

**Coverholder
Compliance Oversight –
Coverholder Guidance,
October 2020**

1.0 Overview

Lloyd's has a responsibility for ensuring all its approved Coverholders are, and continue to be, suitable for Lloyd's approval. We will therefore be the first point of contact for collating generic core company level compliance information for your business and we will perform some checks to make sure that all Coverholders continue to meet Lloyd's threshold requirements.

The checks Lloyd's will perform are in relation to the documents listed in **Appendix 1**. Lloyd's Managing Agents will need additional compliance information from you that is specific to the contracts delegated to you, and to ensure you meet their own individual regulatory requirements and risk appetites. Lloyd's may act as a central point of contact if requested, however Lloyd's Managing Agents will still need to contact you directly or via your Lloyd's Broker.

To ensure that the compliance process is efficient for all, we have streamlined the process by which we collect the compliance information listed in Appendix 1. Lloyd's will contact you on an annual basis as part of the attestation process to request confirmation that your details on ATLAS are correct. This process is designed to ensure that your compliance information is kept up to date on the system of record, ATLAS. Lloyd's can act as a central touchpoint for compliance-related queries or alternatively Lloyd's can liaise through your Lloyd's Broker to assist with the completion of your attestation, should this be your preferred option.

Coverholders with multiple locations approved on ATLAS will have a Compliance PIN on ATLAS where all compliance information will be stored. Your Managing Agents & Lloyd's Brokers will have access to this PIN to complete their due diligence.

When Lloyd's contact you we will supply a copy of your existing information in ATLAS, the '**ATLAS Compliance Summary**' and request completion of the **Attestation Form** to confirm your information in ATLAS is current and correct. Where your Lloyd's Broker deals with your compliance requirements on your behalf this information can be submitted back to your Broker to liaise with Lloyd's. Any of your Lloyd's compliance policies or procedures that have been updated over the last year can also be uploaded to ATLAS either by you, your Lloyd's Broker or Lloyd's.

Where there are no changes to your compliance information and ATLAS is up to date, you will simply confirm this by signing and returning the Attestation Form. The "attestation" is a statement to say that you have reviewed your compliance details on ATLAS and that these details are all present, current and correct.

Please see **Section 3** for detailed guidance on how to complete the Attestation Form.

2.0 Timeframe for responding

The following timeline will apply for escalating the attestation process with you:

Expiry Date - 45 days	→ Expiry Date - 15 days	→ Expiry Date	→ Expiry Date + 30 days	→ Expiry Date + 60 days	→ Expiry Date + 65 days
<p>Lloyd's will carry out their Initial Review.</p> <p>Lloyd's will then either:</p> <p>Contact relevant MAs with points they may wish to query, before then contacting Coverholder</p> <p>OR</p> <p>Lloyds will contact Coverholder with Compliance Attestation Form and advise of timeframe for completion.</p> <p>Lloyd's Brokers will be copied into the Coverholder email communications where this has been requested.</p>	<p>Lloyd's will send a reminder email to Coverholder.</p> <p>Lloyd's will follow up with a phone call where contact information is available.</p> <p>Where the Lloyd's Broker has been liaising with the Coverholder rather than Lloyd's directly, Lloyd's will contact the Coverholder directly when no response is received from the Lloyd's Broker that the attestation is currently being completed.</p>	<p>Lloyd's will send reminder emails.</p> <p>Lloyd's will follow up with a phone call where contact information is available.</p> <p>Lloyd's will copy Lloyd's Brokers into email communication if not already done so.</p>	<p>Lloyd's will send reminder emails.</p> <p>Lloyd's will follow up with a phone call where contact information is available.</p> <p>Lloyd's will copy Lloyd's Brokers into email communication.</p> <p>Lloyd's will inform Managing Agents with a relationship to the coverholder where the compliance attestation is overdue.</p>	<p>Lloyd's will send Final Reminder email.</p> <p>Lloyd's will advise that Coverholder will be placed into Postponed Deregistration after 5 days if compliance attestation is not completed.</p> <p>Lloyd's will copy Lloyd's Brokers and Managing Agents into email.</p>	<p>Coverholder will be placed into Postponed Deregistration.</p> <p>Coverholder, Lloyd's Broker and Managing Agents will be informed of this action.</p>

2.1 Period of time to respond

45 days prior to the date your attestation is due, Lloyd's will carry out its Initial Review of your Coverholder Record on Atlas. Should there be any points that we believe your Managing Agents may wish to raise queries about, we will then contact them to flag said points in order to collate said queries along with any other points we wish to raise with you from our own review.

