

The General Underwriters Agreement

Version 2.0
February 2014

This document includes:

- An Introduction to the GUA
- The GUA Clause (Schedules published separately)

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1 Document Revision/Change History

Version	Date	Description of Change
1.0	October 2001	First Release
1.1	February 2002	Amendments made to the Marine Cargo, Marine Hull and Marine Liability schedules: 3.3.1 Increases the monetary exposure <ul style="list-style-type: none"> • 10% tolerance deleted 3.3.4 Extensions to policy period <ul style="list-style-type: none"> • Stipulation of within one calendar month deleted
1.2	May 2002	Amendments made to the Marine Hull schedule based on feedback from the Joint Hull Committee
1.3	October 2002	Amendments made to the Excess of Loss and Treaty Reinsurance Schedule based on feedback from the LMA and LMBC Reinsurance committees.
1.4	June 2003	Amendments made to the Marine Cargo and Marine Energy schedules based on feedback from the Joint Cargo Committee, Joint Rig Committee. Also includes the new Political Risks schedule.
1.5	August 2004	Amendments made to the Marine Liability schedule as agreed by the Joint Liability Committee and the LMBC (<i>now LIIBA</i>) Marine Executive Committee. The name of the schedule has been changed from the Marine Liability schedule to just the Liability schedule, although it is still intended only for Marine Liability and incidental Non-Marine business rather than pure Non-Marine Liability classes such as Professional Indemnity.
1.6	May 2005	New schedule for Professional Indemnity business published as agreed by LMBC (<i>now LIIBA</i>), LMA and the Professional Indemnity Forum (PIF).
1.7	January 2006	Amendments made to the Political Risks schedule based on feedback from the LMA Political Risks Business Panel.
1.8	December 2006	Addition of new Terrorism schedule based on a combination of the Non Marine and Political Risks schedules.
2.0	February 2014	New format of GUA documentation – with minor editing changes; Reference to electronic means of processing; drafting amendment to clause 1.2; no changes in substantive content i.e. to core GUA clauses or Schedules.

2 Introduction

2.1 Context

This document sets out the General Underwriters Agreement (GUA) along with its Class of Business Schedules, originally developed as part of the LMP2001 programme. Following consultation with the market during 2001 via workshops, as well as specific feedback from practitioners and market organisations, the Market Reform Group established a team of senior practitioners in the London market to produce an enhanced GUA. That process was supported by an independent legal review. The revised GUA was published in October 2001.

Since then the GUA has been in widespread use in the London Market for Non-Marine and Marine business; although the AVS100B agreement clauses have typically continued to be used for Aviation business. The core GUA clauses have remained unchanged since their introduction; although revised Class of Business Schedules have been issued from time to time, in response to requirements agreed with underwriting/broking committees.

It is now evident that, whilst the core clauses of the GUA remain suitable for use, some of the terminology (e.g. relating to LMP slip) is outdated, there is no reference to current (MRC) slip standards and there is no provision for the use of electronic means for agreeing endorsements and/or placing risks.

This version of the GUA is therefore intended to refresh the terminology used, as well as to cater for electronic means of processing. The operation of the core clauses remains unchanged, as do the Class of Business Schedules.

2.2 Objectives

The objectives of this document are to provide an overview of:

- the GUA purpose
- the agreement itself
- the benefits
- future developments

2.3 Purpose of the GUA

The General Underwriters Agreement provides a standardised arrangement in respect of contract change agreements. The purpose of the GUA is to:

- create an agreement between the subscribing Underwriters on a particular contract for the management of changes
- clarify the extent of the delegated authority to the Slip Leader and Agreement Parties
- enable each class of business to define their specific requirements/needs within a common framework
- allow a single Slip Leader and/or Agreement Parties to agree contract alterations where empowered to do so by the GUA

- ensure all Underwriters are notified of alterations, where appropriate

The GUA, as with previous Leading Underwriter Agreements, is not intended to affect the several liability of each subscribing Underwriter. As made clear throughout the GUA, each subscribing Underwriter's obligations remain several and not joint and limited to the extent of its signed subscription.

