

FROM: Director, Worldwide Markets EXTN: 6677

DATE: 17 December 2004 REF: Y3462

SUBJECT: **IRISH MOTOR INSURANCE REQUIREMENTS**

SUBJECT AREA(S): Obligations on syndicates writing Irish motor insurance

ATTACHMENTS: Appendix 1: Irish Motor Insurance Requirements
Appendix 2: Return for syndicates intending to write Irish motor liability insurance for 2005.
Appendix 3: Deed of Accession

ACTION POINTS: **Managing agents of syndicates proposing to write motor liability insurance of vehicles registered in Ireland in 2005 to:**

- 1. Sign a Lloyd's Deed of Accession**
- 2. Provide an estimate of net premiums to Worldwide Markets**
- 3. Comply with the requirements set out in the attached appendix.**

DEADLINE(S): **For action points 1 & 2, 7 January 2004**

Purpose of bulletin

This bulletin is a reminder of the obligations on all syndicates (motor and non-motor) transacting compulsory liability insurance for motor vehicles (class 10) registered in Ireland (including liability insurance written as part of comprehensive motor policies). These obligations include:

- Declined Cases Agreement
- Irish Government Levy
- Irish Stamp Duty
- Motor Insurers' Bureau of Ireland Fees
- Documentation requirements for establishment business
- Reporting requirements
- Fourth Motor Directive.

These requirements are set out in detail in appendix 1, entitled "Irish motor insurance requirements".

Immediate action required

By **7 January 2005**, the managing agent of every syndicate *intending to write motor liability insurance of vehicles registered in Ireland in 2005* must complete and return to Worldwide Markets the following:

- An estimate of net premiums that will be written in 2005 – see appendix 2.
- A signed Deed of Accession to the Declined Cases Deed of Agreement – see appendix 3.

The Deed of Accession needs to be signed by two directors of the managing agent or a director and the company secretary and the syndicates writing Irish motor liability insurance must be listed in Schedule A. The Deed of Accession must be left undated. Lloyd's will arrange subsequent signature and sealing on the part of Lloyd's and Lloyd's Irish General Representative.

Managing agents do not need to enter into the Deed of Accession if they:

1. Signed a Deed of Agreement in relation to the 2004 year of account; and
2. In 2005, they do not:
 - have any new members; or
 - manage a syndicate that is writing Irish motor liability insurance for the first time.

If a managing agent considers that it does not need to sign the Deed of Accession, although they are proposing to write Irish motor liability insurance in 2005, they should provide a statement indicating the reason for this. If a managing agent is in doubt as to whether it needs to sign the Deed it should sign it.

Further information

Further information about the content of this bulletin may be obtained from Lloyd's Worldwide Markets as follows:

Lloyd's Worldwide Market Services
Tel: 020 7327 6677
Email: market.services@lloyds.com
Box: 190b, Gallery 1

Zoë Kilminster
Worldwide markets
Tel: 0207 327 5772
Email: zoe.kilminster@lloyds.com

Lloyd's Underwriters Sole General Representative in Ireland

Raymond P McGovern.
WG Bradley & Sons
Alexandra House
The Sweepstakes
Ballsbridge
Dublin 4
Ireland

Telephone: +353 (0)1 670 800
Fax: +353 (0)1 829 1444
Email: loyds@wgbradley.com

This bulletin has gone to active underwriters and compliance officers of managing agents.

More detailed information on Lloyd's trading rights may be found on www.loyds.com/worldwide. Select the appropriate country from the Lloyd's trading status box (located on the right hand side of the web page) and this will take you to the Quick Reference Guide for the country selected. More detailed information may then be obtained for certain countries by selecting 'Manual' from the menu on the left hand side of the screen. You will be asked to input a user name and password. Please contact the Worldwide Market Services (contact details as above) in order to obtain this information.

