

## Lloyd's Claims Scheme<sup>1</sup>

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This Lloyd's Claims Scheme (the "Claims Scheme") has been made by the *Council* under paragraph 12 of the Underwriting Byelaw. The *Council* will keep the operation of the Claims Scheme under review and may revise it from time to time following consultation.

Words and terms shown in italics have the meaning set out in schedule 1 to the Scheme.

This document is the Lloyd's Claims Scheme (Combined) as amended and has been renamed the "Lloyd's Claims Scheme". All references in other documents, including in any *insurance* contractual documents that include references to the Lloyd's Claims Scheme (Combined) are a reference to this document.

### Scope of the Lloyd's Claims Scheme

1. The ~~Franchise Board~~*Council* requires every *managing agent* to comply with and implement the principles and arrangements set out in the Claims Scheme for the *determination* of every claim made on an *insurance* underwritten by two or more *syndicates* ~~incepting on or after the date shown in Column E of schedule 5 of a risk to which one of the codes set out in column B of schedule 5 applies, other than –~~
  - (a) ~~—where each of the *syndicates* are managed by the same *managing agent* or;~~
  - (b) ~~—term life claims;~~
  - (c) ~~—a claim administered under the *Claims Payable Abroad Scheme*; or~~
  - (d) ~~—where the *Council*~~Franchise Board~~ otherwise gives a *managing agent* or any class or group of *managing agents* dispensation from the *Claims Scheme*~~2010 Claims Scheme~~ whether in respect of a class or type of claim or otherwise;~~
  - (e) ~~—*exempt satellite risk claims*; or~~
    - (f) ~~—claims made on *insurance* underwritten under *binding authorities* incepting prior to the date shown in column F of schedule 5 for the corresponding risk code.~~

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<sup>1</sup> This document forms part of Lloyd's consultation on proposed changes to the Lloyd's Claims Scheme set out in our consultation document, 'Lloyd's Claims Scheme: Right Expertise at the Right Time'. The changes we are proposing will amend the Lloyd's Claims Scheme (Combined), which comprises the 2006 Claims Scheme and the 2010 Claims Scheme. We also propose renaming the Claims Scheme as the 'Lloyd's Claims Lead Arrangements'. We have omitted showing the deletion of the introductory section and the 2006 Claims Scheme, which are being removed in their entirety (but have shown the deletion of Schedules 2 & 4). We have also continued to use the current name of the Scheme in the consultation documents for ease of review and familiarity. This will be changed in the final, published version of the requirements if the name change is adopted.

Receipt of a *2010-scheme claim*

2. Upon receiving notification of a *2010-scheme claim*, the *managing agent* of the *leading Lloyd's syndicate* will confirm that it has been properly identified as the *leading Lloyd's syndicate* in respect of the *insurance* to which the *2010-scheme claim* relates has been submitted and, if so, shall –
- (a) acknowledge receipt of the *2010-scheme claim* to the insured or its agent;
  - (b) where there are other Lloyd's slips within the same layer which are written on substantially the same terms through the same *Lloyd's broker*, use its best endeavours to agree with the *managing agents* of the other ~~Lloyd's~~ *leading Lloyd's syndicates* which *syndicate*, if any, will coordinate and act as the *leading Lloyd's syndicate* for that layer and, in respect of any *complex claim* (as defined in sub-paragraph (d) below), which *syndicate*, if any, will coordinate and act as the *second Lloyd's syndicate*; and
  - (c) review any *2010-scheme claim* information presented with the notification and if not provided, request: (i) appropriate evidence of the *insurance* under which notification was submitted; and (ii) such preliminary *2010-scheme claim* information as appears reasonably necessary to take the next step and commence *determination* of the *2010-scheme claim*;
  - (d) assess and decide based on the information currently in hand and solely for assignment purposes whether:
    - (i) the amount ~~potentially likely to be~~ claimed by the insured from the *leading Lloyd's syndicate* and the *following Lloyd's syndicates* is equal to or more than the amount shown in column ~~[X]D~~ of schedule ~~25~~ corresponding to the applicable risk code shown in column ~~[X]B~~ of schedule ~~25~~ ~~or is currently subject to dispute resolution proceedings~~ (a “*complex claim*”); or
    - (ii) the amount ~~potentially likely to be~~ claimed by the insured from the *leading Lloyd's syndicate* and the *following Lloyd's syndicates* is less than the amount shown in column ~~[X]D~~ of schedule ~~25~~ corresponding to the applicable risk code shown in column ~~[X]B~~ of schedule ~~25~~ ~~and is not currently subject to dispute resolution proceedings~~ (a “*standard claim*”)
- provided, however, that the *managing agent* of the *leading Lloyd's syndicate* ~~may shall~~ initially assign a *standard claim* as a *complex claim* where required to do so in accordance with such additional non-financial criteria ~~if it reasonably considers that this assignment would be appropriate in all the circumstances having due regard to such guidance~~ as Lloyd's may from time to time prescribe;
- (e) in respect of a *complex claim*, take appropriate steps to inform the *managing agent* of the *second Lloyd's syndicate* of the receipt of the *2010-scheme claim* and provide the claims information which it has received; and

