

MARKET BULLETIN

REF: Y4266

Title	Australia – New Wordings
Purpose	To provide the market with: <ul style="list-style-type: none"> (i) an additional service of suit wording for Australian wholesale open market business (ii) new wordings to replace LMA 5066 (Australian Non-Dispute Resolution Endorsement) and LMA 5106 (Australian Dispute Resolution Endorsement)
Type	Event
From	Cameron Murray, Senior Manager , International Regulatory Affairs 020 7327 6854 / cameron.murray@lloyds.com
Date	14 th April 2009
Deadline	
Related links	Insert hyperlinks to relevant pages on lloyds.com/other websites, where appropriate

Background

Market Bulletin Y3937 detailed Lloyd's compliance with the Insurance Council of Australia's General Insurance Code of Practice and confirmed that Lloyd's had negotiated an exemption for business written outside of Australia and binding authority claims which are above the coverholder's claims handling authority and adjusted in London. This bulletin should be read in conjunction with Market Bulletin Y3937.

Following requests from the market, a separate wording LMA 5137 has now been drafted for use where the policy is not compliant with the General Insurance Code of Practice. This wording attached as Appendix 1. Please note that the exemption from the General Insurance Code of Practice is conditional on this wording being clearly stated in the policy.

Furthermore, the market expressed confusion regarding the difference between LMA 5066 and LMA 5106. In order to remove any ambiguities created by the titles of these wordings [LMA 5066 (Australian Non-Dispute Resolution Endorsement) and LMA 5106 (Australian Dispute Resolution Endorsement)], two new wordings have been drafted to take their place:

- Replacing LMA 5066 (Australian Non-Dispute Resolution Endorsement) is LMA 5135 (Australian Litigation Dispute Resolution Endorsement). Please find this wording attached as Appendix 2.
- Replacing LMA 5106 (Australian Dispute Resolution Endorsement) is LMA 5136 (Australian Non-Litigation Dispute Resolution Endorsement). Please find this wording attached as Appendix 3.

Detail

For the avoidance of doubt, please find below a summary of when the appropriate wordings should be used:

Open Market Business

Reinsurance business (Retail¹ and Wholesale²): NMA 1854 can be used as reinsurance business is exempt from the Code.

Direct Insurance Wholesale Business which is not compliant with the Code (ie business written on an open market basis from London): LMA5135 or, as an alternative, NMA 1854 and LMA 5137 together, must be used.

Direct Insurance Retail Business which is not compliant with the code (ie business written on an open market basis from London): LMA5136 must be used. Please note that NMA1854 must not be used in these circumstances.

The above wordings for direct insurance (retail and wholesale) business should be used in conjunction with Australian open market policy jackets, NMA2741 - J (A) Australia Policy and NMA2752 - J Australia Policy.

Binding Authority Business

Please note that the position with regard to Binding Authorities has not changed.

Please see a revised wordings summary as Appendix 4.

¹ Retail means a natural person or a business employing fewer than 20 people, or 100 people if a manufacturing business, with personal policies (or policies to be used in connection with the small business) for motor vehicle, home building, home contents, sickness and accident, consumer credit, travel, and personal and domestic property.

² Wholesale means all policies of insurance not covered by the above definition.

Further information

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

Lloyd's International Trading Advice:

Tel: 020 7327 6677

Email: lita@lloyds.com

Lloyd's General Representative in Australia, Keith Stern:

Tel: 00 61 2 9223 1433

Email: keith@lloydsaustralia.com.au

GENERAL INSURANCE CODE OF PRACTICE

This Insurance does not comply with the Insurance Council of Australia's General Insurance Code of Practice.

LMA5137
20 March 2009

Form approved by Lloyd's Market Association

AUSTRALIAN LITIGATION DISPUTE RESOLUTION ENDORSEMENT

This Insurance does not comply with the Insurance Council of Australia's General Insurance Code of Practice.

