

Lloyd's Europe – TOBA guidance

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Managing agents and brokers registered with Lloyd's Europe are reminded that the EuroTOBA (European Terms of Business Agreement) governs all business placed with Lloyd's Europe. Because managing agents act on behalf of Lloyd's Europe, under formal outsourcing arrangements, no additional TOBA is required between brokers and the managing agents for such placements.

Brokers remain responsible for fulfilling all obligations set out in the EuroTOBA, including compliance with applicable regulatory requirements and the maintenance of appropriate authorisations within every jurisdiction where they operate.

Before a broker can become a registered broker with Lloyd's Europe, they must successfully complete Lloyd's due diligence process. Once this process is completed, the broker enters into a EuroTOBA with Lloyd's Europe. This EuroTOBA applies to all business where Lloyd's Europe is the insurer. Therefore, no separate TOBA is required between the registered Lloyd's broker and any managing agent for Lloyd's Europe business.

This means that Lloyd's Europe does not require brokers to enter into an additional TOBA with a managing agent (MA) when placing business on behalf of Lloyd's Europe; the existing EuroTOBA between the broker and Lloyd's Europe is sufficient. However, managing agents must still carry out their own due diligence on the Lloyd's broker.

This is different from the setup for Lloyd's of London, where there is no TOBA concluded between the broker and the Society of Lloyd's, but a separate TOBA is required between the Lloyd's broker and each relevant MA.

Brokers that have a EuroTOBA with Lloyd's Europe must comply with the obligations deriving from this TOBA. These obligations include but are not limited to:

- the need to comply with local rules and market conduct expectations in relation to the provision of insurance distribution activities in the relevant jurisdiction.
- the responsibility to have the correct passporting authorisations (and reflection of such in the local register) for the countries they want to conduct business in.

There is a distinction between EEA authorised brokers and UK authorised brokers. Brokers that are authorised in the UK are not allowed to be part of the distribution chain when both the regulatory risk location and the policyholder location are in the EEA as this business is in scope of the Insurance Distribution Directive (IDD).

It is important to remind that the IDD requires the entire insurance distribution chain to be authorized¹ in the EEA whenever both the policyholder and the risk are located in the EEA.

¹ You can verify the licensing status of the broker across EEA territories here: [Register of insurance intermediaries - European Insurance and Occupational Pensions Authority](#).

If a Lloyd's broker engages other insurance intermediaries in the distribution chain, such as retail brokers or coverholders, it is the Lloyd's broker's responsibility to establish the necessary TOBAs with those intermediaries. There is no requirement for a TOBA between Lloyd's Europe and the local retail brokers as Lloyd's Europe is not a party to those agreements.

Further guidance

A separate section has been added to the distribution channels section on Crystal+.

A full list of managing agents with an outsourcing agreement in place with Lloyd's Europe and brokers that have entered into a EuroTOBA with Lloyd's Europe is available on the [Lloyd's Europe website](#).

Who should I contact

If you have any questions, please contact: lloydseurope.legal@lloyds.com.