



## LMA Bulletin

From: Manager, Non-Marine  
Reference: LMA06-026-MR  
Date: 21 July 2006  
Enquiries to: Adrian Graham on telephone number 020 7327 8378 or at [adrian.graham@lloyds.com](mailto:adrian.graham@lloyds.com)  
Graham Wood on telephone number 020 7327 4595 or at [graham.wood@lloyds.com](mailto:graham.wood@lloyds.com)  
Previous LMA Bulletins on this subject: [LTM04-057-WFR dated 16 September 2004](#)  
Subject: 

Binding Authority Wordings
----------------------------

---

Members are advised that the LMA's Delegated Underwriting Committee has produced the following Model Binding Authority Agreements and Guidance Notes:

- [LMA3018\(Broker\)](#) U.S. Non-Marine Model Binding Authority Agreement
- [LMA3018\(Direct\)](#) U.S. Non-Marine Model Binding Authority Agreement
- [LMA3019\(Broker\)](#) Non-Marine Model Binding Authority Agreement (excluding U.S. & Canada domiciled coverholders)
- [LMA3019\(Direct\)](#) Non-Marine Model Binding Authority Agreement (excluding U.S. & Canada domiciled coverholders)
- [LMA3020](#) Canadian Non-Marine Model Binding Authority Agreement  
Plus the following associated clauses and endorsements for use in conjunction with LMA3020:  
[LMA5029](#), [5030](#), [5031](#), [5032](#), [5033](#), [5034](#), [5035](#), [5036](#) and [5037](#)
- [LMA5058](#) U.S. including U.S. Virgin Islands General Cover Conditions
- [Guidance Notes](#) applying to LMA3018, LMA3019 and LMA3020

In September 2004 the LMA published the following Binding Authority Agreements:

US LMA3002, UK LMA3003, International LMA3004 and Canadian LMA3006.

At the time of publication, in order to meet the mandate deadline, it was acknowledged that a number of issues had arisen during the review process which had not been fully resolved but would be taken up subsequently.

A full review of the wordings has now been undertaken involving both Underwriters and brokers taking into consideration those outstanding points and suggestions made following the Lloyd's

survey on delegated underwriting. As with the previous LMA model binding authority agreements 'Direct' versions of LMA3018 and LMA3019 have been produced for use by managing agents dealing directly with coverholders without the involvement of a Lloyd's Broker.

The International and UK Binding Authority Agreements have been combined into LMA3019 as a positive way of reducing the number of agreements.

The documents are suitable for use in the circumstances described in the Guidance Notes. However, the new documents are purely illustrative and are established and distributed for the guidance of Members, who are free to agree different appropriate wordings.

These new model agreements update LMA3002, LMA3003, LMA3004 and LMA3006 and by agreement with the LMBC it is suggested they be used with effect from 1 December 2006. However, if the relevant parties choose they may be used prior to this date in conjunction with the Market Reform Binding Authority slip templates. These updated slip templates will be published shortly by the Market Reform Programme Office (contact: [james.willison@lmpoffice.com](mailto:james.willison@lmpoffice.com) or on telephone number 020 7327 5231). They have been designed specifically for use with the model agreements and all are being published to coincide with the year end renewal timetables.

The US Cover Conditions have also been reviewed and aligned with the various State requirements. The new number is LMA5058.

The number LMA 3021 has been reserved for the proposed update of Marine Binding Authority Wording LMA3005.

The wordings will be loaded to the Members' area of the LMA website.



Martin Roberts  
Manager, Non-Marine