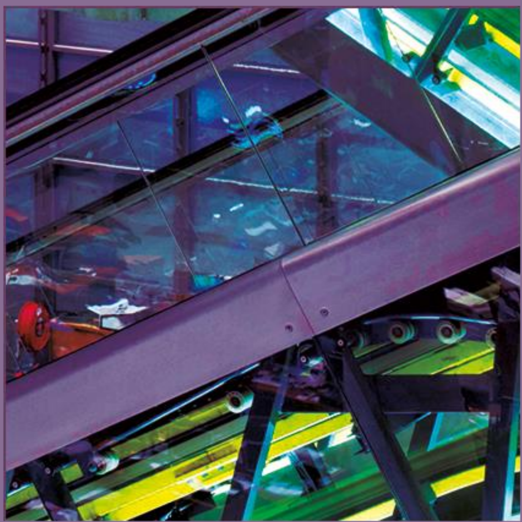

LMA GUIDANCE:

CO-LEAD CLAIMS AGREEMENT

OCTOBER 2018

GUIDANCE NOTES APPLYING TO:

LMA9157 - Co-Lead Claims Agreement

Introduction:

The Co-Lead Claims Agreement (**CLCA**) is designed for use where a **Lloyd's Approved Coverholder** underwrites risks on behalf of **Insurers** on a coinsurance basis across multiple **Binding Authority Agreements**. The **Insurers** subscribing to the **Binding Authority Agreements** wish to streamline the processing of claims across those **Binding Authority Agreements** to effect the prompt and efficient handling and settlement of claims.

The **CLCA** is intended to facilitate that process by providing a mechanism for choosing one claims lead, who has the authority to bind all coinsurers to any claims decision. Managing Agents should carefully consider the situation of each of these arrangements before entering into the **CLCA** to ensure the operational aspects work effectively.

The agreement is designed to sit alongside the LMA's suite of model binding authority wordings and TPA agreements, and to work within the framework of the Lloyd's Claims Scheme (2010), Lloyd's Claims Scheme (2006) or Lloyd's Claims Scheme (Combined).

For defined terms please see the Definitions section of the agreement (Section 2).

General Guidance:

- The Co-Lead Claims Agreement can be either applied in advance of the receipt of claims or can be applied retrospectively to binding authorities in run off.
- The Co Lead Claims agreement can be split into multiple sections to cater for different products sold as part of a package with different pre agreed claims leads for each section.

Interplay with underlying Binding Authority Agreements:

Binding Authority Leads should consider in what capacity they are entering into the CLCA agreement, and how the agreement would work in the context of the underlying binding authorities themselves.

Managing Agents should consider the operation of the **CLCA** in the context of the underlying **Binding Authority Agreements**. In order for the **Binding Authority Lead** to enter into the **CLCA**, they will need to have been granted authority to do so by all following **Insurers** if that **Binding Authority Agreement** is written on a subscription basis.

The appropriate place to do this would be in the Subscription Agreement of the MRC, under the **Claims Agreement Parties** Section. The following language should be used:

'The Underwriters grant authority to the Slip Leader to enter into a Co-Lead Claims Agreement on their behalf'

Where multiple sections are underwritten from the relevant **Binding Authority Agreements**, *'Slip Leader'* should be replaced by *'Section Leader'* within the language.

Guidance on Specific Sections:

Sub Section 1.2 – Authority Basis:	The **CLCA** provides for a defined order of agreement parties. Starting at the top of the list, if a **Binding Authority Lead** has underwritten a proportion of the risk against which a claim is being made, that **Binding Authority Lead** will become the **Lead Insurer.** If the **Binding Authority Lead** has not underwritten a proportion of the risk, the next underwriter that has underwritten a proportion of the risk will become the **Lead Insurer** for that claim. The parties may also agree that a claim may be presented to any of the **Binding Authority Leads** who shall form a panel. This will allow the broker to present the claim to any of the **Binding Authority Leads** to facilitate the efficient processing of the claim. In these instances the operation of a panel, rather than a pre-agreed lead, should be clearly stated in the schedule. In respect of each claim the broker should maintain clear records of which **Binding Authority Leads** have been approached to prevent that claim being presented to multiple **Binding Authority Leads.**
Section 7 Delegation of Determination	The Agreement envisions that there are likely to be **TPAs** handling claims at a lower level of authority than that catered for by the CLCA. Section 7 is designed to allow the **Lead Insurer** to extend the authority of a **TPA** that is already handling claims on the underlying **Binding Authority Agreements.** As drafted within the model, Section 7 takes primacy over other existing agreements between the **Binding Authority Leads** and the named **TPA**(s). This is to ensure clarity in how the TPA will operate. The parties should note that the authority and loss fund levels noted here are in relation to each Binding Authority on the signing page. So if the TPA is granted 25,000 GBP under this Section allocating to 4 binding authorities, this would be a total amount of 100,000 GBP. If multiple **TPAs** are to be used for different sections, this section should be split when drafting.
Section 8 Provision of Information to Following Insurers	Where feasible, provision of information by the **Lead Insurer** to the **Following Insurers** should be undertaken in a systematic, rather than ad hoc, way. Much of this will be feasible through the use of existing systems, including the Electronic Claims File (ECF) system. Information that would be provided by updates through ECF or a Syndicate Claims Message (SCM) would include: reserves and revisions to reserves and the final determination of the claim.