

To: all underwriters, claims, wordings, legal and compliance personnel

10 February 2020

## Market Reform Contract Guidance

### Market Reform Contract (Open Market) Guidance - new version 2.0

In accordance with previous practice, a cross-market group has carried out the annual review of the Market Reform Contract (Open Market) Guidance. This has resulted in the publication of a new version (v 2.0) of the Guidance.

The whole structure/order of the MRC Guidance Document has been amended, in summary:

- guidance for each MRC Heading in each of the 6 parts of the MRC brought from the “Appendices” to the front of the document
- guidance on RISK DETAILS Usage of Headings moved to Appendix 1
- MRC Examples moved to Appendix 2
- document Revision / Change History moved to Appendix 4
- index moved from Appendix G to become Appendix 5.

The following changes/clarifications to Guidance have been applied:

- amended the General Guidance related to “Considerations When Using Electronic Placing”
- expanded the Guidance on the mandatory “Regulatory Risk Location” Heading under FISCAL & REGULATORY
- updated the “Regulatory Client Classification” Heading under FISCAL & REGULATORY
- amendments made to the various tax headings
- updated the MRC Examples contained in the Guidance, now located in Appendix 2, and cross referenced them against the specific guidance as to the use of headings in each of the 6 parts of the MRC.

The revised Guidance can be used immediately but may also be phased in over a four-month period, hence becoming the required standard for new and renewal business from 01 June 2020.

### Market Reform Contract (Open Market) Guidance – Lloyd’s Brussels Supplementary Addendum

Lloyd’s established a new insurance company based in Brussels (Lloyd’s Insurance Company S.A., known as Lloyd’s Brussels), to underwrite non-life insurance and facultative reinsurance risks located in EEA countries with effect from 01 January 2019. From that date, placements that include risks in countries where Lloyd’s Brussels is unlicensed must be priced separately and the MRC needs to be split, or have separate sections, for EEA/non-EEA risks accordingly. Lloyd’s Brussels has mandated that all risks placed in the London market on their behalf, must be placed using an MRC.

Lloyd’s, in conjunction with the Lloyd’s Market Association (LMA), has therefore produced an updated Lloyd’s Brussels Supplementary Addendum (v 2.0) to the main MRC Guidance, to assist the market with the creation of such split/sectionalised Open Market MRCs in respect of risks located in the EEA (underwritten by Lloyd’s Brussels) and non-EEA countries.

The Lloyd’s Brussels Supplementary Addendum does not seek to repeat the content of the ‘Market Reform Contract Open Market Implementation Guide’ (v 2.0) which is already in existence to define the MRC standard, including the layout and content of a standard form, but should be read alongside it. The numbering used, e.g. for paragraph headings,



in this document therefore replicates the numbering system within the revised 'Market Reform Contract Open Market Implementation Guide' (v 2.0).

**Download now:**

All MRC publications are available to access on the LMG website under "Market Standards" [by clicking here](#).

All managing agents' queries arising from these documents, should be directed to Alison Colver ([alison.colver@lmalloyds.com](mailto:alison.colver@lmalloyds.com)).