Once we have received from them any queries they might wish raise, or if there should there be no initial points to refer to your Managing Agents, we will contact you (or liaise via your broker where preferred) to obtain your confirmation and close any outstanding compliance tasks due on ATLAS. We would require your response within 45 days. Please note that your managing agent (possibly through your broker) may contact you at other times in the year for their contract-specific compliance information, for instance at the time of your binding authority renewal.

If you are unsure of how to complete any sections after review of this document, please speak with your Lloyd's Broker or your Coverholder Compliance Associate within the Lloyd's Coverholder Compliance team for further assistance. Please note your Lloyd's contact is the person who has emailed you requesting the annual attestation.

2.2 Failure to respond

If we do not receive the completed compliance attestation within the required timeframe, the escalation process highlighted above will be triggered. If the compliance attestation reaches 65 days overdue, Coverholders will be placed into **POSTPONED DE-REGISTRATION**.

Postponed De-registration means that a new binding authority cannot be placed or changes made to live binders. All market stakeholders that have a relationship with Coverholders placed into postponed de-registration will be notified. If Lloyd's continues to receive no communication from the Coverholder, then ultimately approval at Lloyd's will be withdrawn.

We hope that we can work with you to avoid this happening. Please contact us if you have any concerns or need any further assistance with completing your Coverholder compliance attestation. Additionally, your Lloyd's Broker will also be able to provide further support.

3.0 Completing the Attestation Form

Lloyd's keeps your compliance information on our secure system of record, ATLAS so that all Lloyd's Managing Agents, with whom you have relationships, can access this. This assists Lloyd's and Lloyd's Managing Agents to complete their due diligence. Once a year we will "play" this back to you by showing you what information we hold.

This is called the **ATLAS Compliance Summary**. When we ask you to confirm your details are all current and correct we are asking you to sign off and "attest" that the information you have provided is the most up to date that you have. This is called the Coverholder Annual Attestation process.

3.1 ATLAS Compliance Summary

The ATLAS Compliance Summary Form will be sent to you together with the Attestation Form annually. This form has been downloaded from ATLAS and this form will only show your Lloyd's approved offices. Please review and confirm via the Attestation Form that your information is present and correctly held on ATLAS or requires updating.

Where you have multiple locations (or associated companies under one compliance structure) approved to write Lloyd's business we have noted all the PINS in your Attestation Form so you only have to complete one submission.

3.2 Annual Attestation Form

Upon review of the ATLAS Compliance Summary please complete and update the Annual Attestation Form attached to the email. This should be completed by your Compliance Officer, a Director, or another Authorised Individual.

The attestation form highlights the compliance documents Lloyd's holds for your company. You should provide new copies of these documents only where they have been updated

We will note in the email any outstanding compliance documents Lloyd's requires. This may include compliance documents at contract level if the Lloyd's Managing Agent has requested us to collect them. Please ensure you provide these documents when returning the completed Attestation Form

3.3 No change to Coverholder Compliance Information

If you have reviewed the information on the ATLAS Compliance Summary and no changes are required, please, sign, date and return the Attestation Form and confirm via email to your Lloyd’s contact that no updates are required. Alternatively, you can log in to ATLAS and complete the Annual Compliance task.

Below is an example of an Attestation Form where no changes are required.

Annual Attestation Update Form		LLOYD'S	
Coverholder Name:	XYZ		
Coverholder PIN:	123456XXX		
Period Covered:	2020 - 2021		
<i>As per the Lloyd's Undertaking please confirm the below Coverholder information held on Atlas for your entity is as accurate and complete to the best of your knowledge and</i>			
Please acknowledge the trading offices approved as Coverholder locations for your entity group and that these are the only offices conducting Coverholder activity.			Yes
Lloyd's Active Branch Pins	123456XXX		
Has any of your Coverholder information changed from what is currently held on Atlas as per the Summary Form?			
Company Information *			No
Bank Account *			No
Ownership *			No
Reputation and Standing *			No
Systems and Controls *			No
Has any of your Compliance Documentation changed from what is currently held on Atlas? (Please provide new versions if updated ensuring these meet the minimum guidance requirements outlined in the attached guidance booklet)		Expiration date or date uploaded to Atlas	
Professional Indemnity (including any Claims) *			No
Financials			No
Business Continuity/Disaster Recovery Plan			No
Financial Crime Procedures			No
Succession Plan			No
Conflicts of Interest Policy			No
Complaints Handling Procedure			No
Data Privacy Policy			No
IT Security Policy			No
Cyber Policy/Procedures (unless in other documents)			No
Have any of your Coverholder Directors changed in the last 12			No
Where you have answered yes to any of the above marked with * please complete the 'Updates' tab (or complete via your broker) within this spreadsheet.			
AS the Coverholder we confirm that we have all necessary licences, permits and other authorisations in all jurisdictions where we are domiciled, trade, provide services or do business under a binding authority.			
If we cease or fail to maintain any necessary local or required licences, permits or other authorisations, we will immediately take all appropriate actions and notify Lloyd's, our sponsor and the Lloyd's managing agent of the lead syndicate that delegated its authority to us under a binding authority.			Yes
As the coverholder, we also confirm that we adhere to all requirements set out by relevant data protection legislation.			Yes
Signed on behalf of the coverholder:			
Position:			
Date:			
<i>*Please print, sign and scan the above page and the updates tab if relevant</i>			