2.4 The GUA in outline

The GUA is an agreement between the subscribing underwriters on a particular contract relating to the level of delegated authority in respect of post placement alterations.

The GUA structure provides a standard agreement that is referenced from the contract. If there is a difference between the GUA and the contract terms, the contract overrules the GUA. This enables, where appropriate, the terms and conditions of a Policy/Contract to be amended to individual contract needs. The GUA can be applied and operated with the MRC and MRCE standards, but can also be used with any other form of slip or endorsement, or alongside electronic means of agreement. The contract should make clear reference to the GUA and the relevant schedule within the Subscription Agreement section under "Basis of Agreement to Contract Changes". For example, "*GUA (version 2.0) February 2014 with Marine Cargo Schedule April 2013*".

The structure of the GUA enables its use for any class of business with each defining its particular requirements in the Class of Business Schedules. Class of Business Schedules have been defined for Non-Marine, Marine Cargo, Marine Hull, Marine Liability, Marine Energy, Excess of Loss & Treaty Reinsurance, Political Risks, Professional Indemnity and Terrorism.

Each Schedule is split into three Parts, defining the Underwriters whose agreement is required for each type of alteration:

Part 1 – Slip Leader only

Part 2 – Slip Leader plus Agreement Parties

Part 3 – All Underwriters

The contract should clearly identify the Slip Leader and any Agreement Parties for contract changes in the designated area (refer to the MRC guidance, or such other comparable guidance as may be issued from time to time on behalf of the London Market Group (LMG)).

The GUA defines administration tasks, such as distribution of certain agreed endorsements to following underwriters. This distribution can be on paper, via ACORD messages or alternatively via e-mail or other electronic means.

The GUA has been designed to work within the existing endorsement process and uses an endorsement document (typically in MRCE format). When an endorsement is presented the GUA stamp may be applied by the Slip Leader, or alternatively the broker may wish to have it pre-printed. Two versions of the stamp have been created to support Marine practices (Stamp A with notification), and the practices of the Non-Marine market (Stamp B) – refer to the examples in section 4. The Slip Leader will need to initial the appropriate box in the stamp to indicate the level of agreement required, or perform the equivalent operation by electronic means.

There are limited instances where a Slip Leader and/or an Agreement Party may need to be replaced, for example in the event of an insolvency. The replacement process described in the GUA is only required if new alterations need to be made. In addition,

reflecting the several liability nature of this agreement, a procedure has been included for the withdrawal of delegated authority.

2.5 Benefits provided by the GUA

The main benefit of the GUA for (re)insureds and for the market as a whole is that it provides a clearer, codified agreement process with a unified approach to contract alterations.

2.6 Future development

Lloyd's/LMA, the IUA and LIIBA will keep the GUA/Class of Business Schedules under review and shall seek to recommend improvements, as they consider necessary, from time to time. Where any amendments to the GUA and its Class of Business Schedules are recommended consultation will take place with the relevant market associations.

2.7 Further Information

For further information on the GUA please contact:

Type of Query	Contact	Address
LIIBA Members	Chris Buer – LIIBA Tel: 020 7280 0154 Email: chris.buer@liiba.co.uk	78 Leadenhall Street LONDON
Lloyd's Insurers	Alison Colver - LMA Tel: 020 7327 3333 Email: alison.colver@lmalloyds.com	Gallery 4 Lloyd's 1 Lime Street LONDON
IUA Insurers	John Hobbs – IUA Tel: 020 7617 4445 Email: john.hobbs@iua.co.uk	Suite LG1 LUC 3 Minster Court LONDON
General Queries	LMG Secretariat Tel: 020 7327 5249 Email: steve.hulm@londonmarketgroup.co.uk	Gallery 6 Lloyd's 1 Lime Street LONDON

