

Market Reform Contract (Lineslip Declarations) Implementation Guide

Version 1.0
August 2008

MARKET REFORM



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1 Document Revision/Change History

Version	Date	Description of Change
1.0	August 2008	New MRC standard published, that can be used for the placing of Lineslip Declarations, as an alternative to the full MRC (Open Market) standard.

2 Introduction

2.1 Purpose of the Guide

To define a new optional, simplified, MRC (Lineslip Declarations) standard which can be used immediately.

2.2 Background

Standards for placing documents are agreed with Market Associations and Lloyd's and published on behalf of the Market Reform Group (MRG).

2.3 Franchise Board Mandate

The current Franchise Board mandate is documented in the Lloyd's Underwriting Requirements document and applies to use of the Market Reform Contract.

3 Business Objectives and Expected Benefits

3.1 Scope

The MRC (Lineslip Declarations) can be used for declarations where a significant portion of the headings within the full MRC (Open Market) standard are not required in each individual placing submission; either because the information applies to all declarations and has already been clearly defined within the Lineslip, or because that information is not relevant to the Lineslip declaration.

The standard is most likely to be of value for declarations placed 100% to a single Lineslip arrangement, and should not be used where the declaration includes open-market lines.

The standard therefore defines an optional, cut-down, slip standard that may be used where this offers benefit to insureds, brokers and insurers. Where this standard is not adopted then the full MRC (Open Market) standard should be used - as currently mandated for Lloyd's Managing Agents.

Where the risk is placed across multiple Lineslip arrangements; or with a combination of Lineslip and open-market lines; or with a significant proportion of the information varying by declaration then the full MRC (Open Market) standard should be used.

This standard defines the **minimum** content of an MRC (Lineslip Declarations) submission. For a particular submission **any** of the MRC (Open Market) sections and headings may still be required, at the discretion of the broker and insurers.

The standard may be used as the basis for a paper submission, or as an attachment (in Word or pdf format) to an electronic one.

Where the MRC (Lineslip Declarations) is being used, the terms within the Lineslip must be clearly defined and the declaration contract should contain a statement that terms from the Lineslip are incorporated with the exception of the specific information provided in respect of the individual declaration.

This standard does not apply to declarations off a Binding Authority Agreement.

The usage of headings within this standard is the same as that within MRC (Open Market) version 1.2 and this document should be read in conjunction with that publication (see <http://www.marketreform.co.uk>).

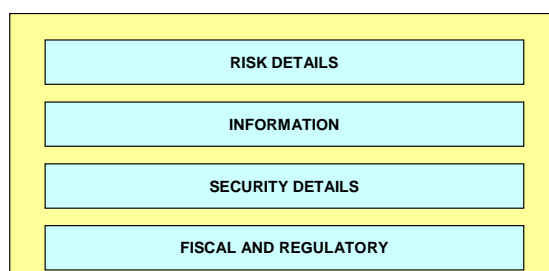
3.2 Benefits

This standard provides a market-agreed approach to the submission of Lineslip declarations. It therefore allows brokers and insurers to identify the minimum required data. Such a standard promotes the efficient processing of this business.

4 MRC (Lineslip Declarations) – Mandatory Sections

4.1 Document Sections

The sections that **must** appear within the MRC (Lineslip Declarations) are as follows:



Any of the MRC (Open Market) sections and headings may be included, where required.

4.2 Further Information

For further information on the MRC (Lineslip Declarations) please contact:

Type of Query	Contact	Address
Brokers	Mark Knight – LMBC Tel: 020 7397 0252 Email: mark.knight@lmbc.co.uk	BIBA House 14 Bevis Marks LONDON
Lloyd's Insurers	Peter Martin - LMA Tel: 020 7327 3333 Email: peter.martin@lmalloyds.com	Gallery 3 Lloyd's 1 Lime Street LONDON
IUA Insurers	John Hobbs – IUA Tel: 020 7617 4445 Email: john.hobbs@iua.co.uk	Suite LG1 LUC 3 Minster Court LONDON
General Queries	Market Reform Office Tel: 020 7327 5220 Email: mro@marketreform.co.uk	Room 447 Lloyd's 1 Lime Street LONDON

5 MRC Example – minimum content

The following pages provide an example of the **minimum content** for a MRC (Lineslip Declarations) submission. Other sections and headings may be required for specific Lineslips or for individual declarations. Such optional sections and headings are listed within section 6 of this document.

