

Coverholder at **LLOYD'S**

What is a Coverholder?

"Coverholder" means a company or partnership authorised by a Managing Agent to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate managed by it in accordance with the terms of a Binding Authority.

As an approved coverholder, you are part of a global network of expert brokers and local underwriters, helping customers to access Lloyd's.

What is a Binding Authority?

A Binding Authority agreement can be used to give a Coverholder the authority to issue insurance documents on behalf of Lloyd's syndicates. The Binding Authority agreement will also set out the Coverholder's other responsibilities, such as handling insurance monies or agreeing claims. The relationship between the Coverholder and the members of a syndicate is one of agency delegating authority. The contract setting out the extent and terms of the Coverholder's delegated authority is known as a Binding Authority.

To become a Coverholder at Lloyd's the entity must be sponsored by a Managing Agent, and approved by Lloyd's. Therefore the entity must meet certain standards to become an Approved Coverholder.

The role of the Coverholder

When a Lloyd's Managing Agent delegates its authority to an approved Coverholder under a Binding Authority, the approved Coverholder may enter into contracts of insurance and issue insurance documents as evidence that contracts of insurance have been accepted.

An approved Coverholder will normally also be allowed to collect premiums, and may be allowed to handle claims or perform other functions. The scope of its authority will be set out in the contract called the Binding Authority agreement.

Benefits of being a Coverholder

Coverholders benefit from partnership with Lloyd's syndicates by gaining access to Lloyd's excellent brand, security and ratings, as well as access to experienced Underwriters and Brokers. Coverholders may therefore offer a wide range of specialist classes of business underwritten at Lloyd's.