

Establishing a Managing Agent at Lloyd's.

A guide for applicants.



This guide is for businesses who wish to establish a **managing agent that will take over the management of an existing syndicate, or be established in conjunction with a new syndicate application**

Lloyd's is the world's leading insurance and reinsurance marketplace.

Contents

| | |
|--|----------|
| What is a managing agent? | 3 |
| Why establish a managing agent? | 3 |
| Lloyd's assessment criteria | 3 |
| The role of the managing agent | 4 |
| Lloyd's Fees | 4 |
| Application process | 5 |
| Disclaimer and Copyright | 9 |

What is a managing agent?

All members of Lloyd's must underwrite insurance through an agent, known at Lloyd's as a managing agent. It is the managing agent that will usually employ the underwriters who will bind the contracts of insurance and reinsurance on behalf of the members of Lloyd's. Managing agents will also carry out all the other activities of insurance business at Lloyd's on behalf of the members.

All Lloyd's managing agents are regulated in the UK by the PRA and FCA, as well as by Lloyd's

Why establish a managing agent?

Every syndicate must be managed by a managing agent. The most common reason for establishing your own managing agent is for the managing agent to take over the management of an existing syndicate that is currently managed by a third-party managing agent.

It is possible to establish a managing agent and syndicate at the same time, however applicants need to be aware of the potential difference in the time taken for syndicate application (four to six months) compared to the managing agent application, which could be materially longer.

Operating and providing the resources required for a managing agent also requires a greater level of expertise and resource. Therefore, most new businesses at Lloyd's will initially appoint an existing managing agent to manage their syndicates until such time as they have a more established business and have built up the necessary market knowledge and expertise

Lloyd's assessment criteria

Lloyd's has established overarching criteria for the assessment of all new entrants; these criteria are provided for by the Underwriting Byelaw and are set out in full in the requirements made pursuant to the Underwriting Byelaw ([available on Lloyds.com](https://www.lloyds.com)).

Lloyd's will assess each application with regard to:

- the extent to which the applicant's proposed business adds value to the Lloyd's market;
- the nature and robustness of the business plan of the syndicate;
- whether the applicant is a competent, proficient and capable organisation;
- whether the applicant is of appropriate reputation and standing;
- whether the applicant has adequate capital and financial resources;
- whether the applicant is able to meet Lloyd's Principles framework;
- the applicant's support for 'Future at Lloyd's' and other market wide initiatives.

You are strongly advised to read and consider the full requirements which can be found [here](#).

The role of the managing agent

The managing agent is responsible for establishing and applying appropriate procedures to manage all aspects of the syndicate's business.

This will include:

- Agreeing the annual business plan for the syndicate(s);
- Setting and delivering the reinsurance strategy;
- Claims handling;
- Reserving;
- Regulatory compliance;
- Monitoring progress against the delivery of the business plan.

The managing agent charges fees to the members of the managed syndicate(s) for the governance and oversight it provides.

Lloyd's Fees

- Lloyd's application fee is £300,000 (VAT is not applicable)
- The application fee invoice will be issued once the application has been recommended to the Council by the Business Opportunities Committee.
- Please note the application fee is non-refundable.
- There are no charges levied by Lloyd's on managing agents, other Lloyd's charges are levied against the members of the managed syndicates.
- We review our fees and charges annually and every September we release a Market Bulletin confirming the charges for the following year.

Application process

An application has six steps.

New managing agents also require approval from the UK regulators. A separate regulatory application to the PRA/FCA is required. This will usually be submitted around the time that Lloyd's Council has granted 'in-principle' approval.

Managing agent applications can typically take up to 12 months from the Triage stage to approval from the PRA/FCA and Lloyd's.

Please note we may be unable to respond to new applications during Lloyd's annual business planning season from mid-August to mid-November.

All new managing agent applications are processed in full confidentiality.



Application process

Step 1

Enquiry

Contact the New Entrants team

Please [contact the New Entrants team](#) to arrange an initial discussion.

The purpose of this initial discussion is to understand the principal features of the managing agent proposal, and to discuss operating at Lloyd's and Lloyd's criteria for managing agent applications.

We ask that you provide a summary of the proposition (maximum five slides), two full working days in advance of the initial discussion, outlining;

- Who you are, including your management team and relevant experience.
- Target governance and operating model, including a high level summary of proposed board committee structure.
- Resources – setting out dedicated managing agent roles and any proposed outsourced functions

We will advise you of the outcome within two full working days of the initial discussion. In most cases this will either be;

- Progress to Triage (stage two); or
- Why Lloyd's may not support your application at this time.

Application process

Step 2

Triage

Qualitative and Quantitative submission

The Triage Group comprises heads of business areas from the following Lloyd's teams: Syndicate Performance; Underwriting Performance; Exposure Management and Aggregation; Strategy and Market Development. The Triage Group members report to the members of the Business Opportunities Committee.

The role of the Triage Group is to review a more detailed summary of the proposal, along with high level financial information. We ask that you complete the [Triage Qualitative and Quantitative Submission](#) template. If you have any questions about the template please contact the New Entrants team

There is a weekly standing meeting of the Triage Group to ensure we can review your proposal in a timely manner. You will need to provide the completed template at least two full working days prior to the Triage Group meeting to which we assign your proposal. Please note you do not attend the Triage Group meetings.

The Triage Group will review the submitted information and will confirm within six working days, either:

- Progress to the Business Opportunities Committee (stage three);
- A request further information; or
- An explanation of why the Triage Group considers that your proposal does not meet the criteria for new managing agents.

Step 3

Business Opportunities Committee

Detailed plan presentation

The seven-member Business Opportunities Committee comprises Directors and Heads of Underwriting, Oversight, Exposure Management, Finance, Actuarial and Market Development.

