

FROM: Bruce Tompson Regional Manager, North America
LOCATION: 86/G12
EXTENSION: 5603
DATE: 10 April 2000
REFERENCE: Y2279
SUBJECT: MARKET-WIDE LICENSING AGREEMENT
BETWEEN LLOYD'S AND ISO
SUBJECT AREA(S):
ATTACHMENTS:
ACTION POINTS: **To note**
DEADLINE: **Immediate**

This is an update to the market bulletin dated 1 March 2000 (reference Y2247), which advised:

- A market-wide agreement in principle had been reached between Lloyd's and Insurance Services Office, Inc. (ISO) to provide certain core services.
- The NMA had formed a working group to determine a basis for allocating the costs of the service and would make a recommendation to the North America Unit Board (NAUB) at their next meeting.

Current status

At their meeting on the 24 March 2000 the NAUB was advised negotiations had concluded with ISO and an agreement (the Agreement) had been executed. The NAUB was also advised of the exercise undertaken by the working group to determine the basis for allocating the annual fee of \$3.1 million. The working group recognised that some market segments would not utilise certain aspects of the core services as much as others. Nevertheless, Licensees will have access to additional market intelligence such as the Property Claims Services. Furthermore, the licensed status of underwriters and managing agents will enable further services to be purchased on a user-pay basis.

Taking these factors into account, the working group recommended that 25% of the costs be allocated among **all** underwriters writing US situs business (including the licensed territories)

and the balance allocated 80:20 between non-marine direct and non-marine reinsurance, US situs business respectively. This basis was approved by the NAUB.

Temporary arrangements to fund the first instalment

The flat fee of \$3.1 million under the Agreement is paid quarterly in arrears. The first instalment was paid on 3 April 2000. Whilst it is planned to collect from syndicates on a user pays basis in the future, the NAUB agreed that as a temporary measure the first instalment could be collected on the same basis as the US levy, but as a separate collection. It is planned to reverse this collection and introduce the new basis before the next instalment, payable on 3 July 2000.

How to get licensed and access the core services

The Agreement entitles Licensees (Lloyd's, Underwriters and Managing Agents not Lloyd's brokers) in aggregate to 1000 sign-on ID's for the ISONet service (delivery of ISO products by paper or CD-ROM can be provided by ISO, at their standard rates). **As a separate exercise co-ordinated by LUAA**, compliance officers will be asked to complete their request for sign-on IDs (Appendix A). This will be used as the basis to allocate the 1000 sign-on ID's among managing agents. The information will be forwarded to ISO who will use it to control access to the system. In the event a user leaves, it will be incumbent on the compliance officer of the relevant Licensee to advise ISO directly in order to cancel the existing sign-on ID and replace it with a new user sign-on ID if required.

Conditions attaching to the license

Under the Agreement each Licensee is required to comply with certain obligations in respect of copyright and the availability of ISO products to third parties. A summary of the obligations of the licensee under the Agreement is attached (Appendix B). Since compliance cannot be exercised centrally, it will be for each managing agent to ensure that compliance with the obligations of the licensee under the Agreement (so far as they are relevant to the managing agency's operations), is maintained.

Other information

- For details of core services to be provided, please see appendix C.
- For instructions on how to access ISONet please see appendix D.
- Appendix E sets out a list of questions and answers that may arise relating to the arrangements being put in place.
- Appendix F is a summary of services provided by ISO.

This Market Bulletin, which incorporates comments from the market associations, has been sent to the compliance officers of managing agents, active underwriters and Lloyd's brokers. If you require further information please contact the North America Information Services Centre on Lloyd's extension 6677.

Date: [] April 2000

To: Insurance Services Offices, Inc
7 World Trade Center
New York
NY 10048

Dear Sirs

**ISO License Agreement dated as of 1 January 2000 (the Agreement)
Request for Sign-on Identification Numbers for access to ISONet**

We hereby request Sign-on Identification Numbers for access to ISONet pursuant to the Agreement as detailed on the attached Schedule.

We acknowledge receipt of a copy of the Agreement and, in accordance with its terms, we agree:-

1. to maintain the terms of the Agreement confidential;
2. to comply with the terms of the Agreement in so far as the operations of this Managing Agency make use of the Products licensed by ISO; and
3. to maintain the confidentiality of the Sign-on Identification Numbers received for access to ISONet, and promptly to notify ISO directly whenever a Sign-on Identification Number is to be terminated or replaced in accordance with ISO's security requirements as set out in the Agreement.

