

MARKET BULLETIN

REF: Y4293

Title	Economic Capital Assessment (ECA) Process for 2010 Underwriting Year
Purpose	To set out ECA Process for the 2010 underwriting year including arrangements for distribution of FAL ratios and software, and for completion of software licensing agreements
Type	Scheduled
From	Henry Johnson, Head, Market Reserving and Capital Contact details: 0207 327 5235 henry.johnson@lloyds.com
Date	30 June 2009
Deadline	Software Licence Agreement: 4 August 2009
Related links	2010 ICA Minimum Standards and Guidance (Market Bulletin Y4256)

Key Points to Note

- 2010 member capital requirements are to be based on uplifted 2010 syndicate ICAs.
- It is expected that an economic capital uplift of 35% will continue to be applied to all syndicate ICAs in determining syndicate ECA requirement.
- Member capital will be determined using current ECA software for the 2010 underwriting year.
- There will be an initial release of indicative member ECA requirements to members' agents on 9th July. These requirements will assume the roll forward from 2009 of identical business plans and syndicate participations.
- The first member modelling software release in August will reflect uplifted 2010 syndicate ICAs. There will be further releases in October and November reflecting latest ICA and business plan submissions.
- New member capital allocation software will be made available during 2010 for determining member capital requirements for 2011 coming into line (CIL) and thereafter.
- Managing agents will be issued with indicative benchmark ECA requirements from Lloyd's new Integrated Capital Platform (ICP) in mid August following receipt of business plans and ICAs. Going forward, there will be no functionality in software for managing agents to model syndicate business plans, but indicative benchmark requirements will be issued after each scheduled business plan submission.

Introduction

This bulletin describes the Economic Capital Assessment (ECA) process for the 2010 underwriting year, including the distribution of ECA ratios and software, together with arrangements for signing software-licence agreements and for obtaining the software encryption passwords. The respective responsibilities of various parties are set out, and details of key dates provided. A summary timetable is attached at Appendix 1. The underlying software platform for member capital modelling remains unchanged for 2010 CIL, but details of proposed new arrangements for 2011 CIL are provided below.

The Capital Setting Process for the 2010 Year of Account

The ECA member modelling software will be distributed to managing and members' agents in accordance with the normal broad timetable.

July Indicative ECA Files to Members' Agents

Indicative member capital requirements will be issued on **9th July 2009** to members' agents, based on the assumptions that syndicate business plans and member participations for 2010 are identical to 2009 and that the relationship between the underlying market average benchmark and the syndicate ICA is constant (i.e. benchmark and ICA move proportionately). This approach implicitly means that a flat 35% economic capital uplift of ICAs is included in the rolled forward ECA requirements. This release is designed to estimate the impact only of adding an extra year of account together with the annual update of market average parameters, and does not reflect actual business plan changes or 2010 syndicate ICAs. Furthermore, the RBC system will not be used as the primary syndicate ICA benchmark for 2010. It is, therefore, important that users of the data released in July recognise its limitations and that it may not constitute a reliable indicator of 2010 member capital requirements. Lloyd's recognises the importance to members' agents of early indications of member capital movements prior to the auctions, and in this regard the MRC will look into the feasibility of providing an optional additional update based on non-aligned 2010 business plan and ICAs, prior to the initial August software release. Members' agents will be advised directly of progress towards this objective, which may require some data input from members' agent.

August Software Release

2010 initial ICA and syndicate business forecast submissions will be reflected in the **7 August 2009 member modelling** software release. It should be noted that this will not be an agreed ICA number, as discussions will still be in progress at this time. Any matters which have arisen in discussions, which the agent believes will lead to an adjusted ICA number, can be addressed either, depending on timing, by a resubmission of the ICA pro-forma prior to the August release or by the managing agent as an auction disclosure. Member participations for 2010 will be based on 2009 No.1 Stamp (non-aligned) or SBF advised participation (Aligned).