3 General Underwriters Agreement – February 2014

CONDITION PARAMOUNT: *Nothing in this General Underwriters Agreement (“GUA”) nor in the Class of Business Schedules (“Schedule/s”) referred to shall alter or detract from the several liability of the subscribing Underwriters. Each subscribing Underwriter’s obligations under the contract of insurance/reinsurance shall remain several and not joint and shall at all times be limited to the extent of his or its individual signed subscription (hereafter its own proportion).*

This GUA determines the basis upon which the specified slip leader and agreement parties for insurance and reinsurance risks to which this GUA is applied may act as agents of the other Underwriters subscribing to those risks, each for its own proportion severally and not jointly, in dealing with certain alteration(s), amendment(s) and additions (“Alterations”) to the contract of insurance or reinsurance evidenced by a slip, policy, certificate or otherwise.

1. Application

1.1 This GUA may be applied to:

- 1.1.1 risks whether renewals or otherwise originally first subscribed on or after 1st February 2014 and
- 1.1.2 risks originally first subscribed prior to that date to the extent that each subscribing Underwriter thereon hereafter individually so agrees for its individual signed proportion.

and in each case shall apply only when the slip evidencing the contract of insurance or reinsurance (or in the case of Clause 1.1.2, the written endorsement to such a slip) (“the slip”) has both expressly incorporated this GUA and identified the applicable Class of Business Schedules.

- 1.2 In the event that the risk is written as a declaration to a lineslip marine open cargo cover or other contract for insurance or reinsurance, the GUA shall apply to the risk concerned only if incorporated in that lineslip, cover or other contract and in the resulting declaration, certificate or other form of contract of insurance or reinsurance.
- 1.3 In the event of a slip being subscribed by an Underwriter who is not amenable to the GUA applying to its individual signed proportion, and that Underwriter so indicates on the slip, this GUA shall not apply to effect any Alteration so far as that Underwriter and its proportion are concerned.

2. Definitions

- 2.1 The “Slip Leader” is the Underwriter identified as such on the slip.
- 2.2 The “Agreement Parties” are those Underwriters identified as such on the slip. Where no such Underwriters are so identified, the Agreement Parties will be all Underwriters.
- 2.3 The “Other Underwriters” are all Underwriters not identified as the Slip Leader or as an Agreement Party, other than those to whom Clause 1.3 applies.
- 2.4 “Notification” or “listing” shall mean notification in writing and shall include notification given by electronic means (including ACORD Messaging, e-mail or other electronic means), provided always that, save in the case of Clause 8.2, notification identifies each risk concerned. “Notified” and “listed” shall be construed accordingly.

- 2.5 All references to “slip” in this document shall be taken to include any document evidencing a contract of insurance or reinsurance whether in the MRC format or in another format and whether on paper, in an electronic format or otherwise.
- 2.6 All references to “endorsement” in this document shall be taken to include any document evidencing an Alteration to a contract of insurance or reinsurance whether in the MRCE format or in another format and whether on paper, in an electronic format or otherwise.

3. Alterations

- 3.1 Only Alterations set out in the applicable Schedule Part 1 may be agreed by the Slip Leader alone on behalf of the Agreement Parties and Other Underwriters, each for its own individual signed proportion severally and not jointly.
- 3.2 Only Alterations set out in the applicable Schedule Part 2 may be agreed by the Slip Leader and Agreement Parties acting together on behalf of Other Underwriters, each for its own individual signed proportion severally and not jointly.
- 3.3 Such Alterations shall only be agreed by Slip Leader/Agreement Party itself or by members of its staff who have been specifically designated to assume such responsibility.
- 3.4 The Alterations set out in the applicable Schedule Part 3, and any Alteration that the Slip Leader and any Agreement Party so require, may be agreed only by all Underwriters, each for its own individual signed proportion severally and not jointly.

4. Evidence of Agreement

- 4.1 The Slip Leader shall incorporate the GUA Stamp (in either form A or B) in the endorsement, should it not be incorporated in or appear on the form of endorsement.

