 million D&O limit.



Quote

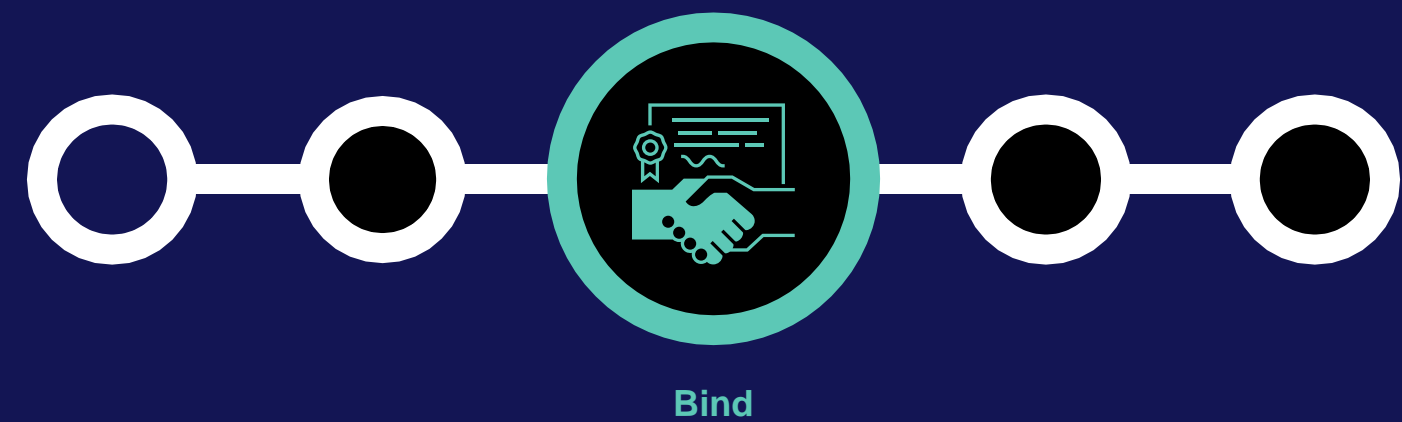


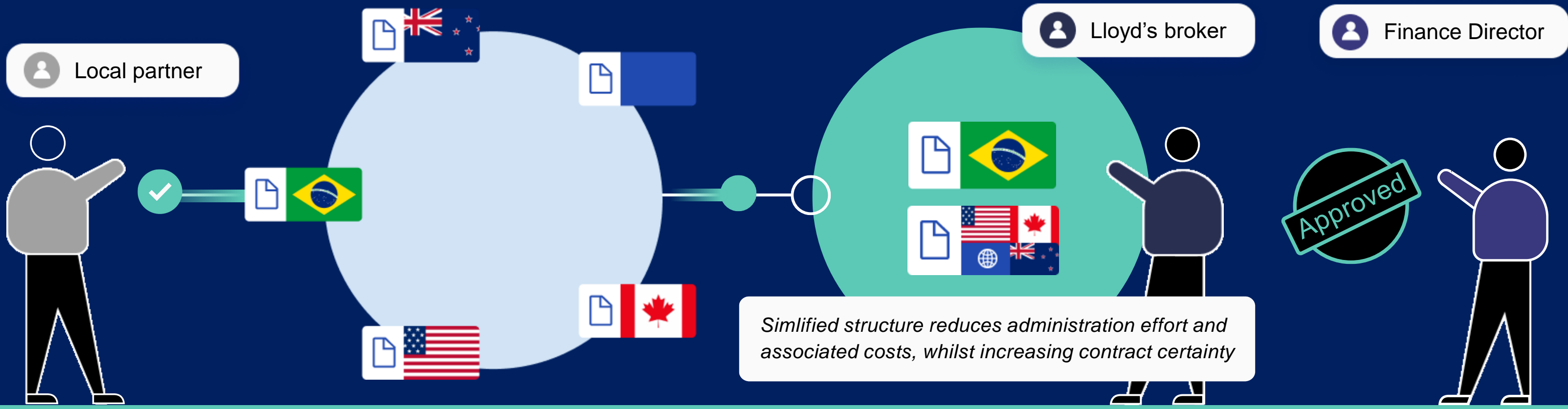
Comprehensive regulatory tooling to confirm regulatory and tax locations, and any local nuances relevant for Lloyd's.



