Market Reform Contract

(Open Market)

Implementation Guide

Lloyd’s Brussels Supplementary Addendum

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# Chapter 1 - Introduction

## *1.1 Purpose of the Guide*

This document has been produced by Lloyd’s, in conjunction with the Lloyd’s Market Association (LMA), as Lloyd’s Supplementary Guidance to assist the market with the creation of Market Reform Contracts (MRCs) in respect of insurance (both primary and excess layers) and (facultative and non-proportional excess of loss) reinsurance risks underwritten by Lloyd’s Brussels with effect from 01 January 2019. With the exception of risks emanating from Germany, non-proportional excess of loss reinsurance business may continue to be written on syndicate paper under WTO rules, even in the event of a “no deal” or transitional arrangements.

All risks underwritten by Lloyd’s Brussels (by Lloyd’s Underwriters on behalf of Lloyd’s Brussels (including non-proportional excess of loss reinsurance, to the extent that the market needs to place such reinsurance with Lloyd’s Brussels) must be presented on an MRC format, to enable the relevant risk information to be transferred to Lloyd’s Brussels by means of Structured Data Capture (SDC) within the agreed time frames.

* Where non-proportional excess of loss reinsurance business is currently “MRC exempt” and cannot be altered to make it MRC compliant, exempt MRCs may continue to be used, provided that the core information is included in a ‘jacket’ around the submission, to enable auto-extraction of required data by SDC without significant re-keying. Details of what is required to be included in the ‘jacket’, together with an example are included within Appendix 6.
* Where the Lloyd’s Market is a “follower” on a non-Lloyd’s led placement, the LMA9170 Lloyd’s Brussels Contract Addendum (LBCA) has been developed to effect the minimum changes required to be compliant with Lloyd’s and Lloyd’s Brussels sectionalised MRC requirements. The purpose of this is to provide clarity to following markets and, where a Lloyd’s participant is not the Slip Leader, the LBCA provides an easy solution to effecting the necessary amendments to ensure contract certainty. This LBCA is only for use where there is both EEA and non-EEA exposure within a placement. For more information on the LMA9170/LBCA, refer to Appendix 7.

Where appropriate, the terms insurance, insurer and insured used throughout this document are intended to apply equally to reinsurance, reinsurer and reinsured.

This document does not seek to repeat the content of the ‘Market Reform Contract Open Market Implementation Guide’ v2.0, which is already in existence to define the MRC standard, including the layout and content of a standard form, but should be read in conjunction with it and the accompanying MRC Data Dictionary v2.0 (February 2020).

Wherever possible, the numbering used, e.g. for paragraph headings, in this document replicates the numbering system within the Market Reform Contract Open Market Implementation Guide’ v2.0. Where there is no supplementary guidance, the paragraph/section within this document has been left intentionally blank.

Separate supplementary guidance has been produced to sit alongside the MRC Binding Authority Guidance and MRC Line slips Guidance.

For further information regarding the operation of Lloyd’s Brussels itself, reference should be made to the Lloyd’s Brexit Toolkit accessible via Crystal and/or questions directed to [lloydsbrussels@lloyds.com](mailto:lloydsbrussels@lloyds.com). Information on Lloyd’s Brussels, its licensing, regulatory and compliance requirements is contained in Crystal - [www.lloyds.com/tools-and-systems/crystal](https://www.lloyds.com/tools-and-systems/crystal)

## *1.2 Background*

Article 50 was invoked on 29 March 2017, so the UK was originally due to leave the EU on 29 March 2019. The Brexit date has subsequently been deferred (initially to 31 October 2019 and subsequently) to 31 January 2020.

Until Brexit, insurance undertakings in the UK are authorised to access business located in the EEA on a “freedom of services” or under the “right of establishment” through the EU passporting system. Once the UK has left the EU, Lloyd’s underwriters will lose their passporting rights and they will not be authorised to carry on (re)insurance business for risks located in the EEA.

As part of the planning for the solution to allow continuation of access to Lloyd’s for affected clients and certainty to the market, a key consideration was giving a specific date for implementation of the new approach. To achieve this and take into account the January renewal period, the date of 01 January 2019 was decided upon as the “cut off” date for the use of Lloyd’s syndicates for EEA business, i.e. for risks incepting on or after 01 January 2019.

Irrespective of any transitional arrangements that may be put in place, Lloyd’s set up Lloyd’s Insurance Company S.A. (known as Lloyd’s Brussels). This is an insurance company that is a subsidiary of the Corporation. It was authorised to underwrite non-life insurance and non-life (facultative and non-proportional excess of loss) reinsurance risks located in the EEA for policies incepting on or after 01 January 2019.

Lloyd’s Brussels is therefore able to underwrite and process

* facultative reinsurance and non-proportional excess of loss treaty reinsurance from 01 January 2019 across all markets in the EEA; and
* proportional treaty reinsurance from 1 March 2019, subject to a specific set of technical conditions being met. This bespoke solution will only be available for managing agents processing treaty in a similar way to delegated authority and which are able to meet specific technical requirements (details of which are provided within “Lloyd’s Brussels Update”, dated 03 December 2018).

The EEA countries include Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

Details of Lloyd’s Brussels’ authorisation is available on Crystal. Lloyd’s Brussels is licensed to write risks located in the UK, Monaco, and all other 29 EEA member states.

Lloyd’s Brussels is authorised and regulated by the National Bank of Belgium (NBB) and regulated by the Financial Services & Markets Authority (FSMA).

## *1.3 Franchise Board Mandate*

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# Chapter 2 - Business Objectives and Expected Benefits

## *2.1 Scope*

Lloyd’s Brussels has entered into an Outsourcing Agreement with each managing agent. Under this agreement, Lloyd’s Brussels has delegated authority to the managing agent to undertake underwriting, claims and other activities on its behalf. The outsourcing agreements took effect from 01 January 2019.

Under the Outsourcing Agreement, managing agents are also permitted to appoint coverholders on behalf of Lloyd’s Brussels. (Lloyd’s Brussels enters into a Coverholder Appointment Agreement with Coverholders, using agreement “LBS0001A”, facilitated by the managing agent). Separate supplementary guidance has been produced to sit alongside the MRC Binding Authority Guidance to cover these arrangements.

By means of a 100% Quota Share Treaty Agreement, all risks (re)insured by Lloyd’s Brussels are automatically and simultaneously reinsured or retroceded back to Lloyd’s Underwriters.

In this way, Lloyd’s syndicates are able (via Lloyd’s Brussels) to continue to access EEA risks post-Brexit, whilst enabling underwriters to work with the same partners (brokers and Coverholders) with as little impact as possible on market processes and procedures. It should be noted that UK risks may be written by Lloyd’s Brussels or by Lloyd’s syndicates.

Lloyd’s syndicates are able to continue to underwrite risks in countries where Lloyd’s Brussels is licensed using an MRC, but the main differences are:

* Lloyd’s Insurance Company S.A. is the insurer, instead of the syndicate (as the syndicate will no longer be licensed);
* Syndicates will have a separate Lloyd’s Brussels stamp and need to ensure that they use this stamp when underwriting risks located in the EEA. The Lloyd’s Brussels stamp will also identify the reinsuring syndicate in addition to Lloyd’s Brussels;
* Where a policy document (Insurer Contract Documentation) is required, for the EEA risks this will be a Lloyd’s Insurance Company S.A. policy. Other Insurer Contract Documentation can also still be used as per A.16 within the original MRC implementation guide.

Placements that include risks in countries where Lloyd’s Brussels is unlicensed will have to be priced separately and the MRC will need to be split, or have separate sections, accordingly. The Lloyd’s Brussels licensed section (or separate MRC) must be bound using the outsourced Managing agents Lloyd’s Brussels stamp with the remainder under the syndicate stamp. Different contractual terms and conditions may also apply, dependent upon the location of risk.

To enable identification of the requirement to use Lloyd’s Brussels, and to assist in the creation of split/sectionalised MRC post Brexit, a mandatory heading (**E.3 Regulatory Risk Location**) was added to the MRC standard format (and guidance introduced within the Fiscal & Regulatory Section of the MRC) with effect from September 2018.

Whilst the heading was introduced with effect from September 2018, the requirement to identify the regulatory risk location is a long-standing requirement, as is the process by which location of risk must be determined prior to compilation of the (split/sectionalised) MRC.

A far greater emphasis will be placed upon Regulatory Risk Location post Brexit and there needs to be clear distinction made between location of risk and related but very different pieces of information (e.g. insured’s domicile/address, situation/territorial scope) contained elsewhere within the MRC.

For further guidance on Regulatory Risk Location, see guidance on heading E.3 (within Chapter 8) below.

## *2.2 Benefits*

This Guidance is intended to assist the market in the production of split/sectionalised MRC for Lloyd’s Brussels / Non-Lloyd’s Brussels risks.

A standard layout for split/sectionalised MRC:

* Provides a consistent approach and format for clients;
* makes the operational requirements of Lloyd’s Brussels as efficient as possible;
* makes subsequent processes more efficient (e.g. downstream processing via the bureau and administration, creation of contract documentation etc).

Where the risk is 100% EEA, placed with Lloyd’s Brussels, the main MRC Guidance ‘Market Reform Contract Open Market Implementation Guide’ v2.0 should be followed.

# Chapter 3 - Market Reform Contract Layout

## *3.1 Document Format/Construction, Order and use of Headings*

As indicated above, all risks written by Lloyd’s Brussels must be presented on an MRC format. Risks that include both EEA and non-EEA exposures will have to be priced separately and the MRC will need to be ‘split’, or have separate sections, accordingly.

There are 3 different approaches that may be adopted:

* Splitting the premium for EEA (including Monaco where appropriate) and non-EEA risks with separate market sheets for each set of licensed insurers (Lloyd’s Brussels / Lloyd’s Syndicates) Note: UK can be underwritten by Lloyd’s Brussels or syndicates;
* Using the current market approach for sectioning an MRC – A) for EEA (including Monaco) risks and B) for non-EEA risks (where different terms and conditions apply to the EEA and non-EEA sections);
* Two totally separate MRCs for EEA (including Monaco) and non-EEA risks,

Each of these approaches will require appropriate interlocking language for “global” placements.

The language used to identify the territorial splits aligning with the licensed insurers **must** be articulated in the formats shown in the samples contained within Appendix 2. This allows the automated data capture of the risks for the Brussels subsidiary to take place.

In each case, the existing standard layout, as set out in the Market Reform Contract Open Market Implementation Guide v2.0, is still to be used, whereby the MRC is made up of six parts:

* **Risk Details**; details of the risk/contract involved, such as insured, type, coverage, conditions, etc.
* **Information**; free text additional information.
* **Security Details**; includes Insurers’ Liability; Order Hereon; Basis of Written Lines; Basis of Signed Lines, Signing Provisions, insurers’ “stamp” details. These indicate each insurer’s share of the risk 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 risk.
* **Broker Remuneration & Deductions;** information relating to brokerage, fees and deductions from premium.

**Aviation Business**

Where the Lloyd’s Market is a “follower” on a non-Lloyd’s led placement the LMA9170 Lloyd’s Brussels Contract Addendum (LBCA) has been developed to effect the minimum changes required to be compliant with Lloyd’s and Lloyd’s Brussels sectionalised MRC requirements.

The purpose of this is to provide clarity to following markets and, where a Lloyd’s participant is not the Slip Leader, the LBCA provides an easy solution to effecting the necessary amendments to ensure contract certainty. This LBCA is only for use where there is both EEA and non-EEA exposure within a placement.

*For more information on the LMA9170/LBCA, refer to Appendix 7.*

Whilst the LBCA has been implemented for the Aviation market, it can also be utilised for other lines of business if required.

## *3.2 Dictionary of MRC Headings*

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## *3.3 Layout of Document*

The existing standard layout, as set out in the Market Reform Contract Open Market Implementation Guide v 2.0, is still to be used.

## *3.4 Considerations When Using Electronic Placing*

This section is intended to offer some suggestions for consideration by firms in respect of some of the common challenges when using MRC in conjunction with Electronic Placing systems, where some of the data used to populate the data fields within the electronic MRC may be taken from any of the six parts of the MRC.

* In order to clarify how the risk has been bound, and how the MRC format can be amended, a Mode of Execution (example below, other variations are in common usage) can be included within the **SECURITY DETAILS** in the MRC.

Whilst this is not mandatory, it can often assist in providing clarity to Clients.

*Example Clause:*

|  |
| --- |
| ***MODE OF EXECUTION CLAUSE***   1. *This contract and any changes to it may be executed by:* 2. *electronic signature technology employing computer software and a digital signature or digitiser pen pad to capture a person’s handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the document signed in such a manner that if the data is changed, such signature is invalidated;* 3. *a unique authorisation provided via a secure electronic trading platform* 4. *a timed and dated authorisation provided via an electronic message/system;* 5. *an exchange of facsimile/scanned copies showing the original written ink signature of paper documents;* 6. *an original written ink signature of paper documents (or a true representation of a signature, such as a rubber stamp).* 7. *The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this contract. This contract may be executed in one or more of the above counterparts, each of which, when duly executed, shall be deemed an original.* |

* Some Electronic Placing systems capture data items from several parts of the conventional MRC six part structure/format, such as Risk Code, Settlement Due Date and Year of Account and display them within the Signing Schedules/Signed Line Pages when producing the Evidence of Cover.
* Occasionally, the data shown in the MRC conflicts with the data shown on the Signing Schedules/Signed Line Pages, which has the potential to cause delay in processing of premium.
* There are currently three acceptable approaches being adopted by Market Firms to overcome any potential for conflict:

1. Removal of the Lloyd’s/London specific data items from the Electronic Placing MRC as they will be captured as data by the system and displayed within the Evidence of Cover.
2. Addition of a suitable comment within the Subscription Agreement (under the “Bureaux Arrangements” heading) – **NB. These are example words and market firms should edit/amend as appropriate:**

*“In the event the Settlement Due Date (as detailed in Subscription Agreement) and/or the Risk Code and/or Year of Account (as detailed in Fiscal and Regulatory) differ from those shown in the Security Schedule attached hereto, the information recorded in the Security Schedule shall take precedence”*.