The Underwriters hereon agree that:

- (i) In the event of a dispute arising under this Insurance, the Underwriters at the request of the Assured will submit to the jurisdiction of any competent Court in the Commonwealth of Australia. Such dispute shall be determined in accordance with the law and practice applicable in such Court.
- (ii) Any summons notice or process to be served upon the Underwriters may be served upon:

who has authority to accept service and to enter an appearance on the Underwriters' behalf, and who is directed at the request of the Assured to give a written undertaking to the Assured that he will enter an appearance on the Underwriters' behalf.

- (iii) If a suit is instituted against any one of the Underwriters, all Underwriters hereon will abide by the final decision of such Court or any competent Appellate Court.

The amount of Premium specified herein is the amount due to the Underwriters and any commission allowed by them is to be regarded as remuneration of the Broker/Coverholder placing this Insurance.

In the event of a claim arising under this Insurance IMMEDIATE NOTICE should be given to:

LMA5135
20 March 2009

Form approved by Lloyd's Market Association

AUSTRALIAN NON-LITIGATION DISPUTE RESOLUTION ENDORSEMENT

This Insurance does not comply with the Insurance Council of Australia's General Insurance Code of Practice. Any enquiry or complaint relating to this insurance should be referred to



in the first instance. If this does not resolve the matter or you are not satisfied with the way a complaint has been dealt with, you should write to:

Lloyd's Underwriters' General Representative in Australia
Suite 2, Level 21
Angel Place
123 Pitt Street
Sydney NSW 2000

Telephone Number: (02) 9223 1433
Facsimile Number: (02) 9223 1466

If your dispute remains unresolved you may be referred to the Financial Ombudsman Service Limited under the terms of the General Insurance Code of Practice. For other disputes you will be referred to other proceedings for resolution. Details are available from Lloyd's Underwriters' General Representative in Australia at the address above.

LMA5136
20 March 2009

Form approved by Lloyd's Market Association

SUMMARY

	Direct Insurance Wholesale		Direct Insurance Retail		Reinsurance
	Open Market	Binder	Open Market	Binder	
Is a dispute resolution or service of suit clause required?	YES	YES	YES	YES	RECOMMENDED
Can NMA1854 be used alone? ** NMA 1854: Standard Service of Suit Wording with no reference to General Insurance Code of Practice	NO	NO	NO	NO	YES
Can NMA1854 be used with LMA 5137 LMA 5137: General Insurance Code of Practice non-compliance clause	YES	NO	NO	NO	NO
Can LMA3082 be used? * LMA3082: Australian retail binder certificate	NO	NO	NO	YES	NO
Can LMA3083 be used? * LMA3083: Australian wholesale binder certificate	NO	YES	NO	NO	NO ‡
Can LSW1145 be used? Lloyd's Australian Alternative Dispute Resolution Clause	YES	YES	NO	NO	YES
Can an alternative dispute resolution or service of suit wording be used?	YES	YES	YES †	YES †	YES

<p>Can NMA2752 with endorsement LMA 5135 be used? **</p> <p>NMA2752: Australian open market policy jacket</p> <p>LMA 5135: Australian Litigation Dispute Resolution Endorsement</p>	YES	NO	NO	NO	YES
<p>Can NMA2741 with endorsement LMA5135 be used? **</p> <p>NMA2741 - J (A) Australia Policy</p> <p>LMA5135: Australian Litigation Dispute Resolution Endorsement</p>	YES	NO	NO	NO	YES
<p>Can NMA2752 with endorsement LMA5136 be used? **</p> <p>NMA2752 - J Australia Policy</p> <p>LMA5136: Australian Non-Litigation Dispute Resolution Endorsement</p>	NO	NO	YES	NO	NO
<p>Can NMA2741 with endorsement LMA5136 be used? **</p> <p>NMA2741 - J (A) Australia Policy</p> <p>LMA5136: Australian Non-Litigation Dispute Resolution Endorsement</p>	NO	NO	YES	NO	NO

‡ Retail contracts are provided for within the Financial Ombudsman Service Scheme, an existing alternative method of dispute resolution and therefore reference to this Scheme should be used in conjunction with, or be included in, any service of suit wording.

- ‡ Other than where it forms the basis of reinsurance certificates issued under a binding authority.
- * Only to be used by an Australian coverholder.
- ** Only to be used by a syndicate.