If you have not completed the task via ATLAS, return the Attestation Form to Lloyd’s via email to your Lloyd’s compliance associate or coverholdercompliance@lloyds.com Electronic signature is acceptable.

3.4 Changes to Coverholder Compliance Information

Where you have reviewed the information on the ATLAS Compliance Summary for your business and identify that your company information or compliance documentation requires updating, please complete the Attestation Form and note those sections that have changed or have been updated.

For example, if your Ownership details have changed, or your Business Continuity Plan has been updated then mark 'Yes' on the Attestation Form. Associated documentation should be uploaded with the Attestation Form when returning to Lloyd's. Only note 'Yes' to those sections that require updates, any section that remains the same should be marked as 'No'.

The email notification will also note any outstanding compliance documents required for your entity.

Below is an example of an Attestation form where changes are required

Annual Attestation Update Form		LLOYD'S
Coverholder Name:	XYZ	
Coverholder PIN:	123456XXX	
Period Covered:	2020 - 2021	
As per the Lloyd's Undertaking please confirm the below Coverholder information held on Atlas for your entity is as accurate and complete to the best of your knowledge and		
Please acknowledge the trading offices approved as Coverholder locations for your entity group and that these are the only offices conducting Coverholder activity.		Yes
Lloyd's Active Branch Pins	123456XXX	
Has any of your Coverholder information changed from what is currently held on Atlas as per the Summary Form?		
Company Information *		Yes
Bank Account *		No
Ownership *		No
Reputation and Standing *		Yes
Systems and Controls *		No
Has any of your Compliance Documentation changed from what is currently held on Atlas? (Please provide new versions if updated ensuring these meet the minimum guidance requirements outlined in the attached guidance booklet)		Expiration date or date uploaded to Atlas
Professional Indemnity (including any Claims) *		Y v
Financials		No
Business Continuity/Disaster Recovery Plan		No
Financial Crime Procedures		No
Succession Plan		No
Conflicts of Interest Policy		No
Complaints Handling Procedure		No
Data Privacy Policy		No
IT Security Policy		No
Cyber Policy/Procedures (unless in other documents)		No
Have any of your Coverholder Directors changed in the last 12		No
Where you have answered yes to any of the above marked with * please complete the 'Updates' tab (or complete via your broker) within this spreadsheet.		
As the Coverholder we confirm that we have all necessary licences, permits and other authorisations in all jurisdictions where we are domiciled, trade, provide services or do business under a binding authority.		
If we cease or fail to maintain any necessary local or required licences, permits or other authorisations, we will immediately take all appropriate actions and notify Lloyd's, our sponsor and the Lloyd's managing agent of the lead syndicate that delegated its authority to us under a binding authority.		Yes
As the coverholder, we also confirm that we adhere to all requirements set out by relevant data protection legislation.		Yes
Signed on behalf of the coverholder:		
Position:		
Date:		
<i>*Please print, sign and scan the above page and the updates tab if relevant</i>		

For those sections marked 'Yes' that require updates you should now go to the second tab 'Update Sections' of the attestation form. Please note you will only be able to amend information under the relevant 'Update Sections' within those sections that have been marked as 'YES'.