1. State under Settlement Due Date, Risk Code, Year of Account that the information can be found within the Security Schedule/Signed Line Pages.

It is acknowledged that each of these solutions offers its own unique challenges and it is recommended that each Market Firm review the options available and select the one appropriate for their own business model/processes/systems.

* Some “Risk Information” is traditionally shown within an “Information Schedule” attached to the MRC. Careful consideration should be given as to whether such information is required for post bind processing, as evidence that such information has been seen and acknowledged by Carriers may be required. It may therefore be appropriate to present information required for post bind processing within the **INFORMATION** section of the MRC.

## *3.5 General Guidance*

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## *3.6 Detailed MRC Documentation*

Irrespective of which of the three approaches to the split/sectionalised MRC is adopted, the appendices to this document provide a more detailed guide to the completion of each contract section, including guidance on the completion of specific fields.

## *3.7 Further Information*

For further information regarding the completion of Market Reform Contracts for risks underwritten by Lloyd’s Brussels, please contact:

|  |  |  |
| --- | --- | --- |
| **Type of Query** | **Contact** | **Address** |
| Lloyd’s Brussels operational queries | lloydsbrussels@lloyds.com |  |
| Lloyd’s Underwriters’ queries | Alison Colver - LMA  Tel: 020 7327 3333  Email: [alison.colver@lmalloyds.com](mailto:alison.colver@lmalloyds.com) | Gallery 4  Lloyd’s  1 Lime Street  LONDON  EC3M 7DQ |
| LIIBA Members’ queries | James Livett – LIIBA  Tel: 020 7280 0152  Email: [james.livett@liiba.co.uk](mailto:chris.buer@liiba.co.uk) | 78 Leadenhall Street  LONDON  EC3A 3DH |

For more information on how Lloyd’s Brussels will operate and what it means for you, please visit or contact:

Website: <https://www.lloyds.com/tools-and-systems/crystal>

E-mail: Lloydsbrussels@lloyds.com

Refer to the [Lloyd’s Brexit Toolkit](https://crystal.lloyds.com/SearchResults?mc=676&c=02004070060500705008050090201102012040130401404015060260502802029060320303702048050490305004051050520605402057080610506308065050660706706070030750507704078050800708107082070840608606087050880127701278012790128001281012820128301284012850128601287012880128901290012910129201293012940129501296012960129801299&d=1&qr=2&t=2) widely distributed within the London market, and accessible via Crystal .

If you need a copy of this documentation please contact:

Lloyd’s

LMA

LIIBA

# Chapter 4 - RISK DETAILS Guidance

## *4.1 General Guidance*

Brief completion instructions and further considerations for each of the key headings given below. For ease of reference, the numbering used, e.g. for headings, in this document replicates the numbering system within the Market Reform Contract Open Market Implementation Guide v 2.0. Where there is no supplementary guidance, the paragraph/section within this document has been left intentionally blank.

## *4.2 Guidance on Specific Fields*

**A.1 Unique Market Reference - Mandatory:**

The UMR must be stated in the Risk Details section in the correct format.

* Where the Lloyd’s Brussels/ non-Lloyd’s Brussels risks are placed on two separate MRCs, each must have a different UMR.
* Where the Lloyd’s Brussels/ non-Lloyd’s Brussels risks are placed on the same, split/sectionalised, MRC, there will be one UMR applied to both contracts.

**A.2 Type - Mandatory:**

* This heading indicates the type of contract (e.g. Marine Hull) being underwritten. Please refer to [www.lloyds.com/tools-and-systems/crystal](www.lloyds.com/tools-and-systems/crystal%20) for the trading rights of Lloyd’s Brussels and the trading rights of Lloyd’s Underwriters post-Brexit. N.B. Lloyd’s Brussels is only authorised to underwrite non-life insurance (both primary and excess layer) and non-life reinsurance (facultative and non-proportional excess of loss reinsurance) with EEA, UK and Monaco exposures.

**A.3 Insured - Conditional: Required for insurance risks – name variations exist.**

* The insured’s address, where included as appropriate, and/or those of the “Additional Insureds” listed (if any) may affect/dictate/determine the “Risk Location” (and therefore whether the placement is considered Lloyd’s Brussels and/or non-Lloyd’s Brussels). The additional Insureds addresses may be presented as a schedule in Information.
* For further guidance on “Regulatory Risk Location” see guidance on heading E.3 (within Chapter 8) below.

**A.4 Period - Mandatory: Name variations exist.**

* Post Brexit, Lloyd’s syndicates will not be authorised to underwrite EEA or Monaco risks.
* Irrespective of any transitional arrangements that may be put in place, Lloyd’s Brussels is authorised to underwrite non-life insurance and non-life reinsurance for risks located in the EEA, Monaco and UK incepting on/after 01 January 2019
* Therefore, any EEA risks with inception dates on/after 01 January 2019, should now be placed with Lloyd’s Brussels

**A.5 Interest - Mandatory: Name variations exist.**

* Depending on the Interest or subject matter insured or nature of liability specified under the heading, this may affect “Regulatory Risk Location”.
* For further guidance on “Regulatory Risk Location” please refer to: <https://www.lloyds.com/tools-and-systems/risk-locator>

**A.6 Limit of Liability - Mandatory: Name variations exist.**

* Irrespective of whether the risks are placed on two separate MRCs, or placed on the same, split/sectionalised MRC, careful consideration needs to be given to the wording of clauses and conditions which apply across separate MRCs or sections within an MRC. Such clauses and conditions should clearly state how any “shared” provisions (e.g. sums insured, limits of indemnity, deductibles excesses, insured’s retentions, especially where these are aggregated/ranking) are clearly expressed.
* Lloyd’s, in conjunction with the LMA drafted model “interlocking language” clauses for use on Lloyd’s Brussels placements – Shared Limit Endorsement and Shared Aggregate Deductible Endorsement (available within the Lloyd’s Wordings Repository (LWR) at [www.lloydswordings.com](http://www.lloydswordings.com) )

**A.7 Situation - Mandatory: Name variations exist.**

* Situation, territorial limits or scope, trading warranties or location, depending on class of business. The location of the insured or the object insured may affect/determine the “Risk Location”, but the situation does not always drive the regulatory risk location, e.g. the fact that a vessel is trading worldwide is irrelevant in determining location of risk because it’s the vessel’s registration that is the determining factor in the use of Lloyd’s Brussels.
* For further guidance on “Regulatory Risk Location” see guidance on heading E.3 (within Chapter 8) below
* Where the risk has locations in both EEA and non-EEA territories the EEA risks must be placed with Lloyd’s Brussels by means of split/sectionalised (or separate) MRC(s).

**A.8 Conditions - Mandatory: Name variations exist.**

* All risks incepting from 01 January 2019 that include both Lloyd’s Brussels and non-Lloyd’s Brussels exposures will have to be priced separately and the MRC will need to be split, have separate sections or two separate MRCs produced. The Lloyd’s Brussels licensed risk must be bound using the syndicate’s Lloyd’s Brussels stamp and the non-EEA risk under the syndicate stamp.
* Different contractual terms and conditions may also apply dependent on upon the location of the risk and/or the Regulatory Risk Location and/or jurisdiction. For further details, refer to Crystal- <www.lloyds.com/tools-and-systems/crystal>
* The terms and conditions of the two separate sections of the MRC must comply with the applicable regulatory requirements in the territories where the risks are located. There may be local legal or regulatory requirements for specific policy conditions to be included in the MRC/placement.
* Aside from appropriate limit related “interlocking language” (refer heading A2.6 above), consideration may also need to be given to the application of other conditions according to territorial scope/risk location, where they either relate to only one section or differ across sections (i.e. the language of the clause may not change per se, but it may be applied only to the Lloyd’s Brussels or non-Lloyd’s Brussels section of the MRC). For example, whilst not an exhaustive list, property damage conditions which may need further consideration in this way, might include:

|  |  |
| --- | --- |
| Margin | May need to consider that this is restricted to the territorial scope of the Lloyd’s Brussels/ non-Lloyd’s section, especially if “Automatic”. |
| Capital Additions | May need to consider that this is restricted to the territorial scope of the Lloyd’s Brussels/ non-Lloyd’s section, especially if “Automatic”. |
| Acquisitions Clause / Additional Insureds | May need to consider that this is restricted to acquisitions within the territorial scope of the Lloyd’s Brussels/ non-Lloyd’s section, especially if “Automatic”. |
| Errors & Omissions Clause | May need to consider that this is restricted to the territorial scope of the Lloyd’s Brussels/ non-Lloyd’s section/ existing schedule of locations. |
| Miscellaneous Unnamed Locations | May need to consider that this is restricted to the territorial scope of the Lloyd’s Brussels/ non-Lloyd’s section/ existing schedule of locations. |

* Where there is a requirement under the wording to include a “Loss Payee”, this may need to be different for each section and specified in accordance with the location of risk.
* Where a “Claims Notification Nominee” is required within the wording applied to the MRC, this may need to be a local contact, where required by local regulation dependent on the location of risk. For example, this may need to be an appropriately approved intermediary, for example the broker, or where required by local regulation dependent on the location of the risk, the Lloyd’s Brussels general representative.
* Subjectivities – no line conditions permitted, In respect of Lloyd’s Brussels, only the lead outsourced Lloyd’s syndicate may include subjectivities, as all managing agents are underwriting on behalf of Lloyd’s Brussels. The only exceptions are “Line to Stand” or “Annual Resigning”. (Refer C2.7 below).

**A.9 Notices – Conditional, required where applicable:**

* There are numerous pre-contractual/contractual Notices (e.g. complaints, data protection notices etc), that are required in each EEA territory. Please refer to Crystal (registration via [www.lloyds.com](http://www.lloyds.com)) for further guidance.
* Lloyd’s, in conjunction with the LMA, has drafted a number of model clauses for use on Lloyd’s Brussels placements – all of which are available within the “Lloyd’s Brussels” Section of the Lloyd’s Wordings Repository (LWR) at [www.lloydswordings.com](http://www.lloydswordings.com) ). All clauses that are specifically for use by Lloyd’s Brussels have been allocated a “LBS” prefixed reference number.

**A.10 Choice of Law and Jurisdiction - Mandatory:**

* For Lloyd’s Brussels risks, the choice of law and jurisdiction should be one that is permitted under local law. Please refer to Crystal (registration via [www.lloyds.com](http://www.lloyds.com)) for details.
* Lloyd’s, in conjunction with the LMA, has drafted model Service of Suit and Jurisdiction clauses for use on all Lloyd’s Brussels placements (LBS0006A/LBS0081), which are available within the “Lloyd’s Brussels” Section of the Lloyd’s Wordings Repository (LWR) at [www.lloydswordings.com](http://www.lloydswordings.com).
* The important thing for underwriters to keep in mind is that they will be underwriting the EEA risks on behalf of Brussels (using their Lloyd’s Brussels stamp) and the non-EEA risks using their syndicate stamp (for their own account).
* Therefore, whilst they can be placed on one/the same MRC, the security (i.e. contracting party) is different for EEA/non-EEA risks, so they technically remain two separate contracts (hence the need for sectionalised MRC).
* UK risks can, of course, be included in the EEA “section” (underwritten by Lloyd’s Brussels) or within the non-EEA “section” underwritten by the syndicate, depending on the individual circumstances.
* It is possible for the same terms and conditions, including applicable “Law & Jurisdiction”, to be applied to both “sections”.
* It may, therefore, be permissible to have a default of ‘English’ Law and Jurisdiction across both section(s), it really depends on the territory (and the class of business) concerned as to what is permissible under local law in the territory being underwritten – underwriters should refer to Crystal for specific guidance.
* The Service of Suit and Jurisdiction Clauses produced for use on all Lloyd’s Brussels risks (LBS0006A/LBS0081) leave “blank” {response} fields for completion, so Lloyd’s Brussels can and will accept L&J other than “Belgian”, if it is required and permissible.
* In December 2019, Lloyd’s Insurance Company S.A. produced two new Service of Suit clauses and Jurisdiction Clauses for Lloyd’s Brussels, to give the market greater clarity as to the use of the clauses in relation to other dispute resolution arrangements in an insurance contract.
  + **LBS006A** - This clause replaced LBS0006. The use of LBS0006A is strongly recommended where a managing agent has appointed a nominee (which may be a law firm, insurance intermediary or a third-party administrator) to receive service of suit.
  + **LBS0081** - Where Lloyd’s Insurance Company S.A. holds a freedom of establishment licence in a country and no nominee is chosen by the managing agent, proceedings are to be served to Lloyd’s Insurance Company S.A.’s General Representative for that specific territory. Where Lloyd’s Insurance Company S.A. does not hold a freedom of establishment licence in a country and no nominee is chosen by the managing agent, proceedings are to be served to Lloyd’s Insurance Company S.A.’s Head Office. The use of LBS0081 is strongly recommended where the managing agent has not appointed a nominee.
* It remains mandatory for all Lloyd’s Insurance Company S.A. contracts to contain an appropriate service of suit clause in order to ensure that any legal action is properly served. For more detail regarding service of suit requirements within any EEA territory, reference should be made to the relevant country page on Crystal - <www.lloyds.com/tools-and-systems/crystal>.
* Both clauses are available on the [Lloyd’s Wordings Repository](http://www.lloydswordings.com).

**A.11 Premium - Mandatory: Name variations exist.**

* All risks incepting from 01 January 2019 onwards, that include both Lloyd’s Brussels and non-Lloyd’s Brussels exposures, have to be priced separately and the MRC needs to be split or have separate sections.
* Therefore the premium will need to be split between Lloyd’s Brussels and non-Lloyd’s Brussels risks.
* Depending on which of the three different approaches has been chosen to split/sectionalised the MRC has been used, this may be achieved in a different manner:
  + Simply splitting the premium under this heading within Risk Details for Lloyd’s Brussels and non-Lloyd’s Brussels risks and include a separate “market sheet” (Security Details) for each;
  + If splitting each section of the MRC into sub-sections, e.g. A) Lloyd’s Brussels risks and B) for non-Lloyd’s Brussels risks, show only the total premium for Lloyd’s Brussels under the Premium heading for section A) and the syndicates’ premium under section B);
  + If two totally separate MRC for Lloyd’s Brussels and non-Lloyd’s Brussels risks (with appropriate interlocking language for “global” placements) have been used, on each respective MRC, show the premium for that MRC under the Premium heading.
* Separate premium adjustment provisions may also apply to the respective Lloyd’s Brussels and non-Lloyd’s Brussels risk risks/sections.

