

FROM: Rolf Tolle
LOCATION: G5 / 86
EXTENSION:
DATE: 11/12/03
REFERENCE: Y3208
SUBJECT: LLOYD'S 1999 CLAIMS SCHEME AMENDMENT
SUBJECT AREA(S):
ATTACHMENTS: Lloyd's 1999 Claims Scheme Amendment, Lloyd's 1999 Claims Scheme, XCS Information Pack
ACTION POINTS: **Syndicates to submit withdrawal letters**
DEADLINE: **Immediate**

This bulletin is being sent to all Managing Agents and brokers

Summary of Key Amendments to the Lloyd's 1999 Claims Scheme.

1. The Claims Handling Business Committee has been disbanded and its role and responsibilities has been assumed by the Lloyd's Franchise Board.
2. The Lloyd's Franchise Board has agreed to the following amendments.

With effect from 1 January 2004

- *Aviation Liability Claims – risk code L, AO, and AP*

Part II of Annex B of the Scheme has been extended to include Aviation liability claims, risk code L, AO, AP. As a consequence all existing and new claims in this category that are currently shown to the two leading underwriters and XCS will only be required to be shown to the first leading underwriter and XCS.

With effect from 1 March 2004

- ***Payment of Claims to Reassured (Paragraph 16)***

The provisions of the Scheme are extended to allow a following underwriter to withdraw settlement authority from XCS where monies owed by the reassured to that syndicate are £500,000/\$750,000 or more, the monies are undisputed and have been due for a period of 6 months or more and the syndicate concerned has a legal right of set off.

The withdrawal period is limited to 6 months, however a further 6 month period can be granted on application.

XCS will manage the withdrawal process. All withdrawals must be submitted to XCS in accordance with the Claim Scheme guidelines and the procedures contained in the attached XCS information pack.

To enable brokers to advise their reassured clients of this change and give reassureds an opportunity to pay any monies currently owed it has been agreed that this amendment will be phased in as follows :

- Following underwriters are invited to submit their withdrawal notifications immediately.
- Notifications received by XCS prior to 1 February 2004 will take effect from 1 March 2004
- Notifications received by XCS between 1 February 2004 and 1 March 2004 will take effect from 29 March 2004
- All notifications received after 1 March will be dealt with by XCS subject to standard service turnaround times.

Both the procedures and the phased implementation have been agreed following consultation with LMA and LMBC. The implementation of this process, particularly with regard to the number of withdrawals, will be closely monitored by both Lloyd's and XCS. A review will be undertaken in February 2004 and any appropriate changes, including reducing the threshold, may be made.

With regard to deferred premium policies where a broker, having funded premium to a syndicate that has withdrawn settlement authority from XCS, is unable to recover that premium from the reassured the syndicate should give consideration to returning the premium to the broker.

If you have any questions regarding amendments to the Scheme please contact Bob Moore (tel 020 7327 5968) email robert.j.moore@lloyds.com and XCS Opt Out procedures please contact XCS Opt Out Manager (tel 0207 327 5427) email claimsservice@xchanging.com

LLOYD'S 1999 CLAIMS SCHEME

JULY 1999

&

USER'S GUIDE

&

ADDENDUM DATED 1 DECEMBER 2000

LLOYD'S

THE LLOYD'S 1999 CLAIMS SCHEME

1. SCOPE

- 1.1 The Lloyd's 1999 Claims Scheme (the "scheme") and User Guide (the "guide") in no way derogate from the provisions of the Lloyd's 1994 Claims Scheme Byelaw (No 4 of 1994 as amended) (the "byelaw". The scheme is subordinate to the byelaw and the guide is subordinate to the scheme.
- 1.2 The Council of Lloyd's will usually exercise its powers under the byelaw and under this scheme through the Claims Handling Business Committee.
- 1.3 Subject to the provisions of paragraph 1.4, 1.5 and 2.1 below, this scheme applies to all claims (other than the types of claims listed in Annex A and such other types of claims as the Claims Handling Business Committee decides may be exempted from the scheme) arising from all risks signed into years of account 1993 and post and will come into effect on 1 July 1999.
- 1.4 Unless otherwise required by Lloyd's claims arising from risks where the Lloyd's proportion is written 100% by one underwriter are, at the underwriter's discretion, exempted from the scheme. However where such a syndicate is in run-off the provisions of section 6 will apply.
- 1.5 Unless otherwise required by Lloyd's claims arising under contracts administered solely through underwriters' service companies or under consortium underwriting arrangements are at the underwriters' discretion exempted from the scheme, provided that claims handling arrangements have been agreed in writing by all subscribers at or prior to the time of placement.

2. CLAIMS HANDLING AGREEMENTS

- 2.1 This scheme is subject to any claims handling agreement contained in a slip, line slip, endorsement, or binding authority which is more restrictive. Where, in the view of the Lloyd's Claims Office (LCO), such an agreement is less restrictive or silent on any aspects of claims handling, the scheme will apply to those aspects. Even where there is such a restrictive agreement, all claims should nevertheless be shown by the broker to LCO promptly after the leading underwriter for the purposes of recording, advising or payment.

3. BASIS OF SCHEME

- 3.1 In this scheme "underwriter" means Lloyd's underwriter and "leading underwriter" means the first underwriter or in respect of special category claims, the first underwriter or the first and second underwriters in slip order.

- 3.2 Where any two or more underwriters are represented by the same claims handling team or are managed by the same managing agent, they will be regarded as one underwriter for all aspects of this scheme.
- 3.3 The claims under this scheme will be handled in all respects by the leading underwriter on his own behalf and with LCO binding the following underwriters provided it agrees with the leading underwriter. The LCO may refer, either at its discretion or on the recommendation of the leading underwriter, any part of the handling of a specific claim directly to such following underwriters as are appropriate.

4. SPECIAL CATEGORY CLAIMS

- 4.1 Special category claims will comprise:
- (i) all claims made by assureds or reassureds in respect of the assured's legal liability ("liability claims"), except those types of liability claims listed in Part II of Annex B, and
 - (ii) the types of claims listed in Part II of Annex B.

The Claims Handling Business Committee may from time to time specify further types of risks for inclusion in the list of special category claims.

5. DELEGATION

- 5.1 Any underwriter who has claims settling authority under this scheme shall have the right to delegate any and all claims settling authority to LCO, the underwriter of a syndicate on the risk or a specialist claims team. Claims settling authority may be delegated in respect of an individual claim or a category of claims. Delegation to a person or body other than LCO must be contained in a slip provision or endorsement agreed by all subscribing underwriters. Where delegation is to LCO, underwriters must be notified of the identities of those Syndicates which delegate their functions as lead syndicates.

