

MARKET BULLETIN

REF: Y4057

Title	Radioactive contamination and nuclear exclusions.
Purpose	To inform market practitioners of Lloyd's expectations in respect of the incorporation of radioactive contamination and nuclear incident exclusion clauses.
Type	Event
From	Rolf Tolle, Director, Franchise Performance
Date	26 September 2007
Deadline	None
Related links	None

Checks within the Lloyd's QA tool have given rise to questions with regard to the use of radioactive contamination and or nuclear incident exclusions.

The underwriting of contracts of insurance which do not include radioactive contamination and or nuclear incident exclusions carries considerable additional risk for insurers.

Accordingly, appropriate radioactive contamination and/or nuclear incident exclusions should be included unless the managing agent is able to demonstrate to Lloyd's that they have the necessary expertise in the insuring of nuclear perils and the systems in place to monitor and control nuclear aggregations and the matching of inwards and outwards reinsurance. This will in future be done through the business planning process. Managing agents which wish to underwrite nuclear perils must therefore provide supplementary information on that business within syndicate business plans. They should also pay special attention to the terms of outward reinsurance contracts to ensure that coverage given on inwards contracts is not excluded under the outward reinsurance or that only a "net line" is written. It is recognised that for many managing agents it is too late for such information to be incorporated in 2008 business plans but representatives of Lloyd's Franchise Performance Directorate will expect managing agents to be able to supply them with such information during their regular review meetings in 2008.

The relevant checks within the QA tools relating to nuclear perils will be amended to reflect the content of this bulletin.

Any queries relating to the contents of this bulletin should be directed to Neil Cryer (neil.cryer@lloyds.com or 020 7327 6588.

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