**A.12 Premium Payment Terms - Mandatory:**

* Any premium payment terms/conditions applicable to the respective Lloyd’s Brussels and non-Lloyd’s Brussels risks/sections should be set out separately and reference made to any specific clauses applicable made under the Conditions heading (refer A.8 above).

**A.13 Taxes Payable by Insured and Administered by Insurer(s) - Mandatory:**

* Lloyd’s Brussels has ensured that it causes as minimum disruption as possible to the market by using existing market systems and processes. Lloyd’s Tax Department, as outsource service provider for Lloyd’s Brussels, therefore continues to prepare and submit premium tax returns as it did previously. Returns are now submitted under 2 registrations, one for “Lloyd’s” and another for “Lloyd’s Brussels”. Lloyd’s Brussels has contracts in place with the bureau to enable taxes to be processed.
* Like Premium, the taxes “payable by the insured” need to be split between Lloyd’s Brussels and non-Lloyd’s Brussels risks to enable clear identification.
* Where a contract covers a risk in multiple countries, a separate schedule of risk values and tax information may be necessary. In these cases, a premium breakdown by territory is required as a basis for tax calculation. This may be produced in a variety of formats e.g. as a spreadsheet, or as a tax schedule report output from tax calculation software, but separate tax schedules will be required for the Lloyd’s Brussels and non-Lloyd’s Brussels sections of the MRC.

**A.14 Taxes Payable by Insurers and Administered by Insured or their Agent – Conditional, required where there are taxes that are administered in this way:**

*{intentionally left blank}*

**A.15 Recording, Transmitting and Storing Information - Optional:**

*{intentionally left blank}*

**A.16 Insurer Contract Documentation - Mandatory:**

* Where a policy document is required in respect of Lloyd’s Brussels licensed risks, the insurance contract documentation will be a Lloyd’s Insurance Company S.A. “policy” for open market business (or a Lloyd’s Insurance Company S.A. “certificate” for contracts bound under a Coverholder Appointment Agreement).
* Other Insurer Contract Documentation can also still be used such as a Broker Insurance Document (BID) as per A.16 within the original MRC implementation guide.
* Lloyd’s, in conjunction with the LMA, has drafted a number of model policy documents/clauses for use on Lloyd’s Brussels placements – all of which are available within the “Lloyd’s Brussels” Section of the Lloyd’s Wordings Repository (LWR) at [www.lloydswordings.com](http://www.lloydswordings.com). All documents and clauses that are specifically for use by Lloyd’s Brussels have been allocated a “LBS” prefixed reference number.
* 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.

**Lines Clauses**

Where a Lloyd’s Brussels policy requires a Lines Clause the Lloyd’s Brussels’ Lines Clause LBS0069 can be used for this purpose.

**A.17 Form – Conditional: Required where a policy is to be produced and form has not been specified within the Insurer Contract Documentation heading.**

*{intentionally left blank}*

**A.18 Notice of cancellation provisions – Conditional: As defined below:**

*{intentionally left blank}*

# Chapter 5 – INFORMATION Guidance

## *5.1 General Guidance*

All risks incepting from 01 January 2019 onwards that include both Lloyd’s Brussels and non-Lloyd’s Brussels exposures will have to be priced separately. The MRC will need to be split or have separate sections to accommodate the separate premium and licensed security.

Therefore any information provided to insurers to support the assessment (pricing) of the risk at the time of placement provided here should be split Lloyd’s Brussels/ non-Lloyd’s Brussels by reference to “Regulatory Risk Location”.

e.g. Schedule of values split Lloyd’s Brussels / non-Lloyd’s Brussels dependent on the location of assets.

Whilst this should be relatively easy for “static risks”, depending on the Interest or subject matter insured or nature of liability insured, this may not be straightforward, e.g. movable assets (sendings for cargo risks), personnel (geographical headcount for group personal accident/travel policies), legal liabilities (origin or destination of turnover for GL/ territories where directors are located for D&O).

For further guidance on “Risk Location” see guidance on heading E.3 (within Appendix E) below.

# Chapter 6 – SECURITY DETAILS Guidance

## *6.1 General Guidance*

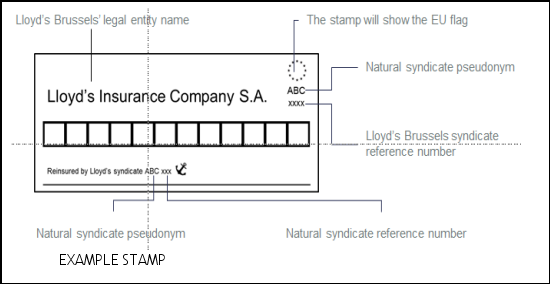
Underwriters are reminded that they cannot bind Lloyd’s Brussels risks in countries where Lloyd’s Brussels is not licensed.

Depending on which of the three different approaches that may be adopted to the split/sectionalised MRC has been used, there may be one or two signing pages, with the same MRC headings on each:

* If simply splitting the premium for Lloyd’s Brussels licensed and syndicate licensed risks under the “Premium” heading within Risk Details include a separate “market sheet” (Security Details) for each;
* If splitting each section of the MRC into sub-sections – e.g. A) Lloyd’s Brussels licensed risk and B) syndicate licensed risk, include a separate “market sheet” (Security Details) for each section A) and B);

Syndicates will have a new stamp for Lloyd’s Brussels (Lloyd’s Insurance Company S.A.) and will need to ensure that they use the new stamp (which will identify the name of the syndicate in addition to Lloyd’s Brussels) when underwriting risks located in countries where Lloyd’s Brussels is licensed.

An example of such a stamp is shown below:



## *6.2 Guidance on Specific Fields*

**C.1 (Re)Insurers’ Liability – Conditional:**

LSW1001 must be used on all placements for Lloyd’s Brussels where Lloyd’s Brussels is not the sole subscribing insurer (i.e. if the risk is not placed 100% with Lloyd’s Brussels), as this is the clause that must be incorporated in Lloyd’s Brussels policy documentation.

*[It is recognized that LMA3333 will also be incorporated within an MRC that has non-EEA risks. LSW1001 is a “policy” clause that must ultimately go into the documentation provided to the policyholder, whereas LMA3333 was specifically drafted for use on MRC(s), and incorporates both several liability language (similar to LSW1001) and Lloyd’s attestation language]*

**C.2 Order Hereon – Mandatory:**

*{intentionally left blank}*

**C.3 Basis of Written Lines – Mandatory:**

*{intentionally left blank}*

**C.4 Basis of Signed Lines – Conditional: Required where this differs from the basis of written lines.**

*{intentionally left blank}*

**C.5 Signing Provisions – Conditional: Required where there is more than one participating insurer.**

Depending on which of the three different approaches, that may be adopted to the split/sectionalised MRC, has been used, there may be one or two (or more) signing pages, with the same MRC headings on each. There may be separate signing provisions for Lloyd’s Brussels licensed and syndicate licensed risks.

It is perfectly permissible that Lloyd’s Brussels may be participating with other insurers, e.g. Company markets, either as lead or follower. (LBS0005 Coinsurance Policy can be utilised in this situation).

**C.6 Written Lines – Conditional: Required where the market is not fully pre-defined***.*

*{intentionally left blank}*

**C.7 Line Conditions – Conditional: Required where insurers wish to apply line conditions***.*

Line condition – Only the lead outsourced Lloyd’s Brussels underwriter can attach other line conditions which will apply to all of the Lloyd’s Brussels participation “Annual resigning” and “Line to Stand” are the only acceptable line conditions for followers of a Lloyd’s Brussels lead line.

# Chapter 7 – SUBSCRIPTION AGREEMENT Guidance

## *7.1 General Guidance*

Lloyd’s Brussels is ensuring it causes as minimum disruption as possible to the market by using existing market systems and processes. Therefore, Lloyd’s Brussels has put in place separate contracts with the bureau (and other third party service providers) for the movement of premium and claims; amending this service so that the reinsurance activity is automatic; and ensuring central settlement is still available for Lloyd’s Brussels business; so enabling the administration and processing to continue as before “behind the scenes”.

By means of a 100% Quota Share Reinsurance Agreement, all risks (re)insured by Lloyd’s Brussels will be automatically and simultaneously reinsured or retroceded back to Lloyd’s Underwriters, for which Lloyd’s Brussels will receive an agreed commission on each reinsurance transaction (deducted by the bureau).

In this way, Lloyd’s Underwriters will (utilising Lloyd’s Brussels) be able to continue to provide cover for EEA risks post Brexit whilst enabling managing agents to work with the same partners (brokers and Coverholders) using the same systems and processes, as they do now.

Lloyd’s Brussels will require the use of the Structured Data Capture (SDC) service for risk information submission. This service takes the market MRC (slip) and converts it to a data set for Lloyd’s Brussels to upload without rekeying, reducing error and duplication.

Depending on which of the three different approaches, that may be adopted to the split/sectionalised the MRC, has been used, there may be one or two Subscription Agreements, with the same MRC headings on each:

* If simply splitting the premium for Lloyd’s Brussels/ non-Lloyd’s Brussels risks under the “Premium” heading within Risk Details and including a separate “market sheet” (Security Details) for each, the Subscription Agreement may appear as a single agreement, with one heading for each aspect and the {responses} completed separately for A) in respect of Lloyd’s Brussels risks and B) in respect of non-Lloyd’s Brussels risks as more fully defined in the example MRCs herein.
* If splitting each section of the MRC into two sub-sections – A) for EEA risks and B) for non EEA risks, and including a separate “market sheet” (Security Details) for each section A) and B), separate Subscription Agreement sections for A) and B) can be included, or the Subscription Agreement can may appear as a single agreement, with one heading for each aspect and the {responses} completed separately for A) in respect of EEA risks and B) in respect of non-EEA risks; as more fully defined in the example MRCs herein.
* If two totally separate MRC for Lloyd’s Brussels/ non-Lloyd’s Brussels risks, with appropriate interlocking language for “global” placements have been used, on each respective MRC, there will be only one Subscription Agreement for the MRC in question.

## *7.2 Guidance on Specific Fields*

**D.1 Slip Leader – Mandatory:**

Typically, the Slip leader would be the same Managing Agent utilising its two licensed stamps. For EEA (plus Monaco and UK where applicable) utilising the outsourced Lloyd’s Brussels stamp identified by its unique pseudonym and number and for non-EEA) the Lloyd’s syndicate stamp identified by its unique pseudonym and number, for example:

|  |
| --- |
| **SLIP LEADER**: Lloyd’s Insurance company S.A. {5299 HIS) in respect of EEA  (plus UK and Monaco where applicable.  Hiscox Syndicate (0033) in respect of non-EEA. |

**D.2 Bureau Leader – Conditional: Mandatory where the Slip Leader is not also the Bureau Leader and where SCAP applies.**

As Lloyd’s Brussels and the syndicates are underwriting separate territories under different licenses there will be separate (Lloyd’s) Bureau leaders for the two sections, for example:

|  |
| --- |
| **BUREAU LEADER**: Lloyd’s Insurance company S.A. {5299 HIS) in respect of EEA  (plus UK and Monaco where applicable.  Hiscox Syndicate (0033) in respect of non-EEA. |

**D.3 Basis of Agreement to Contract Changes – Mandatory:**

The MRC must specify any leading underwriter agreement that applies e.g. GUA and applicable class of business schedule etc.

Whilst Lloyd’s Brussels respects market lead agreements/GUAs, Managing Agencies and Lloyd’s Underwriters are reminded that the working of the Lloyd’s market GUA is not changed by the use of the Lloyd’s Brussels stamp. However, the endorsement can only reflect one overall position, so the following market are responsible for ensuring that the broker has taken their position into account when the broker submits an endorsement into the Lloyd’s Brussels system. This may be by agreement with the broker or during the Managing Agent’s checking of the endorsement.

Reference should be made to the current MRCE Guidance and the current Lloyd’s Brussels MRCE Guidance for further guidance regarding contract changes.

Previously, if Lloyd’s Brussels (as a market) needed to be added to an existing MRC (for non-EEA risks), due to a contract change which added an EEA territory or risk location, a completely new MRC would have needed to be produced.

Following market feedback, Lloyd’s Brussels has introduced an additional option of endorsing Lloyd’s Brussels onto an existing Market Reform Contract (MRC), known as an Endorsement MRC which satisfies the markets request for a more pragmatic approach and Lloyd’s Brussels operational requirements. In September 2019, Lloyd’s Brussels therefore published Endorsement Operational Guidelines Version 2.0 to sit alongside the MRC and MRCE guidance, to provide the market with guidance regarding the processing of Lloyd’s Brussels endorsements, which is available at [LINK](https://crystal.lloyds.com/SearchResults?mc=676&c=0201102012020290200402048020570303703050030750401304014040150405104078050280504905052050630506605007050770500805080050880500906026060320605406070060860608707006070670708107082070840806108065&d=1&qr=3&t=2&authorisationDisplay=lloyds).

Whilst reference should be made to the Endorsement Operational Guidelines Version 2.0 itself, an overview of these guidelines can be found within Appendix 8.

**D.4 Other Agreement Parties for Contract Changes, for Part 2 GUA Changes Only – Conditional: To be used only when the GUA forms the basis of agreement to contract changes (and not in conjunction with other leading underwriter agreements that do not have “part 2 changes”).**

In respect of EEA risks, the subscribing outsourced Managing Agents underwrite on behalf of the single legal entity that is Lloyd’s Brussels, with EEA risks automaticallyreinsured 100% to those Lloyd’s Underwriters and Syndicates that may wish to insert their details as an agreement party here.

**D.5 Agreement Parties for Contract Changes, for Their Proportion Only – Conditional: Where required by insurers.**

In respect of EEA risks, the subscribing outsourced Managing Agents underwrite on behalf of the single legal entity that is Lloyd’s Brussels, with EEA risks automaticallyreinsured 100% to those Lloyd’s Underwriters and Syndicates that may wish to insert their details as an agreement party here.