August Indicative Syndicate ICA Benchmarks

Over the past 18 months Lloyd's has been developing a new syndicate ICA benchmarking tool in conjunction with Aon Benfield, which forms part of a wider integrated capital modelling platform. This stochastic benchmarking model, which offers greater flexibility to reflect syndicate specific factors, is the first deliverable from this upgrade project, along with a central Member Capital Allocation Tool, which will only be used for consultation until the delivery of the new member modelling software in calendar year 2010. In the meantime, RBC will continue to be used as member modelling software. Syndicate benchmark requirements will, however, be used in the 2010 ICA review process, although naturally the parameterisation and calibration of the model will remain under review and is expected to evolve over the course of the ICA review process. It is our intention to issue indicative syndicate benchmark requirements from the new model to managing agents in August 2009, although subsequent customisation of the model to reflect syndicate own circumstances may take place during the course of the ICA review process.

October / November Release

The final ICA submission received in September (non-aligned syndicates) will be included in the **23 October 2009** ECA software release and the final ICA submission received in October (aligned syndicates) will be included in the final **6 November 2009** ECA software release. Member participations for non-aligned members will be based on the Lloyd's Stamp System, as notified by members' agents following the first three auctions, and, for aligned members, on SBF participation information.

The continuous review nature of the ICA exercise means that there should be no surprises in the final submission, which should enable a rapid sign-off of ICAs by the ICA Steering Group. Obviously, late-occurring insured or economic events could lead to the need for some syndicates to re-submit ICAs after the September/October deadlines to reflect the impact of such events on their ICA. Action and timetable will depend on the timing of any such event and the constitution of the syndicate's stamp. If required, instructions and revised timetable will be communicated at that time.

ICA Adjustments

As last year, the market average syndicate RBC amount will be adjusted to equal the agreed ICA requirement after uplift for economic capital. This adjustment is fixed based on the previous year relationship between uplifted ICA and RBC for the July requirements.

It is assumed that the economic capital uplift for 2009 will continue to be fixed at 35%. This needs to be affirmed by Franchise Board and any change will be advertised immediately, though there is no expectation that a change will be recommended.

Requirements for managing agents to submit ICAs and pro-forma information were set out in Market Bulletin Y4256 dated 24 March 2009.

Run-off ICAs

All 2009 run-off ICAs, uplifted for economic capital, will be included in the member capital requirements issued in July and the member modelling software issued from August. Run-off syndicates supported by active capital will have their 2010 ICA dealt with in accordance with same timetable as active syndicates. For further information on the run-off arrangements and timetable please review market bulletin Y4269 dated 16 April 2009.

Responsibilities

Market Reserving & Capital (MRC) continues to be responsible for the member capital setting process, the development of the 'Member Capital Allocation Tool' and syndicate benchmark. This responsibility extends to setting capital requirements for new syndicates. The Relationship Management Department will facilitate the authorisation of new syndicates and should be approached by agents requiring information on the admission process. The Underwriting Performance Department are responsible for approving syndicate business plans, including mid-year pre-emptions.

The ICA review is a multi-department task, involving staff from across Lloyd's directorates. The results of the review work for each syndicate will be considered by a committee of Heads of Department at Lloyd's, who will decide whether to accept the ICA or to request changes. The committee is chaired by John Parry, Head of Lloyd's Market Finance.

Distribution of Software and Ratios

Distribution of the ECA member modelling software and ratios (in rich-text format) will be carried out electronically by Market Services via the Market Returns Website as in previous years. In order to access the software from August onwards, agents/members must:

- sign and return **TWO** copies of the software-licence agreement BY POST; and
- be in possession of software encryption passwords.

Underwriting agents and direct corporate members that do not have access to the market returns website, via the L-net, must complete a nomination form (attached at Appendix 2) to request the receipt of ECA ratios and software on CD-ROM. **L-net users need not complete a nomination form.** CD-ROMs may be collected from MRC (via prior arrangement) by the nominated person from the date of each software release (see Appendix 1).

Members Requiring the Software

The ECA software is distributed free of charge to the representative of every member, i.e. members' agent for private members. Modelling the capital implications of different underwriting scenarios represents one of the services offered by a members' agent to its members. If, however, a member wishes to receive their own version of the software (and password) they are required to complete the software request form at Appendix 4 and return to MRC by **31 July 2009**. An administration charge of £100 (inclusive of VAT) will be

levied for the provision of the software by CD-ROM throughout the ECA modelling season, which will be sent to the address nominated on the software request form. Any member requiring the software will also have to complete and return the software licence agreement (SLA), as detailed below.

