**EMPOWER**
DEVELOPMENT

**14** QUESTIONS

*'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'*

*'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'*

**QUOTATION**

**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

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

**GOOD FAITH**

**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

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

**CONTRACT CERTAINTY**

**WARRANTED NO KNOWN OR REPORTED LOSSES**

- ✓ WNKORL – Writing a risk after it has incepted

**KEY TERMS IN POLICY WORDINGS**

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

**ENDORSEMENT**

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

- ✓ Line slip MRC
- ✓ Binder MRC

**MARKET REFORM CONTRACT (MRC)**

**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

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