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**Title** Lloyd's Claims Lead Arrangements – Right Expertise at the Right Time

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**Purpose** To confirm implementation of revisions to the Lloyd's Claims Lead Arrangements (previously called the Lloyd's Claims Scheme) for implementation from 1 June 2023

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**Type** Event

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**Date** 22 May 2023

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**Deadline** Implementation of changes effective from 1 June 2023

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**Related links** [Changes to Lloyd's Claims Scheme \(lloyds.com\)](#)

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Following the agreement of the Council of Lloyd's to changes to the Lloyd's Claims Lead Arrangements (the new name for the Lloyd's Claim Scheme), we are confirming the implementation of those changes from 1 June 2023. Transitional arrangements apply to the determination of claims made on policies involving co-lead binding authority arrangements.

All managing agents were previously advised on the 6<sup>th</sup> April 2023 of the proposed changes and the steps they need to take to be ready for 1 June 2023.

### Background

The Lloyd's Claims Lead Arrangements (CLA) is mandated for all syndicates and is prescribed by the Council of Lloyd's under paragraph 12 of the Underwriting Byelaw. It gives authority to the managing agent of the leading Lloyd's syndicate to determine claims on behalf of the following Lloyd's syndicates. This is supplemented for more complex claims, where the managing agent of the second Lloyd's syndicate is jointly responsible with the managing agent of the leading Lloyd's syndicate to determine the claim.

At the start of this year, we consulted on a number of proposed changes – see [Market Bulletin Y5395](#). Following the agreement of Council to the adoption of the amendments, we are confirming that the updated requirements will be implemented from 1 June 2023.

Details of the substantive changes we are making were shared with the market in the consultation document available [here](#). Feedback on the proposals was received from both managing agents and brokers and indicated broad acceptance of the proposals with no significant objections. The consultation feedback also included views on various points of detail which have been used to refine, in particular, the specialist guidance, operational elements and the supporting readiness materials for the market.

We would like to thank the managing agents that assisted us in this process through their participation in various working groups. We would also like to thank the LMA and LMA CC for their engagement with us at each stage.

### **What are the changes we are making.**

At the core of the changes is a move to a default expectation that claims will be dealt with by a single Lloyd's lead managing agent in all but the most complex claims. Only when the complexity of the claim merits, will two managing agents be involved in determining the claim. This is being achieved by the following changes:

- **Increased financial threshold for assignment as complex**

The financial threshold for the assignment of claims as complex has been increased from £1,000,000 (Property Treaty reinsurance and Energy) and £500,000 (all other classes) to:

Class	Complex Claim Financial Threshold (Lloyd's share)
Non-Proportional Treaty Reinsurance	£ 5,000,000
First Party (including Facultative Reinsurance and Binding Authorities)	£ 2,000,000
Third Party (including Facultative Reinsurance and Binding Authorities)	£ 1,000,000

Schedule 2 of the CLA specifies the risk codes that make up each category.

- **Reduced non-financial criteria for assignment as complex**

The non-financial criteria that require the assignment of a claim as complex have been reduced to three. The non-financial criteria are now set out in the new, accompanying guidance document, which we are publishing with the updated CLA requirements.

## - Dynamic triage

We are introducing the concept of dynamic triage into the CLA. Accordingly, claims leads will be required to consider throughout the lifecycle of a claim whether it properly continues to meet the criteria to assign it as either a standard claim or complex claim and, if not, the claim must be reassigned. On complex claims, the claims leads must additionally consider at each stage whether in all the circumstances the claim can appropriately be reassigned to standard.

## Improved transparency and information flow

We are introducing strengthened obligations on claim leads to report to the following managing agents on specified claim situations, which will support an improved flow of information and provide for greater transparency.

## Other changes

The requirements of the CLA have been considerably simplified by the removal of redundant elements of the arrangements. The drafting of a number of provisions has also been improved or clarified based on feedback received following the consultation. The per claim limits of liability of the lead and, on complex claims, the second lead have also been increased from £2 million to £5 million any one claim. The aggregate limit of liability remains unchanged.

## Implementation Date

The changes will take effect from 1 June 2023 and will apply to all open and new claims.

For claims on policies issued under co-lead binding authority arrangements, where we have issued specialist guidance, the changes will initially only apply where all the co-lead binding authorities have renewed or are first placed from 1 June 2023. All claims made on policies issued under co-lead binding authorities are in scope from 1 January 2024.

## Further Information

For further details of the changes being made, visit [Changes to Lloyd's Claims Scheme \(loyds.com\)](https://www.loyds.com/changes-to-loyds-claims-scheme). For further information regarding the changes or to discuss implementation, contact:

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