THE CONTRACT DOCUMENT

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

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

Risk Details:

UNIQUE MARKET

REFERENCE : B0999ABC123456789 *(This is the UMR for the declaration.)*

ATTACHING TO LINESLIP

REFERENCE: LS12345
(The Lineslip Reference and/or UMR from the Lineslip may be provided)

(A statement of the following nature is required to confirm that the terms of the Lineslip agreement are incorporated in the contract for this declaration)

This contract is formed in accordance with the provisions of the above Lineslip contract and incorporates the terms of that contract except insofar as terms relating to this specific declaration are specified below.

TYPE: All Risks of Direct Physical Loss or Damage including Boiler Explosion and Machinery Breakdown insurance.

INSURED: XXXX Engineering Ltd. and (1) any subsidiary, allied or affiliated corporation, person, co-partnership or organization engaged in the conduct of XXXX Engineering Ltd. including partners, officers, directors, employees or agents of any of those organizations as is now or may hereafter be constituted; (2) any other interest to the extent that the Insured has agreed to keep such interest insured while acting in their capacities as such.

XXXX Engineering Ltd. shall be deemed the sole agent of each and every Named Insured for the purposes of (a) giving notice of cancellation, either by Insurers or by the Named Insured; (b) giving instructions for change in this policy and accepting changes in this policy and (c) the payment of premiums or receipts of return premiums.

ADDRESS: 1, Main Street, Anytown, United Kingdom

PERIOD: Effective from: 1 January 2009 at 12:01am GMT
To: 1 January 2010 at 12:01am GMT

INTEREST: Real and Personal Property at the address of the insured, 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: GBP 10,000,000 any one occurrence and in the annual aggregate.

Program Sublimits schedule:

Flood: GBP 2,000,000
any one occurrence and in the annual aggregate

Boiler & Machinery: GBP 2,000,000
any one accident

TERRITORIAL LIMITS: Anywhere within the United Kingdom

CONDITIONS: *(Any bespoke wording or clauses will form part of this section, whereas standard or registered wordings or clauses can be referred to by reference as per the following example)*

XYZ Insurer - Primary Property wording CPROP192 - dated January 2005
NMA 2914 (Amended Perils) Electronic Data Endorsement A (Section two sub-limit GBP 100,000,000).
LMA 5019 Asbestos Endorsement
NMA 2962 Biological or Chemical Materials Exclusion

CHOICE OF LAW AND JURISDICTION: This insurance shall be governed by and construed in accordance with the law of England and Wales.

PREMIUM: GBP 100,000 (100%) Annual

TAXES PAYABLE BY INSURED AND ADMINISTERED BY INSURERS: None applicable

**INSURER
CONTRACT**

DOCUMENTATION: This document details the contract terms entered into by the insurer(s), and constitutes the contract document.

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

Information Section:

None.

Security Details

Where the declaration is written solely to a Lineslip with pre-defined participations then a Market Sheet may be attached showing the Signed Lines for the Lineslip, and a Written Lines heading is not required.

Where lines and references vary by declaration then a Market Sheet or Written Lines heading may be used to record the participations.

Whatever format is used, the Security Details heading and the headings shown below are still required within this section of the MRC.

Where there is a need for open-market lines in addition to Lineslip participations then a Written Lines heading will be required and the full MRC (Open Market) format should be used.

INSURER'S LIABILITY: *(This clause LMA3333 should be provided in full and not simply referenced.)*

LMA3333

(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: 100% of 100%

Fiscal and Regulatory

The following headings are required, to ensure that the mandatory information is considered. Further headings may be necessary within this section for specific declarations.

**TAX PAYABLE BY
INSURER(S):** None applicable.

**COUNTRY OF
ORIGIN:** United Kingdom

OVERSEAS BROKER: None

**ALLOCATION OF
PREMIUM TO CODING:** AB 100%

**FSA CLIENT
CLASSIFICATION:** Commercial

6 Inclusion of Sections/Headings

This document specifies the minimum required content within the RISK DETAILS, SECURITY DETAILS and FISCAL AND REGULATORY sections of the MRC (Lineslip Declarations). Dependant upon the specific details of the declaration, and how much information has already been provided within the Lineslip contract, any of the headings within MRC (Open Market) may be used within the declaration submission. For example, there may be Subjectivities that apply specifically to the particular declaration.

The INFORMATION section must be included although, as for an open-market risk, it may be completed with “None” where there is no relevant content.

The SUBSCRIPTION AGREEMENT and BROKER REMUNERATION AND DEDUCTIONS sections may be omitted in their entirety providing the information is agreed at Lineslip level and applies to the particular declaration. Where this is not the case, any of the headings within these sections can be used within the Lineslip declaration; and in this instance the section heading(s) should also appear.