

# **SINGLE CLAIMS AGREEMENT PARTY (SCAP) GUIDELINES**

**(Version 2.0 - 24 September 2018)**

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# Single Claims Agreement Party (SCAP)

## Clause Guidelines

These guidance notes have been prepared jointly by the LMA, IUA, LIIBA and Lloyd's to provide practical assistance to market practitioners in the adoption of the Single Claims Agreement Party (SCAP) arrangements. They should be read together with LMA9150. Further copies of this guidance document and all related documentation produced to support SCAP can be found at [www.londonmarketgroup.co.uk/scap](http://www.londonmarketgroup.co.uk/scap).

**Important Note:** This document is intended to provide general guidance and information only. It does not constitute professional or legal advice and should not be treated as such.

This document is not intended to alter or amend in any way the terms of the wording of any insurance contract that may adopt the SCAP arrangements. At all times reference should be made to the contract wording for the terms that apply. In the event of any conflict between the terms of this guidance note and the terms of the contract, the terms of the contract shall apply.

In this guidance document, references to insurance (and related terms such as insured and insurer) are intended to include reinsurance, except where the context requires otherwise.

References in this guidance document to clause numbers are references to clause numbers in LMA9150.

## 1 Introduction and SCAP overview

The Single Claims Agreement Party (SCAP) framework is designed to provide a more effective process for determining and settling cross-market, non-complex claims in the London Market which have a value of £250,000 or below (or currency equivalent) to the slip for open market placements.

SCAP is a contractual arrangement between insurers which is achieved through the incorporation into the MRC slip of LMA Model Clause LMA9150. SCAP provides for the delegation of sole claims handling responsibility for in-scope claims to the Slip Leader by the following insurers that have subscribed to the slip and to the arrangements (a 'SCAP Follower' for the purposes of these guidelines). The Slip Leader must be a UK authorised insurer or a member of Lloyd's (i.e. a Lloyd's syndicate).

The adoption of SCAP is optional for both brokers and insurers and the decision whether to adopt SCAP is to be decided on a risk-by-risk basis.

SCAP only applies when incorporated into new placements or renewals. It, therefore, does not apply retrospectively to existing placements or claims.

The Slip Leader's authority to bind following insurers and their obligations and liability to those followers is limited to those SCAP Followers that have agreed to the adoption of SCAP and where the SCAP Followers participate on the same MRC slip on the same terms as the Slip Leader (other than premium and brokerage). The total liability of the Slip Leader to all SCAP Followers collectively is limited to £500,000 in respect of any one SCAP claim.

## 2 Incorporation of SCAP in MRC slips

The MRC (Open-Market) Implementation Guide v1.8 (February 2018) has been updated to provide for the adoption of SCAP. Brokers and carriers wishing to adopt SCAP on a placement should use the wording set out in that template, available at: [www.londonmarketgroup.co.uk/mrc](http://www.londonmarketgroup.co.uk/mrc).

- The BASIS OF CLAIMS AGREEMENT now provides for SCAP and incorporates by reference LMA9150. For parties wishing to adopt SCAP, it is therefore not necessary to set out the terms of LMA9150 in full. However, brokers may choose to additionally insert the clause in full after this section or as a separate attachment.

- The CLAIMS AGREEMENT PARTIES also makes reference to SCAP and makes clear the Slip Leader's authority to agree eligible SCAP claims on behalf of SCAP Followers.
- The definition of the SLIP LEADER has been updated to make clear that, for the purposes of SCAP, the carrier must be a UK authorised insurer or a member of Lloyd's (i.e. a Lloyd's syndicate).

It will be for the broker wishing to adopt SCAP to use the relevant wording provided for in the MRC Implementation Guide when producing the contract. In the first instance, the broker should always obtain the agreement of the Slip Leader to the adoption of SCAP and in that case the Slip Leader must be clearly identified under the SLIP LEADER heading. The broker must ensure that the Slip Lead meets the requirements of SCAP, i.e. that it is a UK authorised insurer or Lloyd's syndicate. All following carriers on the MRC slip will then need to decide whether or not they wish to have in-scope claims determined in accordance with the SCAP arrangements. If they do not wish to adopt SCAP for their share, then this should be provided for in the MRC slip in respect of their participation.

## 2.1 For Lloyd's syndicates only

See generally Market Bulletin Y5157

### 2.1.1 Adoption of SCAP by Lloyd's managing agents:

Consistent with the approach that has been adopted for the Claims Transformation Project (CTP), Lloyd's has required that Lloyd's syndicates take a consistent approach to the adoption of SCAP on each risk. This means that, on each risk, Lloyd's requires that either all participating Lloyd's syndicates adopt the SCAP arrangements or otherwise all opt out in accordance with the decision of the managing agent of the leading Lloyd's syndicate.

### 2.1.2 Dispensation from Lloyd's Claims Scheme:

In order to allow managing agents to determine claims in accordance with the SCAP arrangements, a dispensation from the Lloyd's Claims Scheme has been given in accordance with Clause 1(d) of the 2010 Claims Scheme.

## 3 When does SCAP apply?

Where provided for in the MRC slip, SCAP will apply on the following basis:

- The Slip Leader must be a UK authorised insurer or a Lloyd's syndicate;
- The Slip Leader has authority to determine in-scope claims on behalf of all insurers which have both (1) subscribed to the same Market Reform Contract (MRC) on the same contractual terms and conditions (other than premium and brokerage) and (2) agreed to the SCAP arrangements for that placement;
- To claims at or below the financial threshold of £250,000 or currency equivalent to the MRC slip (see section 5.1. below for details of assessing a claim's suitability for SCAP).

Unlike the Slip Leader, the SCAP Followers do not need to be UK authorised insurers or a Lloyd's syndicate.

### 3.1 Multi-signing/Verticalised placements

Because SCAP only applies where the insurers participate on the same MRC slip on the same terms and conditions (see the definition of 'Contract' in LMA9150), issues may arise in relation to 'verticalised' placements.

Where the placement is bound using a single MRC slip containing the terms of the policy (including coverage, excess, deductibles and any exclusions) but each underwriter has negotiated their own premium and/or brokerage via a separate signing sheet, this placement is still suitable for the adoption of SCAP. See [Section 16](#) Scenario 1 of the Operating Guidelines for detail.

SCAP will not be suitable for adoption where the verticalised placement includes multiple slips and/or multiple sections with different carriers on each section.

### 3.2 Multi-slip placements

SCAP does not extend to claims which arise from placements where separate MRC slips have been used either for individual insurers or groups of insurers forming a sub-set of the overall placement. Each MRC slip will need to be treated separately for the purposes of SCAP with a separate Slip Leader in each case.

### 3.3 Multi-section placements

Multi-section placements, which may cover multiple classes or, for Lloyd's, multiple risk codes (e.g. hull & liability policies), are in scope where the Slip Leader for each section is the same. See [Section 16](#) Scenario 2 of the Operating Guidelines for detail. Where each section has a different Slip Leader, LMA9150 should not be used.

### 3.4 Multi-layer placements

Where there are multiple layers on a placement then SCAP will need to be adopted separately for each layer, with a separate Slip Leader specified for each.

### 3.5 Reinsurance

SCAP may be adopted for claims arising from reinsurance contracts.

### 3.6 Line slips

SCAP may be adopted for open market placements written under line slip facilities. Please refer to [Section 22](#) of these guidelines and additionally the MRC (Line slip) Implementation Guide v1.5 (February 2018) on the LMG website ([www.londonmarketgroup.co.uk/mrc](http://www.londonmarketgroup.co.uk/mrc)) for further detail.

## 4 Business excluded from SCAP

The following types of business (and for Lloyd's the applicable risk codes) are **out of scope** of SCAP (clause 10):

- Binding Authorities;
- Proportional and Quota Share Treaties.

Additionally, settlements made as **ex gratia payments of any kind and commutation agreements** are **out of scope** of SCAP.

## 5 Slip Leader's responsibilities

### 5.1 Identifying an 'in-scope' SCAP claim

As detailed in [Section 9 'Claim Notification & Triaging'](#) of the Operating Guidelines, when presenting a first notification of a potential SCAP claim to the Slip Lead (through ECF or otherwise) the broker will in the first instance propose that a claim is eligible to be handled in accordance with the SCAP arrangements.

However, it is the role of the Slip Leader to reasonably assess and decide upon first presentation of such a claim whether it satisfies the requirements and conditions below before accepting it as a SCAP claim and handling it on behalf of all SCAP Followers (clause 2.1). The Slip Leader must make the decision whether to accept the claim as a SCAP claim as soon as reasonably practicable.

If any of the requirements for a SCAP claim are not met then the claim should be assigned outside of the SCAP arrangements to be handled in accordance with the applicable provisions set out in the MRC section BASIS OF CLAIMS AGREEMENT for each bureau/market.

See [Section 10 'Claim Agreement'](#) of the Operating Guidelines for the process of how the Slip Leader accepts, or otherwise, a claim into SCAP.

It is the responsibility of the broker to convey the Slip Leader's decision to the SCAP Followers (see section 6 of these guidelines for details).

#### 5.1.1 Claim value

The SCAP arrangements only apply to claims at or below the financial threshold of £250,000 or currency equivalent to the MRC slip. This is known in SCAP as the Threshold Amount.

The financial value of the claim for the purposes of applying SCAP is defined as the total amount claimed, after the application of any applicable deductions, from all insurers on the MRC slip (i.e. not just those insurers who have subscribed to the SCAP arrangements). It includes any of the insured's expenses or other sums that are recoverable from the insurers under the contract pursuant to the terms of the insurance but does not include costs incurred by the insurers arising out of or in connection with the claim.