**D.6 Basis of Claims Agreement – Mandatory:**

There has been little change to existing market practices - Lloyd’s Claims scheme/the Single Claims Agreement Party (SCAP) Arrangements.

The claims process remains broadly the same as before, with claims authority being outsourced to managing agents (under the terms of their Outsourcing Agreement) and managing agents can then, in turn, appoint Coverholders or TPAs on behalf of Lloyd’s Brussels. In practice, this means that managing agents and third parties will need to make it clear during the claims process that they are acting on behalf of Lloyd’s Brussels.

**D.7 Claims Agreement Parties – Mandatory:**

In essence, this is no different to existing market practices under the Lloyd’s Claims scheme/the Single Claims Agreement Party (SCAP) Arrangements.

Under the Lloyd’s Claims Scheme, the Lloyd’s leader will be the claims agreement party on behalf of Lloyd’s Brussels, plus the Lloyd’s Brussels second for complex claims.

**D.8 Claims Administration – Mandatory:**

The claims process for Lloyd’s Brussels remains broadly the same as before, with claims being handled on Electronic Claims File (ECF).

**D.9 Rules and Extent of any Other Delegated Claims Authority – Mandatory:**

The claims process for Lloyd’s Brussels remains broadly the same as before, with claims authority being outsourced to managing agents, Coverholders or TPAs.

If authority is to be outsourced to a TPA, it is the responsibility of the Claims Agreement Parties (in this case the lead outsourced managing agent) to update this section as necessary.

**D.10 Expert(s) Fee Collection – Conditional: Required for direct risks and some reinsurance, where collection procedures need to be specified.**

*{intentionally left blank}*

**D.11 Settlement Due Date – Mandatory:**

The SDD entered should be no different for Lloyd’s Brussels and non- Lloyd’s Brussels risks. Lloyd’s Brussels receives premiums payment at the same time as the rest of the (non-EEA) market, and it is simultaneously transferred back to the syndicates net of the reinsurance commission.

**D.12 Instalment Premium Period of Credit – Conditional: Required for placements where the premium is to be paid via instalments.**

*{intentionally left blank}*.

**D.13 Adjustment Premium Period of Credit – Conditional: Required where premium is to be adjusted after expiry.**

*{intentionally left blank}*.

**D.14 Bureau(x) Arrangements – Mandatory:**

Bureau(x) arrangements should be no different for Lloyd’s Brussels and Lloyd’s syndicate risks written. However, there needs to be separate signing number and dates created for the two entities to drive premiums and claims to the correct insurers as separate arrangements are in place with Xchanging/DXC to carry out both processing and contract checks on behalf of Lloyd’s Brussels.

**D.15 Non-Bureau Arrangements – Optional:**

*{intentionally left blank}*.

**D.16 Notice of cancellation provisions - Conditional:**

Please see A.18.

# Chapter 8 – FISCAL AND REGULATORY Guidance

## *8.1 General Guidance*

Lloyd’s Insurance Company S.A. is a Belgian limited liability company (*société anonyme / naamloze vennootschap*) with its registered office at 14th Floor, Bastion Tower, Place du Champ de Mars 5, 1050 Brussels, Belgium and registered with Banque-Carrefour des Entreprises / Kruispuntbank van Ondernemingen under number 682.594.839 RLE (Brussels). It is an insurance company subject to the supervision of the National Bank of Belgium. Its Firm Reference Number(s) and other details can be found on [www.nbb.be](http://www.nbb.be).

Website address: [www.lloyds.com/brussels](http://www.lloyds.com/brussels)

E-mail: [enquiries.lloydsbrussels@lloyds.com](mailto:enquiries.lloydsbrussels@lloyds.com)

Bank details: Citibank Europe plc Belgium Branch, Boulevard General Jacques 263G, Brussels 1050, Belgium - BE46570135225536..

The Fiscal & Regulatory requirements applicable to any given risk will be dictated by the “Regulatory Risk Location”, for which a new Mandatory heading has been included within the MRC standard format (refer E.3 below).

## *8.2 Guidance on Specific Fields*

**E.1 Tax Payable by Insurer(s) – Mandatory:**

Lloyd’s Brussels is ensuring it causes as little disruption as possible to the market by using existing market systems and processes Therefore, Lloyd’s Brussels has put in place separate contracts with the bureau to enable taxes to be processed “behind the scenes”.

Like Premium, the taxes “payable by the insured” need to be split between Lloyd’s Brussels and non-Lloyd’s Brussels risks.

Where a contract covers a risk in multiple countries, a separate schedule of risk values and tax information may be necessary. In these cases, a premium breakdown by territory is required as a basis for tax calculation. This may be produced in a variety of formats e.g. as a spreadsheet, or as a tax schedule report output from tax calculation software, but the tax details must be clearly identified between Lloyd’s Brussels and non-Lloyd’s Brussels.

It should also be clear which party is responsible for making the payment to the authorities i.e. the insurer, local intermediary or insured.

All parties, including intermediaries, may have various individual and shared responsibilities to ensure that the contract complies with all relevant taxation laws and regulations.

The tax position for the contract/policy must always be clear on the insurance documentation.

**E.2 Country of Origin – Mandatory:**

The country of origin will continue to be determined in the same way as it is now and is important for Lloyd’s statistics and tax reporting purposes.

The location of the insured in a particular territory may determine the risk location for regulatory purposes.

**E.3 Regulatory Risk Location – Mandatory:**

This is a mandatory heading added to the MRC standard format and guidance, to assist in the creation of split/sectionalised MRC post Brexit.

Whilst the mandatory heading was introduced with effect from September 2018, the requirement to identify the regulatory risk location has always existed and must be determined prior to compilation of the (split/sectionalised) MRC.

A far greater emphasis is placed upon Regulatory Risk Location due to Brexit as there needs to be a clear distinction made between location of risk and the related, but very different, pieces of information (e.g. insured’s domicile/address, situation/territorial scope) contained elsewhere within the MRC.

Whilst this is not an exhaustive list, the regulatory risk location can be affected/determined by reference to a number of different parameters.

Examples include:

* Insured’s domicile/address (refer A.3 above);
* Reinsured’s domicile;
* Class of business and the perils to be covered (A.2 Type and A.5 Interest, above);
* Interest/subject matter of insurance (refer A.5 above);
* Situation/territorial scope (refer A.6 above);
* Country in which the property is located (A.6 Situation, above);
* Country of origin (refer E.2 above);
* Location of the producing broker and/or overseas broker (refer E.4 below);
* Country in which the vessel/vehicle/aircraft is registered;
* Country in which the vessel is being constructed..

For further details on how to determine the risk location(s) for regulatory purposes, please refer to:

* the Risk Locator Tool <https://www.lloyds.com/tools-and-systems/risk-locator>; and
* the Lloyd’s Crystal tool (<https://www.lloyds.com/tools-and-systems/crystal>) under the heading “Pre-placement considerations”.

There may be more than one regulatory risk location applicable to the MRC.

Generally, the regulatory risk location and the tax risk location will be aligned. However, it is important to note that it is possible for the territories of regulation and tax for a single contract to be different because they do derive from different rules. For example, the regulatory risk location for moveable property in the EEA is the territory where the insured is resident but the tax risk location is where the moveable property is normally situated.

Further, in some territories, e.g. Canada and the US, the location of the insured’s residence or business establishment creates a risk location irrespective of the physical location of the insured property. Consequently, if the insured property is in a different territory from the insured’s residence or business establishment, there may be two territories for both regulation and tax.

There may be more than one territory for regulation and tax, particularly where multiple risks are insured, multiple policyholders are covered, or regulatory and tax rules overlap across jurisdictions. Country guidance can be found on Crystal (refer to link above) for specific risk location rules by territory. Any differences between tax and regulatory risk location must be identified on the MRC.

The applicable regulatory risk location(s), i.e. the country(ies) or territory(ies), should be stated against this MRC heading and should be in line with Xchanging’s Market Communication 2019/028 (dated 28 March 2019).

The terms “EEA” and “non-EAA” are not regulatory risk locations per se and cannot be used in isolation to complete the MRC However, their use is permissible under this heading, only if qualified in the manner shown in the examples below. Terms such as “Europe”, “Worldwide” or “Rest of the World” are not permissible to be used against this MRC heading.

* If there is only one regulatory risk location applicable (i.e. only one country or territory), this should be stated/identified against this heading; for example:

|  |  |
| --- | --- |
| **REGULATORY RISK LOCATION:** | France |

* It is permissible, for USA risks, to state “USA” as the Regulatory Risk Location, as the “Home State” (for regulatory purposes) should be indicated against the State of Filing Heading (refer E.6 below); for example:

|  |  |
| --- | --- |
| **REGULATORY RISK LOCATION:**  **STATE OF FILING:**  **US CLASSIFICATION:** | USA  New York  US Surplus Lines |

* Where there is more than one regulatory risk location applicable, each applicable country (or territory) should be clearly identified against this heading, and the appropriate allocation of premium for each regulatory risk location stated here provided under the appropriate premium heading in the MRC (refer A.11), and/or within the premium/tax schedule attached; for example:

|  |  |
| --- | --- |
| **REGULATORY RISK LOCATION:** | EEA: Spain and France  Non-EEA: Australia and New Zealand |

* If you have more than one regulatory risk location, a separate schedule may be more practical, which must then be referenced here (it is common practice for a premium allocation and tax schedule to be compiled by the broker, by country/territory, which is then agreed by insurers); for example:

|  |  |
| --- | --- |
| **REGULATORY RISK LOCATION:** | EEA/Non-EEA (refer attached tax schedule to identify individual countries) |

**E.4 Overseas Broker – Mandatory:**

Brokers will need to hold the appropriate authorisation if they wish to carry on insurance mediation activity in the EEA post-Brexit.

**E.5 Surplus Lines Broker – Conditional: Required on all contracts with a US classification of “US Surplus Lines”.**

*{intentionally left blank}.*

**E.6 State of Filing – Conditional: Required on all contracts with the US classification “US Surplus Lines”.**

*{intentionally left blank}*

**E.7 US Classification – Conditional: Required on all contracts where: the original premium is in US Dollars; or the original premium is in another currency and the Country of Origin is the US.**

*{intentionally left blank}.*

**E.8 NAIC Codes – Conditional: Required on all contracts with the US classification “US reinsurance”.**

*{intentionally left blank}.*

**E.9 Allocation of Premium to Coding – Conditional (mandatory where there are Lloyd’s participations)**

Appropriate Risk codes should be allocated for Lloyd’s Brussels and non-Lloyd’s Brussels taking into account territorial requirements.

**E.10 Allocation of Premium to Years of Account – Conditional: Required on contracts where the policy period exceeds 18 months.**

Multi-year contracts which incepted prior to 01 January 2019 that had an annual resigning needed to be split at the first resigning date in to “EEA/UK/Monaco” (as appropriate) and “Rest of the World excluding EEA/UK/Monaco” (as appropriate) and underwritten by Lloyd’s Brussels and Lloyd’s syndicates respectively.

Any Long-Term Agreement without an annual resigning can run to expiry under the original Lloyd’s syndicate(s). *[For Long-Term Agreements with an annual resigning, cross reference with Lloyd’s Brussels Endorsement Operational Guidance v2.0 published September 2019]*

**E.11 Regulatory Client Classification – Mandatory:**

It is recognised that the definition of “consumer”; the distinction made between “consumer” and “commercial” business; and the ensuing regulatory obligations attaching; differ in different jurisdictions and different regulatory handbooks. Generic definitions have therefore been developed. The same client classifications should be used for business worldwide, and the options are as follows:

**Individual/Personal**: Natural person acting for purposes outside their trade, business or profession.

**Commercial – Micro-enterprise**: A micro-enterprise which employs fewer than 10 persons and has a turnover or annual balance sheet that does not exceed EUR 2 million (or its equivalent in any other currency).

**Commercial – Small**: A small business which is not a micro-enterprise and has an annual turnover of less than GBP 6.5 million (or its equivalent in any other currency) and either (i) employs fewer than 50 persons; or (ii) has a balance sheet total of less than GBP 5 million (or its equivalent in any other currency).

**Commercial – 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: EUR 6.2 million (or its equivalent in any other currency)
   2. Net turnover : EUR 12.8 million (or its equivalent in any other currency)
   3. Average number of employees during the financial year: 250.

*[Note: “Large Risk” is an official term used in EEA insurance regulation. The formal definition of “Large Risks” is found in the EU’s 2nd Non-Life Insurance Directive (88/357). A “Mass risk” is anything that is not a “Large Risk”]*

**Commercial – Other**: All commercial business that is not micro-enterprise, small or large risk.

**Reinsurance:** Reinsurance worldwide.

**Master Policy/Group Scheme:** A policy sold to a master policyholder (consumer, commercial or large risk) for the benefit of others in relation to their common employment, occupation, or activity.

**E.12 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.**

*{intentionally left blank}*

# Chapter 9 – BROKER REMUNERATION AND DEDUCTIONS Guidance

## *9.1 General Guidance*

*{intentionally left blank}.*

## *9.2 Guidance on Specific Fields*

**F.1 Fee Payable by Client? – Optional:**

*{intentionally left blank}.*

**F.2 Total Brokerage – Conditional: Required where retail and wholesale brokerage is not split out.**

*{intentionally left blank}.*

**F.3 Retail Brokerage – Conditional: Required where retail and wholesale brokerage is split out.**

*{intentionally left blank}.*

**F.4 Wholesale Brokerage – Conditional: Required where retail and wholesale brokerage is split out.**

*{intentionally left blank}.*

**F.5 Other Deductions from Premium – Mandatory:**

This may not be the same across both Lloyd’s Brussels and non-Lloyd’s Brussels on the MRC. e.g. Engineering (Survey) fees may be location specific (e.g. if just a client’s manufacturing locations amongst a schedule of property to be surveyed) and there may therefore be separate deductions applied to the Lloyd’s Brussels and non-Lloyd’s Brussels sections of the MRC depending where the survey properties are situated.

# Appendix 1 – Risk Details – Usage of Headings

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# Appendix 2 – MRC Examples

The following pages show **examples** of the content of an MRC compliant placing document for a split Lloyd’s Brussels/ non-Lloyd’s Brussels placement.

