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| Market Reform Contract  (Line slip)  Implementation Guide |
| Version 1.5 |
| 1 February 2018 |

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1. Document Revision/Change History

| Version | Date | Description of Change |
| --- | --- | --- |
| 1.0 | Feb  2008 | The significant changes within the Market Reform Line slip version 1.0 (2008) compared to the Market Reform Line slip (October 2006) are in summary:   * Headings and sections amended in line with MRC Open Market (June 2007). * The following headings no longer appear within Contract Details: Order Hereon, Several Liability of the Line slip, Total Brokerage, Other Deductions from Premium, Signing Provisions. * Insurer Contract Documentation (renamed from Document Production) now appears within Contract Details, followed by the heading Form for each Insurance Bound. * Heading within Contract Details renamed to Tax Payable by the Insured and Administered by Insurers for each Insurance Bound (rather than “by Underwriters”). * Security Details now includes the following headings: Order Hereon, Basis of Written Lines, Basis of Signed Lines, Signing Provisions. * Clarification that there is no longer a need for a several liability clause within the Line slip contract (each off-slip will contain suitable several liability language). * Clarification of the means of specification of agreement parties to contract changes within the Subscription Agreement section, and re-ordering of this section. * Further guidance regarding the completion of the Fiscal and Regulatory section. License Information heading no longer required. * New Broker Remuneration and Deductions section, comprising fields that were previously within Contract Details. * Headings consistently use the word “Insurer(s)” rather than “Underwriter(s)” * Example Line slip updated to reflect these changes. |
| 1.01 | Mar  2008 | Disclaimer added |
| 1.02 | July 2010 | New valid Line Condition added |
| 1.4 | Oct 2011 | Amended in line with MRC (Open Market) v1.4. A marked-up version of the guidance is published, as well as a clean copy, to enable ready identification of the changes. |
| 1.5 | Feb 2018 | * Changes made and headings added to provide for clarity and transparency around the operation of the Line Slip in the Subscription Agreement:   + Section Leaders   + Basis of delegation from the followers to the leader   + Agreement parties for line slip changes * Reference to the MRC (Lineslip Declarations) removed as this is being withdrawn. The MRC (Open Market) should be used on an ongoing basis – additional guidance on using the MRC (Open Market) added under Section 2.2. * ‘Rules and extent of authority delegated to the broker’ amended to ‘Rules and extent of any hold covered provisions’. * “Lineslip” amended to “Line slip” throughout the document. These terms can be used interchangeably. * Further guidance provided for minimum requirements for the Information section. * ‘FSA Client Classification’ heading renamed to ‘Regulatory Client Classification’. * Added Reference to SCAP in claims handling sections. * General alignment with Open Market MRC 1.8 language. * Various minor updates to the scope section. * Various minor updates to the general guidance section. |

1. Introduction
   1. Purpose of the Guide

To define the Market Reform Contract (MRC) standard for Line slips, including the layout and content of a standard form. Declarations off line slips should follow the current MRC Open Market guidelines except in circumstances set out in sub section 2.2 below.

It is understood and agreed that ‘Line slip’ & ‘Lineslip’ shall be synonymous, wherever used in this document or in common usage through market practice. In addition, ‘(re)insurances bound’ and ‘declaration(s)’ shall be synonymous wherever used in this document, each referring to risks attaching to the Line Slip.

* 1. Background

This document sets out details of the MRC standard for Line slips. It provides a single standard for use on all Line slips placed in the London Market.

For business placed at Lloyd’s, the MRC is mandated by the Franchise Board.

All parties entering into Line slips should also ensure that they follow the ‘Contract Certainty Code of Practice: Principles & Guidance’ (October 2012) available at [www.londonmarketgroup.co.uk](http://www.londonmarketgroup.co.uk).

Lloyd’s also provides information on international regulatory and tax requirements on the Crystal Tool available onLloyds.com.

As Line slips are contracts for the delegation of underwriting authority, managing agents at Lloyd’s should also have regard to Lloyd’s Minimum Standards for Delegated Authorities (UW1.3) (see [www.lloyds.com/minimumstandards](http://www.lloyds.com/minimumstandards)).

**When is a Line slip contract used?**

Line slips are used by insurers to delegate their authority to enter into contracts of insurance to another insurer (the “Line slip Lead”) in respect of business introduced by a broker named in the Line slip. Line slips are used by brokers as an efficient way of placing business with a group of insurers.

The authority granted to the Line slip Lead will be subject to the terms agreed by the insurers as evidenced out in the Line slip agreement.

**Declarations off Line slips**

Declarations off Line slips should follow the current Market Reform Contract Open Market guidelines, or contain equivalent information in an alternative format, except as follows:

* The SUBSCRIPTION AGREEMENT and BROKER REMUNERATION AND DEDUCTIONS sections may be omitted in their entirety providing the information is agreed at Line slip level and applies to the particular declaration. Where this is not the case, any of the headings within these sections can be used within the Line slip Declaration; and in this instance the section heading(s) should also appear. This would include any variation from the terms of the Line Slip agreement which will impact Single Claims Agreement Party (SCAP) arrangements.
* The UMR and LPSO Signing Number and Date for the Line slip must be shown clearly on the Declarations off the Line slip.
* Each Declaration off the Line slip must have a separate UMR.
* A Declaration off a Line slip should not contain Open Market lines unless expressly permitted by the Line slip.
  1. Lloyd’s Franchise Board Mandate

The current Lloyd’s Franchise Board mandate which covers Open Market, Binding Authority and Line Slip standards, is documented in the Requirements made pursuant to the Underwriting Byelaw at paragraph 3A. This states, in respect of Line slips:

*“The Franchise Board has prescribed the following standards and arrangements for the conduct and administration of insurance business at Lloyd’s provided always that failure to comply with these standards and arrangements shall not invalidate or call into question any contract or agreement entered into by or on behalf of a managing agent or syndicate nor shall failure to comply with these standards and arrangements create any right of action or claim in any third party against a managing agent or syndicate, the authority to enforce compliance being exclusively vested in the Franchise Board:*

*(a) …*

*(b) …*

*(c) a managing agent shall not permit the syndicate stamp of a syndicate managed by it to be affixed to any line slip unless the line slip has been completed in accordance with the relevant guidelines from time to time issued by the London Market Group (or any successor body fulfilling the same role).*

1. Business Objectives and Expected Benefits
   1. Objectives

The objective of this implementation guide is to specify the guidance to be followed to create Market Reform Contract (Line slip) standard placing documents Line slips.

* 1. Scope

The Market Reform Contract (Line slip) should be used for all firm quote and firm order Line slip insurance and reinsurance business placed by London Market brokers.

Where there is delegation to another insurer, the contract is either a Line slip or a Consortium and should follow the corresponding guidelines and forms. Some practitioners use the term “Covers, Facilities or Programmes” to describe Line slip s for business where there is no common insured across the insurances bound. These are Line slips and must follow these Line slip guidelines

The Market Reform Contract (Line slip) must not be used for the following, which each have their own standard:-

* Binding authorities.
* Marine Open Cargo Covers and declarations attaching thereto. Marine Open Cargo Covers are not, by definition, contracts of delegation as they have a common insured across all declarations (ie risks where the insured has, or is expected to acquire, an insurable interest in each declaration bound). Marine Open Cargo Covers should therefore follow the Market Reform Contract (Open Market) standard.
* Declarations or Off-slips attaching to Line slips. These should follow the Market Reform Contract (Open Market) standard, and section 2.2

Consortia arrangements are in many respects similar to a Line slip but the business accepted will not be limited to the business produced by a single broker. Arrangements at Lloyd’s that qualify as Consortia arrangements are not subject to this Market Reform Contract (Line slip) guidance, and must comply with Lloyd’s requirements for such arrangements.

The standard may be used immediately. However there is a minimum four month implementation period before its use becomes the London Market standard. This will become the standard for London Market Line slips incepting on or after **1st June 2018.**

* 1. Benefits

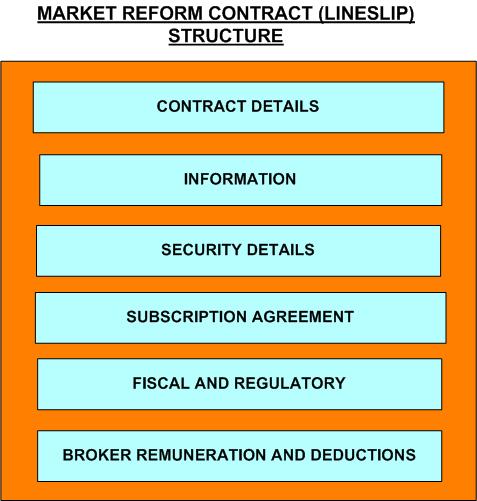
A standard layout:

* makes it easier for insurers to assimilate the information;
* makes subsequent processes more efficient (e.g. creation of contract documentation);
* promotes Contract Certainty Principles; and
* ensures ease of processing in transacting business with the London Market.

1. MRC (Line slip) Layout

This section explains the layout of the MRC Line slip.

* 1. Document Sections, Order and use of Headings



The MRC Line slip is made up of the following sections:

* **Contract Details**; details of the Line slip arrangement and the delegation of the authority.
* **Information**; free text additional information.
* **Security Details**; includes (Re)insurers’ Liability, Order Hereon; Basis of Written Lines; Basis of Signed Lines, Signing Provisions, Line Conditions, insurer(s) “stamp” details. These indicate each insurer(s) share of the contract and their reference(s).
* **Subscription Agreement**; this establishes the rules to be followed for processing and administration of post-placement amendments and transactions.
* **Fiscal and Regulatory**; Fiscal and Regulatory issues specific to the insurers involved in the contract.
* **Broker Remuneration and Deductions**; information relating to brokerage, fees and deductions from premium.