You will be invited to attend an hour's meeting in person with the Committee. Typically, this will allow 20 minutes for you to present your opportunity, 20 minutes for the Committee to raise questions and 20 minutes for a discussion on capital, ESG and culture. Please note that if you are unable to attend in person then a virtual meeting can be arranged.

Your submission will consist of two parts:

- A. A summary presentation to the Business Opportunities Committee consisting of no more than 20 pages.
- B. [Narrative Submission: Business Plan & Governance](#)

There are scheduled meetings for the Business Opportunities Committee to review your proposal. We will agree with you the meeting to be allocated to your application. This ensures we can review your proposal in a timely manner.

You will need to provide the information at least three full working days prior to the agreed meeting.

Recognising that you will need to submit a regulatory application to the PRA/FCA, we will invite representatives from the regulators to attend the Committee presentation.

The outcome of the presentation will be either:

- Agreement to submit the application to Lloyd's Council with the support of the Committee;
- A request for further information; or
- An explanation as to why the Committee considers your proposal does not meet the criteria for new Managing agents.

Step 4

Lloyd's Council

Our highest governing body grants 'in-principle' approval

If the managing agent application is endorsed by the Business Opportunities Committee, the New Entrants team prepares a paper presentation for Lloyd's Council.

The paper, along with a short supporting slide deck (prepared by the applicant) is presented to the Lloyd's Council, usually by Lloyd's Chief of Markets.

The timing of the presentation to the Lloyd's Council will be determined by the next available scheduled Council meeting.

The outcome will be either:

- The Council grants 'in-principle' approval;
- The Council requests further information; or
- An explanation of why the Council considers that your proposal does not meet the criteria for new managing agents.

It is usual for applicants to await the Council decision before submitting the regulatory business plan to the

Step 5

Making it Happen

Deliver the operational and administrative aspects

Once the managing agent application has 'in-principle' approval from Lloyd's Council, we will work with you through a range of 'Making it Happen' actions.

The New Entrants team will set out and explain the actions required to obtain final approval.

These actions include:

- A full review against Lloyd's Principles for doing business at Lloyd's to validate how the Managing agent will meet their expected maturity determined for each of the 13 Principles.
- Establishing the necessary legal agreements.
- Ensuring the managing agent has access to the relevant Lloyd's systems.
- Validating that other key operational and administrative arrangements are in place to ensure a 'seamless' transition of management of a syndicate.

We will maintain regular liaison with the PRA and FCA through the concurrent respective application review processes.

We anticipate that the Making it Happen stage will take between six and eight weeks, the timing of this work will in part be driven by the PRA and FCA timetable. The Making it Happen timeframe excludes any material period in which we are waiting for responses to questions we raise and responses to requests for additional information.

When all the Making it Happen actions are satisfactorily completed, your application will move to the final approval stage.

Step 6

Permission to manage a syndicate

Final approval and launch

The Business Opportunities Committee has delegated authority to agree the final approval of the managing agent. The New Entrants team will prepare a submission to the Committee summarising the application and confirming that the requirements of the Making it Happen process have been successfully completed. This stage can usually be managed by e-mail circulation of a paper to members of the Committee, without the requirement for a meeting. Unless a member of the Committee requests further information, agreement will usually be confirmed within two working days. In some cases, where there are Making it Happen actions that are not fully completed, these may be addressed by the addition of conditions to the formal approval.

A letter confirming formal approval of the managing agent application will be provided via the New Entrants team.

PRA and FCA approval is also required for a new managing agent. Lloyd's and the PRA/FCA will liaise regularly through the concurrent application processes and will seek to ensure that the timing of the respective approvals, while

independent of each other, are broadly aligned.

If Lloyd's is first to approve the new managing agent the decision will be 'subject to' PRA/FCA approval.

Post approval

The new managing agent will be assessed through its first year of operation to validate it is meeting the expected maturity ratings under the Lloyd's Principles framework.

Disclaimer and Copyright

We have written this document to provide you with some general information. You should refer to the relevant byelaws and Lloyd's formal requirements, where applicable. The information in this guidance is correct at the date of publishing, but it may change.

Regulatory Disclaimer

1. We do not intend the information and services in this Guide to be distributed to, or used by, any person or entity in any jurisdiction or country where this would be against laws or regulations. In particular, this Guide is not an offer of information, products or services to US persons or in the United States, or in any other jurisdictions where such an offer may be against the law.
2. This Guide is not a prospectus or invitation soliciting capital, Lloyd's membership or participation on any Lloyd's syndicate. It is not an offer to sell securities or insurance, a solicitation of an offer to buy securities or insurance, or a distribution of securities to US persons or in the United States, or in any other jurisdiction where this is against the law. Those persons should make sure they follow any applicable legal requirements.
3. This Guide provides information on Lloyd's and how to get authorisation to form a new underwriting business here. It does not describe every aspect of how Lloyd's makes decisions about applications. Lloyd's will consider all applications on their own merits.
4. Neither the Society of Lloyd's, the Council, any other Committee or Board constituted by the Society of Lloyd's or the Council, nor any of their respective members, officers and advisors, accepts any responsibility or liability for any loss to any person who acts or does not act as a result of any statement, fact, figure or expression of belief in this Guide.
5. Before you apply, you should make sure you understand Lloyd's, and the implications of participating in the Lloyd's market. You should understand that risk is the nature of insurance business and is inherent in the business underwritten at Lloyd's

Copyright

Copyright notice © Lloyd's 2022 All rights reserved. Except as provided above, no part of this Guide may be copied or reproduced in any material form, including being stored in any medium by electronic means, photocopying, recording or otherwise, or transmitted in any form by any means, whether electronic, mechanical or otherwise, without the written permission of Lloyd's.