

Criteria for deciding whether an *applicant* is suitable to be granted permission to act as an *underwriting agent* – paragraph 8(b) of the Underwriting Byelaw - as at 4 February 2021

1. In deciding whether an *applicant* is suitable to be granted permission to act as an *underwriting agent* the *Council* shall assess each application on its own merits and in a manner consistent with the legal requirements that apply to the Lloyd's new entrant process. In doing so, it shall have regard to the following criteria –
 - (a) the extent to which the *applicant's* proposed business adds value to the Lloyd's market having regard to –
 - (i) the protection of the *Central Fund*;
 - (ii) the protection of confidence in the Lloyd's market;
 - (iii) broadening or retaining the underwriting expertise or innovation offered in the Lloyd's market;
 - (iv) increasing access to new or emerging lines of business;
 - (v) broadening *members'* access to business;
 - (vi) broadening *members'* access to new policyholders; and
 - (vii) broadening *members'* access to new and emerging markets particularly through the use of Lloyd's overseas underwriting arrangements.
 - (b) whether the *applicant* is a competent, proficient and capable organisation. In considering this the *Council* may have regard to the following matters –
 - (i) the nature of the *applicant's* business;
 - (ii) the *applicant's* compliance with appropriate principles of good corporate governance and with Lloyd's cultural requirements and targets including those relating to diversity;
 - (iii) the quality and adequacy of the *applicant's* human resources including –
 - (i) the competence, reputation, character and suitability of each of the *applicant's* directors;
 - (ii) the collective suitability of the *applicant's* board of directors and of each of its committees;
 - (iii) the competence, reputation, character and suitability of the *applicant's* officers and trustees;
 - (iv) the competence, reputation, character and suitability of the *applicant's* staff;
 - (v) the quality and adequacy of the *applicant's* training and development programme; and
 - (vi) in the case of an *applicant* applying for permission to act as a *managing agent*, the past, present and forecast underwriting performance of the *applicant's* underwriters;
 - (iv) the quality and adequacy of the *applicant's* other resources including -
 - (i) the quality and adequacy of the *applicant's* information technology systems;
 - (ii) the quality and adequacy of the *applicant's* accounting and credit control systems;
 - (iii) the quality and adequacy of the *applicant's* consultants, advisers, service providers and agents;
 - (iv) the quality and adequacy of the *applicant's* resources to set and comply with appropriate service standards for its customers;
 - (v) the quality and adequacy of the *applicant's* resources to comply with such principles and standards for the conduct or administration of insurance business as the *Council* may from time to time prescribe, recognise or endorse including principles and standards relating to data, systems integration and systems usage;
 - (vi) the quality and adequacy of the *applicant's* record keeping arrangements; and
 - (vii) in the case of an *applicant* applying for permission to act as a *managing agent*, the quality and adequacy of the *applicant's* resources and systems for *underwriting* administration;
 - (v) the quality and adequacy of the *applicant's* controls and procedures to manage its business including –

- (i) the quality and adequacy of the *applicant's* risk management and internal audit arrangements;
 - (ii) the quality and adequacy of the *applicant's* compliance arrangements;
 - (iii) the quality and adequacy of the *applicant's* arrangements to manage its service providers and agents;
 - (iv) the *applicant's* arrangements for identifying, resolving or managing conflicts of interest; and
 - (v) in the case of an *applicant* applying for permission to act as a *managing agent*, the quality and adequacy of the *applicant's* controls and procedures for the management of underwriting risk;
- (c) whether the *applicant* is of appropriate reputation and standing;
 - (d) whether any person who controls the *applicant* or who is connected or associated with the *applicant* is of appropriate reputation and standing;
 - (e) whether the *applicant* has adequate capital and financial resources;
 - (f) whether the *applicant* is able to meet Lloyd's performance framework of Minimum Standards applicable to them; and
 - (g) the *applicant's* support for 'Future at Lloyd's' and other market wide initiatives.

Criteria for deciding whether an *applicant* is suitable to be granted permission to manage a syndicate – paragraph 8(c) of the Underwriting Byelaw

2. In deciding whether a *managing agent* is suitable to manage a *syndicate* the *Council* shall have regard to the criteria set out in paragraph 1 above having regard to the nature and quality of the *business plan* prepared and submitted by the *managing agent* in respect of the *syndicate* in question. The *Council* will have particular regard to –

- (a) the predicted performance of the underwriting set out in the *business plan* having regard to –
 - (i) where relevant, the performance of any other *syndicate* under the management of the *managing agent*;
 - (ii) all relevant Lloyd's risk metrics;
 - (iii) the predicted acquisition costs and expenses of the *syndicate* and the impact that these will have on the performance of the *syndicate*;
 - (iv) the ability of the *managing agent* to manage pricing, underwriting exposure and portfolio management to deliver the predicted performance set out in the *business plan*.

The *Council* will assess each application on its own merits and in a manner consistent with the legal requirements that apply to the Lloyd's new entrant process.