

# CPG & Principles Based Oversight (PBO)

July 2024

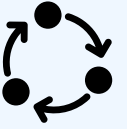
# CPG & Principles Based Oversight (PBO)



As outlined in the Market Bulletin Y5430, Lloyd's principles-based oversight (PBO) model enables us to ensure a fair but differentiated approach to the capital and planning process. This is due to the work undertaken with syndicates across all oversight dimensions throughout the year. Lloyd's recognises there is oversight benefit to increasing the alignment of the Lloyd's planning process with the syndicate's own process(es). The level of flexibility we can afford is completely dependent on a syndicate's categorisation.

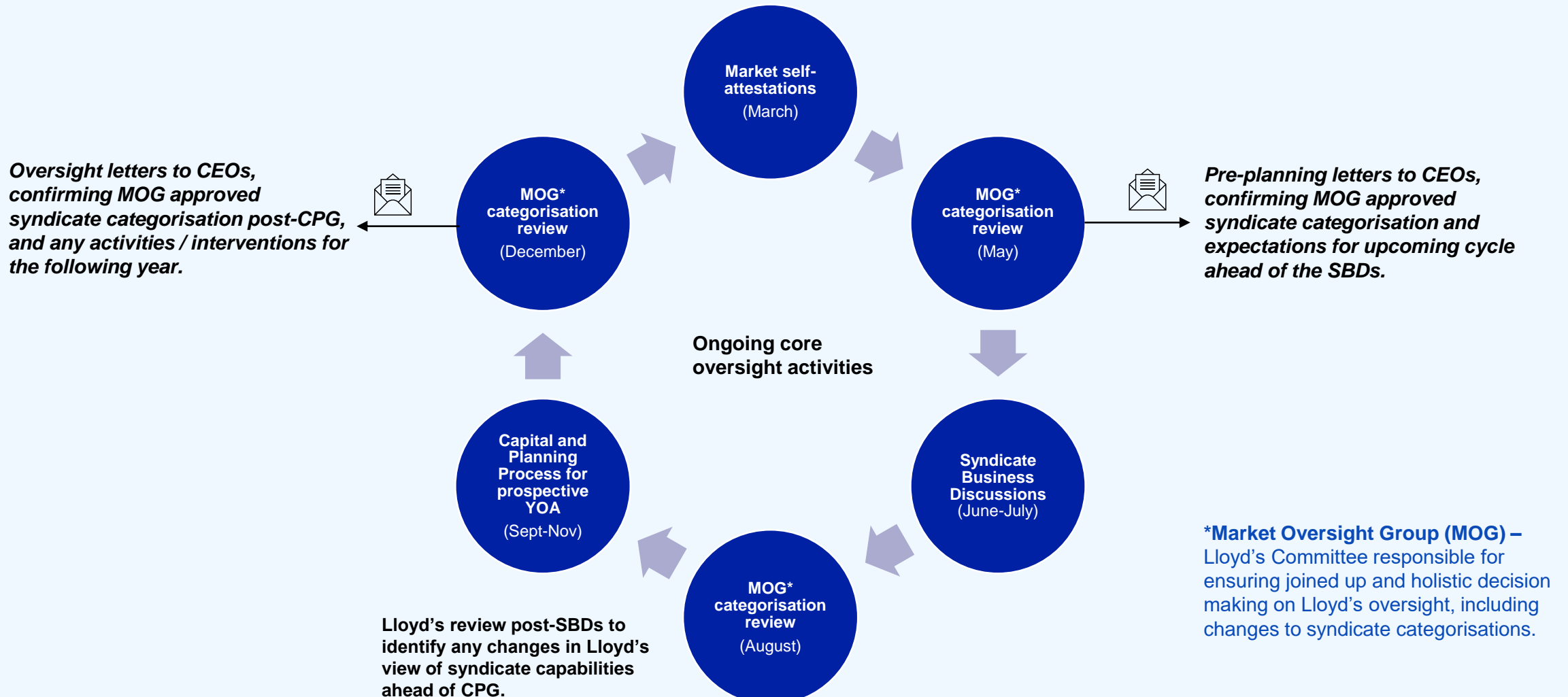
- ❖ The PBO framework drives Lloyd's approach across the whole of the planning cycle. Oversight at Lloyd's is intended to be risk-based and proportionate, and this is a key objective of the PBO framework:
  - PBO is used to differentiate between syndicates as part of the review approach and delegation approach at a Principle level.
  - PBO is used to differentiate between the level of review / input required from CPG members as part of the approval decision.
- ❖ Appropriate consideration and discussion of interlinkages between Principles (including those not directly represented at CPG) at key decision points:
  - Discussion of all syndicate categorisations using the latest information from across all areas at the Market Oversight Group (MOG) ahead of the pre-planning letters being issued at the end of May.
  - Use of the Market Oversight Group (MOG) to identify issues at a syndicate level that should be considered as part of Syndicate Business Discussions (SBDs) or CPG reviews (e.g. interventions in place around Principles not meeting expectations or potential changes in view of syndicate capability where a new submission triggers a change in expected maturity).
  - Issues identified during CPG are appropriately captured in Principle ratings and discussed at the MOG meetings ahead of oversight letters being produced for the following year.

Further information on Lloyd's Oversight approach can be found here: [Market Oversight - Lloyd's \(lloyds.com\)](https://www.lloyds.com/Market-Oversight)



# CPG & PBO feedback cycle...

*The CPG process is a key point in the overall oversight cycle, and there is a clear feedback loop between the PBO framework and CPG decision making.*



**Lloyd's review post-SBDs to identify any changes in Lloyd's view of syndicate capabilities ahead of CPG.**

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