

Lloyd's Brussels TPA Toolkit V 1.0



Executive Summary

The Toolkit

This toolkit is intended for managing agent (MA) appointed Third Party Administrators (TPAs), responsible for handling claims notified to Lloyd's policies in the European Economic Area (EEA) after the UK leaves the European Union (EU).

This document has been developed through consultation with the Lloyd's market. It provides an overview of Lloyd's Brussels (the subsidiary) and guidance on what TPAs need to do to be ready to manage Lloyd's claims in the EEA post Brexit.

The Toolkit is a living document that will be updated with latest content as outstanding items are finalised. The latest version of this document will be distributed to an agreed contact within each managing agent for dissemination.

Contact us

For general enquiries about this toolkit please contact your local Lloyd's country manager or alternatively brexit@lloyds.com

Overview

Background

Since the UK voted to leave the European Union, Lloyd's has been working to provide the market with an effective solution that ensures customers can continue to access Lloyd's underwriting expertise for EEA risks.

We have been working closely with the Lloyd's market to ensure that our Brexit solution is commercially viable, easy to use, future-proof and will maintain our commercial relationships and strong financial ratings.

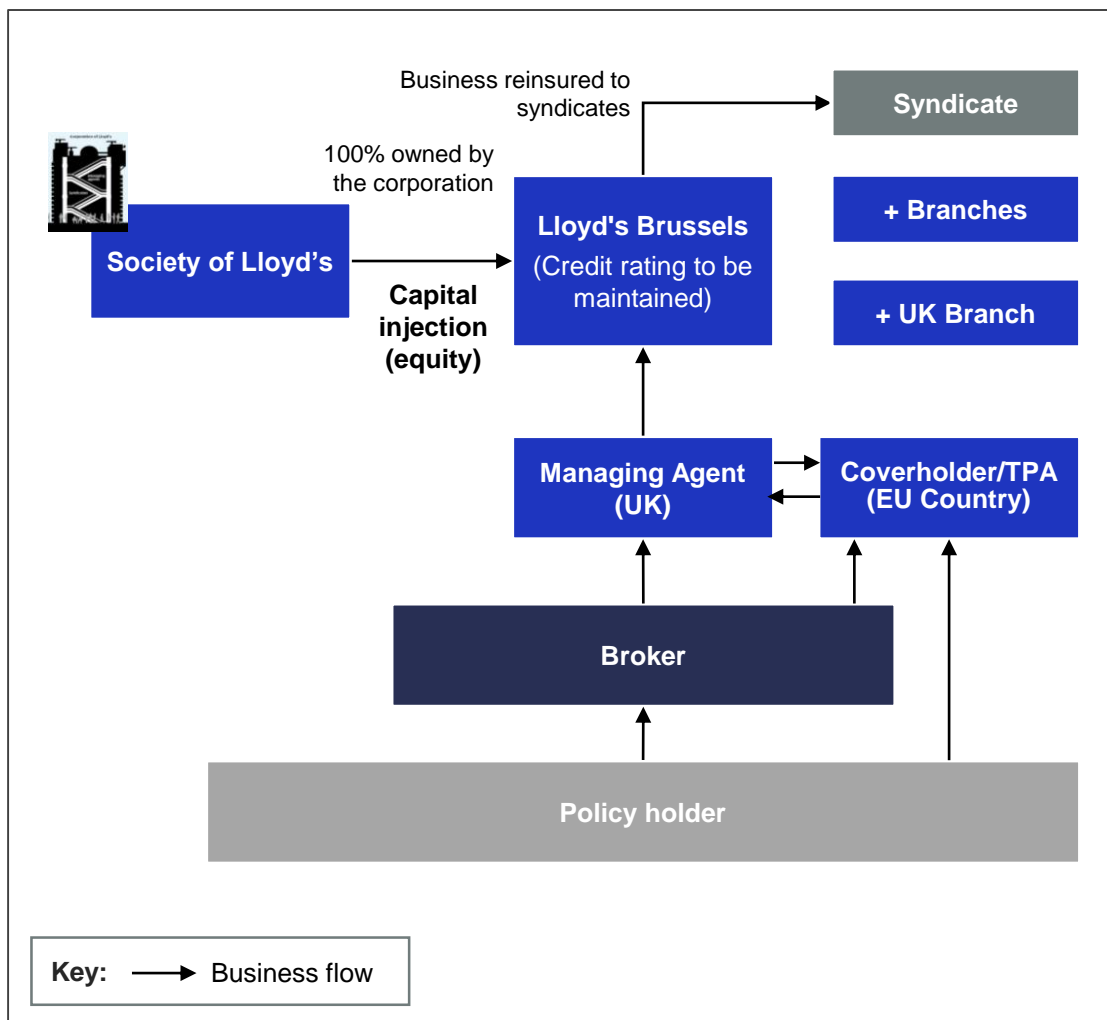
Lloyd's Brussels will be a fully regulated insurance company, with a robust corporate structure, compliant with the regulator's requirements and capitalised according to Solvency II rules. This structure will provide a solid platform so that policyholders can be confident that they will continue to receive an excellent claims service.

