
Guidance for 2021 Minimum Standards Board Attestation

February 2021

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What are the Lloyd's Minimum Standards?

The Minimum Standards are statements of business conduct with which managing agents are expected to comply in order to operate at Lloyd's. Further information can be found on Lloyds.com:

[Go to the Minimum Standards page on lloyds.com](#)

Lloyd's undertakes an annual review of the content of the Minimum Standards to ensure their ongoing appropriateness. Changes from the 2020 review, which become effective on 1 January 2021, were communicated to managing agents in early November 2020 and are live on the Lloyd's website.

What is the Minimum Standards Board Attestation?

The Minimum Standards Board Attestation is an annual process by which the Board of each managing agent attests to their level of compliance against the Minimum Standards for each syndicate under management and provides detail of plans to address any gaps in compliance.

This process results in Lloyd's having an agreed position with each managing agent, which clearly states any outstanding work required to meet the Minimum Standards.

Lloyd's expects managing agents to maintain a robust process to support the statements made in the Board attestation.

What supporting material is available?

Self-assessment templates are available on the Lloyd's website (link above). These may be used by managing agents to assist with their compliance process, although their use is not mandated. Managing agents may use other methods to monitor compliance.

What has changed for the 2021 process?

1. Transition period for MS1, MS2 and MS3

In recognition of the significant revisions made to MS1 (Business Planning and Portfolio Management), MS2 (Underwriting and Controls) and MS3 (Price and Rate Monitoring), these standards will be subject to a transition period until 30 June 2021.

In the attestation, managing agents should rate any Minimum Standard as Amber or Red (definitions are below) if they do not meet all requirements, including revised requirements on the submission date of 31 March or whenever Board approval was granted.

We expect managing agents to substantially meet many of the revised or new requirements of MS1, MS2 and MS3 before the end of the transition period. If gaps have still not been closed after 30 June 2021, then we will consider that those Minimum Standards are not being met at that point.

2. Submission will be via the MDC (Market Data Collections) platform

The submission process for attestations in 2021 has moved from Secure Store to the MDC platform. The format of the MDC form is similar to the previous Excel based form, with RAG ratings for each Minimum Standard, space for commentary and ability to upload supporting documentation. The return is called the 'MSBA' in MDC.

Within MDC, managing agents are required to have the roles of Return Submitter and Return Approver, who perform different stages of the submission workflow. However, given that the content of the return must already be approved by the Board, it is permissible for the same person to hold both roles. Should managing agents wish to introduce a further control into the submission process, these roles could be allocated to different individuals.

How should managing agents complete the attestation?

The current position against the Minimum Standards should be set out for each syndicate under management using the following criteria which are aligned to how Lloyd's assesses Minimum Standards compliance internally.

RAG	Criteria
Red	<p>The managing agent is not meeting at least one requirement from the Minimum Standard for this syndicate.</p> <p>The gap presents a material financial, reputational or operational risk to the syndicate, managing agent, Lloyd's or its policyholders and requires urgent remediation.</p>
Amber	<p>The managing agent is not meeting at least one requirement from the Minimum Standard for this syndicate.</p> <p>The gap requires remediation within a reasonable timeframe.</p>
Green	<p>The managing agent is meeting all requirements of the Minimum Standard for this syndicate.</p>
Not applicable	<p>The Minimum Standard does not apply to this syndicate. This is only likely to be relevant for certain Minimum Standards for RITC or run-off syndicates.</p>

Where managing agents set their current position to **Red** or **Amber**, information on their plan to move the position to **Green** should be provided in the comments, including reference to specific requirements. For "Not applicable" ratings a brief explanation should also be provided, for example "syndicate in run-off". Additional comments may be provided where necessary, for example where a RAG rating has changed recently or where it is known that the rating differs from Lloyd's current view.

What does Lloyd's do with the submissions?

Lloyd's Oversight Managers and oversight teams review submissions, paying attention to new information or RAG ratings which differ from Lloyd's current view. This may lead to additional follow-up, for example to clarify any changes to RAG ratings.