Password Collection Procedure

We are requesting that all underwriting agents / members should send, via post, 2 completed versions of the software license agreement (SLA) to:

**Kevin Barnes,
Lloyd's of London,
MRC – Gallery 5,
One Lime Street,
London, EC3M 7HA.**

The SLA must be signed by an authorised person (i.e. a director or the compliance officer or individual member) on behalf of each organisation. Passwords and a counter-signed copy of the SLA will be sent back to the address that is completed on the SLA. The SLA can be sent to Lloyd's from the date of this bulletin but must be received by **4 August 2009** to receive first software release.

In exceptional circumstances you can deliver the SLAs to MRC in person, in order to obtain the passwords at that time. However, we ask that you contact us prior to the event to ensure that we are available to counter-sign the SLA. Contact details are shown below.

Agents who are experiencing problems with electronic transmission (which will involve some 20Mb of data) should cancel the download and contact the Market Returns Helpdesk (ext. 5021).

Software Licences

The potentially price-sensitive nature of ECA capital requirements means that agents and advisers are required to sign a software licence agreement. The licence agreement, which is largely unchanged from last year, is attached at Appendix 3.

Accessing Software

All entities that sign the software licence agreement will be issued with 2 numerical codes. To start the install process, you will need:

- A Serial Number - supplied by Lloyd's upon receipt of the software licence agreement; and,
- A Password - supplied by Lloyd's upon receipt of the software licence agreement.

To access the software, you will also need to know:

- Your User Identifier – this is your agent code (for agents) or your membership number (for members only).

Once you have these please follow the on screen instructions through the install process.

More detailed instructions on how to download the modelling software, and about the install process for the 2010 modelling software, will be issued in an e-mail to users accompanying notification of the release of the software. Additionally an in-depth user guide will accompany the software download.

Changes to Modelling Parameters

The changes to the benchmark parameters for this year are set out below:

Parameters

The ECA model parameters have, as usual, been updated to reflect the latest market data.

ULRs

Net ULRs have been updated following statistical analysis and market consultation, taking into account movements in premium rates, and these will be included in the July indicative ratio release and subsequent software releases. In order to maintain a benchmark which is more reactive to current market conditions, projected ultimate loss ratio parameters will be kept under continuous review and may be changed for subsequent releases if considered appropriate. Consultation with the market via the Lloyd's Market Association (LMA) will form part of this review process.

Realistic Disaster Scenarios ("RDS")

RDS data will not be updated for the July indicative ratio release and it will be rolled forward from previous year. RDS data will continue to be collected from the RDS section of the Syndicate Business Forecast. This makes the benchmark more prospective and reactive to business plan changes. The August software release will include RDS data submitted in June and July SBF returns, and subsequent releases will reflect the most recently processed SBF.

Exchange Rates

Managing agents are reminded that whilst the ECA modelling software still allows Canadian dollar denominated business to be input, this functionality should not be used and agents should combine with the Sterling business when inputting premium data.

The ECA Software will convert all premium entered for all years of account (proposed, current and prior years) at the business plan exchange rate (fixed for all ECA releases). This ensures consistency with the ICA process (which also uses the business plan exchange rate).

As in previous years Lloyd's reserves the right to adjust final ECA requirements post year end, where there is a significant change in exchange rates during the year.

Capital Systems Upgrade Update

The first phase of the new Integrated Capital Platform (ICP) is nearing completion. A decision was taken during 2008 to defer delivery of the replacement Member Capital Allocation (MCAT) software until calendar year 2010 in order to better co-ordinate with the central roll-out of Lloyd's single web portal. The syndicate ICA benchmark model and central member capital allocation model however are in the final stages of testing. The MCAT software will be developed during the second half of 2009 and Lloyd's will wish to consult further with members' agents to ensure delivery of a product satisfying their requirements.