Yours faithfully

Signed:

Name:

Position:

Managing Agent:

Request for ISONet Sign-on Identification Numbers

Managing Agent:

	SYNDICATE NUMBER	USER NAME
1
2
3
4		
5		
6		
7		
8		
9		
10		

**Summary of the principal obligations of Underwriters and
their respective Managing Agents under the ISO License Agreement
dated as of 1 January 2000 (the “Agreement”).**

Underwriters and their respective managing agents are each referred to in the Agreement as a “Licensee”.

1. Generally

- 1.1 Subject to 1.2 below, the products and services licensed by ISO (the “Products”) may not be copied, reproduced, redistributed, sold, filed or used in any manner without the prior written permission of ISO or any relevant third party.
- 1.2 Permission is granted to reproduce and redistribute copies and extracts of the Products and the information therein:-
 - (a) in any format, to the Licensee’s employees permitted access to the Products;
 - (b) in any format, to insurance intermediaries producing business to the Licensee and its customers, but solely in conjunction with coverage to be quoted and/or to be underwritten or led by the Licensee;
 - (c) to attorneys, independent claims adjusters, loss control consultants and premium auditors, solely for use in conjunction with work being performed on the Licensee’s behalf;
 - (d) to all other consultants, vendors and other third parties, so long as the consultants, vendors and third parties are licensed by ISO to use the product, either:
 - (i) on behalf of all ISO participating insurance companies; or
 - (ii) solely to provide a product or service for the Licensee, and
 - (e) in any format, for the sole purpose of filing with insurance regulators and related regulatory matters.
- 1.3 The Licensee may not make any Products available via the Internet or similar technology without ISO’s prior written permission, which will not be unreasonably withheld as long as the Licensee provides adequate assurance of compliance with the Agreement and security against misuse of or unlicensed access to the Products.
- 1.4 The Licensee is solely responsible for ensuring that, to the extent it modifies any Product, the modified product is approved by applicable insurance regulators for the Licensee’s use.
- 1.5 The Licensee may not use a third party to copy or reproduce Products unless that third party is licensed by ISO to supply the Products and the Licensee has confirmed with ISO that the third party is in fact licensed to do so.

1.6 The Licensee agrees to restrict access to Products to those employees of the Licensee who have need to use them solely for the purpose of the Licensee's property/casualty insurance or reinsurance business.

2. ISO Audit

2.1 In order to verify compliance with the Agreement, ISO may require, on at least 10 days' prior notice, an examination of any and all books of account, records, documents and other materials under the control of the Licensee, and other related entities, which contain records of the Licensee's use of the Products. All such documents must be kept available by Licensees for at least three years after the annual period to which they relate. ISO is limited to a single exercise of this right of audit in respect of a given Licensee in any 12 month period.

2.2 Conduct of such an audit may be delegated to Lloyd's Regulatory Division.

3. Confidential Information

3.1 The Licensee must not disclose or release any information marked 'confidential' by ISO to any third party except with ISO's prior written consent.

3.2 The Licensee will keep the terms of the Agreement confidential.

4. Security Requirements

4.1 The Licensee must comply with the following security requirements:

- (a) Each individual user of ISOnetSM must have his or her own Identification Number;
- (b) ISO will assign a specific Registration Key for use by each individual user's employer, which may only be disclosed to other employees of the same employer;
- (c) In the event an individual with an Identification Number becomes disassociated from an employer authorised to access ISOnet, the employer must advise ISO immediately so that such Identification Number can be terminated.
- (d) Each user must utilise an SSL (Secured Sockets Layer), or SSL derivative, capable browser when accessing electronic products and services through ISOnet.

4.2 The Licensee will not attempt to circumvent any security measures contained within or associated with any Product. The Licensee will not attempt to decompile, reverse engineer, or otherwise disassemble or obtain the source code of any Product.

4.3 The Licensee and its employees will only access Products through the use of the assigned sign-on IDs and passwords and will keep all of such passwords and sign-on

IDs confidential. The Licensee will immediately inform ISO if it becomes aware of any actual or threatened unauthorised use of any sign-on ID or password, and ISO agrees to promptly change the password upon the Licensee's request. Access to Products that require a password must be discontinued simultaneously for any employee with the end of that employee's employment by the Licensee.

