

MARKET BULLETIN

REF: Y4023

Title	US motor truck cargo filings
Purpose	To inform the market of changes to procedures relating to motor truck cargo filings
Type	Event
From	Andrew Gurney, International Market Access Contact details: 020 7327 6677 / LITA@lloyds.com
Date	8 June 2007
Deadline	Changes to filing procedures take effect from 2 July 2007
Related links	Federal Motor Carrier Safety Administration www.fmcsa.dot.gov Federal Highway Administration www.fhwa.dot.gov US Department of Transportation www.dot.gov Central Analysis Bureau www.cabfinancial.com

Summary

A recent review of Lloyd's US motor truck cargo filing operation and improvements in the online docketing and filing system at the Federal Motor Carrier Safety Administration (FMCSA) has shown that a return to direct filing is appropriate for the Lloyd's market.

In discussions with the LMA and Lloyd's stakeholders it has been determined that Lloyd's underwriters should be permitted to allow their brokers, coverholders and correspondents to make US motor truck cargo filings directly as of 2 July 2007. Lloyd's underwriters may still use LeBoeuf Lamb Greene & MacRae to make filings after that date, but on a user-pay basis (see appendix one for more information). Lloyd's underwriters may also make use of other approved service companies to make their filings.

Lloyd's US motor truck cargo filings will be coordinated and overseen centrally by Lloyd's America via Lloyd's Illinois.

Benefits of new procedures

Direct filing will enable Lloyd's to conduct motor truck cargo business in a manner consistent with other markets, providing underwriters and their intermediaries with choice and flexibility in how filings are dealt with which in turn should result in savings. Please see appendix one for details of the new procedures.

Background

In 1981, Lloyd's was authorised to file the required certificates of insurance for US trucking companies subject to Interstate Commerce Commission (ICC) regulation. Lloyd's underwriters could authorise their US correspondent brokers to make these filings. In the late 1980's, Lloyd's utilised the law firm of LeBoeuf Lamb Greene & MacRae to make US motor truck cargo federal and state filings in response to instances in which filings falsely named Lloyd's or were not cancelled in a timely manner by intermediaries. Some Lloyd's underwriters and their intermediaries continued to make their own filings.

US motor truck cargo insurance filing requirements

Federal and some state transportation authorities require that US motor carriers show evidence that they have cargo insurance in the minimum amounts required by law – currently \$5,000 on any one vehicle, with a \$10,000 aggregate for a loss at any one time and place, but otherwise unlimited in aggregate – by filing a certificate with the FMCSA and/or the state in which the US motor carrier operates. Most states only require a filing if the US motor carrier does not cross state lines (intrastate). Some states never require filings.

Filed federal and state insurance certificates have no expiration date and remain in effect until affirmatively cancelled.

Further information

If you have any questions or concerns, or would like more information on US motor truck cargo filing requirements or procedures please contact:

Mark Rector, Lloyd's Illinois,
Tel: +1 312 407 6214
Email: mark.rector@lloydsillinois.com

Other queries may be directed to Lloyd's International Trading Advice:
Lloyd's International Trading Advice
Tel: 020 7327 6677
Email: LITA@lloyds.com
Box 190b, Gallery 1.

This market bulletin has been sent to active underwriters and to the compliance officers of managing agents and Lloyd's brokers

Appendix 1

New Lloyd's US motor truck cargo insurance filing procedures

1. As of 2 July 2007 Lloyd's underwriters may allow their brokers, coverholders and correspondents to make US motor truck cargo filings directly.
2. Lloyd's brokers, coverholders and correspondents who have received authorisation from underwriters to file directly must then register with Lloyd's to obtain the necessary access rights to the online filing system – please contact Mark Rector at Lloyd's Illinois at +1 312 407 6214 or mark.rector@lloydsillinois.com
3. Lloyd's underwriters will be able to obtain a periodic comprehensive listing of their federal US motor truck cargo filings and a detailed analysis of their exposure by contacting Mark Rector as above.
4. As noted above since filed insurance certificates have no expiration date and remain in effect until affirmatively cancelled, steps should be taken to ensure that federal and state filings for business that is not renewed are cancelled in a timely manner. It is important to note that cancellations do not take effect until 30 days after they are filed, meaning that Lloyd's brokers, coverholders, and correspondents must establish procedures and systems to ensure that insurance certificate cancellations are filed 30 days prior to the expiration of the underlying insurance policy. In special circumstances, Lloyd's underwriters will be able to cancel lapsed or erroneous filings via Lloyd's Illinois.
5. Current binding authorities and line slips should be amended by endorsement to reflect the new direct filing procedure. Lloyd's underwriters should include appropriate clauses clearly establishing which party has responsibility for filing and cancelling certificates.
6. Future binding authorities and line slips should document who will be making the filings.
7. Guidance on US motor truck cargo filings will be available on the US section of Crystal on lloyds.com
8. Lloyd's underwriters may still continue to make US motor truck cargo filings through LeBoeuf on a user-pay basis after 2 July 2007. Charles Landgraf (+1 202 986 8067) or Bob Woody (+1 202 986 8070) should be contacted in this regard.
9. Lloyd's underwriters may also use other approved commercial service companies to make their filings. Please contact Mark Rector for more information.

US motor truck cargo links

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