Lloyd's Brussels will:

- Maintain the subscription model and current market principles, retaining underwriting capabilities and the security of the Lloyd's market behind policies
- Maintain the current distribution network. That means the business relationships with brokers, Coverholders and TPAs will remain the same
- Minimise changes to existing processes and systems
- Support continued trading under the Lloyd's brand and the benefit from Lloyd's robust financial ratings
- Provide the market with a solid solution for future growth in Europe

Lloyd's Brussels Overview

How will it work?



Incorporation and structure

- Lloyd's Brussels will enter into an outsourcing agreement with Managing Agents allowing them to underwrite and handle claims on behalf of Lloyd's Brussels. In this capacity Managing Agents will be outsourced underwriting and claims service providers to Lloyd's Brussels.
- Lloyd's Brussels will also authorise Managing Agents to appoint Coverholders, service companies and TPAs to underwriter and/or handle claims on its behalf.
- Note that the insurer will therefore be Lloyd's Brussels and not the Lloyd's syndicates.
- Under the terms of the Outsourcing Agreement, business will be reinsured back to the syndicates.

On-boarding Checklist

If using the Lloyd's Brussels solution, **TPAs** will need to complete the following activities:

- Understand the Lloyd's Brussels solution
- Sign new or amended TPA agreement, to be signed on behalf of Lloyd's Brussels by managing agent
- Plan and implement operational change activity for handling claims for Lloyd's Brussels business post Brexit
- Conduct internal training to ensure Lloyd's Brussels' framework and requirements are understood
- Discuss and agree with managing agent how claims bordereaux will be submitted
- Where required by managing agents sign up to mandatory DA SATS service and conduct testing

The Outsourcing Agreement in practice

Outsource to Managing Agents – key areas	
Claims handlers	<p>The Outsourcing Agreement will:</p> <ul style="list-style-type: none"> • Authorise the managing agent to appoint Coverholder to act on behalf of Lloyd's Brussels, the terms of such appointment to be governed by a Coverholder Appointment Agreement (CAA) • Authorise the managing agent to appoint claims handlers (including TPAs) to handle claims on Lloyd's Brussels' behalf • Require Managing Agents to oversee the activities of Coverholders and claims handlers appointed to act on behalf of Lloyd's Brussels on a similar basis as at present.
Oversight	The Outsourcing Agreement will summarise the oversight processes that Lloyd's Brussels will apply to underwriting, claims and the appointment of Coverholders and claims handlers
Complaints	The Outsourcing Agreement will set out the managing agent responsibilities in respect of complaint handling.

The outsourcing arrangements, especially in respect of end client activity, is subject to regulatory approval

Impact on TPAs

Key changes to the appointment, claim & complaint handling process

What will change for TPAs and what will not?

Remains the same

- The majority of TPA arrangements should be unaffected provided TPAs have the relevant permissions to handle claims in the EU
- Managing Agents will be responsible for the selection of TPAs and negotiating terms of TPA agreement on behalf of Lloyd's Brussels
- Managing Agents will monitor performance of TPAs, for example through service level reports, management information and audits
- Audits will be arranged and overseen by Managing Agents on behalf of Lloyd's Brussels (usually via the AiMS system)
- The primary point of contact for TPAs, in relation to claims handling, will remain the Managing Agent
- TPAs with complaints handling authority can continue to handle complaints on behalf of Lloyd's Brussels (with subsequent escalation rights to Lloyd's Brussels)
- Claims payments will be agreed and processed via ECF and Xchanging (DXC) systems

Changes

- Managing Agents enter new or amended TPA Agreements, on behalf of Lloyd's Brussels
- TPA agreement terms (or amendments) should contain agreement as to which party will submit bordereau to DA SATS (see below)
- Instructions to lawyers or adjusters by TPAs should be made on behalf of Lloyd's Brussels instead of on behalf of managing agents
- Managing Agents/TPAs must report to Lloyd's Brussels on litigation where Lloyd's Brussels is a party
- There will be new regulatory requirements for some classes of business (e.g. motor, legal expenses, assistance)
- If a TPA has no complaints handling authority the complaint needs to be referred to Lloyd's Brussels. Lloyd's Brussels will respond to complaint with input from Managing Agent
- Lloyd's Brussels will oversee complaints handling and employ a Claims Manager with responsibility for oversight of claims handling

Key changes to claims BDX reporting process

What will change for TPAs and what will not?

