



LLOYD'S



## **LMP BINDING AUTHORITY SLIP QUALITY**

### **MARKET REPORT FROM LLOYD'S: January 2005**

This is the first report in a series reporting on the performance of brokers and managing agents in complying with the obligation placed by Lloyd's on them to use the LMP Slip standard for Binding Authorities. We expect to publish reports regularly in future.

This report is split into two sections:

- 1) The compliance of current LMP Binding Authorities slips based on returns of slips led by Lloyd's managing agents, measured in terms of a Balanced Scorecard Assessment; and
- 2) Identification of the 5 most common reasons for binding authority rejections by XIS with guidance to prevent subsequent rejections.

In relation to binding authorities, Lloyd's has made significant steps towards contract certainty. This is being achieved by the use of LMA model wordings and LMP binding authority slips.

There has been a lot of change in this area over the last few months, consistent with the Delegated Underwriting Byelaw. Recognising that it will take time to implement all the changes accurately, Lloyd's is committed to working with brokers, underwriters and Xchanging to achieve contract certainty and process efficiency. This report offers guidance to

- ensuring compliance with the LMP slip standards for binding authorities and
- offering guidance on how to ensure future submissions to Xchanging are not rejected.

## **Section 1: LMP Binding Authority Slip Report**

The main findings of the LMP Binding Authority slip report are:-

- 1) On the basis of a balanced score card assessment (BSA) which weights together the quality of all the items required on a LMP Binding Authority Slip, the typical London market Binding Authority slip scores a BSA of 94%. This is a little higher than the 93% scored by non-binder slips in the same period.
- 2) None of the slips breached the mandate.
- 3) Encouragingly only 1 of the 74 binding authorities audited used a bespoke wording and unsurprisingly the BSA score of binding authorities that used model wordings was higher when compared to the one that used the bespoke wording.
- 4) Only 1 of the 74 binding authority slips audited was fully compliant (BSA 100%), with the lowest BSA being 82%
- 5) Whilst the BSA score for binders is high, there are 5 hotspots that affect a large number of binding authority slips. Both managing agents and brokers should use the hotspot table contained in this report to ensure these areas can be minimised.

### **Current Actions**

Lloyd's has developed, with Xchanging support, a quality assurance tool which documents current Xchanging checks. This enables the market to carry out quality assurance (QA) checks on binding authorities to ensure that they meet regulatory, fiscal and contract certainty requirements prior to submission to Xchanging. Details are available on the Lloyd's website<sup>1</sup>.

Lloyd's have also been working with Xchanging to identify the 5 most common areas for binding authority rejections in order to provide brokers and underwriters with guidance on how to prevent such future rejections. This guidance is contained in section 2 of this report.

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<sup>1</sup> <http://www.lloyds.com/index.asp?itemid=9130>

## A Background

1. The data in this report is drawn from binding authority slips that were sent as part of the managing agents' 25% monthly sample.

Detail of the LMP Binding Authority slip checklist is available on the LMP website<sup>2</sup>. The BSA aims to recognise in a single weighted score that:

- (i) Attributes of the LMP Binding Authority slip impacts three separate areas - contract terms, format and process efficiency; and
- (ii) Some elements are more important than others.

## B BSA Component Score

As well as an overall BSA score, we have also generated BSA sub-scores for contract terms, format and process efficiency. We refer to these as BSAC; BSAF and BSAP

