

Market Reform Contract  
(Line Slip)  
Implementation Guide  
Lloyd's Europe Supplementary Addendum

Version 1.1  
23 November 2020

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## 1 Document Revision/Change History

| <b>Version</b> | <b>Date</b>                  | <b>Description of Change</b>  |
|----------------|------------------------------|---|
| 1.0            | 3 <sup>rd</sup> October 2018 | <p>Lloyd's Supplementary Guidance for the creation of Line Slip MRC(s) in respect of risks located in the EEA underwritten by Lloyd's Europe with effect from 01 January 2019</p> <p>This should be read alongside version.1.5 of the Market Reform Contract (Line Slip) Implementation Guide.</p>  |
| 1.1            | 23 November 2020             | <p>Changes made to support Lloyd's Europe' mandate for the submission of risk and premium bordereaux declaration data through Delegated Data Manager (DDM) for Bulking Line Slips incepting on or after 1<sup>st</sup> January 2021</p> <p>Other updates to reflect the fact that Lloyd's Insurance Company (LIC) / Lloyd's Europe has been underwriting since 01 January 2019.</p> <p>This document should still be read alongside version 1.5 of the Market Reform Contract (Line Slip) Implementation Guide.</p> |

## 2 Introduction

### 2.1 Purpose of the Guide

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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 Line Slips and risks attaching thereto underwritten by Lloyd's Europe with effect from 01 January 2019.

This document does not seek to repeat the content of the 'Market Reform Contract Line Slip Implementation Guide' v1.5, 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.

Wherever possible, the numbering used, e.g. for paragraph headings, in this document replicates the numbering system within the Market Reform Contract Line Slip Implementation Guide' v1.5. 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 Open Market Guidance and MRC Binding Authority Guidance.

For further information regarding the operation of Lloyd's Europe itself, questions should be directed to [LloydsEurope.Info@lloyds.com](mailto:LloydsEurope.Info@lloyds.com). Information on Lloyd's Europe, its licensing, regulatory and compliance requirements is contained in Crystal.-  
[www.lloyds.com/tools-and-systems/crystal](http://www.lloyds.com/tools-and-systems/crystal)

### 2.2 Background

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

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

## **2.3 Franchise Board Mandate**

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## 3 Business Objectives and Expected Benefits

### 3.1 Scope

Lloyd's Europe has entered into an Outsourcing Agreement with each managing agent. Under this agreement, Lloyd's Europe 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 Europe. (Lloyd's Europe enters into a Coverholder Appointment Agreement with Coverholders, using agreement "LBS0001A",. 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 Europe are automatically and simultaneously reinsured or retroceded back to Lloyd's Underwriters.

In this way, Lloyd's syndicates are able (via Lloyd's Europe) 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 Europe or by Lloyd's syndicates.

Lloyd's syndicates are able to continue to underwrite risks in countries where Lloyd's Europe 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 Europe stamp and need to ensure that they use this stamp when underwriting risks located in the EEA. The Lloyd's Europe stamp will also identify the reinsuring syndicate in addition to Lloyd's Europe;
- 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.

Line slips that include risks in countries where Lloyd's Europe is unlicensed will have to be placed separately by either having separate sections within the Line slip MRC or by having multiple line slips. The Lloyd's Europe licensed section (or separate MRC) must be bound using the outsourced Managing agents Lloyd's Europe stamp with the remainder under the syndicate stamp.

It is not possible for Line slips to be endorsed to incorporate a section underwritten by Lloyd's Europe, and new Line slips should have been placed to accommodate EEA risks incepting from 1<sup>st</sup> January 2019 onwards.

#### **Declarations off Line Slips:**

Declarations off Line slips should follow the current Market Reform Contract Open Market guidelines, including the current Lloyd's Europe Supplementary Addendum, or contain equivalent information in an alternative format, except as follows:

- The SUBSCRIPTION AGREEMENT and BROKER REMUNERATION AND DEDUCTIONS sections may be omitted in their entirety providing the information is agreed at Line slip level and applies to the particular declaration. Where this is

not the case, any of the headings within these sections can be used within the Line slip Declaration; and in this instance the section heading(s) should also appear. This would include any variation from the terms of the Line Slip agreement which will impact Single Claims Agreement Party (SCAP) arrangements.

