

**From:** Senior Manager, Broker Services Department  
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**Subject:** CHANGES TO THE OPEN MARKET  
CORRESPONDENTS APPROVAL/REGISTRATION  
PROCESS

## **Background**

An Open Market Correspondent (OMC) is defined as an intermediary who introduces business directly to a Lloyd's broker other than through a binding authority. OMC approval or registration has until now been required in 18 countries/territories as shown in Appendix 1. In some countries local regulatory or legal requirements means that the OMC must be approved. This entails a more thorough investigation into the company than for registration.

In order to improve efficiency and achieve greater consistency in the method by which applications for OMC are submitted and processed the procedure for obtaining the approval or registration of an OMC will change with immediate effect.

## **Countries where OMC approval/registration is required**

The number of countries for which OMC approval/registration is required is also being reduced through the removal of OMC registration requirement in Belize and Portugal. However, business produced from Belize should continue to be received only from a local intermediary registered by the Supervisor of Insurance.

Appendix 2 shows the revised list of countries where OMC approval and registration is required.

## **The new process**

The new process for OMC approval or registration will be as follows:

1. Sponsoring Lloyd's brokers will obtain the relevant OMC application form from either the General Representative's Office (GRO) or by downloading the form from the Lloyd's web-site [[www.lloyds.com](http://www.lloyds.com)] by selecting the country in the "Lloyd's Trading Status" box under the Lloyd's Worldwide banner. The address and contact details for the GROs are also shown on the web-site.
2. The completed form will be signed and sent (fax or mail) to the GRO. The GRO will complete the necessary checks (the extent of which will depend on whether approval or registration is necessary – see below) and will notify the Lloyd's broker as to whether approval/registration is to be granted;
3. In some countries the OMC has to sign and return to the GRO an undertaking to report business and pay taxes etc. before the approval or registration comes into effect. The procedures manual for the country concerned contained on the web-site referred to above show whether an undertaking is required.

## **Approval and registration requirements**

The approval of OMCs in those countries in which approval is required (see Appendix 2) will often require a detailed review of the application. In addition to the Lloyd's broker completing a more comprehensive application form for consideration by the GRO, the review may include GROs obtaining financial accounts for the applicant company, having discussions with local regulators regarding any information the regulator may have on the company or its directors and, where appropriate, a visit to the applicant's office by a GRO representative. In view of this any application will take time to process and it will not be possible for approval to be granted upon request following rejection of a risk by Ins-sure because the OMC has not been approved. It is therefore essential that Lloyd's brokers check that approval has been obtained prior to commencing business with an OMC.

The registration process will require a level of check that is much less detailed and generally will be much quicker and simpler. However, it is still important that Lloyd's brokers ensure that the OMC is registered before commencing business otherwise delays will occur in processing the business.

## **Use of Lloyd's Name**

The Guidelines for Use of Lloyd's Name state that approved OMCs can use the statement "Lloyd's Correspondent" on stationery. This is accompanied by a note stating that correspondents may NOT use the title unless they have been approved by Lloyd's. Until now there has been no distinction made between approval and registration as far as the use of the title is concerned.

It is considered inappropriate to allow OMCs that have not been subject to thorough investigation to use the Lloyd's name. Consequently it is intended to withdraw the permission for OMCs to use the term "Lloyd's Correspondent" other than in those countries/territories where an approval process has been undertaken i.e. Israel, Namibia, South Africa, Switzerland, Kentucky and US Virgin Islands. In all other countries existing OMCs will be

permitted to continue to use the title until 31/12/2003 but will need to cease from doing so thereafter.

Any questions regarding this bulletin should be directed to Steve Boucher, Broker Services on 020 7327 6026. Information relating to the countries affected by OMC requirements can be found on Lloyd's web-site [www.lloyds.com](http://www.lloyds.com) by selecting the country in the "Lloyd's Trading Status" box under the Lloyd's Worldwide banner. General enquiries and enquiries regarding the OMC process should be directed to Market Services Desk 020 7327 6677.

This bulletin is being sent to Active Underwriters, Managing Agents, Lloyd's Brokers and Recognised Auditors.

Steve Boucher  
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Risk Management

## Appendix 1

List of countries/territories where Open Market Approval/Registration has been required until now:

Belgium  
Belize  
Canada  
France including Monaco  
Greece  
Germany  
Illinois  
Kentucky  
Ireland  
Israel  
Italy  
Namibia  
Netherlands  
Portugal  
Spain  
South Africa  
Switzerland  
US Virgin Islands

## Appendix 2

List of countries/territories where Open Market Approval/Registration will be required after 8 September 2003:

<b>APPROVAL REQUIRED</b>	<b>REGISTRATION ONLY</b>
Israel	Belgium
Kentucky	Canada
Namibia	France including Monaco
South Africa	Germany
Switzerland	Greece
US Virgin Islands	Illinois
	Ireland
	Italy
	Netherlands
	Spain