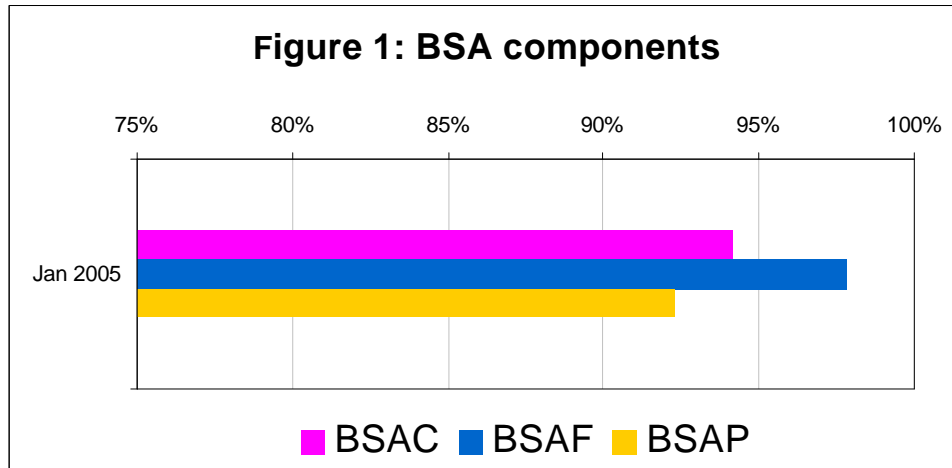
**Table 1: BSA components**

	<u>Jan 2005</u>
BSAC	94%
BSAF	98%
BSAP	92%
Market average	94%

Of note is the disparity in relation to the three categories of data included in a slip, as shown in Table 1. Formatting (BSAF) is the best component of Binding Authority slips scoring 98% for January. This is because the majority of binding authority slips audited used model wordings and the LMP office has created standard slip templates to use with the wordings that ensure compliance with the delegated underwriting bylaw and that an LMP compliant framework is used.

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<sup>2</sup> <http://www.lmp-reforms.com/Publications/PDFs/BA%20compliance%20questions.xls>



**C BSA Scores by Wording and Class of Business**

2. Table 2 shows that the BSA score of binding authority slips that used the model wording was higher when compared to the ones that used a bespoke wording.

There is little variation in the BSA scores across the different classes of business, with Direct-Property and Direct-Casualty (General) performing the best with an average of 96% and Multiple risks business being the worst performer with an average of 92%.

**Table 2: Quality of LMP Binding Authority Slips by business for January 2005**

Wordings / Business	BSA	BSAC	BSAP	BSAF
LMA 3002	95%	96%	93%	98%
LMA 3003	94%	93%	94%	98%
LMA 3004	93%	92%	92%	98%
LMA 3005	93%	97%	83%	95%
LMA 3006	95%	97%	91%	97%
Bespoke	88%	94%	73%	100%
Direct - Property	96%	96%	95%	99%
Direct - Casualty (General)	96%	97%	94%	95%
Direct - Casualty (Specialty)	95%	96%	94%	98%
Direct - Motor	94%	93%	96%	94%
Multiple Risks	92%	93%	90%	98%
Not Recorded	92%	92%	90%	97%
Market Average	94%	94%	92%	98%

## D Compliance Hotspots

3. We now turn to individual attributes within the slip, looking at all the slips in detail. Five key areas affect more than 20% of the binding authority slips (refer to table 3).

(i) Incorrect completion of ‘Basis of Claims Agreement’ and Claims Agreement Parties’ has affected 34% and 26% of the slips respectively, a significant proportion. There is currently some confusion in the market as to what must be stated under these two headings. Both these headings relate to how claims in excess of any claims authority delegated to the coverholder will be handled by the subscribing underwriters; therefore you must not refer to the delegated claims authority which is contained in the schedule. The ‘Basis of Claims Agreement’ heading must clearly specify the basis of claims agreement, which for any Binding Authority with Lloyd’s participation must be “The Lloyd’s 1999 Claims Scheme”<sup>3</sup>. The “Claims agreement parties” heading must clearly identify those parties that will agree claims that the coverholder is not permitted to agree e.g. slip leader plus XCS. These headings must not be confused with the delegation of claims authority to the coverholder.

(ii) The percentage of binding authority slips where the period is completed incorrectly is 22%. The most common mistake identified was the applicable time zone missing.

(iii) When detailing the taxes payable either by the insured or the underwriter it is important wherever possible to define these clearly on the slip. If these are not known at the time of placing the binder it must be clear against these headings that they will be stated on each declaration.

**Table 3: Compliance Hotspots**

Issue	Component	% of slips affected Jan 2005
Are the "Taxes Payable by Underwriter(s)" correctly incorporated?	Contract terms	46%
Is the "Basis of Claims Agreement" clearly identified?	Process efficiency	34%
If the "Taxes Payable by Insured" heading is present, is it completed correctly?	Contract terms	32%
Are the "Claims Agreement Parties" clearly identified?	Process efficiency	26%
Is the period of the binding authority less than 18 months and clearly specified?	Contract terms	22%

<sup>3</sup> Please note Lloyd’s are due to publish “The Lloyd’s 2005 Claims Scheme” shortly.

