

LLOYD'S US COMPLAINTS

Handling US Complaints at Lloyd's: Guidance for coverholders and delegated claim administrators

This guidance note provides a practical process for handling complaints received from Lloyd's US Policyholders on policies whose overall lead is a Lloyd's syndicate.

The process is intended to complement the procedures that MGAs, known at Lloyd's as coverholders and delegated claim administrators (DCAs) will already have in place for the proper handling of complaints in accordance with the applicable regulations. To minimise any additional burden on coverholders, Lloyd's is requiring that all managing agents at Lloyd's adopt a consistent approach to implementing these arrangements. If coverholders are required to follow a different process to the one set out here, they should discuss it with their Lloyd's broker or contact Lloyd's Complaints team. For DCAs, any additional responsibilities to be undertaken by the DCA will be a matter for commercial agreement between the parties.

These arrangements have been introduced to ensure Lloyd's underwriters can meet the regulatory expectations of the UK regulator, the Financial Conduct Authority (FCA) and are consistent with US regulatory requirements. Lloyd's also believes that, by properly recording details of all complaints received, coverholders, DCAs and managing agents are provided with an invaluable source of business information that can be used to improve products and the service provided. This benefits policyholders and the businesses in the Lloyd's market, including coverholders and DCAs.

For more information about US complaints handling at Lloyd's please refer to:

<https://www.lloyds.com/en-us/resources-and-services/make-a-complaint/complaints-handling/international-complaints-handling/us>

General Requirements

- Managing agents reporting more than 100 complaints per year to Lloyd's for UK and international complaints (including Australian and New Zealand) are required to exchange all data, documentation and case communication via secure API automated data exchange messages (DEX).
- The API messages are only able to exchange data between Lloyd's and managing agents' system and therefore all requests for documentation and information will be made via the managing agent rather than direct to a coverholder or delegated claims administrator.
- All emails (with the exception of notification spreadsheets) must only contain data relating to a single policyholder. Emails should only be used by managing agents not in scope for DEX.

- All email attachments must be password protected using the managing agent / coverholder standard password provided to Lloyd's Complaints team.
- Lloyd's Complaints team are not to be copied in to emails between managing agents and their representatives. Any additional documentation supplied that is not required will be deleted.
- Complaints where the overall lead is a company underwriter are not considered to be complaints about the Society of Lloyd's and so should not be handled under Lloyd's complaints processes.
- All documents including original complaints, investigation ongoing letters and stage one responses are to be submitted in pdf format. Local language documents may be provided as Word documents.

What is the definition of a 'complaint' in the US?

"A complaint is any written communication where there is an expression of dissatisfaction with an insurance product or service."

Which complainants?

Only complaints from the following are in-scope:

- Personal lines policyholders (private individuals);
- Small commercial policyholders (where the policyholder has fewer than 10 employees and a gross revenue or annual balance sheet that does not exceed \$2.5m);
- A charity which has an annual income of less than \$2.5m at the time the complainant makes the complaint;
- A trustee of a trust which has a net asset value of less than \$2.5m at the time the complainant makes a complaint.
- Managing agents must have oversight of all complaints. Therefore coverholders, delegated claims administrators (DCAs) or other agents of the managing agent, whether they have delegated authority or not, must notify the managing agent of each complaint received.

I. Coverholders/DCAs without complaints handling authority – process to be followed

Coverholders

- Not all coverholders have delegated authority to handle complaints. For example, complaints most often arise from claims handling and if the coverholder does not have authority to handle claims the managing agent may ask the DCA that handles claims to deal with any complaints that arise. Alternatively, the managing agent may deal with any complaints in-house.
- In this case, the coverholder should send to Lloyd's underwriters (or the relevant DCA) details of all complaints received by the coverholder together with all documents relevant to the complaint. This may be done via the coverholder's Lloyd's broker. The coverholder should ensure that it has arrangements in place to identify complaints for onward notification.

- For complaints received directly from the policyholder (and not from a Department of Insurance or equivalent agency), the parties may agree that the coverholder will send an acknowledgement to the complainant promptly and where possible within three business days of receipt of any complaint.
- To ensure consistency of approach, a binding authority clause (LMA 5268 – USA Policyholders Complaints Handling Procedure (no authority to handle complaints)) has been prepared to give effect to the above.

DCAs

- Where DCAs do not have authority to handle complaints they should have arrangements in place for the forwarding of complaints to the managing agent of the lead Lloyd's syndicate in line with the arrangements described above for coverholders. The agreement between underwriters and the DCA should document the DCA's obligations with regard to handling complaints and LMA5268, with appropriate modifications, would be a suitable basis for this.