It is important to emphasise that SCAP and the application of the Threshold Amount applies to the MRC slip. Therefore the following are examples of claims that would fall within the SCAP Threshold Amount:

- Where the MRC slip covers only part of the total insurance placement, e.g. where the MRC slip covers 20% of a £1 million loss - as the claim to the MRC slip is less than £250,000, the claim is in scope;
- Reinsurance programmes where an excess is applied, e.g. where a layer is £750,000 excess of £750,000 for a £1 million FGU (from ground up) loss - as the claim is £250,000 to the MRC slip, the claim is in scope;
- An excess programme with the following layers written under two MRC slips:
  - Layer 1: £250,000 xs £250,000
  - Layer 2: £500,000 xs £500,000

If a loss of £700,000 FGU is notified, the claims to the primary layer, after the application of the £250,000 excess, would be £250,000 (i.e. exhausting the first layer) and the claim to the second layer would be £200,000. Therefore claims to both layers would be in scope for SCAP separately, for each of the MRC slips.

However, for a loss of £800,000 FGU, only the claim to the primary layer would be in scope (as the claim to the primary layer MRC would be £250,000), but the claim to the second layer of £300,000 would be out of scope;

- Where a deductible is applied, e.g. a £700,000 loss with a £500,000 deductible - as the claim after applying the deductible is less than £250,000 to the MRC slip, the claim is in scope.

Any claim which exceeds the Threshold Amount must be exited from SCAP. This Threshold Amount applies both at the time of the initial presentation of the claim and during the life of the claim. Therefore, if the amount claimed increases after its initial presentation so that it is above £250,000 then the claim should be exited from SCAP at that point. See also section 5.1.2. of these guidelines which addresses changes of the amount of the claim due to currency fluctuations.



In assessing the amount of the SCAP claim, the Slip Leader should adopt the figures actually claimed by the insured. Therefore if the broker presents a claim for above £250,000 and the Slip Leader believes the correct value of the claim is below £250,000 then the claim should nevertheless be treated as out of scope for SCAP. However, if the Slip Leader considers that the insured or its broker has undervalued the amount of the claim and, in the assessment of the Slip Leader, the claim is likely to be more than £250,000 then the Slip Leader should assign the claim outside of SCAP (see clause 1.2.1).

#### *5.1.2 Claims presented in different currencies*

When a claim is presented in a currency other than in GBP, the Bank of England spot rate on the date that a financial value is first established by the Slip Leader shall be used (see amended MRC section titled 'CLAIMS AGREEMENT PARTIES'). The financial value will generally first be established at the point at which the broker notifies a claim amount (see section 5.1.3 of these guidelines for the handling of circumstances). The Bank of England spot rate to be applied is available via the following link: <http://www.bankofengland.co.uk/boeapps/iadb/Rates.asp>

Once an exchange rate has been applied and the financial value established, the Slip Leader should record in the claim file (e.g. ECF comments or otherwise) the exchange rate used. This exchange rate should then be used for any future presentations of the same claim to determine if the claim remains within the Threshold Amount.

By fixing the exchange rates to be applied in this way, SCAP ensures that claims are not exited from the arrangements merely by reason of fluctuations in exchange rate when the claim value in the original currency has not changed. This point is reinforced within the clause itself in the last sentence of clause 2.3.

#### *5.1.3 Circumstances or Slip Leader's assessment of financial value*

Circumstances notified are in scope for SCAP and can be dealt with by the Slip Leader on behalf of the SCAP Followers. This includes precautionary advices, 'TBAs' and claim notifications where there is insufficient claim information to determine the claim amount. In these cases it is for the Slip Leader to use their judgement to assess the amount that may be claimed and whether this is within the financial threshold of £250,000. Where, after making further enquiries, the Slip Leader's assessment is that there is a material risk that the quantum will ultimately exceed £250,000 then the Slip Leader should not deal with the claim as a SCAP claim (clause 1.2.2).

This assessment should occur upon each presentation of the claim and in light of further information provided until the earlier of either: (a) the insured or its broker notifying the amount to be claimed; or (b) the Slip Leader deciding that they should not deal with the claim as a SCAP claim.

#### *5.1.4 Non-financial considerations/ 'Complex' claims*

In addition to the financial threshold (discussed above), SCAP also provides for a number of other factors that the Slip Leader must take into account when deciding whether a claim can be assigned as a SCAP claim - see clause 1.2.

It is important to look at clauses 1.2.3 and 1.2.4 for the non-financial considerations to be considered. In summary, if any of the following apply, or in the assessment of the Slip Leader are likely to apply, they are out of scope for SCAP:

- Issues of fraud or avoidance;
- Allegations of regulatory breach which may result in regulatory action being taken against insurers;
- Actionable allegations of improper claims handling;
- Claims which the Slip Leader assesses are (or are likely to become):
  - 'controversial' or 'complex';
  - the subject of any form of dispute resolution proceedings against insurers.

Based on this, the following is a non-exhaustive list that highlights examples of claims that should be excluded or exited from SCAP:

- Claims seeking extra contractual damages (including punitive damages) or claims seeking damages in excess of policy limits against the insured or the insurer;
- Claims for damages pursuant to s.13A Insurance Act 2015;
- Criminal proceedings against the insured;
- Claims where fraud or financial crime is alleged or otherwise is at issue;
- Notice or complaint from a regulatory body (or an insured) claiming improper handling of claim;
- Multiple, complex, class action or high value lawsuits against the insured;
- Serious injury<sup>1</sup> and fatalities implicated by the claim;
- Periodic payment orders/settlements;
- Consideration of a client reported ultimate net loss;
- Consideration of clash cover position;
- Advanced and/or projected settlements.

It should be noted that different classes will have different non-financial considerations specific to the nature of that business type - other than straightforward cases, the Slip Leader may wish to confer with the leader of the following bureau before formally assigning a claim as SCAP or otherwise.

#### 5.1.5 Denials

There is nothing in SCAP to prevent 'straightforward' denials being handled within the SCAP arrangements. It is for the Slip Leader to assess whether a denial is complex and therefore should be determined outside of SCAP.

However, it should be noted that where the Slip Leader is handling a denial under SCAP they must make reference that it is a denial within their Public Comments on ECF so that the following bureaux are made aware and can take the necessary steps to fulfil their regulatory reporting obligations in line with their current bureau processes. These Public Comments will also therefore be made available to the broker. If the Slip Leader is uncomfortable with sharing this information with the broker at this time then serious consideration should be given as to whether the denial should be handled under SCAP.

#### 5.2 Reassigning a SCAP claim

The Slip Leader must keep under review their assessment of whether the claim continues to be suitable to be determined as a SCAP claim (clause 2.3). The presentation of a SCAP claim provides an opportunity for the Slip Leader to reassess whether a claim should remain as a SCAP claim or should be reassigned.

The circumstances under which a SCAP claim must be reassigned outside of SCAP are:

- The SCAP claim initially is assigned as a SCAP claim but subsequently falls within any of the exceptions for SCAP claims at clause 1.2. This may arise, for example, if the amount of the claim is increased to above £250,000 or if the claim becomes subject to dispute resolution proceedings;
- The Slip Leader considers that the reassignment of the claim would be appropriate in all the circumstances (e.g. because a conflict of interest has arisen for the Slip Leader);
- The broker decides to reassign the claim.

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<sup>1</sup> For example:

- (a) Brain damage resulting in physical or intellectual impairment; coma.
- (b) Loss of sight or hearing, loss of limb or permanent disability or disfigurement.
- (c) Paralysis and/or spinal cord damage, paraplegia, quadriplegia.
- (d) Second or third degree burns covering 50% or more of body.
- (e) Life-threatening internal injuries.

Section 11 'SCAP Reassignment' of the Operating Guidelines sets out the process of how the Slip Leader exits a claim from SCAP.

Upon exiting SCAP the claim will be handled by the designated Claims Agreement Parties for non-SCAP claims (as defined in B of the MRC section CLAIMS AGREEMENT PARTIES) and in accordance with the applicable provisions set out in the MRC section BASIS OF CLAIMS AGREEMENT for each bureau/market. The broker should advise all applicable non-SCAP Claims Agreement Parties of the reassignment.

Where a claim has been exited from SCAP, it may not then be brought back into SCAP unless the consent of all Claims Agreement Parties defined in B of the MRC section CLAIMS AGREEMENT PARTIES is obtained. This consent should be recorded within the claim file through the Claims Agreement Parties' comments.

### 5.3 Handling a SCAP claim

When determining a SCAP claim, the Slip Leader must be mindful that they are performing the adjustment on behalf of all SCAP Followers on risk, not just for their own share. SCAP therefore provides that the Slip Leader must:

- Act in good faith and exercise the reasonable care of a competent insurer (clause 2.2.1);
- Act in the best interest of all SCAP Followers on whose behalf they act (clause 2.2.2);
- Comply with all relevant laws and regulations (clause 2.2.3).

The Slip Leader must also ensure that all supporting information has been properly documented prior to payment of claims (clause 2.3). Usually this would be through documentation held on the Insurers' Market Repository (IMR) for the electronic claim which is therefore available to all SCAP Followers. SCAP requires that all records should be kept for no less than seven years after closure of the claim (subject to the requirements of applicable laws, including those applicable to the processing of personal data and privacy).

#### *5.3.1 Delegation of determination and appointment of professional advisers*

The Slip Leader may delegate claims handling to another entity (the Delegate). However, the Slip Leader remains responsible for all acts and omissions of the Delegate and/or its employees and/or any sub-Delegate (clause 2.4).