6. RUN-OFF SYNDICATES

- 6.1 Where a syndicate is in run-off and its underwriter is the leading underwriter in relation to a claim, the syndicate or its run-off agent will be permitted to handle claims provided that the Claims Handling Business Committee consider that it has a claims team of adequate size and expertise.

Where the Claims Handling Business Committee is not satisfied that the syndicate or run-off agent has a claims team of adequate size and expertise LCO will act for that syndicate and the next underwriter (in slip order) which is not in run-off as defined below, which does not delegate to LCO and which is capable and willing to do so, will take over the role of the first underwriter. If there is no such underwriter, LCO alone will handle the claim.

- 6.2 For the purpose of this scheme, a run-off syndicate is defined as one which:
- (a) no longer accepts new business, and
 - (b) whose claims are not being handled by the original managing agent, or whose claims are still being handled by the original managing agent but that agent is no longer accepting new business of the relevant type.

7. CONFLICTS OF INTEREST

- 7.1 Where the leading underwriter (or LCO where it is acting for the leading underwriter) finds himself in a situation which might give rise to conflict of interest (e.g. the underwriter is advised that he is the underwriter in relation to claims or potential claims by two or more different assureds arising out of the same event or series of events, and it appears that one of those assureds may have against any other of those assureds an actual or potential cause of action or right of contribution or indemnity in respect of that event or series of events) that leading underwriter should consider whether it is appropriate in the circumstances to adopt measures designed to prevent the potential conflict from influencing his handling of the relevant claims. Such measures could include delegating to LCO the handling of the second and subsequent claims or potential claims of which he has notice. Factors relevant to consideration of whether particular facts or circumstances give rise to a potential conflict of interest will include the local laws and regulations in the jurisdiction(s) in which some or all of the relevant insureds are located. Local laws and regulations may differ widely and underwriters are recommended to take local advice before deciding what action (if any) is appropriate in relation to any specific claim.

8. DISAGREEMENT

- 8.1 If any of the leading underwriters as defined or LCO disagree at any stage in the handling of the claim, consultation will take place among the parties to resolve the matter promptly. If the disagreement cannot be resolved promptly, LCO will consult such following underwriters as it thinks appropriate.
- 8.2 Where, even after consultation with the following underwriters, LCO feels unable to act for some or all of them, LCO will advise the broker accordingly.

9. PROCEDURE

- 9.1 On first advice of a potential claim the broker should promptly prepare a claims file with all relevant information, including all coverage documentation.
- 9.2 For the purpose of this scheme a claim file may either be held in paper or electronic form or a combination of the two. Where the scheme requires the showing of a claims file all parties must be shown the same paper or electronic information respectively and must be shown the information in slip order.
- 9.3 The broker should then present the file to the leading underwriter (and/or the LCO where it is acting for a leading underwriter) and obtain a response. Where there are several slips within a layer of coverage on identical terms and conditions with the same broker, the leading underwriters on all the slips will agree the identity of the overall leading underwriter on that layer for claims purposes.
- 9.4 In the case of a composite or package policy, the broker should ensure that the identity of the leading underwriter for claims purposes in respect of each part of the policy is clearly set out in the slip or an endorsement agreed by all underwriters.
- 9.5 If the file has not been shown to LCO under 9.3 above, the broker should then promptly present the claims file to LCO who will, subject to paragraph 8, confirm the leading underwriters' response for the following underwriters and advise as appropriate.
- 9.6 Where LCO acts for either of the underwriters to be shown a special category claim the broker will see LCO only once, in the slip order of the first underwriter for whom LCO acts.
- 9.7 Where LCO acts for the first underwriter in respect of a special category claim and the second underwriter disagrees with the handling of the claim, the procedure laid out in Paragraph 8 will apply.
- 9.8 Following agreement of the parties required under 9.3 and 9.5 above the broker should advise the assured/reassured of underwriters' response and promptly convey any instructions to lawyers or other advisers. Subsequent advices should follow the same procedure.
- 9.9 Any following underwriter can call for the broker's claims file or view the electronic file at any time.

10. FOLLOWING UNDERWRITERS CONCERNS

- 10.1 Nothing in this scheme affects the right of following underwriters to provide information in connection with a claim to LCO and, where a claim has not yet been agreed, to raise concerns regarding the handling of a given claim.

LCO, acting as necessary in conjunction with the leading underwriter, will give careful consideration to any concerns raised by the following underwriters.

11. ADVISERS AND REPORTS

- 11.1 Underwriters' professional advisers, such as lawyers, adjusters and surveyors, will be appointed by the first underwriter and LCO only.
- 11.2 When an adviser is so appointed via the broker, the broker should notify the adviser of the identity of the leading underwriter(s), details of the slip placement, the identity of the relevant LCO claims handler and the LCO claims reference. Non-confidential advisers' reports will be sent to the broker for presentation as above.
- 11.3 When an adviser issues a confidential report, he will send it to the leading underwriter and LCO simultaneously (or just LCO if it acts for the leading underwriter) and, save for exceptional circumstances, will notify the broker that a report has been sent. When the leading underwriter and the LCO have agreed on a response, the first underwriter (or LCO if acting for him), will notify the adviser of underwriters' response and LCO will either circulate the report to underwriters or advise underwriters that they hold a confidential report which is available on request. Where settlement proposals are made directly to the assured by an adviser then he should, under normal circumstances, simultaneously inform the broker.

12. BROKER MAY SHOW

- 12.1 The assured or reassured or his agent has the right to insist that a claim is considered by all underwriters on the slip. The assured or reassured may exercise that right by instructing the broker to show his claim to all underwriters.

13. MATTERS REQUIRING REFERRAL TO ALL UNDERWRITERS

The following matters require referral to all underwriters by the broker, lead underwriter, LCO or underwriters' advisers, as appropriate:

- 13.1 Ex gratia settlements, unless specifically provided for in the slip or by subsequent endorsement.
- 13.2 Policy commutations, other than those specified under 17.4. and claims commutations within previously advised outstandings.
- 13.3 Policy rescissions, unless the slip or policy otherwise provides

14. FIRST ADVICE WITH SETTLEMENT

- 14.1 Where payment of a significant special category claim is proposed with the first advice, or very shortly thereafter, LCO will advise underwriters of the date on which it is intended to process the settlement, being not less than 5 working days, and under normal circumstances, not more than 10 working days after that advice has been sent by LCO to underwriters.
- 14.2 Non-special category claims where settlement is proposed with the first advice, may also be advised in the same manner at the discretion of LCO.

