

LRCG - CAT RESPONSE FRAMEWORK

Background

Following recommendations from the LMSCG, a number of Sector Groups have been reviewing their frameworks in place for assisting, monitoring and co-ordinating (where relevant) their Sector level response to Catastrophe events.

The drivers for the LMSCG's recommendations are various but include changes from within our market i.e. the revised claims agreement model under the 2010 Combined Claims Scheme (CTP) and outside influences such as the nature, complexity, frequency and location of recent 'global' catastrophe events, increased regulatory focus and competitor activity.

LRCG Action

The LRCG have supported this recommendation to review the response framework; recognising the value in planning activities especially given that the market now operates within a CTP framework.

The purpose of this framework is to reduce unanticipated contingencies in the aftermath of an event and pro-actively plan for the Reinsurance sector level response. The LRCG are mindful that responsibilities for Catastrophe response planning or the assessment of readiness for the response fall across a number of parties and engagement with affected parties is key. Ultimately, individual managing agents are responsible for their own CAT response, however the LRCG strives to provide a monitoring oversight, achieve consistency through co-ordination, and be utilised as a source for information at a market level as and where possible.

Key Focus Areas

The LRCG recommends that when the Sector Group is triggered to respond to future catastrophe situations this schedule will form a part of the agenda for the Group when assisting, monitoring and co-ordinating (where relevant) the market level response.

In the circumstances where the LRCG considers it appropriate to assist, monitor and co-ordinate (where relevant) the Sector level response to a catastrophe situation, the Group will consider key focus areas including Pre CAT planning, CAT impact and post event engagement as part of the Sector Groups response. As a result and at this stage, the LRCG has developed the schedule of 'key focus areas' below:

Communication

- Consultation with the market to give clarity in approach (MAs, Brokers, Experts, Service Providers).
- Direct standards for what a claims presentation should contain.
- Communication & engagement through layered programmes (MAs, Brokers, Experts, Service Providers).

Process

- Key Event Protocol (KEP) process (MAs, Service Providers)
- Vertical placement – engagement, dialogue within client sub groups (MAs, Brokers)
- Projected payments.

Data capture & analysis

- Identify the material leaders / agreement parties and other key stakeholders for engagement and on-going co-ordination.
- Confirm material parties in any one territory / area.
- Identify multiple orders / vertical placements at an early stage.
- Review of data to allow for internal modelling and preparation of risk as well as the review of aggregation of risk / exposure.

Reviews & Audits

- Expert / Adjuster identification and contact.
- Regular MA reviews of audit output to ensure sufficient resource, capabilities and relevant processes are in place.
- Educate clients on London's expectations.

Upon the impact of a CAT event:

The LRCG Chair, Deputy Chair, and LMA to obtain sector level data from Lloyd's within 72hrs. Upon review of data, LRCG Cat Sub Group to be formalised - to include; identified Lead's, MA's with significant market exposure, plus any volunteers.

The LRCG CAT sub group will encourage; early co-ordination, that information is exchanged and consideration is given to planning points (above) and:

- Launch of CAT plans by key stakeholders. (Communication, Process, Data & Reviews/Audits)
- Event categorisation & response.
- LRCG CAT client sub groups formed (minimum one member to sit on over-arching LRCG Cat Sub Group).
- Utilization of 'Trusted Advisors' to provide expert guidance.
- Co-ordinate with PICG and BACG (to include third party expert co-ordination, market presentations, etc.)
- LRCG to feedback to the LMSCG.

The LRCG CAT sub group shall continue to meet **post event** until such time as necessary. The following should be considered, post event:

- Communication & Engagement with Brokers (10 days post event then every 30 days thereafter)
- Identification of materially impacted key stakeholders.
- Communication with Experts.
- Co-ordination of 'client account' reviews.
- Co-ordination & Communication with Lloyds (regulatory requirements)
- Co-ordination of market meetings / briefings (LMA)
- Co-ordination of feedback from LRCG to LMSCG (where appropriate)
- Performance monitoring of key stakeholders (MAs, Brokers, Experts, Service Providers)
- Territorial Assessment (on the ground profiles)

Further areas to consider in the aftermath of an event:

- Production of a lessons learned document.
- Utilizing technology & conventions to network with key stakeholders.
- Market presentations re CAT event experience.
- Data and MI provided pre & post
- Engagement of key stakeholders to receive & consider feedback, areas of support required, improvements etc

This schedule is for guidance and will be adjusted should additional aspects be identified as relevant. If market systems experience a major outage please revert to alternative processes as issued by the Associations Administration Committee or individual Managing Agencies.