



Market Guidance: Co-Lead Binders & the Co-Lead Claims Agreement (CLCA)

Version 2 – August 2025

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Introduction

From June 2023, all claims arising from risks placed across multiple binders (co-lead binders) were brought into the scope of Lloyd's Claims Lead Arrangements (CLA), meaning that managing agents must meet Lloyd's requirements for one Lloyd's claims agreement party for all standard claims, and only two for complex claims.

To support the market with meeting Lloyd's expectations, the LMA supported by LIIBA, have updated the Co-Lead Claims Agreement (CLCA) to facilitate the appointment of Claims Agreement Parties and to ensure the market can meet Lloyd's provisions for a CLCA.

This guidance and the LMA 9186B Co-Lead Claims Agreement (CLCA) should be used for Lloyd's only (single market) co-lead binder arrangements.

Where risks have been placed across multiple binders and multiple markets the LMA 9187 Cross Market CLCA and associated guidance should be referred to.

Lloyd's have published co-lead binder specialist guidance which sets out specific provisions that should be included within a CLCA and it is expected that readers of this guidance will have already familiarised themselves with the CLA and Lloyd's specialist guidance; and digested the Lloyd's training materials on Delegated Authority Arrangements (Module 3). Links to all these materials can be found in the *Reference materials* section.

This guidance has been produced to support the market with the operation of Co-Lead Claims Agreements (CLCA) as agreed by LMA Delegated Authority Claims Management Group and LIIBA Delegated Authority Claims Committee.

CLCA Guidance Summary

- ✓ **LMA9186B (and this guidance) should only be used for Lloyd's only co-lead binder arrangements.** For cross market co-lead binder arrangement refer to the *LMA 9187 Cross Market CLCA and associated guidance*.
- ✓ The CLCA should be **agreed pre-bind where possible**, or as soon as possible post bind.
- ✓ **Only one DCA should be appointed** by Binder Leaders and **DCA authorities should be clearly agreed** at the outset by all Binder Leaders.
- ✓ **LMA9186B can be amended by the market** to reflect specific market agreements, users should be mindful that the LMA 9186B has been designed to meet the Lloyd's provisions for a CLCA (see guidance for more detail).
- ✓ Once agreed, **the CLCA should be uploaded to the IMR** by the Broker and **shared with the appointed DCA**.
- ✓ **Where it is agreed that the default position shall be maintained, a CLCA should still be agreed and uploaded to the IMR.**
- ✓ **ECF** is a viable option for **standard claims**. For **complex claims**, claims should revert to **email** unless otherwise agreed by the Broker and Lead.
- ✓ Watchlist Codes are not operable for co-lead binder arrangements; therefore provisions have been set out to support appropriate **communication from Claims Agreement Parties to followers**; including: DCA's recording litigation on bordereau, Leads issuing material development updates and Claims Agreement Parties making information available to followers in response to all reasonable requests.
- ✓ On **receipt of notice of proceedings against Underwriters**, the Broker will email Lead and Second Lead **and copy in Binder Leaders** for information purposes.
- ✓ A **provision** has been added **to ensure that all Binder Leaders have a contract in place with the agreed DCA** and that nothing in those contracts prevent the DCA from acting on behalf of the Claims Agreement parties in accordance with the authority set out in the CLCA.
- ✓ The CLCA sets out a responsibility for **the Lead to report complaints to Lloyd's** in line with the Lloyd's Code for Complaint Handling
- ✓ **Specific broker responsibilities** have been set out in respect of ensuring files are seen promptly, uploading of the CLCA onto the IMR, **evidencing Lead agreement to cash calls/loss fund top ups** and ensuring first notice of proceedings against underwriters are communicated to Binder Leaders.

Meeting Lloyd's CLCA Provisions

While the LMA 9186B can be amended by the market to reflect specific market agreements, users should be mindful that the LMA 9186B has been designed to meet the Lloyd's provisions for a CLCA, as set out in Lloyd's guidance. Lloyd's provisions are set out below alongside the corresponding LMA 9186B section.

