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| Business Opportunities Committee Narrative Submission  New Entrants |

# Notes to the Business Opportunities Committee Submission

This guidance details what Lloyd’s expects to see when considering your application.

Your submission to the Business Opportunities Committee will consist of four parts;

1. A summary presentation consisting of no more than 20 pages
2. Narrative Submission: Business Plan & Governance
3. 3 Year GAAP P&L
4. A completed Lloyd’s Standard Model template

By submitting a high-quality and complete application, you can help us reduce processing time and potential requests for more information. When considering your application, we take the company’s nature, size, complexity, and risks into account. The application submitted needs to be logical, realistic and achievable.

Within the narrative document on several topics, we ask for summarised information, these topics will be explored in granular detail at the Making it Happen stage (post Council), should the application progress.

Please provide the requested general particulars about your company along with any additional material information that you believe Lloyd’s Business Opportunities Committee should be made aware.

You will be invited to attend an hour’s meeting in person with the Committee. Typically, this will allow 20 minutes for you to present your opportunity, 20 minutes for the Committee to raise questions and 20 minutes for a discussion on capital, ESG and culture.

It is requested that presentation should address the below key questions;

* What you want to do at Lloyd’s?
* Why Lloyd’s?
* Why now?
* Why are you good at it?
* Why is this good for the Lloyd’s market? - *New business, capabilities, technology, people, new customers*
* Who’s going to do it? - *Managing Agent, distribution, key staff,*
* How is it capitalised? - *What stage are you at with your capital?*

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# Narrative Document: Business Plan & Governance

## Summary

Narrative to set out the proposal, its unique selling points and how it benefits the Lloyd’s market.

*Length suggestion – half a page*

## Company Strategy

* A schematic overview of the proposed business to be written at Lloyd’s broken down by class, specifying the nature of the risks to be covered
* Forecasted financial highlights
* GWP
* Outward reinsurance premiums
* Net written premiums
* Net claims incurred
* Commission expenses
* Technical results
* Operating expenses (split off acquisition and administrative expenses)
* Investment return
* Syndicate results
* Forecasted key financial ratios
* Net loss ratio
* Net acquisition ratio
* Net admin ratio
* Net expense ratio
* Combined ratio
* Detail on the targeted market
* Segment (consumer, business, or both)
* Location
* Other characteristics
* How this enhances the Lloyd’s market

*The company strategy layout should showcase the long-term plan for the company clearly explaining its suitability and benefit for the customers, the company, and the Lloyd’s market.*

*Length suggestion – two to three pages*

## Financials (see templates)

* Please provide a 3-year forecasted GAAP P&L
* Please provide a completed Standard Model template

*A GAAP P&L enables Lloyd’s to accurately assess and compare company’s’ financials.*

*The Lloyd's Standard Model is used as the basis for setting capital requirements for new syndicates, the Lloyd's Actuarial Oversight team will review the submitted template and provide feedback if required.*

## Distribution Strategy

* Sales/distribution channels
* Geographical split
* Open market / service company / third party cover holder
* Collaboration with intermediaries and brokers
* Summarise how conduct risk is managed (if relevant to your plan)

*Clearly articulate how the company will reach its customers, including any existing arrangements.*

*Length suggestion – one to two pages*

## Pricing Strategy

* Summarise the risks will be priced/rated
* Summarise how you will regularly monitor/review pricing

*Clearly articulate how the pricing is fair and adequate, including how this is monitored and reviewed*

*Length suggestion – 1 page or less*

## Outwards Reinsurance Strategy

* Summarise the company’s reinsurance policy and objectives
* Summarise the proposed reinsurance arrangements
* Proportional
* Non-proportional
* Summarise Counterparty risks considerations

*Clearly articulate how the company’s approaches and utilises outwards reinsurance, including the reasoning of why and the benefits to the company*

*Length suggestion – Half a page*

## Risk Appetite

* Summarise the company’s risk appetite
* Line size (gross and net)
* Catastrophe exposure (including both world-wide natural catastrophe and non-natural catastrophe)