5. ISO Intellectual Property

- 5.1 The Licensee shall not take any action that would in any way impair, jeopardise, be inconsistent with or violate ISO's ownership of the Products or any ISO copyright. The Licensee shall take all reasonable steps in the ordinary course of business to protect and preserve the Products and the interests and rights of ISO and any applicable third parties in the Products, including appropriate instruction to or agreement with its employee's permitted access to the Products.

6. Copyright Notice

- 6.1 If Products are reprinted, copied or otherwise used in full, copies must reflect the copyright notice shown on the Products.
- 6.2 If Products are reprinted, copied or otherwise used in part, the following legend must appear at the bottom of each page so used:-

“Includes copyrighted material of Insurance Services Office, Inc with its permission.”

7. Claims

- 7.1 The Licensee will notify ISO promptly of any claim that any Product or Licensee's use of any Product is improper or illegal or violates the rights of any third party. ISO will indemnify any Licensee from claims brought that a Product infringes a US copyright, trade mark, patent or other intellectual property right provided the Licensee, within 30 days of receipt of notice of any alleged infringement, notifies ISO of such allegation in writing and fully co-operates with ISO in defending the claim.
- 7.2 Each underwriter agrees to indemnify ISO in relation to claims arising out of or relating to the use of the Products by the underwriter, and its managing or other agents.

Appendix C

For purposes of this agreement, the term 'Licensee' includes Lloyd's, the Underwriters and any Managing Agents of the Underwriters in the Lloyd's market.

ISO grants to Licensees a non-exclusive, non-transferable license to use, **with respect to insuring risks located in the United States of America, including its territories** (hereinafter the 'Territory') the following products and services (hereinafter 'Products') which are obtained directly from ISO, or from a third party licensed by ISO to distribute them to Licensee, solely for Licensee's property/casualty insurance or reinsurance business.

- a. The products and services provided by ISO under its license for Basic Participation consisting of Chief Executive Circulars, ISO research studies, and the right to license or purchase other ISO products or services under separate agreement at ISO's standard prices,
- b. Circulars, manuals, forms and rules for all ISO lines of insurance offered as of the date of this Agreement, both countrywide and for all states in which ISO provides such products, including any updates thereof, and
- c. Products and services offered as of the date of this Agreement by ISO's Property Claim Services unit, including Catastrophe Bulletins, Daily Severe Weather Summaries, Tropical Storm/Hurricane Advisories, current estimated losses, and any updates thereof.

Delivery of the above Products will be through ISO's Internet delivery service known as ISOnet.

Welcome to ISONet!!

Welcome to ISO's Internet information service for insurance professionals. We are very pleased to be able to bring ISO's vast wealth of insurance information right to your desktop as a result of the new Corporation of Lloyds and ISO Agreement.

To help you get the ISONet service up and running smoothly and efficiently, we have prepared a brief guide to help you get started.

Please note that the ISONet web site also contains an extensive online User Guide that can answer many questions that individual users may have about the ISONet service. In addition, ISO help is available by e-mail or phone to respond to any questions that your employees may have.

Get Ready! -- ISONet Technical Requirements

In order to use the ISONet system to its fullest capacity, the following hardware/software configurations are recommended for each workstation:

- Internet browser software is required. ISONet supports both of the major Internet browser software programs:
 - Microsoft Windows 95, 98 or NT operating systems - either Netscape Navigator/Communicator version 4.0 or greater, or Microsoft Internet Explorer 4.0 or greater.
 - **Note: ISONet works only with Netscape Navigator 4.0 or higher and Microsoft Internet Explorer 4.0 or higher**
If you are NOT using one of these required browsers, we strongly suggest that you download a free copy of one of them before trying to register. If one of the required browsers is not used, you may not be able to complete your registration. ISO provides links to these browsers via our web site.
- Modem (minimum of 28.8 kb, though 33.6 kb or ISDN is recommended) or direct connection to the Internet.
- Adobe® Acrobat® Reader plug-in software (version 4.0) is required to view circulars and forms. This software allows for viewing documents across platforms with their original look and feel intact. The software is available free of charge from Adobe. ISONet provides a link to the Adobe web site for the free download. Online Setup instructions within the ISONet system will assist your employees on how to download and install the necessary software.
- Two ISO Microsoft Word version 6.0 and/or version 8.0 template files are required to properly view downloaded Word versions of ISO Forms and are available directly from the ISONet web site. (UK- Check under Tools Menu)
- For best viewing, a screen resolution setting of 800 x 600 pixels is highly recommended

Get Set! -- Registration

The ISONet service provides for fast, efficient online registration for each ISONet user. You can access the ISONet web site at <http://info.iso.com>. Scroll down to register now.