Lloyd's Guidance – CLCA Provisions	LMA 9186B CLCA	
<i>The CLCA should include the following provisions:</i>		
a) Identity of each binding authority subject to the CLCA, by UMR, with binding authority lead syndicate details for each binding authority	✓	Section 4 – The Binding Authority Agreement(s)
b) Identity and contact details of Lead and Second Lead CAPs, or the mechanism by which they will be identified	✓	
c) Any variations to Lead and Second Lead CAP for each section	✓	
d) Identity and claim contact details of all other binder leads	✓	
e) Identity of any DCA that it is agreed may be appointed, including financial limit of authority that can be delegated to the DCA	✓	Section 3 – Programme Details / Authority
f) Mechanism for making payments either by adopting the Faster Claims Payment facility or otherwise by establishing loss funds under the control of any DCA appointed (which should include agreed levels for the loss fund, and the authority of the Lead CAPs for agreeing any increase to loss funds).	✓	Section 3 – Programme Details / Authority Section 6 – Roles & Responsibilities: 6.2
g) Roles and responsibilities of CAPs and broker(s) in communicating with all other syndicates – including the responsibilities provided in the CLA, for example the Lead CAP's responsibility to inform follow syndicates of the commencement of dispute resolution proceedings against syndicates.	✓	Section 6 – Roles & Responsibilities

Placement considerations

At placement consideration should be given to whether a binder will, or could be used, for co-lead arrangements.

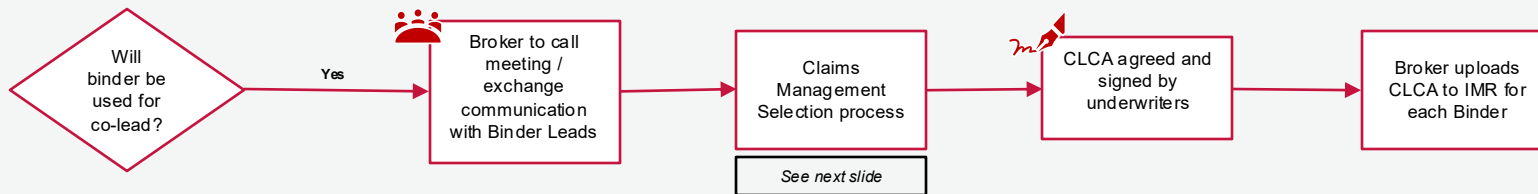
A CLCA should be in place pre bind, although it is acknowledged that this is not always practical.

The broker should facilitate the agreement of a CLCA (the 'Claims Management Selection Process') with Binder Leaders, through either a meeting or an exchange of communication.

When to flag that a CLCA is needed:

- Placement teams and Coverholders should flag with the Broker if they believe a binder could (or has been used) for co-lead arrangements and a CLCA is not in place
- If a claim is reported and there is no CLCA then default claims agreement parties take effect. At this point the arrangement needs to be flagged with the broker, who will facilitate a CLCA. Pending the agreement of a CLCA the default lead claims agreement party should make any decisions required to avoid delay in responding to the broker and policyholder.
- A CLCA should then be put in place as soon as possible and Binder Leaders should consider and address any issues that may have arisen from its absence.

Placement considerations



Where it is agreed that the default position shall be maintained, a CLCA should still be agreed and uploaded to the IMR. This ensures the process of DCA selection and authority setting continues and adequate information is available for downstream processing.

The CLCA can be adapted by Brokers to allow for the CLCA to be operable for subsequent agreement years. In this scenario, Brokers should continue to upload the CLCA to the IMR for each subsequent year. The CLCA must be updated if any new Binder Leaders agreements are to be added.

The Claims Management Selection Process

Who: Broker & Binder Leaders

When: Pre-bind if possible, or as soon as possible post bind

Checklist:

- ☑ Selecting the claims agreement parties – Lead & Second Lead
- ☑ DCA selection and agreement of authority (see side note)
- ☑ Agree the loss fund level (where possible attempt to use FCP)
- ☑ Agree communication methods between parties (email, ECF)
- ☑ Catastrophe events – agree what to do in the event of a cat



The CLCA must be signed by all Binder Leaders.

The Broker must upload a copy of the CLCA to the IMR for each binding authority and shares with any other involved brokers and the appointed DCA.

Important Note on DCA authorities

One set of authorities should be agreed for a DCA at the outset by all Binder Leaders.

DCA's financial authority should be **set at 100%** of the whole claim, or 100% of Lloyd's syndicates' share of the claim.

In cases where Binder Leaders' standard authority levels for DCAs are different, every effort should be made by the Binder Leaders to discuss and **come to an agreement for one set of authorities**. Binder Leaders are expected to **compromise** and where a low or high authority is proposed, this should be supported by a clear business case.

Financial and non-financial authorities for DCAs should be set out clearly in Section 3 of the CLCA. Please do not state for DCAs to refer to the contract.

Considerations when agreeing the CLCA

- During the Claims Management Selection Process, the Broker(s) and Binder Leaders will reach agreement on claims management for risks written across the selected binders.
- Once agreement is reached the output should be documented in the relevant section CLCA.