Key changes to the previous placing approach are highlighted:

* Split Premium
* Sections

Separate MRCs are not shown but the territorial splits will still need to be identified and Interlocking language added to the two MRCs

Whilst the examples are for direct property risks, the same principles would apply to reinsurance risks.

Reference should be made to the MRC Data Dictionary v.2.0 (February 2020) for permissible name variations for the MRC headings.

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.

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

**Premium Split Approach**

|  |  |
| --- | --- |
| **Risk Details:** | |
| **UNIQUE MARKET**  **REFERENCE :** | B0999ABC123456789 |
| **TYPE:** | All Risks of Direct Physical Loss or Damage including Boiler Explosion and Machinery Breakdown insurance. |
| **INSURED:** | XXXX England Plc. |
| **ADDRESS:** | Number 1, Big Boulevard, Milton Keynes, UK |
| **PERIOD:** | Effective from: 1 January YYYY at 12:01pm GMT  To: 1 January YYYY at 12:01pm GMT |
| **INTEREST:** | Real and Personal Property at the offices of the insured in the UK, Austria, New Zealand and Spain, including the additional coverages defined below:  Personal Property of the Insured's Officials and Employees while on the Premises of the Insured  Improvements and Betterments  Business Interruption (Net Profits and / or Fixed Charges)  Ordinary Payroll  Rental Value / Rental Income  Electronic Data Processing Equipment and Machinery  and as fully defined in the contract wording and clauses referenced herein. |

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| **LIMITS:** | GBP 10,000,000 any one occurrence and in the annual aggregate.  Program Sublimits schedule:  Flood: GBP 2,000,000 any one occurrence  Boiler & Machinery: GBP 2,000,000 any one accident  Program Deductibles schedule:  Each claim for loss or damage shall be subject to a combined Property Damage and Time Element deductible as follows:  Windstorm / Flood: GBP 2,000,000 |
| **INSURED’S**  **RETENTION**: | 20% of 100%. |
| **SITUATION:** | Offices of the insured in the UK, Spain, New Zealand and Austria. |
| **CONDITIONS:** | XYZ Insurer - Primary Property wording CPROP192 - dated January 2005  NMA 2914 (Amended Perils) Electronic Data Endorsement A (Section two sub-limit USD 100,000,000)  LMA 5019 Asbestos Endorsement  NMA 2962 Biological or Chemical Materials Exclusion  LSW 3001 Premium Payment Clause  Shared Limits Endorsement LMAxxxx *(“Interlocking language”)*  Shared Aggregate Deductible Endorsement LMAxxxx *(“Interlocking language”)*  Service of Suit and Jurisdiction Clause LBS0006 |
| **LOSS PAYEE:** | XXXX Inc. Number 2 Boulevard, Milton Keynes, UK |

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| **SUBJECTIVITIES:** | The Insured shall provide to the Insurer a property survey report on the insured addresses such report to be prepared by MNO Surveyors (“the Survey”). The Survey shall be so provided by 12:01p.m.GMT on 31 January YYYY (“the Survey Deadline”).  Between inception and the Survey Deadline, cover is provided by the Insurer on the terms and conditions specified in the contract to which this condition is attached (“the Contract Terms”).  Where the Survey is not submitted to the Insurer by the Survey Deadline, cover shall terminate at the Survey Deadline.  Where the Survey is submitted to the Insurer by the Survey Deadline, cover shall continue from the Survey Deadline on the Contract Terms until expiry of the period of the contract unless and until terminated in accordance with the following paragraph.  In the event that the Survey is unsatisfactory to the Insurer, the Insurer shall have the right, within 14 days of its receipt, to terminate the contract by serving not less than 14 days notice in writing to the Insured at its address shown in the contract, such notice expiring no earlier than the Survey Deadline. |
| **CHOICE OF**  **LAW AND**  **JURISDICTION:** | This insurance shall be governed by and construed in accordance with the law of England and Wales. Each party agrees to submit to the exclusive jurisdiction of any competent court within England and Wales.  *(Ensure the appropriate Service of Suit and Jurisdiction Clause is included, e.g. LBS0006 for risk underwritten by Lloyd’s Brussels.)* |
| **PREMIUM:** | GBP 1,000,000 (100%) Annual  GBP 250,000 in respect of EEA / UK / *(when authorised)* Monaco  GBP 750,000 in respect of Rest of the World excluding EEA / UK / Monaco *(should be included under Lloyd’s Brussels once licence authorised)* |
| **PREMIUM**  **PAYMENT TERMS:** | 60 Day Payment condition – LSW 3001 Premium Payment Clause. |
| **TAXES PAYABLE**  **BY INSURED AND**  **ADMINISTERED**  **BY INSURER(S):** | UK IPT at 12% on UK Gross Premium (GBP 550,000)  Spain Premium tax at 6% (on GBP 200,000 Gross Premium), Consorcio (formerly CLEA) at 1.5% (on GBP 200,000 Gross Premium)  Consorcio (extraordinary risks) at 0.021% of the Sum Insured (EUR 13,500,000)  Austria Premium Tax at 11% (on GBP 50,000 Gross Premium), Fire Brigade Charge at 4% of 20% of Gross Premium apportioned to fire only risks (GBP 10,000) |
| **TAXES PAYABLE**  **BY INSURERS AND**  **ADMINISTERED**  **BY INSURED,**  **OR THEIR AGENT:** | New Zealand Income Tax at 2.8% (on GBP 200,000 Gross Premium)  Fire Services Commission Levy 0.076% on New Zealand Sum Insured (NZD 500,000) |
| **RECORDING,**  **TRANSMITTING &**  **STORING**  **INFORMATION:** | Where Broker XYZ maintains risk and claim data/information/documents Broker XYZ may hold data/information/documents electronically. |
| **INSURER**  **CONTRACT**  **DOCUMENTATION:** | This document details the contract terms entered into by the insurer(s) and constitutes the contract document.  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 |
| **NOTICE OF**  **CANCELLATION**  **PROVISIONS:** | Where (re)insurers have the right to give notice of cancellation, in accordance with the provisions of the contract, then:  To the extent provided by the contract, the Slip Leader is authorised to issue such notice on behalf of all participating (re)insurers; and (optionally)  Any (re)insurer may issue such notice in respect of its own participation.  The content and format of any such notice should be in accordance with the ‘Notice of Cancellation’ standard, as published by the London Market Group (LMG), or their successor body, on behalf of London Market Associations and participants. However failure to comply with this standard will not affect the validity of the notice given.  The notice shall be provided to the broker by the following means:  By an electronic message, to the ACORD standard agreed by market bodies, delivered to the XYZ system, (as defined by the relevant broker); or  By an email to [Broker.Contact@xyzbroker.co.uk](mailto:Broker.Contact@xyzbroker.co.uk) and [Compliance.Contact@xyzbroker.co.uk](mailto:Compliance.Contact@xyzbroker.co.uk) ; or  By an email to [aviationnoc@xyzbrokers.co.uk](mailto:aviationnoc@xyzbrokers.co.uk) .  Failure to comply with this delivery requirement will make the notice null and void. Satisfactory delivery of the notice will cause it to be effective irrespective of whether the broker has acknowledged receipt. |

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| **Information** |
| The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.  Client submission dated November YYYY prepared by Producer Inc and seen by all participants hereon and held on file by Broker XYZ Ltd  No losses past five years  EFG Burglar alarm system installed at all locations  ABC Sprinkler system installed at Milton Keynes location |

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| **Security Details** | |
| **INSURER’S**  **LIABILITY:** | **LSW1001 in respect of risks underwritten by Lloyd’s Brussels,** *(where they are not the only subscribing insurer)***;**  or  **LMA3333 in respect of non Lloyd’s Brussels section of the risk**  *(This clause LMA3333 should be provided in full and not simply referenced.)*  **(Re)insurer’s liability several not joint**  The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.  The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning “signing” below.  In the case of a Lloyd’s syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member’s proportion. A member is not jointly liable for any other member’s proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd’s, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd’s syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd’s, at the above address.  **Proportion of liability**  Unless there is “signing” (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its “written line”.  Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.  Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural. |
| **ORDER HEREON:** | 80% of 100% |
| **BASIS OF**  **WRITTEN LINES:** | Percentage of whole. |
| **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 insurance 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 insurance, by the documented agreement of the insured and all insurers whose lines are to be varied. The variation to the contracts 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. |

**In respect of EEA / UK / Monaco**

**WRITTEN**

**LINES:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 18.5% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **HIS**  **5299** | | | | | | | | | | | | 1/1/18 |
| H | I | S | 3 | 5 | 5 | 3 | A | B | 2 | 4 | 1 |  |
| Reinsured by Lloyd’s syndicate HIS 033 | | | | | | | | | | | |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **TAL**  **5318** | | | | | | | | | | | | 1/1/18 | |
| T | A | L | 5 | 3 | 3 | 5 | A | B | 2 | 4 | 1 |  |  |
| Reinsured by Lloyd’s syndicate TAL 1183 | | | | | | | | | | | |  |  |

**In respect of Rest of the World excluding EEA / UK / Monaco**

**WRITTEN**

**LINES:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 8.5% |  | | | | | | | | | | | | 1/1/2018 |
| H | I | S | 1 | 1 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25% |  | | | | | | | | | | | | 1/1.2018 |
| A | F | G | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

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| **Subscription Agreement** | |
| **SLIP LEADER:** | Hiscox Syndicate (0033) in respect of non EEA / UK / *(once authorised)* Monaco  and  Lloyd’s Insurance Company S.A. (5299 HIS) for EEA / UK / Monaco *(should be included under Lloyd’s Brussels once licence authorised* |
| **BUREAU LEADER:** | Lloyd’s Bureau Leader is ABC Syndicate for non EEA / UK / *(once authorised)* Monaco  and  Lloyd’s Insurance Company S.A. (SSS NNN) for EEA / UK / Monaco *(should be included under Lloyd’s Brussels once licence authorised*  The Company Bureau Leader is DEF Company Ltd |
| **BASIS OF AGREEMENT TO CONTRACT CHANGES:** | GUA (Version 2.0 February 2014) with Non–Marine Schedule (October2001)  *(Note: This existing MRC model text references the applicable contract change agreement practice e.g. GUA or AVS100B).*  Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:  1. the broker agrees that any proposed contract change will be requested via an ‘ACORD message’ or using an ACORD enabled electronic trading platform;  2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate ‘ACORD message’ or using an ACORD enabled electronic trading platform;  3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an ‘ACORD message’ or using an ACORD enabled electronic trading platform.  *(Note: This model text promotes the use of ACORD messaging as the means of endorsement submission, agreement and notification).* |
| **OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART 2 GUA CHANGES ONLY:** | Slip leader only to agree part two changes.  *(NB. In respect of EEA risks, the subscribing outsourced Managing Agents underwrite on behalf of the single legal entity that is Lloyd’s Brussels, with EEA risks automatically reinsured 100% to those Lloyd’s Underwriters and Syndicates that may have inserted their details as an agreement party here)* |
| **AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY:** | DEF Company Ltd to agree all contract changes.  *(NB. In respect of EEA risks, the subscribing outsourced Managing Agents underwrite on behalf of the single legal entity that is Lloyd’s Brussels, with EEA risks automatically reinsured 100% to those Lloyd’s Underwriters and Syndicates that may have inserted their details as an agreement party here)* |
| **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 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 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.  The second Lloyd’s Syndicate is JKL (1234).  *(Where known by the broker, they may insert the second Lloyd’s Syndicate name here – or may leave space for the relevant underwriter to apply their stamp below).*  ii) Those companies acting in accordance with the IUA claims agreement practices, excepting those that may have opted out via iii below.  (*The companies that apply the IUA claims agreement practices do not need to be individually identified here).*  iii) Those companies that have specifically elected to agree claims in respect of their own participation.  DEF Company  *(Where known by the broker, the 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 stamp(s) 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.  *(Companies that are not a party to the IUA Claims Agreement Practices will be handled under this category; they do not need to be individually identified).*  v) Notwithstanding anything contained in the above to the contrary, any ex gratia payments to be agreed by each (re)insurer for their own participation. |
| **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. |

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| --- | --- |
| **RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY:** | None, unless otherwise specified here by any of the claimsagreement parties shown above. |
| **EXPERT(S) FEES COLLECTION:** | ANO Ltd to collect fees for all contract security, including overseas. |
| **SETTLEMENT DUE DATE:** | 1st April YYYY. |
| **BUREAU**  **ARRANGEMENTS:** |  |

|  |  |
| --- | --- |
| **Fiscal and Regulatory** | |
| **TAX PAYABLE BY INSURER(S):** | UK None applicable  Spain Fire Brigade Charge at 5% of 20% of Gross Premium apportioned to fire only risks (GBP 40,000)  Austria Fire Brigade Charge at 4% of 20% of Gross Premium apportioned to fire only risks (GBP 10,000).  New Zealand Income Tax and Fire Services Commission administered by the insured/their agent as specified within Risk Details. |
| **COUNTRY OF ORIGIN:** | UK |
| **REGULATORY RISK LOCATION:** | UK  Spain  Austria  New Zealand |
| **OVERSEAS BROKER:** | None |
| **SURPLUS LINES**  **BROKER:** | None |
| **ALLOCATION OF PREMIUM TO CODING:** | *(Enter Risk Code(s) and any allocation.)*  P3(100%) |
| **REGULATORY CLIENT CLASSIFICATION:** | Large Risk |

|  |  |
| --- | --- |
| **Broker Remuneration & Deductions** | |
| **FEE PAYABLE BY CLIENT?:** | No |
| **TOTAL BROKERAGE:** | 10% |
| **OTHER DEDUCTIONS FROM PREMIUM:** | 5% Survey fee payable to XYZ Inc |