II. Coverholders/DCAs with complaints handling authority – process to be followed

Coverholders

- Where coverholders have complaints handling authority, Lloyd's underwriters will include in the binding authority agreement (LMA 5269 – USA Policyholders Complaints Handling Procedure (authority to handle complaints)). This sets out the contractual obligation of the coverholder to handle complaints and specifies the level of authority given to the coverholder to offer redress or remedial action when responding to complaints. LMA5269 is a standard contractual clause designed to ensure that underwriters do not seek to require that coverholders follow different arrangements.
- Coverholders will already have in place arrangements for acknowledging and handling complaints received directly from policyholders (Direct Complaints) in accordance with the relevant US laws and regulations and which meets US best practice. Where the complaint is received via a Department of Insurance (or equivalent agency) (DOI Complaints), the DOI will provide instructions on what steps to follow. The follow timescales are intended to reflect the current best practice:
 - Direct Complaints may be resolved informally if verbal resolution is reached within three business days.
 - Direct Complaints (not resolved informally) should receive a written acknowledgement promptly and, where possible, within three business days of receipt of the complaint.
 - Direct Complaints (not resolved informally) should receive a full response to the complaint as soon as practicable and in any event within eight weeks of the complaint being received. Standard US business practice is to issue a response within two weeks of a complaint being received and therefore in the event that a full response cannot be issued within four weeks the coverholder should ensure that the complainant receives an 'investigation ongoing' letter explaining the present position and when the full response is anticipated.

- DOI Complaints should be dealt with in accordance with any directions of the relevant DOI for the handling of complaints.
- A table showing the process to be followed is included at the end of this note.

Notifying complaints to Lloyd's

- For managing agents who are not in scope for DEX - within two weeks of receipt of a Direct Complaint and within three working days of receipt of a DOI Complaint, the coverholder must complete the Lloyd's US Complaint Notification Template with details of the complaint and send the same to complaints-notification@lloyds.com. The International Complaint Notification Template should be downloaded from www.lloyds.com/complaintshandling and sent once completed via email to complaints-notification@lloyds.com. Coverholders must use the template provided by Lloyd's and should not create their own templates. The subject line of the email should state 'Notification Spreadsheet' unless the spreadsheet is automatically created by a complaint management database. The email should only contain the spreadsheet and no other documentation for Direct Complaints. For DOI Complaints, a copy of the DOI complaint and covering email will need to be sent within the notification email.
- A copy of this email should be sent to the coverholder's Lloyd's broker for onward transmission to the managing agent of the lead syndicate. Alternatively, rather than notifying Lloyd's directly, the coverholder can agree to provide this information to the managing agent of the lead syndicate for the managing agent to notify the complaints to Lloyd's.
- For managing agents who are in scope for DEX, the coverholder should always provide this information to the managing agent of the lead syndicate for the managing agent to notify the complaint to Lloyd's.
- For complaints made by a party other than policyholder, the details on the notification spreadsheet must be the complainant details and the covering email should provide details of the policyholder. For managing agents in scope for DEX, the policyholder contact details should be provided to the managing agent so that they can be added to the managing agent system and will be provided to Lloyd's via API message.
- Complaints where the risk address differs to the correspondence address or the complainant is being represented by another party, for managing agents in scope for DEX, these details should be recorded on the managing agents system so they can be provided to Lloyd's via API message 'Contacts'.
- There is no need to include complaints which were brought to the attention of the managing agent by Lloyd's and there is no requirement for a "nil return" where no new complaints have been received.
- On policies or binding authorities where there is more than one syndicate participating, Lloyd's expects the lead syndicate to notify the complaint.

- The following table explains how to complete the International Complaint Notification template. Completion of all fields is mandatory, with the exception of the address field. Managing agents or their representative should ensure that they provide the information in a way that is compliant with the applicable data protection laws.

| Field | Comments |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Submitting Company | This is the name of the managing agent or its representative which is completing and submitting the template. |
| Coverholder | If the policy was bound by a coverholder, selects the coverholder name from the drop down list. |
| DCA | This is the name of the delegated claims administrator involved in the claim. This field is optional. |
| Complainant Surname | This is the name of the complainant. Either the surname or company name must be completed. |
| Complainant Company Name | This is the name of the complainant. Either the surname or company name must be completed. |
| Complainant Address | Insert a correspondence address for the complainant. This field is optional. |
| Complainant Town | Insert a correspondence address for the complainant. This field is optional. |
| Complainant Zip / Postal Code | Insert the postal / zip code for the complainant. |
| Complainant Country | Select from dropdown list. |
| Policy Number | Either policy number or claim number must be entered. |
| Claim Number | Either policy number or claim number must be entered. |
| Year of Account | Enter in the format YYYY. This field is optional. |
| Complaint Process | Select USA from drop down list. |
| Policyholder Country | Select from drop down list. If the complainant and policyholder are the same person, please enter same option as in Complainant Country. |
| Date Received | Insert the date the complaint was first received. |
| FCA Complaint Code | Select from dropdown list. |
| Product | Select from dropdown list. |
| Placement | Select from dropdown list. ^ |
| Syndicate Number | Lead syndicate on the coverage. *Select from drop down list. |