The Slip Leader also has sole authority to appoint and instruct any independent, external professional adviser on behalf of the SCAP Followers where they consider that such an appointment is necessary to the determination of the SCAP claim (clause 5).

The fees for such an appointment shall be agreed by the Slip Leader and shared between those insurers subscribing to the SCAP arrangements according to each insurer's share of the claim (clause 5.2). Where there are insurers on the MRC slip that are not participating in the SCAP arrangements, then each SCAP insurer's share will need to be grossed up to ensure that the full fee amount is covered.

For the avoidance of doubt, the Slip Leader may only apportion a share of the costs of external advisers to SCAP Followers. Internal costs of the Slip Leader are not recoverable from the SCAP Followers.

The Slip Leader remains responsible for supervising any professional adviser appointed throughout the period of their appointment on behalf of themselves and the SCAP Followers.

## **6 Broker responsibilities**

Clause 3 sets out certain responsibilities of the broker. These obligations are principally to ensure that all insurers are notified of a SCAP claim and are kept fully informed throughout the life of the claim. Similarly the broker is required to convey to all SCAP Followers when a claim has been accepted into SCAP and/or exited from SCAP by the Slip Leader.

Usually this notification will be done via the 'business as usual' processes of notifying the parties identified in B of the MRC section CLAIMS AGREEMENT PARTIES. The details for notifying and updating SCAP claims can be found in [Section 9.1.1 'Claim Notification and Triage - Broker'](#) and [Section 11 'SCAP Reassignment'](#) of the Operating Guidelines.

Because the Slip Leader may not know who all the SCAP Followers are, a further key responsibility of the broker is to provide the Slip Leader (where requested) with the identity of each SCAP Follower that has agreed to be bound under SCAP - i.e. those who will be bound by the Slip Leader's decisions - and their respective line share.

## **7 Raising a concern on a SCAP claim**

It is important that SCAP Followers are provided with appropriate information about SCAP claims during the life of the claim. Clause 3 sets out the broker's obligation to provide appropriate information to SCAP Followers. It also gives SCAP Followers the right to request from the Slip Leader and/or the broker such information as the SCAP Follower may reasonably require.

In most cases, the provision of appropriate information by the Slip Leader and/or the broker is likely to address any requirements of the SCAP Follower. If, however, the SCAP Follower continues to have any concerns then the SCAP Follower may raise this with the Slip Leader (clause 6). The Slip Leader and the SCAP Follower must then use their best endeavours to resolve the concern promptly between themselves.

If the concern cannot be resolved after a period of 28 calendar days from the time that the concern was first raised then the claim shall exit the SCAP arrangements and revert to the provisions contained in B of the MRC section BASIS OF CLAIMS AGREEMENT.

## **8 Dispute resolution between SCAP insurers**

Clause 7 sets out the procedure that must be followed for any legal claims against the Slip Leader by a SCAP Follower. Clause 8 sets out the limits of liability of the Slip Leader. Note that the Slip Leader can only be liable to SCAP Followers and they have no obligations or liability for the determination of SCAP claims to any other party.

# Single Claims Agreement Party (SCAP)

## Operating Guidelines

This operating model has been developed to support Single Claims Agreement Party (SCAP) and the Inter Carrier Agreement (LMA Model Clause 9150). These new operating rules and guidelines are required and need to be adhered to by brokers and carriers when the SCAP arrangement is applied.

**These guidelines do not rewrite or include the current and agreed claim practices that are unaffected by SCAP; the guidelines focus on practices and processes within the claim life cycle that are impacted by SCAP and require a change in process and/or approach.**

These guidelines will define and support the brokers' and carriers' role to ensure the contractual obligations and responsibilities set within LMA9150 are adhered to. The [SCAP Clause Guidelines](#) can also assist

You will find the operating guidelines split into section and role, categorised into the three key areas of the claims process:

- **Claim Notification and Triaging**
- **Claim Agreement**
- **Claim Processing**

The operating guidelines are supported by a high level process map [here](#). Detailed process maps to support those areas of material change are provided within the relevant category.

## **9 Claim Notification & Triaging**

Claim notification and triaging for both brokers and carriers is a key element of client service with the simultaneous notification of claims required from brokers (irrelevant of the process to submit, i.e. batch, direct load or CLASS), advising all bureau carriers on risk simultaneously and as early as possible. The notification process will be supported by existing and new triggers (within messaging and reporting) to carriers which will support triaging and segmentation. The claim notification guidelines that define the practices and processes that need to be adhered to by brokers and carriers can be found below:

### **9.1 Broker**

#### **9.1.1 Claim Notification**

Broker creates the claims entry to all bureaus simultaneously ensuring that the claim is advised on the same UCR and TR (sequence). There may be instances where the claim is notified via email or paper: see variations for more details.

The broker must notify the claim on the same UCR and TR throughout the claim life cycle to enable cross-market comments to be utilised and each Bureau Lead (follower) to have full visibility of the binding Slip Leader's comments and the position being taken on the claim advice or settlement.

**VARIATION:** If any LIRMA carriers are not bound by the SCAP arrangement and therefore follow their conventional claims agreement practices (typically UMR with multi-sections/signings), this will require a split market to be established (SCAP and non-SCAP UCRs) by the broker to allow the SCAP market to be notified separately to the non-SCAP market and impacted carriers.

Brokers are responsible for the accuracy of mandatory data as part of the claim notification process. Please refer to the [Roles & Responsibilities](#) schedule.

**VARIATION:** Where a Slip Leader is non-bureau, lead agreement should be obtained via email followed by simultaneous notification to bureau followers thereafter (which must include the lead's agreement).

VARIATION: Where a claim is out of scope for ECF, but in scope for SCAP, the claim can be notified by paper file or email submission. Email submissions must be notified simultaneously ([Email Submission Process](#)).

### 9.1.2 Claim Classification

Brokers **must** classify the claim as a SCAP claim by recording within the Loss Name field a 'SCAP' prefix followed by an identifier of the Slip Leader Bureau.

Identifiers are - SCAPL (for LIRMA), SCAPS (for Lloyd's), SCAPI (for ILU) and SCAPNB (for non-bureau). For example: LOSS NAME: SCAPL 'Loss name'

### 9.1.3 Slip Leader Identification

Brokers should ensure that the 'Slip Leader' field is correctly populated. Where the Slip Leader is a non-bureau company, the broker will need to enter the lead of one of the bureaus rather than the true non-bureau Slip Leader as this field only accepts a Lloyd's or Company bureau code and not a company's name.

Brokers will provide identification of the Slip Leader carrier within Broker Narrative. If it is a non-bureau company, this assists the following carriers to determine the true Slip Leader.

Where a non-bureau Slip Leader has provided comments prior to a Bureau Lead review, the related comments should be made available as a supporting document to the transaction within the IMR, a paper file or via email (depending on submission). Any further comments made by the non-bureau Slip Leader as part of managing the claim throughout the claim life cycle will require each bureau (via the Bureau Leads) to be notified of the claim and the Slip Leader's position.

## 9.2 Carrier

A SCAP claim will be notified in the same way that all other claims are received by your organisation, using the mechanism of CWT (Claims Workflow Triggers), CWS (Claims Workflow Services), CAA (Claims Awaiting Action) or Writeback messaging. **Only the SCAP Slip Lead will be required to adjust / process the transaction.**

To identify a SCAP claim, the broker will have recorded within the Loss Name field a 'SCAP' prefix followed by an identifier of the Slip Leader's Bureau (for example: LOSS NAME: SCAPL 'Loss name'). This is the single identifier within the SCAP process that will enable your triage and action when you are a carrier in a SCAP lead role. The Bureau Lead Follower will still be responsible for their regulatory requirements (i.e. sanctions checking, Medicare reporting) so still need to be aware that the claim has been notified and /or an updated transaction has been processed. The SCAP Notification report must be used by each carrier to identify when action needs to be taken within the SCAP claim agreement process.

SCAP lead identifiers will appear as a prefix within the 'Loss Name' field as follows:

- SCAPL (LIRMA)
- SCAPS (Lloyd's)
- SCAPI (ILU)
- SCAPNB (Non-Bureau)

Slip Leader	Bureau Lead (Follower)
<ul style="list-style-type: none"> <li>For the Slip Leader to be in a position to respond to a claim, the Slip Leader will require the complete claims package to be received as per the ECF System Processes &amp; Procedures (<a href="#">SP&amp;P</a>) document.</li> <li>The Broker Narrative will contain the Slip Leader details to highlight to the Bureau Lead (follower)</li> </ul>	<ul style="list-style-type: none"> <li>The broker is required to notify a SCAP claim simultaneously to all bureaus, but <b>no action is required by the Bureau Lead (follower)</b> as the transaction will be automatically processed.</li> <li>A daily trigger report will be available - 'SCAP Notification report' - to inform the Bureau Lead/s that the claim has been notified / updated so any</li> </ul>

