

Market Reform Contract Endorsement (Lineslip) “MRCE-LS” Implementation Guide

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MARKET REFORM



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Document revision / Change history

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1 Introduction

1.1 Purpose of the Guide

To define the Market Reform Contract Lineslip Endorsement (MRCE-LS) standard, including the layout and content of a standard paper form.

1.2 Intended Audience

This Guide is intended for business, operations and technology audiences.

1.3 Background

The Market Reform Contract Lineslip (MRC-LS) was introduced in February 2008 and was adopted as the London Market standard for business incepting from the 1st July 2008. The MRC-LS guidance allows for the MRC-LS document to be used as the Contract Document given to the broker. The “*Market Reform Contract (Lineslip) Implementation Guide*” may be found at:

http://www.marketreform.co.uk/RD_P_S_Lineslip_guidance.htm

This MRCE-LS guidance has been agreed with the Market Associations on behalf of the Market Reform Group (MRG) to define the endorsement process and support changes to a Lineslip. This guidance should be read in conjunction with the “*MRCE Lineslip Data Dictionary*”.

http://www.marketreform.co.uk/RD_P_S_MRCE_guidance_pg1.htm

This guidance should also be read in conjunction with the “*Contract Certainty Code of Practice*” which may be found at:

http://www.marketreform.co.uk/RD_P_CC_guidance_pubs_pg1.htm

2 Business Objectives and Expected Benefits

2.1 Objectives

The objectives of this implementation guide are:

- to standardise the endorsement format for Lineslip changes. This new format may be used irrespective of how the endorsement is submitted and agreed;
- to streamline the overall endorsement process and standardise the agreement methodology; and
- to allow the endorsement documentation to be used as the insurer Lineslip change document.

2.2 Scope

The MRCE-LS is used to document and agree Lineslip changes regardless of whether the original Lineslip uses the MRC-LS format.

The MRCE-LS standard may be used immediately. However, there is a transition period (to 31 August, 2008) before it is adopted as the London Market standard for endorsements. Lineslip changes presented to insurers on or after 1 September, 2008 should use the MRCE-LS.¹

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2.3 Benefits

The MRCE-LS standard:

- supports the principles of Contract Certainty by speeding up the prompt provision of Lineslip change documentation;
- standardises the business process by allowing endorsements to be handled in a consistent manner and format;
- makes subsequent processes more efficient by allowing for the agreed endorsement to also be used as Lineslip change documentation; and
- enables mapping to the ACORD Reinsurance & Large Commercial (RLC) "Placement" XML message so that as and when business partners move to electronic processing, there is compatibility of information with that used in the paper placing process.

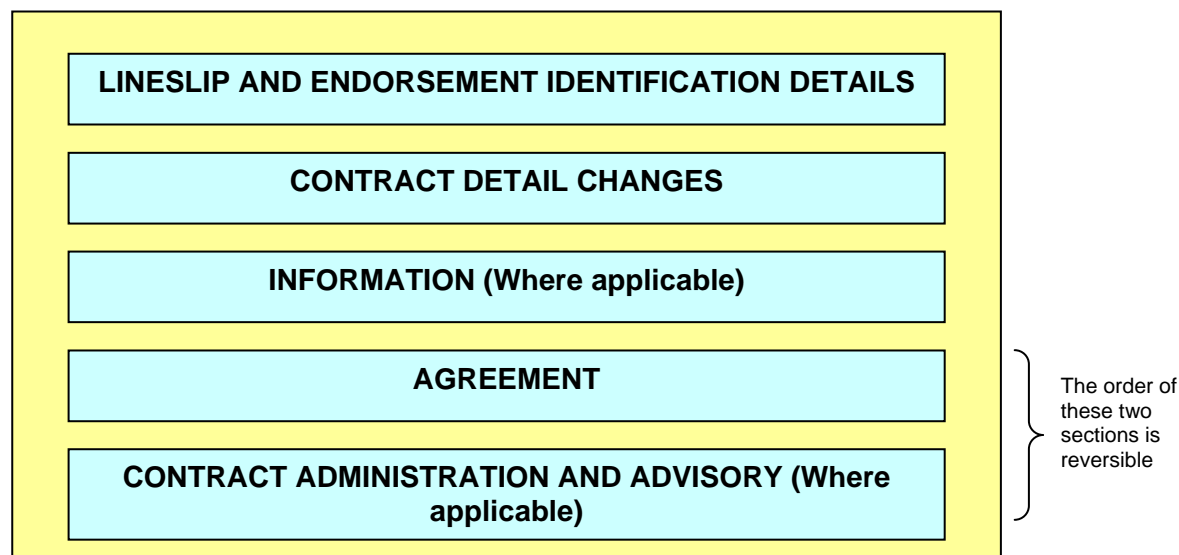
¹ Excepting any business that is outside the scope of MRC guidance e.g. Motor business not processed via Xcahnging.