## **Section 2: 5 Common Reasons for XIS rejection of Binding Authority Submissions**

Presently, the market is experiencing a high rejection rate for binding authority submissions to Xchanging. This is not unexpected given that the process has changed so significantly. We will publish analysis of rejection reasons, on the same broad lines as our analysis of 2004 performance, in the next few weeks.

To assist brokers and managing agents to avoid rejections, Lloyd's has published a Q&A tool<sup>4</sup> which makes the checks performed by Xchanging transparent. **We request that you use this tool as part of your internal procedures to reduce subsequent queries.**

Our future reporting of common errors will link back to these checks.

Lloyd's has also been working with Xchanging to identify the 5 most common reasons for binding authority rejections in the early part of this year, to provide brokers and underwriters with guidance. This guidance is detailed below. **We request that you make it available to your teams so that they can concentrate first on eliminating these common errors.**

The aim is to ensure all submissions are right first time prior to submission to Xchanging, so as to reduce your costs, reduce contract risk and improve service to coverholders.

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<sup>4</sup> <http://www.lloyds.com/index.asp?itemid=9130>

1. Choice of model binding authority agreement														
Issue	Action	Quality Assurance Tool reference												
Xchanging have received a number of submissions using an inappropriate model wording. This is particularly the case for binding authorities for UK coverholders which are also authorised to bind business in certain European countries. The LMA model wordings are geared to the business written, not the domicile of the coverholder.	<p>The table below shows how it is recommended that the model wordings are used:</p> <table border="1"> <thead> <tr> <th>MODEL AGREEMENT</th> <th>USE FOR</th> </tr> </thead> <tbody> <tr> <td>LMA 3002</td> <td>Non-marine, aviation or motor binding authorities accepting US business</td> </tr> <tr> <td>LMA 3003</td> <td>Non-marine, aviation or motor binding authorities accepting UK business</td> </tr> <tr> <td>LMA 3004</td> <td>Non-marine , aviation or motor binding authorities accepting International business, but not from UK, US or Canada</td> </tr> <tr> <td>LMA 3005</td> <td>Marine binding authorities</td> </tr> <tr> <td>LMA 3006</td> <td>Non-marine, aviation or motor binding authorities , accepting Canadian business</td> </tr> </tbody> </table>	MODEL AGREEMENT	USE FOR	LMA 3002	Non-marine, aviation or motor binding authorities accepting US business	LMA 3003	Non-marine, aviation or motor binding authorities accepting UK business	LMA 3004	Non-marine , aviation or motor binding authorities accepting International business, but not from UK, US or Canada	LMA 3005	Marine binding authorities	LMA 3006	Non-marine, aviation or motor binding authorities , accepting Canadian business	LMA3002 4.001 LMA3003 4.001 LMA3004 4.001 LMA3005 4.001 LMA3006 4.001
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<p><b>We have received questions about what should be done:</b></p> <p><i>Where the Lloyd's broker acts as coverholder for business to be bound worldwide?</i></p> <p><i>Where the Lloyd's broker acts as coverholder but the business to be accepted relates to the UK <u>and</u> US?</i></p>	<p>It is recommended that the LMA 3004 Wording plus a signed worldwide affidavit is used.</p> <p>It is recommended that the best way to approach this is to create a bespoke wording which draws on the relevant elements of the LMA 3002 and LMA 3003 model wordings.</p> <p>Lloyd's would also accept a submission based on the use of either the LMA 3002 or LMA 3003 as acceptable, with section 15 showing the changes necessary to make the binding authority fit for purpose. However, because this will require a significant number of model clauses to be removed and replaced, the Lloyd's broker will need to submit a written commentary supporting the rationale for the changes so that Xchanging can clearly understand the thought process behind the changes to the model wording.</p> <p>Particular attention should be paid to the law and jurisdiction provision and also to including the US General Cover Conditions.</p>													
<p><i>Where a US coverholder is authorised to bind US and Canadian business?</i></p> <p><i>Where a UK coverholder is authorised to bind UK non-marine business and non-marine business from another territory (e.g. France)</i></p>	<p>We have recommended that the best way to approach this is to create a bespoke wording which draws on the relevant elements of the LMA 3002 and LMA 3006 wordings.</p> <p>Again, Lloyd's would also consider a submission based on the use of either the LMA 3002 or LMA 3006 wordings as acceptable. However, the Lloyd's broker will need to submit a written commentary supporting the rationale for the changes so that Xchanging can clearly understand the thought process behind the changes to the model wording.</p> <p>We have recommended that the model wording for non-marine, International business (LMA 3004) should be used. However, the complaints procedures applicable to UK insureds should be included.</p> <p>An alternative would be to use the NMA 3003 for UK and include relevant sections from LMA 3004 and any specific country requirements.</p>													