<p>carriers who the Slip Leader is.</p> <ul style="list-style-type: none"> <li>• The Slip Leader is responsible for reviewing the notification to determine if it is suitable to be handled as a SCAP claim before adjusting the claim (Please refer to <a href="#">Section 5.1</a> SCAP Clause Guidance for more information).</li> <li>• If it is a precautionary or TBA advice and, based on the information known to the Slip Leader, the claim is unlikely to impact the insurance contract or exceed the £250k threshold, the claim can be adjusted under SCAP. Alternatively a claim with little information and no reserve can be dealt with outside of the SCAP arrangement if, upon the Slip Leader's assessment, the claim is complex in nature.</li> <li>• Please refer to <a href="#">sections 3, 4 and 5</a> of the SCAP Clause Guidelines for full details of how to identify an eligible SCAP claim.</li> <li>• The Slip Leader can follow the 'SCAP reassignment' process to exit SCAP and return to the conventional Lloyd's and IUA agreement practices at any point.</li> </ul> <p><b>Please note:</b> It is important that a LIRMA carrier does not circulate a transaction until the correct reserve/information has been input and/or updated by the broker as any circulation and response to the claim will create LIMCLM messages that deliver automated messages to LIRMA following markets systems creating claim movements - a new transaction would need to be created and released to all bureaux simultaneously to advise the updated reserve as all bureau transactions need to remain in sync for SCAP claims.</p>	<p>relevant regulatory checks can be performed (refer to section 15 for more information).</p> <ul style="list-style-type: none"> <li>• This report has been developed to provide notification to the Bureau Lead/s (including all LIRMA followers on risk) of the creation or update of a claim transaction by the broker and/or the Slip Leader. The trigger report will be received on a daily basis and will include updates and responses (from brokers or leads) from the previous day. This report supports any of your current workflow tools and the related data, facilitating a cross-market trigger that doesn't exist within your existing workflow.</li> </ul> <p>The report will be received by your organisation to a mailbox and/or user nominated by your organisation. Please refer to the guidance below in <a href="#">Section 9.3</a> supported by a link to the reporting specification.</p> <p><b>Report triggers:</b></p> <ul style="list-style-type: none"> <li>• The 'Action Required by Carrier' will always default to 'N' for a Bureau Lead (follower) but this report is to be used to inform a Bureau Lead (follower) so any regulatory checks can be performed.</li> <li>• If the field displays 'OQ', the claims has been queried by the Slip Leader and is for information only so the Bureau Lead (follower) knows the status of the transaction</li> <li>• It is important to note that: <ul style="list-style-type: none"> <li>○ the Slip Leader field in this report may not always be accurate as this field can only carry a Lloyd's or Company bureau code and not the MA or Company name. Therefore if the Slip Leader is a non-bureau company, this field will contain the lead of one of the bureaux rather than the true Slip Lead so carriers must check the 'Loss Name' field for the correct Slip Leader bureau then check the Broker Narrative on ECF for the name of the carrier</li> <li>○ if the broker doesn't set the SCAP Loss Name prefix, the report won't include the claim, and any triage, notification and response will need to be managed between brokers and carriers.</li> </ul> </li> </ul> <p>Please find a link to a reporting and definitions table below in addition to the full report specification.</p>
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### 9.3 Single Claims Agreement Process Notification - for Bureau Lead (Followers)

The 'SCAP Notification report' assists carriers with the notification of claims to allow a review and/or action to take place. The action required by a carrier in a following role may include:

- Sanctions check/screening
- Claims processing (due to being outside of central settlement)
- Regulatory reporting



The 'SCAP Notification report' has been developed to provide notification to the Bureau Lead/s (including all LIRMA followers on risk) of the creation or update of a claim transaction by the broker and/or the Slip Leader. The trigger report will be received on a daily basis and will include updates and responses (from brokers or leads) from the previous day. This report supports any of your current workflow tools and the related data, facilitating a cross-market trigger that doesn't exist within your existing workflow.

The report is to be sent to the following bureau participants on the claim depending on role:

- Bureau Lead Followers (carriers of all bureaux, who are the Bureau Lead but not the Slip Leader)
- ILU and LIRMA Slip Leaders
- LIRMA further 'Agreement Parties' - i.e. all non-lead carriers on the LIRMA transaction

ILU and Lloyd's Followers will never receive the report.

Lloyd's Slip Leaders will not receive the report as trigger notification will be provided via their existing workflow mechanisms.

The report will provide data that will allow SCAP claims to be identified and also trigger when action should be taken in relation to regulatory reporting requirements.

Core and mandatory claims data (i.e. UMR, UCR, TR and loss name) within your current workflow and the SCAP Notification report will allow you to cross-reference and link your claim movements via your existing workflow processes and workflow tools to allow regulatory reporting, sanctions checks and claims processing (when outside central settlement) to be completed as these roles can't be delegated.

The report will be received by your organisation to a mailbox and/or user nominated by your organisation.

Link to [Single Claims Agreement Process Notification](#) Fact Sheet

## **10 Claim Agreement**

Claim agreement is the core and fundamental part of the claims process, providing those carriers in the Slip Leader agreement role with the opportunity to assess and respond to the notification and/or request for settlement both for their company or syndicate and on behalf of all followers that are bound by the Slip Leader's assessment and decision.

### **10.1 Slip Leader**

The role of the Slip Leader remains the same for all bureaux.

### **10.2 Bureau Lead (Follower)**

There is no longer the requirement to adjust the claim when you are in a Bureau Lead (follower) role. The claim transaction will be automatically processed on your behalf, following the Slip Leader's position, to enable processing and settlement of your share/bureau proportion.

The Bureau Lead (follower) will be informed regarding the status of the claim from the SCAP Notification report and existing claims workflow data using the mechanism of CWT (Claims Workflow Triggers), CWS (Claims Workflow Services), CAA (Claims Awaiting Action) or Writeback messaging. These triggers will allow Bureau Lead (followers) to perform and regulatory checks / reporting and claims processing (for carriers not using central settlement) can be completed.

If the Bureau Lead has a query on the claim, it should be directed to the Slip Leader in the first instance and then, if appropriate, the broker (refer to [Section 12](#) - Query Management for more information).

### 10.3 Lloyd's Slip Leader

- The Lloyd's Roles & Responsibilities remain the same for a Lloyd's Slip Leader within your role as SCAP Slip Leader, ensuring the data being passed to XCS for processing is accurate and as you require. The key mandatory data fields that require a Slip Leader's action are:
  - Claims Scheme - 2010 or 2006 (if Lloyd's singleton)
  - Triage Category - Standard
  - Cause Code (*on first transaction*)
  - CAT Code (*if applicable*)
  - Uber Precautionary (*if applicable*)
  - Private Comments - SCM narrative and XCS instructions
  - Public Comments

Other mandatory data fields are generated from the broker notification and there is an expectation that this data will be present and accurate allowing the Slip Leader to review

- Reserve -
  - On a SCAP claim, the initial reserve is submitted by the broker but it is the Slip Leader's role to clearly instruct XCS of the indemnity and fee reserve that they wish to hold on within the ECF Lead Reserve fields
  - If the reserve to be captured is different to the reserve provided by the broker, consideration needs to be given to arranging for the broker to create an updated transaction. This is particularly important as the ILU carriers can't create their own reserving position via ECF.
- Refer to [Sections 10.3.1 and 10.3.2](#) below for key points to note.
- If a positive return is received on a sanctions check, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to conduct their own risk assessment regarding processing the claim.
- If the Slip Leader identifies a requirement to complete Medicare reporting, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to complete their own Medicare reporting requirements
- It is important to ensure that comments are made on the claim transaction (in the Public Comments) to support your adjustment of the claim to enable the Bureau Leads to access via the cross-market comments function.
- Include within Public Comments any rate of exchange that has been applied when triaging a claim as SCAP.
- Once the claim and all relevant documentation have been reviewed and any exceptions dealt with, the Slip Leader must respond to the transaction.

#### 10.3.1 Reserving

Reserving within SCAP needs to be considered, particularly in relation to the financial threshold, whether the claim remains within the SCAP arrangement and the Slip Leader's reserving position:

- If post claims assessment the reserve to be held breaches the SCAP threshold, please reassign the claim from SCAP and refer to the reassignment process.
- To advise an alternative reserve within SCAP, the new reserve must be within the SCAP threshold.
- Lloyd's carriers can utilise the lead reserve fields in a Slip Leader or Bureau Lead (follower) role; however, if they are Bureau Lead and have a different view of what reserve should be held on the claim, the Bureau Lead is required to contact the Slip Leader to discuss their views.
- Any reserve set by a SCAP lead will not be available to cross-bureau carriers. The SCAP/Slip Leader will need to ensure SCAP Followers are notified of the reserve to be held outside of ECF so that the reserve for each bureau can be held accurately.

### 10.3.2 Public & Private Comments

The Comments section allows public and private information to be entered by the Slip Leader authorising the transaction:

- The data entered in the Public Comments field will be available for brokers and insurers to view.
- The data entered in the Private Comments field will not be available for brokers or carriers in other bureaus to view - comments will only be available to other managing agents and XCS (note that if the Private Comments field is full and a document is lodged on the repository, the document should be classified under 'Coverage' or the access restricted in order to limit access by brokers).

### 10.4 Lloyd's Bureau Lead (Follower)

The following rules will be followed by DXC automation to complete the mandatory data fields on behalf of the Lloyd's Bureau Lead (Follower):

Field Name	Value to be completed by DXC
Claims Scheme	Usually '2010' unless the claim is a Lloyd's singleton in which case '2006'
Triage Category	'Standard'
Cause Code	'SCAP'
Cat Code	Try to establish from Broker additional details otherwise try to establish from supporting docs otherwise try to establish from Knowledge Base else leave blank
Public Comments	'-' dd/mm/yyyy
SIMRIP Ind	Replicate Slip Lead response

### 10.5 LIRMA Slip Leader

- The mandatory data fields that require a Slip Leader's action are:
  - Business Class
  - Claims Category
  - Claim Sub Category.
- On a SCAP claim, the initial reserve is submitted by the broker but it is the Slip Leader's role to review and update the reserve that they wish to hold before circulating the transaction.
- If the reserve to be captured is different to the reserve provided by the broker, consideration needs to be given to arranging for the broker to create an updated transaction. This is particularly important as the ILU carriers can't create their own reserving position via ECF.
- If a positive return is received on a sanctions check, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to conduct their own risk assessment regarding processing the claim.
- If the Slip Leader identifies a requirement to complete Medicare reporting, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to complete their own Medicare reporting requirements
- It is important to ensure that comments are made on the claim transaction (in the Public Comments) to support your adjustment of the claim to enable the Bureau Leads to access via the cross-market comments function.
- Include within Public Comments any rate of exchange that has been applied when triaging a claim as SCAP.
- The Slip Leader is required to enter a brief description of cause of loss in the Public Comments field to enable DXC to determine the cause code for mandatory reporting purposes within the Lloyd's bureau system.