3 MRCE-LS layout

This section explains the layout of the MRCE-LS.

3.1 Document Sections, order and use of Headings

The document sections, order and use of headings are as follows:



The MRCE-LS must include the following sections:

- *Lineslip and Endorsement Identification Details*: e.g. the UMR / Risk Reference, Lineslip Reference, Endorsement Reference and Broker. Brokers may additionally use other headings to uniquely identify the endorsement appropriate to the circumstances.

Where the UMR and Lineslip reference are identical the headings can be combined with the reference only being shown once.

- *Contract Detail Changes*: details of the change(s) to the Lineslip utilising MRCE-LS headings where appropriate plus free-format text and specifying the effective (or agreement) date(s) of said change(s).
- *Agreement*: identifies the parties who are required to agree the Lineslip changes contained in the endorsement and provides a record of their formal agreement to the change(s).

Where more than one insurer participates in the Lineslip, the Lineslip terms may mean that it is not always necessary to obtain a record of agreement to the MRCE-LS from all of those insurers.

It may include:

- *Information*: details of any information provided to insurers to support the Lineslip change(s). Where the size or the format of the information is not suitable for inclusion it should be clearly referenced in this section.
- *Contract Administration and Advisory*: details of any changes to the Contract Administration and Advisory sections (Subscription Agreement, Fiscal and Regulatory and Broker Remuneration and Deductions).

- *Attachments*: If additional documents need to be attached these should be referenced in the relevant section.

3.2 Layout of MRCE-LS

The MRCE-LS contains as a minimum the “Lineslip and Endorsement Identification Details” section, the “Lineslip Detail Changes” section and the “Agreement” section.

- The section titles are optional, but the headings used within these must correspond with the “*MRCE Lineslip Data Dictionary*”.
- The MRCE-LS should be formatted in the same way as the MRC-LS with the headings printed on the left and the content relating to the heading printed on the right.
- Where the changes relate to specific headings present in the MRC-LS or the change(s) cover a subject matter which would be shown under a specific heading then these headings should be inserted in the MRCE-LS with the change reflected as the content to said heading(s) e.g. where the Period is being amended the heading of “Period” should be inserted.
- The order of the Agreement section and the Contract Administration and Advisory section may be reversed for any practical or presentational reasons, e.g. to extend spacing for insurer agreements.
- The size of the MRCE-LS may vary. Where the MRCE-LS extends over more than one page, each page should be numbered and contain the Lineslip and Endorsement Identification Details.

For illustrative purposes, an example of the MRCE-LS is attached in Appendix A.2.

4 GENERAL GUIDANCE AND FURTHER INFORMATION

4.1 General Guidance

- Each MRCE-LS should be uniquely identified by the combination of a UMR / Risk Reference, Lineslip Reference, Endorsement Reference and Broker. Brokers may additionally use other headings to uniquely identify the endorsement appropriate to the circumstances.
- Where monetary amounts are stated within the MRCE-LS, the currency must be clearly and unambiguously identified and should not use symbols such as £ or \$. The relevant three letter ISO currency code should be used, e.g. USD.
- The terms and conditions in an MRCE-LS must be clear and unambiguous. e.g. no “terms to be agreed”.
- During placing the broker and insurers must ensure that the MRCE-LS clearly states all the amendments to the Lineslip terms and:
 - references or attaches all standard or registered wordings and clauses where used; and
 - attaches all bespoke and non-standard wordings and clauses in full. (Note – National Laws (e.g. Marine Insurance Act 1906; German General Rules of Marine Insurance; etc) do not need to be attached

in full, as they are in common usage and freely available to all interested parties).

- MRCE-LS's should be prepared in line with the principles of the consolidated "*Contract Certainty Code of Practice*" which may be found at:
http://www.marketreform.co.uk/RD_P_CC_guidance_pubs_pg1.htm
- Where the current broker number cannot be extracted from the UMR (e.g. where there has been a change of broker or if the UMR format has not been used) it is imperative that the endorsement identify the broker number explicitly.

4.2 Related advice

The MRCE-LS is designed for use with different types of agreement methodologies.