2. Coverholder's signature to, and lead underwriter witnessing, the Schedule		
Issue	Action	Quality Assurance Tool reference
<p>Brokers and managing agents will be aware that the LMA model wordings are schedule based. All of them contain a section which the coverholder is expected to sign to indicate their agreement to the contract of delegation once it has been placed 100%. Once this is done, the lead underwriter is asked to evidence this by signing and dating that this has happened.</p> <p>This area appears to have caused significant confusion in the market if the quality of submissions made to date is anything to go by. So far the most common problems that Xchanging are seeing in the submissions made are:</p> <p>a) some submissions have not been signed by either one or both relevant parties (i.e. the coverholder and the lead underwriter)</p> <p>b) some lead underwriters have signed <u>before</u> the coverholder has agreed the schedule.</p> <p>c) some coverholders have signed the schedule <u>before</u> the broker has commenced placing the binding authority.</p> <p>d) some schedules include a signing page that clearly does not form part of the schedule. For example, the signing page is a fax and needs identification to tie it to the original.</p> <p>e) on one submission the broker had attempted to cut and paste the signatures from another document for use on the schedule</p>	<p>Such practices should cease immediately.</p> <p>Additionally, we are aware that some brokers are complaining that signing the schedule means that they have to see the lead underwriter three times. That is, they are</p> <ol style="list-style-type: none"> <li>1) placing the slip</li> <li>2) preparing a clean schedule for the underwriter to initial prior to sending it to the coverholder for signature; and</li> <li>3) returning to the underwriter to evidence the coverholder's signature.</li> </ol> <p>To assist brokers, we have recommended some other ways to tackle this issue.</p> <p>a) If the schedule contains a limited number of alterations and they are legible and will be understood by the coverholder, we have suggested that it may not be necessary to prepare a new schedule for the coverholder to sign. Obviously, this will depend on the standards of documentation in individual broking houses.</p> <p>b) If the broker prepares a clean schedule based on underwriters' changes to the schedule, they do not have to go again at this stage to the lead underwriter before preparing a clean schedule for the coverholder to sign. The only reason for needing to re-visit the lead underwriters at this stage is to make sure the lead underwriter agrees additional changes made by the following market, a matter which the broker would need to do anyway before preparing the clean schedule.</p> <p>Once the broker has prepared a clean schedule for the coverholder and the coverholder has signed, the broker can then obtain the lead underwriter's witnessing signature and have the leader confirm that all the amendments from the original placed slip have been correctly reflected in the LMP Slip schedule that the coverholder has signed. The broker will need to demonstrate all the changes on the original LMP Slip schedule have been included on the clean schedule signed by the coverholder. The lead underwriter can then acknowledge this by counter-signing the schedule.</p>	<p>BA Contract 2.021 BA Contract 2.022</p>

