LM2 LEARNING OUTCOME 8

14 QUESTIONS

LEARNING OUTCOME 8
Understand the way that business is conducted in the London Market

QUOTATION

'A proposal or indication from the insurer as to the terms and conditions (including premium) that it is suggesting for the risk put forward by the broker'

FORMATION OF THE CONTRACT

- ✓ Underwriter's scratch
- ✓ Written line – the line that is agreed to
- ✓ Order – the share the broker has to place (Lines of order/lines of whole)
- ✓ 'On risk' at inception of the policy
- ✓ Signing down – the process following 'over subscription'
- ✓ Signed line – the reduced written line

GOOD FAITH

- ✓ Consumer Insurance (Disclosure and Representations) Act 2012 (duty not to make a misrepresentation)
- ✓ Insurance Act 2015 (duty of fair presentation of risk)

CONTRACT CERTAINTY

'The complete and final agreement of all terms between the insured and the insurer at the time that they enter into the contract, with documentation provided promptly thereafter'

TERMINATION OF A CONTRACT

- ✓ Cancellation by the insurer
- ✓ Cancellation by the insured
- ✓ Fulfilment
- ✓ Expiry of the policy period
- ✓ Breach of the duty of fair presentation
- ✓ Fraud

WARRANTED NO KNOWN OR REPORTED LOSSES

- ✓ WNKORL – Writing a risk after it has incepted

PROPOSAL FORM

- ✓ Name, address, nature of business;
- ✓ Past insurance history;
- ✓ Turnover and other information relating to the size of the exposure;
- ✓ Geographical spread of the risk;
- ✓ Amount of insurance being requested

MARKET REFORM CONTRACT (MRC)

- ✓ Open market MRC
- ✓ Risk details
- ✓ Information
- ✓ Security details
- ✓ Subscription agreement
- ✓ Fiscal and regulatory
- ✓ Broker remuneration and deductions

- ✓ Line slip MRC
- ✓ Binder MRC

ENDORSEMENT

- ✓ General Underwriters' agreement (GUA)
- ✓ Market Reform Contract Endorsement (MRCE)

KEY TERMS IN POLICY WORDINGS

- ✓ Heading
- ✓ Recital
- ✓ Signature
- ✓ Operative clause
- ✓ Exceptions
- ✓ Conditions
- ✓ Schedule