You will be prompted to read and accept the license agreement.

Next you must indicate whether you are registering from outside the US or inside the US. *(If you don't see this pop up window, you are not using an approved browser).* Your response will initiate the correct registration screen.

Next you will be prompted to "Tell Us About Yourself". Please enter name, address, and phone etc. *(Hint – no spaces in the international phone number field.)*

Next "Sign Up For Products" As affiliates under the Lloyds Agreement you are eligible for the following products and services:

ISONet Service for Circulars, Forms and Commercial Lines Manual Information.

TBA

The ISONet service for Circulars, Forms and Commercial Lines Manual information is an aid to assist you in using ISO's Circulars, Forms and Commercial Lines Manual products.

ISONet Service for Property Claim Services (PCS).

TBA

The ISONet service for Property Claim Services is an aid to assist you in using PCS's Severe Weather Summaries, Catastrophe Bulletins and Tropical Storm/Hurricane Advisories products. Enter this registration key in the space next to "Property Claim Service (PCS)".

Next select your own unique ISONet user name and password. This will become your logon ID for ISONet and PCS. *(Hint – your user ID and Password are case sensitive).*

Select Register Now and you will receive a message indicating the online registration process is successfully completed. The newly registered user will have immediate access to the password-protected ISONet products.

Remember – To access ISONet and PCS in the future you will need to enter:

User Name This is preassigned – first name initial and last name (no spaces) unless you have changed the pre assigned name (ex: yname)

Password This was established by you

User Name and Password are case sensitive

Go! -- Get to the ISOnet web site

Registered users at your company will now be able to begin using the ISOnet service, putting the source of insurance information at your fingertips!

An **On-Line User Guide** is available to help you understand the ISO services and how to navigate within ISOnet. Please review this information.

ISOnet eligibility – Under the Agreement, Lloyds affiliates are eligible for the following information:

- Circulars - for all lines of business in all jurisdictions related to rules and forms
(Circulars are ISO's method of communication to its customers.)
- Personal and Commercial Lines Forms Portfolios
- Commercial Lines Manuals for Multi-State Rules and Forms and
State Exception Rules and Forms
- Personal Lines Manual for Multi-State Rules and Forms and State
Exception Rules and Forms – Available mid-2000
- Property Catastrophe Service - Severe Weather Summaries, Catastrophe Bulletins
and Tropical Storm/Hurricane Advisories products

Access to some ISO services is restricted under the ISO Lloyds Agreement. If you receive a message indicating this area is restricted and your company would like more information please contact Marian Jones at ISO or your Compliance Officer.

A few words about the maintenance of registration keys, user names and passwords:

- Please assign an administrator who will be responsible for distributing the ISOnet product registration key(s) to appropriate employees and ensuring that only active employees of your organization have access to the key combination.
- If an employee that has a valid ISOnet user name and password leaves your company you must notify ISO. Upon notification, the user name and password for that former employee will be deactivated thus making one ID available.
- Your company will be assigned a specific number of user ID's by Lloyds. If you exceed that number or require more numbers we can discuss activating additional IDs at your option. In the interim period, any employees trying to register will receive a message stating that registration could not be completed because all available IDs have been allotted.
- The Corporation of Lloyds and ISO will jointly monitor registration key assignments.

ISO Contacts for London Market Support . .

- Key Contact for the London Market

Marian Jones, Manager, International Division
Phone - 212 898 6773
Fax - 212 898 6803
E-Mail MJones@ISO.com

- Technical Support for ISONet Registration

Michael Wright, Technical Sales Consultant
Phone - 212 898 6722
Fax - 212 898 5913
E-Mail MWright@ISO.com

- Customer Service Department

Global toll free phone 800-48977489 Select Option 1- Customer Service
Select Option 1 again for next available
representative

Customer Service Hours are 8:00 am to 6:30 pm EST (EDT) M – F
Please leave a message on our voice mail system during off hours – we will
respond to your call as soon as possible.

