

# The Future at Lloyd's

## Webinar for Delegated Claims Administrators

September 2022

Faster Claims Payment  
solution powered by

**Vitesse**

# Agenda

- ❑ Introductions – Carey Bond, US Head of Claims, Lloyd's
- ❑ Faster Claims Payment
  - Rich Boyd, Lloyd's; Phillip McGriskin, Vitesse
    - ❑ What is FCP and why are we doing it
    - ❑ Vitesse: Who we are and the FCP solution
    - ❑ FCP cross market benefits
    - ❑ Successes and learnings from FCP pilot
    - ❑ Current status and plan
    - ❑ Guidance to the market
    - ❑ Adoption and training
- ❑ DA Claims Status Tracker – Rich Boyd, Lloyd's
- ❑ Questions
- ❑ Appendix



# Introduction to FCP

## FCP overview

Faster Claims Payment (FCP) is a new funding and payment solution which provides fast and direct payment of a claim to a policyholder. This solution decouples the payment of claims from the monthly BDX and loss fund top-up process. FCP facilitates direct access through the solution to insurer funds, via the Vitesse payment platform, decreasing any delay in payment.

### Lloyd's FCP solution summary

- Faster Claims Payment (FCP) is a modern payment solution leveraging the Vitesse payment platform.
- FCP allows Delegated Claims Administrators (DCAs) to make payments upon request, drawing on managing agent funds directly, and removing the need for loss funds and the associated cash calls should these funds run out
- FCP is being implemented as part of the initial set of improvements being delivered that are focused on the delegated authority market
- FCP is moving us forward to the full digital processing solution under the joint venture with DXC and the IUA, delivering the future state payment solution across both open market and delegated authority business

### Why FCP is important



#### Policyholder (beneficiary)



- ✓ Removes **delay in payment** to policyholder by providing DCAs with direct access to MA funds



- ✓ Payments can be made in **local currencies**



- ✓ Enhances Lloyd's reputation as **easy to do business with**



#### Managing Agent



- ✓ MAs have **greater flexibility in their capital management** through the return of loss funds to their accounts



- ✓ Loss fund management **effort and capital requirement reduced**



- ✓ **Real-time visibility and control** over claims payments



- ✓ Overall **reduction in volume of cash calls** and the associated effort



- ✓ **Reduction in number of bank accounts** and associated account and transaction fees



#### Broker



- ✓ Removal of the effort to set up loss funds and participate in cash call processes



- ✓ Reduced costs of wire transfers to Delegated Claims Administrators



# Benefits for the market



Removal of DCA time to administer multiple bank accounts holding the loss funds for claims payments



Payment methods to suit the customer need including e-cheques and payment directly to credit / debit cards



Significant reduction and ultimately removal of cash call requests to the market to increase funding to enable claim payments



Instant and easy access to managing agent funds to pay claims through Vitesse



Reduction in bank fees associated with claim payments

# FCP scope

Which binders are suitable at this stage?

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- The initial scope of FCP is for binders written through the traditional London Market method – connecting to ECF and the London market process
- The FCP solution will work with any type of binder, however our various distribution channels have different MA and market accounting and settlement processes
- To ensure accurate processing and reconciliation of cash funds we need to adjust the “back-end” process to work effectively with the FCP solution
- We appreciate the diversity of claims managed across the globe by DCAs, and are working to bring Lloyd’s Europe and Lloyd’s Service Companies into scope later
- If you are looking after claims on a binder outside of Lloyd’s Europe which is connected to the market process, this may be suitable for FCP, following consultation with the broker and MA



# Introduction to FCP

## Introduction to Vitesse

# Vitesse

**\$5bn** processed

**6 YRS** Working with the market

**>60%** of payments in real-time\*  
\*Payments completed by Vitesse for the London Market





**Dual-Regulated European Hubs**

- ENGLAND: FCA London, UK
- Netherlands: DNB Rotterdam, NL
- Belgium

**Our Global Tier 1 Customers**

- sedgwick.
- AVA
- BRIT
- CHUBB
- CEGA (Clerks Trade Association)
- Munich RE

### Who are Vitesse?

-  Vitesse have been working with the Lloyd's of London market for over 6 years.
-  They are regulated in the UK and Europe.
-  They have a global domestic settlement payments platform to pay claims globally, quickly and cost effectively.
-  Vitesse have also recently completed a significant Series B fundraise to continue to invest in their insurance proposition.