Feedback following this review will be provided to managing agents by the end of Q2 (or later if related to the transition period for MS1, MS2 and MS3) where necessary, for example to confirm that an improvement in RAG ratings has been accepted internally by Lloyd's.

Lloyd's also analyses the submissions at a macro level to monitor any emerging trends.

How does Lloyd's monitor compliance against Minimum Standards?

Lloyd's maintains a current view of RAG ratings for each Minimum Standard for every syndicate. Each Minimum Standard is owned by the relevant subject matter expert team. The Lloyd's view of a managing agent's compliance is used for associated decision making within Lloyd's, for example to determine appropriate levels of oversight.

The Lloyd's view is subject to change at any time, based on the latest information, which includes the findings of specific oversight activity, routine monitoring of Lloyd's returns, information shared by other regulators and general interactions with managing agents. The Minimum Standards Attestation forms a key part of this assessment.

Where possible, Lloyd's also considers the results of the work undertaken by managing agents' Internal Audit and Risk Management functions.

How should managing agents inform Lloyd's of gaps in compliance outside of the Attestation submission timeframe?

Managing agents are expected to deal with Lloyd's in an open and transparent way. If gaps in compliance with the Minimum Standards are identified at other times to the attestation submission, managing agents are expected to inform the relevant Oversight Manager and oversight team immediately, providing details of plans and timeframes to address the gaps.

Contact

Any questions should be sent to: oversight.framework@lloyds.com

Appendix – Submission Example

The exact format of the attestation has changed with the implementation of the return into MDC. However, the format is very similar to the below example.

Lloyd's Minimum Standards Board Attestation

Managing Agent		
Syndicate Number		
Date of Board approval		

A separate submission is required for each syndicate managed, whether active, in run-off, SPA (Special Purpose Arrangement), RITC (Reinsurance to Close) or SIAB (Syndicate-in-a-box).

By submitting this Minimum Standards Attestation the Board of the managing agent shown above confirms that:

- The assessment made is a true and fair view of the compliance with the Lloyd's Minimum Standards as at the date shown above and applies to all syndicate operations, in the UK and overseas.
- The information contained in this submission is accurate and complete as at the date shown above to the best of our knowledge and we have taken all reasonable steps to ensure that this is the case. All material facts or details relevant to the confirmation have been disclosed.
- These statements have been subject to full Board approval and that our responsibilities have been discharged in line with Lloyd's Governance Minimum Standards.

The Board is aware that firms are required to deal with the PRA, FCA and Lloyd's in an open and cooperative way, including with respect to the provision of information. The Board will notify Lloyd's immediately if there is a significant change to the information given to support the submission.

Minimum Standard		RAG rating*	Comments**
MS1	Business Planning and Portfolio Management		
MS2	Underwriting and Controls		
MS3	Price and Rate Monitoring		
MS4	Governance		
MS5	Risk Management		
MS6	Exposure Management		
MS7	Reinsurance Management and Control		
MS8	Reserving		
MS9	Customer		
MS10	Regulatory		
MS11	Cyber Resilience and Data Management		
MS12	Scope, Change and Use		
MS13	Modelling, Design and Implementation		
MS14	Validation		
MS15	Investment Management		

*Minimum Standard rating criteria

Red	The managing agent is not meeting at least one requirement from the Minimum Standard for this syndicate. The gap presents a material financial, reputational or operational risk to the syndicate, managing agent, Lloyd's or its policyholders and requires urgent remediation.
Amber	The managing agent is not meeting at least one requirement from the Minimum Standard for this syndicate. The gap requires remediation within a reasonable timeframe.
Green	The managing agent is meeting all requirements of the Minimum Standard for this syndicate.
Not applicable	The Minimum Standard does not apply to this syndicate (this is only likely to be relevant for certain Minimum Standards for RITC or run-off syndicates)

** Comments

- Must be completed if rating is not Green
- Please refer to specific requirements
- Please provide an action plan with timeframe and responsible person or team
- For "Not applicable" ratings a brief explanation should be provided, e.g. "syndicate in run-off"