*Specifically highlighting any Lloyd's Catastrophe Model exposure (LCM 5) - North American Earthquake, US Wind, European Wind, Japan Earthquake, Japan Typhoon*

* Highest exposure aggregation
* Risk mitigations

*Clearly articulate the companies risk appetite and the reason why this is an appropriate level of exposure*

*Length suggestion – Half a page*

## Historic performance

* Detail any historical performance of the business (if applicable)
* Detail the performance of any business that is to be transferred to the new entity (if available)

## Provision of Capital

* Please identify the source of Funds at Lloyd’s (“FaL”), by Member, to support the gross ECA for the 202[4] SBF of Syndicate [xx] and specify the following.
* The nature of the relationship, if any, with the Managing Agent or other existing Members of the Syndicate
* Whether the capital is either (i) a continuation/renewal of an existing investment or (ii) a new participation on the Syndicate.
* For all new participations/capital sources, please select one of the following current statuses for the proposed investment:

1. **Funds already deposited** in the Lloyd’s Deposit Trust Fund
2. **Unconditional commitment**, in writing, subject to SBF approval and completion of KYC diligence, with a proven source of funds
3. **Conditional commitment**, in writing, subject to SBF approval and completion of KYC diligence, with a proven source of funds
4. **Indication of interest**, in writing, but without any firm commitment to invest, with a proven source of funds
5. **Still marketing** to prospective investors

* Please confirm the name of the financial advisor appointed to assist with the proposed new capital raise. What is their confidence level in securing the targeted source of new capital?
* Please outline your contingency plans should the proposed new capital not come to fruition.

*Length suggestion – Half a page*

## Ownership, Organisational structure charts

* Detail information on the owners of the entity
* Chart of the organisational structure
* Information on who the decision makers are within the organisation

## Corporate governance

* Summarise the governance structure
* Summarise the distribution of duties & responsibilities - *Between in*house, applicant group, third party managing agent and outsource arrangements
* Summarise the decision-making committees - *e.g. UW* committee, Risk, Reserving, Investment, Remuneration, Capital, Audit in line with solvency ii requirements

*Lloyd’s must be able to establish that the company has balanced operational management with adequate processes, allocation of duties, authority, oversight, incentives and checks and balances in place*

*Length suggestion – Half a page*

## Product Governance

* Summarise your product governance

*Manufacturers shall ensure products are designed and maintained by people with the necessary skills, knowledge, and expertise. The product must +clearly explain the objectives and benefits for its target market*

*Length suggestion – Half a page*

## Risk and Mitigations

* Detail risks & mitigations to executing the business plan - *e.g.inaccurate forecasts, early losses*

*Showcase understanding of the risks related to executing this business plan, and detail any mitigations that have been put in place*

*Length suggestion – Half a page*

## ESG Strategy

* Detail your company’s EGS strategy

*Showcase the company’s approach to environmental, social and governance highlighting the impact and mitigating actions between your business and the wider world.*

*Length suggestion – 1 page or less*

## Additional information

* Please outline any other information that you would like to highlight that could be relevant to our review

# Disclaimer

We have written this document to provide you with some general information. To the best of our knowledge, this information is correct at the date of publishing, but it may change.

## Regulatory Disclaimer

1. We do not intend the information and services in this Guidance to be distributed to, or used by, any person or entity in any jurisdiction or country where this would be against laws or regulations. In particular, this Guide is not an offer of information, products or services to US persons or in the United States, or in any other jurisdictions where such an offer may be against the law.
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3. This Guidance provides information on Lloyd’s and how to get authorisation to form a new underwriting business here. It does not describe every aspect of how Lloyd’s makes decisions about applications. Lloyd’s will consider all applications on their own merits.
4. Neither the Society of Lloyd’s, the Council, any other Committee or Board constituted by the Society of Lloyd’s or the Council, nor any of their respective members, officers and advisors, accepts any responsibility or liability for any loss to any person who acts or does not act as a result of any statement, fact, figure or expression of belief in this Guide.
5. Before you apply, you should make sure you understand Lloyd’s, and the implications of participating in the Lloyd’s market. You should understand that risk is the nature of insurance business and is inherent in the business underwritten at Lloyd’s.

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