- Once the claim and all relevant documentation have been reviewed and any exceptions dealt with, the Slip Leader must respond to the transaction.

### 10.5.1 Reserving

Reserving within SCAP needs to be considered, particularly in relation to the financial threshold, whether the claim remains within the SCAP arrangement and the Slip Leader's reserving position:

- If post claims assessment the reserve to be held breaches the SCAP threshold, please reassign the claim from SCAP and refer to the reassignment process.
- To advise an alternative reserve within SCAP, the new reserve must be within the SCAP threshold.
- If the Bureau Lead has a different view of what reserve should be held on the claim, the Bureau Lead is required to contact the Slip Leader to discuss their views. If the Slip Leader agrees, they will need to arrange for the broker to submit a new transaction with the updated reserve, which as per current rules requires the existing transaction to be completed prior to a response and completion of the new and correcting transaction.
- If the reserve to be captured is within the SCAP threshold, consideration needs to be given to arranging for the broker to create an updated transaction - this would be initiated by the SCAP Lead.
- A LIRMA Lead can post their own reserve as part of the circulation of the transaction. This reserve will be visible to LIRMA followers but will not be available to cross-bureau carriers, i.e. Lloyd's and/or ILU. The SCAP/Slip Leader will need to ensure SCAP Followers are notified of the reserve to be held so that the reserve for each bureau can be held accurately.

**Financials**

[Add Currency](#)

GBP

☒ 100% Share
 ☐ Your Share
 ☐ Bureau Share

**Original Currency :** GBP

**Outstanding Qualifier :**

**Outstanding (Orig Ccy) :** 100,000.00

**Previously Paid (Orig Ccy) :** 0.00

**Settlement(Orig Ccy) :** 200,000.00

**Incurred(Orig Ccy) :** 300,000.00

**Lead Reserve:**

**Settlement Currency :** GBP

**Rate of Exchange :** 1.00000

**Settlement(Sett Ccy) :** 200,000.00

**VAT :**

**Imported Services Amount:**

**Imp Services Narrative:**

### 10.5.2 LIRMA Followers

LIRMA followers will receive a trigger of the lead circulation and response (within the SCAP Notification report) providing them with the appropriate information to review the auto response initiated by the SCAP lead and allowing interjection or a review to take place as appropriate. LIRMA rules allow until the end of the following day for an amendment to your response to be made. Following that period Xchanging will need to be contacted to ensure intervention can take place

prior to settlement of the carrier's proportion. LIRMA followers will be required to respond to the claim post any negative response made by the LIRMA Lead (refer to section 2.4.3 for more information).

### 10.5.3 Public & Private Comments

The Comments section allows public and private information to be entered by the Slip Leader authorising the transaction:

- The data entered in the Public Comments field will be available for brokers and insurers to view.
- The data entered in the Private Comments field will not be available for brokers or carriers in other bureaus to view - comments will only be available to other LIRMA carriers (note that if the Private Comments field is full and a document is lodged on the repository, the document should be classified under 'Coverage' or the access restricted in order to limit access by brokers).

## 10.6 LIRMA Bureau Lead (Follower)

The following rules will be followed by DXC automation to complete the mandatory data fields on behalf of the LIRMA Bureau Lead (Follower):

Field Name	Value to be completed as Following Bureau Lead
Business Class	Inherited from Risk Details. If not, use COB mapping spreadsheet
Claims Category	Try to establish from Claims Category list – on a best endeavours basis
Claims Sub-Category	Try to establish from Claims Sub-Category list – on a best endeavours basis
Multiple Responses	'Yes'
Public Comments	'-' dd/mm/yyyy

## 10.7 ILU Slip Leader

- Update the Business Class field as it is mandatory for a Slip Leader to action.
- The agreement process for ILU SCAP claims will remain the same as the current process for Advices.
- Settlement transactions will require the ILU Slip Leader to de-select the 2<sup>nd</sup> Lead agreement party when there is more than one ILU carrier on risk as only the ILU Slip Leader's agreement is required:

ILU Response

Company Name :

Phone :

Email :

Agreement Parties

Carrier Code	Carrier Name	Signed Line%	Reference
<input checked="" type="checkbox"/> 403101	GLOBAL AERO A	75.00000000%	TEST
<input checked="" type="checkbox"/> 309601	SWISS RE UK	25.00000000%	TEST

☐ Select/Deselect All

Financials

- On a SCAP claim, the initial reserve is submitted by the broker but it is the Slip Leader's role to review and request an amendment if they do not agree.
- If a positive return is received on a sanctions check, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to conduct their own risk assessment regarding processing the claim.
- If the Slip Leader identifies a requirement to complete Medicare reporting, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to complete their own Medicare reporting requirements
- It is important that the claim is not agreed until the broker has submitted the correct reserve as any response to the claim will hold that reserve and a new transaction would need to be created and released to all bureaus simultaneously to advise the updated reserve as all bureau transactions need to remain in sync for SCAP claims.
- It is important to ensure that comments are made on the claim transaction (in the Public Comments) to support your adjustment of the claim to enable the Bureau Leads to access via the cross-market comments function.
- Include within Public Comments any rate of exchange that has been applied when triaging a claim as SCAP.
- The Slip Leader is required to enter a brief description of cause of loss in the Public Comments field to enable DXC to determine the cause code for mandatory reporting purposes within the Lloyd's bureau system.
- Once the claim and all relevant documentation have been reviewed and any exceptions dealt with, the Slip Leader must respond to the transaction.

#### *10.7.1 Reserving*

Reserving within SCAP needs to be considered, particularly in relation to the financial threshold, whether the claim remains within the SCAP arrangement and the Slip Leader's reserving position:

- If post claims assessment the reserve to be held breaches the SCAP threshold, please reassign the claim from SCAP and refer to the reassignment process.
- To advise an alternative reserve within SCAP, the new reserve must be within the SCAP threshold.
- If the Bureau Lead has a different view of what reserve should be held on the claim, the Bureau Lead is required to contact the Slip Leader to discuss their views. If the Slip Leader agrees, they will need to arrange for the broker to submit a new transaction with the updated reserve.
- If the reserve to be captured is within the SCAP threshold, consideration needs to be given to arranging for the broker to create an updated transaction - this would be initiated by the SCAP lead.
- Any reserve set by a SCAP lead will not be available to cross-bureau carriers. The SCAP/Slip Leader will need to ensure SCAP Followers are notified of the reserve to be held outside of ECF so that the reserve for each bureau can be held accurately.

#### *10.7.2 Public & Private Comments*

The Comments section allows public and private information to be entered by the Slip Leader authorising the transaction:

- The data entered in the Public Comments field will be available for brokers and insurers to view.
- The data entered in the Private Comments field will not be available for brokers or carriers in other bureaus to view - comments will only be available to other ILU carriers (note that if the Private Comments field is full and a document is lodged on

the repository, the document should be classified under 'Coverage' or the access restricted in order to limit access by brokers).

#### 10.8 ILU Bureau Lead (Follower)

The following rules will be followed by DXC automation to complete the mandatory data fields on behalf of the ILU Bureau Lead (Follower):

Field Name	Value to be completed as Following Bureau Lead
Business Class	Inherited from Risk Details. If not, use COB mapping spreadsheet

### 11 SCAP Reassignment

The Slip Leader is responsible for assessing if a claim should be handled under the SCAP arrangement both at notification and throughout the life cycle of the claim (refer to SCAP Clause Guidelines [Sections 5.1 and 5.2](#)). Below outlines the steps both a Slip Leader and broker need to take to include or reassign a claim from the SCAP arrangement:

#### 11.1 First Notification

**Slip Leader:** After reviewing the claim notification, if the Slip Leader determines that the claim should not be adjusted under SCAP, the Slip Leader is required to email or telephone the broker to advise them that the claim requires reassignment. Formally querying a claim notification to exclude the claim from SCAP will require action by other Bureau Leads and followers and require a full cancel and replace, therefore creating work for brokers and carriers unnecessarily.

**Broker:** If the Slip Lead advises the claim should not be SCAP, the broker removes the SCAP prefix from the Loss Name and the claim reverts to the bureau's conventional London agreement model (i.e. Lloyd's Claims Scheme or IUA Agreement Practices) as per the contract's basis of claims agreement section.

**Slip Leader:** If a broker advises a claim without triaging as SCAP but the SCAP clause is in the contract and the claim meets the SCAP scope and threshold, the Slip Lead is required to either:

- Email the broker with a request to reassign the claim by adding the SCAP prefix to the Loss Name and then update all other Agreement Parties that the claim will be handled under the SCAP model;
- Agree the claim under the bureau's conventional London agreement model (i.e. Lloyd's Claims Scheme or IUA Agreement Practices) and request that the subsequent transaction be notified with the SCAP prefix in the Loss Name and update all other Agreement Parties that the claim will be handled under the SCAP model via public comments.