E-mail Help Line

An e-mail helpline will be in operation to deal with queries on the ECA process and software, and with other ECA related questions. Agents with a Market Mail connection should access "Lloyds-MRC-Help"; the full e-mail address is:

Mail to: Lloyds-MRC-Help@lloyds.com

The helpline will be staffed by MRC and will provide assistance with all software installation / distribution and member-specific queries as quickly as possible. Wherever possible, agents are requested to use the e-mail help line to resolve queries in preference to telephoning.

If you require any more information, please contact:

Neil Wells (ext. 6034) neil.wells@lloyds.com or

Kevin Barnes (ext. 5683) kevin.barnes@lloyds.com

Any problems relating to accessing the market returns website or with electronic transmission should be addressed to:

The Market Returns Helpdesk (ext. 5021) or e-mail: Market>Returns@lloyds.com.

Summary of Action Points

- Send **two** signed copies of the software-licence agreement to Kevin Barnes, Lloyd's of London, MRC – Gallery 5, One Lime Street, London, EC3M 7HA and the passwords and counter-signed SLA will be sent back to the address stated on the SLA itself.;
- Preliminary indicative member level ECA figures and ratios will be available on **9 July 2009**;
- Send a completed nomination form / software request form, if appropriate by no later than the **4 August 2009**, to the address above;
- Release of member modelling software containing business plan and ICA adjustments on **7 August 2009**. The software can only be accessed once you have completed an SLA.

Henry Johnson
Head,
Market Reserving & Capital

ECA Capital Timetable – 2010 Year of Account

External Version

<i>Date</i>	<i>Event</i>	<i>Comments</i>
Thur 9 July	<ul style="list-style-type: none"> Indicative Member ECA ratios to Member's Agents (no software issued) 	Ratios are based on 2009 business plans and member participations.
Fri 10 July	<ul style="list-style-type: none"> Non Aligned syndicates submission of (initial) syndicate ICAs and pro-forma for 2010, via CMR 	
Fri 24 July	<ul style="list-style-type: none"> Aligned Syndicate Business Forecasts to FPD, via CMR Revised Non Aligned Syndicate Business Forecasts to FPD, via CMR Start date for Aligned syndicates submission of (initial) syndicate ICAs and pro-forma for 2010, via CMR 	
Fri 7 August	<ul style="list-style-type: none"> (1st) Member ECA Modelling Software issued 	Including preliminary 2010 ICAs – subject to initial review completion
Fri 14 August	<ul style="list-style-type: none"> Indicative syndicate benchmark numbers produced from the new Integrated Capital Platform released to managing agents 	
Fri 28 August	<ul style="list-style-type: none"> End date for Aligned syndicates submission of (initial) syndicate ICA documents for 2010 	
Wed 9 September	<ul style="list-style-type: none"> First Auction 	Release will only occur if a non aligned mid-year start-up syndicate has been agreed.
Wed 16 September	<ul style="list-style-type: none"> Second Auction 	
Fri 18 September	<ul style="list-style-type: none"> Final Non Aligned Syndicate Business Forecasts to FPD, via CMR Final Non Aligned syndicate submission of syndicate ICAs for 2010, via CMR 	
Fri 25 September	<ul style="list-style-type: none"> ECA Modelling Software issued (1st November 2009 Mid-year start-ups ONLY) 	
Tue 29 September	<ul style="list-style-type: none"> Third Auction 	
Fri 16 October	<ul style="list-style-type: none"> Final Aligned Syndicate Business Forecasts to FPD, via CMR Final Aligned submission of syndicate ICAs for 2010, via CMR 	Including agreed final ICAs for Non
Fri 23 October	<ul style="list-style-type: none"> (2nd) Member ECA Modelling Software issued 	

		Aligned syndicates only
Fri 6 November	<ul style="list-style-type: none"> ▪ (3rd) Final Member ECA Modelling Software / Ratios issued 	(All final agreed syndicate ICAs included)
Thu 12 November	<ul style="list-style-type: none"> ▪ Fourth Auction 	
Thu 26 November	<ul style="list-style-type: none"> ▪ Coming into Line 	

Nomination form for Receipt of Risk Based Capital Ratios and Software

I do not have access to the Lloyd's L-Net. I nominate the person named below to collect the software and ratios on behalf of (organisation).