**Order of the contract sections and headings:**

* A coversheet may be used by the broker to identify the Line slip.
* The Line slip sections may be presented in any order, although the order shown within this guidance is recommended.
* The inclusion of the contract section title “Contract Details” in the Line slip is optional, but the content of this section must be included. The other five contract section headings and their content must be included.
* Some headings are mandatory and others optional, but the order of headings within any line slip section should follow that in these guidelines.
* There will be contract specific Line slip headings that will need to be incorporated into the Line slip to allow for any unusual or additional contract details as deemed necessary. New headings that do not exist in this guidance should not be added, EG – ‘Line slip holder’ is not a recognised term and is not acceptable.
* However, the Subscription Agreement section must not include any additional headings.
  1. Layout of Document

**Left and right hand side of the document**

The Market Reform Contract Line slip is formatted in two columns. On the left, headings are printed; on the right, the data itself is printed. For example:-

B0123XYZ1234

BULKING LINESLIP

LSABC001

ABC LTD

12 HIGH STREET

ANYTOWN

Post Code

UNITED KINGDOM

COMMERCIAL PROPERTY

UNIQUE MARKET REFERENCE

TYPE

LINESLIP REFERENCE

BROKER

AUTHORISED CLASSES

OF BUSINESS AND COVERAGES

**Length of document / items within the document**

The length of the document will vary, depending on the amount of data that needs to be included in the various sections. Unless specified, there is no fixed length for each section, each can expand or reduce depending on the amount of detail that needs to be given for the headings concerned.

With the use of electronic trading platforms to assist in Client and Market clarity, it may be deemed necessary to "adapt" certain headings of the MRC. For additional guidance specific to this system, it is suggested that parties review the documentation available at <https://tomsupports.london/placing-platform-limited-document-library> or contact their Market Association for further assistance.

* 1. General Guidance
* Where monetary amounts are stated within the contract the currency must be clearly and unambiguously identified e.g. by using the relevant three letter ISO currency code.
* Currency symbols such as £ or $ should be avoided, wherever possible. However, where their use is unavoidable (e.g. where they form part of a model wording), a clear statement of their intent (e.g. “Where the symbol $ is used in this contract it refers to US Dollars (USD)”) should be used.
* During placing the broker and insurers must ensure that the contract clearly states all of the contract terms and references or attaches all wordings and clauses used unless these differ for each insurance bound in which case the line slip may refer to the wordings being agreed on each declaration. Where a wording, or clause, is referenced on the Line slip then the full wording must be readily available to the broker and to all insurers (e.g. by being held on a widely available Wordings Database). If a wording, or clause, is not readily available to all parties then it must be attached in full. Where reference is made to an original, underlying or expiring policy on the Line slip then this must be unambiguously referenced e.g. by providing the policy number on each declaration.
* National Laws do not need to be attached in full, as they are in common usage and freely available to all interested parties (e.g. Marine Insurance Act 1906; German General Rules of Marine Insurance; etc).
* A contract must not include any terms which are unspecific or create ambiguities, for example any “TBA”s (To Be Agreed / Advised).
* If declarations are likely to differ greatly from each other and therefore terms can not easily be specified on the Line slip it is permissible to put words similar to “to be agreed each and every insurance bound”.
* During placing the broker must agree the terms and conditions with the slip leader before obtaining supporting lines from the followers. In general, delegation of authority should be limited to agreeing non-material amendments. Careful thought should be given to how much authority the leader is given for any amendments and this should be detailed in the subscription agreement in line with the guidance at the back of this document.
* Only provisions relevant to ALL risks being bound should be included within the line slip. (eg no property provisions on marine hull business)
* The General Underwriters Agreement (GUA) must not be used on Line slips or declarations off Line slips as this could potentially conflict with the terms of delegation under the Line slip agreement. Any delegation of authority from the followers to the lead should be clearly defined within the terms of the line slip (within the subscription agreement and throughout the document as appropriate)
* There should be no subjectivities on the Line slip but may be on the individual declaration MRCs.
  1. Detailed MRC Documentation

The appendices to this document provide a more detailed guide to the completion of each Line slip section. For each section the following information is provided:

* General guidance – a description of the use of the section
* Guidance on specific fields – where relevant, a detailed description of the use of a specific heading.

Detailed guidance is not provided within these appendices for every field, only for those that particularly require explanation. For a description of the usage of every individual heading within the MRC, see the separate document, Market Reform Contract – Data Dictionary

* 1. Contact Details

For further information on the Market Reform Contract (Line slip) please contact:

| Type of Query | Contact | Address |
| --- | --- | --- |
| LIIBA Members | **Jackie Hobbs – LIIBA**  Tel: 020 7280 0154  Email: [mark.knight@lliiba.co.uk](mailto:mark.knight@lliiba.co.uk) | LIIBA,  78, Leadenhall St,  LONDON EC3A 3DH |
| Lloyd’s insurers | **Tom Hamill – LMA**  Tel: 020 7327 8377  Email: [tom.hamill@lmalloyds.com](mailto:tom.hamill@lmalloyds.com) | Gallery 4  Lloyd’s  1 Lime Street  LONDON |
| IUA insurers | **Helen Dalziel – IUA**  Tel: 020 7617 4444  Email: [helen.dalziel@iua.co.uk](mailto:paul.calvert@iua.co.uk) | Suite LG1  LUC  3 Minster Court  LONDON |
| Lloyd’s | **Lindsey Davies – Lloyd’s**  Tel: 020 7327 5739  Email: [Lindsey.davies@lloyds.com](mailto:Lindsey.davies@lloyds.com) | Lloyd’s  1 Lime Street  LONDON |
| General Queries | **Chris Buer**  Tel: 020 7327 5199  Email: [chris.buer@londonmarketgroup.co.uk](mailto:chris.buer@londonmarketgroup.co.uk) | Gallery 6  Lloyd’s  1 Lime Street  LONDON |

1. MRC (Line slip) Example

The following pages show an **example** of the content of a MRC (Line slip) compliant placing document. This example is provided to illustrate what a compliant placing document could look like, but the specific content will vary by territory and class of business.

These examples are provided to illustrate the general usage of MRC headings. The clauses contained therein are not necessarily compliant with legislation in all locations and should not be used as a model for compliance with all overseas regulatory requirements. Users are reminded that as per section 4.1 – non standard headings should not be added (e.g. line slip holder).

***Items in italics are for information only and should not be shown in a real contract***

**THE CONTRACT DOCUMENT**

*(A front page or wrapper may be added by the broker. Irrespective of whether such a page is used, this page below will always be page one of the contract)*