**Broker:** If the Slip Leader advises the claim should be SCAP:

- And has requested that this transaction be amended, add the SCAP prefix to the Loss Name and re-release the claim so the other Agreement Parties are made aware that the claim will be handled under the SCAP model
- And has agreed this transaction, add the SCAP prefix to the Loss Name on the next transaction and obtain agreement from all other Agreement Parties that the claim will now be handled under the SCAP model as per the SCAP Clause.

## 11.2 Mid-Flight Reassignment

**Slip Leader:** Subsequent transactions must be reviewed by the Slip Leader to determine if there is any material change that will require the claim to be removed from SCAP (refer to SCAP Clause Guidelines [Sections 5.1 and 5.2](#)).

If, after reviewing the transaction, the Slip Leader determines that the claim should no longer be adjusted as a SCAP claim, the Slip Leader must notify the broker, either by email or telephone, to advise them that the claim requires reassignment and the reasons why (so these can be communicated by broker to other Agreement Parties as per the below).

**Broker:** If the Slip Leader has advised that the claim should no longer be adjusted as a SCAP claim, re-release the open TRs/SEQs and create/re-submit the transactions for each Bureau Lead, removing the SCAP prefix from the Loss Name, and revert to the bureau's conventional London agreement model. Where responses have been made by some Slip and Bureau Leads, you may need to remove the UCR/TR/SEQ and replace as a non-SCAP claim.

In the new transactions, the broker must advise that the claim has been removed from SCAP by adding the Slip Leader's comments in the narrative.

## 11.3 Bureau Lead (Follower) Reassignment

If, based on the information that has been provided on the claim, the Bureau Lead (follower) believes that the claim should not be adjusted under SCAP, contact the Slip Leader to discuss reassignment.

If you are a follower within your bureau and, based on the information that has been provided, you believe that the claim should not be adjusted under SCAP, contact the Bureau Lead (follower) to request that reassignment is raised with the Slip Leader.

## 12 Claims Query Process

As Slip Leader, the query process remains unchanged.

### 12.1 Lloyd's Slip Leader

When a Slip Leader enters a response of Query/Return and the broker wishes to deal with that query by providing the Slip Leader with additional documentation, the broker may load the additional documents to the IMR under the same transaction.

When a Slip Leader enters a response of Query/Return but the query cannot be dealt with by simply providing additional documentation, the broker must act upon that query, and/or supply all new documentation, under an amended or replacement transaction. The Slip Leader may then select a new response on the amended or replaced transaction.

It should be noted that a Slip Leader cannot respond to a transaction that has been loaded subsequent to a transaction that remains in a queried status.

### 12.2 LIRMA & ILU Slip Leader

When a Slip Leader requires more information from the broker (i.e. missing document), contact the broker and request the information without responding in the system. When a claim is circulated, it will create LIMCLM messages that feed LIRMA following markets systems directly - a new transaction would need to be created and released to all bureaus simultaneously to advise the updated reserve as all bureau transactions need to remain in sync for SCAP claims.

When a Slip Leader enters a response of INF or ACC (LIRMA) or P (ILU), the broker must act upon that query, and/or supply all new documentation by amending the transaction. The Slip Leader may then select a new response on the amended transaction.



### 12.3 Bureau Lead (Follower)

If the Slip Leader has queried the claim, it will appear on the Single Claims Agreement Process Notification report with 'OQ' (Outstanding Query) in the Action by Carrier field so the Bureau Lead (follower) is aware the Slip Leader has queried the transaction.

## 13 Claim Processing

Claim processing is currently supported in two different methods within the company and Lloyd's bureau. The company bureau carriers see their processing handled as part of the agreement and response role; Lloyd's bureau carriers delegate the processing responsibility to XCS, which creates a core central claims record, initiates Syndicate Claims Message (SCM) generation and triggers the central settlement process. Current processes in addition to contractual Roles & Responsibilities have been considered against carrier requirements.

### 13.1 Lloyd's Slip Leader

There is also no change to the Lloyd's Slip Leader processing requirements and XCS will carry out the Roles & Responsibilities (per the 'core' processing service agreement) referring to data entered, instructions given and narrative provided.

- Five mandatory fields will remain the responsibility of the Lloyd's Slip Leader. These being:
  - CAT Code - *if applicable on claim*
  - Claims Scheme - 2010 (check response language)
  - Cause Code - the LIRMA or ILU Slip Leader should provide the cause in the cross-market comments to avoid the Bureau Lead having to read any documentation to understand the claim cause
  - Triage category - Standard
  - Simultaneous Reinsurance Instalment Premium (Sim RIP) - *if applicable on claim*.

### 13.2 LIRMA & ILU (Company) Slip Leader

There is therefore no change to the LIRMA or Company bureau model when using central settlement.

### 13.3 Bureau Lead (All Bureaux)

The Bureau Lead (follower) is not required to process the transaction, it will be automatically processed by DXC (using robotics) removing the burden and touchpoints from carriers that have no agreement authority under SCAP.

Bureau Lead (follower) will however be required to perform their own regulatory checks / reporting and claims processing (for carriers not using central settlement). The SCAP Notification report will provide a trigger to complete these actions.

## 14 Document Retention

Each company will have their own document retention policy to adhere to so please refer to your internal guidelines for further information.

IMR - there is no archive policy for the IMR. Documents will always be present unless requested to be deleted by the owner (i.e. the party that published the document to the IMR).

## 15 Regulatory Reporting

### 15.1 Sanctions

#### 15.1.1 SCAP / Slip Leader

Each carrier on risk is responsible for conducting sanctions screening, checks and due diligence against US and non-US sanctions prohibitions (listed below). Where a positive sanctions check is identified, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to conduct their own risk assessment regarding processing the claim. The broker is required to notify any non-bureau followers bound by the SCAP arrangement so they are also informed.

As each carrier will have different risk appetites, Bureau Lead (followers) should not rely on the Slip Leader to identify a positive sanctions check and are therefore still required to complete their own checks using the SCAP Notification report as a trigger.

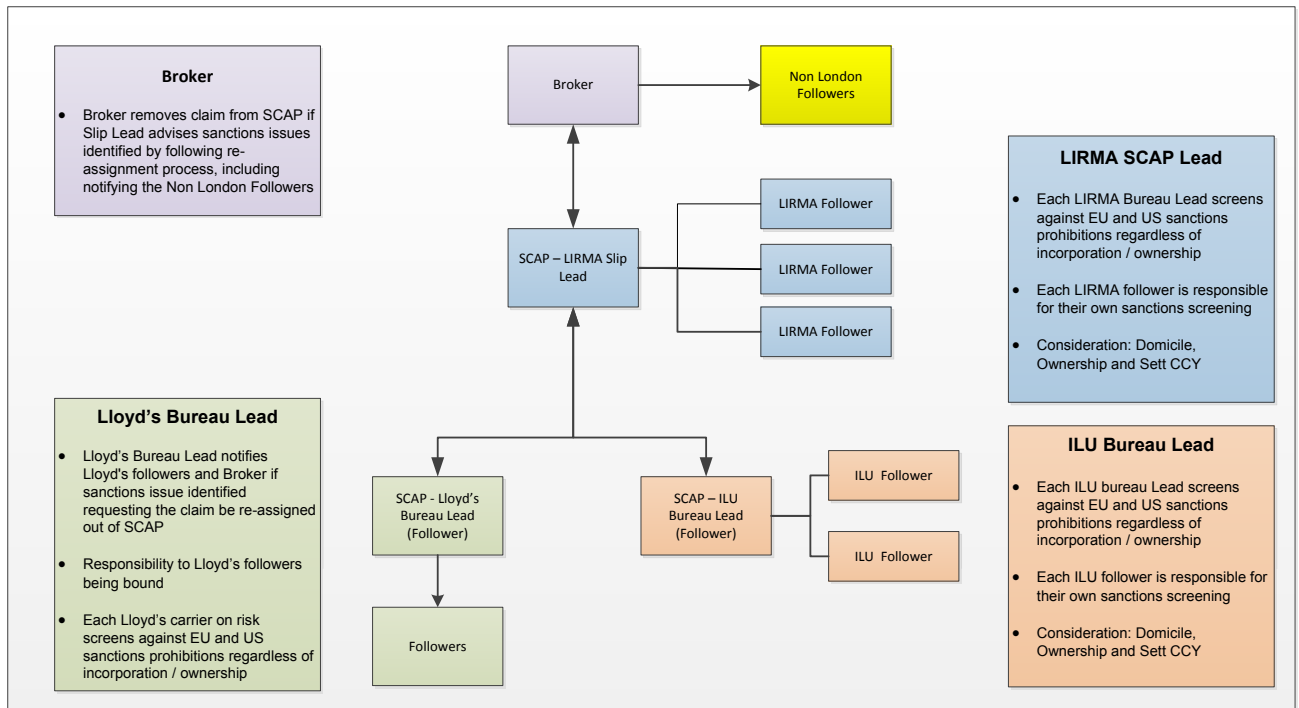
#### 15.1.2 Lloyd's Slip & Bureau Lead

The Lloyd's Market Bulletin Y4861 published on 12 January 2015 states "Lloyd's expects that all Leaders will screen claims against UK, EU and US sanctions lists and will conduct appropriate checks for trade and other sanctions requiring manual checking. Where a positive sanctions hit is identified, and in order to allow followers to perform further checks on claims, the Lead shall promptly provide followers with such information as they require to perform those checks in sufficient time before the claim is agreed/paid (and shall refrain from agreeing claims on behalf of those followers until they have indicated to the Lead that they are in a position for the Lead to do so)." The sanctions lists to be searched against as mandated in the Lloyd's Market Bulletin Y4861 on page 22 (but not limited to) are:

- OFAC SDN List
- UK HMT List
- EU Consolidated List
- UN Resolution List

#### 15.1.3 LIRMA & ILU Leads & Followers

Each carrier on risk is responsible for conducting sanctions screening and checks and due diligence against US and non-US sanctions prohibitions (listed above).