- The UMR and LPSO Signing Number and Date for the Line slip must be shown clearly on the Declarations off the Line slip. Where either the Line slip or declaration pertain to both Lloyd's Europe and non Lloyd's Europe risks, the following should be considered:
  - In the event that the Line slip allows for both Lloyd's Europe and non Lloyd's Europe risks, the appropriate LPSO Signing Number and Date relating to that section of the Line slip should be used on the Declaration.
  - If the Declaration contains both Lloyd's Europe and Non Lloyd's Europe risk locations, the Declaration may be split in accordance with the guidance in the Open Market Lloyd's Europe Supplementary Addendum, and all of the relevant LPSO Signing Numbers and Dates for Lloyd's Europe and Non Lloyd's Europe business in the Line slip must be clearly recorded against those splits on the Declaration.
- Each Declaration off the Line slip must have a separate UMR.
- A Declaration off a Line slip should not contain Open Market lines unless expressly permitted by the Line slip

## 3.2 Benefits

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This Guidance is intended to assist the market in the production of Line slips for Lloyd's Europe risks, or for a split/sectionalised MRC for Lloyd's Europe / Non-Lloyd's Europe risks.

A standard layout for split/sectionalised MRC:

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

## 4 Market Reform Contract (MRC) Layout

### 4.1 Document Sections, Order and use of Headings

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As indicated above, Line slips that include both Lloyd's Europe and Non Lloyd's Europe exposures will have to be placed separately and the MRC need to be 'split', or have separate sections, accordingly.

There are 2 different approaches that may be adopted:

- Using the current market approach for sectioning an MRC – a) Lloyd's Europe and b) Non Lloyd's Europe (where different terms and conditions or requirements under the Line slip apply to the Lloyd's Europe and Non Lloyd's Europe sections);
- Two totally separate MRCs for Lloyd's Europe and Non Lloyd's Europe,

**The language used to identify the territorial splits aligning with the licensed insurers must be articulated in the formats shown in the samples below. This allows the automated data capture of the risks for Lloyd's Europe to take place.**

In each case, the existing standard layout, as set out in the Market Reform Contract Line Slip Implementation Guide v1.5, is still to be used, whereby the MRC is made up of six parts:

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

### 4.2 Layout of Document

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The existing standard layout, as set out in the Market Reform Contract Line Slip Implementation Guide v1.5, is still to be used.

### 4.3 General Guidance

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### 4.4 Detailed MRC Documentation

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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.

## 4.5 Further Information

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

| Type of Query                 | Contact   | Address  |
|-------------------------------|---|--|
| Lloyd's Insurers              | Lindsey Davies - Lloyd's<br>Tel: 020 7327 5739<br>Email: <a href="mailto:Lindsey.davies@lloyds.com">Lindsey.davies@lloyds.com</a><br>Or visit <a href="http://www.lloyds.com/Coverholders">www.lloyds.com/Coverholders</a><br>Or <a href="mailto:lloydsbrussels@lloyds.com">lloydsbrussels@lloyds.com</a> | Gallery 5<br>Lloyd's<br>1 Lime Street<br>LONDON  |
| LMA Members                   | Carla Wise or Alison Colver – LMA<br>Tel: 020 7327 3333<br>Email: <a href="mailto:carla.wise@lmalloyds.com">carla.wise@lmalloyds.com</a><br><a href="mailto:Alison.colver@lmalloyds.com">Alison.colver@lmalloyds.com</a>  | Gallery 4<br>Lloyd's<br>1 Lime Street<br>LONDON  |
| LIIBA Members                 | Jackie Hobbs – LIIBA<br>Tel: 020 7280 0154<br>Email: <a href="mailto:jackie.hobbs@liiba.co.uk">jackie.hobbs@liiba.co.uk</a>   | LIIBA,<br>78, Leadenhall St,<br>LONDON EC3   |
| General Enquiries             | Chris Buer<br>Tel: 020 7327 5199<br>Email: <a href="mailto:chris.buer@londonmarketgroup.co.uk">chris.buer@londonmarketgroup.co.uk</a><br>Or visit <a href="http://www.londonmarketgroup.co.uk">www.londonmarketgroup.co.uk</a>  | Gallery 6, Lloyd's<br>1 Lime Street<br>LONDON  |
| <b>Lloyd's Europe Queries</b> | Jakob Thyme – Lloyd's Europe<br>Tel: <b>+32 (0)2 227 39 30</b><br>Email: <b>Jakob.Thyme@lloyds.com</b>  | <b>Lloyd's Insurance Company S.A.</b><br><b>Floor 14, Bastion Tower</b><br><b>5 Place du Champ de Mars</b><br><b>1050 Brussels</b> |

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

Website: [LloydsEurope.com](http://LloydsEurope.com)

E-mail: [LloydsEurope.Info@lloyds.com](mailto:LloydsEurope.Info@lloyds.com)

Tel: +32 (0)2 227 39 39

Refer to the Lloyd's Brexit Toolkit, widely distributed within the London market.