|  |  |  |
| --- | --- | --- |
| **Contract Details** | | |
| **UNIQUE MARKET**  **REFERENCE :** | B0999ABC123456789 | |
| **PREMIUM PROCESSING TYPE:** | Bulking Line slip/Non-Bulking Line slip\*  *(\* Delete as applicable)* | |
| **LINE SLIP REFERENCE:** | LSABC001 | |
| **BROKER:** | ABC Ltd  12 High St  ANYTOWN  Post Code  United Kingdom | |
| **AUTHORISED CLASSES OF**  **BUSINESS AND COVERAGES:** | Commercial Property | |
| **EXCLUSIONS WITHIN THE**  **AUTHORISED CLASSES OF**  **BUSINESS AND COVERAGES:** | Excluding terrorism perils. | |
|  | **page X of Y** | |
| **PERIOD:** | Risks attaching during the period:  From 1 June 2013  To 31 May 2014  Both days inclusive, any time zone. | |
| **EXTENSIONS OF PERIOD OF**  **LINE SLIP:** | This Line slip may be extended for a period of up to 1 month subject to the agreement of the agreement parties specified under Basis of Agreement to Line slip Changes. | |
| **MAXIMUM PERIOD OF EACH INSURANCE BOUND:** | No insurance shall be bound for a period greater than 12 months plus odd time, not exceeding 18 months in all plus any extensions as may be agreed by the agreement parties for each insurance bound. | |
| **MAXIMUM LIMITS OF**  **LIABILITY/SUMS INSURED**  **FOR EACH INSURANCE**  **BOUND:** | Maximum GBP NN,NNN,NNN each and every loss each insurance bound. | |
| **MAXIMUM AGGREGATE**  **LIMIT(S):** | Maximum GBP NN,NNN,NNN | |
| **TERRITORIES FROM WHICH EACH INSURANCE MAY BE BOUND:** | Europe excluding Italy | |
| **TERRITORIAL LIMITS OF EACH INSURANCE BOUND:** | Worldwide | |
| **CONDITIONS OF EACH**  **INSURANCE BOUND:** | Each insurance bound shall include XYZ wording, unless otherwise agreed by the agreement parties for each insurance bound. | |
| **NOTICES OF EACH**  **INSURANCE BOUND:** | Lloyd’s Privacy Statement LSW1135B | |
| **EXPRESS WARRANTIES OF EACH INSURANCE BOUND:** | It is warranted that at least one security guard shall be present at all times outside normal business hours. | |
|  | **page X of Y** | |
| **CONDITIONS PRECEDENT**  **OF EACH INSURANCE**  **BOUND:** | It is a condition precedent to liability that sprinklers shall be maintained in the premises under an annual maintenance contract. | |
| **CHOICE OF LAW AND**  **JURISDICTION OF THE**  **LINE SLIP:** | This Line slip shall be governed by and construed in accordance with the laws of England and Wales and each party agrees to submit to the exclusive jurisdiction of the courts of England and Wales. | |
| **CHOICE OF LAW AND**  **JURISDICTION OF EACH**  **INSURANCE BOUND:** | As agreed by the agreement parties for each insurance bound. | |
| **PREMIUM:** | As agreed by the agreement parties for each insurance bound. | |
| **GROSS PREMIUM**  **INCOME LIMIT:** | GBP NN,NNN,NNN | |
| **NOTIFIABLE PERCENTAGE OF THE GROSS PREMIUM INCOME LIMIT NOT TO EXCEED:** | NN% | |
| **PREMIUM PAYMENT TERMS:** | NN days - Premium Payment Clause LSW 3000  *(Non Bulking Line slip only)* | |
| **OR** |  | |
| **PREMIUM BORDEREAUX**  **INTERVAL:** | Monthly  *(Bulking Line slips only)* | |
| **TAX(ES) PAYABLE BY THE INSURED AND ADMINISTERED BY INSURER(S) FOR EACH INSURANCE BOUND:** | As presented by the broker and agreed by the agreement parties for each insurance bound. | |
| **PROFIT**  **COMMISSION:** | As per attached formula | |
| **CANCELLATION NOTICE OF THE LINE SLIP:** | This Line slip is subject to NN days notice of cancellation from either the Slip Leader or the broker. | |
|  | **page X of Y** | |
| **RECORDING, TRANSMITTING AND STORING INFORMATION:** | Where XYZ Brokers Ltd. maintains risk and claim data/information/documents on behalf of insurers, they need to be able to make available to insurers when requested and may hold and transmit data /information/documents electronically in accordance with relevant regulatory requirements. | |
| **INSURER CONTRACT**  **DOCUMENTATION FOR EACH INSURANCE BOUND:** | Delete as applicable:   * Market reform contract to be issued; * Full policy wording or certificate to be issued; or * As agreed by the agreement parties for each insurance bound   All documentation must be issued in accordance with contract certainty and/or local regulatory requirements | |
|  | **page X of Y** | |
| **Information** | | |
| The following Information was provided to insurer(s) to support the assessment of the Line slip at the time of underwriting.  **Location of risks:**  USA & Canada  **Location of insureds:**  USA only  **Volume of declarations expected:**  100  **Loss History:**  Provided by the broker as at 01 May 2012:  **Year Net Absolute Premium (GBP) Incurred Losses(GBP)**  2005/6 6,000,000 4,000,000  2006/7 6,500,000 3,232,897  2007/8 8,786,234 5,675,987  2008/9 3,000,987 2,987,564  2009/10 5,000,000 3,200,000 | | |
|  | **page X of Y** | |
| **Security Details** | | |
|  | *(NOTE: There is no longer a need for a several liability clause within the Line slip contract as each off-slip will contain suitable several liability language).* | |
| **ORDER HEREON:** | 100% of 100% | |
| **BASIS OF**  **WRITTEN LINES:** | Percentage of whole | |
| **BASIS OF SIGNED LINES:** | Percentage of order | |
| **SIGNING**  **PROVISIONS:** | In the event that the written lines hereon exceed 100% of the order, any lines written “to stand” will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers. | |
|  | However:  a) in the event that the placement of the order is not completed by the commencement date of the period of the Line slip then all lines written by that date will be signed in full;  b) the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of the Line slip, by the documented agreement of the leading underwriter and all insurers whose lines are to be varied. The variation to the Line slip will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement. | |
|  | **page X of Y** | |
| *Each insurer enters its written line here (with continuation pages as necessary)* | | |
| *(Optionally, page numbering of the contract document may cease at the end of the Security Details section where this is preceded by the Contract Details and Information sections i.e. a new numbering sequence may be used in the remainder of the document; incorporating the Subscription Agreement, Fiscal and Regulatory and Broker Remuneration and Deductions sections or each section may be page numbered separately. It is also optional for the broker to insert a divider at this point.)* | | |
|  | **page X of Y** | |
| **Subscription Agreement** | | |
| **SLIP LEADER OF THE**  **LINE SLIP:** | | ABC Insurer  *(The heading name of Slip Leader, rather than Contract Leader, has been retained in order to maintain consistency with other publications)*. Reference guidance notes |
| **SECTION LEADERS** | | Section 1: ABC Syndicate  Section 2: MNO Insurer  *(Where there are section leaders refer to guidance)* |
| **BUREAU LEADER:** | | XYZ Syndicate |
| **AGREEMENT PARTIES FOR LINE SLIP CHANGES** | | ABC Syndicate  MNO Insurer |
| **BASIS OF AGREEMENT TO LINE SLIP CHANGES:** | | All changes to this Line slip are to be agreed by the Agreement Parties for Line slip changes. |
| **SCOPE AND LIMITS OF DELEGATION FOR LINE SLIP CHANGES:** | | Agreement Parties are permitted to make changes to the Line slip agreement only in respect of the below:   * ….. * ….. |
| **AGREEMENT PARTIES FOR EACH INSURANCE BOUND AND ALTERATIONS THERETO:** | | Slip Leader |
| **BASIS OF AGREEMENT FOR EACH INSURANCE BOUND AND ALTERATIONS THERETO:** | | All declarations hereunder to be bound and alterations made in accordance with agreement parties detailed above.  *(This is to detail how things will work in the case of drop down leaders/multiple section leads etc)* |
|  | | **page X of Y** |
| **SCOPE AND LIMITS OF DELEGATION FOR INSURANCES BOUND AND ALTERATIONS THERETO** | | Leader is allowed to bind risks in accordance with the following parameters:   * ….. * …..   (*Detail how much authority is granted by the followers to the leader detailed here in line with guidance notes)* |
| **LINE SLIP**  **ADMINISTRATION:** | | XYC broker is to ensure that risk details as agreed with the Leader of the line slip are forwarded to all participating insurers on a monthly basis within 7 days from the end of the calendar month. The broker shall use the reporting template as attached.  In the event of non-renewal or cancellation of this Line slip, all declarations shall run to their natural expiry date (including any extension of individual contract periods as may be agreed by the agreement parties for each insurance bound), unless cancelled in accordance with the individual contract terms and conditions.  Premiums for all declarations off the Line slip shall be allocated and paid in to the year of account in which this Line slip incepts.  All declarations to be referenced and processed separately *(Applicable to non bulking line slips only)* |
| **RULES AND EXTENT OF ANY HOLD COVERED PROVISIONS** | | The broker may hold cover for a period of up to 72 hours if the underwriter is not available, subject to:  [Examples]   * No renewals or amendments * Cover being a statutory requirement for the class of business. * Acquisition by the insured of additional subjects potentially at risk. * None   *(Where Hold Covered provisions are permitted refer to guidance)* |
|  | | **page X of Y** |
| **CLAIMS AGREEMENT**  **PARTIES:** | | A Claims falling within the scope of the LMA9150 to be agreed by Slip Leader only on behalf of all (re)insurers (1) subscribing to declarations attaching to this Contract on the same contractual terms (other than premium and brokerage) and (2) to these Arrangements.  For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.  B. For all other claims:  (i) For Lloyd’s syndicates  The leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate and/or the Scheme Service Provider.  The second Lloyd’s Syndicate is JKL (1234).  *(Where known by the broker, the broker may insert the second Lloyd’s Syndicate name here – or may leave space for the relevant underwriter to apply their stamp below).*   1. (ii) Those companies acting in accordance with the IUA claims agreement practices, excepting those that may have opted out via (iii) below. 2. (iii) Those companies that have specifically elected to agree claims in respect of their own participation.   DEF Company  *(Where known by the broker, company(ies) electing to agree claims in respect of their own participation can be recorded here by the broker – otherwise this should be indicated by the relevant company(ies) placing their stamps under this heading).*  (iv) All other subscribing insurers that are not party to the Lloyd’s/IUA claims agreement practices, each in respect of their own participation. |
|  | | **page X of Y** |
| **BASIS OF CLAIMS**  **AGREEMENT:** | | As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:  i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS LMA9150 [as attached] [as below] for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall apply as appropriate:  ii) The Lloyd’s Claims Scheme (Combined), or as amended or any successor thereto.  (N.B. The applicable Lloyd’s Claims Scheme/part will be determined by the rules and scope of the Scheme(s)).  iii) IUA claims agreement practices.  iv) The practices of any company(ies) electing to agree claims in respect of their own participation.  The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements and should be referred to as appropriate. |
| **CLAIMS**  **ADMINISTRATION:** | | Broker XYZ and insurers agree that any claims hereunder (including any claims related costs/fees) will be notified and administered via ECF with any payment(s) processed via CLASS, unless both parties agree to do otherwise.  Where claims or circumstances are not administered via ECF, notification, administration and payment(s) will be electronic.  Where a Lloyd’s syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties. |
| **RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS**  **AUTHORITY:** | | ABC Syndicate delegates the management of all claims under GBP NN,NNN to XXXX. |
| **EXPERT(S)**  **FEES COLLECTION:** | | As agreed by the agreement parties for each insurance bound. |
|  | | **page X of Y** |
| **SETTLEMENT DUE DATE:** | | NN days from the end of each Premium Bordereau interval. *(Bulking Line slip only)*  OR  As agreed by the agreement parties for each individual declaration  *(Non-Bulking Line slip only)* |
| **BUREAU**  **ARRANGEMENTS:** | | None |
| **NON BUREAU ARRANGEMENTS:** | | None |
| **SPECIAL ARRANGEMENTS:** | | The broker will provide the underwriters with quarterly premium and claim statistics  All declarations to be placed electronically on the PPL platform / All declarations to be placed manually *(Delete as applicable)* |
|  | | **page X of Y** |
| **Fiscal and Regulatory** | | |
| **TAX PAYABLE BY**  **INSURER(S):** | | None |
| **US CLASSIFICATION:** | | US Surplus Lines |
| **NAIC CODES:** | | Various – as per each declaration bound |
| **ALLOCATION OF PREMIUM TO CODING:** | | *(Enter Risk Code(s).)*  Property P3  Liability UA |
| **REGULATORY CLIENT**  **CLASSIFICATION:** | | Various - as per each insurance bound |
| **IS THE BUSINESS SUBJECT TO DISTANCE MARKETING**  **DIRECTIVE?:** | | Various – as per each insurance bound |
|  | | **page X of Y** |
| **Broker Remuneration and Deductions** | | |
| **TOTAL BROKERAGE:** | | As agreed by the agreement parties for each insurance bound up to a maximum of NN% of gross premium. |
| **OTHER DEDUCTIONS FROM**  **PREMIUM:** | | As agreed by the agreement parties for each insurance bound up to a maximum of NN% of gross premium. |
|  | | **page X of Y** |

Contract Details

Introduction:

This section provides details of the Line slip involved, such as type, coverage, conditions etc.

General Guidance:

The headings that are typically required within the Contract Details section, depending on the type of business, are shown below.

Guidance on specific fields:

Unique Market Reference - Mandatory:

The UMR must be stated in the Contract Details section in the correct format:

* All UMRs must start B which must be followed by the Lloyd’s Broker number. If the Broker number is three digits long it should be prefixed by a zero. If the Broker number is 123 the UMR would therefore start B0123. If the broker has a four digit Broker number such as 4567 it would be B4567.
* After the Broker number alphanumeric characters must be provided up to a maximum of 12. There is no prescribed standard for this, although most brokers tend to use their policy number.
* The UMR as a whole must be unique. This means that when a contract is renewed it cannot keep the same UMR.
* The UMR must not contain any spaces, hyphens, slashes or other punctuation. Only numbers 0-9 and letters A-Z may be used.
* The UMR is not case sensitive. Whether it is provided as upper case or lower case, many of the systems and current EDI messages used in the market will convert it to upper case.