## 15.2 Medicare

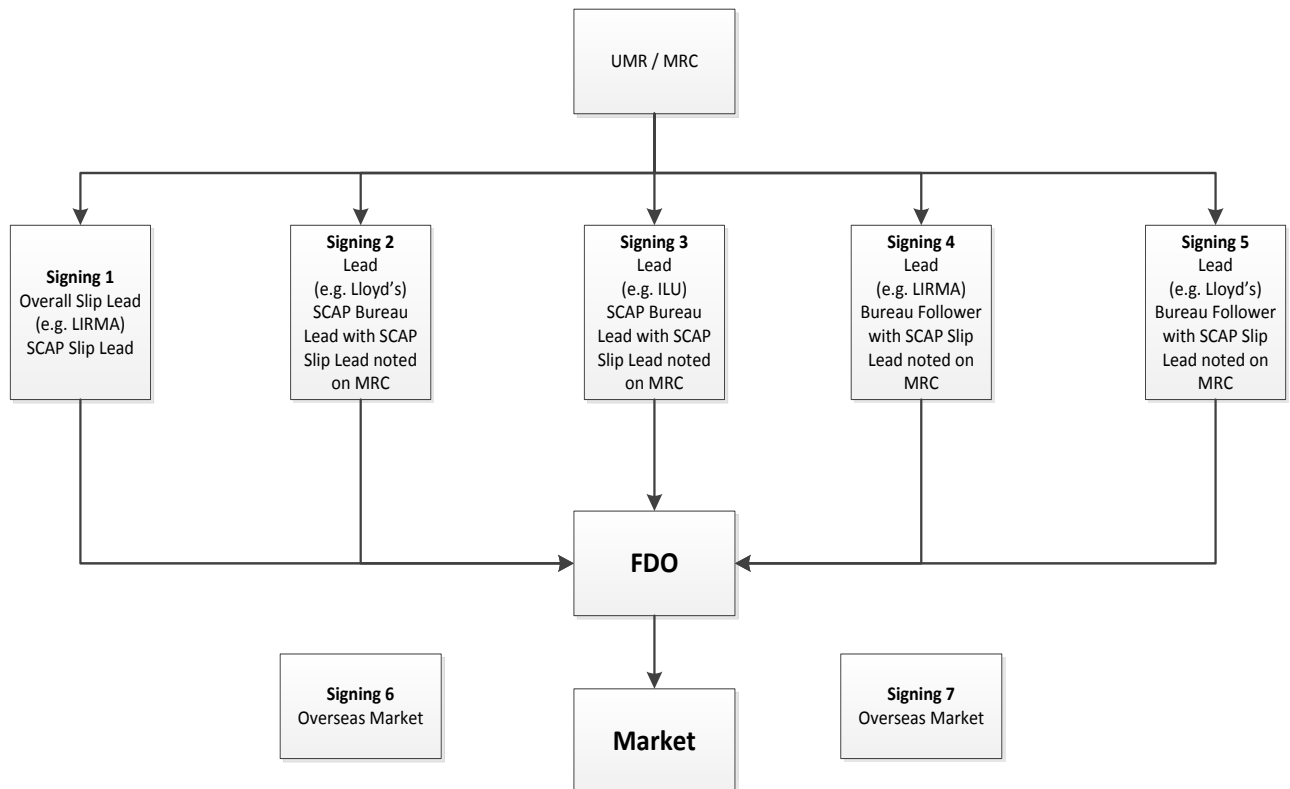
The current obligations for Medicare reporting remain unchanged regardless of whether the claim is SCAP or not. If the Slip Leader identifies a Medicare reporting requirement, the Slip Leader should request that the claim be re-assigned out of SCAP and follow the conventional claims process to enable all agreement parties to complete their own Medicare reporting obligations.

## 16 Verticalised Placements

Non-complex vertical placements are in scope for SCAP where the contract is on the same contractual terms (other than premium and brokerage). To assist with defining what a non-complex and complex vertical placement is, some examples are provided below:

### Scenario 1

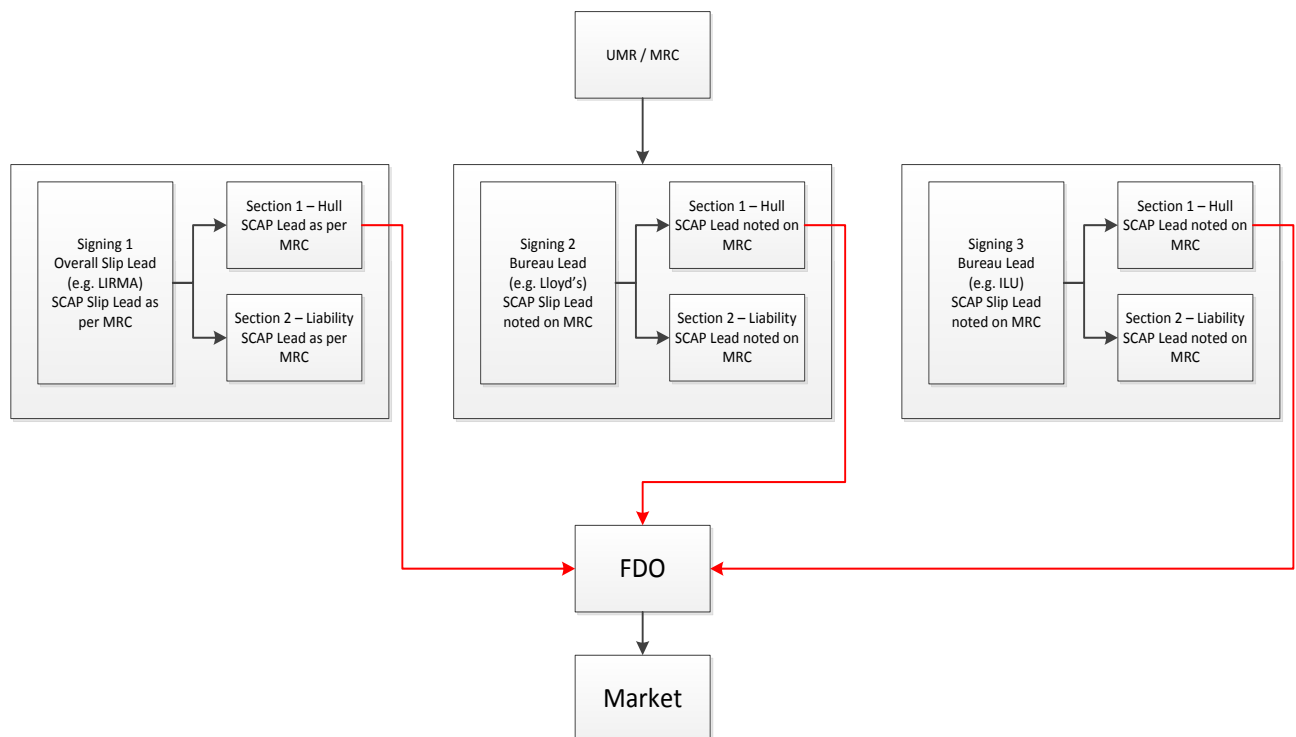
The placement is for a single insured, with the same contractual terms.



- The leader on signing 1 is from the LIRMA market and is the overall SCAP Slip Leader on this claim as named in the contract.
- The leader on signing 2 is from the Lloyd's market and is the Lloyd's Bureau Lead (follower) on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Leader.
- The leader on signing 3 is from the ILU market and is the ILU Bureau Lead (follower) on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Leader.
- The leader on signing 4 is from the LIRMA market and is a LIRMA follower on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Leader.
- The leader on signing 5 is from the Lloyd's market and is a Lloyd's follower on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Leader.
- The overseas market sits outside the FDO and the broker will communicate with them separately throughout the life cycle of the claim.
- An FDO will be set up following current practices to allow a false signing to be created to establish a subscription market from the individual signings.