GUA Stamp A

GENERAL UNDERWRITERS AGREEMENT (GUA) Each Underwriter’s proportion is several not joint		
Slip Leader Only Box 1	Slip Leader And Agreement Parties Box 2	All Underwriters Box3
Notification to followers Yes / No Within _____ working days		

GUA Stamp B

GENERAL UNDERWRITERS AGREEMENT (GUA) Each Underwriter’s proportion is several not joint		
Slip Leader Only Box 1	Slip Leader And Agreement Parties Box 2	All Underwriters Box3

- 4.2 The Slip Leader (and Agreement Parties if appropriate) shall then initial in the appropriate Box the level of authorisation required.
- 4.2.1 If any of the Slip Leader or Agreement Parties initials Box 3, the Alteration shall be referred to all Underwriters, each for its own individual signed proportion severally and not jointly.
- 4.2.2 If the Slip Leader initials Box 2, the Alteration shall be referred to all Agreement Parties.
- 4.2.3 If the Slip Leader initials Box 1 and initials and dates the endorsement in the customary place, no further agreement shall be required.
- 4.2.4 Agreement to Clause 4.2.1 or Clause 4.2.2 Alterations shall be effected by each Underwriter required initialling and dating the endorsement in the customary place.
- 4.3 Where the endorsement is not agreed on paper (e.g. where electronic messaging has been used), the parties shall adopt such alternative arrangements as are appropriate to give effect to the intent of Clauses 4.1 and 4.2 as if a GUA Stamp was incorporated into the endorsement and initialled.

5. Effective date of agreement

- 5.1 Unless otherwise specified on the endorsement, the agreement evidenced by the Alteration shall take effect:
- 5.1.1 for Clause 3.1 Alterations, on the date inserted by the Slip Leader, for the individual signed proportion of each Underwriter severally and not jointly;
- 5.1.2 for Clause 3.2 Alterations on the date when the last of the required agreements from the Slip Leader and Agreement Parties has been obtained, as inserted by that last Party, each for its own individual signed proportion severally and not jointly;
- 5.1.3 for Clause 3.4 Alterations, on the date inserted by each Underwriter, so far as its proportion is concerned.

6. Administration

- 6.1 Where an Alteration has been agreed by the Slip Leader (or by the Slip Leader and the Agreement Parties as applicable) and the Slip Leader or any Agreement Party requests that the agreed Alteration be notified or listed to other Underwriters, other Underwriters shall be notified within such period, following the effective date of the Alteration, as may be agreed by the Underwriter so requesting.
- 6.2 Where an Alteration is shown on the applicable Schedule Part 1 or 2 as requiring notification or listing, the Alteration once agreed by the Slip Leader (or by the Slip Leader and the Agreement Parties as applicable) shall be notified to other Underwriters within 5 working days following the date specified in Clause 5.1.1 or 5.1.2 (as applicable), or as specified in the applicable Schedule.
- 6.3 Where any event as provided for in Clause 7.1 occurs, notification of that event and of the name of the replacement Underwriter shall be given to all Underwriters within 5 working days of the broker concluding that the event could but for Clause 7.2 affect the making of an Alteration he proposes to seek.

7. Slip Leader/Agreement Party replacement

7.1 In the event that a Slip Leader or an Agreement Party (whether identified as such in the slip or acting as a result of prior operation of this clause):

- 7.1.1 becomes the subject of voluntary or involuntary rehabilitation or liquidation, action in bankruptcy or similar or in any way otherwise acknowledges its insolvency or is unable to pay its debts or losses; or
- 7.1.2 has its right to transact the main class of business covered by the slip withdrawn, suspended, removed or made conditional or impaired in any way by any regulatory authority; or
- 7.1.3 ceases to underwrite the main class of business covered by the slip or goes into run-off,

the authority of that Slip Leader or Agreement Party (“the affected Underwriter”) shall automatically terminate from the date of that event.