If you need a copy of this documentation please contact:

Lloyd's, LMA or LIIBA

## 5 Amendments to existing MRC Headings

The following pages show amendments or additional requirements to the Market Reform Contract (Line Slip) Implementation Guide v1.5.

### 5.1 Appendix A – Contract Details

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**No changes to Appendix A**

### 5.2 Appendix B – Information

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#### C.3.1 Estimated Premium Income - Mandatory

Required by Lloyd's Europe for monitoring of premium income.

The total gross estimated premium that is the sum of premiums being paid as Instalments after applying credits (discounts) and surcharges (loads/levies), but prior to applying taxes, fees, assessments or special risk premiums. Where the Line slip provides for risks to be bound from both Lloyd's Europe and Non Lloyd's Europe risk locations, the Estimated Premium Income should be split between business being written by Lloyd's Europe and Non Lloyd's Europe.

**No other changes to Appendix B**

### 5.3 Appendix C – Security Details

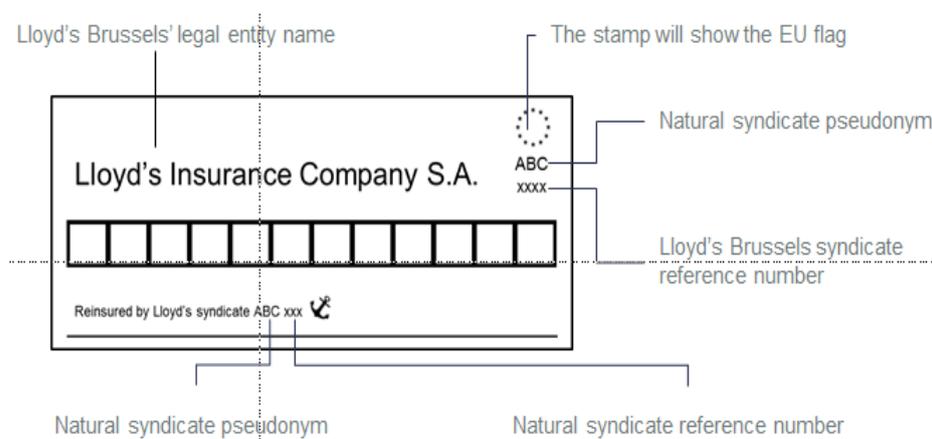
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#### C.1 General Guidance

Underwriters are reminded that they cannot bind Lloyd's Europe insurance risks in countries where Lloyd's Europe is not licensed.

Syndicates will have a new stamp for Lloyd's Europe (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 Europe) when underwriting risks located in countries where Lloyd's Europe is licensed.

An example of such a stamp is shown below:



If splitting the MRC into sections, either for Lloyd's Europe and Non Lloyd's Europe business ,and / or for other reasons, a separate 'market sheet' should be included for each. An example is provided below:

## Section A - Hull and Machinery

### In respect of EEA

#### WRITTEN LINES:

|       |  |   |   |   |   |   |   |   |   |   |   |   |
|-------|--|---|---|---|---|---|---|---|---|---|---|---|
| 18.5% | Lloyd's Insurance Company S.A <br><b>HIS</b><br><b>5299</b> |   |   |   |   |   |   |   |   |   |   |   |
|       | 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 <br><b>TAL</b><br><b>5318</b> |   |   |   |   |   |   |   |   |   |   |   |
|     | T  | A | L | 5 | 3 | 3 | 5 | A | B | 2 | 4 | 1 |
|     | Reinsured by Lloyd's syndicate TAL 1183                     |   |   |   |   |   |   |   |   |   |   |   |

## Section C - Hull and Machinery

### In respect of Rest of the World excluding EEA

#### WRITTEN LINES:

|      |   |   |   |   |   |   |   |   |   |   |   |   |
|------|---|---|---|---|---|---|---|---|---|---|---|---|
| 8.5% |   <b>HIS</b><br><b>33</b> |   |   |   |   |   |   |   |   |   |   |   |
|      | H   | I | S | 1 | 1 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|      | △ △ △ N N N N N N △ N N )   |   |   |   |   |   |   |   |   |   |   |   |

|     |   |   |   |   |   |   |   |   |   |   |   |   |
|-----|---|---|---|---|---|---|---|---|---|---|---|---|
| 25% |   <b>TAL</b><br><b>1183</b> |   |   |   |   |   |   |   |   |   |   |   |
|     | A   | F | G | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|     | △ △ △ N N N N N N △ N N )   |   |   |   |   |   |   |   |   |   |   |   |