Julian James
Director, Worldwide Markets

APPENDIX 1 - IRISH MOTOR INSURANCE REQUIREMENTS

1 Background

Ireland is a member of the EU, and its insurance laws reflect the EU's Insurance Directives. Lloyd's is authorised to underwrite motor vehicle liability insurance (Class 10) in and from Ireland on a "freedom of services" and on an "establishment" basis.

2 Declined Cases Agreement

Lloyd's, along with all other motor insurers in Ireland, is bound by the Declined Cases Agreement. This is a requirement of Lloyd's licence in Ireland. All syndicates writing motor liability insurance (Class 10) of vehicles registered in Ireland must therefore comply with its terms.

Market bulletins Y3128 issued 29 August 2003, and Y3209, issued 11 December 2003 gave details of this agreement. In summary, an insurer (including a Lloyd's syndicate) cannot refuse to provide an insurance policy with a Road Traffic Accident (RTA) certificate to an individual proposer who has approached at least three insurers and has not been able to obtain insurance, if the proposer is:

- a) one of their existing motor policyholders or one who has held a policy with them in the preceding three years; or
- b) a new proposer, who has not held an insurance in his (or her) own name in the preceding three years; except where to provide such a policy would be contrary to the public interest.

The Declined Cases Committee, on which Lloyd's is represented, represents the insurers who have entered into the agreement, and makes binding decisions regarding its application. It can decide whether a declinature is valid and whether the premium charged and/or the terms are so excessive as to amount to a refusal.

Under the agreement an insurer may not decline a risk on grounds of age alone, and insurers cannot exclude driving:

- a) by the insured without his consent except where to include such driving would be contrary to the public interest;
- b) by any person named by the insured under the terms of the policy without the consent of the insured except for reasons which the Committee regard as adequate.

When it is not possible to identify to which insurer the first proposal was made, or whether the first proposal was made simultaneously to more than one insurer, the Committee allocates the risk on an agreed rota basis.

3 The Declined Cases Agreement within Lloyd's

Lloyd's has a *Declined Cases Deed of Agreement*, which governs how the Declined Cases Agreement will be administered in respect of the syndicates. The Deed of Agreement is between the Society of Lloyd's, managing agents of syndicates writing Irish motor liability insurance and Lloyd's Irish General Representative. The Deed of Agreement was introduced in December 2003.

Managing agents of syndicates writing motor liability insurance (class 10) of Irish registered vehicles are therefore required to sign up to the Deed of Agreement on behalf of the members of those syndicates. To ensure continued observation of this requirement, Lloyd's requires every such managing agent to sign a Deed of Accession annually.

This is intended to cover new syndicate members, including members of syndicates who have not previously written Irish motor liability insurance. Consequently, managing agents which have already signed the Deed of Agreement and which have:

- no new members participating on their managed syndicates in 2005; and
- no other syndicates writing Class 10 business for Irish registered vehicles for the first time in 2005,

are not required to sign a Deed of Accession in 2005. If a managing agent is not certain whether these apply, but manages syndicates that will be writing Irish motor liability insurance in 2005, it should sign the Deed.

Under a system introduced in 2004, declined cases referred to Lloyd's are allocated by Lloyd's Irish General Representative to the syndicate concerned. The declined cases put to Lloyd's where there is no syndicate to take on the liability are allocated to a syndicate on a rota basis, operated by the Lloyd's General Representative. The rota takes into account the type of motor business written by each syndicate in Ireland and its estimated premium income from such business. In either case, the syndicate has *three working days from the date of referral* to provide a quote for the referred risk.

This requires managing agents of syndicates that will write Irish motor liability insurance in 2005 to provide to Worldwide Markets by **7 January 2005:**

- An estimate of net premiums that will be written in 2005 – see appendix 2. This must be completed to show premiums net of brokerage and commission, in euros, split between personal and commercial risks and further subdivided between the categories stated.
- A signed Deed of Accession to the Declined Cases Deed of Agreement – see appendix 3. The Deed must list the relevant managed syndicates in the Schedule, be signed by two directors or a director and the company secretary of the managing agent, and left undated.