<b>3. Signing schedules</b>		
<b>Issue</b>	<b>Action</b>	<b>Quality Assurance Tool reference</b>
<p>All Lloyd's brokers should be aware that we changed the arrangements for signing schedules accompanying binding authorities in Market Bulletin Y3430. Lloyd's brokers are now responsible for providing a signing schedule as part of the submission to Xchanging.</p> <p>Based on submissions received to date, only 2 Lloyd's brokers have consistently provided the correct signing schedule information to Xchanging.</p>	<p>There is an urgent need for all Lloyd's brokers placing binding authority business to make sure they provide a signing schedule with each binding authority submission.</p> <p>It is recommended that Lloyd's brokers signing schedules are typed, because they will be attached as part of the wording for the coverholder. However, as long as the following details are clear and complete, then the original placing slip or a photocopy thereof is acceptable. The following details must be included as a minimum:</p> <ul style="list-style-type: none"> <li>○ a list of syndicates participating on the contract showing signed lines, pseudonym and number</li> <li>○ details of each syndicate supporting a consortium participating on the contract showing signed lines, pseudonym and number.</li> </ul> <p>Ideally each syndicate's reference should also be shown.</p>	<p>BA Contract 2.018</p>

4.0 Licensing Issues			
Subject	Issue	Action	Quality Assurance Tool reference
<b>US General Cover Conditions</b>	Submissions relating to US coverholders are being received where the US General Cover Conditions (NMA2861) are missing.	LMA circular LMA04-061-TW dated 6 <sup>th</sup> October 2004 advised the amendment of NMA2861 to allow its use with the LMA3002.	US BA Contract 5.001
<b>Worldwide affidavit</b>	<p>Lloyd's brokers which act as coverholders have historically been granted approval to bind business worldwide. This then allows underwriters to grant Lloyd's brokers a binding authority in a particular territory without the Lloyd's broker needing to revert to Lloyd's for specific additional territorial approval.</p> <p>To protect against the licensing risk posed by such arrangements, Lloyd's has required Lloyd's brokers to sign a worldwide affidavit and submit a copy of this signed by an authorised officer of the Lloyd's broker with every binding authority submission where the Lloyd's broker is authorised to bind business outside the UK.</p>	<p>Lloyd's is about to issue market guidance that removes the worldwide affidavit. Therefore the worldwide affidavit does not need to be completed for any binding authority submissions with immediate effect.</p> <p>Lloyd's brokers should however ensure that they continue to comply with the relevant local laws, rules and fiscal requirements in all jurisdictions in which they transact business. This requirements will now form part of the broker accreditation process for new Lloyd's brokers and be reaffirmed in the annual broker review process,. Additionally, all Lloyd's brokers acting as coverholders have already signed the Lloyd's Coverholder Undertaking.</p>	Checks removed
<b>Coverholder territorial approval</b>	<p>The coverholders department no longer grants coverholders worldwide approvals. Instead, approvals are given on a territory specific basis and additional territorial extensions need to be applied for.</p> <p>Xchanging are checking the Schedule to make sure that coverholders are authorised by Lloyd's to enter into contracts of insurance in the territories allowed by the binding authority.</p> <p>Based on the submissions received to date, it is clear that a number of coverholders do not have Lloyd's authorisation to operate in all the territories allowed under the binding authority.</p>	<p>Lloyd's brokers and underwriters must make sure that the coverholder has been approved by Lloyd's for the relevant countries under the binding authority.</p> <p>It is important that clarity exists over the territory for which approval is required. Brokers should refer to the country manuals at <a href="http://www.lloyds.com">www.lloyds.com</a> for a definition of the business that qualifies for each country.</p> <p>It is important to distinguish the location of future policyholders from actual risk exposures when considering what territorial approval is required. For example, a binding authority contract for a coverholder in the UK to accept property business from UK clients where the property is located in France is French business and the coverholder would need to have its approval extended to include France.</p> <p>Brokers should also consider whether single pieces of business transacted outside of the territories approved for a particular coverholder could be transacted on an open market basis.</p> <p>The countries listed in section 11.2 of the LMA 3003 must match those shown on the binding authority registration system (BARS). The BAR system will be updated in the near future to provide more guidance on the correct classification of territories.</p>	BA Contract 2.005
<b>Copies for overseas offices</b>	Xchanging have received many submissions where the Lloyd's broker was required to provide additional copies of the documentation so that Xchanging	Where wordings are submitted for embossment, additional copies of wordings should be supplied for the territories as specified below.	General 1.014 Canadian BA Contract 5.016