**Section B - Increased Value**

**In respect of EEA**

**WRITTEN  
LINES:**

|     |  |   |   |   |   |   |   |   |   |   |   |   |
|-----|--|---|---|---|---|---|---|---|---|---|---|---|
| 20% | Lloyd's Insurance Company S.A <br><b>TAL</b><br><b>5318</b> |   |   |   |   |   |   |   |   |   |   |   |
|     | T  | A | L | 5 | 3 | 3 | 5 | A | B | 2 | 4 | 1 |
|     | Reinsured by Lloyd's syndicate TAL 1183                     |   |   |   |   |   |   |   |   |   |   |   |

|    |   |   |   |   |   |   |   |   |   |   |   |   |
|----|---|---|---|---|---|---|---|---|---|---|---|---|
| 5% | Lloyd's Insurance Company S.A <br><b>HIS</b><br><b>5299</b> |   |   |   |   |   |   |   |   |   |   |   |
|    | H   | I | S | 3 | 5 | 5 | 3 | A | B | 2 | 4 | 1 |
|    | Reinsured by Lloyd's syndicate HIS 033                     |   |   |   |   |   |   |   |   |   |   |   |

**Section D - Increased Value**

**In respect of Rest of the World excluding EEA**

**WRITTEN  
LINES:**

|     |   |   |   |   |   |   |   |   |   |   |   |   |
|-----|---|---|---|---|---|---|---|---|---|---|---|---|
| 10% |    <b>TAL</b><br><b>1183</b> |   |   |   |   |   |   |   |   |   |   |   |
|     | A   | F | G | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|     | Δ Δ Δ N N N N N N A N N   |   |   |   |   |   |   |   |   |   |   |   |

|      |   |   |   |   |   |   |   |   |   |   |   |   |
|------|---|---|---|---|---|---|---|---|---|---|---|---|
| 9.5% |   <b>HIS</b><br><b>33</b> |   |   |   |   |   |   |   |   |   |   |   |
|      | H   | I | S | 1 | 4 | 5 | 6 | 7 | 7 | A | 1 | 2 |
|      | Δ Δ Δ N N N N N N A N N   |   |   |   |   |   |   |   |   |   |   |   |

**No other changes to Appendix C.**

## 5.4 Appendix D – Subscription Agreement

### General Guidance

If placing a Line Slip with Lloyd's Europe and Non Lloyd's Europe sections 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 appear as a single agreement, with one heading for each aspect and the {responses} completed separately for A) in respect of Lloyd's Europe risks and B) in respect of Non-Lloyd's Europe risks; as more fully defined in the example MRC sections below.

#### D2.1 Slip Leader – Mandatory:

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

|                     |   |
|---------------------|---|
| <b>SLIP LEADER:</b> | Lloyd's Insurance Company S.A. (5299 HIS) in respect of EEA (plus possibly UK and Monaco) |
|                     | Hiscox Syndicate (0033) in respect of non EEA   |

#### D2.2 Section Leaders - Conditional

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

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

|                        |  |
|------------------------|--|
| <b>SECTION LEADER:</b> | Section A: Lloyd's Insurance Company S.A. (5299 HIS) |
|                        | Section B: Lloyd's Insurance Company S.A. (5318 TAL) |
|                        | Section C: Hiscox Syndicate (0033)                   |
|                        | Section D: Talbot Syndicate (1183)                   |

#### D2.3 Bureau Leader – Conditional: Mandatory where the Slip Leader is not also the Bureau Leader and where SCAP applies.

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

|                       |   |
|-----------------------|---|
| <b>BUREAU LEADER:</b> | Lloyd's Insurance Company S.A. (5299 HIS) in respect of EEA (plus possibly UK and Monaco) |
|                       | Hiscox Syndicate (0033) in respect of Non EEA   |

## D2.4 Line Slip Administration – Mandatory

The broker shall record all details of insurances bound under the Line Slip Agreement.

In the event of non-renewal or cancellation of this Line Slip Agreement, all declarations shall run to their natural expiry date (including any extensions of individual contracts periods as may be agreed by the agreement parties for each insurance bound), unless cancelled in accordance with the individual contract terms and conditions.

Premiums for all declarations off of the Line slip Agreement shall be allocated and paid into the year of account in which this Line slip incepts.

*The following is applicable for Lloyd's Europe Bulking Line Slips*

Lloyd's Europe have mandated the submission of risk and premium information on the Delegated Data Manager (DDM), formerly Delegated Authority Submission, Access and Transformation Solution (DA SATS), for all bulking line slips incepting on or after 01/01/2021. There is no impact on bulking line slips incepting prior to 1 January 2021.

