

FROM: Director, Worldwide Markets
LOCATION: G12
EXTENSION: 5998
DATE: 15 August 2003
REFERENCE: Y3119
SUBJECT: KENTUCKY: CHANGES AFFECTING
CONTRACTUAL DOCUMENTATION PROVIDED
TO XCHANGING INS-SURE SERVICES

SUBJECT AREA(S): All direct Kentucky licensed business
ATTACHMENTS:
ACTION POINTS: **To note changes in processing Kentucky direct
licensed business**

DEADLINE: **Immediate**

1 Purpose of this communication

- 1.1 To inform the market that when an agent located in Kentucky issues a covernote, it is no longer necessary for the Lloyd's broker to provide a copy of it to Xchanging Ins-sure Services

2 Background

- 2.1 Lloyd's insurance documentation provided to Kentucky insureds must be signed on behalf of underwriters by a person authorised to do so. This means that they must be signed by a licenced Kentucky agent holding a valid Lloyd's Kentucky appointment or by Lloyd's Attorney in Fact (AIF).

3 Changes to procedures

- 3.1 When an agent located in Kentucky issues a covernote, it is no longer necessary for the Lloyd's broker to provide a copy of it to Xchanging Ins-sure Services at stage 1 signing.
- 3.2 The procedure for Kentucky business via a US intermediary located outside Kentucky and Kentucky business handled on a "direct assured" basis remains unchanged. When a non-resident intermediary issues the covernote (or in the case of "direct assured" business the Lloyd's broker), the Lloyd's broker must provide a copy of it to Xchanging Ins-sure Services with the slip and Premium Advice Note at stage 1 signing. Xchanging Ins-sure Services will query a failure to comply with this requirement, leading to possible delays in the payment of the premium.
- 3.3 Countersigned addendum to the covernote, when any post inception changes are processed as additional or return premiums should also continue to be provided to Xchanging Ins-sure Services.
- 3.4 These requirements do not apply to reinsurance business.
- 3.5 The following table outlines Lloyd's procedures for Kentucky insurance documentation (the Lloyd's Kentucky procedure manual, which is available on Lloyds.com, covers this area in greater detail).

BUSINESS SUBMITTED BY:	COVERNOTE COUNTERSIGNED BY:	COUNTERSIGNED DOCUMENTATION SUBMITTED TO XIS?
Lloyd's approved Kentucky resident broker	Kentucky broker	No
Non resident broker with a Kentucky non resident broker's licence and a valid Lloyd's Kentucky appointment	Non resident broker (or licensed Kentucky agent) and Attorney In Fact's office (AIF's office can also arrange for licensed Kentucky agent to countersign)	Yes
Non resident broker without a Kentucky non resident broker's licence	Attorney In Fact's Office and a Lloyd's approved Kentucky resident broker (arranged by AIF's office)	Yes
Direct Assured	Attorney In Fact's office	Yes

4 Further Information

- 4.1 If you have any questions on the contents of this bulletin please contact:

Lloyd's Worldwide Markets:

Market Services Desk: Tel: 020 7327 6677, email: market.services@lloyds.com

Steve Yates: Tel: 020 7327 5351, email: stephen.f.yates@lloyds.com

This communication has been sent to active underwriters and to compliance officers of managing agents and Lloyd's brokers.