| | |
|--------------------------|---------------------------------------------------------------------|
| Claims Related | Select Yes or No from drop down list. |
| Lloyd's UK Root Cause | Select from dropdown list. |
| Managing Agent Name | Managing agent for the lead syndicate. Select from drop down list. |
| Managing Agent Reference | Enter reference from managing agent system. This field is optional. |

*If written on a multi-binding authority agreement basis, please leave blank and set out in an email the lead managing agent for each contract and the share of the risk placed on each binding authority.

^ **Binder** – an agreement between a managing agent and a coverholder under which the Lloyd's managing agent delegates its authority to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate.

Line slip – an agreement between a group of Lloyd's managing agents and a Lloyd's Broker where in a specific class of insurance business certain named or otherwise designated underwriters or insurance companies within the group may accept Risks introduced by that Lloyd's Broker on behalf of all of the Members of the group in accordance with the terms of the agreement.

- **Master Policy** – an insurance policy issued to a Master or Group Policyholder (the "Policyholder") who purchased the insurance to provide the benefit of insurance coverage for others, usually individuals (the "covered parties"). The individuals who are covered parties, however, are not parties to the insurance contract.

Open Market – Insurance business that may be offered to and placed with any Lloyd's managing agent that is willing to underwrite it on behalf of its managed syndicate. It excludes business that is underwritten pursuant to a binding authority.

- The spreadsheet should be named 'NotificationInternational' and saved as an .xls document, no additional columns should be added to the spreadsheet.
- No verification checks will be performed on the spreadsheet prior to upload and it will be loaded as received. In the event that the spreadsheet fails to load successfully, the spreadsheet will be returned to the managing agent, or their representative, with details of the records that have failed. These incorrect records should be resubmitted on the next spreadsheet. NB The complaint will not be classed as logged for performance oversight purposes until the corrected spreadsheet is received and the complaint is successfully uploaded.
- The notification of complaints for managing agents in scope for DEX will be automatically provided to Lloyd's via the API message 'Notification' when loaded on to the managing agent system by them. Whilst it is not a requirement, it would be beneficial if a copy of the original complaint, in pdf format, is saved to the managing agent system at the same time so that this is provided by the API message 'Attachments' prior to the resolution of the case. If written on a multi-binding authority agreement basis, please provide details of each managing agent and their percentage share via API message 'Case Communication'. **NB** For complaints received from a DOI, a copy of their correspondence must be sent with the notification message.

- Complaints will be entered onto the complaints monitoring database by Lloyd's Complaints team to enable effective monitoring and reporting to the relevant regulators.
- Lloyd's reserves the right to review and take over coordinating the response to individual complaints where, in the view of Lloyd's, this is appropriate in all the circumstances, including to meet local regulatory expectations of Lloyd's.
- Direct Complaints may be resolved verbally (ie with no written response provided) if resolution is within three business days. In that case, a summary of the outcome should be sent to Lloyd's. This should include details of the complaint, the date it was resolved together with resolution details including any redress or remedial action. Lloyd's believes that complaints that are not resolved informally within three days should have a full written response.
- Mediation requests from the DOI are to be handled as complaints, Please note that the US Regulator strongly encourages participation in Mediation and it should be noted that the outcome of any mediation is non-binding. If underwriters do not agree that they should participate in mediation, Lloyd's will require details of the reasons why and these will be referred to Lloyd's America and the relevant Department of Insurance. Lloyd's must receive a response by the deadline set by the Department of Insurance, which either accepts or rejects Mediation, in order that this can be forwarded. Lloyd's cannot request an extension for Mediation requests.