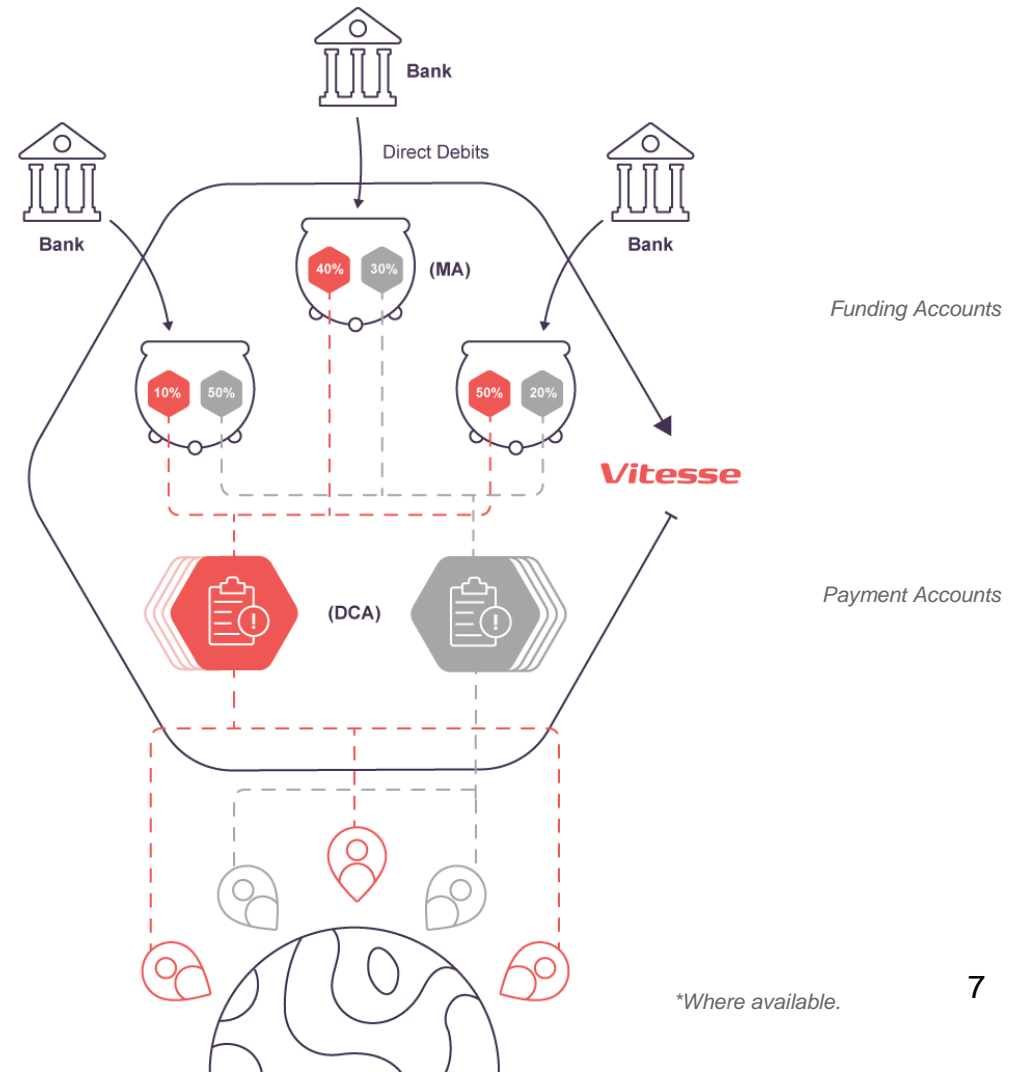


# Introduction to FCP

## Introduction to Vitesse

### FCP and Vitesse - Overview

- Removal of traditional Loss Funds altogether; MA holds small liquidity balances within a **Funding Account**, which are automatically topped up as needed
- Liquidity pulled in real time from each MA **Funding Account** depending on % split (as detailed in the binder) to fund the DCA approved payment from the **Payment Account** - splits are obtained via DCOM integration
- A claimant-focused settlement flow delivering funds real-time/same-day





# Introduction to FCP

## Introduction to Vitesse - Funds Placement

### Payments processing

- 1 Create a **Payment Account** and splits on binder creation.
- 2 Each MA holds an agreed 'own funds' **Funding Account** (syndicate funding account) with Vitesse holding an agreement to top this up as required.
- 3 The DCA processes a claim and instructs a pay-out.
- 4 The balance on the DCA **Payment Account(s)** is 0 and the relevant funding split is drawn from each MA **Funding Account** to fund the pay-out. Full referencing is available on all transactions.
  - ✓ The payment is executed in **real-time/same-day** using the Vitesse global network.
  - ✓ Vitesse top up the **Funding Account** as required (weekly/by minimum bulk amount) and provide a full remittance report.

Vitesse Home Accounts Money Out Administration Help liquidity@vitesseps.com Log off

Insurance Claim Account GBP | Transactions Chat

Transactions for account Insurance Claim Account GBP.

Export To Excel Export with Upload Data

Drag a column header and drop it here to group by that column

Entry	Created On	Type	Payment Ref	Merchant Ref	Narrative	Debit	Credit	Balance
4	13-Dec-2019 16:41:45	Merchant Liquidity	AXA Fund	UMR123456	50% share		50.00	0.00
3	13-Dec-2019 16:41:45	Merchant Liquidity	Britt Fund	UMR123456	30% share		30.00	(50.00)
2	13-Dec-2019 16:41:44	Merchant Liquidity	Liberty Fund	UMR123456	20% share		20.00	(80.00)
1	13-Dec-2019 16:38:34	Payout	Claim Reference ABC...	UMR123456	Car Leasing Ltd	100.00		(100.00)
	27-Nov-2019 13:27:52	Initial Balance	null	null	null			0.00