4.2.1 **Manual processes:**

The MRCE-LS can be presented during face-to-face engagement, or mailed, or faxed to the recipient, for agreement. The insurer's authorisation is applied to the MRCE-LS.

4.2.2 **Electronic processes:**

The following processes allow brokers to distribute the MRCE-LS to insurers electronically and allow them to respond electronically.

- The MRCE-LS can be attached to an email and the insurer responds by email, attaching a scanned, signed, stamped MRCE-LS. Alternatively, rather than scanning the MRCE-LS, the insurer may respond by email confirming their agreement within the body of the return email. Further details of the agreed procedure for email may be found in "*Electronic Market Reform Contract Endorsement 'e-MRCE' Overview*" and "*Electronic Market Reform Contract Endorsement 'e-MRCE' Implementation Guide*". These may be found at:
http://www.marketreform.co.uk/RD_P_e-MRCE.htm
- The MRCE-LS can be used in conjunction with a software application that either generates an email or e-message with the MRCE-LS attached, or alerts insurers to use the software application to review the MRCE-LS. The insurer is likely to be able to signify agreement either with an electronic signature or with a scanned signed MRCE-LS.
- The MRCE-LS can be used as part of an ACORD standards based messaging process. This may either be via direct peer-2-peer connection, via a hub for routing or via a trading service.

The remote processes shown are not definitive and will vary dependent on the sophistication of technology application. Their key benefit is to enable the prompt provision of Lineslip change documentation using either an insurer authorised Lineslip document or a Broker Insurance Document (BID).

4.3 Further Information

For further information on the Market Reform Contract Endorsement (Lineslip) please contact:

Type of Query	Contact	Address
Brokers	Mark Knight – LMBC Tel: 020 7397 0213 Email: mark.knight@lmbc.co.uk	BIBA House 14 Bevis Marks LONDON
Lloyd's insurers	Peter Martin or Neil Smith – LMA Tel: 020 7327 3333 Email: peter.martin@lmalloyds.com ; Neil.smith@lmalloyds.com	Gallery 3, 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	Market Reform Office Tel: 020 7327 5220 Email: mro@marketreform.co.uk	Room 447, Lloyd's 1 Lime Street LONDON

Appendix A Appendix

A.1 MRCE-LS Data Dictionary

The “*MRCE Lineslip Data Dictionary*” is made up of a listing of the “left hand side” headings specific to endorsements and indicates how these may in due course be mapped to the ACORD messages. This may be found at:

http://www.marketreform.co.uk/RD_P_S_MRCE_guidance_pg1.htm

A.2 MRCE-LS Example

The example is provided to illustrate what a compliant MRCE-LS could look like, but should not be taken as a full definition of the standard.

Lineslip endorsement example

LINESLIP ENDORSEMENT

Unique Market Reference: B123412345678
Lineslip Reference: 123456765XCD
Endorsement Reference: 003
Broker: Acme Insurance Ltd

CONTRACT DETAIL CHANGES

This Lineslip is amended as follows:

ENDORSEMENT EFFECTIVE DATE:	00.01 hours 1 August, 2008 local standard time
AUTHORISED CLASSES OF BUSINESS AND COVERAGES:	Extended to include Public Liability
MAXIMUM LIMITS OF LIABILITY/SUMS INSURED FOR EACH INSURANCE BOUND:	Public Liability: Maximum GBP 100,000 each and every loss each insurance bound.
TERRITORIAL LIMITS OF EACH INSURANCE BOUND:	Amended to include Australia for all authorised classes of business and coverages

All other terms and conditions remain unchanged.

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Lineslip endorsement example continued

LINESLIP ENDORSEMENT

Unique Market Reference: B123412345678
Lineslip Reference: 123456765XCD
Endorsement Reference: 003
Broker: Acme Insurance Ltd

CONTRACT ADMINISTRATION AND ADVISORY SECTION




ENDORSEMENT EFFECTIVE DATE: 00.01 hours 1 August, 2008 local standard time

AGREEMENT PARTIES FOR EACH INSURANCE BOUND AND ALTERATIONS THERETO: Syndicate 9999 is added

TOTAL BROKERAGE: As agreed by the agreement parties for each insurance bound up to a maximum of 20% of gross premium

All other terms and conditions remain unchanged.

AGREEMENT

				
<date>	<date>	<date>		
XXX Insurance	YYY Insurance	ZZZ Insurance		

Note: Where more than one (re)insurer participates in the Lineslip, the Lineslip terms may mean that it is not always necessary to obtain a record of agreement to the MRCE-LS from all of those (re)insurers.