In respect of mid term market changes, where the handling broker changes, the new broker must comply with the guidelines for Mid Term Broker Changes provided by Xchanging.

Premium Processing Type - Mandatory:

This section notes how the premium is processed only and should not reflect on any placement processes.

Show Non-Bulking Line slip or Bulking Line slip, as applicable. Please note that this choice will determine whether the Line slip shows Premium Payment Terms or Premium Bordereaux Interval(s) (see A3.23 or A3.24). This will also determine how the Settlement Due Date under the Subscription Agreement is completed.

Line slip Reference - Optional:

The Line slip reference used by the broker to identify the Line slip. This can be a number or a name. If this is the same as the UMR then this heading may be omitted.

Broker - Mandatory:

The name and address of the broker responsible for placing and administering the Line slip. Where the Line slip may be used by other brokers this should be specified.

The heading for this section should not be changed to refer to the broker as the “Line slip Holder” (or equivalent terms) as this could be taken to imply that the broker has delegated underwriting authority.

Authorised classes of business and coverages - Mandatory:

The authorised classes of business and coverages that may be accepted under the Line slip.

Exclusions within the authorised classes of business and coverages - Mandatory:

Any exclusions that apply to the classes of business and coverages specified in the Line slip.

Period - Mandatory:

The period of the Line slip. This should be specified on a “risks attaching basis” and must include the inception date and time of day, expiry date and time of day and the time zone. As an alternative to specifying the time of day it is acceptable to specify both days inclusive, although the time zone is still required.

Where a Line slip accepts business from anywhere in the world then the phrase “Any Time Zone” is acceptable. Line slips should be for no more than 12 months from inception. However, subject to the agreement of the agreement parties specified under “Basis of Agreement to Line slip Changes”, it is possible to extend the period of the Line slip, but in no event should it exceed 18 months from inception.

For Line slips where specific dates of inception or expiry are not known, for example voyages, constructions and sporting events, the specific events determining the period must be stated.

Extensions of Period of Line slip - Optional:

The extent and duration of any extensions to the period of the Line slip that may be given and the parties that need to agree such extensions. The agreement parties for such extensions in period are to be shown under the “Basis of Agreement To Line slip Changes” heading in the Subscription Agreement section.

Maximum Period of each Insurance Bound - Mandatory:

The maximum duration of any insurance bound off a Line slip including any provisions for odd time and extensions. The agreement parties for such extensions must be shown under the “Agreement Parties for Each Insurance Bound” heading in the Subscription Agreement section.

Maximum Limits of Liability/Sums Insured for each Insurance Bound - Mandatory:

The maximum sum insured or reinsured or indemnity or monetary limits – can additionally include details of deductibles, excesses, retentions.

Maximum Aggregate Limit(s) - Optional:

The maximum aggregate limits for all insurances bound.

Territories from which each Insurance may be Bound - Mandatory:

The country of domicile of the insureds or the location of the risks that may be bound. Careful consideration should be given here to the location of risk and what information needs to be available per class to determine this.

Territorial Limits of each Insurance Bound - Mandatory:

The territories and geographical limits of each insurance bound.

Conditions of each Insurance Bound - Mandatory:

Identification, qualification or variation in coverage including the wording, clauses, conditions and amendments to any model clauses to be used on each insurance bound under the line slip in the normal course of events. Any additional data or schedule that is required to complete blanks within a model or registered wording should be entered or referenced here, also referencing the section of the wording to which it applies e.g. specification of the claims notification nominee.

The Line slip must either reference or attach in full all wordings and clauses to be used in the standard course of events for declarations attaching to the Line slip. Where a wording, or clause, is referenced then the full wording must be readily available to the broker and to all insurers (e.g. by being held on a widely available Wordings Database). If a wording, or clause, is not readily available to all parties then it must be attached to the Line slip.

Where a referenced wording or clause is used then the party adding the reference should ensure that it meets the above requirements.

Insurers may propose additional conditions to be included under this heading.

Notices of each Insurance Bound - Optional:

An optional heading where any notices or attestation clauses to be applied to each insurance bound other than the Several Liability Notice should be recorded e.g. Lloyd’s privacy statement, LSW1135B.

Express Warranties of each Insurance Bound - Conditional:

*Any express warranties to be applied to each insurance bound (over and above any that may be incorporated in the wording or implied warranties from legislation), including the consequences of non-compliance. If there are no express warranties this heading would not be included.*

Conditions Precedent of each Insurance Bound - Conditional:

*Any conditions precedent that apply to each insurance bound, over and above any that may be incorporated in the Policy Form or legislation, including the consequences of non-compliance. If there are no conditions precedent this heading would not be included.*

Choice of Law and Jurisdiction of the Line slip - Mandatory:

The law that will apply in the event of a dispute between the insured and insurer over the terms of the Line Slip and the court that will have jurisdiction. The relevant Service of Suit for each insurance bound should not be shown here and should be shown under the Choice of Law and Jurisdiction Bound.

Choice of Law and Jurisdiction of each Insurance Bound - Mandatory:

The law that will apply in the event of a dispute between the insured and insurer on each insurance bound and the court that will have jurisdiction. The relevant Service of Suit should be shown here.

Premium - Mandatory:

The basis of any premium calculations that will be used on each insurance bound.

Gross Premium Income Limit - Mandatory:

The gross premium income limit that the agreement parties may enter into under the Line slip.

Notifiable Percentage of the Gross Premium Income Limit not to Exceed - Mandatory

The broker shall monitor the total gross premium income bound and notify the insurers immediately if it becomes apparent that the total gross premium income is likely to exceed the percentage of the limit stated.

Premium Payment Terms - Conditional:

*Required for Non-Bulking Line slips only.*

The Premium Payment Terms applied to each Declaration off the Line slip. This must include any Premium Payment Warranties or Conditions. N.B. if there are no premium payment terms then this can be shown as ‘Not Applicable’ or ‘None’.

Premium Bordereaux Interval - Conditional:

*Required for Bulking Line slips only.*

This heading only applies to Bulking Line slips where bulk premium settlements are to be made to insurers via a premium bordereau. This shows how often such bordereau(x) are to be settled. e.g. monthly. Premium Payment Warranties or Conditions should not be applied to declarations off Bulking Line slips.

Tax(es) Payable by the Insured and Administered by Insurer(s) for each Insurance Bound - Mandatory:

This section should identify any premium taxes and charges that are payable by the insured, in addition to the premium, and which are administered by insurers or their agent. Examples include many European Insurance Premium Taxes and stamp duties. Where it can be confirmed that no taxes apply state “none applicable.” For Lloyd’s this information may be obtained by viewing Crystal (Lloyd’s global trading information source – available at www.lloyds.com )

N.B. For all Taxation headings the term “Payable by” refers to the party bearing the economic cost of the tax; the term “Administered by” refers to the party responsible for settling the tax with the relevant taxation authorities (directly, or via or their agent). This guidance does not confer tax liabilities on any party that would not otherwise exist in law.

Profit Commission - Mandatory:

Details of any contingent or profit commission that may apply to the Line slip. An agreed formula for calculating profit commission must be attached.

Cancellation Notice of the Line slip - Mandatory:

The number of days notice that the broker or the insurer(s) must give in order for the Line slip to be cancelled.

Recording, Transmitting and Storing Information - Optional:

Details for procedures for storage of data, documents and other information in relation to the Data Protection Act and any other relevant legislation.

Insurer Contract Documentation for each Insurance Bound - Mandatory:

This heading is used to describe the insurer contract documentation to be produced for each insurance bound, and who produces it.

For each insurance bound the options for insurer contract documentation are:

* A Market Reform Contract;
* An insurance policy; or
* As agreed by the agreement parties for each insurance bound

Where a copy of the contract document is being used then the sections that must always be retained in full are Risk Details, Information & Security Details. A schedule of signed lines may be added by the broker.

The insurer must sign the document (physically or electronically) to make it insurer approved and it must have as a structure minimum details expected of contract documentation. If there are any changes to the authorised section(s) it becomes a Broker Insurance Document (BID). By agreement with insurers, some sections of the MRC (Subscription Agreement, Fiscal and Regulatory, Broker Remuneration & Deductions) can be removed and it can remain insurer authorised.

Where a foreign language wording is required, this will typically require a policy to be produced. Similarly there may be jurisdictions in which a formal policy is a specific requirement.

The broker may continue to evidence cover to the client by means of a Broker Insurance Document (BID), however no reference to a BID should appear in the Market Reform Contract Line slip or in any declarations or off-slips in accordance with the Open Market guidance and the document itself should not be represented as insurer authorised.

Guidance is provided below regarding the language that may be used to specify the insurer contract documentation. The one required by the Client, or expected to be used by the majority if not all of the market, should be entered by the broker, or added by the Slip Leader. This may be a copy of the contract document or, where required, a policy. Where any insurer has a differing requirement it should be shown below including clear identification of the insurer(s) it applies to – for example by adding the insurer stamp.

**Where a copy of the contract document will be used:**

This document details the contract terms entered into by the insurer(s) and constitutes the contract document. No further contractual documentation will be issued.

**or, where a policy may be required by the Client or Insurer:**

Contract documentation to be a (Re)insurance Policy produced by xxxx broker and authorised by (Re)insurers or their agent.

* XIS to sign Lloyd’s policy.
* XIS to sign Company policy.

Where the choice will vary by each declaration, then “As agreed for each insurance bound” may be specified.

*(An insurer may outline here any insurer contract documentation requirements that are specific to them, if applicable, e.g. the need for a policy, including the policy form to be used).*

***Contract change documentation:***

The method to be used for contract change documentation for each insurance bound can also be specified here, e.g.

* Any further documentation changing this contract, agreed in accordance with the contract change provisions set out in this contract, shall form the evidence of such change; or
* XIS to sign policy endorsement(s) for attachment to any bureau signed policy.

Form for each Insurance Bound

Where it is known, at the time of placing the Line slip, that a policy will be issued for one or more insurance(s) bound under the Line slip this heading must be shown and should be completed to show the relevant Form to be used. However, where the decision regarding the Form to be used for each insurance bound will be made at declaration level then this heading can be completed with words such as “As agreed for each insurance bound.”