1 - 5 of 5 items











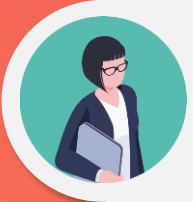



















Back





# Introduction to FCP

## Introduction to Vitesse – key benefits

	Finance	Risk	Operations
 <b>DCA</b>	<ul style="list-style-type: none"> <li> No need to hold funds</li> <li> Reduction in bank accounts</li> <li> All client account processing</li> </ul>	<ul style="list-style-type: none"> <li> Audited payment approvals</li> <li> Sanction checking</li> <li> Segregated role access</li> </ul>	<ul style="list-style-type: none"> <li> API payment integration</li> <li> Personalised reporting</li> <li> Claimant focused delivery</li> </ul>
 <b>Broker</b>	<ul style="list-style-type: none"> <li> Removal of fund forwarding</li> <li> No client account reconciliation</li> <li> Bank cost removal</li> </ul>	<ul style="list-style-type: none"> <li> No held funds</li> <li> Removal of cash calls</li> <li> Reduced bank access</li> </ul>	<ul style="list-style-type: none"> <li> Reduced processing cost</li> <li> No funding split details</li> <li> No unapplied queries</li> </ul>
 <b>Managing Agent</b>	<ul style="list-style-type: none"> <li> Return of up to 80% of funds</li> <li> Investment income</li> <li> Real-time claims paid data</li> </ul>	<ul style="list-style-type: none"> <li> Centralised funds view</li> <li> Regulated environment</li> <li> Control of Binder funds</li> </ul>	<ul style="list-style-type: none"> <li> Consistent data format</li> <li> Signings reconciliation</li> <li> Removal of cash calls</li> </ul>



# Introduction to FCP

## Successes and learnings from the FCP pilot

The objectives of the FCP pilot were to test the viability of the solution within the delegated authority market and to demonstrate that the stated benefits could be achieved.

### Summary



The pilot ran from July 2021 through until March 2022 with three managing agents (MAs), two Delegated Claims Administrators (DCAs) and four brokers.



The pilot has demonstrated that the technology used is fit for purpose and can deliver the benefits targeted; it has also helped define further enhancements for the next phase of solution build.



The pilot has surfaced key learnings and opportunities to improve the overall DA claims process and the interaction between MAs and DCAs; these learnings have been embedded into onboarding material and guidance for implementation.

### Outcomes

#### Solution

- ✓ Speed of payments has met expectations validating the technical solution
- ✓ Requirements for provision of binder splits from DCOM were defined, front and back-end reconciliation processes were documented and tested
- ✓ Solution build now in progress (with integration planned for phase two)

#### Benefits validation

- ✓ Use of Vitesse payment and funding accounts has removed the need for DCAs to hold loss funds
- ✓ Capital held in loss funds can be released and it is estimated 70% of this can be made available for re-use
- ✓ Urgent top-ups through cash-calls are no longer required due to the FCP replenishment process
- ✓ Over \$13m worth of claims were successfully processed in the first 9 months with all payments made within 4 hours

#### Process learnings

- ✓ Defined the processes DCAs need to adhere to under FCP to improve data quality and support smooth reconciliation of funds
- ✓ Understood the impact of FCP on MA and DCA internal processes to inform onboarding material and adoption planning
- ✓ The most effective way for the DCA to use the solution is to integrate with Vitesse via an API to reduce monthly cash reconciliation issues

# FCP Readiness - DA Guidance

In June 2022, Lloyd's published additional guidance to sit alongside the principles of conducting DA business, which sets the expectation for claims management through third party service providers and third-party experts to deliver that high quality, prompt and fair claims service to support more cost-effective claims management solutions.

The guidance can be found on [www.Lloyds.com/FCP](http://www.Lloyds.com/FCP) webpage, and seeks to define what is expected from a MA and a DCA for improved DA claims management, in preparation for the adoption of the FCP.

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### Delegated Authority: Managing Agent (MA) Guidance

- This guidance sits alongside the Principles for Doing Business setting the expectations for claims management through third party service providers and third-party experts to deliver that high quality, prompt and fair claims service and which support more cost-effective claims management solutions.
- This seeks to define what is expected from an MA for improved DA claims management, to operate efficiently against best practice and is relevant to the current loss fund model in preparation for the adoption of the Faster Claims Payment solution as part of the Future at Lloyd's activity.
- This guidance aims to improve both the collaboration between MAs and their DCAs and for the consistency and efficiency of claims management. This does not override the requirements within the claim delegation agreements between the DCA and MA.

<p><b>MAs should provide adequate funding for a DCA to pay claims, from the inception of the binder and on an ongoing basis</b></p>	<p><b>Business Outcomes delivered:</b></p> <ul style="list-style-type: none"> <li>Customers receive their claim payment quickly after agreement is communicated to the customer</li> <li>Providing surge funding to the DCA in an efficient manner preventing customer dissatisfaction</li> </ul> <p><b>In readiness for Faster Claims Payment:</b></p> <ul style="list-style-type: none"> <li>DCAs will have access to MA funds to pay claims directly from centralised MA funding accounts, without the dependency on individual loss funds</li> </ul>
<p><b>MAs should work with DCAs and Broker(s) to ensure accurate bordereaux data is submitted for processing on a monthly basis</b></p>	<p><b>Business Outcomes delivered:</b></p> <ul style="list-style-type: none"> <li>Each bordereaux meets the quality standards expected under the current version of the Coverholder Reporting Standards avoiding confusion, queries or repeat further downstream in the process</li> <li>FCP query function is kept to those relating to accuracy of the claims movements whether for payments, reserves, or both, avoiding backlogs and delays to funding in the current loss fund model. Non-essential queries can be handled directly with the DCA</li> </ul> <p><b>In readiness for Faster Claims Payment:</b></p> <ul style="list-style-type: none"> <li>The DCA is strongly recommended to provide submission of the BDx as early as possible after the close of the month's activities, ideally within the first four working days to avoid any delays in downstream processing and monthly reconciliation, however this should be agreed between the MA and DCA initially.</li> <li>DCAs are strongly encouraged to use FCP through an API into the Vitesse solution, this is to eliminate monthly cash reconciliation issues downstream. Consider if the API will move the DCA forward into the full digital solution over time under the part version.</li> </ul>