Name: _____ (collector)

Authorised Signatory Details (Director or Compliance Officer):

Name: _____ Signature: _____

Date: _____

1.1 In this Agreement unless the context otherwise requires:

“COUNCIL” means the council constituted by section 3 of Lloyd’s Act 1982.

“LICENSED PROGRAMS” means the software programs in object code form and supporting data files.

“LICENSED PROGRAM MATERIALS” means the Licensed Programs and the Program Documentation.

“PASSWORD” means the password to be supplied by Lloyd’s to enable the Licensee to access and use the Licensed Program Materials and where appropriate the Program Documentation.

“PROGRAM DOCUMENTATION” means any instruction manuals, user guides and other information to be made available by Lloyd’s at its discretion in either printed or machine readable form to the Licensee.

“REQUIREMENTS OF THE COUNCIL” has the meaning given in the Definitions Byelaw (No. 7 of 2005).

“SERVICES” means the provision of support services in accordance with clause 4 below.

“SITE” means the address for delivery of the Licensed Program Materials specified by the Licensee as set out in the Schedule attached (please provide these details by completing the Schedule attached).

“USE” means the copying or transmission of the Licensed Programs (or where in machine-readable form) the Program Documentation into a computer located at the Site for the processing of the instructions contained in the Licensed Programs (or as the case may be) the Program Documentation.

1.2 In this Agreement unless the context otherwise requires:

1.2.1 words denoting any gender include all genders;

1.2.2 words denoting the singular include the plural and vice versa;

1.2.3 references to persons include individuals, companies, bodies corporate, unincorporated associations and partnerships;

1.2.4 references to any statutory provision or byelaw or regulation include references to any amendment or re-enactment for the time being in force; and

1.2.5 the Schedule forms part of the operative provisions of this Agreement and references to this Agreement shall include references to the Schedule.

2 GRANT OF LICENCE AND PROVISION OF SERVICES

2.1 Lloyd's in consideration of the mutual promises and undertakings in this Agreement hereby:

2.1.1 (subject to clause 2.2 below) grants to the Licensee a non-exclusive licence to use the Licensed Programs (and where appropriate the Program Documentation) and to possess and refer to the Program Documentation; and

2.1.2 undertakes to the Licensee to provide the Services upon the terms and

conditions of this Agreement.

- 2.2 The Licensee undertakes not to install the Licensed Programs onto any computer system that will enable access to the Licensed Programs by more than one user at a time.

3 TERM AND TERMINATION

- 3.1 The Licensee shall install the Licensed Programs on a computer located at the Site and shall (subject to clauses 3.2, 3.3 and 3.4) be entitled free of charge from the date of this Agreement until 31 December 2010 (or such other date as Lloyd's in its sole discretion may determine) (the "Term") to use the Licensed Programs (in association with the Program Documentation) not for the purpose of its trade or business but solely for the purpose of assessing (together with Lloyd's and other licensees of the Licensed Program Materials) indicative Funds at Lloyd's requirements for the 2010 year of account. For the avoidance of doubt, the Licensed Program Materials are only valid for capital setting for the 2010 year of account.

- 3.2 Members who have a Members' Agent appointed to act for them in respect of their underwriting at Lloyd's who wish to obtain a copy of the Licensed Programs for their own use will be charged a fee of £100 (inclusive of VAT). Payment of the fee shall be made in advance to Lloyd's.

- 3.3 During the Term Lloyd's and the Licensee shall each be entitled by giving 7 days' written notice to the other to terminate this Agreement.

- 3.4 Without prejudice to clause 3.3 above this Agreement may be terminated:

3.4.1 forthwith by either party if the other commits any material breach of any term of this Agreement and which (in the case of a breach capable of being remedied) shall not have been remedied within 28 days of a written request to remedy the same;

3.4.2 forthwith by either party if the other shall convene a meeting of its creditors or if a proposal shall be made for a voluntary arrangement within Part I of the

Insolvency Act 1986 or a proposal for any other composition scheme or arrangement with (or assignment for the benefit of) its creditors or if the other shall be unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or if a trustee, receiver, administrative receiver, administrator or similar officer is appointed in respect of all or any part of the business or assets of the other or if a petition is presented or a meeting is convened for the purpose of considering a resolution or other steps are taken for the winding up or bankruptcy of the other or for the making of an administration order (otherwise than for the purpose of an amalgamation or reconstruction).