- (f) take appropriate steps to inform the *managing agents* of the *following Lloyd's syndicates* of the receipt of the *2010-scheme claim*.

#### Reassignment of 2010 scheme claims

3. The *managing agent* of the *leading Lloyd's syndicate* ~~may~~ shall reassign a *standard claim* as a *complex claim* at any time that the amount likely to be claimed by the insured from the leading Lloyd's syndicate and the following Lloyd's syndicates increases so it is equal to or more than the amount shown in column [X] of schedule 2 corresponding to the applicable risk code shown in column [X] of schedule 2 or where required to do so in accordance with such additional non-financial criteria ~~if he reasonably considers that it would be appropriate in all of the circumstances having regard to such guidance as Lloyd's may from time to time prescribe except that where, in the view of the managing agent of the leading Lloyd's syndicate, a standard claim is likely to become subject to dispute resolution proceedings then the claim must be reassigned as a complex claim.~~
4. The *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* ~~may~~ shall together reassign a *complex claim* as a *standard claim* at any time that the claim ceases to be a complex claim or if they reasonably consider that it would be appropriate in all of the circumstances subject to having regard to such guidance as Lloyd's may from time to time prescribe. Upon reassignment of the 2010 scheme claim as a standard claim the managing agent of the second Lloyd's syndicate's obligation to determine the claim in accordance with paragraphs 6 and 7 below shall cease. Where the managing agents of the leading Lloyd's syndicate and the second Lloyd's syndicate decide that it would be appropriate in all the circumstances for a complex claim to be reassigned as a standard claim then the managing agent of the leading Lloyd's syndicate is not required to reconsider the assignment of the scheme claim unless, in the reasonable view of that managing agent, the reasons for the reassignment of the scheme claim as a standard claim no longer applies or there are is a new reason to reassign the claim as a complex claim.<sup>2</sup>

#### Claims determination – standard claims

5. A *standard claim* shall be *determined* by the *managing agent* of the *leading Lloyd's syndicate* on behalf of the *leading Lloyd's syndicate* and each of the *following Lloyd's syndicates*. Subject to paragraphs 27 to 32, in *determining* a *2010-scheme claim* on

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<sup>2</sup> In April 2020, Lloyd's issued Market Bulletin Y5290, which amended the Claims Scheme to allow the managing agent of the leading Lloyd's syndicate to unilaterally make the decision to reassign a complex claim as standard. The version of the Claims Scheme currently published on Lloyds.com, however, has not been amended to reflect this change. As the changes we are making will have the effect of reversing the changes made in 2020 by requiring the lead managing agent and the second managing agent to jointly reassign the claim as standard, for ease of review we have shown the changes we are proposing against the version of the Claims Scheme currently on lloyds.com.

behalf of the members of the *following Lloyd's syndicates* (including where the *managing agent* has delegated the *determination* of a ~~2010-scheme claim~~ under paragraph 10 ~~of this 2010 Claims Scheme~~), the *managing agent* of the *leading Lloyd's syndicate*, shall exercise the reasonable care of a reasonably competent *managing agent*.

#### Claims determination – *complex claims*

6. A *complex claim* shall be *determined* by the *managing agent* of the *leading Lloyd's syndicate* in agreement with the *managing agent* of the *second Lloyd's syndicate*.
7. In the *determination* of a *complex claim*, (i) the *managing agent* of the *leading Lloyd's syndicate* shall act on behalf of the *leading Lloyd's syndicate* and the *following Lloyd's syndicates* (other than the *second Lloyd's syndicate*), and (ii) the *managing agent* of the *second Lloyd's syndicate* shall act on behalf of the *second Lloyd's syndicate* and the *following Lloyd's syndicates*. Subject to paragraphs 27 to 32, in *determining* a ~~2010-scheme claim~~ on behalf of the members of the *following Lloyd's syndicates* (including where the *managing agent* has delegated the *determination* of a ~~2010-scheme claim~~ under paragraph 10 ~~of this 2010 Claims Scheme~~), the *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* shall exercise the reasonable care of a reasonably competent *managing agent*.

