



INSIGHT CONSENSUS INFLUENCE

MODERNISING DELEGATED CLAIMS IN THE LLOYD'S MARKET

MODERNISING DELEGATED CLAIMS: THE OBJECTIVES

The LMA, in collaboration with the Lloyd's market, has identified a programme of work that will address the challenges around delegated arrangements and help to overcome the current, fractured approach within the market.

The main objective is to refresh the current delegated claims model so that it will:

- provide an improved, common and consistent experience for TPAs and coverholders
- provide an improved service for customers via delegated agents
- improve indemnity accuracy
- make it easier for our delegated agents to transact with us by removing as many decision and touch points in the delegated supply chain as we can
- streamline and accelerate the handling and oversight of delegated claims
- remove unnecessary burdensome requirements on our TPAs, coverholders and brokers that add no value to the process or the customer during the claim lifecycle
- to implement and adopt a risk-based approach to handling delegated business classes.

HOW WILL THIS IMPACT ME?

MANAGING AGENTS

A common, risk-based market approach to the management and oversight of TPAs and coverholders is adopted by managing agents

Managing agents behavior and approach to managing claims via a TPA and/or coverholder aligns to the central standards, as approved by Lloyd's and designed by the market

Control frameworks and related guidance to be designed and implemented by managing agents to ensure consistent approach to managing delegated claims entities

A toolkit will be designed to assist managing agents in implementing those frameworks in a consistent way

Technology and management information to be updated to assist in the implementation and oversight of TPAs and/or coverholders

DELEGATED CLAIMS AGENTS

Consistent and aligned approach to TPAs and/or coverholders adopting common and central market standards with their contracted managing agents

Flexibility within control frameworks to ensure effective and proactive management of delegated claims, following the markets risk-based approach

Adoption and adherence to central standards and a common approach, to ensure it reduces the burden on TPAs and/or coverholders that are currently attempting to respond to an inconsistent approach across the Lloyd's market

Improved monitoring and oversight approach, via audit, due diligence and data, to be adopted by delegated claims agents to ensure focus is given to the handling and management of claims portfolio

THE PROGRAMME OF WORK

The LMA will be managing and facilitating a programme of work on behalf of the market that will include looking at:

DUE DILIGENCE AND COMPLIANCE

Robust due diligence undertaken by managing agents, ensuring that delegated claims entities are fit for purpose and maintain or improve the market's claims offering.

Deliverables include:

- central and common approach to due diligence/compliance
- guidance on suitability criteria to include thresholds for capabilities, services and controls
- integrating with onboarding, audit terms and MI.

MI AND SLA REPORTING

Making third party performance data more readily available and in standardised format to enable efficient and effective performance management, which in turn will drive service delivery standards.

Deliverables include:

- implementing straight-through processing and removing need for bordereaux submissions
- reviewing and enhancing existing claims data standards and monitoring tools
- integrating market agreed SLAs to enable performance monitoring.

TERMS OF DELEGATION

All third party contracts to include standard terms that reflect business objectives, risks, quality and level of service to customers, authority levels, loss fund arrangements, and reporting requirements.

Deliverables include:

- updating of LMA Model TPA Agreement
- core set of SLAs for use in delegated claims arrangements.

EFFECTIVE CLAIMS AUDIT

Alignment of coverholder and TPA audit process and scope, delivering a market co-ordinated risk-based audit approach, robust technical file assessment, and operational claims controls.

Deliverables include:

- TPA audit scope to align with coverholder audit scope
- market to co-ordinate TPA audit activity.

CO-LEAD CLAIMS

Streamline and shorten the agreement parties within co-lead placements.

Deliverables include:

- LMA model wording for Co-Lead Claims Agreement.

LOSS FUND

Timely provision of funds is crucial to enabling the prompt settlement of claims being handled by a delegated claims entities on behalf of the market.

Deliverables include:

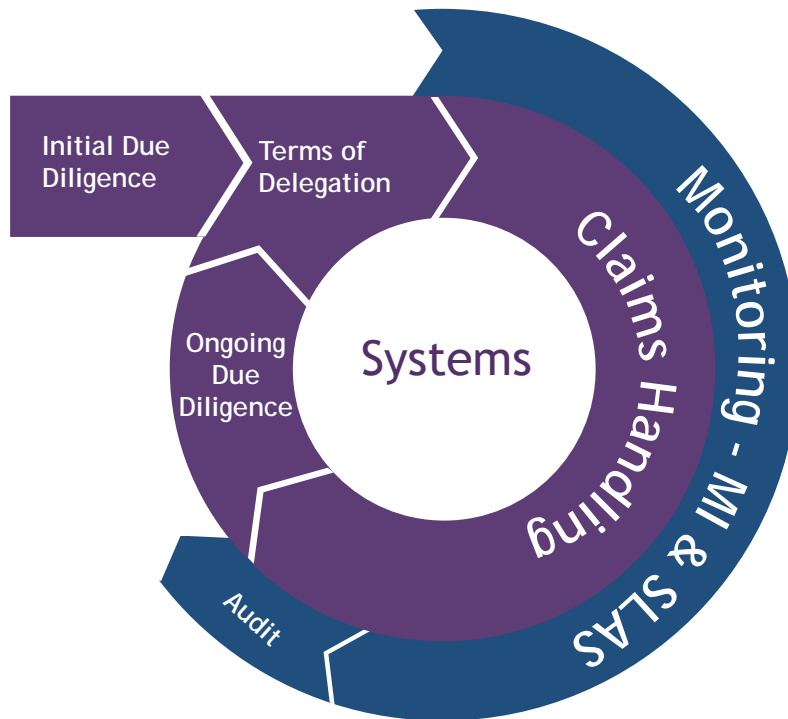
- supporting the implementation of a common and consistent approach to fund management
- enhancing the loss fund model to support prompt local settlement of claims via our delegated agents
- making it easier for our delegated agents to transact with Lloyd's carriers.

DELEGATED CLAIMS LIFECYCLE

The program of work will look to encompass the full end-to-end delegated claims cycle.

Modernising the delegated claims lifecycle encompasses the streamlining of all the key components in the model and supply chain, from TPA selection, approval and the agreement of terms, to claims handling, performance oversight and audit.

It is a key part of the programme of work to integrate the key components of the model to ensure that delegated claims are efficiently and effectively managed via the most appropriate mechanisms. This includes interlinking the components within the lifecycle so that each component informs the other, to ensure a risk-based but common approach can be applied by the Lloyd's markets carriers and to their delegated agents.



Please refer to the LMA website for materials and articles that support the on-going programme of work and activity: www.lmalloyds.com/claims

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