

**FROM:** Bruce Tompson, Regional Manager, North America  
Unit  
**LOCATION:** 86/G12  
**EXTENSION:** 5603  
**DATE:** 1 March 2000  
**REFERENCE:** Y2247  
**SUBJECT:** MARKET-WIDE LICENSING AGREEMENT IN  
PRINCIPLE BETWEEN LLOYD'S AND ISO  
**SUBJECT AREA(S):**  
**ATTACHMENTS:**  
**ACTION POINTS:** To note  
**Deadline:** Immediate

The purpose of this market bulletin is to advise underwriters and Lloyd's brokers that following a series of discussions in principle, a market-wide licensing agreement has been reached between Lloyd's and the Insurance Services Office, Inc. (ISO). The North American Unit Board at their meeting on the 18 February 2000 approved this, effective 1 January 2000.

Early last year the Non Marine Association (NMA) initiated discussions with ISO to negotiate a price for underwriters to use ISO copyrighted wordings. In late December 1999, following a series of meetings, ISO made a proposal that the NMA challenged on the basis of calculation and price. At this stage, because of wider implications beyond those of a technical wording issue, the North America Unit (NAU) was asked to take over negotiations.

A number of meetings took place in January between NAU and ISO that resulted in a final offer. Details are still being finalised but in broad terms it provides that:

- 1) Lloyd's will receive a market-wide licence.
- 2) Pay a flat annual fee of US\$3.1m, payable quarterly in arrears.

- 3) ISO will provide a number of 'core services' including:
- Full use of ISO wording manuals (in any US jurisdiction) and updates, together with supporting manuals.
  - All Property Claims Services (PCS) including current estimated losses.
- 4) ISO will deliver services through their Internet based service 'ISONet', which is currently being organised.

The single license will enable individual syndicates to obtain further services from ISO, beyond those offered as 'core services'. Lloyd's US General Counsel has advised that where this agreement duplicates current licence arrangements between individual participants at Lloyd's and ISO, separate agreements could be cancelled. The participants will need to negotiate any refund directly with ISO.

The NMA has formed a working group to determine a basis for allocating the cost and to report back to the NAUB on 24 March 2000, with a recommendation. A further market bulletin will be issued when more details of the agreement are available.

This market bulletin is being sent to all active underwriters and Lloyd's brokers compliance officers. If you require any further information please contact either David Clarke at the NMA on Lloyd's extension 8370 or the North American Information Services Centre on Lloyd's extension 6677.

Bruce Tompson  
Regional Manager  
North America Business Unit