#### Claims determination – general

8. Every *managing agent* shall act in accordance with [~~Lloyd's Claims Management Principles~~Lloyd's Principles of Doing Business for Claims Management].
9. Where a *managing agent* is required to act on behalf of a *following Lloyd's syndicate* under the terms of the ~~2010-Claims Scheme~~ (whether as the *managing agent* of the *leading Lloyd's syndicate* or of the *second Lloyd's syndicate*), then it must act in the best interest of all *syndicates* on whose behalf it acts. If the *managing agent* concludes that it cannot do so, then it must notify the *managing agents* of the *Lloyd's syndicates* underwriting the *insurance* and (subject to any guidance Lloyd's may from time to time prescribe) the *managing agent* of the next *following Lloyd's syndicate* in slip order (which, in the case of the *managing agent* of the *leading Lloyd's syndicate* shall be the *managing agent* of the *second Lloyd's syndicate*) shall take its place for the purposes of ~~this 2010-Claims Scheme~~ (and the assignment of *leading Lloyd's syndicate*, *second Lloyd's syndicate* and *following Lloyd's syndicate* shall be adjusted accordingly and as necessary). Lloyd's may prescribe requirements for resolving any disagreements between *managing agents* of *syndicates* that underwrote an *insurance* that may arise regarding the proper application of this paragraph.

10. The *managing agents* of the *leading Lloyd's syndicate* and, on *complex claims*, the *second Lloyd's syndicate* may each delegate ~~their~~ *determination* of a *2010-scheme claim* to another person, provided that the delegation complies with Lloyd's requirements for the delegation of the *determination* of claims and, it is properly documented, and is notified to the *managing agents* of the following *Lloyd's syndicates* and any relevant *Lloyd's broker*. In the case of a *complex claim*, the *managing agent* of the *second Lloyd's syndicate* may only delegate its *determination* of a *2010-scheme claim* to Xchanging Claims Services Limited or such other service provider(s) authorised by the *Franchise Board* from time to time for this purpose (except where it has delegated to another person the *determination* of claims where it acts as a *managing agent* of a *leading Lloyd's syndicate*, in which case the *managing agent* may delegate to that person) provided that the delegation is properly documented and notified to the *managing agents* of the following *Lloyd's syndicates* and any relevant *Lloyd's broker*.

#### Professional advisers and reports

11. In respect of a *standard claim*, where necessary a *professional adviser* may be appointed and instructed by the *managing agent* of the *leading Lloyd's syndicate*.
12. In respect of a *complex claim*, where necessary a *professional adviser* may be appointed by the *managing agent* of the *leading Lloyd's syndicate*. The *managing agent* of the *leading Lloyd's syndicate* will give reasonable prior notice of a proposed appointment to the *managing agent* of the *second Lloyd's syndicate* which may question or object to the proposed appointment, provided it has reasonable grounds for doing so. However, the *managing agent* of the *leading Lloyd's syndicate* may instruct a *professional adviser* on behalf of the following *Lloyd's syndicates* without giving prior notice to the *managing agent* of the *second Lloyd's syndicate* in the following circumstances –
- (a) in the considered judgment of the *managing agent* of the *leading Lloyd's syndicate*, the appointment of the *professional adviser* is essential to protect the position of the *syndicates*; and
  - (b) the *managing agent* of the *leading Lloyd's syndicate* has been unable to contact the *managing agent* of the *second Lloyd's syndicate* notwithstanding having used its best endeavours.
13. When a *professional adviser* is appointed in accordance with paragraphs 11 and 12 he or she shall be provided with –
- (a) the identity of the *managing agents* which manage each of the *Lloyd's syndicates* that have underwritten the *insurance*;
  - (b) evidence of the *insurance*; and
  - (c) references which identify the *2010-scheme claim*.

