

# DA Thematic Working Groups

## Terms of Delegation:

### End Goal:

All TPs, including under sub-delegation arrangements, are subject to documented terms that: reflect business objectives, risks and required customer service and include authority levels, loss fund arrangements, quality and level of service to customers and reporting requirements.

### Key Deliverables:

Updated Terms of Delegation & Tools available to Managing Agents to ensure that the Terms are fit for purpose in the first instance and on an ongoing basis.

## Risks & Issues:

- Challenge to proposed structure of TPA Agreement from working group for further discussion.
- Drafting of TPA Agreement dependent on final version of Binding Authority Agreement – this has been delayed.

## Next Steps

- Timelines to be moved for delivery of TPA Agreement & BAA Agreement to end of Q1.
- Lloyd's to confirm if TPA contract notifications to be distributed following exercise to update BAR records.

## MI & SLA Reporting

### End Goal:

Information on performance of TPs is available and standard so that conclusions on performance against KPIs and thresholds can be quickly and easily derived to manage performance efficiently and effectively to ensure claims excellence delivered to all Lloyd's customers.

### Key Deliverables:

Standard set of Core SLAs measures, common application of optional SLAs & more support for delivering and monitoring these.

## Risks & Issues:

- Analysis of current data received at market level is unknown, although there are deliverables around this. Is this still to be reviewed?

## Next Steps:

- MI Measures to be finalised and circulated for consultation
- MI Gap Analysis & review of gap analysis deliverable to be discussed for de-scoping.

# DA Thematic Working Groups

## Due Diligence & Compliance

### End Goal:

Consistent, well implemented and robust due diligence undertaken by managing agents, ensuring that delegated claims handlers are fit for purpose and maintain or improve the market's claims offering.

### Key Deliverables:

Consistent set of due diligence questions to be used by the market, and a risk based framework for delivering this.

### Risks & Issues:

- Workstream heavily dependent on work being undertaken by Lloyd's PTPO team. Logic for the due diligence exercise can be delivered either directly through Lloyd's Project, or repackaged into LMA document. Some work can take place alongside Lloyd's Risk Based Oversight project,

### Next Steps:

- Confirm agreement of question set for Chorus (which has been drafted already) and circulate with further documentation for review on approach irrespective of whether this is a Lloyd's or LMA deliverable.

## Effective Claims Audit

### End Goal:

Alignment of CH and TPA audit process and scope delivering a market co-ordinated risk based audit approach with robust technical file assessment and operational claims controls that identify issues and areas for improvement wherever claims are handled under a delegation of authority to ensure that customer outcomes are fair.

### Key Deliverables:

TPA Audit Scope, including testing templates, to support coordinated audit program being run by Lloyd's.

### Risks & Issues:

- Lloyd's coordination program for 2019 being affected by proposed delivery date of claims audit scope.
- AiMS not directly aligned with requirements for TPA Audit.

### Next Steps:

- LMA to meet with Lloyd's & claims community to discuss AiMS usage for TPA Audits.
- Audit scope testing template under consultation currently and to be finalised mid December.
- Audit scope update to be finalised prior to Christmas and consultation to take place through January.



# Terms of Delegation

# DA Claims Thematic Program

**Problem** Terms adopted by market when outsourcing claims do not reflect business objectives, risk assessment or required customer outcomes and do not always include adequate provisions around authority levels, loss fund arrangements, service levels and sub-delegation. Terms rarely re-assessed on the basis of ongoing monitoring conclusions.

**End Vision** All TPs, including under sub-delegation arrangements, are subject to documented terms that: reflect business objectives, risks and required customer service and include authority levels, loss fund arrangements, quality and level of service to customers and reporting requirements.