Responding to complainants

- When providing a full response to a Direct Complaint, the coverholder must include details of the appropriate DOI (or equivalent agency), including contact details, and the coverholder must inform the complainant that, if the complainant remains dissatisfied, it may be able to refer its complaint for review by that DOI.
- The letter should set out details of any redress or remedial action being offered. Redress includes:
 - Payments to put the complainant back into the position they should have been in had the act or omission complained about not occurred, including any claim payments
 - Amounts paid for distress and inconvenience
 - Goodwill payments and goodwill gestures
 - Interest on delayed settlements
 - Waiver of any excess
- For managing agents not in scope for DEX, a copy of the full response together with a copy of the original complaint must be emailed to complaints-notification@lloyds.com within two business days after the response is sent to the complainant, copied to the Lloyd's Broker for onward transmission to the Lloyd's underwriters.
- The subject line of the covering email should state 'Stage One Response – policyholder name'. The body of the mail should confirm:
 - policy / claim number used to notify the complaint to Lloyd's

- stage one decision (justified or not justified)
- if justified, the grounds for justification and action taken, using Lloyd's standard options
- redress payable
- root cause of complaint (if not provided on notification spreadsheet)
 - o Cancellation / refund
 - o Claim – coverage / terms and conditions
 - o Claim – customer service
 - o Claim – delay
 - o Claim – quantum
 - o Claim – standard / duration / delay of repair
 - o Customer Service – non-claims related
 - o Other (we would expect this option to be rarely used)
 - o Product suitability
 - o Underwriting / Premium Issues
- coverholder (if not provided on notification spreadsheet)

For complaints received via the telephone, a copy of the call or a transcript must be provided.

- Direct Complaints may be resolved verbally (ie with no written response provided) if resolution is within three business days. In that case, a summary of the outcome should be sent to Lloyd's (copied to the Lloyd's Broker for onward transmission to the Lloyd's underwriters). This should include details of any redress or remedial action. Lloyd's believes that complaints that are not resolved informally within three days should have a full written response.
- For managing agents in scope for DEX, a copy of the full response together with a copy of the original complaint must be emailed to the managing agent within two business days after the response is sent to the complainant to allow them to upload the complaint to their system for onward transmission to Lloyd's via an API message. A copy of the original complaint, if not already provided, and stage one response, both in pdf format, must be provided.

DCAs

- DCAs that have authority to handle complaints should follow the process outlined above for coverholders. The agreement between underwriters and the DCA should outline the DCA's obligations with regard to handling complaints and LMA5269, with appropriate modifications, may be suitable basis for this.

Referral to local Department of Insurance

- If the complaint is subsequently referred to the DOI and the DOI then contacts the coverholder, for managing agents in scope for DEX, a copy of the DOI communication and any response be emailed to the managing agent to upload the details to their system for onward transmission to Lloyd's via an API message. For managing agents not in scope for DEX, the coverholder should

send a copy of the letter from the DOI and any response should be emailed to complaints-notification@lloyds.com.

- If the DOI contacts Lloyd's, Lloyd's will facilitate the response and notification by the coverholder will not be necessary.

Further information

- For further information on Lloyd's arrangements for complaints handling coverholders should contact their Lloyd's Broker and DCAs should contact their appointing managing agent. Alternatively, enquiries can be sent directly to Lloyd's at complaints@lloyds.com.
- Information about Lloyd's arrangements for complaints handling in the US can be found at www.lloyds.com/complaintshandling in the International Complaints section.

Frequently Asked Questions

1. Does the process mean that we are expected to change the way we respond to complaints from our policyholders?

No. The new process is primarily a reporting process.

2. Local carriers do not ask for this information. Why are you?

We fully recognise that some of our compliance requirements may go beyond some requirements of local carriers. However, we have introduced a process that is as streamlined as possible and is based on US regulatory requirements. It should not change how you deal with complaints. We think it will involve very little additional work.

We do also believe that having complaints data shared between coverholder/DCA and managing agent is valuable and can lead to improvements in products and in the service the customer receives, to the benefit of policyholders and ultimately to the businesses at Lloyd's, including coverholders/DCAs.

3. Will managing agents want us to report all complaints we receive including verbal complaints?

No. We have made clear to managing agents that only complaints received in writing (letter or email) need to be reported. This is consistent with the way in which US state insurance laws define complaints. If any managing agent asks for more please speak to your Lloyd's broker.

Also, the new requirements only apply to complaints from personal lines customers and some other small companies.

4. Do coverholders need to maintain a log of complaints?

Yes. In accordance with LMA model wording LMA5268 and LMA5269, coverholders are required to maintain a log of all complaints received.

5. Can managing agents ask for a regular copy of the coverholder's complaints register?

No. The LMA model wordings for coverholders, LMA5268 and LMA5269, state that coverholders shall provide a copy of their complaints register on request. This is intended to cover audits, reviews and exceptional circumstances only and is not intended to refer to regular reporting by the coverholder. The managing agent should maintain their own register of complaints and not rely on the coverholder for this.

6. We are a wholesale agent and we do not deal directly with the end policyholder. Do we need to ask the retail brokers to forward all complaints they receive to us?

No. However, if a broker forwards on to you a complaint from a policyholder, then if that is a reportable complaint under our definitions, it should be reported.

7. We very rarely receive written complaints. Will we need to submit 'nil' returns to you?

No. You will only need to report if and when you receive a complaint.

8. Do we need to report any non-Lloyd's complaints we receive?

No.

9. If a policyholder writes to us objecting to a proposed change in the premium or coverage on renewal of the policy, is that a complaint?

No. You are entitled to make changes to the basis on which you will provide coverage. If the policyholder writes to you disagreeing with the proposed change, that does not constitute a complaint.

10. If we receive a lawsuit should we regard that as a complaint and follow the complaints process.

No. You should follow whatever process is usually followed in the event that legal proceedings are initiated.

11. If we receive a letter from the policyholder's lawyer threatening a lawsuit should we regard that as a complaint and respond as such (and report that to underwriters)?

Where there is a threat of litigation (including if you receive a Civil Remedy Notice or Pre-Suit Notice) we recognise that you will need to respond in a way that appropriately protects all legal rights and that therefore you may not want to provide a full written response to the complainant. There is no requirement to notify these to Lloyd's. In the event that we are notified of a CRN directly, we will forward this onto the relevant entity and ask for the lead syndicate to be made aware. Once this has been confirmed we will close this down as an enquiry on our system.

12. Will we need to treat as a reportable complaint a complaint from a third party claimant?

No (unless the complaint is referred to you by a state Department of Insurance (or equivalent agency)).

13. What will underwriters and Lloyd's do with this complaints data? Will you use it as a reason to cancel our binding authorities?

No. Receiving complaints is a normal part of any business and is not, of itself, a matter of concern. What is important is that the coverholder/DCAs and the managing agent identify and learn from complaints. Whilst we will use the data to monitor the market and spot any outliers, we do not intend to use the data to direct that binding authorities are cancelled (other than in the most extreme circumstances). The data is also required by Lloyd's for the purposes of providing complaints data to the UK Financial Conduct Authority (FCA).

14. You have said that you will need copies of our full response to the complainant. But sometimes we will respond to the complaint over the phone without any written record. Will that still be permitted?

Yes. If complaints are to be responded to verbally we would expect that they are on the lower end of the scale of customer dissatisfaction and should, as a result, be answered within three business days. Anything beyond three business days should receive a full written response. When a complaint is resolved verbally you do not need to give the complainant details of the relevant Department of Insurance; that only applies to written responses.

If a complaint is resolved verbally, you will need to provide a summary of the outcome to Lloyd's, including details of any redress provided (and send a copy of that to the managing agent of the lead syndicate, via your Lloyd's broker).

15. You have said that we would need to notify Lloyd's upon receipt of a complaint as well as once a complaint is concluded, sending the actual complaint along with the response. If we get a complaint and respond to it say within three days, is it necessary to notify you and then send the response separately?

No. Just send the complaint and your response at the same time as you send the notification using the Lloyd's Complaint Notification Template. Also if you can deal with the complaint within three days you won't have to send the complainant a separate acknowledgment. Complaints have to be notified to Lloyd's within two weeks of receipt so in many instances you will hopefully be in a position to provide the complaint and your response at the same time as notifying Lloyd's of the complaint.

16. Does any of this impact on how we deal with complaints that are referred by a policyholder to the DOI to investigate?

No, they should continue to be dealt with in the same way as present. Whilst Lloyd's will generally be contacted directly by the DOI in these circumstances (and will as a result, facilitate the sending of a response), we would ask that you inform Lloyd's of any complaints you receive directly from any DOI, using the Lloyd's Notification Template, as soon as you can and provide Lloyd's with a copy of the complaint and the response (copied, via your Lloyd's broker, to your managing agent).

17. I don't want to send this template directly to Lloyd's. Can I ask the managing agent of my lead syndicate to prepare it for me and submit it?

Yes you can. But if you do agree that with your managing agent, it is important to note that Lloyd's must receive the template in the format we have developed. Therefore you will need to provide the necessary information to the managing agent so they can prepare and submit the return.

18. What Complaints Notice are we required to use for Lloyd's Generic Certificate Schedule / Declaration Page - LMA3136S – Sections 5?

This section should not be completed for US policyholders with the exception of those States that have specific complaint notice requirements ie California and Texas and Illinois licensed business. Further information regarding these requirements can be found on Crystal.

19. Should we follow this process for complaints relating to large risks and policyholders that are not in-scope?

No. This process must only be used for policyholders that are in-scope.