## Communicate / accept quote

The quote is relayed to the Finance Director and the Australian broker highlights reduced policy complexity. The quote is accepted, and the Lloyd's broker informs the lead managing agent of the firm order.



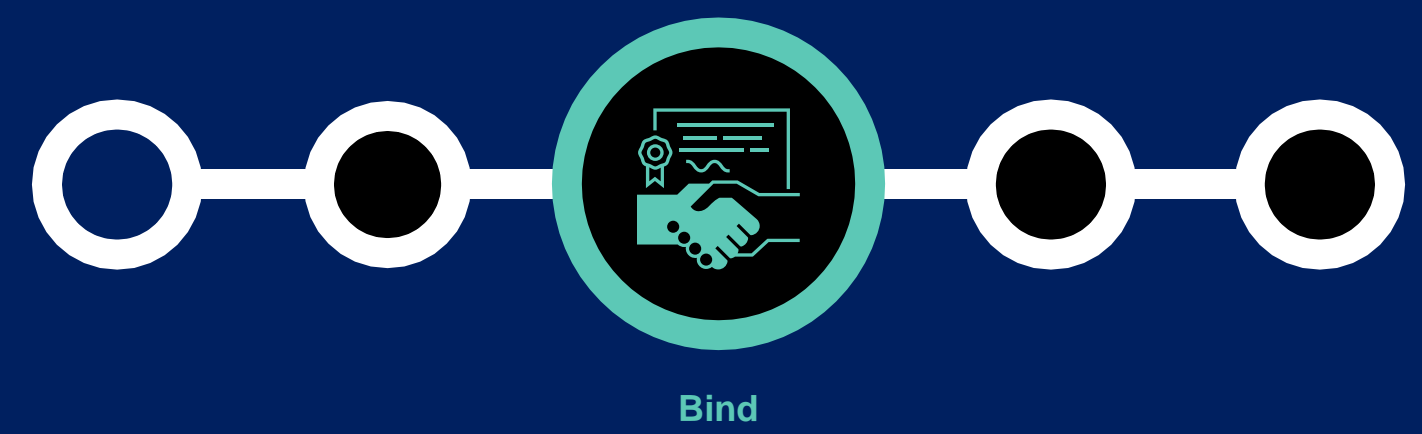


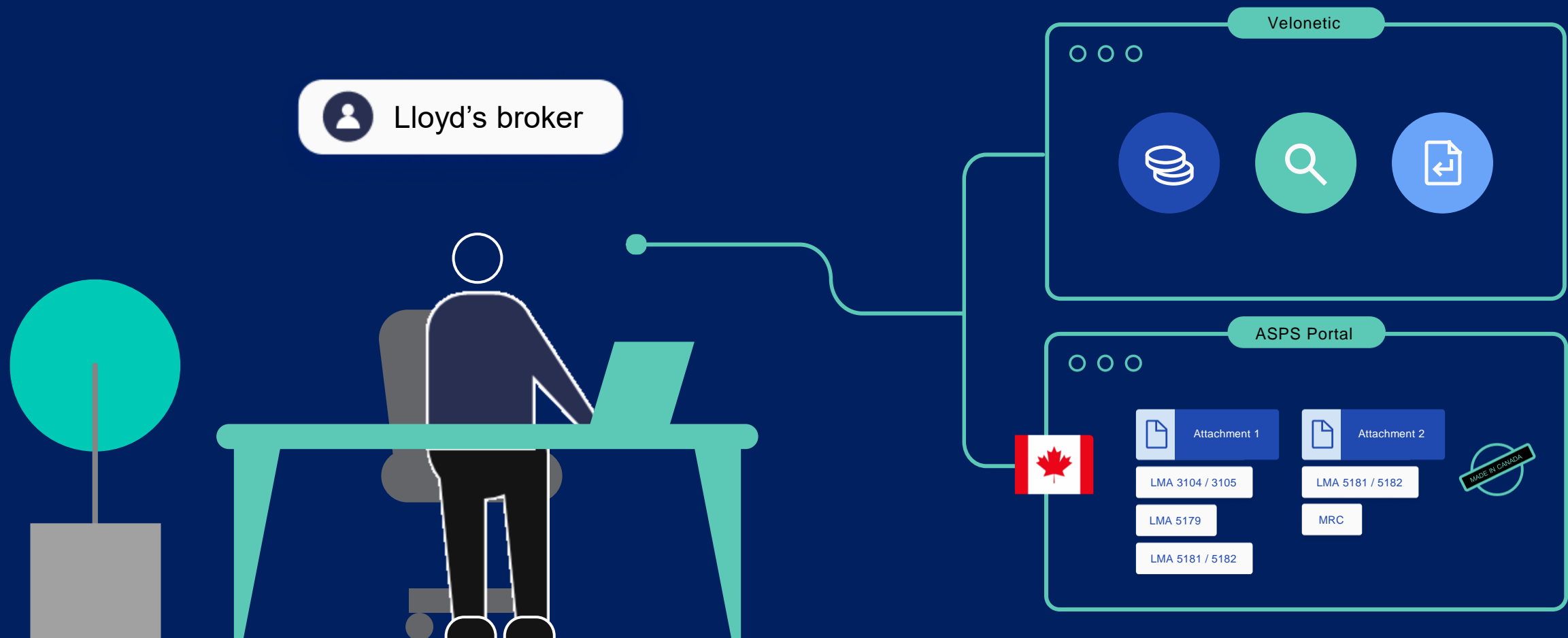
## Finalise programme

While managing agents are not licensed to write insurance business, Lloyd's is registered as an Occasional Reinsurer in Brazil. As a result, the broker requests a local policy from a Brazilian carrier and arranges reinsurance back to Lloyd's. The global programme is streamlined, reducing policies from five to two (global master MRC with direct and reinsurance business and local Brazil policy).