Where it is known, at the time of placing the Line slip, that policies will not be required for any of the insurances to be bound under the Line slip then this heading may be omitted.

Where a policy is to be produced in respect of more than one set of insurers (e.g. a Lloyd’s policy and a bureau company policy) a separate reference may need to be provided for each market making it clear to which market(s) it is applicable. Where it is likely to vary by declaration “As agreed for each insurance bound” should be stated.

Information

General Guidance:

This section allows for free form additional information and should include details of any information provided to insurers to support the assessment of the Line slip at the time of placement.

The broker should provide the following as a minimum:

* Location of risks:
* Location of insureds:
* Volume of declarations expected:
* Loss history where known

Where the size or the format of the information is not suitable for inclusion it should be clearly referenced in this section (as should any appendices) and should be made available to all insurers during placing.

Guidance on specific fields:

None

Security Details

Introduction:

This section provides for insurer(s) “stamp” details. These indicate each insurer(s) share of the Line slip and their reference(s).

General Guidance:

A stamp condition is defined as one which is built into an insurer’s stamp and therefore appears on every contract to which that stamp is applied by that insurer. Stamp conditions should be removed and recorded elsewhere in the contract, where there is provision so to do.

A line condition is defined as one manually applied by insurers on a contract by contract basis against their written line. Certain line conditions that are relevant to the contract and cannot be specified elsewhere may remain in the Security Details section. If line conditions are necessary they must not contain acronyms or abbreviations but should state the condition in full, for example “No LOC” should be stated “No Letters of Credit”. Refer to C3.6 for details.

Insurers must not use stamp/line conditions that specify “No Subscription Agreement” or “Ex Subscription Agreement” or similar.. If there are particular provisions Insurers do not wish to apply to them, these can be explicitly stated against the relevant Subscription Agreement heading or in exceptional circumstances not catered for in the Subscription Agreement, be specified as a line condition.

In order to reduce the number of incorrectly keyed references, insurers are encouraged to use alpha/numeric structured stamps where available. An example of such a stamp is shown below.



Guidance on specific fields:

(Re)Insurers Liability

**This heading is not required within the Line slip contract:**

*(NOTE: There is no longer a need for a several liability clause within the Line slip contract as each insurance bound will contain suitable several liability language).*

Order Hereon - Mandatory:

It is expected that the percentage of contract order on a Line slip agreement will be 100% of the whole.

Basis of Written Lines - Mandatory:

The basis on which subscribing insurers’ written lines are applied to the Line slip order. There are typically two variations that may be used:

* Percentage of Whole.
* Part of Whole (Can only be used where orders are expressed as monetary amounts and not percentages).

Not all written lines are currently expressed as percentages; some are expressed as monetary amounts; units or “per mille”. For ease of understanding, it is preferable that written lines are expressed as percentages of whole or order. In cases where it may be more appropriate to express lines in other ways, this must be clearly expressed against the written lines in the Security Details section of the Line slip.

No further information, should be entered under this heading.

Basis of Signed Lines - Conditional:

*Required where this differs from the basis of written lines.*

Signed lines should total 100%.

This heading is only required where the basis differs from the basis of written lines. Typically the Basis of Signed Lines will be the same as the Basis of Written Lines, however this Line slip heading is provided for when there is a need to vary the basis for the signed lines. The heading Basis of Signed Lines may therefore be added as required, immediately under the Basis of Written Lines heading in the Security Details section of the Line slip.

The Basis of Signed Lines may be left blank at the time of placing but, where relevant, should be completed prior to the finalisation of signed lines. Signed lines should be expressed as percentages.

**Guide to Orders**

This guide provides some examples of how orders may be expressed on Market Reform Contracts. It is typically recommended that written lines should be expressed as a percentage of whole. In order to aid clarity it is also recommended that the whole (monetary amount e.g. sum insured or limit) should be specified.

|  |  |  |
| --- | --- | --- |
| **CIRCUMSTANCES** | **OLD PANEL ONE NOTATION** | **MARKET REFORM CONTRACT NOTATION** |
| EXAMPLE A – PERCENTAGE OF WHOLE  Client A gives the broker a 100% order and they are the only broker involved in the placement. | |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Written Lines | % | Of | ~~Order~~ | Order | Closed for | | ~~Part~~ | Whole | 100% | 100% | | ORDER HEREON:  100% of Whole (Monetary amount)  BASIS OF WRITTEN LINES:  Percentage of Whole  BASIS OF SIGNED LINES:  Percentage of Whole (Monetary amount) |
| EXAMPLE B – PART OF WHOLE  Client C gives a broker monetary order of GBP 100K where the total sum insured was GBP 200K. Lines are written as a monetary amount as part of the total sum insured. Signed lines are shown as part of the sum insured. | |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Written Lines | ~~%~~ | Of | ~~Order~~ | Order | Closed for | | Part | Whole | GBP 100 | 50% of GBP 200K | | ORDER HEREON:  50% of GBP 200K  BASIS OF WRITTEN LINES:  Part of Whole (Monetary amount)  BASIS OF SIGNED LINES:  Part of Whole (Monetary amount) |

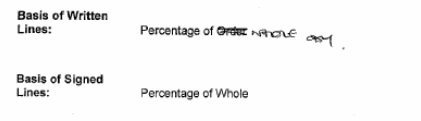
**Sample Contracts**

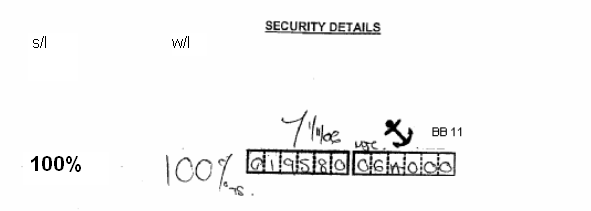
This appendix provides some examples of how orders may be expressed on Market Reform Contracts. It is typically recommended that written lines should be expressed as a percentage of whole; in order to aid clarity it is also recommended that the whole (monetary amount e.g. sum insured or limit) should be specified. Other means of expressing the order and line percentages may be used providing the intent is clear e.g. Part of Order.

**Example A – percentage of whole**



̑°





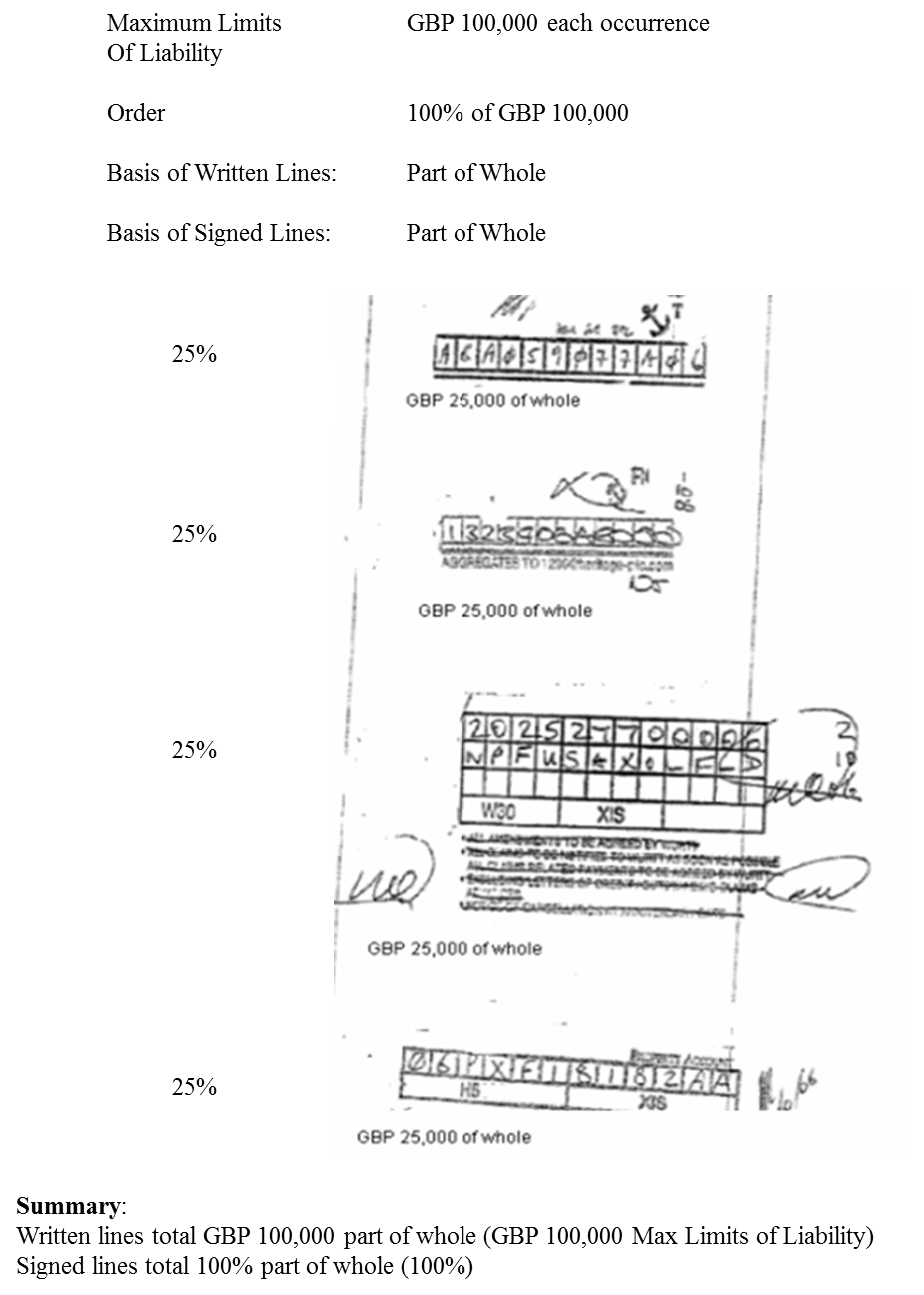
**Summary :**

Written line = 100%

Signed line = 100%

Order = 100%

**Example B - part of whole**



Signing Provisions - Conditional:

*Required where there is more than one participating insurer.*

C3.5.1 The Contract Certainty Code of Practice requires that where there is more than one participating insurer the contract must include an agreed basis on which each insurer’s final participation will be determined (Principle E.1).

