

MARKET BULLETIN

REF: Y3984

Title	Lloyd's Labuan Limited
Purpose	To advise the market of the establishment of Lloyd's Labuan Limited, which enhances Lloyd's underwriters' access to Malaysian reinsurance business.
Type	Event
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Date	21 March 2007
Deadline	With effect from 20 March 2007
Related links	

Summary

Lloyd's has secured an upgrade to its licence in Labuan, an offshore territory of Malaysia, and has established a new service company, Lloyd's Labuan Limited (LLL). This will enhance Lloyd's underwriters' access to Malaysian reinsurance business.

Background

There are three tiers of access to Malaysian reinsurance business. Local brokers must offer all reinsurance to authorised reinsurers in Malaysia first (1st tier) before offering that business to reinsurers licensed in Labuan (2nd tier). Only after these two options have been exhausted may business be offered to non-Malaysian carriers (3rd tier).

Lloyd's underwriters are currently licensed in Labuan pursuant to an exemption granted under the Malaysian Offshore Insurance Act 1990. However, this licence only enables syndicates to write 2nd tier Malaysian reinsurance business through a service company established by their managing agent in Labuan. The remainder of the Lloyd's market, until now, has been considered as a 3rd tier reinsurance provider.

Lloyd’s Labuan Limited (LLL)

During 2006, substantial discussions were held between Lloyd’s and the Labuan regulator, the Labuan Offshore Financial Services Authority (LOFSA) with a view to upgrading Lloyd’s licence and enhancing Lloyd’s underwriters’ access to the Malaysian reinsurance market. Those discussions have now led to the approval of LLL from 20 March 2007.

This new service company provides all Lloyd’s underwriters with the ability to write 2nd tier Malaysian reinsurance business from this date. This business may be written in London as open market business and also through coverholders elsewhere. It should be noted that LOFSA have issued LLL with licence number US200715, which may be requested by local brokers when placing Malaysian reinsurance business.

The option remains for managing agents to establish their own Lloyd’s service company in Labuan, in accordance with the terms and conditions of the current licence.

FIL Codes

To ensure that Lloyd’s meets its reporting requirements under the new arrangement Xchanging has been asked to establish new FIL codes to uniquely identify this business. The FIL code will be allocated based upon location of the cedant and/or risk. For slips reinsuring cedants in Labuan, the MR slip must show the county of origin as Labuan.

The following FIL codes will be applied to all transactions processed through Xchanging Insure Services and Xchanging Claims Services, where the visit meets the above definition and the contract incepts on or after 20 March 2007.

Country	Country of Origin	FIL Code	Market Code	Description
Malaysia	Malaysia	MYB2	0J	Facultative reinsurance of cedant in Malaysia or risk located in Malaysia.
		MYB3	0S	Non-proportional treaty reinsurance of cedant in Malaysia.
		MYB4	0S	Proportional treaty reinsurance of cedant in Malaysia.
Malaysia (territory of Labuan)	Labuan	LBA2	0J	Facultative reinsurance of cedant in Labuan or risk located in Labuan.
		LBA3	0S	Non-proportional treaty reinsurance of cedant in Labuan.
		LBA4	0S	Proportional treaty reinsurance of cedant in Labuan.

General

If you have any queries, please contact either of the following:

Lloyd's International Trading Advice:

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Lloyd's General Representative for Labuan

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This bulletin has been sent to active underwriters and the Compliance Officers of Lloyd's brokers and managing agents and for information, to the LMBC and LMA.

The information contained in this market bulletin is provided in order to support managing agents in meeting their commitment '**to protect Lloyd's licences and authorisations to conduct insurance business in the UK and overseas**'. The information will also help underwriters decide, prior to binding, how a risk can be underwritten in compliance with Lloyd's trading rights in the country concerned.

More detailed information on Lloyd's trading rights may be found on www.lloyds.com/worldwide. Select the appropriate country from the Lloyd's trading status box (located on the left hand side of the web page) which will take you to the appropriate Quick Reference Guide. More detailed information may then be obtained for certain countries by selecting 'Manual' from the menu on the left hand side of the screen. You will be asked to input a password. Please contact the Worldwide Market Services (contact details as above) in order to obtain this information.

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