As noted above, some managing agents of syndicates writing Irish motor insurance may not need to sign the Deed of Accession. In this case, they should provide a statement of the reason why they consider that they do not need to sign.

4 Irish Government Levy

The Government Levy is a fiscal charge (equivalent to a premium tax) on all classes of insurance business other than reinsurance and marine, aviation and transport (MAT) insurance. It is imposed on all insurers, who may in turn pass the cost on to policyholders at the point of sale.

The levy is added to the gross premium paid by the insurer. The Government Levy is currently 2% of gross premium income (the premium paid by the customer).

Lloyd's collects and pays the levy centrally every quarter. Motor syndicates who do not use central accounting must make a quarterly return to the Irish office and electronic transfer of the levy in Euros to the Irish office account within 30 days of the end of the preceding quarter. Interest is charged on overdue payments.

5 Stamp Duty

Under the Finance Act 1982 a stamp duty of 1 Euro is applicable to all non-life policies or certificates of insurance when the gross premium is 19.05 Euros or more. If more than one premium is payable within any period of 12 months, and such premiums total 19.05 Euros or more, then the policy or certificate attracts 1 Euro stamp duty only. Stamp Duty is payable on new policies only and not on renewals.

Stamp duty is collected via the Central Taxation system every quarter. Motor syndicates who choose not to use central accounting are required to make a quarterly return and payment to the taxation department.

6 The Motor Insurance Bureau of Ireland ("MIBI")

Lloyd's is a member of the MIBI and is charged a membership levy based on the Irish motor liability premiums written by all Lloyd's syndicates. This is administered by the LMUA.

All syndicates transacting motor insurance in Ireland must abide by the terms of the MIBI Domestic Agreement. A copy of this agreement is available from Lloyd's Irish office.

7 Documentation requirements for establishment business

The details of each Irish Road Traffic Act certificate must be filed, in Microsoft Excel format, with Lloyd's Irish General Representative. Details of the required information and its format are available from loyds-info@wgbradley.com

Syndicates comply by emailing to lloyds-info@wgbradley.com on the **first** and **third Friday** of every month details of:

- New, renewed, lapsed or cancelled policies
- Green cards issued.
- Change of address of the insured or registered owner of vehicle.

Where any of the above has occurred, **all policy details must be provided.**

In the case of **fleet policies**, current practice is to provide all policy details except the vehicle registration numbers, thus there **is** a single entry for a fleet policy, irrespective of the number of vehicles. However, where green cards have been issued in relation to a fleet vehicle, each green card must be notified separately as for non -fleet vehicles. Lloyd's will notify syndicates of any changes to this practice.

This requirement arises from the entitlement of the Irish Authorities and Irish Police to inspect the details of any RTA Certificate issued.

- An electronic copy (showing signature) or a paper copy of the binding authority must be filed with the Sole General Representative. Lloyd's brokers must therefore lodge three copies with XIS for signing, so that one copy is forwarded to Lloyd's Irish General Representative.
- The active underwriter of each syndicate writing Irish motor insurance must sign a standard indemnity in favour of Ray McGovern, in his capacity as Lloyd's Sole General Representative.
- The syndicate or coverholder must file standard policy conditions with Lloyd's Irish General Representative.
- The (lead) syndicate must send a copy of every individual policy schedule to the Sole General Representative within 30 days of the issuance of the policy.

8 Reporting requirements

Special requirements apply to Irish motor insurance. Syndicates writing Irish motor business must complete the Irish forms No.1 and No. 8 and return them to Worldwide Markets in April each year. These forms require detailed information about Irish motor premiums and claims. Completed forms are passed onto Lloyd's General Representative, who files them with the Irish insurance regulator.

9 Fourth Motor Directive

Ireland implemented the Fourth Motor Directive in December 2003. The Government's legislation includes:

- The general obligation to provide information to the Information Centre (MIBI) when requested and within five working days of receipt of the request.
- The necessary information includes the registration numbers of all insured

- The MIBI is currently sourcing insurance details from the motor taxation database, however, where deficiencies exist in relation to insurance information, a request is sent to all Irish Insurers (including to the Lloyd's Ireland office) requesting clarification on the insurance status of the vehicle concerned".