**Section Approach**

**Risk Details:**

|  |  |
| --- | --- |
| **UNIQUE MARKET**  **REFERENCE :** | B0999ABC123456789 |
| **TYPE:** | All Risks of Direct Physical Loss or Damage including Boiler Explosion and Machinery Breakdown insurance. |
| **INSURED:** | XXXX England Plc. |
| **ADDRESS:** | Number 1, Big Boulevard, Milton Keynes, UK |
| **PERIOD:** | Effective from: 1 January YYYY at 12:01pm GMT  To: 1 January YYYY at 12:01pm GMT |
| **INTEREST:** | Real and Personal Property at the offices of the insured in the UK, Austria, New Zealand and Spain, including the additional coverages defined below:  Personal Property of the Insured's Officials and Employees while on the Premises of the Insured  Improvements and Betterments  Business Interruption (Net Profits and / or Fixed Charges)  Ordinary Payroll  Rental Value / Rental Income  Electronic Data Processing Equipment and Machinery  and as fully defined in the contract wording and clauses referenced herein. |
| **LIMITS:** | **Section 1 and 3: Property (Section 1 EEA / UK / Monaco, Section 3 Rest of the World excluding EEA / UK / Monaco)**  GBP 10,000,000 any one occurrence and in the annual aggregate  Program Sublimits schedule:  Flood: GBP 2,000,000 any one occurrence  Boiler & Machinery: GBP 2,000,000 any one accident  Program Deductibles schedule:  Each claim for loss or damage shall be subject to a combined Property Damage and Time Element deductible as follows:  Windstorm / Flood: GBP 2,000,000  **Section 2 and 4: Business Interruption (Section 2 EEA / UK / Monaco, Section 4 Rest of the World excluding EEA / UK / Monaco)**  GBP 60,000,000 each occurrence and in the aggregate |
| **INSURED’S**  **RETENTION**: | 20% of 100%. |
| **SITUATION:** | Offices of the insured in the UK, Spain, New Zealand and Austria. |
| **CONDITIONS:** | XYZ Insurer - Primary Property wording CPROP192 - dated January 2005  NMA 2914 (Amended Perils) Electronic Data Endorsement A (Section two sub-limit USD 100,000,000)  LMA 5019 Asbestos Endorsement  NMA 2962 Biological or Chemical Materials Exclusion  LSW 3001 Premium Payment Clause  Shared Limits Endorsement LMAxxxx *(“Interlocking language”)*  Shared Aggregate Deductible Endorsement LMAxxxx *(“Interlocking language”)*  Service of Suit and Jurisdiction Clause LBS0006 |
| **LOSS PAYEE:** | XXXX Inc. Number 2 Boulevard, Milton Keynes, UK |
| **SUBJECTIVITIES:** | The Insured shall provide to the Insurer a property survey report on the insured addresses such report to be prepared by MNO Surveyors (“the Survey”). The Survey shall be so provided by 12:01p.m.GMT on 31 January YYYY (“the Survey Deadline”).  Between inception and the Survey Deadline, cover is provided by the Insurer on the terms and conditions specified in the contract to which this condition is attached (“the Contract Terms”).  Where the Survey is not submitted to the Insurer by the Survey Deadline, cover shall terminate at the Survey Deadline.  Where the Survey is submitted to the Insurer by the Survey Deadline, cover shall continue from the Survey Deadline on the Contract Terms until expiry of the period of the contract unless and until terminated in accordance with the following paragraph.  In the event that the Survey is unsatisfactory to the Insurer, the Insurer shall have the right, within 14 days of its receipt, to terminate the contract by serving not less than 14 days notice in writing to the Insured at its address shown in the contract, such notice expiring no earlier than the Survey Deadline. |
| **CHOICE OF**  **LAW AND**  **JURISDICTION:** | This insurance shall be governed by and construed in accordance with the law of England and Wales. Each party agrees to submit to the exclusive jurisdiction of any competent court within England and Wales.  *(Ensure the appropriate Service of Suit and Jurisdiction Clause is included, e.g. LBS0006 for risk underwritten by Lloyd’s Brussels.)* |
| **PREMIUM:** | **Section 1 (EEA / UK / Monaco)**  GBP 250,000  **Section 2 (EEA / UK / Monaco)**  GBP 750,000  **Section 3 (Rest of the World excluding EEA / UK / Monaco)**  GBP 25,000  **Section 4 (Rest of the World excluding EEA / UK / Monaco)**  GBP 75,000 |
| **PREMIUM**  **PAYMENT TERMS:** | 60 Day Payment condition – LSW 3001 Premium Payment Clause. |
| **TAXES PAYABLE**  **BY INSURED AND**  **ADMINISTERED**  **BY INSURER(S):** | UK IPT at 12% on UK Gross Premium (GBP 550,000)  Spain Premium tax at 6% (on GBP 200,000 Gross Premium), Consorcio (formerly CLEA) at 1.5% (on GBP 200,000 Gross Premium)  Consorcio (extraordinary risks) at 0.021% of the Sum Insured (EUR 13,500,000)  Austria Premium Tax at 11% (on GBP 50,000 Gross Premium), Fire Brigade Charge at 4% of 20% of Gross Premium apportioned to fire only risks (GBP 10,000) |

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| --- | --- |
| **TAXES PAYABLE**  **BY INSURERS AND**  **ADMINISTERED**  **BY INSURED,**  **OR THEIR AGENT:** | New Zealand Income Tax at 2.8% (on GBP 200,000 Gross Premium)  Fire Services Commission Levy 0.076% on New Zealand Sum Insured (NZD 500,000) |
| **RECORDING,**  **TRANSMITTING &**  **STORING**  **INFORMATION:** | Where Broker XYZ maintains risk and claim data/information/documents Broker XYZ may hold data/information/documents electronically. |
| **INSURER**  **CONTRACT**  **DOCUMENTATION:** | This document details the contract terms entered into by the insurer(s), and constitutes the contract document.  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 |
| **NOTICE OF**  **CANCELLATION**  **PROVISIONS:** | Where (re)insurers have the right to give notice of cancellation, in accordance with the provisions of the contract, then:  To the extent provided by the contract, the Slip Leader is authorised to issue such notice on behalf of all participating (re)insurers; and (optionally)  Any (re)insurer may issue such notice in respect of its own participation.  The content and format of any such notice should be in accordance with the ‘Notice of Cancellation’ standard, as published by the London Market Group (LMG), or their successor body, on behalf of London Market Associations and participants. However failure to comply with this standard will not affect the validity of the notice given.  The notice shall be provided to the broker by the following means:  By an electronic message, to the ACORD standard agreed by market bodies, delivered to the XYZ system, (as defined by the relevant broker); or  By an email to [Broker.Contact@xyzbroker.co.uk](mailto:Broker.Contact@xyzbroker.co.uk) and [Compliance.Contact@xyzbroker.co.uk](mailto:Compliance.Contact@xyzbroker.co.uk) ; or  By an email to [aviationnoc@xyzbrokers.co.uk](mailto:aviationnoc@xyzbrokers.co.uk) .  Failure to comply with this delivery requirement will make the notice null and void. Satisfactory delivery of the notice will cause it to be effective irrespective of whether the broker has acknowledged receipt. |

|  |
| --- |
| **Information** |
| The following information was provided to insurer(s) to support the assessment of the risk at the time of underwriting.  Client submission dated November YYYY prepared by Producer Inc and seen by all participants hereon and held on file by Broker XYZ Ltd  No losses past five years  EFG Burglar alarm system installed at all locations  ABC Sprinkler system installed at Milton Keynes location |

|  |  |
| --- | --- |
| **Security Details** | |
| **INSURER’S**  **LIABILITY:** | **LSW1001 in respect of risks underwritten by Lloyd’s Brussels,** *(where they are not the only subscribing insurer)***;**  or  **LMA3333 in respect of non Lloyd’s Brussels section of the risk**  *(This clause LMA3333 should be provided in full and not simply referenced.)*  **(Re)insurer’s liability several not joint**  The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.  The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning “signing” below.  In the case of a Lloyd’s syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member’s proportion. A member is not jointly liable for any other member’s proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd’s, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd’s syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd’s, at the above address.  **Proportion of liability**  Unless there is “signing” (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its “written line”.  Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.  Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural. |
| **ORDER HEREON:** | 80% of 100% |
| **BASIS OF**  **WRITTEN LINES:** | Percentage of whole. |
| **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 insurance 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 insurance, by the documented agreement of the insured and all insurers whose lines are to be varied. The variation to the contracts 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. |

**Section 1**

**In respect of EEA / UK / Monaco (see previous example)**

**WRITTEN**

**LINES:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 18.5% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **HIS**  **5299** | | | | | | | | | | | |  |
| H | I | S | 3 | 5 | 5 | 3 | A | B | 2 | 4 | 1 |  |
| Reinsured by Lloyd’s syndicate HIS 033 | | | | | | | | | | | |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **TAL**  **5318** | | | | | | | | | | | |  | |
| T | A | L | 5 | 3 | 3 | 5 | A | B | 2 | 4 | 1 |  |  |
| Reinsured by Lloyd’s syndicate TAL 1183 | | | | | | | | | | | |  |  |

**Section 3**

**In respect of Rest of the World excluding EEA / UK / Monaco (see previous example)**

**WRITTEN**

**LINES:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 8.5% |  | | | | | | | | | | | |  |
| H | I | S | 1 | 1 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25% |  | | | | | | | | | | | |  |
| A | F | G | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

**Section 2**

**In respect of EEA / UK / Monaco (see above)**

**WRITTEN**

**LINES:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 5% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **HIS**  **5299** | | | | | | | | | | | |  |
| H | I | S | 3 | 5 | 5 | 3 | A | B | 2 | 4 | 1 |  |
| Reinsured by Lloyd’s syndicate HIS 033 | | | | | | | | | | | |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 20% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **TAL**  **5318** | | | | | | | | | | | |  | |
| T | A | L | 5 | 3 | 3 | 5 | A | B | 2 | 4 | 1 |  |  |
| Reinsured by Lloyd’s syndicate TAL 1183 | | | | | | | | | | | |  |  |

**Section 4**

**In respect of Rest of the World excluding EEA / UK / Monaco (see above)**

**WRITTEN**

**LINES:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 9.5% |  | | | | | | | | | | | |  |
| H | I | S | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 10% |  | | | | | | | | | | | |  |
| A | F | G | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

|  |  |
| --- | --- |
| **Subscription Agreement** | |
| **SLIP LEADER:** | Hiscox Syndicate (0033) in respect of non EEA / UK / *(once authorised)* Monaco  and  Lloyd’s Insurance Company S.A. (5299 HIS) for EEA / UK / Monaco *(should be included under Lloyd’s Brussels once licence authorised)* |
| **BUREAU LEADER:** | Lloyd’s Bureau Leader is ABC Syndicate for non EEA / UK / *(once authorised)* Monaco  *and*  Lloyd’s Insurance Company S.A. (SSS NNN) for EEA / UK / Monaco *(should be included under Lloyd’s Brussels once licence authorised)*  The Company Bureau Leader is DEF Company Ltd |
| **BASIS OF AGREEMENT TO CONTRACT CHANGES:** | GUA (Version 2.0 February 2014) with Non–Marine Schedule (October2001)  *(Note: This existing MRC model text references the applicable contract change agreement practice e.g. GUA or AVS100B).*  Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:  1. the broker agrees that any proposed contract change will be requested via an ‘ACORD message’ or using an ACORD enabled electronic trading platform;  2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate ‘ACORD message’ or using an ACORD enabled electronic trading platform;  3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an ‘ACORD message’ or using an ACORD enabled electronic trading platform.  *(Note: This model text promotes the use of ACORD messaging as the means of endorsement submission, agreement and notification).* |
| **OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART 2 GUA CHANGES ONLY:** | Slip leader only to agree part two changes.  *(NB. In respect of EEA risks, whilst subscribing outsourced managing agents are all agreeing on behalf of the single legal entity that is Lloyd’s Brussels, as EEA risks will be automatically 100% reinsured back to Lloyd’s Underwriters, managing agents may wish to insert their details here as an agreement party)* |
| **AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY:** | DEF Company Ltd to agree all contract changes.  *(NB. In respect of EEA risks, the subscribing outsourced Managing Agents underwrite on behalf of the single legal entity that is Lloyd’s Brussels, with EEA risks automatically reinsured 100% to those Lloyd’s Underwriters and Syndicates that may have inserted their details as an agreement party here)* |
| **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 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 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.  The second Lloyd’s Syndicate is JKL (1234).  *(Where known by the broker, they may insert the second Lloyd’s Syndicate name here – or may leave space for the relevant underwriter to apply their stamp below).*  ii) Those companies acting in accordance with the IUA claims agreement practices, excepting those that may have opted out via iii below.  (*The companies that apply the IUA claims agreement practices do not need to be individually identified here).*  iii) Those companies that have specifically elected to agree claims in respect of their own participation.  DEF Company  *(Where known by the broker, the 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 stamp(s) 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.  *(Companies that are not a party to the IUA Claims Agreement Practices will be handled under this category; they do not need to be individually identified).*  v) Notwithstanding anything contained in the above to the contrary, any ex gratia payments to be agreed by each (re)insurer for their own participation. |
| **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:** | None, unless otherwise specified here by any of the  claimsagreement parties shown above. |

|  |  |
| --- | --- |
| **EXPERT(S) FEES COLLECTION:** | ANO Ltd to collect fees for all contract security, including overseas. |
| **SETTLEMENT DUE DATE:** | 1st April YYYY. |
| **BUREAU**  **ARRANGEMENTS:** |  |

|  |  |
| --- | --- |
| **Fiscal and Regulatory** | |
| **TAX PAYABLE BY INSURER(S):** | UK None applicable  Spain Fire Brigade Charge at 5% of 20% of Gross Premium apportioned to fire only risks (GBP 40,000)  Austria Fire Brigade Charge at 4% of 20% of Gross Premium apportioned to fire only risks (GBP 10,000).  New Zealand Income Tax and Fire Services Commission administered by the insured/their agent as specified within Risk Details. |
| **COUNTRY OF ORIGIN:** | UK |
| **REGULATORY RISK LOCATION:** | UK  Spain  Austria  New Zealand |
| **SURPLUS LINES**  **BROKER:** | None |
| **ALLOCATION OF PREMIUM TO CODING:** | *(Enter Risk Code(s) and any allocation.)*  P3(100%) |
| **REGULATORY CLIENT CLASSIFICATION:** | Large Risk |

|  |  |
| --- | --- |
| **Broker Remuneration & Deductions** | |
| **FEE PAYABLE BY CLIENT?:** | No |
| **TOTAL BROKERAGE:** | 10% |
| **OTHER DEDUCTIONS FROM PREMIUM:** | 5% Survey fee payable to XYZ Inc |