C3.5.2 Model Signing Provisions can assist with the implementation of these principles and help to provide certainty of signed lines at inception. This is important for brokers , to confirm their security and for insurers, to confirm their participation and commitment of capital. It also clearly establishes the proportion to be borne by each insurer in the event of a loss.

C3.5.3 The signing provisions contained in this guidance enable the signed lines for each contract to be clearly determined at the conclusion of placement. Any subsequent variation of these signed lines then requires the documented agreement of the broker and all insurers whose lines are to be varied.

C3.5.4 It is recommended that every contract should contain a clause which sets out the signing provisions, to assist with certainty in this area. The Model Signing Provisions below have been reviewed by leading counsel instructed on behalf of the London Market Group (LMG).

C3.5.5 There are two versions of the Model Signing Provisions; one without a disproportionate signing clause, and one that allows disproportionate signing before inception at the election of the insured. The broker can select the appropriate version to use on the contract, taking account of the insured’s requirements.. The model clauses are not mandatory and brokers and insurers may make additions, deletions or amendments.

**Insurer signing instructions**

C3.5.6 The London Market Group (LMG), supported by the opinion of leading counsel, recommended that the use of all insurer signing instructions other than “line to stand” should be discontinued. For example, the use of insurer signing instructions such as X% to sign Y%” should be discontinued, as their meaning may be unclear and could compromise contract certainty.

C3.5.7 If the lines written by insurers “to stand” should exceed 100% of the order, then the agreement of insurers would be required to vary these lines. In the event of a disproportionate signing, priority should be given to any intended variation of lines written “to stand”.

**Model Signing Provisions**

**Without Disproportionate Signing**

In the event that the written lines hereon exceed 100% of the order, any lines written “to stand” will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers.

However:

1. in the event that the placement of the order is not completed by the commencement date of the period of the Line slip then all lines written by that date will be signed in full;
2. the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of the Line slip, by the documented agreement of the broker and all insurers whose lines are to be varied. The variation to the Line slip will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**With Disproportionate Signing**

In the event that the written lines hereon exceed 100% of the order, any lines written “to stand” will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the insurers.

However:

1. in the event that the placement of the order is not completed by the commencement date of the period of the Line slip then all lines written by that date will be signed in full;
2. the broker may elect for the disproportionate signing of insurers’ lines, without further specific agreement of insurers, providing that any such variation is made prior to the commencement date of the period of the Line slip, and that lines written “to stand” may not be varied without the documented agreement of those insurers;
3. the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of the Line slip, by the documented agreement of the broker and all insurers whose lines are to be varied. The variation to the Line slip will take effect only when all such insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

Line Conditions - Conditional:

*Required where insurers wish to apply line conditions.*

This guidance identifies how some of the more common line conditions should be managed:

**Table 1** lists those line conditions that compromise contract certainty and should not be used.

**Table 2** lists those line conditions that should not be used, as provisions are made in the body of the contract.

**Table 3** lists contract specific line conditions which are acceptable as they cannot be readily catered for in the contract. Please note that these contract specific line conditions cannot be stated as Stamp Conditions.

**Table 1: Line Conditions that if used breach contract certainty requirements**

| **Line Condition** | **Reason for Prohibition** |
| --- | --- |
| Wording to be agreed | Contract certainty requires wordings to be agreed by the time the insurer enters into the contract. |
| All signing instructions other than lines to stand | All other signing instructions are imprecise and therefore ambiguous, e.g. X% to sign Y%. |
| ‘No Subscription Agreement’ or ‘Ex Subscription Agreement’ | The SUBSCRIPTION AGREEMENT is paramount to the operation of the Line slip and should be completed in all instances. |

**Table 2: Line Conditions provided for in either Contract Details or Subscription Agreement sections and not the Security Details section**

| Line Condition | Intended Effect | Guidance |
| --- | --- | --- |
| All terms conditions, amendments, deletions, special acceptances and endorsements to be agreed | The insurer wants to agree all endorsements, changes to terms and conditions and special acceptances, etc | Insurers wishing to agree all declarations or their own proportion should insert “XYZ Insurer to agree all terms conditions, amendments, deletions and endorsements” under the heading BASIS OF AGREEMENT TO LINE SLIP CHANGES.  N.B. The General Underwriter Agreement (GUA) does not apply to Line slips. |
| Warranted premium payable within 60 days of inception | Condition in relation to the payment of the premium, warranting that it be paid within 60 days of inception. | This is a premium payment term and should be clearly expressed in the Contract Details section under the “PREMIUM PAYMENT TERMS” heading. |
| SDD 14/11/05 | Notification of the expected premium payment date. | The Settlement Due Date by which the insurers wish to receive their premium or the due date of the 1st instalment if the premium is on a deferred basis should be stated under the Settlement Due Date heading in the subscription agreement section.  On a Bulking Line slip the Settlement Due Date could be a number of days from the end of the applicable Premium Bordereau(x) Interval (see full guidance under D3.24.). |
| Excluding Hull War | Marine exclusion condition of loss, damage, liability or expense arising from war to a ship hull. | This is a condition to the individual contracts bound under the Line slip and must be stated under the “Conditions of Each Insurance Bound” heading in the Contract Details section of each insurance bound. |
| Each underwriter to the extent of several liability | A condition ensuring that each insurer is liable only for their amount of risk (Limited Liability). | (NOTE: There is no longer a need for a several liability clause within the Line slip contract as each declaration will contain suitable several liability language). |
| All claims to be agreed | A condition mandating that a particular carrier wants to agree all claims. | Insurers wishing to agree all claims should insert their name under the heading CLAIMS AGREEMENT PARTIES heading in the SUBSCRIPTION AGREEMENT section.  N.B. – Lloyd’s syndicates must be mindful of the terms of the Lloyd’s Claims Scheme 2006 before adding their name as a Claims Agreement Party. Only the first participating Lloyd’s insurer (and optionally the second in respect of special category claims) may agree claims. |
| Each declaration to be referenced separately | To advise broker/XIS that the insurer will be providing separate references in respect of each declaration | Details regarding referencing and processing of risks by the broker should be noted under the heading LINE SLIP ADMINISTRATION heading in the SUBSCRIPTION AGREEMENT. |

**Table 3: Acceptable Line Conditions**

|  |  |  |
| --- | --- | --- |
| **Line Condition** | **Intended Effect** | **Reason for Retention** |
| Line to stand | A condition to ensure that a line stays as it is written and is not signed down. | A recognised and acceptable line condition. |

Subscription Agreement

General Guidance:

The Subscription Agreement provides for the documentation of arrangements that will primarily operate in relation to the operation of the line slip, and in respect of declarations attaching (e.g. Agreement of contract changes, claims agreement, collection of expert fees, payment of premiums, and the use of bureau or other third party services). Although administrative in nature, these arrangements can be material provisions regarding the operation of the line slip on which counterparties can rely. In some instances, these can have important implications for insurers and should therefore be carefully considered so as not to compromise the intentions of the contracting parties.

Brokers should ensure that the content of each section is strictly limited to the requirements of each heading. The Subscription Agreement should document all insurer requirements for the agreement of claims and endorsements. The General Underwriters Agreement (GUA) must not be used on Line slips or declarations off Line slips as this could potentially conflict with the terms of delegation under the Line slip agreement.

Insurers should indicate their requirements clearly, under the appropriate headings. The leader takes responsibility to ensure all the terms and conditions on how the Line slip should operate are clearly articulated with particular attention to the administration section and reporting requirements.

Insurers must not delete the Subscription Agreement section of the Line slip or use stamp/line conditions that specify “No Subscription Agreement” or “Ex Subscription Agreement” or similar. If there are particular provisions insurers do not wish to apply to them, these can be explicitly stated against the relevant Subscription Agreement heading or in exceptional circumstances not catered for in the Subscription Agreement, be specified as a line condition.

Guidance on Specific Fields:

Slip Leader of the Line slip - Mandatory

This heading should contain the Slip Leader for the Line slip.

The Slip Leader for each insurance bound will be specified in each declaration and may differ from the overall Slip Leader of the Line slip, where more complex placing arrangements exist e.g. declarations bound under separate sections, drop down leaders etc.

Section Leaders - Conditional

*Only required where the Line slip contains multiple sections with different leaders.*

This section should contain only the names of the Section Leaders(if any). Any specific authority given by followers to the section leaders as distinct from the slip leader shall be clearly stated under the ‘Agreement Parties for each Insurance Bound and Alterations Thereto’ section.

Bureau Leader - Conditional:

*Only required where the Line slip Leader is not also the Bureau Leader.*

In situations where the slip leader is a non-bureau insurer, or where there are Lloyd’s and bureau company participations, it may also be necessary to have separately identified Bureau Leaders for each applicable bureau e.g. to handle the claims agreement practices applicable to each market sector. In these circumstances the contract should include the name of the Bureau Leader. In such cases, subsequent contract provisions will need to be specific with regard to any slip leader agreements.

Agreement parties for Line slip changes - Mandatory:

Specify who the insurers are that will agree changes to the Line slip.

This section works in conjunction with sections D 2.5 & 2.6 to explain the ‘who’, ‘how’ and ‘what’ of changes to the Line slip agreement itself.

This section should contain only the names of the agreement parties, split by section if required. The operation and mechanisms used should be clearly stated under the ‘Basis of Agreement to Line Slip Changes’ section.

Basis of Agreement to Line slip Changes - Mandatory:

Detail how changes to the line slip will be agreed by the agreement parties.

N.B. The GUA must not be used on Line slips. For classes of business where it is market practice to provide a copy endorsement to the following market, the method/media should be specified here e.g. email, paper, etc.

Scope and Limits of Delegation for Line Slip Changes - Mandatory:

Detail what changes the agreement parties are permitted to make to the Line slip agreement on behalf of the follow market.

Underwriters must ensure that any clause delegating authority to the slip leader or agreement parties to agree amendments to the Line slip clearly sets out the scope and limits of authority. The clause should not purport to give the Agreement Parties unlimited authority to amend the terms of the Line slip or allow the Agreement Parties an unlimited ability to accept special acceptances.