4.0 Licensing Issues			
Subject	Issue	Action	Quality Assurance Tool reference
	can send it directly to the Lloyd's representative office for regulatory purposes, but has not done so.	<p>Where embossment is not required, additional copies of the Schedule must be supplied. However this second option is not permissible where an original document is required by foreign rules to be sent overseas – see below.</p> <p>Illinois (1 copy)  Kentucky (2 copies)  Canada (1 copy)  Malta (2 copies)  Greece (1 copy)  Italy (1 copy)  Germany (1 original 2 copies)  Spain (1 copy)  Switzerland (1 copy)  France (1 copy)  Republic of Ireland (1 copy)</p> <p>Lloyd's brokers must ensure make sure that the correct numbers of documents are provided to Xchanging.</p> <p>These need not be signed and embossed wordings, but must include all relevant components i.e. LMP Slip schedule section, specimen certificate or NMA outline model by reference, coverage clauses and wordings that will be used on individual certificates and a signing schedule page listing the participating syndicates, their pseudonyms, reference and signed line percentages. In addition, where a bespoke wording has been used, rather than a model wording, a full copy of this wording must be included.</p>	<p>France BA Contract 5.009  US Illinois BA Contract 5.012  US Kentucky BA contract 5.003</p>

<b>5. Completion and submission errors</b>			
<b>Subject</b>	<b>Issue</b>	<b>Action</b>	<b>Quality Assurance Tool reference</b>
<b>Panel 1</b>	Xchanging have received many submissions where Panel 1 of the slip has not been completed fully.	The lead underwriter must make sure that the correct risk code(s), the settlement due date (except on Scheme Canada business) and total written lines are completed on Panel 1.	BA Contract 2.003
<b>Subjectivities</b>	Xchanging are still receiving binding authority submissions with unresolved subjectivities such as “TBAs” or underwriters conditions attaching to their lines still outstanding.	The lead underwriter and broker must make sure all such subjectivities are resolved before the binding authority incepts.	General 1.003 General 1.004
<b>Proof of full registration of binding authority on Lloyd’s on-line binding authority registration system</b>	Xchanging are required to check that Lloyd’s brokers have <u>fully</u> registered the binding authority with Lloyd’s before they submit the binding authority for signing. By fully registering the binding authority the Lloyd’s broker confirms that the contract is 100% placed and the coverholder has agreed the contract of delegation.	Lloyd’s brokers must make sure they have fully registered the binding authority <u>before</u> submitting the binding authority to Xchanging.	BA Contract 2.001
<b>Stage 1 signing provisions</b>	Some submissions continue to request Xchanging to issue Stage 1 signings (i.e. allocating the ability to process premiums and claims before the wording has been agreed by Xchanging). . As made clear in Market Bulletin Y3430, Xchanging is no longer allowed to process Stage 1 signings.	Brokers and underwriters should delete any reference to such provisions.	Will be added in the next update.
<b>Regulatory requirements</b>	A number of submissions have not contained the correct attachments to comply with key regulatory requirements. Most notably, some submissions have not contained the war and civil war exclusions.	These requirements are essential. The lead underwriter must make sure these are addressed in all relevant contracts.	Mar BA Contract 3.002 N/M BA Contract 3.002, 3.003 Avn BA Contract 3.002, 3.003, 3.004
<b>Renewal addenda</b>	Xchanging have received renewal addenda submissions for contracts incepting on or after 1 <sup>st</sup> January 2005.	This is not appropriate. One of the model binding authority agreements should be used. The binding authority agreement that would have been used on the expiring contract is unlikely to comply with the Delegated Underwriting Byelaw.	Will be added in the next update.
<b>Wordings submitted for embossment</b>	Xchanging have received a substantial number of submissions for embossment where the wording to be embossed does not reflect the slip Schedule (and agreed changes).	Lloyd’s brokers must make sure the wordings submitted are an exact copy of the slip schedule. Such inconsistencies are not acceptable. Lloyd’s brokers must take all necessary steps to resolve this problem.	General 1.013 BA Contract 2.024
<b>Page numbering of wordings for embossment</b>	Where embossed wordings are required, Lloyd’s brokers are often adding the Schedule to the model wording without amending the page numbers.	Care should be taken to ensure that page numbering is amended in the wording for embossment so that numbers are sequential. One option is to number the scheduled agreement section of the LMP slip separately from the non-schedule agreement section, so that the signing schedule showing the underwriters participations can be added at the end of the whole document.	