# Appendix 3 – BIPAR Principles

*{intentionally left blank}*

# Appendix 4 – Document Revision / Change History

| **Version** | **Date** | **Description of Change** |
| --- | --- | --- |
| 1.0 | 03 September 2018 | Lloyd’s Supplementary Guidance for the creation of MRC(s) in respect of risks underwritten by Lloyd’s Brussels with effect from 01 January 2019. This should be read alongside version.1.9 of the Market Reform Contract (Open Market) Implementation Guide. |
| 1.1 | 20 December 2018 | The Lloyd’s Supplementary Guidance, for the creation of MRC(s) in respect of risks located in the EEA underwritten by Lloyd’s Brussels with effect from 01 January 2019, has been updated to:   * reflect the fact that Lloyd’s Brussels is now able to underwrite non-proportional excess of loss reinsurance, in addition to direct and facultative reinsurance; * clarify the application of the GUA, following amended stance adopted by Lloyd’s Brussels; * reflect the fact Lloyd’s Brussels has not yet been given regulatory approval to underwrite Monaco risks; * clarify the use of LSW1001 v LMA3333. |
| 2.0 | 01 February 2020 | Lloyd’s, in conjunction with the Lloyd’s Market Association (LMA), produced the Lloyd’s Brussels Supplementary Addendum to sit alongside the main the ‘Market Reform Contract Open Market Implementation Guide’, to assist the market with the creation of such split/sectionalised MRCs in respect of risks located in the EEA (underwritten by Lloyd’s Brussels) and non-EEA countries.  The whole structure/order of the Market Reform Contract (Open Market) Implementation Guidance document has been amended/updated (to v 2.0), such that the guidance for each MRC Heading in each of the 6 parts of the MRC has been moved from the “Appendices” to the front of the document.  Lloyd’s has therefore produced an updated Supplementary Guidance document (v2.0), which has been similarly re-ordered.  In addition, the Supplementary guidance has been updated to:   * Expand the guidance under the “Choice of Law and Jurisdiction” Heading within **RISK DETAILS** to provide further detail on Service of Suit. * Expand the Guidance on the mandatory “Regulatory Risk Location” Heading under **FISCAL & REGULATORY**; * Update the “Regulatory Client Classification” Heading under **FISCAL & REGULATORY**; * Update the MRC examples to reflect the fact that Lloyd’s Brussels has been granted a licence for Monaco; * Provide guidance on the Lloyd’s Brussels Contract Addendum (LBCA / LMA9170) – refer Appendix 7; * Cross reference with the process for Mid Term Alterations outlined in the Lloyd’s Endorsement Operational Guidelines Version 2.0 published in September 2019 – refer Appendix 8. |

# Appendix 6 – Non proportional Excess of Loss Reinsurance Jacket

Lloyd’s Brussels XoL the ‘MRC Jacket’

|  |  |
| --- | --- |
| **Risk Details** | |
| **Preferred Heading [aliases]** | **Definition** |
| UMR | Unique market reference of contract |
| Class of Business [COB] |  |
| Type of Risk [TYPE OF CONTRACT, KIND OF CONTRACT] |  |
| Re/Insured Name | Client name |
| Re/Insured Address | Client address  Country |
| PERIOD [INCEPTION DATE] [EXPIRY DATE] [DURATION OF CONTRACT] [CONTRACTUAL PERIOD] | Date & time FROM (DD-MM-YY, HH:MM TIME ZONE) TO FROM (DD-MM-YY, HH:MM TIME ZONE) Losses Occurring Basis OR XX months as at DD-MM-YY Losses Occurring Basis |
| Situation [Territorial Scope] | Country |
| CHOICE OF LAW AND JURISDICTION [APPLICABLE LAW] |  |
| Premium  [FLAT PREMIUM] | Expressed as amounts and/or rates, per layer:  Layer 1: CURRENCY / AMOUNT  Layer 2: CURRENCY / AMOUNT  Layer 3: CURRENCY / AMOUNT |
| Premium Instalments | Payable in <NUMBER> <TYPE> instalments on DATE / DATE / DATE etc  *Note: Can also be contained in the* ***Premium*** *Heading* |
| Limits [PRORITY AND LIMIT, LIABILITY, SUMS INSURED] | Layer 1: CURRENCY / AMOUNTper event  Layer 2: CURRENCY / AMOUNTper event  Layer 3: CURRENCY / AMOUNTper event |
| RETENTION [PRIORITY, EXCESS, DEDUCIBLE] | Layer 1: CURRENCY / AMOUNTper event  Layer 2: CURRENCY / AMOUNTper event  Layer 3: CURRENCY / AMOUNTper event |
| Reinstatements | Layer 1: X reinstatements at X% additional premium Layer 2: X reinstatements at X% additional premium Layer 3: X reinstatement at X% additional premium |

Example

|  |  |
| --- | --- |
| **Risk Details** | |
| **Heading** | **Examples** |
| UMR | B080123456A18 |
| Class of Business | Property |
| Type of Risk | Property Catastrophe Excess of Loss |
| Re/Insured Name | ABC AG |
| Re/Insured Address | ABC AG  Munster, 47831  Germany |
| Period | From 01-01-2019 12:00 CET To 31-12/2019 24:00 CET Losses Occurring Basis OR 12 months as at 1-January-2019 Losses Occurring Basis |
| Situation | Germany |
| CHOICE OF LAW AND JURISDICTION | This Contract is subject to German Law |
| Premium | Layer 1: EUR 1,000,000 Layer 2: EUR 500,000  Layer 3: EUR 250,000 *Note: Can be expressed as amounts and/or rates* |
| Premium Instalments | Payable in two equal instalments on 1st March and 1st August *Note: Can also be contained in the* ***Premium*** *Heading* |
| Limits | Layer 1: EUR 60,000,000 per event  Layer 2: EUR 100,000,000 per event  Layer 3: EUR 160,000,000 per event |
| Priority/Retention | Layer 1: EUR 40,000,000 per event  Layer 2: EUR 80,000,000 per event  Layer 3: EUR 200,000,000 per event |
| Reinstatements | Layer 1: 2 reinstatements at 100% additional premium Layer 2: 2 reinstatements at 100% additional premium Layer 3: 1 reinstatement at 100% additional premium |

# Appendix 7 – Lloyd’s Brussels Contract Addendum (LBCA)

**EEA and non-EEA Addendum to Sectionalise a MRC**

The LMA Aviation Committee engaged with various market entities, including LIIBA, LIMOSS and LM TOM, to develop a model document which enables a broker MRC to be updated with minimal impact where there is both EEA and non-EEA exposure.

The LMA9170 Lloyd’s Brussels Contract Addendum (LBCA) is to effect the minimum changes required to be compliant with Lloyd’s and Lloyd’s Brussels sectionalised MRC requirements. The purpose of this is to provide clarity to following markets and, where a Lloyd’s participant is not the Slip Leader, the LBCA provides an easy solution to effecting the necessary amendments to ensure contract certainty.

This LBCA is only for use where there is both EEA and non-EEA exposure within a placement.

Use of the LBCA effectively deletes all Syndicate stamps within the underlying MRC and replaces them with both the relevant Syndicate and Lloyd’s Brussels stamps;

Procedure for the use of LMA9170:

* The underlying MRC should be drafted as if Lloyd’s Brussels is not to be a participant, with all Lloyd’s participants agreeing the MRC by using their Syndicate stamp only;
* The fields highlighted in yellow form the minimum and mandatory responses. The footnotes highlighted in green are to aid in completion of those fields. All footnotes must be deleted from the LBCA before final agreement of the LBCA by the Lloyd’s leader;
* The LBCA should be completed by the Lloyd’s leader at the time the MRC is agreed;
* The LBCA must then be agreed by all Lloyd’s participants;
* All Lloyd’s participants must follow the Lloyd’s Leader’s version of the LBCA; and
* The LBCA and the underlying MRC must be simultaneously submitted to DXC and SDC as the MRC attaches as the information section of the LBCA.

The LBCA (LMA9170) is available via the Lloyd’s Wordings Repository (<www.lloydswordings.com>) and has been available for use with effect from 1st November 2019.

Whilst the LBCA has been implemented for the Aviation market, it can also be utilized for other lines of business if required.

**LLOYD’S BRUSSELS CONTRACT ADDENDUM**

**Unique Market Reference:** *{insert UMR from MRC}*[[1]](#footnote-1)

**Contract Addendum Reference:** *{Insert Contract Addendum Reference number}*

**(Reinsured:** *{Insert Reinsured, if applicable})*

**(Original) Insured:** *{Insert Insured}*

**CONTRACT CHANGES**

This contract of (re)insurance is amended as follows with respect to Lloyd’s participation only[[2]](#footnote-2):

|  |  |
| --- | --- |
| **ENDORSEMENT EFFECTIVE DATE:** | *{Insert inception date and time}* |
| **LIMIT(S)**[[3]](#footnote-3) **OF LIABILITY:** | Amended to include the following statement:  The LIMIT(S)3 OF LIABILITY stated hereunder is/are3 applicable to both Part 1 (EEA risks) and Part 2 (non-EEA risks) combined. |
| **DEDUCTIBLE(S)**[[4]](#footnote-4)**:** | Amended to include the following statement:  The DEDUCTIBLE(S)4 stated hereunder is/are4 applicable to both Part 1 (EEA risks) and Part 2 (non-EEA risks) combined. |
| **CONDITIONS:** | Amended to include:  Part 1 (EEA risk) of this contract of (re)insurance is applicable to EEA risks only.  Part 2 (non-EEA risks) of this contract of (re)insurance is applicable to non-EEA risks only.  The Conditions of this contract of (Re)insurance are applicable to both Part 1 (EEA risks) and Part 2 (non-EEA risks) combined.  The following clauses are applicable to both Part 1 (EEA risks) and Part 2 (non-EEA risks):  Shared Limits Endorsement  The total amount payable under the applicable limits of Part 1 of this contract of (re)insurance combined with the corresponding limits of Part 2 of this contract of (re)insurance in respect of *{each and every loss and/or occurrence and/or claim and/or in the aggregate}*[[5]](#footnote-5) shall not exceed the applicable limits of this contract of (re)insurance.  LMA5333 (amended)  Shared Aggregate Deductible Endorsement  Where there is an aggregate deductible applicable, this shall be a single aggregate deductible applicable to both Part 1 (EEA risks) of this contract of (re)insurance and Part 2 (non-EEA risks) of this contract of (re)insurance which shall be eroded by losses otherwise recoverable under either contract of (re)insurance.  LMA5334 (amended)  The following clauses are applicable to Part 1 (EEA risks) only:  Service of Suit and Jurisdiction Clause[[6]](#footnote-6)  It is agreed that this Insurance shall be governed exclusively by the law and practice of the country stated under the LAW AND JURISDICTION heading, and any disputes arising under, out of or in connection with this Insurance shall be exclusively subject to the jurisdiction of any competent court in the country stated under the LAW AND JURISDICTION heading[[7]](#footnote-7).  Lloyd’s Insurance Company S.A. hereby agrees that all summonses, notices or processes requiring to be served upon it for the purpose of instituting any legal proceedings against them in connection with this Insurance shall be properly served if addressed to it and delivered to it care of  *{Response – insert EEA licenced Broker contact details}*  who in this instance, has authority to accept service on its behalf.  Lloyd’s Insurance Company S.A. by giving the above authority does not renounce its right to any special delays or periods of time to which it may be entitled for the service of any such summonses, notices or processes by reason of its residence or domicile in Belgium.  LBS0006 (amended)  EU Law and Regulation Clarification Clause (on or after Brexit)  In the case of any grant or exclusion or restriction of coverage in respect of the Insured’s liability under or compliance with European Union law or regulation, following the United Kingdom’s withdrawal from the European Union, any reference in this contract of (re)insurance to European Union law or regulation shall include equivalent domestic laws of England & Wales, Scotland and/or Northern Ireland or equivalent United Kingdom regulation.  If this clause conflicts with any other clause in the contract of (re)insurance, the terms of this clause shall prevail.  LMA5335 (amended)  EU Territory Clarification Clause (on or after Brexit)  Following the United Kingdom’s withdrawal from the European Union, any reference in this contract of (re)insurance to the European Economic Area shall include the United Kingdom.  If this clause conflicts with any other clause in the contract of (re)insurance, the terms of this clause shall prevail.  LMA5336 (amended)  EU Automatic Coverage (Acquisitions / Additions / Additional Insureds) Clarification Clause (on or after Brexit)  Any automatic coverage provided by the terms and conditions of this contract of (re)insurance for:   1. entities acquired by, merged with, or established by, the (re)insured; 2. property or other interests acquired by the (re)insured;   additional (re)insureds;  shall not apply to the extent that, as a result of the United Kingdom’s withdrawal from the European Union, the (re)insurer is not permitted by applicable law or regulation to provide that coverage and/or would become exposed to legal or regulatory sanction as a consequence of providing that coverage.  If this clause conflicts with any other clause in the contract of (re)insurance, the terms of this clause shall prevail.  LMA5337 (amended) |
| **PREMIUM:** | Amended to include the following allocation:  The PREMIUM is allocated as follows[[8]](#footnote-8):  Part 1 (EEA Risks):  *{insert PREMIUM allocation for EEA proportion of the risk. This must take into account the PREMIUM allocation for each section of cover, e.g. separate allocations for hull, liability, etc.}*  Part 2 (non-EEA risks):  *{insert PREMIUM allocation for non-EEA proportion of the risk. This must take into account the PREMIUM allocation for each section of cover, e.g. separate allocations for hull, liability, etc.}* |
| **TAXES PAYABLE BY INSURED AND ADMINISTERED BY (RE)INSURER(S):** | Amended to include the following allocation:  The TAXES PAYABLE BY INSURED AND ADMINSTERED BY (RE)INSURER(S) are allocated as follows:  Part 1 (EEA risks):  *{identify separately each individual EEA country and the associated tax allocation as a proportion of the Part 1 (EEA risks) PREMIUM}*  Part 2 (non-EEA risks)  *{identify separately each individual non-EEA country and the associated tax allocation as a proportion of the Part 2 (non-EEA risks) PREMIUM}* |
| **REGULATORY RISK LOCATION**[[9]](#footnote-9)**:** | Deleted and replaced as follows:/Amended to include the following allocation[[10]](#footnote-10):  Part 1 (EEA risks):  *{identify separately each individual EEA country and the associated proportion of the PREMIUM }*  Part 2 (non-EEA risks):  *{insert the non-EEA proportion of the PREMIUM. N.B. Unlike for EEA risks this does not need to state any specific country(ies)}* |
| **ALLOCATION OF PREMIUM TO CODING**[[11]](#footnote-11)**:** | Deleted and replaced as follows:  Part 1 (EEA risks):  *{Insert risk code PREMIUM allocation. This must take into account the ALLOCATION OF PREMIUM TO CODING for each section of cover, e.g. Section A – H3 100%, Section B – AW 60% L3 40%}*  Part 2 (non-EEA risks):  *{Insert risk code PREMIUM allocation. This must take into account the ALLOCATION OF PREMIUM TO CODING for each section of cover, e.g. Section A – H3 100%, Section B – AW 60% L3 40%}}* |
| **(RE)INSURER’S LIABILITY:** | Deleted and replaced as follows:  The following clause is applicable to Part 1 (EEA risks) only:  SEVERAL LIABILITY NOTICE  The subscribing (re)insurers' obligations under contracts of (re)insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing (re)insurers are not responsible for the subscription of any co-subscribing (re)insurer who for any reason does not satisfy all or part of its obligations.  LSW1001 (amended)  The following clause is applicable to Part 2 (non-EEA risks) only:  **(Re)insurer’s liability several not joint**  The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.  The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning “signing” below.  In the case of a Lloyd’s syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member’s proportion. A member is not jointly liable for any other member’s proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd’s, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd’s syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd’s, at the above address.  Proportion of liability  Unless there is “signing” (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its “written line”.  Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.  Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.  LMA3333 |
| **WRITTEN LINES:** | Deleted and replaced as follows:  **PART 1 (EEA RISKS)**  As per signing page PART 1 (EEA RISKS) attached.  **PART 2 (NON-EEA RISKS)**  As per signing page PART 2 (NON-EEA RISKS) attached. |
| **SLIP LEADER:** | *{Where the SLIP LEADER is Lloyd’s this must be completed*[[12]](#footnote-12)*. Where the SLIP LEADER is non-Lloyd’s this heading in this endorsement must be deleted.}*  Deleted and replaced as follows:  Part 1 (EEA risks):  Lloyd’s Insurance Company S.A. (*{insert LBS Syndicate reference}*)  Part 2 (non-EEA risks):  *{insert Syndicate name and number}* Syndicate |
| **BUREAU LEADER (LLOYD’S):** | *{Where the SLIP LEADER is non-Lloyd’s this must be completed*[[13]](#footnote-13)*. Where the SLIP LEADER is Lloyd’s this heading in this endorsement must be deleted.}.*  Deleted and replaced as follows:  Part 1 (EEA risks):  Lloyd’s Insurance Company S.A. (*{insert LBS Syndicate reference}*)  Part 2 (non-EEA risks):  *{insert Syndicate name and number}* Syndicate |
| **CLAIMS AGREEMENT PARTIES:** | *{The second Lloyd’s Syndicate must be identified}*  Deleted and replaced as follows:  Part 1 (EEA risks):  Lloyd’s Insurance Company S.A. (*{insert LBS Syndicate reference}*)  Part 2 (non-EEA risks):  *{insert Syndicate name and number}* Syndicate |
| **INFORMATION:** | *{the MRC should be attached to this Endorsement for the purposes of SDC}*  Per the MRC identified by the UMR stated above, as attached. |