14. A *professional adviser* appointed in connection with a *complex claim* shall be instructed, when sending *reports*, to send them at the same time to the *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* and the *managing agent* of the *leading Lloyd's syndicate* shall make them available to the *following Lloyd's syndicates*. In respect of a claim that is subject to *dispute resolution proceedings*, the *professional adviser* shall be instructed to send a copy of all *reports* to the *managing agent* of any *following Lloyd's underwriter syndicate* that may so request at the same time as the *professional adviser* sends them to the *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* and, in the case of pleadings and other documents served in the course of the *dispute resolution proceedings*, if at all possible, prior to service. The *professional adviser's* fees shall be agreed by the *managing agents* of the *leading Lloyd's syndicate* ~~and the *second Lloyd's syndicate*~~.
15. A *professional adviser* appointed in connection with a *standard claim* shall be instructed to send all *reports* to the *managing agent* of the *leading Lloyd's syndicate*. The *professional adviser's* fees shall be agreed by the *managing agent* of the *leading Lloyd's syndicate*.

Brokers may show

16. Without prejudice to any other provision of the ~~2010-Claims Scheme~~, where a *Lloyd's broker* has been directed by the insured to show its ~~2010-scheme claim~~ to the *managing agents* of the *Lloyd's syndicates* which underwrote the *insurance*, the *Lloyd's broker* may show the ~~2010-scheme claim~~ to each *Lloyd's syndicate*.

Matters requiring referral to all *managing agents* of *following Lloyd's syndicates*

17. The *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* shall not agree on behalf of any *following Lloyd's syndicates* any ex gratia settlement, commutation or rescission of an *insurance*, other than in accordance with the terms of that *insurance*, without referring the matter to the *managing agents* of the *following Lloyd's syndicates* for agreement.

Provision of information to *following Lloyd's syndicates*

18. In respect of *standard claims* the *managing agent* of the *leading Lloyd's syndicate* shall notify the *following Lloyd's syndicates* of the following matters or events as soon as practicable –
- (a) any recommended reserve or reserves for a ~~2010-scheme claim~~;
  - (b) any revision to the recommended reserve or reserves;

- (c) the receipt of notice of any commencement of *dispute resolution proceedings* relating to a ~~2010-scheme claim~~; ~~and~~
- (d) where the managing agent of the leading Lloyd's syndicate~~underwriter~~ has delegated the *determination* of a ~~2010-scheme claim~~ to another person under paragraph 10 of the ~~2010-Claims Scheme~~, the identity of that person; and
- (e) such other matters or events as may be required in any guidance Lloyd's may from time to time prescribe.

A *managing agent* of a *following Lloyd's syndicate* may request the *managing agent* of the *leading Lloyd's syndicate* to provide such further information as the *managing agent* of the *following Lloyd's syndicate* may reasonably require.

- 19 In respect of *complex claims* the *managing agent* of the *leading Lloyd's syndicate* and the *managing agent* of the *second Lloyd's syndicate* shall notify the *managing agents* of the *following Lloyd's syndicates* of the following matters or events as soon as practicable –

- (a) any recommended reserve or reserves for a ~~2010-scheme claim~~;
- (b) any revision to the recommended reserve or reserves;
- (c) the intention to commence, or the receipt of notice of any commencement of *dispute resolution proceedings* relating to a ~~2010-scheme claim~~ and the *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* shall make available to the *managing agents* of the *following Lloyd's syndicates* all pleadings and other documents relating to the *dispute resolution proceedings*; ~~and~~
- (d) where either of the *managing agents* of the *leading Lloyd's syndicate* or the *second Lloyd's syndicate* has delegated the *determination* of a ~~2010-scheme claim~~ to another person under paragraph 10 of the ~~2010-Claims Scheme~~, the identity of that person; and
- (e) such other matters or events as may be required in any guidance Lloyd's may from time to time prescribe.

A *managing agent* of a *following Lloyd's syndicate* may request either of the *managing agents* of the *leading Lloyd's syndicate* and *second Lloyd's syndicate* to provide such further information as the *managing agent* of the *following Lloyd's syndicate* may reasonably require.

Resolution of disagreements between the *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate*

20. In respect of *complex claims* if the *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* disagree on the *determination* of a ~~2010-scheme claim~~ they will confer and use best endeavours to resolve that difference and proceed with agreed next steps. If any disagreement remains unresolved, the *managing agents* shall follow the procedures set out in paragraphs 21 and 22.

21. The *managing agent* of the *leading Lloyd's syndicate* shall convene a meeting (a "*market meeting*") to which all *following Lloyd's syndicates* shall be invited if:
- (a) the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* are unable to resolve a difference under paragraph 20 or;
  - (b) the *managing agent(s)* of one or more *following Lloyd's syndicates* so requests at any time, provided that those *following Lloyd's syndicates* have underwritten in the aggregate at least 50% of the *insurance* (excluding any share of the *insurance* underwritten by a non-Lloyd's insurer).
22. The following procedures will apply to a *market meeting* –
- (a) the *managing agent* of the *leading Lloyd's syndicate* sets a reasonable time and location for the *market meeting* (which may include arranging for the meeting to be conducted electronically or online) and invites the *managing agents* of all *following Lloyd's syndicates*;
  - (b) the *managing agents* of the *leading Lloyd's syndicate* and the *second Lloyd's syndicate* shall confirm that the relevant information required for the meeting is available to those invited in good time in advance of the meeting;
  - (c) the meeting is chaired by a senior representative of the *managing agent* of the *leading Lloyd's syndicate* or someone nominated by him or her and that person facilitates a fair and open discussion of the matter; and
  - (d) the attendees use their best endeavours to reach a consensus and agree the next steps in the *determination* of the ~~2010~~-*scheme claim*.

#### Processing of claims payments

23. Those involved in the *determination* of a ~~2010~~-*scheme claim* shall ensure that all supporting information has been properly documented prior to payment of the ~~2010~~ *scheme claim* being authorised.
24. Where, with the knowledge of the relevant *Lloyd's broker*, a ~~2010~~-*scheme claim* is to be paid directly to the insured, the *managing agent* of the *leading Lloyd's syndicate* shall make reasonable efforts to advise the relevant *Lloyd's broker* prior to the ~~2010~~ *scheme claim* being paid.

#### Legal Dispute Resolution Procedures

25. Before a *managing agent* of a *syndicate* that underwrote an *insurance* can bring a legal claim against the *managing agent* of another *syndicate* in relation to the *determination* of a ~~2010~~-*scheme claim* it must attempt to resolve the dispute as follows:



- (a) The *managing agent* shall notify the other *following Lloyd's syndicates* which underwrote the *insurance* to which the ~~2010~~-*scheme claim* relates that it is commencing the dispute resolution procedure prescribed in this paragraph 25.
- (b) The dispute shall first be referred to senior representatives of the *managing agents* in dispute who shall meet in a good faith effort to resolve the dispute. If resolution is not achieved within 14 days from the date the dispute was referred to these individuals, the matter shall be escalated to a board member responsible for claims of each *managing agent* who shall attempt to resolve the matter.
- (c) If any dispute referred to in sub-paragraph (a) above has not been resolved within 21 days from the date upon which the matter is referred to the board members, then the parties shall enter into an agreement to mediate in such form as may be prescribed by Lloyd's from time to time and shall promptly notify Lloyd's of this action.
- (d) If the resulting mediation fails to resolve the dispute, then the dispute shall be settled by arbitration in accordance with arbitration rules as may be prescribed by Lloyd's from time to time, provided always that the decision to commence an arbitration must be taken by the board of the *managing agent* in question, the board having concluded that the other parties to the arbitration have, in their view, –
  - (i) failed to meet the appropriate claims handling standards prevailing in the Lloyd's market at the time in question; and
  - (ii) that failure has given rise to serious adverse consequences for the *syndicate of the managing agent* commencing the arbitration.

26. The ~~Council of Lloyd's~~ may give directions as necessary to ensure that —*managing agents* comply with paragraph 25.

#### Limits of liability

- 27. *Managing agents* and all members are deemed to have agreed to and to be bound by the limits of liability set out in paragraphs 28 - 32 by their participation in the ~~2010~~ *Claims Scheme*, regardless of any expression to the contrary.
- 28. The total liability, whether in contract, in tort (including but not limited to negligence), breach of fiduciary duty, breach of statutory duty or otherwise, of:
  - (i) a *managing agent* of a *leading Lloyd's syndicate*; or
  - (ii) in respect of a *complex claim*, a *managing agent* of a *second Lloyd's syndicate*

to all members of *following Lloyd's syndicates* in aggregate on whose behalf the *managing agents* in (i) or (ii) have acted or are acting under the ~~2010~~-*Claims Scheme* shall not exceed –