Please ensure you complete the 'Update Sections' tab prior to returning the completed Attestation Form to Lloyd's. If you have not completed the task via ATLAS, return the Attestation Form to Lloyd's via email to your Lloyd's compliance associate or coverholdercompliance@lloyds.com. Electronic signature is acceptable. Please ensure you return the ATLAS Updates Tab to Lloyd's via email to your Lloyd's compliance associate or coverholdercompliance@lloyds.com. Where you have made changes to your compliance information/documentation, Lloyd's will then review this and process any updates where required including uploading documentation to ATLAS. Lloyd's will follow up with you where any additional information is required. For further guidance on our minimum requirements for compliance documents please see Appendix 1.

3.5 Changes to Coverholder Compliance Information

Certain parts of your Coverholder compliance information may expire during the year, such as your PI and Financials. Lloyd's or your Lloyd's Broker, will contact you to request the updated documents as and when this information expires on ATLAS. Your Lloyd's Managing Agents will need to request other compliance documentation depending on the nature of your business and their risk appetites. This will be specific to contracts and classes that you write, and Lloyd's will not perform a central check on these documents. To avoid duplicate requests however Lloyd's can act as a central point of contact for these compliance requests.

This would need to be agreed with all parties (as the Lloyd's Broker may wish to perform this task) and the Managing Agent would need to clearly specify which documents they would like Lloyd's to collect. Please refer to the **Conditional Documents** section with **Appendix 1** for clarification of such documentation that could be requested. Additionally, Managing Agents may request documentation on your Underwriting & Claims procedures. If you would prefer Lloyd's to be the central point of contact for the additional documents, please contact your Lloyd's Managing Agents and Brokers to agree the process.

3.6 Feedback

Where you require any further support then please contact us, we are here to assist with all queries and welcome feedback. Where you require further assistance or have feedback please contact: Lloyd's Policyholder & Third Party Oversight – coverholdercompliance@lloyds.com

4.0 Appendix 1

Criteria Guide for checking compliance documents

This section is to make clear exactly what Lloyd's will be checking and on what documents. Anything not listed here will not be checked by Lloyd's. Any other documentation requested by Managing Agents/Brokers may be collected centrally by Lloyd's if requested. Such other documents will not be reviewed by Lloyd's.

For transparency we have listed what documents we will always ask for as we believe they are relevant to all Coverholder businesses. These are the Mandatory Documents. The documents that apply under certain conditions are called conditional documents as they will apply in certain conditions.

Mandatory Documents

These are documents that Lloyd's expects all Coverholders to have regardless of what classes are being written and these are also territory agnostic.

Bank accounts

Lloyds will check all questions are answered in the Bank Account section on ATLAS. This will include:

- Are monies held in a trust account
- Are monies swept into overnight investment/ interesting bearing accounts from the premium trust account. If so, please provide a full explanation of the sweep activities including whether it is an investment account or interest bearing account and whether funds are transferred back from the investment/interest bearing account into the premium trust account.
- Are there a minimum of 2 signatories on the account

System and controls

Lloyds will check all questions are answered in the Systems and Controls section.

Where the Coverholder does not have in place underwriting management systems and are using Microsoft Excel, Lloyd's will check that sufficient underwriting controls are in place.

Financials

Latest financials to be provided – showing the Profit and Loss Statement/Income Statement as well as a Balance Sheet/ Statement of Financial Position. Audited Accounts are preferable although Management Accounts are acceptable.

Lloyd's will check the following information:

- Solvency – Total Assets/Total Liabilities (eg long term debts).
- Current Ratio – calculated as Current Assets/Current Liabilities.
- Overall Profit / Loss

Professional Indemnity

ATLAS details should include inception/expiry dates, limits, deductibles and the name of the insurer(s).

Lloyd's will review the wording to ensure binder activities are covered and that the Coverholder is included as an insured under the policy. Full policy wording to be provided and not just the schedule/cover note is provided. Where necessary Lloyd's will check the minimum limits are sufficient for particular regions where there is a regulatory requirement to do so.

**Please note each managing agent will need to perform their own review to assess the adequacy of your company's professional indemnity cover relative to the authority given to the Coverholder under each contract held by you (e.g. limits, income size, territories)*

Lloyd's will review any Excess Layer cover. Policy documentation for excess cover should be provided in Atlas. You are also required to provide details of any claims under your PI policy in the last 12 months.

