

MARKET BULLETIN

REF: Y4228

Title	Successful conclusion of the market-wide initiative to reduce the volume of entries on the Unsigned Policy Register (UPR)
Purpose	To confirm that this initiative is concluding and to confirm that legacy policy monitoring and management will become a 'business as usual' activity for managing agents.
Type	Event
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Background

In 2006 it was identified that there was a significant number of policies that appeared on the Unsigned Policy Report (UPR.) This amounted to over 230,000 policies that had been submitted for signing by Xchanging, but may not have been released to the client.

In recognition of the issue and the FSA focus as part of the Contract Certainty challenge, the Market Reform Group (MRG) sponsored a market wide initiative to reduce volume of these outstanding "legacy" items. In the Lloyd's market this concentrated on investigating outstanding policies appearing on the UPR.

MRG published a code of practice & guidance note for legacy policy removal to assist the market reduce the overall number. For Lloyd's, policies were categorised into priority groups. Managing Agents and brokers identified policies for removal after which a purging file was submitted to Xchanging to remove these policies from the UPR.

Lloyd's received a market wide UPR and monitored reduction. This contributed to the market wide measure of outstanding legacy volumes reported by the Market Reform Office (MRO). MRG set a target to reduce the outstanding volumes to below 20% of the original measurement by the end of 2008.

Progress

Following a significant effort by the Lloyd's market, a reduction of over 85% of the original UPR has been achieved; exceeding the MRG target. The FSA has recognised this achievement. It has acknowledged that there is no longer a requirement for centralised monitoring of legacy reduction once the data for December 2008 has been gathered (in January 2009). However, managing agents should be prepared to respond to any FSA enquiries regarding their individual position. In particular, FSA is keen that each firm addresses the requirements of principle G of the Contract Certainty Code of Practice. These are:

- “If all terms have not been agreed at the time of entering into the contract then every effort should be made to do so as soon as practicable thereafter”; and
- “... wherever accurate contract documentation has not been provided promptly, the insurer and broker (where applicable) must use best endeavours to ensure that the provision of contract documentation is delayed as little as possible.”

Management of the remaining Legacy items will be for managing agents to oversee as ‘business as usual’ activity. Management of Legacy entries will be regarded as an element of Underwriting Controls, within Lloyd’s Underwriting Standards, overseen by Lloyd’s Franchise Performance Directorate.

If you have any queries on this bulletin please contact Steven O’Connor using the details noted above.