Deliverable	Description	Status Description	Status	Deliverable Start Date	Deliverable Due Date
Central reporting for SLA Monitoring	Development of reports along lines of standard KRIs within DA SATS / Xchanging data. For example: <ul style="list-style-type: none"> <li>Authority levels</li> <li>Loss fund adequacy</li> </ul>	To be reviewed through DA SATS reporting.	On Target	1/11/2018	24/2/2019
SLA monitoring guidance for terms of delegation	Guidance for Managing Agents on monitoring and managing terms of delegation on an ongoing basis to ensure that they are fit for purpose, to include potential KRIs and other indicators with potential solutions (EG monitoring of claims payment volumes against loss fund and authority levels, response to potential CAT events). Due 30/09/18.	Initial design of Risk Matrices being defined through due diligence group. This will be further expanded to ensure that risk matrices are use throughout other parts of the lifecycle, taking information from MI and audit. work likely to commence on this early in November.	On Target	29/10/2018	1/2/2019
SLA Usage Tool	Tool to be delivered to ensure appropriate SLAs to be included in terms of engagement at initial engagement, and on an ongoing basis. Design to be driven by ,for example, customer expectations, class of business, complexity and volume of claims.	Core / Optional SLAs now defined by MI & SLA group. Work to be undertaken on guidance for applying SLAs in the appropriate circumstances yet to commence.	On Target	8/12/2018	1/2/2019
SLA Usage Guidance	Guidance for Managing Agents on using this core set of SLAs to monitor and manage and change terms of delegation on an ongoing basis to ensure that the performance of the TP is appropriate.	Core / Optional SLAs now defined by MI & SLA group. Work to be undertaken on guidance for applying SLAs in the appropriate circumstances yet to commence.	On Target	1/11/2018	1/2/2019
Performance SLAs to be designed.	Core suite of SLAs to be designed by the market for use in delegated claims arrangements, with different sets of SLAs recommended depending on shape of portfolio (EG Size of delegation, COB, territory etc).	SLAs being designed through MI & SLA Group. Meeting to be organised prior to 1/11 with both working groups to ensure SLAs that are designed will fit into the updated TPA agreement / BAA.	Closed	28/7/2018	16/9/2018
Contract Notifications to TPAs	Central notification to TPAs of binding authorities on which they are named (via BAR / Contract Creator).	Reconciliation exercise complete but Lloyd's still investigating most effective way to update information in BAR before distributing to TPAs.	Overdue	15/8/2018	22/8/2018
Update TPA Register	Lloyd's to re-baseline TPA register by asking MAs to complete return of all TPAs to enable reconciliation with BAR data.	Closed. MI return completed with managing agents to update BAR records.	Closed	28/7/2018	15/8/2018
Review controls for identification of TPAs	Investigate enhancements to control around processing of binder without identification of TPA	Closed. No enhancements to existing process are likely to be effective at this stage. Additional controls may be available through use of systems being developed for delivery during 2019.	Closed	27/7/2018	1/9/2018
Update Model BAAs	Update to claims handling sections of the model binding authority agreement to ensure consistent approach to TPAs.	Areas to be updated have been compiled, but drafting of the main parts of the agreement has not yet commenced. The claims section of the BAA will replicate the claims section of the TPA agreement, so that the approach to TPAs and Coverholders with claims handling will be aligned. Work has commenced on updating this section through work on the TPA agreement.  Suggest re-aligning deliverable due date.	On Target	1/5/2018	1/4/2019
Update Model TPA Agreement	Update / Replacement to LMA Model TPA Agreement (LMA9008B), to include requirements for management of sub-delegation arrangements. Due by 1/1/19.	Group has agreed to move the TPA agreement onto a wording similar to the model BAA. Analysis undertaken to compare TPA Agreement to binding authority agreement. Very early draft has been completed, incorporating elements from the TPA agreement into the binder wording and removing unnecessary references to underwriting activities.	On Target	28/7/2018	1/4/2019

**Problem** Third parties (TPs) not providing required information, managing agents unable to receive and manage high volumes of information to view service levels, information provided is not being analysed, summarised and used to make selection and control decisions.

**End Vision** Information on performance of TPs is available and standard so that conclusions on performance against KPIs and thresholds can be quickly and easily derived to manage performance efficiently and effectively to ensure claims excellence delivered to all Lloyd's customers.

Deliverable	Description	Status Description	Status	Deliverable Start Date	Deliverable Due Date
KPI guidance	<p>Detailed guidance for MAs on use of KPIs, including expectations that these be used to monitor Delegated Claims Performance. Should include, for example:</p> <ul style="list-style-type: none"> <li>• Suite of KPIs to be used</li> <li>• Suggested tolerances</li> <li>• Actions in the event of breach of SLAs</li> <li>• Provision of information to appropriate internal committees</li> </ul> <p>To be enforced via minimum standards</p>	To follow once standards developed and agreed	On Target	30/10/2018	1/2/2019
SLA reporting from central systems	Using market agreed SLAs (per Terms of Delegation WG) to be integrated into exception reports and dashboards within DA SATS by 1/6/19, to enable automated performance monitoring where appropriate.	LM TOM to deliver, once standards agreed	On Target	1/1/2019	1/6/2019
Review Data Standards	<p>Review and enhance existing claims data standards and the tools that are used to monitor third parties.</p> <ul style="list-style-type: none"> <li>• Performance data &amp; MI providing oversight of management of the claim;</li> <li>• Cat response data and MI.</li> </ul>	<p>28 performance measures agreed categorised as follows;</p> <ul style="list-style-type: none"> <li>• 11 x Core Customer, i.e. mandatory for all CHs/TPAs handling claims, to demonstrate good customer outcomes.</li> <li>• 7 x Core DA Performance, i.e. mandatory for all CHs/TPAs handling claims, to give MAs oversight of operational delivery.</li> <li>• 10 x Conditional measures, that will only be applicable for certain territories / classes of business. Esther is looking to develop a matrix on how/when these should be used.</li> </ul> <p>Meeting on 7/11 started looking at how to define the KPIs, create the SLA, and have the ability for each MA to set their own SLE. Meeting 21/11 to progress, and then meet with TOD work stream.</p> <p>Timelines extended to cater for consultation.</p>	On Target	1/8/2018	1/2/2019
Granular Reporting Requirements in Contracts of Delegation	Include requirements in Model TPA Agreement and Model BAA for contractually required granular data items.	Will be included after new data standards developed	On Target	30/9/2018	1/4/2019
MI Data Quality Review	Identification of issues in data quality contained within data that is provided to managing agents.	LM TOM Delivery	On Target	28/2/2019	2/1/2020
Straight Through Processing	Implement Straight Through Processing and remove need for bordereaux submissions.	LM TOM Delivery	On Target	1/6/2019	1/1/2020
Review of MI Gap analysis to delivery channels	Use gap analysis to inform assessment of delivery channels for claims data.	Lloyd's delivery	At Risk	31/10/2018	31/12/2018
MI Gap Analysis	Identification of gaps in provision of reporting information at a market level (eg by MA/class/coverholder/TPA)	Lloyd's delivery	Overdue	3/9/2018	3/11/2018

# Due Diligence & Compliance

# DA Claims Thematic Program

**Problem** Third parties receive duplicated requests for information. Key areas often not covered in due diligence. Inadequate guidance documented on suitability criteria for TP's capabilities, services and controls. Inadequate records created of assessments and rationale for selection and authority granted. Only 50% of market access information in existing shared market database and

**End Vision** Consistent, well implemented and robust due diligence undertaken by managing agents, ensuring that delegated claims handlers are fit for purpose and maintain or improve the market's claims offering.

Deliverable	Description	Status Description	Status	Deliverable Start Date	Deliverable Due Date
Due diligence toolkit	Tool to assist in documentation of MA's TPA assessments.	<p>Risk Matrix being designed to assist in providing MAs with a flexible framework that would be used consistently, but provide targeted questions based on the risk profile of any delegation of authority. Question sets will then be driven based on that risk profile. The logic being designed will also be built into the Atlas replacement, in the event that Lloyd's decide to go ahead with TPA Approvals.</p> <p>Timeline pushed out to 1/5 to align with Lloyd's Risk Based Oversight (RBO) consultation. Deliverable on hold till this point, pending consultation. If RBO going ahead deliverable to be closed. If RBO does not go ahead, work undertaken will be repackaged into toolkit to provide common methods for MAs to undertake due diligence.</p>	On Target	30/9/2018	1/1/2019
Detailed guidance for TP Due Diligence	<p>Market guidance published on suitability criteria to include thresholds for capabilities, services and controls, depending on product, volumes and cat exposure.</p> <p>Information from all sources (incl DASATS, audits, central compliance, complaints data) easily available to MAs, auditors and Lloyd's for ongoing management</p>	Risk Matrix being designed to assist in providing MAs with a flexible framework that would be used consistently, but provide targeted questions based on the risk profile of any delegation of authority. Question sets will then be driven based on that risk profile.	On Target	31/8/2018	1/1/2019
Investigate and Implement Central Due Diligence	Assess function and scale of framework for central due diligence/compliance, including feasibility, with an intended launch of 1/4/19	Risk indicators and matrices being developed to assist in implementing risk based oversight. Initial question set provided to vendor for build into the Atlas replacement, following analysis against LME database question set for TPAs. PTPO team working on formal documentation to go to Council & Franchise Board during November, to be followed by a full public consultation to take place Q1 2019. Implementation would be due to take place Q2 2019 [Deliverable Due date postponed to align with this]	On Target	19/5/2018	1/7/2019