Claims Management	Output	Considerations
Selecting claims agreement parties	Lead and Second Lead Section 4 of CLCA	<ul style="list-style-type: none"> - Level of participation - Experience - Appetite/capacity to take lead position
DCA Selection	Which DCA & financial authority Section 3 of CLCA	<ul style="list-style-type: none"> - Where a DCA has already been chosen the Binder Leaders should confirm that they have a relationship with that DCA - The financial authority documented must be for the whole claim, not per slip. - Financial and non-financial authorities for DCAs should be set out clearly in Section 3 of the CLCA. Please do not state for DCAs to refer to the contract.
Loss Fund Level	Loss fund level Section 3 of CLCA	<ul style="list-style-type: none"> - Where possible, attempts should be made to adopt FCP - Binder Leaders should agree their Loss Fund levels during the Claims Management Selection process, or within 30 days of entering into the CLCA (which ever is later) - If a loss fund is not agreed during this timeframe, then the Lead has authority to set an appropriate level of loss fund.
Communication	Communication method - ECF or Email Section 3 of CLCA	<ul style="list-style-type: none"> - Type of risks written – does the account have a high propensity for complex losses or will most be standard? - Broker and market preferences - For standard claims ECF is a viable option. For complex claims, claims should revert to email unless otherwise agreed by the Broker and Lead.
CAT Events	CAT event protocols	<ul style="list-style-type: none"> - Specific parameters, for what to do in the event of a CAT, can be set and documented within the meeting, or it can be agreed that in the event of a CAT the broker will call a meeting to reconvene the Claims Management Selection Process. - The CLCA caters for this eventuality through Section 6 Roles & Responsibilities (6.9). In such cases, the Broker and Binder Leaders will agree the most appropriate Claims Agreement Parties for claims arising from the cat event taking into account exposure and will agree a cat loss fund and appropriate funding.

Communicating to followers

Due to system and bordereau constraints Watchlist codes are not operable with co-lead binder arrangements. Therefore, provisions have been set out to support appropriate **communication from Claims Agreement Parties to followers**; including: DCA's recording litigation on bordereau, Leads issuing material development updates and Claims Agreement Parties making information available to followers in response to all reasonable requests.



DCAs to record litigation on bordereau

To ensure all parties have awareness of all litigated cases, DCAs should be required by each Binder Lead to capture and report on litigation through the bordereau. Note, this is not a mandated field per the Coverholder Reporting Standards.



Communicating watchlist claims

As Watchlist codes are not operable with co-lead binder arrangements, the Lead Claims Agreement Party should consider sending a brief communication to Binder Leader's where a Watchlist code would have otherwise been applied. Binder Leaders should then share information with their followers. It is considered good practice for this process to be discussed during the Claims Management Selection Process.



Material Development Communications

In cases where a material development communication is needed, the Lead (or via an expert or the broker) must draft a communication and issue to all Binder Leaders. Binder Leaders should then share this information with their followers.



Lloyd's guidance – Watchlist codes and Material Development Communications

Lloyd's specialist guidance sets out the Watchlist Code requirements and Claims Agreement Parties responsibilities to communicate significant and material developments to following syndicates and provides guidance on the types of situations where this may be necessary.



MDC Templates

Material Development Communication templates can be accessed via the [LMA Website](#), along with a [directory](#) of managing agent contact details.



For specific guidance on **MDCs & litigated cases**, please refer to page 11

Communicating to followers: Litigation

Receipt of notice of proceedings against Underwriters

The Broker will email Lead and Second Lead, and copy in Binder Leaders for information purposes

Binder Leaders should share information with their followers. *If the follow market requires further information, then they should contact the Lead, who should respond to reasonable requests for information***

Litigated cases should be flagged on the claims bordereau. The Lead will need to discuss and agree this requirement with their DCAs. *Note, this is not currently a mandated field per the Coverholder Reporting Standards.*

Binder Leaders and followers can track movements through the claims bordereau



When appointing Counsel on a co-lead arrangement, to ensure effective communication to all Binder Leaders, the Broker should provide the appointed party with the slip(s) and identify shares, this includes Subrogation counsel as well as Coverage and Defence. In cases of direct reporting, the Lead should request for the Broker to update Counsel.