7.2 The Underwriter identified in 7.2.1 – 7.2.3 below shall thereupon be forthwith authorised to act as the replacement Underwriter and exercise the powers and duties of the affected Underwriter:

- 7.2.1 if the affected Underwriter is the Slip Leader, the Agreement Party first appearing on the slip shall act as Slip Leader and the next Underwriter on the slip who has been neither the Slip Leader nor an Agreement Party shall act as the replacement Agreement Party;
- 7.2.2 if the affected Underwriter is an Agreement Party, the next Underwriter on the slip who has been neither the Slip Leader nor an Agreement Party shall act as the replacement Agreement Party;
- 7.2.3 if the affected Underwriter is the Slip Leader and sole Agreement Party, then the next Underwriter on the slip shall act as the Slip Leader and sole Agreement Party.

in the event that further Alterations are required, the broker shall give the notification specified in Clause 6.3 above. Without prejudice to Clause 8, the authority of those replacement parties shall be terminated to the extent that, and from the date that, the broker may receive notification from any other Underwriter that the replacement is not acceptable. After receipt of such notification, such an Underwriter shall, unless otherwise agreed, be consulted about the future Alterations which the replacement would otherwise be asked to consider, without prejudice to either the rights or obligations of that Underwriter or of the insured/reinsured named on the slip so far as Alterations agreed prior to that date are concerned.

8. Withdrawal or Termination of Delegated Authority

8.1 Any Other Underwriter or Agreement Party may, each for its own individual signed proportion severally and not jointly, withdraw the authority of one, more, or all of the Slip Leader and the Agreement Parties by notification to that effect to the broker identifying the risk/s concerned. That notification shall take effect on the date of its receipt by the broker but shall not prejudice either the rights or obligations of that Underwriter or of the insured/reinsured named on the slip so far as Alterations agreed prior to that date are concerned.

8.2 In the event that any individual Other Underwriter or Agreement Party:

- 8.2.1 becomes the subject of voluntary or involuntary rehabilitation or liquidation, action in bankruptcy or similar or in any way otherwise acknowledges its insolvency or is unable to pay its debts or losses; or
- 8.2.2 has its right to transact the main class of business covered by the slip withdrawn, suspended, removed or made conditional or impaired in any way by any regulatory authority;

that Underwriter shall forthwith notify the broker of that event. The authority of the Slip Leader and of any Agreement Party shall, to the extent of that Underwriter's proportion, automatically terminate from the date of that event, whether or not the broker or the insured/reinsured is aware of that event. Notwithstanding that automatic termination, that authority may be subsequently reinstated, but only upon agreement between the insured/reinsured, that Underwriter, the Slip Leader and any Agreement Party.

9. Rights of Third Parties

- 9.1 Nothing in this GUA grants any additional rights or benefits to any third party other than the insured/reinsured. No term of this GUA shall be enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 by any third party other than the insured/reinsured named on the slip.

10. Terms of the Slip

- 10.1 Save as provided for in the Condition Paramount and in Clause 11:
 - 10.1.1 where the slip or any endorsement thereto conflict with the terms of this GUA, the terms of the slip/endorsement shall prevail, provided that for the purpose of this clause, the terms of the slip/endorsement are those shown to and subscribed by each subscribing Underwriter for its own proportion.
 - 10.1.2 where the risk has been written as provided for in Clause 1.2, and its terms or those of any endorsement to it conflict with the terms of this GUA, the terms of the declaration, certificate or other form of contract of insurance or reinsurance or endorsement thereto shall prevail, provided that for the purpose of this clause, the terms thereof are those authorised by each subscribing Underwriter for its own proportion in the original lineslip, marine cargo cover or other contract for insurance or reinsurance.

11. Choice of Law

- 11.1 Notwithstanding any other choice of law, express or implied, in the contract of insurance or reinsurance, this GUA shall in all respects always be governed by and construed in accordance with English Law.