



Date: 12/01/2021

Attendees: 6 x US Coverholders

1. Meeting Notes:

1.1 Clarifying post-it content:

OFAC checking (Lloyd's compliance):

- US security check to see if anybody has history as a terrorist. The Coverholders company checks before binding to stop money laundering. (CH1)

Requirement To Complete Annual Crime Module, What Value Does This Add And Why So Hard To Use (Lloyd's compliance):

- At the moment it's a yearly test but is not efficient. It doesn't add any value. Lloyd's has 3 modules: financial, crimes, computer safety – all of them have annual renewal. Some CH already have annual compliance in their business but some of them rely on Lloyd's to provide it. There is no mechanism on how the company standard is taken as an equivalent and avoid Lloyd's, so the company has internal modules and does 2 sets of compliance, duplication. (CH2)
- In response to CH2 comment above – Pointed out that it is possible to avoid this, they have a London Broker to obtain agreement from Lloyd's that the CH own equivalent is satisfactory. Consider adding wording into the contract to state this. (CH3)
- It's difficult to understand the relevance of this test. The bigger question is why does Lloyd's feel that they need to manage our businesses? What are they trying to achieve? The CH needs to manage this. (CH4)
- Lloyd's trades a lot of jurisdictions that do not have equivalent standards – probably that's the reason. (CH2)

Different syndicate requirements in session 20.1 Lloyd's mandated clauses should be consistently applied (pandemic or disaster – inconsistency) – (Contract & Ch transact business)

- For instance the company subscribes to multiple Lloyd's contracts (in property risks), so they can have a contract what can be stated in different clause in another contract but they can't put together the policy with the same Lloyd's schedule of clauses – constant negotiation and battle for each binder – makes it



difficult. Same problem occurs when subscribing externally with other CH – need to coordinate the Lloyd's clauses. (CH2)

- This causes split up contracts and they have multiple contracts instead of one. (CH4)

Coordinated audits are optional and some syndicates still conduct own audits (Lloyd's compliance):

- Corporate pressure towards syndicates, if they are a Lloyd's syndicate, the corporate shouldn't dictate what goes in it because the policy is under Lloyd's name and that needs to be Lloyd's decision. If somebody signs up to be a Lloyd's syndicate they should have to give up some autonomy (CH3)

1.2. Discussion on most voted post-it:

Parent company applying their own standards/clauses that contradict Lloyd's clauses. As part of joining the Lloyd's market, syndicates should accept a level of restriction on this activity (Access business & Create Product):

- Corporate parent behavior – companies have their own audit process so they do that outside of the coordinated audit. Parent companies should accept Lloyd's guidelines, standards and clauses. (CH2)

Follows have to do as much compliance as leads (Lloyd's compliance):

- The leads syndicate don't share analysis of what follows, so the follows have to do their own MI. The following market needs to do as much analysis and compliances just like the lead, but they don't have those resources (CH2)
- Data is not efficient. More expenses, lots of duplication in this process (CH3)

Policy wording, agreement is painful (Lloyd's compliance):

- CH5's company tried to do an agreement to restrict coverage – took over 2 years but they still don't have an agreement! It goes to different departments and decisions are never made – process is not efficient. (CH5)
- Lloyd's busy with form changes, they don't focus on what they are supposed to! (CH3)

Claim process to approve and make payment is way too slow (Claims):

- It's general across Lloyd's, the entire process is slow and includes too many steps. Payment takes 30 days, after major catastrophes. Lack of transparency and service standard! (CH4)



Lloyd's biggest competitor is itself (Other):

- Lloyd's has huge market share, but they don't realise that they compete against themselves. (CH4)