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## A) Guidance

**MAs should work with their DCAs to review loss funds and ensure they can be reconciled**

- A regular review to look at the level of claims funding of delegated business, using the claims experience contained within BDx in the prior 12 months, adjusting (where necessary) to ensure the continued provision of funds for claim payments
- Completion of the above review is a critical part of FCP adoption so that loss funds can be returned in whole or part to the MA following that review and so that loss fund entries in the market systems reduced to the new level or closed

**In readiness for Faster Claims Payment:**

- MAs will have the loss fund to a reconciled position prior to transition to the FCP model. There should be no significant accounting errors or discrepancies on the last BDx, nor outstanding or voided claim payments, providing a clean starting position for Faster Claims Payments, avoiding complications in tracing errors across two payment models.
- MAs should coordinate with their DCA(s) to agree a plan to return the loss funds back to the MA and ensure the loss fund is closed appropriately.

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**MAs should ensure the DCA and Broker is well engaged and informed on FCP:** The Future at Lloyd's adoption team will support communications and training for market participants, however as an MA selects a binder for onboarding to FCP, ensuring MA collaboration with the associated DCA and Broker will support adoption.

\*To assist MAs there are services providers in the marketplace supporting loss fund reconciliation activity.

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### Delegated Authority: Delegated Claims Administrators (DCA) Guidance

- This guidance seeks to define what is expected from a DCA for improved DA claims management and to operate efficiently against best practice and is relevant in the current model of loss funds and in preparation for the adoption of the Faster Claims Payment solution as part of Future at Lloyd's
- It is grounded in the critical importance of the provision of right first time and accurate information flows into the market infrastructure to support efficient processing, minimize the number of queries and avoid delays.
- As DCAs, the accuracy of monthly bordereaux data will be under greater scrutiny and accuracy will directly impact the new funding model and market accounting process. You will see the status of bordereaux progress via the DA Claims Status Tracker, tracking Broker and MA approval and facilitating the transition into monthly accounting.

<p><b>DCAs should have a payment process in place that will enable it to pay agreed claims to policyholders without delay</b></p>	<p><b>Business Outcomes delivered:</b></p> <ul style="list-style-type: none"> <li>Prompt payment of agreed claims providing a positive policyholder experience</li> <li>Impact from a delayed payment to the Lloyd's brand for customer harm or frustration reduces through prompt payment</li> </ul> <p><b>In readiness for Faster Claims Payment:</b></p> <ul style="list-style-type: none"> <li>DCAs will have access to MA funds to pay claims directly from centralised MA funding accounts</li> <li>Dependency on the individual loss fund is removed</li> <li>Payments delays related to insufficient money being available in the loss fund will no longer exist</li> </ul>
<p><b>DCAs should produce BDx to the correct current standard in line with contractual obligations</b></p>	<p><b>Business Outcomes delivered:</b></p> <ul style="list-style-type: none"> <li>Each bordereaux meets the quality standards expected under the current version of the Coverholder Reporting Standards avoiding confusion, queries or repeat further downstream in the process.</li> </ul> <p><b>In readiness for Faster Claims Payment:</b></p> <ul style="list-style-type: none"> <li>The DCA is strongly recommended to provide submission of the BDx as early as possible after the close of the month's activities, ideally within the first four working days to avoid any delays in downstream processing and monthly reconciliation, however this should be agreed between the MA and DCA initially.</li> </ul>

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## Administrators (DCA) Guidance

**DCAs must be able to demonstrate they can manage the loss fund correctly**

- Periodic and regular reviews of the funds ensuring the fund value is set appropriately, timely escalation to MAs for shortfalls and reduction in delay
- The DCA should be able to fully reconcile all financial transactions in any given reporting period

**In readiness for Faster Claims Payment:**

- DCAs should ensure the loss fund is in a reconciled position prior to transition to the FCP model. There should be no significant accounting errors or discrepancies on the last BDx, nor outstanding or voided claim payments, providing a clean starting position for Faster Claims Payments and avoiding complications in tracing errors across two payment models.
- MAs should coordinate with their DCA(s) to agree a plan to return the loss funds back to the MA

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**DCAs should ensure the DCA and Broker is well engaged and informed on FCP:** The Future at Lloyd's adoption team will support communications and training for market participants, however as a DCA selects a binder for onboarding to FCP, ensuring DCA collaboration with the associated MA and Broker will support adoption.

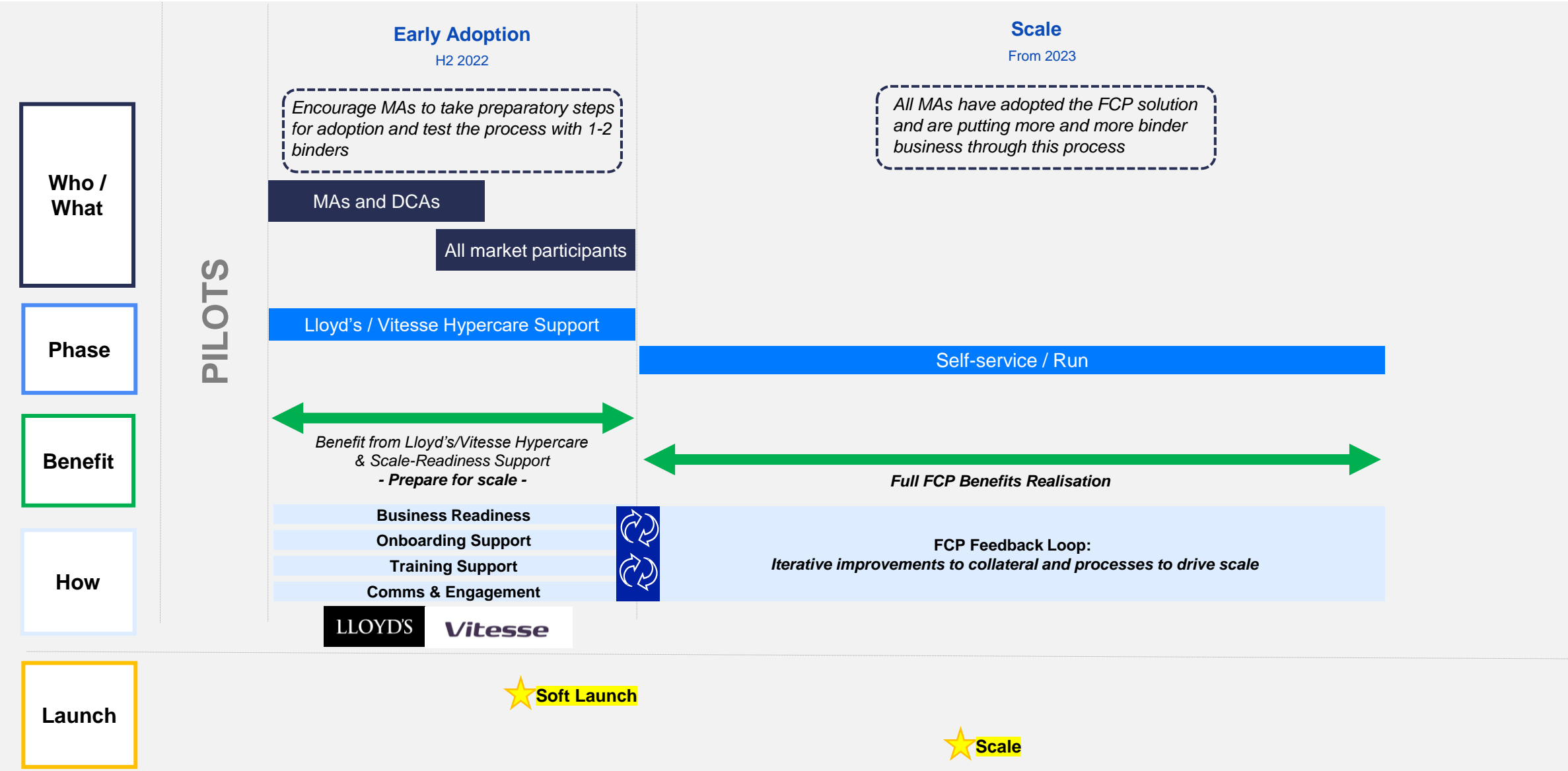
\*To assist DCAs there are services providers in the marketplace supporting loss fund reconciliation activity.

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# Roll-out & Adoption – Sequencing and Support



# FCP Process Training Summary

## Key steps for Delegated Claims Administrators (DCAs)



Leadership



Claims Ops



Finance



### 1 Introduction to FCP

FCP allows Delegated Claims Administrators (DCAs) to make payments upon request, drawing on managing agent funds directly, removing the need for loss funds and the associated cash calls should these funds run out



### 2 Onboarding to Vitesse

- A request will be submitted to Vitesse by the MA to onboard a new DCA to FCP
- Complete the registration form issued by Vitesse and return to them for processing
- Attend Vitesse training to receive an introduction to FCP and learn how to process payments



### 3 FCP binder placement

DCAs must be aware of what binder section each payment account relates to for FCP within Vitesse by checking the account properties



### 4 Mid-term binder change

- Ensure all prior payments, expenses and fees have been accounted for in previous BDX
- Be aware what binder section each payment account relates to for FCP within Vitesse by checking the account properties



### 5 Payments to beneficiaries

- Submit a payment request through Vitesse
- Resolve payment failures
- Approve and pay requested payments in Vitesse



### 6 FCP replenishment



### 7 Reconcile BDX to Vitesse cash payments

- Download the Vitesse cashbook and prepare the data for reconciliation
- Prepare the data in the monthly claims BDX for reconciliation
- Reconcile the Vitesse cashbook against the monthly claims BDX to ensure payment data matches
- Share the reconciled monthly claims BDX and any supporting documents with the broker



### 8 Submit BDX to ECF



### 9 FCP signing reconciliation



### 10 Collections and recoveries

- Set-up a collections web page in Vitesse
- Submit a refund request to the beneficiary through Vitesse



# The DA Claims Status Tracker

Providing transparency across the Delegated Authority claims process

## Why is it important

Available through the Lloyd's Insights Hub, this dashboard tool is designed to clearly show the progress of claims bordereaux and cash calls, including which entity needs to take the next action on a specific transaction. The tracker draws on transactional data from Electronic Claims File (ECF) and is enriched with additional binder contract information held in our Delegated Contract and Oversight Manager (DCOM).

## What's happening now?

- Status Tracker access was granted to all managing agents and brokers via the Insights Hub from Q4 2021. Almost all MAs, and the largest brokers, have begun to use the Tracker, and we are encouraging and supporting other brokers to sign up to the Lloyd's Insights Hub
- Insights Hub access is now available to all DCAs, to enable adoption of the DA Claims Status Tracker

## Benefits

The DA Claims Status Tracker provides transparency across the DA claims process, helping to minimise queries relating to status and reduce the operational effort across the market.