In general, delegation of authority should be limited to agreeing non-material amendments. In particular, it would not be best practice to permit the slip leader to agree:

* Any increase in Maximum Limits of Liability
* Any extensions to the Maximum Period of Each Insurance Bound
* Any increase in the gross aggregate premium limit
* Any material variation in ratings, terms and conditions or exclusions
* Any class of business or any territorial extension
* Any material amendment to vary commissions or fees
* Any other material amendments especially which may affect the risk profile of the line slip

Agreement Parties for each Insurance Bound and Alterations Thereto - Mandatory

State those insurers who will bind insurances and any alterations thereto on behalf of the subscribing insurers. This would include the Slip Leader of the Line Slip, Section Leader(s) and any Drop Down leader(s), plus any additional agreement parties for each insurance to be bound.

This section should contain only the names of the Agreement Parties, split by section if required. Where there is more than one agreement party for each Insurance Bound, the mechanisms for doing so should be stated in the ‘Basis of agreement for each insurance bound and alterations thereto section’.

Basis of agreement for each insurance bound and alterations thereto - Mandatory:

This section should detail the mechanics of complex placements involving provisions for Drop Down Leaders or Section Leaders. The operations of such agreements should be transparent, fully described within this section and understood by all subscribing underwriters.

Drop Down leader(s) are one (or more) party that can potentially act as an alternative Slip Leader for each insurance bound if the Slip Leader of the Line slip (or Section Leader where these differ) is unable to write the risk.

Scope and limits of delegation for insurances bound and alterations thereto - Mandatory

Agreement Parties for each declaration attaching to the line slip do *not* automatically confer rights or obligations on those declarations to agree contract changes or claims on behalf of others, unless opting to do so under other provisions within this section of the Line slip.

Detail here what changes the Agreement Parties are permitted to make to the on behalf of the follow market.

In general, delegation of authority should be limited to agreeing non-material amendments. In particular, it would not be best practice to permit the slip leader to agree:

* Any increase in limit of liability
* Any extensions to the terms
* Any increase in the gross aggregate premium limit
* Any material variation in ratings, terms and conditions or exclusions
* Any class of business or any territorial extension
* Any material amendment to vary commissions or fees

A slip leader notwishing to accept such obligations on any declaration attaching (except for its own participation) must specify such requirement under Basis of Agreement to Contract Changes and / or Claims Agreement Parties on that declaration, in the same way as *any* participating (following) insurer that may also wish to do the same. As a specific contract term, any such requirement will take precedent.

The exception to the above rule is in respect of Claims Agreement by Lloyd’s Managing Agents where the parties required to agree claims are dictated by the terms of the prevailing Lloyd’s Claims Scheme.

Note that if the Single Claims Agreement Party (SCAP) arrangements are to apply then the slip leader must be either (1) an insurance company with PRA authorisation to transact insurance in the UK or (2) a Lloyd’s syndicate.

Line slip Administration - Mandatory:

The procedures and arrangements agreed between the broker and insurers relevant to the ongoing administration of the Line slip.

This section should articulate the bureaux arrangements for each section of the line slip and how the reporting requirements are handled, including the method by which reporting to followers is undertaken. It is the leaders’ responsibility but if they wish to outsource this to the broker then this is where it should be detailed.

Rules and extent of any hold covered provisions - Mandatory:

What authority, if any, the insurers have delegated to the broker in relation to Line slip any Hold Cover provisions. This should show the limit of the broker’s authority.

Where the Agreement Parties have quoted a premium for a specific risk and have finalised all contractual terms and conditions for that risk, OR where the Agreement parties have quoted a premium for a specific risk and have finalised all contractual terms and conditions for that risk and have required the London Market Broker to resolve a list of pre-conditions, the broker can confirm cover to the policyholder upon confirmation that the pre-conditions have been met.

The broker in such arrangements cannot vary:

1. the premium or contractual terms and conditions quoted by the Agreement Parties; and/or
2. the pre-conditions.

For the avoidance of doubt where one or more of the Agreement Parties for each insurance bound have set a pre-condition for the supply of information pertaining to the contract within a defined time period, then that agreement party may at the time of setting that pre-condition, permit the broker to extend that defined time period by a reasonable amount of time. Any such permission extended to the broker must be stated on the insurance contract and it is recommended that a maximum period of extension is shown.

Any hold covered provisions should not be used systematically or extensively.

Claims Agreement Parties - Mandatory:

The identification of, or means of identification of, any insurers additional to the Slip leader of the Line slip acting as claims agreement parties should appear under this heading.

Where the provisions of the applicable Lloyd’s Claims Scheme and/or the IUA Claims agreement practices clearly define the applicable roles, then the Line slip can simply refer to these provisions.

Where the Single Claims Agreement Party (SCAP) Arrangements apply, the Slip Leader of each insurance bound will be the claims agreement party for in-scope claims. A model wording (LMA9150) should be incorporated under this heading (as shown in the example MRC Example within Section 5 of this guidance).

The identity of the leading Lloyd’s syndicate and/or the leading Bureau Company should already appear under the Slip Leader and Bureau Leader headings so do not need to be re-stated here.

The identity of the second Lloyd’s syndicate and of any Company insurers that wish to agree claims in respect of their own participation do need to appear here.

If the broker is aware of which parties will be performing these roles then this section should be completed accordingly. If not, a space should be left so that insurers can indicate their roles under this heading.

The insurers performing these roles can indicate that they will be performing a claims agreement role by entering their stamp under this heading. Where there are limitations on the number of agreement parties (e.g. there should only be one ‘second Lloyd’s syndicate’) then underwriters should take care to conform to these requirements.

This heading should not make reference to the basis of claims agreement, which should be mentioned under the Basis of Claims Agreement heading.

No further information other than the Claims Agreement Parties should be entered under this heading.

Basis of Claims Agreement - Mandatory:

The claims agreement procedure(s) must be specified, namely the applicable Lloyd’s Claims scheme if there are any subscribing Lloyd’s syndicates and the IUA claims agreement practices, if there are any subscribing bureau company insurers. Any other risk specific agreement procedures must also be included, for example, the Single Claims Agreement Party (SCAP) Arrangements (for which the example MRC slip in Section 5 above provides model language. Note, it is acceptable to incorporate the Single Claims Agreement Party Arrangements, LMA9150, in full or by reference under Basis of Claims Agreement).

A declaration under a Line slip which also has open market placements from other bureau’s, will be in scope for SCAP. The overall SCAP Slip Lead will be determined by how the placement is set up. For example,

* If the Line slip is the lead on the contract, the lead agreement party on the line slip will be the overall SCAP Slip Lead. Each bureau lead in a follow market position will be the Bureau Lead (follower) for their market
* If the Line slip is a follow market on the contract, the overall SCAP Slip Lead will be the lead bureau then the lead agreement party on the Line slip will be the Bureau Lead (follower)
* Where declarations exist and the market differs (including the lead agreement party) from the Slip Leader of the Line Slip, the SCAP Slip Lead will be the Lead Agreement Party on the declaration. Without this being denoted, the claim is out of scope for SCAP as the Slip Leader of the Line Slip in this scenario would not have authority to bind carriers on the declaration

In all scenarios, the SCAP Operating Guidelines will be followed.

It is also acceptable to state under this heading: Non-bureau companies to agree claims subject to their own claims agreement procedures. The clause used in the above in the example MRCs are an illustration, other clauses may be more applicable and should be negotiated/discussed at time of placement.

Claims Administration - Mandatory:

All claims related information with the exception of identification of agreement parties and the claims agreement procedures must be included.

For Lloyd's business:

• All new claims (within ECF scope) are to be presented electronically beyond 01 January 2018 – those not presented electronically will align to claims types that remain out of scope.

• All open claims (within ECF scope) are to be presented electronically beyond 01 January 2020 - with a caveat that agreed exceptions may remain on paper whilst they finalise and close.

• All claims (new and open) are to be presented electronically beyond 01 January 2020.

Rules and Extent of any other Delegated Claims Authority - Mandatory:

If any of the claims agreement parties specified above have delegated their claims processing and agreement to any other party (e.g. a TPA) this should be specified here including any limits that may apply, e.g. all claims less than GBP NNNN or experts fees GBP NNNN.

Arrangements for delegation of claims authority should either be expressly stated under this section or reference should be made to any separate contractual / TPA agreements in place.

It is unlikely that the broker will be aware of any such arrangements that insurers may have, so the insurers who are the claims agreement parties must amend this as necessary.

Expert(s) Fees Collection - Optional:

The party(ies) responsible for the collection of experts fees. Where this is the same on each insurance bound it can be specified here. Where it is likely to vary by declaration “As agreed by the agreement parties for each insurance bound” should be stated.

One of the following option(s) should be agreed by brokers and insurers at the time of placement along with any other qualifications or provisions deemed necessary by any of the affected parties. Where it is known up-front, the specific service provider should be named. Where the specific service provider will only be identified in the event of a loss (dependent upon location or other factors) then they need not be named within the placing submission.

* An appointed service provider to collect London market share only.
* An appointed service provider to collect all contract security, including overseas.
* An appointed service provider to collect only overseas percentages.
* Broker to collect fees.
* Broker to collect experts fees, to be remunerated on a financial basis agreed between the insurers and broker at time of placement.
* Any other agreement that can be determined between affected parties at time of contract placement.

N.B. The Slip Leader for insurances bound must ensure that any special fee collection arrangements with third party service providers which the expert in question has in place are not prohibited or adversely affected by the selection process above.

N.B. Where an option relates to fee collection only in respect of just London or just overseas markets (Options 1 and 3) and there are subscribing insurers from both markets then more than one option must be specified.

The options for fee collection recorded in this document may be used with all London Market Line slips. If a Market Reform Contract Line slip is used then the contract heading will be available to record the necessary information. If the Line slip is not produced to the above (Market Reform Contract) structure then it is recommended that a contract heading of Expert(s) Fees Collection be inserted to record this information.

Settlement Due Date - Mandatory:

Please note that the date shown here is not a “Premium Payment Warranty” or a “Premium Payment Condition”. These would normally only apply under a Non-Bulking Line slip and must continue to be shown under the “Premium Payment Terms” heading in the CONTRACT DETAILS section. Premium Payment Warranties and Premium Payment Conditions must be avoided under a Bulking Line slip as premiums are settled on a bordereaux basis.