In cases where **there is a significant or material development on a litigated case** the lead should issue a Material Development Communication (MDC). The following examples are generally considered to be of a significant or material nature, where the Lead should consider issuing a MDC:

- Cases going to trial in the next 90 days
- A material change to the litigation strategy
- A change in coverage position resulting in exposure to Extra-Contractual Obligations
- Anything with a potential to significantly deteriorate

Leads are not expected to appraise non-agreement parties of day-to-day proceedings in every case of litigation.

***Per Lloyd's guidance, if requested by followers, experts should be asked to include followers when sharing pleadings and documents prior to service to Claims Agreement Parties, if possible.*

Ex gratia, commutations, recission

Ex gratia, commutations, recission are out of scope of the Lloyd's Claims Lead Arrangements and require agreement from all parties.

Extract from Lloyd's Guidance¹

The managing agent of the leading and (for complex claims) the second Lloyd's syndicate must not agree to ex gratia settlements, commutation(including buy-backs) or any recission of the insurance (other than where provided for by the terms of the insurance) without obtaining the prior agreement of the following Lloyd's syndicates on the placement

- *[Paragraph 17]*

¹ Guidance on the Lloyd's Claims Lead Arrangements June 2023. Available at: [Claims Scheme documents](#)

Catastrophe (CAT) Events

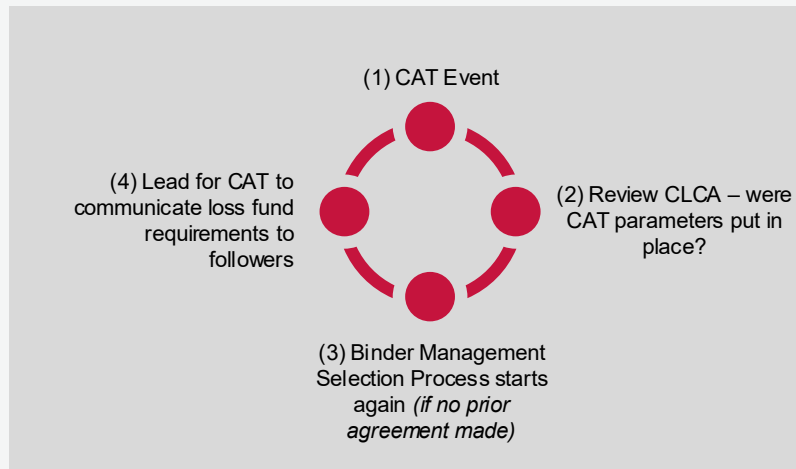
- At the first Claims Management Selection Process meeting, parameters may have been discussed and agreed for CAT events. If this is the case, these should have been documented and will form the basis of agreeing next steps.



- Where this is not the case, the CLCA (*Section 6 Roles & Responsibilities (6.9)*) allows for the Claims Management Selection Process to start again. The broker will reconvene the Binder Leaders to agree the most appropriate Claims Agreement Parties for claims arising from the CAT event taking into account Binder Leaders exposure; and will agree a CAT loss fund and appropriate funding.



- The Lead for claims arising from the CAT event will need to communicate loss fund requirements to followers.



Other reporting responsibilities

Complaint Reporting

The CLCA sets out a responsibility for the Lead to report complaints to Lloyd's in line with the Lloyd's Code for Complaint Handling. Binder Leaders, who are not the Lead, are not required to report complaints to Lloyd's.

Lloyd's Catastrophe Reporting

In cases where Lloyd's Catastrophe Reporting is required, the Lead Claims Agreement Party (or their appointed DCA) should take responsibility for reporting to Lloyd's on behalf of all Binder Leaders.

While this is not currently a responsibility set out in the CLCA, this is considered good market practice and is in line with Lloyd's Catastrophe Reporting User Guide.



Reference materials

Materials relating to the Lloyd's Claims Lead Arrangements (CLA) can be found at:

[Changes to Lloyd's Claims Scheme \(lloyds.com\)](#)

- Revised Lloyd's Claims Lead Arrangements
- Guidance on the Lloyd's Claims Lead Arrangements
- Specialist guidance notes for Co-Lead Binding Authorities
- FAQs

[Claims Scheme documents \(lmalloyds.com\)](#)

- As above+
- Lloyd's Training Modules
- Further specialist guidance
- Managing agent directory for Material Development Communications
- Material Development Communication templates

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Zoe Butcher, Amwins
Steven Johnson, Price Forbes
Daniel Pedge, Bowood
Stephen Biddle, Bowood
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Feedback

Please share any feedback or questions relating to the CLCA and/or market guidance or practice with the LMA. The LMA will facilitate sharing feedback with the Delegated Authority Claims Management Group and with LIIBA where appropriate.

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