The Lead managing agent will be held accountable by Lloyd's Europe for ensuring the submission of risk and premium information within the required timescale. However, subject to the agreement of the Broker, the submission of this information can be delegated to the Broker in the Bulking Line Slip Agreement.

Bulking Line Slip facilities cannot be used where the Lead managing agent is unable to comply with this requirement and alternative methods of placement should be used.

The Line Slip Agreement must include endorsement LMA5513 to make clear the roles and responsibilities of the Lead managing agent and the Broker in providing and submitting the risk and premium information to DDM.

The risk and premium information provided must meet the data requirements as laid out in endorsement LMA5513.

| Type        | Risk Reporting   | Premium Reporting   |
|-------------|--|---|
| Requirement | <p>The Party responsible for the production of the risk information, as indicated in DDM Reporting Endt LMA5513, shall report the risks written details and any adjustments to such risk details in accordance with the reporting deadlines below until every insurance bound has expired or has otherwise been cancelled or terminated. The required information must be reported through the completion of the relevant data fields as laid out in Endt LMA5513.</p> <p>The Party responsible for submitting risk information to DDM, as indicated in DDM Reporting Endt LMA5513, shall submit a NIL statement on DDM if there is no activity within the reporting interval.</p> | <p>The Party responsible for the production of the premium information, as indicated in DDM Reporting Endt LMA5513, shall report the paid premium details and any adjustments to such paid premium details in accordance with the reporting deadlines below. The required information must be reported through the completion of the relevant data fields as laid out in Endt LMA5513.</p> <p>The Party responsible for submitting premium information to DDM, as indicated in DDM Reporting Endt LMA5513, shall submit a NIL statement on DDM if there is no activity within the reporting interval.</p> |
| Interval    | Monthly  | Monthly   |

## DDM approval requirements

All risk and premium bordereaux must be set as 'fully approved' in DDM by the Leader, within the following timescales:

| Bdx received for months | Risk Bordereaux              | Premium Bordereaux            |
|-------------------------|------------------------------|-------------------------------|
| January                 | Last working day of February | Last working day of April     |
| February                | Last working day of March    | Last working day of May       |
| March                   | Last working day of April    | Last working day of June      |
| April                   | Last working day of May      | Last working day of July      |
| May                     | Last working day of June     | Last working day of August    |
| June                    | Last working day of July     | Last working day of September |
| July                    | 15th August                  | Last working day of October   |
| August                  | 15th September               | Last working day of November  |
| September               | 15th October                 | Last working day of December  |
| October                 | 15th November                | Last working day of January   |
| November                | 15th December                | Last working day of February  |
| December                | 15th January                 | Last working day of March     |

*No other changes to Appendix D.*

## 5.5 Appendix E – Fiscal & Regulatory

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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:

|                             |             |        |
|-----------------------------|-------------|--------|
| <b>REGULATORY LOCATION:</b> | <b>RISK</b> | 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:

|                                  |                  |
|----------------------------------|------------------|
| <b>REGULATORY RISK LOCATION:</b> | USA              |
| <b>STATE OF FILING:</b>          | New York         |
| <b>US CLASSIFICATION:</b>        | 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:

|                             |             |   |
|-----------------------------|-------------|---|
| <b>REGULATORY LOCATION:</b> | <b>RISK</b> | EEA: Spain and France<br>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:

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

***No further changes to Appendix E***

## **5.6 Appendix F – Broker Remuneration & Deductions**

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***No changes to Appendix F***

## 6 Split MRC Example Sections

Below are shown **examples** of the content of an MRC compliant placing document for a split Lloyd's Europe/ Non-Lloyd's Europe placement.

**MAXIMUM LIMITS OF  
LIABILITY/SUMS INSURED  
FOR EACH INSURANCE  
BOUND:**

**Section 1 EEA**

Maximum EUR 10,000,000 each and every loss each insurance bound.

**Section 2 Rest of the World excluding EEA**

Maximum GBP 10,000,000 each and every loss each insurance bound.

**GROSS ESTIMATED PREMIUM  
INCOME:**

**Section 1 EEA**

EUR 500,000

**Section 2 Rest of the World excluding EEA**

GBP 250,000

**INSURER CONTRACT  
DOCUMENTATION FOR EACH  
INSURANCE BOUND:**

All documentation must be issued in accordance with contract certainty and/or local regulatory requirements

**Section 1 EEA**

Market reform contract to be issued;

**Section 2 Rest of the World excluding EEA**

Market reform contract to be issued;