- Visibility on progress of BDX and cash submissions
- Reduce the need for cash calls and time spent on handling queries
- Easily identify blockages to resolve
- Identify transaction status and next actions to be complete
- Track performance of claim processing

## Preparing for change

- Check for email communications with details on how your organisation can sign up to the Insights Hub for Status Tracker access. If you haven't received an email, get in touch with [ClaimsLabFutureatLloyds@lloyds.com](mailto:ClaimsLabFutureatLloyds@lloyds.com) to arrange access.
- Watch the DA Claims Status Tracker demo and supporting video on the [Insights Hub](#) landing page.
- Begin to use the DA Claims Status Tracker dashboard, and email [ClaimsLabFutureatLloyds@lloyds.com](mailto:ClaimsLabFutureatLloyds@lloyds.com) to arrange a demo of the tool

# Questions

[www.Lloyds.com/FCP](http://www.Lloyds.com/FCP)  
[FCP@lloyds.com](mailto:FCP@lloyds.com)

The  
Future  
at  
Lloyd's

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**LLOYD'S**

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# Appendix

The  
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# Introduction to FCP

## FCP market journey (DCAs)



DCA

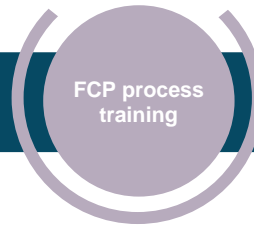
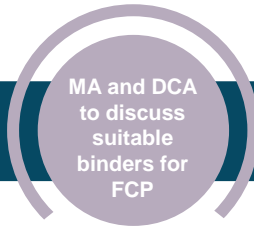


6 – 10 Weeks



The MA will engage with the DCA to discuss and introduce FCP.

FCP process training to be delivered by Lloyd's.



Vitesse to confirm account set up and that the payment account is available to start processing binders on FCP.



The DCA to review MA / DCA guidance published by Lloyd's to ensure they can meet the expectations of using FCP and outline any impacted processes.

The MA to discuss which binders have been identified for FCP with the DCA and Broker, including data cleansing activities and start dates for FCP. The MA may communicate additional processing instructions such as BDX file naming conventions.

Vitesse implementation plan will include creating funding accounts and users, onboarding 2-3 binders & Vitesse system training.

*Parallel activity*

### DCA outreach strategy

Although the FCP onboarding approach is typically MA-led (i.e., a MA signs up to FCP and asks a DCA to follow suit as part of the binder selection process), we are also reaching out to DCAs directly to inform them and offer FCP training and guidance.

# FCP Training: Summary Approach

Delivering consistent process training to DCAs, MAs, and brokers to support the market-wide adoption of FCP

## Objectives

- Provide FCP process understanding to DCAs, MAs and brokers to prepare them for the early adoption & scale phase of the FCP roll-out
- Deliver self-service training materials to support the market with easy access to process knowledge and best practice
- Deliver a robust training approach that minimises market enquiries to the DA Claims team during Early Adoption and beyond

MA End-user Instructor-led Training (1-2-1, Group, In Person, Virtual)	DCA End-user Instructor-led Training (1-2-1, Group, In Person, Virtual)	Broker End-user Instructor-led Training (1-2-1, Group, In Person, Virtual)	Adoption Training 'Drop-In Clinics'	Full Knowledge Articles (Process Training Documentation, Hosted - )	Quick Reference Guides
<p><b>Outcome –</b> MA FCP champions ready to use/follow the new processes with their in-flight binders and encourage their DCAs to adhere to the DCA guidelines</p>	<p><b>Outcome –</b> DCA FCP champions who have the knowledge needed to understand and utilise the FCP system &amp; processes from start to finish</p>	<p><b>Outcome –</b> Broker FCP champions who have the knowledge needed to understand the FCP system and the role they play</p>	<p><b>Outcome –</b> Provide post go live support and guidance for end users to ask questions as they progress through the early adoption</p>	<p><b>Outcome –</b> Provide self-service reference guides to easily support the market with process understanding</p>	<p><b>Outcome –</b> Quick reference guides to support the market with understanding their role in the process</p>
<ul style="list-style-type: none"> <li>• In Person &amp; Virtual training sessions (MS Teams) consisting of walk throughs of the different processes with Training Manager and dedicated SME</li> <li>• Training sessions made available pre and post go-live to support market demand</li> <li>• Training material available for self-study for modules which do not require a trainer</li> </ul>	<ul style="list-style-type: none"> <li>• In Person &amp; Virtual training sessions (MS Teams) consisting of walk throughs of the different processes with Training Manager and dedicated SME</li> <li>• Training sessions made available pre and post go-live to support market demand</li> <li>• Training material available for self-study for modules which do not require a trainer</li> </ul>	<ul style="list-style-type: none"> <li>• In Person &amp; Virtual training sessions (MS Teams) consisting of walk throughs of the different processes with Training Manager and dedicated SME</li> <li>• Training sessions made available pre and post go-live to support market demand</li> <li>• Training material available for self-study for modules which do not require a trainer</li> </ul>	<ul style="list-style-type: none"> <li>• Virtual 'drop in' clinics run by Lloyd's training team.</li> <li>• Opportunity for Market participants to raise any process queries</li> <li>• Drop-in sessions to run in parallel with instructor-led training</li> <li>• Duration and frequency of clinics will evolve in response to market feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Full training material to be made available PDF format</li> </ul>	<ul style="list-style-type: none"> <li>• Quick reference guides to be available per role (MA, DCA and Broker) outlining their key actions throughout the process of an FCP claim</li> </ul>
<p>June – December</p>	<p>June – December</p>	<p>June – December</p>	<p>June – Ongoing</p>	<p>June – Ongoing</p>	<p>June – Ongoing</p>