# Effective Claims Audit

# DA Claims Thematic Program

**Problem** Claims audit framework at Coverholders & TPAs inconsistent; Audit scope inadequate on quality of claims handling and customer service; Audit plan / frequency not risk based and therefore not effectively addressing risks of poor claims handling; An un-coordinated audit approach by MAs resulting in inefficiencies for carriers and DA Claims Agents

**End Vision** Alignment of CH and TPA audit process and scope delivering a market co-ordinated risk based audit approach with robust technical file assessment and operational claims controls that identify issues and areas for improvement wherever claims are handled under a delegation of authority to ensure that customer outcomes are fair.

Deliverable	Description	Status Description	Status	Deliverable Start Date	Deliverable Due Date
Auditor & Audit Monitoring	Provide toolkit to assist in monitoring and rating of auditors and the quality of the audits. To include a review of tools and information available through AiMS.	DAG to deliver a toolkit to assist monitoring and rating of auditors an audit output. Preliminary drafting started by LMA.	On Target	1/9/2018	1/1/2019
Auditor Accreditation	Assess function and scale of auditor accreditation process, including feasibility, leading to detailed design by 1/1/19 so that auditors to be accredited for 2020 audits	Meeting held 8/11/18 between Lloyd's & LMA to discuss. Development in early stages. Proposal to be drafted ahead of audit conference in late Feb for discussion with audit groups. Target date to be deferred to align.	On Target	1/9/2018	1/6/2019
Audit Coordination	AiMS to be used to co-ordinate significant proportion of audit activity.	Engagement ongoing. Training sessions being organised through Q4 2018 for claims community, including updates on functional improvements.	On Target	1/5/2018	1/1/2019
Risk Based Audit Scheduling & Scoping	Guidance to be prepared based on material in the Code of Practice for Delegated Authority (P44) and MA risk driven policies if available to ensure a risk based approach is consistently taken when planning audit activity.	Preliminary Drafting has now started.	On Target	1/10/2018	1/1/2019
Update Technical File Review Scope	Enhancement of technical Claims File Review scope and question set, incl. Claims Controls sections for both CH and TPA audit scope, to ensure the same approach is applied for both CHs and TPAs.	Technical question set of 59 questions completed. Scoring mechanism to be developed by Tom H. Scoring template drafted and pending feedback	Overdue	1/7/2018	14/9/2018
Update Audit Scope	Overhaul of TPA audit scope to align to CH audit scope.	In progress. Section 4 "Claims Controls" being updated. Major revisions to guidance to include current MA TPA questions.. Updated version with tracked changes shared 5/11/18, for review on 19/11/18. Timelines extended to cater for consultation.	On Target	1/8/2018	1/3/2019

## Co-Lead Binders – Delegated

## DA Claims Thematic Program

**Problem** Inefficient claims processes in co-lead arrangements where the Lloyd's broker requires agreement from all subscribing syndicates, as opposed to a subscription slip where agreement will be managed through the processes set out in the Lloyd's Claims Scheme.

**End Vision** Streamline and collapse the agreement chain for co-lead placements.

<b>Deliverable</b>	<b>Description</b>	<b>Status Description</b>	<b>Status</b>	<b>Deliverable Start Date</b>	<b>Deliverable Due Date</b>
Finalise Co-Lead Claims Agreement	Deliver CLCA to the market for use as an LMA model wording.	To be published 19/10/18. Market briefings to be discussed to assist with adoption with both managing agents and with brokers.	Closed	19/6/2018	31/8/2018
DCAA Pilot Review	Review lessons learned from Pilot exercise and claims / legal feedback.	Closed. Pilot review completed.	Closed	31/5/2018	1/7/2018