- (a) ~~£2,000,000~~£5,000,000 in respect of any one *2010-scheme claim*; and
  - (b) £10,000,000 in respect of all *2010-scheme claims* made in any one calendar year.
29. If the aggregate liability of a *managing agent* to the members of *following Lloyd's syndicates* in respect of any one *2010-scheme claim* would, but for the limit of liability in paragraph 28(a), exceed that limit of liability, the members of the *following Lloyd's syndicates* shall be entitled to be paid only a share of the limit of liability calculated in proportion to each member's share of each *following Lloyd's syndicate's* share of the *insurance* to which the *2010-scheme claim* relates.
30. In the event that it appears to Lloyd's that a *managing agent's* liability to members of *following Lloyd's syndicates* in respect of *2010-scheme claims* made in any one calendar year may in the opinion of Lloyd's exceed the limit of liability set out in paragraph 28(b), the *Council of Lloyd's* shall prescribe requirements for the basis on which the limit of liability shall be shared between the members of relevant *following Lloyd's syndicates*.
31. A *managing agent* of a *leading Lloyd's syndicate* and a *managing agent* of a *second Lloyd's syndicate*, in acting on behalf of members of a *following Lloyd's syndicate* under the ~~is~~ *2010-Claims Scheme*, shall not be liable for loss of profits, loss of business, loss of use or any indirect, special, or consequential damages alleged to have been suffered by a member of a *following Lloyd's syndicate*.
32. The limits of liability and procedures set out in paragraphs 28 - 31 shall not apply in respect of death or personal injury caused by the negligence of a *managing agent* of a *leading Lloyd's syndicate* or a *second Lloyd's syndicate* while acting on behalf of *following Lloyd's syndicates* under the *2010-Claims Scheme* or as otherwise prohibited by law.

## Schedule 1 Definitions

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In this scheme,

~~“2006 Claims Scheme” means the claims scheme set out at Part I of this Scheme;~~

~~“2006 scheme claim” means a claim that must be determined in accordance with Part I of this Scheme;~~

~~“2010 Claims Scheme” means the Lloyd’s Claims Scheme set out in this document claims scheme set out at Part II of this Scheme;~~

~~“2010 scheme claim” means a claim that must be *determined* in accordance with the Claims Scheme Part II of this Scheme;~~

~~“active underwriter” shall have the meaning given to it in the Definitions Byelaw;~~

~~“binding authority” shall have the meaning given to it in the Definitions Byelaw;~~

~~“Claims Payable Abroad Scheme” means the scheme which enables Underwriter’s at Lloyd’s to use the services of Lloyd’s Agents to adjust and settle claims brought by local consignees under specific Lloyd’s marine cargo policies of insurance. This is also known as Settlement of Claims Abroad;~~

~~“complex claim” means a claim that meets the criteria given in paragraph 2(d)(i) or such non-financial criteria as Lloyd’s may from time to time prescribe;~~

~~“Council” shall have the meaning given to it in the Definitions Byelaw;~~

~~“coverholder” shall have the meaning given to it in the Definitions Byelaw;~~

~~“determination/determine” means all claims handling activities necessary in order to (i) accept or deny a *2006 scheme claim* or *2010 scheme claim*, in whole or in part; (ii) agree any amount payable and (iii) resolve finally any open matter by agreement or, if necessary, *dispute resolution proceedings*;~~

~~“dispute resolution proceedings” means any litigation, arbitration, regulatory hearing (other than before an ombudsman) or other contested proceeding relating to a *2006 scheme claim* or a *2010 scheme claim* commenced by or against the members of the *syndicates* who underwrote the *insurance*;~~

~~“*exempt binding authority claims*” has the meaning set out in schedule 2 of this Scheme;~~

~~“*exempt satellite risk claims*” means a claim on a contract of *insurance* coded with such risk codes as the *Franchise Board* may from time to time prescribe;~~

~~“*following Lloyd’s underwriters*” means the *Lloyd’s underwriters*, other than the *leading Lloyd’s underwriter*, who underwrite the *insurance* on behalf of a *syndicate*;~~

~~“*following Lloyd’s syndicates*” means *syndicates* that have underwritten the *insurance* other than the *leading Lloyd’s syndicate*;~~

~~“*Franchise Board*” means the board established by the Council of Lloyd’s with that name;~~

~~“*insurance*” shall also be deemed to include reinsurance save where the context otherwise provides;~~

~~“*IUA*” means the International Underwriting Association of London;~~

~~“*leading Lloyd’s underwriter*” means the first *Lloyd’s underwriter*, in slip order, to underwrite the *insurance* on behalf of a *syndicate* or such other *Lloyd’s underwriter* nominated on the slip as the *leading Lloyd’s underwriter*;~~