- 3.5 Any termination of this Agreement pursuant to this clause shall be without prejudice to any other rights or remedies a party may be entitled to hereunder or at law and shall not affect any accrued rights or liabilities of either party nor the coming into or continuance in force of any provision hereof which is expressly or by implication intended to come into or continue in force on or after such termination.

4 TECHNICAL SUPPORT

- 4.1 With effect from the date of this Agreement and for the duration of this Agreement Lloyd's shall use all reasonable endeavours to provide in respect of the Licensed Programs such support to enable the Licensee to operate the Licensed Programs and to interpret the Program Documentation as the Licensee may from time to time reasonably require.

- 4.2 Support shall not include the diagnosis and rectification of any fault resulting from:

4.2.1 the improper use operation or neglect of the Password, the Licensed Program Materials or the computer on which it is installed;

4.2.2 the modification of the Licensed Programs or their merger (in whole or in part) with any other software;

4.2.3 the failure by the Licensee to implement recommendations in respect of or solutions to faults previously advised by Lloyd's;

- 4.2.4 any repair, adjustment, alteration or modification of the Licensed Programs by any person other than Lloyd's without Lloyd's prior consent;
 - 4.2.5 any breach by the Licensee of any of its obligations under this Agreement or any maintenance agreement in respect of any computer on which the Licensed Programs are installed; or
 - 4.2.6 the use of the Licensed Programs for a purpose for which they were not designed.
- 4.3 Lloyd's shall not be obliged to provide support in circumstances where any reasonably skilled and competent data processing operator would have judged the Licensee's request to have been unnecessary.

5 PROPERTY AND CONFIDENTIALITY IN THE LICENSED PROGRAM MATERIALS

- 5.1 The Licensed Program Materials contain confidential information and data of Lloyd's and all copyright, trade marks and other intellectual property rights in the Licensed Program Materials are the exclusive property of Lloyd's.
- 5.2 The Licensee shall not:
- 5.2.1 save as provided in clause 2.1.1 above and clause 6 below copy the whole or any part of the Licensed Program Materials;
 - 5.2.2 modify merge or combine the whole or any part of the Licensed Program Materials with any other software or documentation;
 - 5.2.3 assign, transfer, sell, lease, rent, charge or otherwise deal in or encumber the Licensed Program Materials nor use on behalf of, or make available, the same to any third party;

- 5.2.4 reverse compile the whole or any part of the Licensed Program Materials from object code into source code except in so far as permitted by the Copyright (Computer Programs) Regulations 1992;
 - 5.2.5 attempt to bypass the software security mechanisms employed by the Licensed Program Materials;
 - 5.2.6 use the Password for any improper, immoral, fraudulent or unlawful purposes; or
 - 5.2.7 make the Password available to any third party other than as specified in clause 5.3.1 below.
- 5.3 The Licensee shall:
- 5.3.1 keep confidential the Licensed Program Materials and all data contained therein and limit access to the same to those of its employees who either have a need to know or who are engaged in the Use of the Licensed Programs (including where appropriate the Program Documentation);
 - 5.3.2 reproduce on any copy of the Licensed Program Materials any Lloyd's copyright and trade mark notices;
 - 5.3.3 maintain an up-to-date written record of the number of copies of the Licensed Program Materials and their location (such record to be preserved for 2 years after termination of this Agreement) and upon request forthwith produce such record to Lloyd's; and
 - 5.3.4 without prejudice to the foregoing, take all such other steps as shall from time to time be necessary to protect the confidential information and data and intellectual property rights of Lloyd's in the Licensed Program Materials (the provisions of this sub-clause to survive termination of this Agreement).
- 5.4 The Licensee shall inform all relevant employees agents and sub-contractors that the Licensed Program Materials and data contained therein constitute confidential

information of Lloyd's and that all intellectual property rights therein are the property of Lloyd's and the Licensee shall take all such steps as shall be necessary to ensure compliance by its employees agents and sub-contractors with the provisions of this clause 5.

