

FROM: Director, Worldwide Markets
LOCATION: 86/G12
EXTENSION: 5998
DATE: 29 August 2003
REFERENCE: Y3128
SUBJECT: IRISH MOTOR INSURANCE – DECLINED CASES AGREEMENT
SUBJECT AREA(S):
ATTACHMENTS:
ACTION POINTS: **Managing Agents writing Irish third party liability motor business to sign an Agreement for a rota for the allocation of Lloyd's share of Irish declined cases**
DEADLINE: **For 2004 year of account**

Introduction

There are various requirements that exist for all syndicates (motor and non-motor) transacting compulsory motor vehicle insurance (Class 10) for vehicles registered in Ireland (“Eire”). Market bulletin Y2290 released on 17 April 2000 outlined in full these requirements.

Declined Cases Agreement – background

One requirement is that syndicates writing Irish motor business be bound by the Declined Cases Agreement (DCA). Under this agreement, an insurer (including a Lloyd's syndicate) cannot refuse to provide an insurance policy carrying with it a Road Traffic Act certificate to an individual proposer who has approached at least three insurers and has not been able to obtain insurance, if the proposer is:

- a) one of their existing motor policyholders or one who has held a policy with them in the preceding three years; or

- b) a new proposer, who has not held insurance in his (or her) own name in the preceding three years;

except where to provide such a policy would be contrary to the public interest.

A Committee of insurers who have signed the DCA makes binding decisions regarding the application of the agreement. It can decide whether a declinature is valid and whether the premium proposed to be charged and/or the terms are so excessive as to amount to a refusal.

Under the agreement an insurer may not decline a risk on grounds of age alone, and insurers cannot exclude driving:

- a) by the insured without his consent except where to include such driving would be contrary to the public interest;
- b) by any person named by the insured under the terms of the policy without the consent of the insured except for reasons which the Committee regard as adequate.

When it is not possible to identify to which insurer the first proposal was made, or whether the first proposal was made simultaneously to more than one insurer, the Committee shall allocate such risks on an agreed rota basis.

New operation of the DCA within Lloyd's

All syndicates who wish to write Class 10 business must first sign a Deed of Agreement between the Society of Lloyd's, the Managing Agent of the syndicate and the Lloyd's Irish General Representative. This has been drawn up in consultation with the LMUA.

Declined cases put to Lloyd's will be allocated by Lloyd's General Representative to the syndicate concerned. The declined cases put to Lloyd's where there is no syndicate to take on the liability, will be allocated to a syndicate on a rota basis, operated by the Lloyd's General Representative. The rota will take into account the type of motor business written by each syndicate in Ireland and its estimated premium income from such business.

In both cases, the syndicate then has 3 working days to quote for that particular case. The introduction of this system will be for the 2004 year of account.

A copy of the Deed of Agreement is available from Worldwide Markets. All syndicates writing Irish motor liability insurance, or planning to write it for the 2004 year of account, are requested to contact Worldwide Markets to arrange for the signing of the Deed.

A reminder will be sent out to all syndicates in November.

Further information

Syndicates seeking further information about this new arrangement or writing motor business in Ireland should contact any of the following:

Lloyd's Worldwide Markets

Market Services

Tel: 020 7327 6677

Email: market.services@lloyds.com

Alex Faris, Regional Executive for Ireland

Alex is currently working in the Lloyd's office in Dublin until the end of October 2003. She can be reached on the same number as Ray McGovern, details below

Email: alexandra.c.faris@lloyds.com

Andrew Smith,
Senior Manager, Compliance

Tel: 020 7327 5349

Email: andrew.d.smith@lloyds.com

Lloyd's General Representative in Ireland

Ray McGovern

Tel: +353 1 829 1222

Email: ray.p.mcgovern@lloyds.com

We have sent this bulletin to active underwriters and the compliance officers of Lloyd's brokers and managing agents and for information to market associations.

Julian James
Director
Worldwide Markets