ISONet is available 24/7 UK and US time – Scheduled maintenance notice will be
provided via ISONet and will be scheduled to accommodate London business
hours.

General questions that may arise

Question 1.

Who do I contact at ISO if I want more product information or have a general enquiry?

Answer - The key contact for the London Market is:
Marian Jones, Manager, International Division
Tel.: (001) 212 898 6773
Fax: (001) 212 898 6803
E-mail: MJones@iso.com

Technical support for ISOnet registration:
Michael Wright, Technical Sales Consultant
Tel.: (001) 212 898 6722
Fax: (001) 212 898 5913
E-mail: MWright@iso.com

Question 2.

Will access to ISOnet be restricted to US business hours only?

Answer - No, ISOnet will be available during UK hours and during US hours. Any scheduled maintenance will be outside of UK and US business hours.

Question 3.

Can a Lloyd's broker directly access ISOnet?

Answer - Access to ISOnet is subject to appropriate licensing arrangements. Lloyd's brokers are not licensed for such purposes under the Agreement, and managing agents are not permitted to use Lloyd's brokers to copy or reproduce ISO products unless the Lloyd's broker is itself licensed by ISO. However, managing agents are permitted to distribute copies and extracts of ISO products in any format to insurance intermediaries producing business to licensees for use in conjunction with coverage to be granted and / or underwritten by Licensees.

Question 4.

Will the wordings be available on the market wordings database?

Answer - No. Access by licensees electronically must be made via ISOnet. LPSO however will have direct access to ISOnet in order to assist in the production of policies on behalf of underwriters.

ISO Product Summary

ISO provides a vast array of products and services delivered through ISOnet and other traditional formats. The ISO Product Summary highlights additional products and services that may not be included in the Agreement. Please contact ISO-International for information on these additional ISO's services and products. Our ISO web site WWW.ISO.COM also contains a description of ISO products, services, publications and news releases.

Available through ISOnet

ISO Circulars Rules, Forms, Loss Costs
ISO Forms – Personal & Commercial
ISO Commercial Lines Manual (CLM)
ISO Personal Lines Manual (PLM) (6/2000)
ISO Property Claims Service (PCS)
ISO Engineering & Safety Service (E&S)
ISO Geographic Underwriting System (GUS)
ISO On Site Surveys (OSS)

ISO Products and Services

Claims

ClaimSearch
Property Claims Service
View Link Manager

Consulting

Actuarial Consulting
Data Management Consulting
Forms Consulting

Data and Reports

Ad-Hoc Custom Data Reports
General Liability Detailed Class Information on CD ROM
Commercial Auto Detailed Class Information CD ROM
Commercial Fire & Allied Lines (COMFAL) Detailed Class Information on CD ROM
Businessowners Detailed Class Information on CD ROM (BOPIS)

Marketing & Underwriting Information

Scoreboard – Select profitable business segments
Pinpoint – Identify and select compatible accounts within a given business segment
Risk Profiler – Evaluate, select, and price individual accounts

Reference Library of Insurance Information

ISO Suite -- Includes ISO Commercial Lines Manual and optional Related Information from other publishers

Reinsurer Tools

MILD -- Multi Distributional Increased Limit Developer
PSOLD -- Property Size of Loss Data Base
Excess Layer Loss Development Manuals
Homeowners Section II (Liability) Loss Information

Risk Decision Services

GUS – Geographical Underwriting System -- Accurate, geographic-based underwriting and rating information for specific properties anywhere in the United States.

Fireline – A computer tool that combines recognized risk factors and satellite imagery to pinpoint potential hazards from wildfire.

Building Code Effectiveness Classifications (BCEGS)
Site Specific Risk Information and Customized Services
Specific Commercial Property Loss Costs
Specific Property Information (SPI) Database
Sprinklered Plan Review
Sprinklered Property Report Service
Building Underwriting Reports

On-site Training

ISO's 18 Lines of Business

Personal Lines

Automobile
Dwelling fire and allied lines
Homeowners (property and liability combined)
Inland marine
Personal Liability

Commercial Lines

Automobile
Boiler & Machinery
Businessowners
Crime
Employment Related Practices Liability
Farm
Glass
Inland Marine
Liability
Medical Professional Liability
Package Policies (property and liability combined)
Property
Workers Compensation

Contact: Marian Jones phone: 212 – 898 – 6773 or E-Mail Mjones@iso.com