



Date: 22/01/2021

Attendees: 3 x Coverholders, 2 x Brokers, 1 x Managing Agent

1. Meeting Notes:

1.1 Clarifying post-it content:

Lack of access to XIS processing as a coverholder (Contracting)

- XIS is a system, how a consortium can get access to messages, and information on what the carrier providing (CH3)

If we don't get this right we will begin to lose business (other)

- DA generally, against the competitors. They are able to supply IT options for coverholders and manage the data themselves, therefore don't have to rely on BDX
- DA business in North America mostly in CAT, but there are other areas too
- The reason for that is probably the cost, syndicates costs have gone up from 6% to 20%, they only way to make their margin to write in CAT business (Broker 1)

What do you think is the best way to drive the cost down?

- Centralisation of the compliance part and use specialist expertise. SME has used CABAQ – this looked after all compliance and regulatory issues centrally. (Broker 1)

1.2. Discussion on most voted post-it:

Annual re-signing process needs review – always runs to the last minute (Annual renewal)

- Even if they start the renewal process early it always runs in last minute
- In the company market agreements are open ended, also reviewed annually but don't need to resign it again, just rolls on.



- In the Lloyd's market it shouldn't be an annual signing process. If the standards are maintained on the right level; just updating the contract (i.e: introducing new T&C if needed etc) would be the right way to do it. (CH1)
- The problem is that I can't have a continuous contract and that has an impact on the customer. (Broker 2)

What do you think is the solution to this problem?

- Probably because in the business case, the capacity changes every year they do annual renewals, if they could approve it for multiple years that would be one solution. (CH3)
- If they ran it as in treaty business, in NCAD (Notice of Cancellation of Anniversary Date) what means give a notice of cancellation 3 months end of the contract, then they wouldn't have any issues. (Broker 2)

Yearly due diligence is a duplication of effort as responses are typically the same each year (Compliance)

- Extensive effort to get the compliance down, when it's not changed in the binder.
- The system is mainly manual or semi manual, CH receive the due diligence questions to raise with themselves and with sub coverholders. They need to check Lloyd's system, although they have got the data.
- Due diligence is the same for CH or sub coverholders, not depending on length of relationship or the size of the book. (CH2)
- Due diligence should be done when they set up the binder renewal, not yearly. If the book size is smaller, it should be a lighter due diligence for the coverholder or sub coverholder. (CH2)

Capacity Providers outsource audits, no consistency between auditors - (Compliance)

- Knowledge of the auditors. They don't understand it, and are just doing tick box exercise and each year a different auditor does it. (CH3)
- Audits need to be joined up and carried out by expertise.
- Audits should be done equally and electronically, when the underwriter needs it, with the ability to see it in the system. (Broker 2)



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- Technical audits take place, done by underwrites and most MA do it. But it should be more standardised. (Managing Agent)