Remains the Same

- Lloyd's Coverholder Reporting Standards are available via Lloyd's website <https://www.lloyds.com/market-resources/delegated-authorities/compliance-and-operations/reporting-standards> and the **Market Business Glossary** which can be accessed as follows:

To register: glossary.londonmarketgroup.co.uk/register

To log in: glossary.londonmarketgroup.co.uk/home

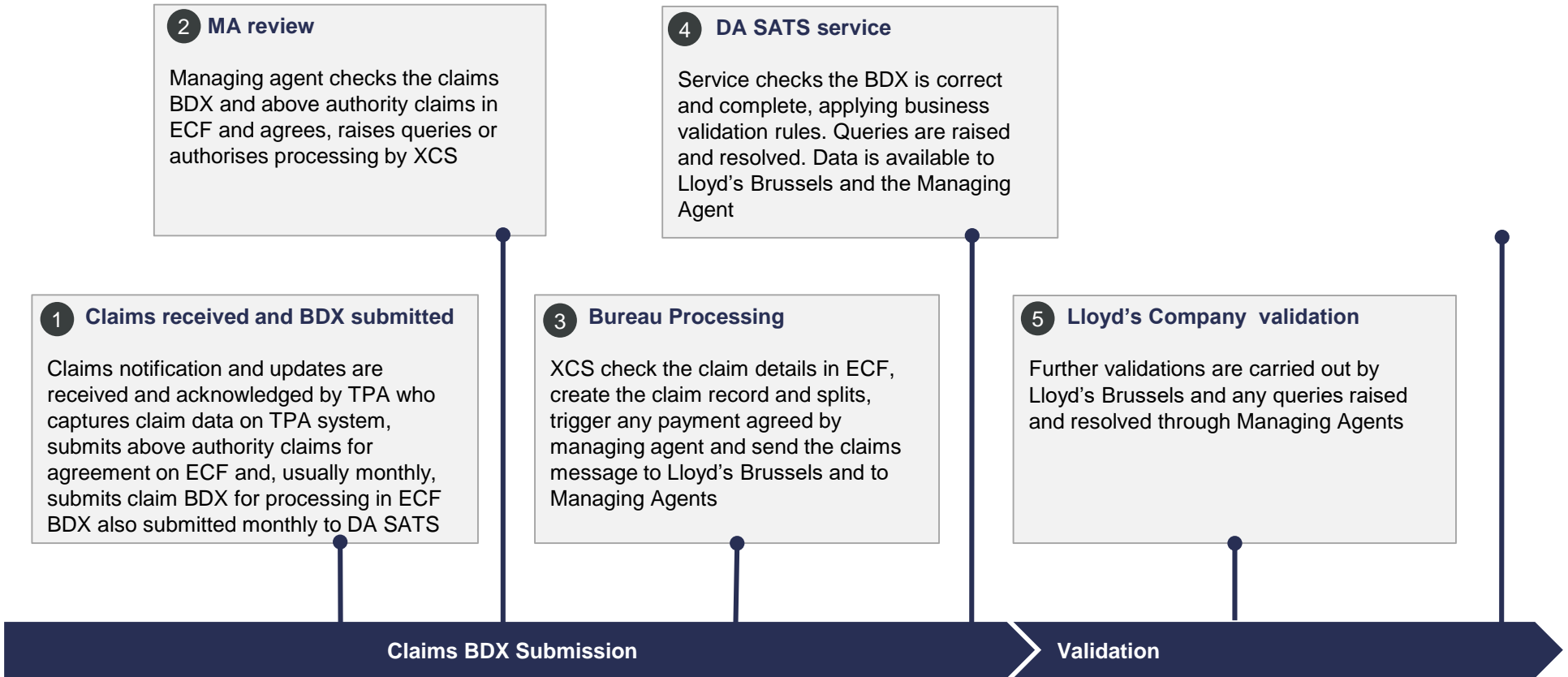
For more information: tomsupports.london/market-business-glossary

