Please note the following update to your copy of the LM2 2019 study text:

**Lloyd’s Minimum Standards and Supporting Information**

Lloyd’s has published a set of Principles and Minimum Standards which represent the minimum level of performance required of any organisation within the Lloyd’s market. In 2016, Lloyd’s published standards specific to claims but this was amended in January 2019. There are now 15 sets of Minimum Standards consisting of guidance and requirements in detail. Lloyd’s provides managing agents with examples of approaches that they may adopt to meet these standards.

Before we consider the Minimum Standards relating to claims, it is important to explain that most business in Lloyd’s is co-insured. Occasionally, a syndicate writes business in full – i.e. a line of 100% is signed. But usually several different syndicates underwrite and therefore co-insure a single piece of business. Where this happens, one syndicate is chosen to ‘lead’ which involves issuing policy documents and handling and claims by appointing experts and making claim decisions. The ‘lead’ is usually but not always the syndicate with the largest line size. The other co-insurers are known as ‘followers’. They may disagree with the way the lead is handling and managing a claim although this is unusual. This describes the concept of ‘leaders’ and ‘followers’ in the context of claims in the Lloyd’s market.

The Minimum Standard which relates to claims is called *Lloyd’s Minimum Standards MS9 – Customer*. This single standard incorporates the previous separate standards for claims management, conduct risk and delegated authority.

MS9 incorporates the following six sections:

- Culture, strategy and the fair treatment of customers.
- Setting standards and managing performance.
- Claims case reserving.
- Product assessment and review.
- Customer experience – sales, claims and complaints management.
- Outsourcing – managing third parties with delegated authority.

You should familiarise yourself with these standards.
Reserving in Lloyd’s

We have discussed Minimum Standards in Lloyd’s and how Lloyd’s requires managing agents to handle claims in accordance with these standards.

Lloyd’s also operates a Minimum Standard in relation to reserving called Lloyd’s Minimum Standards MS8 – Reserving. The aim of this standard is to ensure that managing agents are setting accurate reserves in a timely manner.

MS8 is divided into the following six sections:

- Board responsibility for setting reserves.
- Statement of Actuarial Opinion.
- Actuarial Function is in place.
- Sufficient information supplied to the Board on reserves.
- Robust reserving procedure.
- Appropriately documented reserving process.

You should familiarise yourself with these standards.

Full copies of MS8, MS9 and the other Minimum Standards and Supporting Information are available at: https://www.lloyds.com/market-resources/requirements-and-standards/minimum-standards.

These changes affect the following section(s) of LM2:

- Chapter 1, section B2C.
- Chapter 9, section C.