15. PAYMENT

- 15.1 Once agreement to settle has been obtained in accordance with this scheme (including where claims are covered by claims handling agreements, see paragraph 2.1), LCO alone will process the payment. Except in unusual circumstances, the direct payment of claims under this scheme will only be made with the written consent of the Lloyd's broker concerned.
- 15.2 Underwriters' advisers' fees and refunds will be processed on the agreement of the first underwriter and LCO only (or on the agreement of LCO only if acting for the first underwriter). Fees may be paid directly to the adviser at the discretion of the first underwriter and LCO.

16. PAYMENT OF CLAIMS TO REASSURED IN LIQUIDATION

- 16.1 With respect to claims where a reassured is insolvent, in liquidation or in any related form of legal protection, an underwriter who has a right of legal set-off may withdraw authority from LCO to agree to pay claims on his behalf by writing a letter to LCO.
- 16.2 With respect to claims where a reassured company is in run-off and has withdrawn from the central settlement system operated by LPC on behalf of IUA, an underwriter may withdraw authority from LCO to agree to pay claims on his behalf by writing a letter to LCO.
- 16.3 Where payment of such claims is proposed, LCO will advise underwriters of the date on which it is intended to process a settlement, being not less than 28 days after an advice has been sent by LCO to underwriters. Any underwriter who has not previously withdrawn authority from LCO under paragraph 16.1 or 16.2 may withdraw authority with respect to payment of such a claim by writing a letter to LCO.
- 16.4 The Claims Handling Business Committee may exercise its discretion to grant permission to an underwriter to withdraw authority from LCO to agree to pay claims on his behalf to a reassured in circumstances other than those described in 16.1 and 16.2.

17. ADVICES

- 17.1 All claims with recommended or estimated reserves will be advised to underwriters by LCO.
- 17.2 Advice of claims without recommended or estimated reserves will be subject to the discretion of LCO or the specific request of the leading underwriter.
- 17.3 Denials by and litigation against underwriters will be advised by LCO to all subscribing underwriters.
- 17.4 Where a policy is commuted as part of an identifiable claim settlement then such settlement will be advised to all subscribing underwriters by LCO.

18. REVIEW

- 18.1 The Claims Handling Business Committee will keep this scheme under review and make such improvements as it considers necessary from time to time. Where any significant amendments to the scheme are recommended by the Claims Handling Business Committee consultation will take place with the relevant Lloyd's market associations.

ANNEX A

CLAIMS EXEMPT FROM THE SCHEME

(see paragraph 1.3)

The scheme does not apply to the following types of claims,

1. Claims Administered by the Term Life Committee.
2. UK motor claims on policies underwritten by members of the Lloyd's Motor Underwriters' Association.
3. Claims which are agreed and/or settled under the following arrangements:

Scheme Canada (solely in respect of the Scheme Canada processing function, in all other respects the scheme is to apply)

Small Claims Schemes

Claims Payable Abroad

Open Market Warranty Claims

South African Warranty Claims, and

Marine Proportional Treaty Claims.

ANNEX B

SPECIAL CATEGORY CLAIMS

PART I

The following categories of claims are special category claims under the scheme:

Claims in respect of the assured's legal liability ("liability claims"), but excluding the liability claims listed in Part II below.

Bankers Blanket Bond (in respect of Forgery and Fidelity elements only)

Contract Frustration

Political Risks

Satellite Risks

PART II - EXCLUDED LIABILITY CLAIMS

(see paragraph 4.1)

The following categories of liability claims shall not, be treated as special category claims under the scheme:

P&I	}	excluding claims involving US Assureds or
Shirepairers Liability	}	subsidiaries or where a US lawsuit has been filed
Charterers Liability	}	or the occurrence is in US
Cargo Liability	}	territorial waters.

Admitted Liability (Aviation)

Aviation Cargo Liability

Airport Liability (minor losses)

Auctioneers Liability

Baggage Liability (Aviation)

Bailees Liability to goods including care custody and control

Boiler & Machinery Liability (ex USA as above)

Collision Liability (Running Down Clause)

Forwarding Agents Liability

Furriers Liability

Garage Keepers Legal Liability

Guest Voluntary Settlement (Aviation)

Hangar Keepers Liability (Aviation - minor losses)

Logging Liability

Motor Truckers Liability to goods

Recours des Voisins

Reinsurance with a full Reinsurance Clause (where there is no claims control or claim co-operation)

Risques Locatif

Road Hauliers Liability to goods/Convention Merchandise Route (CMR)

Security Carriers Liability

Shipowners Liability to Cargo (but not cargo's liability)

Stevedores Liability

Warehouse Owners Liability to goods

Wharfinger Liability

USER'S GUIDE

Where the user does not find an answer being sought from the scheme or guide, in that order, the byelaw should be consulted.

Scheme Reference

para 1 **SCOPE** Annex A

The scheme applies to claims, recoveries and refunds, on all types of direct and reinsurance business except as provided for in Paragraphs 1.4 and 1.5 and Annex A of the scheme and types of claims which the Claims Handling Business Committee decides may be exempted.

All claims falling within the scope of the scheme should be shown by the broker to LCO for the purpose of recording, advising and payment. The exceptions are claims where there is only one Lloyd's underwriter on the risk (whether mixed market or otherwise) and that underwriter advises the broker in writing that he need not show the claim to LCO.

Para 2 **CLAIMS HANDLING AGREEMENTS**

Where slip agreements are more restrictive (i.e. prescribe a narrower showing) than the scheme, the slip agreement will apply. Where a slip agreement is less restrictive than the scheme, or is silent, the scheme will apply. Claims will therefore always be handled on a basis at least as restrictive as the scheme.

para 3 **BASIS OF SCHEME**

In the case of a claim on a policy where a letter of credit (LOC) is required to meet the requirements of foreign insurance legislation or where provided for in the slip LCO will bind following underwriters in accordance with the scheme. An LOC will thereafter be established in accordance with STFO procedures and following underwriters will be advised accordingly.

para 5 **DELEGATION**

The leading underwriter on a claim may delegate his authority to LCO on an individual claim by writing on the claims file or by letter. He may delegate to LCO on a class, block of claims or all claims by writing a letter to the General Manager, LCO. The underwriter shall supply a copy of this letter to the broker.

LCO will provide a list of all those syndicates who have delegated their authority to LCO to the Market Associations for circulation to their members and will regularly advise the Market associations of updates and amendments.

Where delegation to LCO is on a block or individual claim basis rather than in relation to the whole account, LCO will advise all subscribing underwriters.

A leading underwriter who has not delegated to LCO or another syndicate or specialist claims team must provide syndicate claims staff sufficiently competent and available to handle the claims he has not delegated.

para 6 **RUN-OFF SYNDICATES**

Where the next accepting underwriter on a slip is entitled to take over the role of the first underwriter, and is willing to do so, it will be the responsibility of LCO to judge whether he is capable of undertaking that role. If the underwriter in question disagrees with LCO's opinion he may request the matter to be referred to the Claims Handling Business Committee.

Where LCO is required to act for a syndicate in run-off that syndicate is regarded for the purposes of the scheme as a following syndicate and the syndicate's underwriter will not be shown the claim.

If LCO alone handles a special category claim procedures will be established to ensure that, where appropriate, two members of staff are involved in the claim.

para 7 **CONFLICTS OF INTEREST**

Actual or potential conflicts of interest may arise in the handling of a claim, particularly when the leading underwriter has responsibility for the adjustment of claims involving multiple insureds. When addressing such a claim, the leading underwriter should consider whether it is appropriate to continue in that role for all involved interests. This consideration should take into account that the legal regimes in the jurisdictions in which Lloyd's policies are issued differ widely. For example, one jurisdiction may impose more stringent requirements upon insurers toward their insureds than another might do. Each claim also presents unique circumstances. Because, as a result, the appropriate course of action concerning an actual or potential conflict of interest is likely to be guided by the local laws and regulations of the jurisdiction of the situs of the claim, or in which the insured is located, the underwriter is advised to consult with counsel whenever faced with an actual or potential conflict of interest.

In circumstances where the leading underwriter has determined that it is inappropriate to continue in a claims role for all involved interests consideration should be given to the following procedures;

- a) Delegation by the underwriter of the handling of the second and subsequent involvement(s) to LCO.
- b) Where the first underwriter on a liability claim has so delegated, the next underwriter in slip order with no conflict, who does not delegate to LCO and is capable and willing to do so, will take over the role of the first underwriter.

If there is no such underwriter, LCO alone will handle the claim.

- c) Where LCO finds itself in a conflict of interest situation, procedures will be followed to ensure that individual claims examiners are assigned to each interest of a case and separate files are created.

Para 8 **DISAGREEMENT**

Nothing contained in the Scheme restricts the leader's ability to consult with the following market as he deems appropriate.

para 9 **PROCEDURE**

It is the brokers' responsibility to identify the appropriate leading underwriters on all of the slips.

In cases where a claim attaches to an unsigned slip, the broker should either provide a copy of the slip showing the anticipated signed lines or an appropriate schedule.

On first advice of a potential claim, the broker should promptly prepare a claims file with all the relevant information, including all available coverage documentation, present it to the leading underwriter and obtain a response. Where the claim is handled either partially or wholly electronically it is expected that the broker will be responsible for creating the advice and sending it to the leader and LCO, who will validate it and add information and instruction as appropriate.

Where the claim is broked electronically underwriters agreement must be sought in slip order irrespective that the electronic messaging may have been received simultaneously by multiple recipients.

Where the first underwriter has delegated his authority, the broker should proceed or send an electronic message directly to LCO.

The LCO advice to following underwriters will be via the syndicate claims message over LIMNET or any other method used by LCO.

When the leading underwriter (and/or LCO, as appropriate) agrees a settlement, he should ensure that the amount of the claim and/or fee to be paid is clearly shown on the claims papers.

To assist in identification, underwriters are requested to use button stamps.

para 10 **FOLLOWING UNDERWRITERS' CONCERNS**

Where information is brought to LCO's attention, under paragraph 10.1 of the scheme, LCO will promptly notify the leading underwriter of its content, whenever appropriate. This does not limit the ability of LCO to bind the following market.

para 11 **ADVISERS AND REPORTS**

Only the leading underwriters who have not delegated claims handling authority to LCO need to be identified and the adviser will only send his report to them and to LCO.

At the discretion of the leading underwriter and/or LCO confidential reports may be circulated to subscribing insurance companies by LCO. In this case the broker will be advised, where appropriate.

Where an underwriter who has received a confidential report has reinsurance it will be his responsibility, as cedant, to ensure that his reinsurers are notified as appropriate.

Advisers will be expected to issue their reports in accordance with appropriate Lloyd's Terms of Engagement and should preface their reports with a precis which LCO can advise to underwriters.

In addition to notifying the adviser of the identity of the leading underwriter(s), details of the slip placement, the identity of the relevant LCO claims handler and the LCO claims reference, where there is an insurance company market also subscribing to the risk, the broker will provide details of each of the insurance companies participating.

para 13 **MATTERS REQUIRING REFERRAL TO ALL UNDERWRITERS**

Where any matter requires referral to all underwriters, such referral will be made by the broker, leading underwriter, LCO or underwriters' adviser, as appropriate in the circumstances.

Any claim marked "ex gratia" by the leading underwriter should be shown to all underwriters, unless specifically provided for in the slip or by subsequent endorsement.

When underwriters accept an "ex gratia" claims settlement they should signify their agreement by initialling and dating the claims settlement papers.

Without prejudice settlements will be agreed by the leading underwriter and LCO only. Where LCO cannot support the leading underwriter's settlement, it will follow the procedure set out in paragraph 8 of the scheme.

Subject to any over-riding slip provision, in every circumstance where a decision to rescind the policy is taken by the lead underwriter, e.g for non-disclosure, such rescission should be referred to all syndicates on the slip. Policy rescissions need not be referred to all underwriters where this requirement is overridden by the contract wording or where the lead or a coverholder has accepted the risk on behalf of the following market.

Any policy commutations will be referred to all underwriters unless the commutation forms part of an identifiable claim settlement, in which case such settlement will be advised to all underwriters by LCO. Claims commutations within previously advised outstandings may be agreed on the authority of the leading underwriter as defined and LCO, subject to any claims handling agreement delegating claims handling authority to a single person or body or a previously defined subset of the slip.

para 14 **FIRST ADVICE WITH SETTLEMENT**

Proportional treaty claims, whether liability or non-liability, are excluded from the five day waiting period.

para 15 **PAYMENT**

Once a settlement has been agreed without qualification by the necessary underwriters, an LCCF should be initialled by the leader, unless the slip otherwise provides, and should thereafter be submitted to the LCO only.

All fee settlements for advisers are processed on the agreement of the first underwriter and LCO only or in accordance with DFS procedures.

Where there is a payment to an adviser under the Direct Fee Scheme, the broker should inform the adviser of the identity of the leading underwriter(s), details of the slip placement, the identity of the relevant LCO claims handler, the LCO reference and the Lloyd's percentage of the risk. The adviser will then forward his fee invoice direct to LCO for agreement and settlement in accordance with DFS procedures.

The following are examples of claims which are paid under more restrictive arrangements, which will continue:

- (i) Direct Livestock
- (ii) Swiss Direct.

Where a claim is settled under a binding authority or lineslip a copy of the paid loss bordereau should be promptly provided to the leading underwriter by the broker.

Para 16 **PAYMENT OF CLAIMS TO RESSUREDS IN LIQUIDATION**

When an underwriter has withdrawn authority from LCO in any of the circumstances described, LCO will advise the broker accordingly.

para 17 **DENIALS**

Denials of policy liability should be advised to all underwriters unless denial is made within the terms of a delegated authority arrangement, eg. by a coverholder.

para 17 **CLAIMS IN LITIGATION**

It will be the responsibility of LCO to inform the Advisory Department, in accordance with their guidelines, of any advice of a suit against underwriters in all instances except for risks written 100% by one underwriter. In such cases the underwriter himself will inform the Advisory Department.

para 17 **NOTICE OF ABANDONMENT**

When an assured on a Marine policy requests that a notice of abandonment be tendered to underwriters, the broker will see the leading underwriter irrespective of whether that underwriter has delegated his authority to LCO. The broker will then present the notice of abandonment to LCO who will deal with it on behalf of all the following underwriters. LCO will notify all remaining underwriters on the slip.

para 17 **REPRESENTATIVE NAME**

Where legal proceedings have been commenced by or against underwriters and the leading underwriter is required to put forward a 'representative name' for suit or writ purposes, LCO shall, if required, bind the following underwriters to any judgement rendered against that representative name and notify all underwriters on the slip.

para 18 **REVIEW**

The market associations, LUA, NMA, LAUA, LUAA and the LIBC, will be invited to recommend improvements and refinements of the scheme to the Claims Handling Business Committee based on the Scheme's practical application.

GLOSSARY OF TERMS

The glossary explains terms which appear in the guide. Some terms which are set out in the scheme are also repeated here. It does not override the definitions given in the Lloyd's 1994 Claims Scheme Byelaw (No 4 of 1994) or the Lloyd's 1999 Claims Scheme, which should be consulted where appropriate.

<i>the byelaw</i>	the Lloyd's 1994 Claims Scheme Byelaw (No 4 of 1994)
<i>the scheme</i>	the Lloyd's 1994 Claims Scheme
<i>the guide</i>	User's Guide to the Lloyd's 1994 Claims Scheme
<i>underwriter</i>	Lloyd's underwriter. For the purposes of the scheme, underwriter means the active underwriter of the syndicate in question and his claims staff
<i>leading underwriter</i>	up to the first two underwriters in slip order for special category claims and the first underwriter on the slip for all other claims
<i>first (or second) underwriter</i>	the underwriters whose syndicates appear first (or second) on the slip, in order
<i>broker</i>	Lloyd's broker
<i>motor risks</i>	direct UK motor risks written by Lloyd's motor syndicates
<i>more restrictive</i>	enabling showing to fewer parties than required by the scheme
<i>Special Category Claim</i>	any claim falling within the list of Part I, Annex B to the scheme
<i>ILU</i>	Institute of London Underwriters
<i>IUA</i>	International Underwriting Association of London
<i>LAUA</i>	Lloyd's Aviation Underwriters' Association
<i>LCCF</i>	London Market Claims Collection Form
<i>LCO</i>	Lloyd's Claims Office. For the purposes of the scheme Lloyd's Claims Office means LCO Professional Services Unit so far as claims adjusting services are concerned or the claims groups of LPSO Insurance Processing Unit so far as claims processing services are concerned.

<i>LIBC</i>	Lloyd's Insurance Brokers Committee
<i>LIMNET</i>	London Insurance Market Network
<i>LIRMA</i>	London Insurance and Reinsurance Market Association
<i>LPC</i>	London Processing Centre
<i>LPSO</i>	Lloyd's Policy Signing Office
<i>LUA</i>	Lloyd's Underwriters' Association
<i>LUAA</i>	Lloyd's Underwriting Agents' Association
<i>STFO</i>	Settlement of Trust Funds Office
<i>NMA</i>	Non-Marine Association

Addendum to the Lloyd's 1999 Claims Scheme and Users Guide

1. Introduction

With effect from 1st December 2000 the business of Lloyd's Claims Office has been transferred to two newly formed wholly owned subsidiaries of the Corporation of Lloyd's – LCO Marine Ltd and LCO Non-Marine and Aviation Ltd. All claims previously dealt with by the marine section of LCO will be handled by LCO Marine Ltd. All claims previously dealt with by the Non Marine and Aviation sections of LCO will be handled by LCO Marine and Aviation Ltd. All references to LCO in the Claims Scheme and Users Guide shall be read accordingly so as to apply to the relevant new entity. As a consequence the following amendments have been made to the Lloyd's 1999 Claims Scheme.

2. Claims Scheme

Scope

1:1 is amended to read

The Lloyd's 1999 Claims Scheme ('the Scheme') and Users Guide ('the Guide') in no way derogate from the provisions of the Lloyd's 2000 Byelaw (No 12 of 2000) (the Byelaw') and the agreements between all members and LCO Marine Ltd and LCO Non Marine and Aviation Ltd. The Scheme is subordinate to the Byelaw and these agreements and the Guide is subordinate to the Scheme.

3. User's Guide

The following functions that were previously undertaken by Lloyd's Claims Office will be performed by LCO Marine Ltd and LCO Non-Marine & Aviation Ltd.

Reinstatement Premiums

In respect of certain Marine and Non-Marine Excess of Loss claims, LCO Marine Ltd and LCO Non-Marine & Aviation Ltd processes reinstatement premiums at the same time as the claim is settled. The reinstatement premium documents are prepared by the broker and checked by the Leader. LCO Marine Ltd or LCO Non-Marine & Aviation Ltd reviews the Leader's calculation and processes the item into the premium database (LIDS) for payment to all underwriters.

Administration of Salvage under Lloyd's Open Form

Where security is provided for salvage under Lloyds Open Form by the Leading Lloyd's cargo underwriters, LCO Marine Ltd ensures that the guarantee has been properly completed and lodges the document with the Corporation of Lloyd's. LCO Marine Ltd handles the salvage claim in conjunction with the leading underwriters on behalf of cargo insurers.

Administration of GA Guarantee on behalf of Cargo Underwriters

Where Lloyd's cargo underwriters agree to provide a guarantee to shipowners, on behalf of the cargo owners, LCO Marine Ltd will administer the issuance of the guarantee. In particular the GA Guarantee, which is signed by the two leading underwriters, authorises the Corporation of Lloyd's to provide the guarantee in the first instance, with Underwriters agreeing to indemnify the Corporation of Lloyd's. LCO Marine Ltd ensures that both the cargo underwriters and the Corporation interests are fully protected and then requests the Corporation to issue the guarantee to the shipowner.

Settlement of Claims Abroad Scheme

This scheme permits Lloyd's cargo underwriters to use the services of Lloyd's Agents world-wide to adjust and settle claims under the cargo policies. A cargo owner or consignee holding a Lloyd's insurance certificate incorporating the terms and conditions of this scheme is able to present a claim for payment to the Lloyd's Agent named in the certificate. The Lloyd's Agent having paid the assured submits the claim to LCO Marine Ltd for reimbursement from the Corporation of Lloyd's funds. LCO Marine Ltd manages the claim on behalf of cargo underwriters and arranges for payment to Lloyd's Agent and then collects funds from the appropriate cargo underwriter. In some instances LCO Marine Ltd provide the Lloyd's Agent with technical advice and guidance with the resolution of a claim.

Claims Handling Business Committee

In July 1999 the Claims Handling Business Committee (CHBC) was appointed by LMB to manage the Scheme, keep the scheme under review and recommend changes as they become necessary or desirable. The CHBC meets monthly and the current membership is as follows:

Stephen Thomas	:	Mander Thomas & Cooper Underwriting Agencies Ltd (Chairman until 31.12.2000)
Gary Bass	:	D P Mann Ltd
Paul Bennett	:	Wellington Underwriting Agencies Ltd
Mark Swinbank	:	Limit Underwriting Ltd
David Hayward	:	Newmarket Underwriting Ltd
John Larkins	:	Ace Global Markets Ltd
Peter Murray	:	Ace Global Markets Ltd (Chairman w.e.f. 1.1.2001)
Stephen Matthews	:	LCO Non-Marine & Aviation Ltd
Bob Moore	:	LCO Marine Ltd / LCO Non-Marine & Aviation Ltd
David Williams	:	LCO Marine Ltd
Graham Connell (Secretary)	:	LCO Marine Ltd

If you have any comments or views on the Scheme please contact Graham Connell Tel: 7327 5032 (e-mail graham.j.connell@lloyds.com)

1. Introduction

The Lloyd's 1999 Claims Scheme (the Scheme) was amended on 1 December 2000 following the transfer of the business of Lloyd's Claims Office to two wholly owned subsidiaries of Lloyd's, LCO Marine Ltd and LCO Non Marine & Aviation Ltd. On 1 November 2001 the two subsidiaries were transferred to a new company Xchanging Claims Services Ltd (XCS), a company jointly owned by Lloyd's and Xchanging.

On 31 December 2002 the Claims Handling Business Committee was disbanded and its role and responsibility was assumed by the Lloyd's Franchise Board and those acting on its behalf (the Franchise Board).

The Franchise Board has agreed to amend the Scheme in respect of certain aviation and reinsurance claims and to reflect the administrative changes referred to above. These amendments are to be effective from 1 January 2004 with the exception of certain reinsurance claims which will be effective from 1 March 2004

As a consequence the following amendments have been made to the Scheme and User Guide.

2. Claims Scheme Amendment

- All references to LCO, LCO Marine Ltd and LCO Non Marine & Aviation Ltd are amended to XCS.
- All references to the Claims Handling Business Committee are amended to the Franchise Board.
- Paragraph 16 *Payment of Claims to Reassured in Liquidation* is amended as follows:

16 PAYMENT OF CLAIMS TO REASSURED

- 16.1 An underwriter may, by provision of reasonable notice in writing, withdraw from XCS any authority to pay claims due to a reassured where:
- (a) the reassured, not being a Member of Lloyd's, has been adjudicated or declared bankrupt or insolvent or is in any related form of legal protection by the due process of law of its country of domicile (or its country of incorporation, as the case may be); or
 - (b) the reassured is an insurance company which:
 - (i) no longer accepts new or renewal business, and
 - (ii) no longer participates in central settlement systems of the International Underwriting Association of London.

16.2 An underwriter, by provision of reasonable notice in writing, may also withdraw authority from XCS to pay claims on his behalf to a reassured where:

1. the total monies owed by that reassured to the syndicate are £500,000/US\$750,000 (or equivalent currencies) or more

AND

2. the monies have been due to the syndicate for a period of 6 months or more from the date that the collecting note(s) is/are issued

AND

3. the monies owed by the reassured are not disputed i.e. no formal written communication has been received by the underwriter from the reassured denying the claim(s) in whole or in part and no proceedings have been commenced by the reassured in respect of such claim(s)

AND

4. the syndicate asserts that it has a legal right of set-off.

The maximum period for which an underwriter may withdraw authority from XCS to pay claims to a reassured under this paragraph shall be 6 months from the original written notice. An underwriter may give notice in writing to XCS and to Lloyd's to extend this period for a further 6 months.

16.3 The Franchise Board may exercise its discretion to grant permission to an underwriter to withdraw authority from XCS to pay claims to a reassured in circumstances other than those set out in paragraphs 16.1 and 16.2 above.

ANNEX B - is amended as follows:

PART II – EXCLUDED LIABILITY CLAIMS is amended to include

- Aviation Liability – risk codes L, AO and AP in the categories of liability claims that shall not be treated as special category claims under the scheme.

3 User Guide Amendment

Paragraph 16 *Payment of Claims to Reassureds in Liquidation* is amended as follows:

16. PAYMENT OF CLAIMS TO REASSURED

When an underwriter has withdrawn authority from XCS to pay claims due to a reassured in any of the circumstances described, XCS will notify the broker(s) concerned in writing as soon as possible following receipt of the notification of withdrawal.

The written notice to XCS must contain the following information and relevant supporting documents:

- Full name and details of the reassured as it appears on the slip(s)
- Confirmation that a right of legal set-off exists against the reassured
- A statement of net monies owed
- Confirmation that the monies owed are not in dispute i.e. that no formal written communication has been received by the underwriter from the reassured denying the claim(s) in whole or in part and that no proceedings have been commenced by the reassured in respect of the claim(s)
- Dates on which the collecting notes were issued
- Confirmation that the broker(s) has passed on collecting notes to the reassured and is not holding any monies due to the syndicate from the reassured
- Copies of the slips on which claims have been advised (with XCS references) or are likely to be advised with signing numbers and dates. These are required so that XCS can administer the process effectively
- Any other document that is considered relevant

The written notice must be signed by either the Managing Director/CEO or the Compliance Officer of the underwriter's Managing Agent and sent with attachments to Opt Out Manager, Xchanging Claims Services, Gallery 6, One Lime St, London EC3M 7HA



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LLOYD'S CLAIMS SCHEME – REINSURANCE CLAIMS OPT OUT

This pack provides information on the process which enables a Syndicate to exercise its right to withdraw settlement authority conferred in Xchanging Claims Services, hereinafter referred to as "Opt Out" of the Lloyd's Claims Scheme (1999), for a period of 6 calendar months, on inwards reinsurance business only.

The Opt Out facility has been developed by Xchanging Claims Services in response to requests from Managing Agents and Lloyd's to allow them to Opt Out of reinsurance claim settlements on the proviso that they meet certain predetermined Opt Out rules.

Full details of this service including pricing and service standards can be found in Xchanging Claims Service's Reinsurance Opt Out Proposal dated December 2003. If you would like more information or a copy of this proposal together with the documentation necessary to make an Opt Out instruction, please contact Xchanging Claims Service's Opt Out Manager at the following address:-

XCS Opt Out Manager
Xchanging Claims Services
Gallery 6
One Lime St
London EC3M 7HA
Tel: 020 7327 5427
Email: claimsservices@xchanging.com

At a high level, the process for Opt Out involves several specific steps as outlined below.

1. Notification and Request to Opt Out

Firstly the Syndicate wishing to exercise its right of withdrawal of settlement authority must write to the XCS Opt Out Manager, Xchanging Claims Services, Gallery 6, 1 Lime Street London EC3M 7HA, informing them of their desire to Opt Out of settlements for a certain Syndicate(s) and relevant cedant(s).

1.1 Separate Letter

- ◆ A separate letter is required for each Syndicate within a Managing Agency exercising the right of withdrawal in respect of each Legal entity Cedant¹

1.2 Confirmation

The letter requesting authority to Opt Out needs to contain confirmation that:

- ◆ The total monies owed by that reassured to the Syndicate are £500,000 / \$750,000 (or currency equivalent) or more

¹ One of the criteria for acceptance of Opt Out is that the precise names of each legal entity for which the syndicate seeks to withdraw their authority is provided (this information should be contained on the slip).



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- ◆ Monies have been due to the Syndicate for a period of 6 months or more from the date the collecting note(s) is/are issued
- ◆ The Syndicate asserts that it has a legal right of set-off
- ◆ Monies owed by the reassured are not disputed

The Syndicate will also need to confirm the following with the broker:

- ◆ The broker has passed on the collecting notes to the reassured
- ◆ The broker is not holding monies paid by the reassured

1.3 Signature

The letter needs to be authorised by the Compliance Officer or a Managing Director / Chief Executive Officer of the Managing Agency. Xchanging Claims Services will forward a copy without attachments to Lloyd's.

1.4 Documentation

In order for Xchanging Claims Services to consider the request it will also be necessary for the letter to contain the following:

- ◆ A completed Pro Forma document specifying the cedant legal entity for which the Syndicate is requesting Opt Out
- ◆ Details of Original Signing Numbers and Dates
- ◆ Copies of slips that are relevant to the above
- ◆ Details of Xchanging Claims Services (previously LCO) claims references

2. Xchanging Claims Services Response / Actions

Upon receipt of such a letter, Xchanging Claims Services will undertake the following steps within the next 10 working days:

- ◆ Review the submission from the Syndicate
- ◆ Confirm acceptance of request or seek clarification and / or further information
- ◆ Update Xchanging Claims Services records to reflect the Syndicate Opting Out and the cedant to which the Opt Out applies

At the time acceptance is confirmed to the Syndicate Xchanging Claims Services will notify the relevant broker(s).

It is important to note that on any contracts which are subject to a '*Leader only*' claims agreement clause it will be necessary, before Xchanging Claims Services can put a block on payments, for written permission to be provided by the Leading Underwriter, whom the Syndicate has delegated claims management to. Such written permission should be forwarded to Xchanging Claims Services as part of the supporting documentation attached to the Pro Forma.

From the point of Xchanging Claims Services acceptance of a Syndicate's right to Opt Out, we will put a block on future payments for a period of 6 calendar months, unless those payments fall into the excluded category payments listed below.



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3. Excluded Payments from Opt Out

For the avoidance of any doubt, even if a Syndicate has exercised its right to Opt Out, certain payment types will continue to be processed. These are listed below:

- ◆ Claims on contracts with a provision in the slip conditions that claims are to be paid as long as they fall within previously advised reserves. In any such cases it would be inappropriate for Xchanging Claims Services to intervene in an agreement entered into between Underwriters and Cedant at the time the risk was underwritten
- ◆ Reasonable fees and expenses of underwriters' approved experts (e.g. lawyers, auditors), which would still be incurred
- ◆ Top Ups and Draw Down's on Letters of Credit / OCA's, where Letters of Credit / OCA's are contractually required (i.e written into the slip)
- ◆ Slips which are subject to a 'cut through' provision, and where the payment requested is being paid to an entity other than the Cedant legal entity

4. Cancellation

It is possible at any time for the Syndicate to cancel the Opt Out by writing to Xchanging Claims Services and Lloyd's, informing them that they no longer wish to exercise their right to Opt Out. Upon receipt of such a letter, Xchanging Claims Services will resume payments, as submitted by the broker(s).

Xchanging Claims Services will notify the relevant broker in writing that the Syndicate has elected to resume payments within 5 working days of receipt of the Syndicate's instruction.

5. Expiry of Opt Out

After 6 calendar months from the commencement of the Opt Out, and absent of any cancellation of the Opt Out in the intervening period, the Opt Out will lapse. Thereafter it will be possible for the broker(s) involved to present any claim settlements that have not been processed whilst the Opt Out was in existence, for processing by Xchanging Claims Services, together with any applicable reinstatement premiums submitted alongside claim collections. However, if any additional premiums are due these should be paid by the broker before any claims are presented. If a Syndicate has made a direct settlement to a cedant during the period of an Opt Out, the Syndicate must inform the broker that a settlement has been made and provide Xchanging Claims Services with details of the settlements so that these can be recorded on the Xchanging Converged System (CLASS).

6. Renewal

A Syndicate wishing to renew the Opt Out for a further period of 6 calendar months will need to write to Xchanging Claims Services and Lloyd's not less than 10 working days before the expiry of the Opt Out, seeking a renewal of the Opt Out. Such renewal will require:



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- ◆ Confirmation that the criteria listed in the original letter is still valid
- ◆ Provision of any additional pertinent information, which has come to light, such as additional contracts impacted

It will **not** be necessary to resubmit details of contracts affected by the Opt Out request, if those details remain unchanged from the original Opt Out request and details provided.

7. Further Note

When a Syndicate has “Opted Out” reinstatement premiums, which would otherwise be due and payable to the Syndicate at the time the claims collection would have been processed, will not be processed for those Opt Out Syndicates.



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Frequently Asked Questions - Syndicates

“Why do I need to provide so much information to Xchanging Claims Services?”

Xchanging Claims Services need the Signing Numbers and Dates, and the Claims references to assist them to accurately capture those cases affected by the Syndicate's request for their own database records. Xchanging Claims Services see a high number of files, and therefore a database approach is the only one, which can provide a robust process. With regard to the slips, Xchanging Claims Services will review these to identify those which are subject to a “Leading Underwriter” claims agreement, or which contain other contractual language over payment of claims.

“Can I cancel the Opt Out at any time?”

Yes, by writing to Xchanging Claims Services so notifying them. Xchanging Claims Services will in turn inform the broker.

“What happens after 6 months?”

The Opt Out lapses. Claim payments will then be resumed.

“What happens if I want to renew my Opt Out?”

In order to do this it will be necessary for you to write to Xchanging Claims Services not less than 10 working days before the expiry of the Opt Out period.

“What happens if I have arranged a settlement of outstanding liabilities or agreed a commutation with the Cedant?”

You should write to Xchanging Claims Services so informing them. They will in turn notify the broker (who may already have been aware of this if they were involved in the negotiations). Your letter should confirm the amount of any settlement that you want Xchanging Claims Services to process, to bring the matter to a close.

“Why can't you stop payments on Letters of Credit?”

Where such arrangements for LOC's exist as a contractual slip condition, Xchanging Claims Services is unable to intervene, as to do so would in effect be breaking a contractual condition between the principles. Under these conditions the Cedant is able to establish, add to and reduce the amounts of such LOC's. Xchanging Claims Services needs to keep an accurate record of amounts drawn down, topped up etc.

“Why can't you stop payments on Leader Only claims agreement contracts?”

Xchanging Claims Services is not the contracting agreement party to manage your claims when such a condition exists. By agreeing to a Leader Only claims agreement at the time of slip agreement you have effectively delegated claims agreement and management to the Leading Underwriter and limited Xchanging Claims Services role to 'recording and processing' amounts agreed by the Lead Underwriter. Therefore it would be inappropriate for Xchanging Claims Services to intervene in such a relationship.



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In such instances the Syndicate wishing to Opt Out will need to obtain the Leader's agreement. If the Leader agrees to your request you will need to forward their written confirmation to Xchanging Claims Services to authorise your Opt Out.

“How will my USM / SCM messages be affected?”

There will be no change to the format or the content of the messages.

USM.

The non-participant Syndicates will not receive a USM relating to settlements they have opted out of. The remaining Syndicates will receive a USM but will notice a reduced Lloyd's proportion.

SCM.

Any following Opt Out Syndicates will see no change until the time of the first settlement. At the time of the first settlement all Syndicates will receive a cancellation SCM reducing the incurred to zero. In the case of the Syndicates that have not opted out this will be followed by the SCM reflecting the new payment. The Opt Out Syndicates will receive an outstanding amount equivalent to the sum of the payments they have opted out of and the current outstanding on the claim.

“What happens if the Lead Underwriter elects to Opt Out?”

In the event that the 'Lead Underwriter' elects to Opt Out, it will still be a requirement that the Lead Underwriter will fulfil the requirement to agree claims for and on behalf of the 'following underwriters'. The broker will then present the claim file to Xchanging Claims Services for review and any settlement processed will only be for those Syndicates that have not chosen to Opt Out.



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Frequently Asked Questions - Brokers

“How will my claim settlement be handled by Xchanging Claims Services?”

There are two options here. Either the broker, having previously been notified of a Syndicate Opt Out, can present his collection documents (LCCF) minus the Opting Out security for a partial settlement. If the broker has done this, Xchanging Claims Services will process the shares of the non-Opting Out market, and monies will be forwarded to the broker for those shares. If the Broker has not done this (i.e. they present a LCCF with the full Lloyd's security on it) then Xchanging Claims Services will remove the lines of those Syndicates who have Opted Out, and annotate the LCCF and broker's endorsement accordingly.

“How is my BSM affected?”

There will be no change to the format or the information on the BSM, but the Lloyd's proportion amounts will be reduced by the non-participant Syndicate's shares.

“What happens with Letters of Credit (LOC)?”

If the LOC is granted pursuant to a slip condition, new LOC's, Top Ups and Draw Downs will be exempt from Opt Out and Xchanging Claims Services will continue to process these presentations.

“How will we be notified of a Syndicate's decision to Opt Out?”

In writing by Xchanging Claims Services. The letter will also include details of the Syndicate involved and the Signing Numbers and Dates included within the scope of the Opt Out.

“When will we be notified that a Syndicate has Opted Out?”

At the same time confirmation is given to the Syndicate being 10 working days before the Opt Out becomes effective.

“What happens after 6 months?”

The Opt Out will lapse, and it will be possible for you to present claims, which have not yet been processed, to Xchanging Claims Services for settlement. The exception to this is if the Syndicate has sought to renew the Opt Out provision for a further period of 6 calendar months. In order to do this the Syndicate needs to write to Xchanging Claims Services not less than 10 working days before the expiry of the six calendar months period. If this information is received and confirmed, Xchanging Claims Services will renew the Opt Out and notify the broker within 5 working days of the confirmation being advised.