~~“*leading Lloyd’s syndicate*” means~~

- ~~(i) the first *syndicate*, in slip order (or in the relevant section of the slip), to underwrite the *insurance*, or, if the *syndicates* are not listed in the slip in the order that they underwrote the *insurance*, the *syndicate* with the largest share of the *insurance* (or the relevant section of the *insurance*) (and if there is two or more *syndicates* with equal largest share then the *leading Lloyd’s syndicate* shall be decided between them by the drawing of lots), or such other Lloyd’s *syndicate* nominated on the slip (or in the relevant section of the slip) as the *leading Lloyd’s syndicate*;~~
- ~~(ii) the *syndicate* which it is agreed shall be the *leading Lloyd’s syndicate* pursuant to paragraph 2(b); or~~
- ~~(iii) such *syndicate* as Lloyd’s may be prescribe;~~

~~“*Lloyd’s Claims Management Principles*” means the claims management principles and minimum standards prescribed from time to time by the *Franchise Board* under paragraph 12 of the Underwriting Byelaw;—~~

~~“*LMA*” means the Lloyd’s Market Association;~~

“*Lloyd’s broker*” shall have the meaning given to it in the Definitions Byelaw and, for the purpose of this ~~Scheme~~ the Claims Scheme only, shall also include any broker through whom a managing agent accepts business under paragraph 27 of the Underwriting Byelaw;

~~“*Lloyd’s underwriter*” means the active underwriter of a syndicate or its staff;~~

“*managing agent*” shall have the meaning given to it in the Definitions Byelaw;

a “*professional adviser*” may include, but is not limited to, a lawyer, adjuster, surveyor, actuary or accountant;

“*reports*” include reports prepared by a *professional adviser*, pleadings received or to be served, and similar formal court and other documents;

~~“*scheme service provider*” means a service provider authorised by the Franchise Board to provide services under 2006 Claims Scheme;~~

“*second Lloyd’s syndicate*” means

- (i) the second syndicate, in slip order (or in the relevant section of the slip), to underwrite the insurance or, if the syndicates are not listed in the slip in the order that they underwrote the insurance, the syndicate with the second largest share of the insurance (or the relevant section of the insurance) (subject to, if there are two or more syndicates with equal largest share then the second Lloyd’s syndicate shall be decided between them by the drawing of lots), or such other Lloyd’s syndicate nominated on the slip; (or in the relevant section of the slip); as the second Lloyd’s syndicate;
- (ii) the syndicate which it is agreed shall be the second Lloyd’s syndicate pursuant to paragraph 2(b); or
- (iii) such syndicate as Lloyd’s may prescribe;

~~“*second Lloyd’s underwriter*” means the second Lloyd’s underwriter, in slip order, to underwrite the insurance on behalf of a syndicate or such other Lloyd’s underwriter nominated on the slip, or in the relevant section of the slip, as the second Lloyd’s underwriter;~~

~~“*special category claim*” means a 2006 scheme claim made on—~~

- ~~(a) legal liability insurance (other than the classes and categories set out in Schedule 4)~~
- ~~(b) bankers blanket bond, forgery or fidelity insurance;~~
- ~~(c) contract frustration insurance;~~
- ~~(d) political risk insurance;~~
- ~~(e) credit risk insurance~~

where

- (i) ~~the slip provides that the *second Lloyd's underwriter* may determine claims on behalf of the *second Lloyd's syndicate*;~~
- (ii) ~~the *second Lloyd's underwriter* has not delegated the determination of the claim to a *scheme service provider*;~~

~~"standard claim" means a claim that meets the criteria given in paragraph 2(d)(ii) subject to such non-financial criteria as Lloyd's may from time to time prescribe;~~

~~"syndicate" shall have the meaning given to it in the Definitions Byelaw;~~

~~"Third Party Administrator" shall have the meaning given to it in the Intermediaries Byelaw;~~

~~"TPA" means *Third Party Administrator*;~~

~~"TPA Agreement" means an agreement which specifies the nature and extent of the *Third Party Administrator's* authority to settle claims arising out of any *insurances* underwritten under the relevant *binding authority*.~~

## Schedule 2

### ~~Exempt binding authority claims~~

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1. ~~Subject to paragraphs 2 and 3 of this Schedule, an *exempt binding authority claim* is a claim made on an *insurance* which was underwritten by a *coverholder* in accordance with a *binding authority* where~~
    - (a) ~~authority to *determine* claims has been delegated to the *coverholder* or *TPA* in accordance with the terms of the *binding authority* or *TPA Agreement*; or~~
    - (b) ~~the *leading Lloyd's underwriter* agrees to *determine* the claim on his or her own behalf and on behalf of the *following Lloyd's underwriters* to whom the *leading Lloyd's underwriter* has accepted a duty of care and this agreement is set out in the slip.~~
  