For support, e-mail: datasupport@londonmarketgroup.co.uk

Changes

- Claims BDX that comply with Lloyd's Coverholder Reporting Standards v5.1, including fee and VAT breakdown (see below), must be submitted monthly. BDX to be submitted by Coverholders, brokers, TPAs or managing agents via DA SATs (Delegated Authority Submission Access and Transformation Service) in addition to Xchanging (DXC)
- Where VAT has been charged on insurers' fees, the total amount of the fees plus the VAT paid should be reported in the 'paid this month – EU VAT applied' field. The EU VAT amount paid on these fees should be reported separately in the 'paid this month – EU VAT amount' field.
- Where no VAT has been paid on insurers' fees, these fees should be captured either in 'paid this month fees – no EU VAT applied', or the 'paid this month fees – exempt Belgian VAT'
- DA SATS will check the submission contains all the data that is required in respect of risk reporting to Lloyd's Brussels - if not it will either be returned to submitter or processed with queries flagged
- Fees for services to the policyholder (including defence fees) should not be included in the fee VAT breakdown fields mentioned above.

Future high level bordereaux processing narrative



Things to consider

- Claims that are outside Authority of the TPA, will be handled by the Managing Agent as usual
- Claim payment process is separate to DASATs reporting process and remains unchanged
- BDX submitted to DASATs need to contain the agreed information to ensure regulatory reporting is at the correct level
- If the information provided is not to the agreed content BDX will be rejected by DASATs or queried

Glossary

Glossary of terms 1/2

Term	Full title	Definition
BDX	Bordereau	A list of claims notified which is prepared by a TPA for a managing agent or by a reassured for its reinsurer. Bordereaux are commonly produced on a monthly or quarterly basis. They include claim payments made on behalf of or due from underwriters.
Lloyd's Brussels	-	A fully formed insurance company that is wholly owned by The Society of Lloyd's established in 2017. The company is a fully fledged insurance company, with a robust corporate structure, compliant with the regulator's requirements and capitalised according to Solvency II rules
CAA	Coverholder Appointment Agreement	Syndicate binders will need to be replaced by Coverholder Appointment Agreements, wording will be provided by Lloyd's Brussels
CH	Coverholder	"Coverholder" means a company or partnership authorised by a managing agent to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate managed by it in accordance with the terms of a Binding Authority
CLASS	Claims Loss Advice and Settlement System	The Claims Loss Advice and Settlement System (CLASS) is used by brokers to create new, and update existing, claim records with data and financials supplied by the client.
DA SATS	Data, Submission, Access and Transformation Services	"Bordereau Transformation Service" for granular DA risk, premium, claim information, perform data quality checks and submit it to the BAS using v5 standards, covering all CoB used in Europe
DXC	DXC Technology	See XCS/XIS
ECF	Electronic Claim File	The Electronic Claims File allows Lloyd's carriers to review and respond to claims electronically for the first time, whilst enabling brokers to supply an entire claims file electronically to all insurers "on risk" at the same time.

Glossary of terms 2/2

Term	Full title	Definition
EEA	European Economic Area	The Agreement on the European Economic Area, brings together the EU Member States and the three EEA EFTA States (Iceland, Liechtenstein and Norway) — in a single market. The EEA provides for the inclusion of EU legislation covering the four freedoms — the free movement of goods, services, persons and capital
EU	European Union	The European Union is a unique economic and political union between 28 European countries that together cover much of the continent. The EU is governed by the principle of representative democracy, with citizens directly represented at Union level in the European Parliament and Member States represented in the European Council and the Council of the EU. The 28 countries are: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.
LIC SA	Lloyd's Insurance Company SA	The legal entity name for Lloyd's Brussels
MA	Managing agent	An underwriting agent which has permission from Lloyd's to manage a syndicate and carry on underwriting and other functions for a member.
Outsourcing agreement	-	In the context of Lloyd's Brussels the Outsourcing Agreement refers to the contractual agreement between Lloyd's Brussels and Managing Agents, defining what is expected of Managing Agents in their capacity writing business on Lloyd's Brussels behalf
SCM	Syndicate Claim Message	The message to support claims advices transmitted to Lloyd's Syndicates
V5	Version 5	Lloyd's syndicates have agreed a core set of regulatory, tax, premium and claims information which applies to all Coverholders and to TPAs with claims authority. Lloyd's Coverholder Reporting Standards provide details of these requirements and Version 5 was released in July 2016
XCS/XIS	Xchanging Claims Service/Xchanging Insurance Service	Xchanging is a publicly listed outsourcing company providing back office and centralised processing services. Xchanging plc is a shareholder in XCS and XIS which provide services to the London market. Xchanging is part of DXC Technology (see above).

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