# Delegated Authority Claims

Guidance for Managing Agents and DCAs including  
Faster Claims Payments readiness

June 2022

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Future  
at  
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# Managing Agent guidance

The  
Future  
at  
Lloyd's

# Delegated Authority: Managing Agent (MA) Guidance

- This guidance sits alongside the Principles for Doing Business setting the expectations for claims management through third party service providers and third-party experts to deliver that high quality, prompt and fair claims service and which support more cost-effective claims management solutions
- This seeks to define what is expected from an MA for improved DA claims management; to operate efficiently against best practice and is relevant to the current loss fund model in preparation for the adoption of the Faster Claims Payment interim solution as part of the Future at Lloyd's activity.
- This guidance aims to improve both the collaboration between MAs and their DCAs and for the consistency and efficiency of claims management. This does not override the requirements within the claim delegation agreements between the DCA and MA.

**MAs should provide adequate funding for a DCA to pay claims, from the inception of the binder and on an ongoing basis**

#### **Business Outcomes delivered:**

- Customers receive their claim payment quickly after agreement is communicated to the customer
- Providing surge funding to the DCA in an efficient manner preventing customer dissatisfaction

#### **In readiness for Faster Claims Payment:**

- DCAs will have access to MA funds to pay claims directly from centralised MA funding accounts, without the dependency on individual loss funds.

**MAs should work with DCA(s) and Broker(s) to ensure accurate bordereau data is submitted for processing on a monthly basis**

#### **Business Outcomes delivered:**

- Each bordereau meets the quality standards expected under the current version of the Coverholder Reporting Standards avoiding confusion, queries or rework further downstream in the process.
- ECF query function is kept to those relating to accuracy of the claims movements whether for payments, reserves, or both, avoiding backlogs and delays to funding in the current loss fund model. Non-essential queries can be handled directly with the DCA

#### **In readiness for Faster Claims Payment:**

- The DCA is strongly recommended to provide submission of the BDX as early as possible after the close of the month's activities, ideally within the first four working days to avoid any delays in downstream processing and monthly reconciliation, however this should be agreed between the MA and DCA initially.
- DCAs are strongly encouraged to use FCP through an API into the Vitesse solution; this is to eliminate monthly cash reconciliation issues downstream. Creation of this API will move the DCA forward into the full digital solution over time under the joint venture

# Delegated Authority: Managing Agent (MA) Guidance

**MAs should continue to monitor their DCA(s)' performance through appropriate oversight**

**Business Outcomes delivered:**

- Appropriate governance structures are employed to manage the oversight of the claims delegation to a third party ensuring DCAs continue to perform at a high standard
- Regular assessment of claims performance and customer outcomes, using both data and qualitative assessment, and identifying and tracking opportunities for improvement, ultimately enhancing the overall policyholder experience

**In readiness for Faster Claims Payment:**

- MA focus on DCA performance: appropriate management of loss funds, reconciliation of payments made to beneficiaries against payments reported in the BDX, use of correct BDX standards, timely payment of claims to policyholders

**MAs should work with their DCA(s) to review loss funds and ensure they can be reconciled**

**Business Outcomes delivered:**

- A regular review to look at the level of claims funding of delegated business, using the claims experience contained within BDX in the prior 12 months, adjusting (where necessary) to ensure the continued provision of funds for claim payments
- Completion of the above review is a critical part of FCP adoption so that loss funds can be returned in whole or part to the MAs following that review and so that loss fund entries in the market systems reduced to the new level or closed completely.

**In readiness for Faster Claims Payment:**

- MAs will have the loss fund to a reconciled position prior to transition to the FCP model. There should be no significant accounting errors or discrepancies on the last BDX, nor outstanding or voided claim payments - providing a clean starting position for Faster Claims Payments, avoiding complications in tracing errors across two payment models.
- MAs should coordinate with their DCA(s) to agree a plan to return the loss funds back to the MA and ensure the loss fund is closed appropriately.

# Delegated Authority: Managing Agent (MA) Guidance

## Additional guidance in readiness for Faster Claims Payment:

- **MA's should work with the DCA to ensure binders are suitable to onboard onto FCP:** The onboarding and adoption approach for Faster Claims Payments has been designed to enable testing and embedding of the new processes. As such MAs should consider the following criteria for initial use of FCP: **Singleton business, from the 2022 year of account and prior years back to 2018**, ensuring BDX are in line with current version of the Coverholder Reporting Standards and where the monthly cycle progresses with little to no queries. All claim payments on these binders must be able to be made by e-cheques or bank transfer. Subscription and co-lead binders can be onboarded as more market participants adopt FCP. **At this point in time LIC contracts remain out of scope initially.**
- **Using the current recommended binder criteria approach above MA's** will have a controlled transfer of loss funds held with DCAs across the market and the ability to reduce upfront capital requirements on the establishment of new binders. As you prepare to onboard with FCP you will also be able to focus on inactive funds that need to be returned in full and closed.\*
- **MA's should ensure their impacted stakeholders are aware of FCP and are involved in the onboarding process:** Nominating a lead for onboarding and embedding of FCP, ensuring adequate training has been conducted and materials are reviewed and establishing collaboration between Claims, Finance, Operations and Underwriting around FCP will smooth the transition from the current loss fund model to the new FCP processes.
- **MA's should ensure the DCA and Broker is well engaged and informed on FCP:** The Future at Lloyd's adoption team will support communications and training for market participants, however as an MA selects a binder for onboarding to FCP, ensuring MA collaboration with the associated DCA and Broker will support adoption.