  2. ~~Notwithstanding paragraph 1 of this Schedule, *exempt binding authority claims* shall not include claims which meet the following criteria-~~
    - (a) ~~a liability claim that involves death, brain injury, spinal injury, loss of sight or hearing, loss of limb, or permanent disability or disfigurement and the *coverholder* or *TPA* has not been granted authority in respect of such a claim in the *binding authority* or *TPA Agreement*; and/or~~
    - (b) ~~the *coverholder* or *TPA* in question proposes for any reason to deny coverage or reject payment of the amount claimed, in whole or in part and the *coverholder* or *TPA* has not been granted that authority in accordance with the terms of the *binding authority* or *TPA Agreement*;~~
    - (c) ~~*dispute resolution proceedings* have been commenced and the *coverholder* or *TPA* has not been granted authority in respect of such *dispute resolution proceedings* in the *binding authority* or *TPA Agreement*; or~~
    - (d) ~~the *leading Lloyd's underwriter* elects to refer the claim to the *scheme service provider* upon first advice or receipt of first report and will document the file accordingly.~~
  
  3. ~~If, upon receipt of the first report by the *leading Lloyd's underwriter* it is unclear whether the claim is an *exempt binding authority claim* the claim must be referred to the *scheme service provider* and will be *determined* in accordance with the *2006 Claims Scheme*.~~

### **Schedule 3**

#### **Notice of Withdrawal for Processing Claims Payments**

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The ~~written notice to the *scheme service provider* in accordance with paragraph 18 of the 2006 Claims Scheme~~ must contain the following information and relevant supporting documents:

- ~~Full name and details of the reinsured as it appears on the slip(s)~~
- ~~Confirmation that a right of set-off exists against the reinsured~~
- ~~A statement of net monies owed~~
- ~~Confirmation that the monies owed have not been disputed *i.e.* that no formal written communication has been received by the Lloyd's underwriter from the reinsured denying the claim(s) in whole or in part and that no proceedings have been commenced by the reinsured in respect of the claim(s)~~
- ~~Dates on which the collecting notes were issued~~
- ~~Confirmation that the broker(s) has passed on collecting notes to the reinsured and is not holding any monies due to the syndicate from the reinsured~~
- ~~Copies of the slips on which claims have been advised (with the *scheme service provider's* references) or are likely to be advised with signing numbers and dates. These are required so that the *scheme service provider* can administer the process effectively~~
- ~~Any other document that the managing agent considers to be relevant~~

The ~~written notice~~ must be signed by either the Managing Director/CEO or the Compliance Officer of the ~~underwriter's *managing agent*~~ and sent with attachments to the Opt Out Manager of the ~~*scheme service provider*~~, Lloyd's Performance Management Directorate and the relevant ~~*Lloyd's broker*~~.



## **Schedule 4**

### **Special Category Claims – Exemptions**

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~~2006 scheme claims made on the following categories and classes of legal liability insurance shall not be treated as special category claims under the 2006 Claims Scheme –~~

- ~~a. P&I, Ship repairers Liability, Charterers Liability, Cargo Liability  
(excluding claims involving US Assureds or subsidiaries or where a US lawsuit has been filed or the occurrence is in US territorial waters);~~
- ~~b. Aviation Liability – risk codes L, AO and AP;~~
- ~~c. Auctioneers Liability;~~
- ~~d. Bailees Liability to goods including care, custody and control;~~
- ~~e. Boiler & Machinery Liability (ex USA as above);~~
- ~~f. Collision Liability (Running Down Clause);~~
- ~~g. Forwarding Agents Liability;~~
- ~~h. Furriers Liability;~~
- ~~i. Garage Keepers Legal Liability;~~
- ~~j. Guest Voluntary Settlement (Aviation);~~
- ~~k. Logging Liability;~~
- ~~l. Motor Truckers Liability to goods;~~
- ~~m. Recours des Voisins;~~
- ~~n. Reinsurance with a full Reinsurance Clause (where there is no claims control or claim co-operation provision);~~
- ~~o. Risques Locatif;~~
- ~~p. Road Hauliers Liability to goods/Convention Merchandise Route (CMR);~~
- ~~q. Security Carriers Liability;~~
- ~~r. Ship owners Liability to Cargo (but not cargo's liability);~~
- ~~s. Stevedores Liability;~~
- ~~t. Warehouse Owners Liability to goods; and~~
- ~~u. Wharfinger Liability.~~