5. Completion and submission errors			
Subject	Issue	Action	Quality Assurance Tool reference
Master coverholders	Xchanging have received a number of submissions of master coverholder arrangements using model wordings. Practitioners are reminded that a master coverholder arrangement is a contract of delegation involving a hub coverholder which oversees other coverholders. Such arrangements are common when Lloyd's brokers or third party consortium managers are acting as coverholders.	<p>We recommend that a bespoke wording should be created for such arrangements because the model agreements were created to be used only for single coverholder arrangements. The LMP slip requirements for binding authorities do not apply to the master contract itself, but they do not apply to all binding authorities issued under the master contract (see also question below).</p> <p>We have previously highlighted that one of the key changes in the new Delegated Underwriting arrangements is that managing agents always have a direct contractual relationship with each coverholder to which they grant a binding authority.</p>	
	<p><b>We have received a number of questions about what should be done:</b>  <i>where the Lloyd's broker acts as the master coverholder?</i></p> <p><i>where a third party manager subscribes to binding authorities?</i></p>	<p>The most common and easy way to achieve the direct contractual relationship between managing agents and coverholders is by using an "off-slip" to the master binding authority for each additional coverholder. Each off-slip must comply with the Delegated Underwriting Byelaw and be prepared on an LMP Slip with a relevant wording. Under such an arrangement, underwriters (or a specified number of underwriters) enter directly into the contract of delegation with the additional coverholders.</p> <p>There is a risk that managing agents do not have a direct contractual relationship where the third party consortium manager acts as the lead underwriter to a binding authority.</p> <p>The most common and easy way to achieve the direct contractual relationship between managing agents and coverholders is to create a "prior submit" arrangement for such binding authorities where underwriters (or a specified number of underwriters) enter directly into the contract of delegation with additional coverholders.</p>	

<b>5. Completion and submission errors</b>			
<b>Subject</b>	<b>Issue</b>	<b>Action</b>	<b>Quality Assurance Tool reference</b>
<b>Inception and expiry dates</b>	<p>Xchanging have received a number of submissions where there have been inconsistencies in the exact time for the inception and expiry of the binding authority. The areas of inconsistency relate to:</p> <ul style="list-style-type: none"> <li>○ the use of “both days inclusive” alongside a time provision. Obviously, the two phrases are mutually exclusive.</li> <li>○ the use of different time zones within the same contract (e.g. British Standard Time (“BST”), Greenwich Mean Time (“GMT”) and Local Standard Time (LST)).</li> <li>○ the absence of any reference to time zones. If the contract uses both days inclusive, then a time zone should be added.</li> </ul>	Brokers and underwriters should pay particular attention to these inconsistencies in order to eliminate them from future submissions.	<p>LMA3002 4.002  LMA3003 4.002  LMA3004 4.002  LMA3005 4.002  LMA3006 4.002  Non-model wording 4.004</p>
<b>Reference to ‘Leading underwriter’ in the Schedule</b>	Xchanging have received a number of submissions where reference is made in the Schedule to ‘leading underwriter’ or similar provisions.	In order to be consistent with the LMA model binding authority agreement wordings, where these references relate to authority to agree changes to the terms and conditions of the agreement itself, reference should be made simply to ‘Underwriters’. Clarification as to which syndicates have authority to agree such changes should be shown under the Subscription Agreement section of the slip. However, where reference relates to authority to agree the attachment of declarations on prior submit agreements, it is acceptable for references within the Schedule to specify exactly who will agree attachments, but those parties so identified need to be defined (i.e. the term leading underwriter should only be used if the identify of the leading underwriter is specified).	General 1.010
<b>Joint certificate wording</b>	Xchanging have received a number of submissions which have included an out of date version of the wording to be used on joint certificates.	<p>The Underwriting Requirements (paragraph 16 of chapter 2) of the Delegated Underwriting Byelaw specify the wording to be used for joint certificates.</p> <p>The lead underwriter must make sure that this updated joint certificate wording is used.</p>	