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| **AVS100B** | | |
| AGREED BY LDRS. ONLY | AGREED BY LDRS. BUT ADVISE ALL UWRS. WITHIN 7 DAYS FROM DATE ……………………. | TO BE AGREED BY ALL UWRS. [[14]](#footnote-14) |
| (1) | (2) | (3) |

All other terms and conditions remain unchanged.

**WRITTEN LINES**[[15]](#footnote-15)**:**

**In respect of Part 1 (EEA risks):**

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| 18.5% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **HIS**  **5299** | | | | | | | | | | | |  |
| H | I | S | 3 | 5 | 5 | 3 | A | B | 2 | 4 | 1 |  |
| Reinsured by Lloyd’s syndicate HIS 033 | | | | | | | | | | | |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25% | **Lloyd's Insurance Company S.A** https://europa.eu/european-union/sites/europaeu/files/docs/body/flag_black_white_high.jpg  **TAL**  **5318** | | | | | | | | | | | |  | |
| T | A | L | 5 | 3 | 3 | 5 | A | B | 2 | 4 | 1 |  |  |
| Reinsured by Lloyd’s syndicate TAL 1183 | | | | | | | | | | | |  |  |

**In respect of Part 2 (non-EEA risks)**

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| 18.5% |  | | | | | | | | | | | |  |
| H | I | S | 1 | 1 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25% |  | | | | | | | | | | | |  |
| A | F | G | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|  | | | | | | | | | | | |

# Appendix 8 – Mid Term Alterations

In September 2019, Lloyd’s Brussels published Endorsement Operational Guidelines Version 2.0, to provide the market with guidance regarding the processing of Lloyd’s Brussels endorsements, which is available at [LINK](https://crystal.lloyds.com/SearchResults?mc=676&c=0201102012020290200402048020570303703050030750401304014040150405104078050280504905052050630506605007050770500805080050880500906026060320605406070060860608707006070670708107082070840806108065&d=1&qr=3&t=2&authorisationDisplay=lloyds)

The Endorsement Operational Guidelines is intended to sit alongside the MRC and MRCE guidelines and other documentation available on the London Market Group website <https://lmg.london/>

The Guidelines contain detailed guidance and process flows for the processing of Lloyd’s Brussels endorsements, therefore only a brief overview is provided here.

**Background**

The Lloyd’s Brussels Endorsement Operational Guidance version 1.0 was published to the

market in January 2019, which set out the options for agreeing and processing endorsements to

contracts where one or more Lloyd’s Brussels markets are on risk.

Following market feedback, Lloyd’s Brussels has introduced an additional option of endorsing

Lloyd’s Brussels onto an existing Market Reform Contract (MRC), known as an Endorsement

MRC which satisfies the markets request for a more pragmatic approach and Lloyd’s Brussels

operational requirements.

Its focus is to provide Managing Agents and Brokers with the operational requirements only. Endorsement MRCs will form the basis of Insurer Contract Documentation and Brokers and Managing Agents must therefore ensure that any such document complies with all necessary licensing and regulatory requirements, market standards, Lloyd’s Underwriting Principles as well as their own internal quality assurance and due diligence processes.

**Lloyd’s Brussels Scope**

The process described within the Endorsement Operational Guidance is applicable to the following types of (re)insurance contracts:

* Open market direct insurance
* Coverholder Appointment Agreements
* Bulking and non-bulking Lineslips
* Facultative reinsurance
* Excess of loss reinsurance contracts

The following is out of scope for Lloyd’s Brussels business:

* Proportional treaty reinsurance contracts
* All insurance or reinsurance transactions settled outside Lloyd’s Central Settlement
* Lloyd’s Direct Reporting Service

**Supported Business Scenarios**

The Endorsement Operational Guidance provides process guidelines for the following scenarios:

1. A new EEA section on which Lloyd’s Brussels is participating;

2. A mid term market change which brings a new Lloyd’s Brussels carrier on risk;

3. A long term agreement which is subject to annual resigning; or

4. A long term agreement which brings a new Lloyd’s Brussels carrier on risk

All of these require the creation of an Endorsement MRC.

Where the endorsement is not in respect of one of these scenarios, the existing market endorsement processes should be followed, and any supporting documentation should be in line with existing market practice.

**Endorsement MRCs**

Processing constraints within Lloyd’s Brussels originally prohibited the automatic creation of

policy records by Lloyd’s Brussels where Lloyd’s Brussels carriers are brought on risk mid-term

or where Lloyd’s Brussels markets are binding a new section on an existing MRC.

The creation of a policy record by Lloyd’s Brussels is dependent on full MRC standard documents being submitted to SDC. As endorsements are stand-alone documents Lloyd’s Brussels automatic policy creation is not possible. Due to the potential volumes, manual policy creation is not feasible.

Options for bringing Lloyd’s Brussels on risk mid-term have previously been offered to the market, including inclusion of the automatic acquisition clause/section on all policies where EEA exposure may be acquired mid-term or, removing Lloyd’s syndicates from the risk and establishing a separate, independent policy for the EEA portion.

A third option, to endorse a new MRC (called an Endorsement MRC) to the existing MRC has now been made available to the market, which can be applied in the following cases:

1. New EEA section with Lloyd’s Brussels participating

2. Mid Term Market Change – bringing Lloyd’s Brussels on risk mid term

3. Long Term Agreement – Removing Lloyd’s Syndicates and Adding Lloyd’s Brussels

**High Level Operational Process**

Whilst the Endorsement Operational Guidelines contain detailed guidance and process flows for the processing of Lloyd’s Brussels Endorsement MRCs, the following “High Level Operational Process” is also included.

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| **Ref** | **Endorsement Type** | **Existing Carriers** | **Carriers Coming on Risk** | **Broker Process** | **Managing Agent Process** |
| 1. | New Section Required | Any | Not Lloyd’s Brussels | No impact – standard Endorsement | |
| Any | Includes Lloyd’s Brussels or is only Lloyd’s Brussels | 1. Produce standard endorsement document to establish relationship of Endorsement MRC to existing MRC.  2. Produce Endorsement MRC for signing by all carriers on new section.  3. Submit both to DXC for signing using existing submission channels and processes. | 1. Carriers to agree standard endorsement in accordance with slip provisions (GUA etc).  2. All carriers on new section - Add Lloyd’s Brussels stamps to **Endorsement MRC**  3. All Lloyd’s Brussels carriers - Submit **Endorsement MRC** to Lloyd’s Brussels using existing submission channels. |
| 2. | Mid-term market change  (not LTA related) | Any | Not Lloyd’s Brussels | No impact – standard Endorsement | |
| Any | Includes Lloyd’s Brussels or is only Lloyd’s Brussels | 1. Produce standard endorsement document to establish relationship of Endorsement MRC to existing MRC.  2. Produce Endorsement MRC for signing by all carriers on new section.  3. Submit both to DXC for signing using existing submission channels and processes. | 1. Carriers to agree standard endorsement in accordance with slip provisions (GUA etc).  2. All Lloyd’s Brussels carriers coming on risk - Add Lloyd’s Brussels stamps to Endorsement MRC  3. All Lloyd’s Brussels carriers - Submit Endorsement MRC to Lloyd’s Brussels using existing submission channels. |
| 3. | Long term Agreement – premium remaining in original year of account | Any | Any | N/A | |
| Long term Agreement – premium transfer to new year of account or annual resigning | Not Lloyd’s Brussels | Not Lloyd’s Brussels | No impact – adopt existing process - standard Endorsement | |

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| **Ref** | **Endorsement Type** | **Existing Carriers** | **Carriers Coming on Risk** | **Broker Process** | **Managing Agent Process** |
| 3./ Cont | Long term Agreement – premium transfer to new year of account or annual resigning | Any | Includes Lloyd’s Brussels or is only Lloyd’s Brussels | 1. Produce standard endorsement document to establish relationship of Endorsement MRC to existing MRC.  2. Produce Endorsement MRC for signing by all carriers on new section.  3. Submit both to DXC for signing using existing submission channels and processes. | 1. Carriers to agree standard endorsement in accordance with slip provisions (GUA etc).  2. Lloyd’s Brussels carriers requiring a new year of account - Add stamps to Endorsement MRC.  All other carriers requiring a new year of account have the option of putting their lines down on the standard endorsement, in accordance with existing practice, or, if it is constructed to include their participations, on the same Endorsement MRC as the Lloyd’s Brussels carriers.  3. All Lloyd’s Brussels carriers - Submit Endorsement MRC to Lloyd’s Brussels using existing submission channels. |
| 4. | All other endorsements | Any | Any | No impact – adopt existing process - standard Endorsement | |

1. All fields highlighted in yellow require mandatory returns. All footnotes highlighted in green must be deleted from the Lloyd’s Brussels Contract Addendum before final agreement. [↑](#footnote-ref-1)
2. The entire Lloyd’s Brussels Contract Addendum is only applicable to Lloyd’s participation, not company markets. This is vital when considering the deletion and replacement of certain clauses and heading sections. [↑](#footnote-ref-2)
3. Amend as appropriate [↑](#footnote-ref-3)
4. Amend as appropriate [↑](#footnote-ref-4)
5. Basis of accumulation will need to be reviewed and updated to align with the Policy terms [↑](#footnote-ref-5)
6. The use of LBS0006 is not mandatory but is strongly recommended. [↑](#footnote-ref-6)
7. Local rules/statutes may govern which LAW AND JURISDICTION is permissible in any given territory. Whilst this would apply also to the underlying placement and is not a “LBS issue” per se, Underwriters should refer to Crystal for specific guidance. [↑](#footnote-ref-7)
8. For M&D premium it is possible to state the M&D allocation for both Part 1 and Part 2 on a per section basis noting the premium will be adjusted per the original MRC. [↑](#footnote-ref-8)
9. Where the PREMIUM is adjusted REGULATORY RISK LOCATION must also be adjusted [↑](#footnote-ref-9)
10. Must be amended depending on whether or not REGULATORY RISK LOCATION is stated within the original MRC [↑](#footnote-ref-10)
11. This may be identical for both Part 1 and Part 2 [↑](#footnote-ref-11)
12. Where different sections of cover have different leaders, this must be specified, e.g. hull and liability have different leaders. [↑](#footnote-ref-12)
13. Where different sections of cover have different leaders, this must be specified, e.g. hull and liability have different leaders. [↑](#footnote-ref-13)
14. This Lloyd’s Brussels Contract Addendum must be signed AVS100B Box (3). [↑](#footnote-ref-14)
15. These stamps are included as examples only and must be deleted from the Endorsement template [↑](#footnote-ref-15)