6 COPYING OF THE LICENSED PROGRAM MATERIALS

- 6.1 The Licensee shall be entitled to make one back-up copy of the Licensed Programs. Any such copy shall in all respects be subject to the terms and conditions of this Agreement and shall be deemed to form part of the Licensed Programs.
- 6.2 The Licensee shall not be entitled to copy in whole or in part the Program Documentation (save for that part, if any, of the Program Documentation which is in machine readable form in which case the Licensee shall be entitled to make one back-up copy of the relevant part of the Program Documentation).

7 WARRANTY

- 7.1 Subject to the exceptions set out in clause 7.4 below and the limitations upon its liability in clause 8 below Lloyd's warrants that:
- 7.1.1 its title to and property in the Licensed Program Materials is free and unencumbered and that it has the right, power and authority to licence the same upon the terms and conditions of this Agreement; and
- 7.1.2 it will perform the Services with reasonable care and skill.
- 7.2 The Licensee shall give notice to Lloyd's as soon as it is reasonably able upon becoming aware of a breach of warranty referred to in clause 7.1.1.
- 7.3 Lloyd's shall have no liability to remedy a breach of warranty where such breach

arises as a result of any of the circumstances described in clause 4.2 above.

- 7.4 Without prejudice to the foregoing Lloyd's does not warrant that the Use of the Licensed Programs will meet the Licensee's data processing requirements or that the Licensed Programs (including where in machine-readable form the Program Documentation) will be uninterrupted or error free. The Licensee shall give notice to Lloyd's within a reasonable time of becoming aware of any defects or errors in the Licensed Programs.
- 7.5 Subject to the foregoing all conditions, warranties, terms and undertakings express or implied statutory or otherwise in respect of the Licensed Program Materials and the provision of the Services are hereby excluded. In particular, the Licensee accepts that the Licensed Program Materials were not designed and produced to its individual requirements.

8 LIMITATION OF LIABILITY AND INDEMNITY

- 8.1 The Licensee shall use the Licensed Program Materials at its own risk and in no event shall Lloyd's be liable to the Licensee for any loss or damage of any kind (except personal injury or death resulting from Lloyd's negligence or fraud) arising from the Licensee's Use or inability to use the Licensed Program Materials or from faults or defects therein whether caused by negligence or otherwise.
- 8.2 The Licensee shall indemnify and hold harmless Lloyd's against any losses, costs, expenses or damages that may be suffered or incurred by Lloyd's arising from the Use or any other use of the Licensed Program Materials by the Licensee (or its agents, employees or sub-contractors) except where such losses, costs, expenses or damages arise from the negligence or wilful default of Lloyd's.
- 8.3 Lloyd's shall not be liable for:
- 8.3.1 Any improper, immoral, fraudulent or unlawful use of the Password by the Licensee and/or any third party; or
- 8.3.2 Any unauthorised access and/or use of the syndicate business forecasts information and/or Licensed Program Materials by the Licensee and/or any third party.

9 RISK IN THE LICENSED PROGRAM MATERIALS

- 9.1 Risk in the Licensed Program Materials will pass to the Licensee upon delivery which shall be deemed to take place when the Licensee obtains possession of the media containing the Licensed Programs and the Program Documentation.

10 CONFIDENTIALITY

- 10.1 Each of the parties hereto undertakes to the other to keep confidential all information (written or oral) concerning the business and affairs of the other that it shall have obtained or received as a result of the discussions leading up to, or the entering into of, this Agreement save that which is:

10.1.1 already in its possession other than as a result of a breach of this clause;

10.1.2 in the public domain other than as a result of a breach of this clause; or

10.1.3 required to be disclosed by law or by any competent regulatory authority (including, for the avoidance of doubt, the Council or any person or body by whom or by which the Council acts under (in the case of the Council alone) section 6(7) of Lloyd's Act 1982 or under any Requirements of the Council.

- 10.2 Each of the parties undertakes to the other to take all such steps as shall from time to time be necessary to ensure compliance with the provisions of clause 10.1 above by its employees, agents and sub-contractors.

