**SCAP – EEA slip leads**

This Bulletin sets out the positions of Lloyd’s Brussels and other EEA insurers under the SCAP protocol.

The Single Claims Agreement Party (SCAP) protocol went live in February 2018. It is a contractual provision which delegates sole claims handling responsibility to the Slip Leader. The aim of the SCAP protocol is to provide a more efficient process for the settlement of lower value, non-complex claims (£250,000 and below) where multiple agreement parties exist.

The SCAP clause wording [LMA 9150](https://lmg.london/documents/scap/) states:

“*All claims having, or circumstances assessed by the SLIP LEADER as having, a* ***Claim Amount*** *at or below GBP250,000 or currency equivalent (the* ***Threshold Amount****) will be designated a Single Claims Agreement Party Claim (****SCAP Claim****) and will be managed within the terms of these Single Claims Agreement Party Arrangements (these* ***Arrangements****). For the purposes of these* ***Arrangements*** *the SLIP LEADER must be: (a) an authorised person (as defined in Section 31 of the Financial Services and Markets Act 2000) with permission to effect and/or carry out contracts of insurance; or (b) a Member of Lloyd’s”*

In recent discussions about the handling of EEA claims, the SCAP protocol was reviewed and it was established that Lloyd’s Brussels currently qualifies as a slip leader for the purposes of SCAP due to its status as “*an authorised person with permission to effect and/or carry out contracts of insurance in the UK*”. By this same reasoning any EEA insurance company that is currently authorised to conduct insurance business in the UK would qualify as a slip leader for the purposes of SCAP**.**

Now that the circumstances surrounding Brexit have brought this to the fore, the IUA and LMA want to bring this to the market’s attention to ensure that the implications of using the SCAP clause in contracts led by an EEA insurance company are fully understood.

**What this means in practice**

**Currently, if a SCAP clause is included in a slip led by an EEA carrier, that EEA carrier will be deemed to be the sole claims agreement party for eligible non-complex claims. This will be the case whether or not the claims function is located in London.**

**Post Brexit**

After 31 October, if there is no deal, passporting rights will cease, though there will be a Temporary Permissions Regime in place which EEA insurers may have taken advantage of. Such entities and also EEA insurers that conduct business via an authorised UK-based branch (and retain authority to do so) will continue to qualify as a Slip Leader for the purposes of SCAP.

There will be no impact for Lloyd’s Brussels business: because Lloyd’s Brussels has an authorised UK branch it will continue to qualify as UK authorised insurer, and therefore as a Slip Leader.

Carriers should ensure that all underwriters and claims staff are fully aware of this position. The uncertainty around the Brexit position means that this situation should be kept under review.

Carriers are also reminded that the SCAP clause is not a mandatory clause, and its appropriateness for use on any contract should continue to be discussed with brokers on a case-by-case basis.

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