

SETTING UP A SERVICE COMPANY

Seek legal advice

- process of establishment
- options for type of venture
- local regulations, e.g.: business allowed; capital requirements; local tax advice; employment law

Branch vs. company

- for example, in Europe the IMD enables a branch to be set up via “passporting” rather than incorporating a new company

Full service operation vs. contact office

- cost comparison
- underwriting credibility; how business is normally conducted there
- local regulations re where business is deemed to have been bound
- claims service and related regulations (e.g. response times / licensed individuals)
- location of back office functions (accounting, reporting, HR, policy production), i.e. in the service company, managing agency in London, or outsourced

Dual platform

- will this apply – if so, consider: transparency/clarity of operation; and extent of Lloyd's knowledge & experience of local staff

Branding

- identify which operating model is to apply and familiarise with related brand guidelines

Governance & Franchise Standards

- reporting lines; committees / board structure
- planning; monitoring to plan / board reports
- procedures, and monitoring compliance (e.g. exception reports, internal audit)
- demonstrating to Lloyds how minimum standards will be met
- bedding-in period; cultural issues

IT systems

- enabling prompt data capture (for internal/external reporting and monitoring)
- enabling remote oversight

Staff

- ex pat vs. local (higher cost of ex pat; alignment of local staff to corporate culture)
- training and induction (IT; procedures)

Tax

- critical to get good local advice (corporate tax; payroll tax; VAT; GST)
- contact Lloyd's tax dept
- risk of setting wrong precedent for other managing agents in the future

XIS

- most DU business is processed via XIS (to enable regulatory reporting)
- can opt for non-cash processing (i.e. just the data, to enable regulatory reporting)
- business processed outside of XIS has to be declared to Lloyds (for reg reporting)
- managing agents need a CSN if no broker (1 day training/assessment on abilities)