*\*To assist MAs there are services providers in the marketplace supporting loss fund repatriation activity.*



# Delegated Claims Administrator guidance

**The  
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# Delegated Authority: Delegated Claims Administrators (DCA) Guidance

- This guidance seeks to define what is expected from an DCA for improved DA claims management and to operate efficiently against best practice and is relevant in the current model of loss funds and in preparation for the adoption of the Faster Claims Payment solution as part of Future at Lloyd's
- It is grounded in the critical importance of the provision of right first time and accurate information flows into the market infrastructure to support efficient processing, minimize the number of queries and avoid delays
- As DCAs, the accuracy of monthly bordereaux data will be under greater scrutiny and accuracy will directly impact the new funding model and market accounting process. You will see the status of bordereaux progress via the DA Claims Status Tracker; tracking Broker and MA approval and facilitating the transition into monthly accounting.

**DCAs should have a payment process in place that will enable it to pay agreed claims to policyholders without delay**

**Business Outcomes delivered:**

- Prompt payment of agreed claims providing a positive policyholder experience
- Impact from a delayed payment to the Lloyd's brand for customer harm or frustration reduces through prompt payment

**In readiness for Faster Claims Payment:**

- DCAs will have access to MA funds to pay claims directly from centralised MA funding accounts
- Dependency on the individual loss fund is removed.
- Payments delays related to insufficient money being available in the loss fund will no longer exist

**DCAs should produce BDX to the correct current standard in line with contractual obligations**

**Business Outcomes delivered:**

- Each bordereau meets the quality standards expected under the current version of the Coverholder Reporting Standards avoiding confusion, queries or rework further downstream in the process.

**In readiness for Faster Claims Payment:**

- The DCA is strongly recommended to provide submission of the BDX as early as possible after the close of the month's activities, ideally within the first four working days to avoid any delays in downstream processing and monthly reconciliation, however this should be agreed between the MA and DCA initially.

# Delegated Authority: Delegated Claims Administrators (DCA) Guidance

**DCAs should be able to demonstrate they can reconcile payments made to beneficiaries against payments reported in the BDX when requested**

## **Business Outcomes delivered:**

- Accurate and timely submissions of reserves and payment providing an appropriate accounting position for the MA at regular intervals
- Improvements to this process can be actioned through regular reviews to highlight discrepancies.

## **In readiness for Faster Claims Payment:**

- DCA fees should be accounted for within the same monthly period in which a BDX is processed to simplify the monthly reconciliation process
- DCAs will be required to successfully complete reconciliation between the Vitesse cashbook and the BDX and demonstrate completion to their MA. This is to provide confidence in the DCA-provided BDX prior to it being submitted downstream to accounting and finance
- DCAs are strongly encouraged to use FCP through an API into the Vitesse solution; this is to eliminate monthly cash reconciliation issues downstream. Creation of this API will move the DCA forward into the full digital solution over time under the joint venture

**DCAs must be able to demonstrate they can manage the loss fund correctly**

## **Business Outcomes delivered:**

- Periodic and regular reviews of the funds ensuring the fund value is set appropriately; timely escalation to MAs for shortfalls and reduction in delays
- The DCA should be able to fully reconcile all financial transactions in any given reporting period

## **In readiness for Faster Claims Payment:**

- DCAs should ensure the loss fund is in a reconciled position prior to transition to the FCP model. There should be no significant accounting errors or discrepancies on the last BDX, nor outstanding or voided claim payments. This provides a clean starting position for Faster Claims Payments and avoids complications in tracing errors across two payment models.
- MAs should coordinate with their DCA(s) to agree a plan to return the loss funds back to the MA

# Delegated Authority: Delegated Claims Administrators (DCA) Guidance

## Additional guidance in readiness for Faster Claims Payment:

- **DCAs should be able to differentiate FCP and non-FCP binders:** DCAs will still need to produce accurate BDX for both FCP and non-FCP contracts in the immediate future. If a binder is an FCP binder, payments should be requested via the Vitesse FCP payment portal (or via API into Vitesse from the DCA claims platform) otherwise there is a risk of incorrect payment to the beneficiary and the cash book for monthly activity will not reconcile properly causing downstream technical processing and reconciliation issues. Non-FCP binders and BDX still need to remain in line with the current version of the Coverholder Reporting Standards.
- **DCAs should be competent using Vitesse and have an ongoing capability to train their staff and retain the knowledge:** Nominating a lead for onboarding and embedding of FCP, ensuring adequate training has been conducted and materials are reviewed, and establishing collaboration between Claims, Finance, and Operations around FCP will smooth the transition from the current loss fund model to the new FCP processes. DCAs should then continue to ensure that the business is appropriately resourced to meet demands on a regular basis.
- **DCA's early establishment of an API from their claims system to Vitesse will produce immediate and important reconciliation benefits** for the downstream processing of payments made through Vitesse that are included within the monthly BDX. Investing time and resource to this early establishment paves the way to the future DA model for claims. In the shorter term giving improved validated and reconciled data from source.
- **Using the current recommended binder criteria approach - singleton business, from the 2022 year of account and prior years back to 2018 - MAs** will have a controlled transfer of loss funds held with DCAs across the market and the ability to reduce upfront capital requirements on the establishment of new binders. As you prepare to onboard with FCP you will also be able to focus on inactive funds that need to be returned in full and closed.