11 LICENSEE'S REPRESENTATIVES

- 11.1 The Licensee shall communicate to Lloyd's upon the date hereof the identity of the person(s) or the department within its undertaking at the Site who shall act as the sole contact point and channel of communication for the provision by Lloyd's of the Services during the currency of this Agreement (please provide these details as required by completing the Schedule attached). The Licensee shall forthwith inform Lloyd's of any change in the identity of any such person(s) or department.

12 WAIVER

- 12.1 The waiver by either party of a breach or default of any of the provisions of this Agreement by the other party shall not be construed as a waiver of any succeeding breach of the same or other provisions, nor shall any delay or omission on the part of either party to exercise or avail itself of any right, power or privilege that it has, or may have, hereunder, operate as a waiver of any breach or default by the other party.

13 NOTICES

- 13.1 Any notice, request, instruction or other document to be given hereunder shall be delivered or sent by first class post or facsimile (facsimile notice to be confirmed by letter posted within 12 hours) to the address of the other party set out in this Agreement (or such other address as may have been notified) and any such notice or other document shall be deemed to have been served, at the time of delivery if delivered, upon the expiration of 48 hours after posting if sent by post and if sent by facsimile upon the expiration of 12 hours after dispatch by facsimile.

14 INVALIDITY AND SEVERABILITY

- 14.1 If any provision of this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this Agreement and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The parties hereby agree to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision which

achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

15 ENTIRE AGREEMENT

- 15.1 This is the entire agreement between the parties relating to the Licensed Program Materials. Lloyd's shall not be liable to the Licensee for loss arising from, or in connection with, any representations, agreements, statements or undertakings made prior to the date of execution of this Agreement. Nothing in this clause shall, however, operate to limit or exclude any liability for fraud.

16 SUCCESSORS

- 16.1 This Agreement shall be binding upon and enure for the benefit of the successors in title of the parties hereto.

17 ASSIGNMENT AND SUB-LICENSING

- 17.1 The Licensee shall not be entitled to assign this Agreement nor any of its rights or obligations hereunder nor sub-license the Use (in whole or in part) of the Licensed Program Materials without the prior written consent of Lloyd's (such consent not to be unreasonably withheld).

18 RIGHTS OF THIRD PARTY

- 18.1 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

19 LAW

19.1 This Agreement shall be governed by and construed in accordance with English law and the parties hereto agree to submit to the exclusive jurisdiction of the English courts.

AS WITNESS whereof this Agreement is executed under hand in TWO originals by the duly authorised representatives of the parties the day and year first written above

Agreed For And On Behalf Of

LLOYD'S

SIGNATURE: _____

NAME: Neil Wells / Kevin Barnes

TITLE: Manager Member Capital / Senior Analyst

DATE: _____

Agreed For And On Behalf Of **Licensee** (Company name, etc.)

COMPANY: _____

SIGNATURE: _____

NAME: _____

TITLE: _____

DATE: _____

TELEPHONE: _____

SCHEDULE

Licensee:

Name

Address for Delivery of the Licensed Program Materials / invoice:

Address
.....
.....
.....
.....
.....
.....
.....

Contact details in relation to the provision of the services (see clause 11.1):

Name

Address (if different to above)
.....
.....
.....
.....
.....

Tel No

Fax No

Software Request Form

This form should only be completed by Members that wish to receive a copy of the ECA software in addition to the version sent to their representative / members' agent.

Members requesting their own copy of the software will incur a charge of £100 (inclusive of VAT).

A cheque for £100 made payable to 'Corporation of Lloyd's' must be provided, along with two signed copies of the Software License Agreement (SLA), to MRC. The invoice relating to this charge will be forwarded to the address below (please complete).

In order to receive your own version of the software, this completed form, together with the SLA and payment must be presented in person (or by an authorised representative from your members' agent) to MRC **by 4 August 2009**, at which point the password and serial number will be issued. A CD-ROM containing the software will then be forwarded by post at the release date, once your details have been verified.

Member Code: _____

Member Name: _____

Member's Agent: _____

Name of Collector: _____

Address: _____

I confirm that I am requesting a copy of the ECA software at each scheduled release date and agree to pay the charge of £100 (inclusive of VAT).

Member's Signature:

Signature: