

FROM: Director, Worldwide Markets EXTN: 6677
DATE: 8 June 2005 REF: Y3570
SUBJECT: **ISO 2005 Licence Agreement**
SUBJECT AREA(S): US Trading
ATTACHMENTS: Appendix 1: Summary of changes to the terms of the Licence Agreement as reflected in the 2005 version
Appendix 2: Letter for completion and return by managing agents
Appendix 3: Sections of the Lloyd's ISO Agreement restricting use of products by third parties

ACTION POINTS: **Managing Agents to complete and send the attached letter to ISO, NJ**
DEADLINE(S): **Letter in the attached form to be sent to ISO by 1 July, 2005**

The purpose of this Bulletin is to advise Managing Agents of the terms of the new licence agreement entered into by Lloyd's, Underwriters and Insurance Services Office, Inc ("ISO"), and the requirement to return the attached letter confirming their agreement to be bound by its terms.

Background

In March 2000, a Licence Agreement dated as of 1 January 2000 was made between ISO, Lloyd's and Underwriters under which ISO would provide certain core services to the Lloyd's market. This was notified to the market by way of Market Bulletin Y2279 dated 10 April 2000, which also advised managing agents of the requirement to make a written request (by way of letter) for Sign-On Identification Numbers for the ISOnet service. The terms of the letter also confirmed the managing agent's agreement to be bound by the terms of the Licence Agreement.

Following discussions between ISO, Worldwide Markets and the Lloyd's Market Association, agreement has been reached over changes to the terms of the Licence Agreement. These have been brought into effect through the execution of a new 2005 Licence Agreement dated as of 1 January 2005, which supersedes the existing version dated as of 1 March 2000 (as amended). A summary of the agreed changes is set out in Appendix 1; other than in relation to those clauses contained in Appendix 1, the terms of the new Licence Agreement are the same as the previous version. A copy of the 2005 Licence Agreement can be obtained from Worldwide Markets.

Acceptance of the terms of the Licence Agreement

A 'licensee' for the purposes of the Licence Agreement includes Lloyd's, Underwriters and Lloyd's Managing Agents. The Licence Agreement has been signed on behalf of Lloyd's and Underwriters, who will therefore be bound by its terms. In addition, Managing Agents, as licensees, will have obligations under the Licence Agreement and therefore must also agree to be bound by its terms. Accordingly, those Managing Agents that wish to take

advantage of the ISO products and services should send a signed letter to ISO in New Jersey in the form attached at Appendix 2 to ISO, copied to Lloyd's Worldwide Market Services (contact details below). As reflected in the letter, please note in particular clause 10c. of the Licence Agreement, which requires a Managing Agent (as licensee) to indemnify ISO for any loss or damage caused by or resulting from the continued use of sign-on ID(s) or password(s) by employees of that Managing Agent whose employment has been terminated or who are unauthorised users.

Please complete and return the latter by **Friday 1 July, 2005**.

Managing Agents that wish to continue using the existing sign-on IDs that they were granted under the previous version of the Licence Agreement should specify those IDs and the relevant user name in the schedule attached to the letter at Appendix 2. Managing agents that wish to request new sign-on IDs should show this in the schedule by writing 'New' in the column headed 'Identification Number' next to the proposed new user.

Restrictions on copying or redistributing ISO products

The new Agreement follows earlier versions in containing restrictions on the use of ISO products by third parties who are not licensees. These provisions are set out in Appendix 3. They mean that, to summarise, Licensees need to be satisfied that those acting on their behalf, such as coverholders or managing general agents are themselves licensed by ISO before they use the forms, loss costs and other ISO products. Some underwriters are already requiring confirmation of licensing in their standard instructions for auditors of coverholders.

Further information

If you have any queries about this bulletin please contact Lloyd's Worldwide Markets Services:

Lloyd's Worldwide Market Services
Tel: 020 7327 6677
Email: market.services@lloyds.com
Box 190b, Gallery 1

This bulletin has been sent to active underwriters and the compliance officers of managing agents.

Julian James
Director
Worldwide Markets

**Summary of changes to the terms of the Licence Agreement
as reflected in the 2005 version**

2. FEES

a. revised fee for the 2005 calendar year. This is US\$4,579,382, payable in four quarterly instalments. Lloyd's collects the money to pay this fee from syndicates on a basis recommended by an NMA working party in 2000: details are set out in Market Bulletin Y2279, issued on 10 April 2000;

b. (new) fee for the 2006 and subsequent years to be calculated in accordance with ISO's standard participation fees, as set out in their 'Participation Billing' booklet (as updated and provided to Lloyd's from time to time);

number of ISOnet identification numbers available to Licensees changed to 500.

[3.] LIMITED RELEASE

this paragraph now deleted from the 2005 Licence Agreement.

4. ISO AUDIT

references to "Regulatory Division" changed to "Risk Management Division".

5. TERM AND TERMINATION

Agreement to remain in force until terminated by one of parties in accordance with its terms;

a. 5. (new) ISO may terminate Agreement with respect to one or more Licensees for any reason on at least 180 days' written notice;

c. (new) Lloyd's and one or more Licensees may terminate Agreement for any reason on at least 180 days' written notice.

Date: [] 2005

To: Insurance Services Offices, Inc
545 Washington Boulevard
Jersey City
New Jersey 07310-1686

Dear Sirs

**ISO License Agreement dated as of 1 January 2005 (the Agreement)
Request for/Confirmation of Sign-on Identification Numbers for access to ISOnet**

We hereby wish to confirm our existing Sign-on Identification Numbers and/or request new 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;
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; and
4. to indemnify ISO for all fees and all loss or damage caused by or resulting from the continued use by terminated employees or unauthorised users of any Sign-on Identification Numbers and passwords received by this Managing Agent.

Yours faithfully

Signed:

Name:

Position:

Managing Agent:

Sections of the Lloyd's ISO Agreement restricting use of products by third parties

Section 1, last paragraph

Licensee may copy or reproduce the Product(s) at its premises, but may not use a third party to do so unless that third party is licensed by ISO to supply the Product(s) and Licensee has confirmed with ISO that the third party is, in fact, licensed to do so. Except as may be permitted under Sections 8 and 9 of this Agreement, Licensee agrees to restrict access to all Products only to those authorized employees of Licensee who have a need to use them solely for purposes of Licensee's property/casualty insurance or reinsurance business.

6. RESTRICTION AGAINST TRANSFER OF CONFIDENTIAL INFORMATION:

Licensee shall not disclose or release any agendas and minutes of ISO panels or any other information marked confidential by ISO ("ISO Confidential Information") to any third party except with ISO's prior written consent, unless compelled to do so by legal process. If Licensee is compelled to disclose ISO Confidential Information by legal process, Licensee shall give ISO reasonable and sufficient notice to allow ISO to take action to protect its Confidential Information and trade secrets. Licensee shall treat ISO Confidential Information in the same manner and with the same protections and safeguards as Licensee's own confidential information and trade secrets, provided such methods are not negligent. ISO agrees that statistical information provided by Licensee shall be considered Licensee's confidential information, and ISO shall not release any such information to any third party without Licensee's prior written consent, unless compelled to do so by legal process, except that ISO may release it to appropriate insurance regulators as part of provision of statistical services (if such services are requested by Licensee). The parties agree to cooperate regarding how and when to disclose that an agreement between them has been reached and any related publicity, but will treat all terms of this Agreement, except the amount of the License Fee, as confidential information.

8. RESTRICTION AGAINST COPYING OR REDISTRIBUTING THE PRODUCT(S):

Except as expressly provided in this Agreement, the Product(s) licensed hereunder may not be copied, reproduced, redistributed, sold, filed or used in any manner, without the prior written permission of ISO or, if the Product or the portion thereof to be copied, distributed or used is proprietary to a third party, the permission of that third party. Licensee agrees to reproduce ISO's copyright notice, or the applicable third party's copyright notice, in all copies, modifications or partial copies Licensee makes of the Product(s).

Subject to the conditions below, permission is hereby granted to reproduce and redistribute copies and extracts of the Products and the information therein:

- a. in any format, to Licensee's employees permitted access to the Products under this Agreement;
- b. in any format, to insurance intermediaries producing business to Licensee and its customers, but solely in conjunction with coverage to be quoted and/or to be underwritten or led by Licensee;
- c. to attorneys, independent claims adjusters, loss control consultants, and premium auditors, solely for use in conjunction with work being performed on 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:
 - 1. on behalf of all ISO participating insurance companies; or
 - 2. solely to provide a product or service for Licensee; and
- e. in any format, for the sole purpose of filing with insurance regulators and related regulatory matters.

Licensee may not make any licensed 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 this Agreement and security against misuse of or unlicensed access to the Products. Licensee agrees to comply with ISO's security requirements associated with such availability of Products and to pay any associated fees.

Licensee agrees that, to the extent it modifies any Product(s), it is solely responsible for ensuring that, if required, the modified Product(s) is approved by applicable insurance regulators for Licensee's use. Licensee further acknowledges that ISO is not required to provide services or assistance with respect to modified Products, and that, if ISO agrees to provide such services or assistance, Licensee may be required to pay consulting fees to ISO.

Note

In the Agreement, the term "Licensee" includes "...Lloyd's, the Underwriters and any Managing Agents of the Underwriters in the Lloyd's market."