If an underwriter requires the Settlement Due Date to be the same on each declaration the number of days from the inception date of each declaration should be shown here. On a Bulking Line slip the Settlement Due Date will be a number of days from the end of the applicable Premium Bordereaux Interval. If a date is specified for a Bulking Line slip then the same period shall be used for settlement of subsequent premium bordereaux. Alternatively a Schedule of Settlement Due Dates can be attached for clarity. The location of the SDD in this section of the Line slip does not confer any change in legal effect of the SDD or the implications of non-compliance.

Bureau(x) Arrangements - Mandatory:

This is a mandatory heading where any specific arrangements relating to the bureau(x) including administrative arrangements for premium settlement, delinked accounting, and policy signing or basis of policy agreement clauses must be stated.

Where a bureau service can be operated in different ways, e.g. bureau sign-off of cargo bordereaux as seen OR only with underwriter sign-off, then it is important that the appropriate method is spelt out in order to be in accordance with the principles of contract certainty.

Careful thought should be given to any complex placing arrangements and how this will be processed. This should be agreed by the slip leader and agreement parties before the line slip contract is finalised.

Where the premium will be settled to insurers in anything other than the original currency, then the settlement currency to be used may be specified here and/or under non-bureau arrangements. This applies where the settlement currency can be specified up-front; where this is not the case then this information need not be provided.

Non-Bureau Arrangements - Optional:

To be used as appropriate to record any specific provisions relating to insurers outside of the bureau(x). Agreement to use a contract checking service may be referenced here or under bureau(x) arrangements, depending upon the provider.

Special Arrangements - Optional:

Any other arrangements affecting the contract which cannot be more specifically accommodated in the preceding headings. This should not be used for any additional delegation of authority.

If electronic platforms are to be used for placing declarations attaching to the Line slip, this should be stated here. For example: ‘All declarations to be placed electronically on the XXX platform.’

Fiscal and Regulatory

General Guidance:

Many of the headings are only required in particular circumstances. These are specified as below.

Guidance on specific fields:

Tax Payable by Insurer(s) - Mandatory:

The term “Payable by” refers to the party bearing the economic cost of the tax. This guidance does not confer tax liabilities on any party that would not otherwise exist in law.

Underwriters rely on the information presented on each risk to be bound to be able to agree and check the tax and regulatory information is correct. Careful thought should be given to how this is administered when insurances are bound where they are multi jurisdiction and cross border placements.

* This section should show taxes where the insurer bears the immediate cost, i.e. the taxes are deductions from the premium retained by the insurer. It should also be clear as to which party is responsible for making the payment to the authorities, i.e. the insurer, local broker, or insured.
* Taxes that are a cost to the insurer and which are withheld locally by brokers or insureds should be shown in this section for information purposes e.g. a withholding tax.
* Taxes which are payable by insureds but administered by insurers should not be included here (these should be shown on each declaration.

If the tax is likely to vary on each individual declaration it is acceptable to show “various as agreed by the agreement parties for each insurance bound”.

**Lloyd’s additional instructions:**

For detailed tax guidance for Lloyd’s business see Lloyd’s Crystal web pages available on [www.lloyds.com](http://www.lloyds.com).

US Classification - Conditional:

*Required on all contracts where the original premium is in US Dollars, irrespective of risk location, or where the original premium is another currency but the insured is domiciled in the US.*

**Details required:**

Only the following classifications are permitted:

* US Surplus Lines
* US reinsurance
* Illinois licensed
* Kentucky licensed
* USVI licensed [“USVI” stands for “US Virgin Islands”]
* ‘Non regulated or Exempt’
* Various (This is for Line slips which produce a mixture of the foregoing classifications.)

The NRRA creates an exemption to the diligent search requirement found in state surplus lines law where the insured can be defined as an ‘exempt commercial purchaser’ (ECP). An important distinction exists between an industrial insured and exempt commercial purchaser in that an ECP placement is considered surplus lines business and must be treated as such. The classification ‘Non-Regulated or Exempt’ must not be used to identify Surplus Lines risks exempt from tax. Such risks must be classified as “US Surplus Lines”.

Further details are available from Lloyd’s Crystal; including the definition of an ECP and the requirements placed on brokers using the ECP provisions.

**‘Non-regulated or Exempt’:**

It is important that the classification of ‘Non-regulated or Exempt’ is used only for transactions that are either not regulated by, or fall under specific exemptions in, US insurance laws. Such risks must be exempt from US state “doing business” and Surplus Lines laws. To help insurers understand the reason for allocating these classifications, we recommend that a further explanation is given whenever they are used. The four recommended alternative explanations are as follows:

* "Non-regulated or Exempt - Non-US risk"

Used when a US classification is required because the premium is in US dollars, but the contract is not subject to US insurance laws because the insured risk is not located in the US.

* " Non-regulated or Exempt - Industrial insured"

Used when a contract is arranged in accordance with a US state "industrial insured" exemption from surplus lines laws. Many states have industrial insured exemptions, applying to commercial insureds who meet the criteria set out in the exemption.

* " Non-regulated or Exempt - MAT exemption"

Used when a contract is arranged in accordance with a US state "marine, aviation or transport" exemption from surplus lines laws. Many (but not all) states have MAT exemptions. Exact details of the exemption vary from state to state.

* " Non-regulated or Exempt - Independent procurement"

Used when a contract is arranged in accordance with the "independent procurement" procedure. This requires a US citizen to leave their state to procure insurance from an insurer outside their state. Some (but not all) US states explicitly recognise this procedure in their insurance laws. All of the requirements of independent procurement must be complied with, including payment by the insured of any applicable state taxes.

NAIC Codes - Conditional:

*Required on all contracts with the US classification “US reinsurance”.*

**Details required:** If declarations will be ceded from one US Reinsured (cedant), the NAIC company code of the cedant should be included here. If the contract reinsures more than one cedant, the NAIC code of each cedant must be shown. If the cedant does not have an NAIC code, its FEIN may be stated instead.

Where the cedant is different on each declaration this may be completed “Various as agreed by the agreement parties for each declaration”.

Allocation of Premium to Coding - Mandatory:

Mandatory for Lloyd’s/optional for company participations.

**Details required:** The risk code(s) allocated by the first participating Lloyd’s insurer for FDO signing purposes. May also include details of how the leading company would like the premium split for signing purposes.

For some classes, e.g. workers’ compensation, the basis of apportionment should also be shown (turnover, staff numbers etc.). Some risk codes relate to particular countries. The premiums allocated to such risk codes should tie up with those allocated to the countries concerned. A premium split between Overseas Legislation Terrorism risk codes and main peril risk codes should tie up with the apportionment of the premium to the territory concerned.

Where the allocation is different on each declaration this may be completed “Various as agreed by the agreement parties for each declaration”.

Regulatory Client Classification - Mandatory:

**Details required:** Client classification. The options are as follows:

**Consumer:** : Either (1) private individuals, (2) small businesses, commonly referred to as micro-enterprises, (3) other small non-business organisations or (4) any other entity that would be considered a consumer by the relevant regulatory authority in the local territory

**Commercial customer:** A customer who is not a Consumer. This classification must not be used if the contract insures a “large risk”.

**Large risk:** A contract insuring:

1. Railway rolling stock, aircraft, ships (sea, lake, river and canal vessels), goods in transit, aircraft liability or liability of ships (sea, lake, river and canal vessels).
2. Credit and suretyship, where the policyholder is engaged professionally in an industrial or commercial activity or in one of the liberal professions and the risk relates to such activity.
3. Land vehicles (other than railway rolling stock), fire and natural forces, other than damage to property, motor vehicle liability, general liability and miscellaneous financial loss, insofar as the policyholder exceeds the limits of at least two of the following three criteria:
   1. Balance sheet total: Euros (EUR) 6.2 million
   2. Net turnover: Euros (EUR) 12.8 million.
   3. Average number of employees during the financial year: 250.

This includes a contract insuring a large risk purchased by a consumer, where the risk is located outside the EEA. It does not include a contract insuring a large risk purchased by a consumer where the risk is located inside the EEA, which must be classified as “Consumer”.

**Group risks:** A group policy sold to a customer (consumer, commercial or large risk) for the benefit of policyholders in relation to their common employment occupation or activity where some or all are capable of being a consumer (with a requirement to produce a policy summary for policyholders, with policy available on request).

**Reinsurance:** Reinsurance worldwide.

N.B. Where this may vary according to each risk, it is acceptable to state ‘Various as per each insurance bound’.

Is the Business subject to Distance Marketing Directive? - Conditional:

*Required where the Regulatory Client Classification is “Consumer”. For all other Regulatory Client Classifications this heading is omitted.*

**Details required:** Where it applies the only applicable answers are Yes or No.

N.B. Where this may vary according to each risk, it is acceptable to state ‘Various as per each insurance bound’.

Broker Remuneration and Deductions

General Guidance:

This section provides data relating to all brokerage and fees received by the broker.

Brokerage may be expressed in a variety of ways within the Line slip. For example Total Brokerage may be provided, or a breakdown of Retail Brokerage and Wholesale Brokerage.

Where there are multiple deductions from the premium, of whatever nature, then it is important that the basis of calculation (e.g. whether the deductions are taken from the gross or net premium), and the order in which the deductions are applied are clearly spelt out to insurers at the time of placing, in accordance with the principles of contract certainty and in compliance with accounting rules. If appropriate, the broker may include a premium calculation sheet (e.g. spreadsheet) to aid clarity.

Guidance on specific fields:

Total Brokerage - Mandatory:

For Line slips, the total Broker retained brokerage must be shown, including how this is charged to the participants (eg gross / net).

Other Deductions from Premium - Mandatory:

Any additional broker administered deductions from premium e.g. administration fees, sundry payments etc. (If these do not apply enter “None” under this heading).

The broker should state the maximum deductions that can be taken and on what basis this is charged. This heading should not be used for credits and deductions that directly affect the premium payable by the (re)insured on each individual declaration.

**MARKET SHEET EXAMPLE**

**Name of Line slip**

**UMR**

**Bulking / Non bulking Line slip\***

Risks attaching during the period to

Maximum Limit of Liability: XXXXX

Agreement Party for each insurance bound: XXXXX

Hereon XX% of 100%

**UNDERWRITER LINES:-**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Signed Line** | **Underwriter** | **Risk Code** | **Underwriter reference** |
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\*INTERNAL USE ONLY\*

**FDO Signing No/Date:-**

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| --- | --- | --- |
|  | **Risk Code** | **FDO Signing Number** |
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