10 Procedures for syndicates who wish to withdraw from the Irish market

Market practice in Ireland is to give 35 working days written notice to policyholders when cover is not being renewed. Lloyd's syndicates should aim to adhere to this notice period if they withdraw from the Irish market or do not wish to offer renewal. This best market practice is based on the Motor Insurance (Provision of Information)

(Renewal of Policy of Insurance) Regulations 2002 which requires no less than 15 working days notice and then brokers add a further 10 working days at either end of this to give 35 working days in total.

All live policies at the date of a syndicate's withdrawal must be run off in a proper and orderly fashion with each policy being honoured to its individual natural expiry date.

**DEED OF ACCESSION TO THE DEED OF AGREEMENT RELATING TO THE IRISH
DECLINED CASES AGREEMENT DATED 18 JUNE 1981 (AS AMENDED)**

THIS DEED OF ACCESSION is made on

2004

BETWEEN

- (1) The Society incorporated by Lloyd's Act 1871 by the name of Lloyd's whose principal place of business is One Lime Street London EC3M 7HA ("**Lloyd's**")
- (2) The Managing Agent of each syndicate at Lloyd's identified in Schedule A on behalf of any members of such syndicate who are not already a party to the Deed of Agreement (the "**Managing Agents**"); and
- (3) The Sole General Representative of Lloyd's in Ireland whose office is at 8 Exchange Place, International Financial Services Centre, Dublin 1, Ireland referred to as (the "**General Representative**")

AND IS SUPPLEMENTAL TO the Deed of Agreement relating to the Irish Declined Cases Agreement dated 18 June 1981 (as amended) dated 15 January 2004 (the "Deed of Agreement") and made between Lloyd's, the Managing Agents and the General Representative

WHEREAS under clause 5 of the Deed of Agreement a Managing Agent of a syndicate underwriting motor vehicle liability insurance for Irish registered vehicles shall ensure that any members of that syndicate who were not members for the preceding year of account or any members of a new syndicate writing such insurance of which it is a Managing Agent shall accede to the terms of the Deed of Agreement through the execution of a Deed of Accession binding it to the terms of the Deed of Agreement

NOW THIS DEED WITNESSES AS FOLLOWS:

1. With effect from the date hereof, those underwriting members of Lloyd's who are new members of any existing syndicate listed in Schedule A for the 2005 year of account hereby accede to and are bound by the terms of the Deed of Agreement (insofar that they are not already a party to the Deed of Agreement).
2. With effect from the date hereof, those underwriting members of Lloyd's who are members of any syndicate listed in Schedule A which commences business for the 2005 year of account hereby accede to and are bound by the terms of the Deed of Agreement (insofar that they are not already a party to the Deed of Agreement).
3. This Deed of Accession shall be construed and governed in accordance with English law and the parties submit to the exclusive jurisdiction of the English courts.
4. This Deed of Accession may be executed in any number of counterparts, and by the parties in separate counterparts but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Deed of Accession, but all the counterparts shall together constitute one and the same Deed of Accession.

IN WITNESS of which this Deed of Accession has been executed and has been delivered on the date which appears first above.

SCHEDULE A

LIST OF SYNDICATES

THE COMMON SEAL OF)
THE SOCIETY OF LLOYD'S)
was hereunto affixed in the)
presence of)

Authorised Signatory

[SEAL]

EXECUTED as a DEED)
and DELIVERED BY)
)
)
on behalf of those underwriting)
members of any syndicate listed in)
Schedule A who are acceding to)
the Deed of Agreement)
)
acting by two Directors/)
a Director and the)
Secretary)
)

Director

Director/Secretary

SIGNED and DELIVERED)
as a **DEED** by Lloyd's)
Underwriters' Sole General)
Representative in Ireland)

Signature:

Name: