

STRATEGY AND REGULATION

Lloyd's Strategy 2010-2012 (Role of the Corporation)

- 'Enhance and promote the coverholder channel'
- 'The corporation's role is to promote the market, provide a competitive licence framework and drive improvements in both the technology and processes supporting the flow of business'
- '...making it as easy to transact business with Lloyd's as with other specialist insurers..... through process improvements and/or technology developments.'
- 'Coverholders – the development of the coverholder channel, subject to proper and appropriate controls, will be a particular area of focus, with the objective of improving both awareness and efficiency of this distribution channel'.

Not always favourable feedback

- Increased regulation
- Increased demands
- Accusations of gold plating
- Driving business away

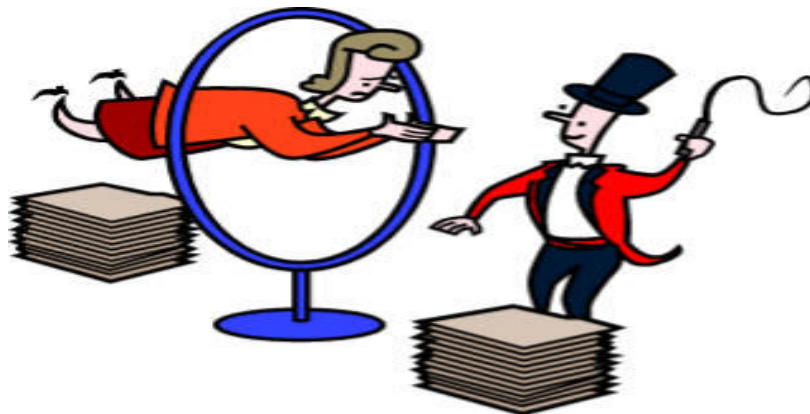
Come on in the water's lovely



Come on in the water's lovely.....



Regulation



Direct Contact



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Why do Lloyd's syndicates require information from coverholders?

- Manage exposures, capacity, aggregates
- Manage credit control
- Manage claims advances and monitor loss funds
- Make decisions on risks and claims outside the coverholder's authority
- Ensure correct money movements between themselves and coverholders
- Solvency II – accurate and appropriate data
- Provide information to Lloyd's for tax and regulatory reports
- Report to reinsurers and other parties

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Oversight of Lloyd's DA Business

- Intermediaries Byelaw
- Requirements made under the Intermediaries byelaw
- Lloyd's underwriting, claims and risk standards

Delegated Authority Standards

- The Managing Agent has a clear strategy for writing and managing delegated underwriting as part of its overall business plan
- The Managing Agent carries out thorough due diligence of coverholders to which it proposes to delegate authority
- The Managing Agent ensures that it has binding authorities in place with each coverholder to which it delegates authority clearly defining the conditions, scope and limits of that authority and which comply with Contract Certainty requirements, including the requirement to demonstrate regularly that insurance documents have been issued within required timescales
- The Managing Agent proactively manages delegated underwriting contracts once incepted to ensure compliance with contract conditions

Oversight of Lloyd's DA Business

- Code of Practice / Service Company Code of Practice
- Managing Agent reviews (Internal Audit)
- Lloyds.com
- Crystal
- Financial Crime guidance
- Lloyd's service standards
- Lloyd's code of conduct
- Market committees

Conclusions

- The world has changed
- Compliance may have developed but so has communication
- We are all on the same side
- Pain management

APPLICATION PROCESS

Strategy and Regulation

Application Process

- Atlas
- Sponsoring Broker and Managing Agent
- Business Plan
- FSA Approval / Licences
- Local Representative
- Financials
- Insurance
- Key staff / Company Experience
- Systems / Business Continuity
- Standard bordereau
- Undertaking