## Scenario 2

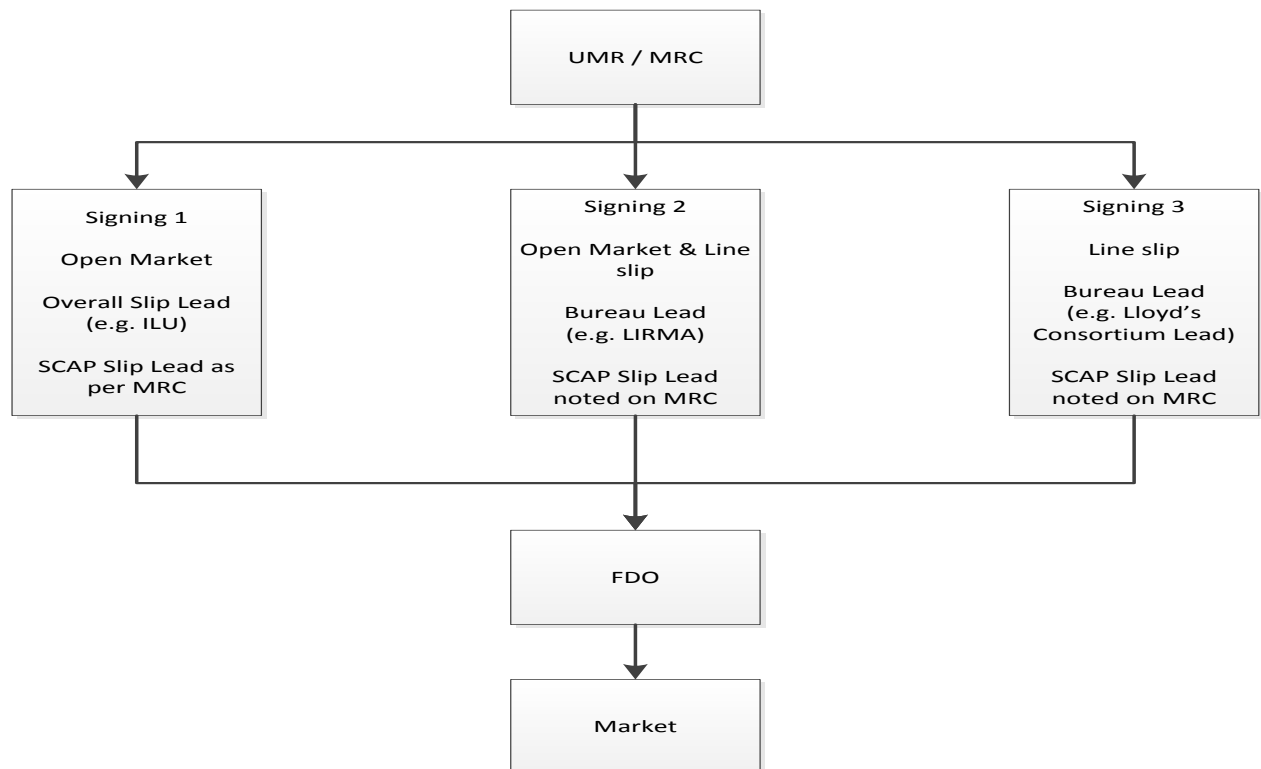
The placement is for a single insured, with a hull and liability section on each with the same contractual terms and same markets on each section. The claim is made against the hull section.



- The leader on signing 1 is from the LIRMA market and is the overall SCAP Slip Leader on this claim as named in the contract and the section as the SCAP Slip Leader.
- The leader on signing 2 is from the Lloyd's market and is the Lloyd's Bureau Lead (follower) on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Leader and section SCAP Slip Leader.
- The leader on signing 3 is from the ILU market and is the ILU Bureau Lead (follower) on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Lead and section SCAP Slip Leader.
- An FDO will be set up following current practices to allow a false signing to be created to establish a subscription market from the individual signings.

### Scenario 3

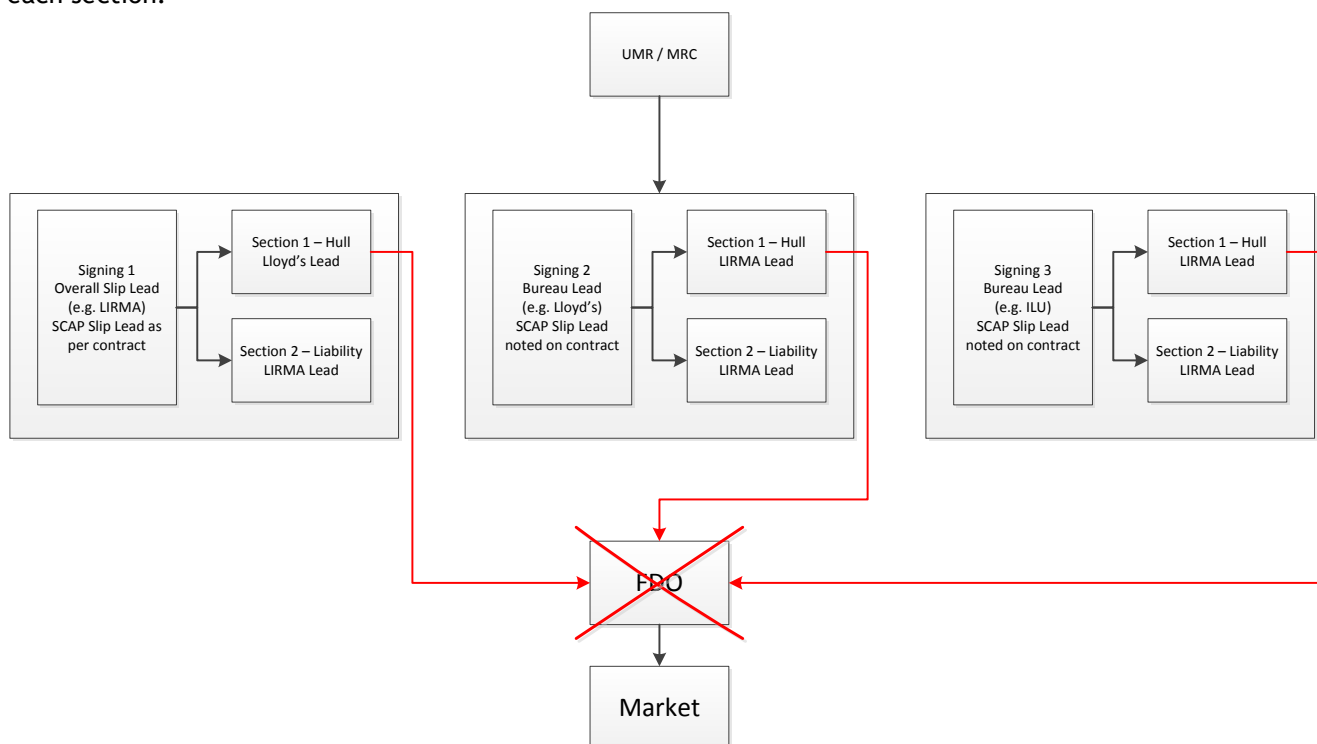
The placement is for a single insured, with the same contractual terms where the placement is made up of open market and a Line slip (i.e. consortium).



- The leader on signing 1 is from the ILU market and is the overall SCAP Slip Leader on this claim as named in the contract.
- The leader on signing 2 is open market from the LIRMA market and is the LIRMA Bureau Lead (follower) on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Leader.
- The leader on signing 3 is the leader of the consortium from the Lloyd's market and is the Lloyd's Bureau Lead (follower) on this claim. The leader on signing 1 will be named in this contract as the overall SCAP Slip Leader.
- An FDO will be set up following current practices to allow a false signing to be created to establish a subscription market from the individual signings.

#### Scenario 4

The placement is for multiple insureds, with the same contractual terms but different markets on each section.



As there are different markets on each section, the claim cannot be handled under the SCAP arrangement and will need to be handled under the bureau's conventional London agreement model (i.e. Lloyd's Claims Scheme or IUA Agreement Practices) as per the contracts basis of claims agreement section.

#### 17 Loss Funds

A fund may be topped up under SCAP even if the amount exceeds the £250k threshold or equivalent as this is a financial accounting transaction rather than adjustment of a claim.

#### 18 Block/Bordereaux

A bordereau can be handled under SCAP if every claim is under the £250k threshold. Please note, however, that all claims arising from Binding Authorities are out of scope of SCAP. If there is a claim over the £250k threshold, this will need to be handled as an individual claim under the bureau's conventional London agreement model (i.e. Lloyd's Claims Scheme or IUA Agreement Practices).

#### 19 Reporting & MI

The inclusion of a new trigger and notification report ([Single Claims Agreement Process Notification report](#)) will support carriers in monitoring and actioning SCAP claims at the appropriate point in the SCAP claims agreement cycle.

Regular reporting in relation to volumes and performance will provide oversight of claims being handled within SCAP.

## **20 TBAs and Static Claim Management**

Responsibilities will be retained by the Bureau Lead and processes and services that support the management of these claims will remain unaffected. No responsibilities will be transferred to the SCAP/Slip Leader until a smarter operating model with the correct technology and services to support SCAP is implemented. Each Bureau Lead and in particular for Lloyd's carriers will still be able to request broker updates and transactions to update a non-moving or static claim either directly or via CTIS static claim service in the same way they would prior to the SCAP model.

## **21 Managing General Agents (MGAs)**

The arrangement between an MGA and London carrier does not change with SCAP. Where a claim is made on a contract with a subscription placement and the MGA has authority to handle the claim, after triaging the claim they will either follow the bureau's conventional London agreement model (i.e. Lloyd's Claims Scheme or IUA Agreement Practices) or the SCAP operating principles as per the contract's basis of claims agreement section.

## **22 Line slips**

A contract written on a Line slip, which also has open market placements from other bureaus, will be in scope for SCAP. The overall SCAP Slip Leader will be determined by how the placement is set up. For example:

- If the Line slip is the lead on the contract, the lead agreement party on the Line slip will be the overall SCAP Slip Leader. Each Bureau Lead in a follow market position will be the Bureau Lead (follower) for their market.
- If the Line slip is a follow market on the contract, the overall SCAP Slip Leader will be the lead bureau then the Lead Agreement Party on the Line slip will be the Bureau Lead (follower).
- Where declarations exist and the market differs (including the lead agreement party) from the Slip Leader of the Line slip, the SCAP Slip Leader will be the Lead Agreement Party on the declaration. Without this being denoted, the claim is out of scope for SCAP as the Slip Leader of the line slip in this scenario would not have authority to bind carriers on the declaration

In all scenarios, the SCAP Operating Guidelines will be followed.

## **23 Parallel UCRs**

A parallel UCR is only in scope to be handled under the SCAP operating principles if the master UCR is being handled under SCAP. The parallel UCR follows the master UCR's agreement model.