Additional Insurance Cover:

Lloyd's will review if the Coverholder have any additional insurance protection i.e. Fidelity, Cyber. If yes, please provide copies of these policy documents

Business Continuity

Lloyd's will check that there is:

- Suitable method of communication to cascade messaging to all staff i.e. telephone
- Alternative office accommodation arrangements (or working from home, if applicable)
- Information that there is data back-up in place
- There is a process for systems reinstatement where applicable
- Information on how long to reinstate to Business As Usual
- Details as to the frequency of the testing of the Business Continuity Plan (i.e Annual test, Bi Annual etc..)

Directors/Owners

- Lloyd's will check details of any change in board directors or change of ownership

Anti-Money Laundering (if there is a stand-alone policy)

Lloyd's will check:

- Definition of what it is and how you comply with local regulations
- Written procedures covering the recognition and reporting of suspicious transactions, including the appointment of a designated person to receive, consider and report any suspicions identified by staff
- Policy covers how the coverholder promotes awareness and manage record keeping
- Ensure training for staff on AML is included

Financial Crime (consolidated policies) - can include AML, Anti-Bribery & Corruption

If you are writing high-risk classes then you will be expected to have the full suite of financial crime policies and procedures. Lloyd's will look at:

- Who the designated financial crime officer is
- Covers training for staff on financial crime
- Covers Anti-Bribery and details your company's Gifts and Entertainment Policy
- Covers how records are kept and how long for
- Written procedures covering the recognition and reporting of suspicious transactions, including the appointment of a designated person to receive, consider and report any suspicions identified by staff, as well as conduct staff training, promote awareness and manage record-keeping

Reputation & Standing

Lloyd's will check any Reputation & Standing declarations.

Cyber Security Policy

Does the Coverholder maintain any policies or procedures covering:

- Identifying both internal and external Cybersecurity threats
- What defence mechanisms are in place to protect the coverholder from identified threats?
- How does the coverholder respond to any detected cybersecurity events? What measures are in place to recover from each cybersecurity event?

Conditional Core Compliance Documents

These are documents that are applicable in certain circumstances and are specific to the size/nature of business you are and will depend on where you are situated and the classes of business you may be writing.

Financial Crime – Sanctions

- Covers International sanctions – definition of what it is, what checks are expected to be made and when they will be made

Succession Plan - this will be required if there is deemed to be key personnel dependencies.

- The impact of the loss of key personnel on the Coverholder's ability to operate the binding authority
- Contingency arrangements to cover for the loss of key personnel

Conflict of Interest

Lloyd's will check to ensure the following is covered:

- How to recognise conflicts of interest
- How to avoid potential conflicts of interest
- Are conflicts of interest appropriately recorded
- Who should they be reported to

Complaints Handling

The following points are expected to be included within your complaints policy:

- Confirmation of whether you have authority to handle complaints related to Lloyd's business
- A definition that meets local or Lloyd's requirements (refer to Crystal for country-specific requirements). If business is written in various countries, multiple definitions will be required
- If business is written in various countries will need to have a section for 'international complaints'
- Timeframes for responses, that meet local or Lloyd's requirements
- Reference to the internal person responsible for dealing with complaints
- An internal escalation process including MI – what does the Coverholder do with the data?
- Reference to keeping a complaints log and the information held on this log.
- Reference to reporting complaints to the Managing Agent and Lloyd's. Details of how to notify Lloyd's and managing agents using the notification template.
- Any templates letters used
- Training/awareness for staff

Data Privacy

- Detail on how the Coverholder complies with relevant data protection laws in its territory
- The steps undertaken to ensure that all data is kept securely
- Data retention and general information security procedures outside of personal data, for example confidential information. Where GDPR is applicable, the retention period must be set out and a process in place to delete the data when it is no longer required
- Where GDPR is applicable there is a process for subject access requests which is free for the individual to submit
- Where GDPR is applicable there is a process for individuals to request their data is deleted or not transferred to certain countries
- Where GDPR is applicable, is there a privacy notice issued to all policyholders explaining what data is held on the individual, what is done with it, who it is shared with, where it might be transferred to, how long it will be retained for

IT Security

Details of systems which the coverholder has which are hosted in the Cloud or by a third party. Include comments on:

- Details provided of any systems which the Coverholder has which are hosted in the Cloud or by a third party. Include comments on any Service Level Agreements (SLAs) in place and any security in place
- Details of how data is transferred between offices (if there are branch offices) and to Third Parties and how data is secured
- Details provided of the Coverholder policies on the use of own devices (staff private devices such as tablets or smart-phones) and the security policy in place for these
- Any processes in place for remote workers / home workers
- Details provided of any policies governing the management of passwords including password length, format, expiry, use of unique user IDs and user lockout