Stamped policies and additional documentation (e.g. tax schedule/invoice) issued by Lloyd's broker to Finance Director (via Australian broker).

Programme has reduced complexity due to Lloyd's direct licences in all territories excluding Brazil being placed under one policy. This means contractual documentation is available instantly providing contract certainty and meeting customer expectations.

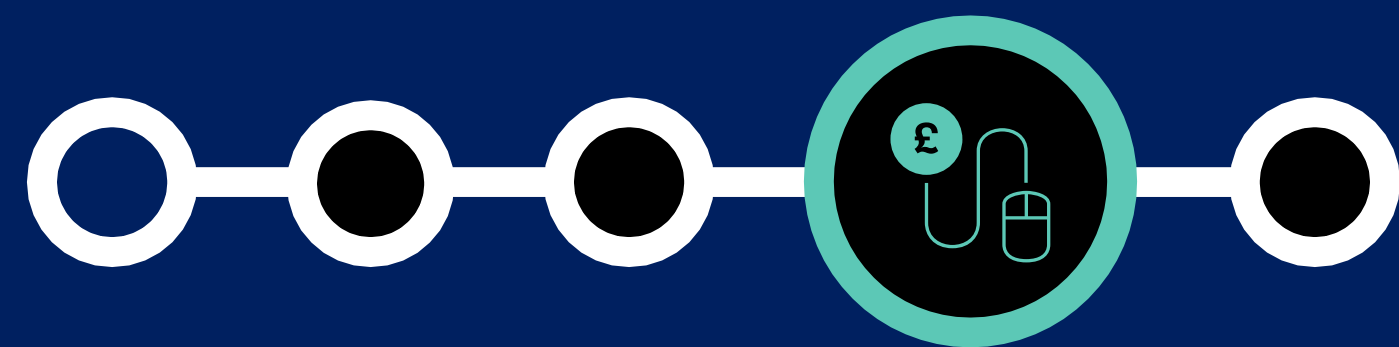




## Post-bind administration

For the Canadian business, Lloyd's broker uploads documentation into the Attorney in Fact Signing Portal (ASPS). The portal verifies that the relevant information has been included and, assuming it is, stamps the policy 'made in Canada'.

Lloyd's broker submits policy and tax documentation to Velonetic who check policy information and in due course disperse premium to syndicate bank account(s).



Post-bind



Centralised premium settlements mean broker makes one payment and funds dispersed to managing agents proportionally via Velonetic, with reduced effort for managing agents chasing premium. Tax liabilities checked and payments made by Lloyd's on behalf of managing agents.

...A claim has occurred



A hotel operator the law firm acted for complains that the advice they received when purchasing a hotel in Australia was **negligent**

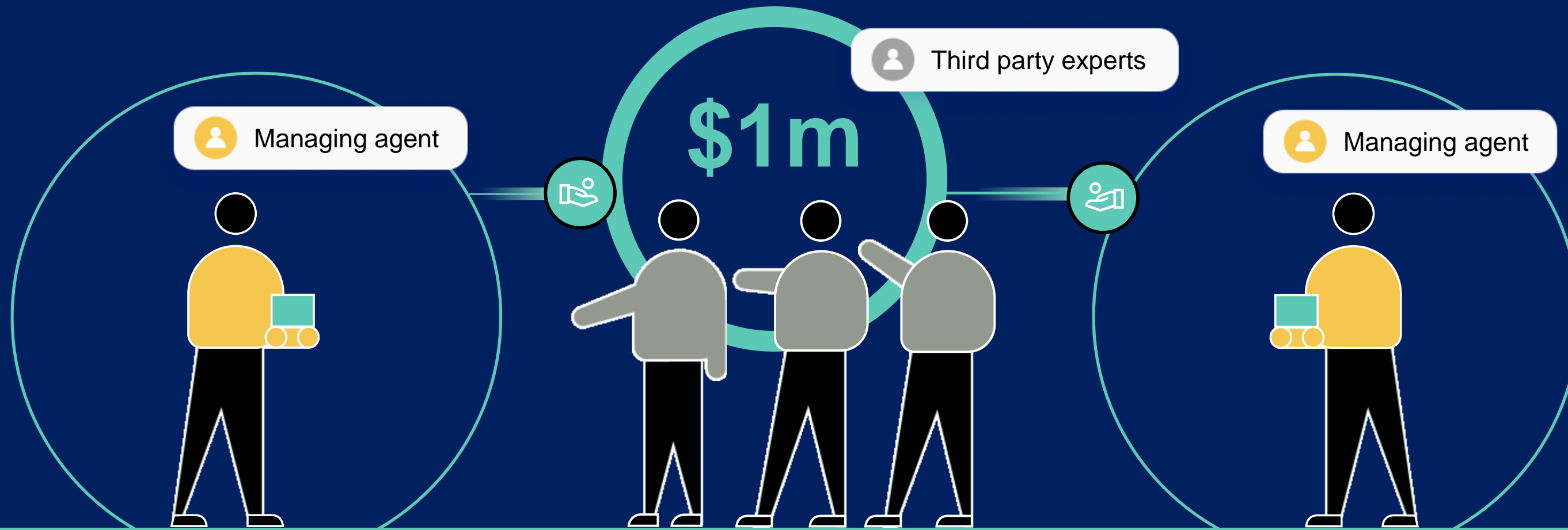


The buyer thought the purchase price of AUD 5mn **included the freehold**, but it has come to light that it did not



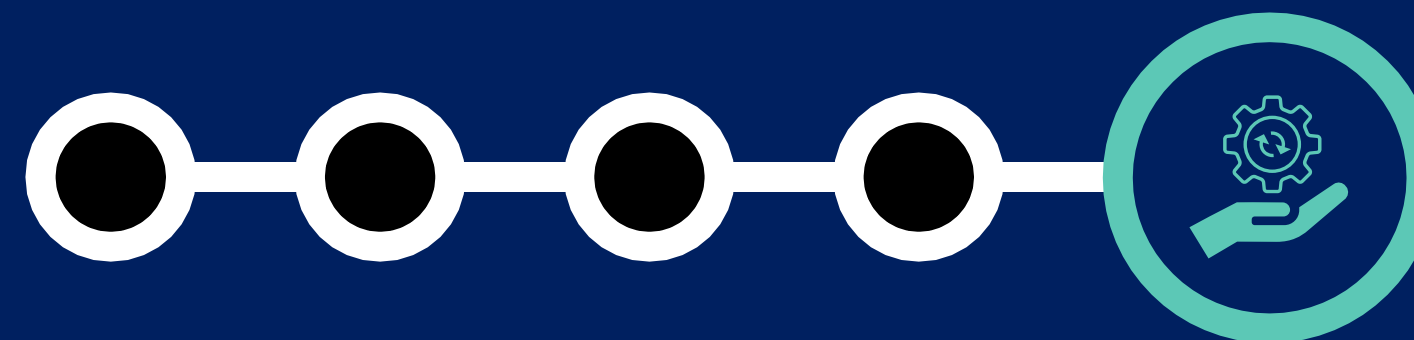
They are **seeking damages** of AUD 2.5 million





## Review claim

Managing agent doesn't have a claims office in Australia, but does have a Third Party Administrator (TPA) with legal expertise to handle claims on their behalf, so they instruct the TPA to assess culpability. Expert TPA informs managing agent's claims adjuster that liability is with law firm and estimates quantum of AUD 1m – cost to buy out the freeholder.

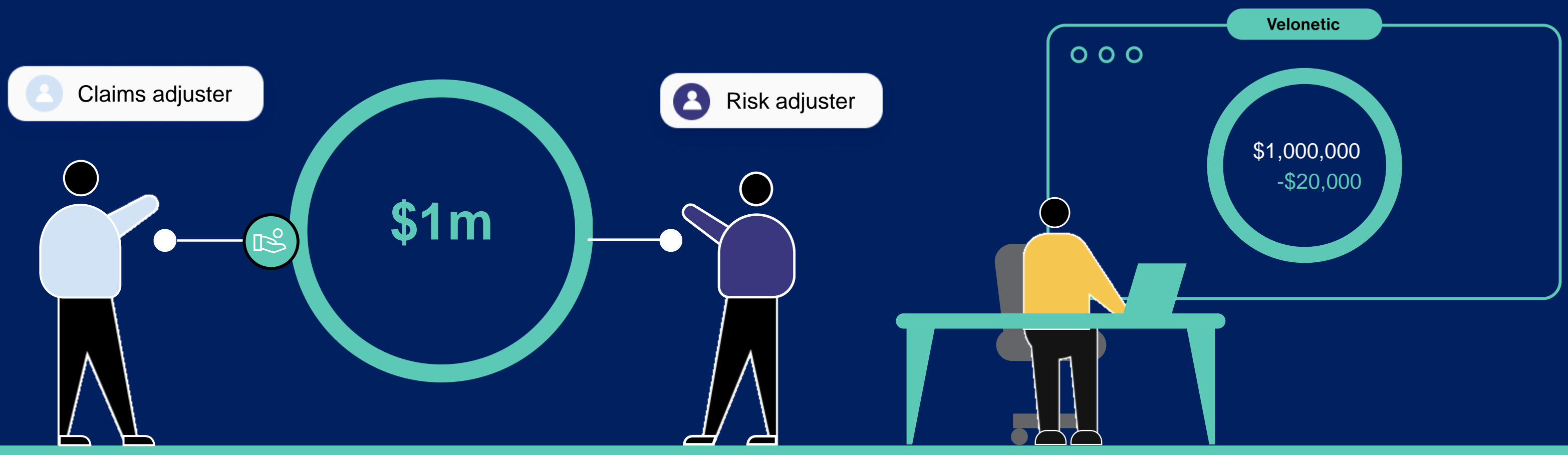


Claims



Access to in-country expert services to provide claims handling activities on behalf of managing agent.





## Settle claim

Claims adjuster produces report recommending settlement of AUD 1mn, which is accepted by the insured. Law firm settles with hotel operator in local currency (AUD) directly. Managing agent reimburses cash above the deductible of \$20,000 to law firm via Velonetic.

*Note: managing agent could also indemnify hotel operator directly in local currency.*

