

MARKET BULLETIN

From	Manager Coverholders Department (extn 6754)
Date	17 July 2006
Reference	Y3847
Subject	Streamlining of coverholder post approval procedures
Subject areas	Contact with the coverholder department help desk Territorial extensions Lapsing of coverholders Other changes to coverholder permissions New applications
Attachments	Appendix 1 – Nomination of specific contact points for coverholder enquiries Appendix 2 – LMA 9001 Compliance questionnaire for Lloyd's approved coverholders Appendix 3 – Adding a broker's interest form Appendix 4 – Notification of change of name / address Appendix 5 – Application to add a class of business Appendix 6 – Territorial extension form Appendix 7 – New lapsing procedure Appendix 8 – Coverholder approval letter and profile
Action points	Provide Lloyd's coverholders department with contact points in your organisation Note and implement changes to procedures
Deadlines	Two month transitional period commencing immediately Full implementation by 18 September 2006

Please copy this bulletin to those people in your organisation that are responsible for handling coverholder applications and post-approval changes to coverholders.

This bulletin has the support of the LMA Delegated Underwriting Committee and the LMBC Binder, Offslip and Lineslip Team.

Introduction

This bulletin sets out the changes Lloyd's has made to coverholder post-approval processes, which ensure the procedures are transparent, simple and quick to use. The bulletin contains a suite of forms that can be found on the coverholder pages of the Lloyd's website. These forms identify the information to supply, the process to follow and the Lloyd's service standard.

This bulletin also includes a list of suggestions which, if addressed prior to submitting an application for a new coverholder, will help Lloyd's consider applications faster. We have also improved the letter to be sent to coverholders once approved by Lloyd's.

Background

In response to the market request that Lloyd's speeds up its approval of coverholder applications a structural change was made in mid 2005 which created a help desk, separate from the team handling new applications. This allowed the applications team to concentrate on the approval of applications and the support team to respond to, and administer, more general coverholder related enquiries. Since this change all calls have been recorded and it has become apparent that Lloyd's coverholders department currently handles annually in excess of 3,600 enquiries from managing agents and brokers. Half of these required more information before we could address the query and a further 10% were queries that the enquirer should have known the answer to, or the information needed was freely available on www.lloyds.com/coverholders or www.lloyds.com/directories.

Through this review Lloyd's has identified and addressed those requests that raise most queries by creating the forms in Appendices 2 - 6. These forms clearly set out the information required and the process to follow when advising Lloyd's of a change or when requesting a change to the coverholder's level or scope of approval. It also sets out the service standard that the applicant can expect. This transparency should improve the efficiency with which queries are handled.

Additionally Lloyd's wishes to remove the unnecessary enquiries it receives by asking all Lloyd's brokers or managing agents to nominate two individuals, in addition to the compliance officer who will submit all enquiries about existing coverholders. Lloyd's brokers and managing agents should channel all of their coverholder related enquiries (except for new applications) through these individuals to ensure that the answer to the query is not already available in your own organisation. We appreciate that some larger organisations have more than one division handling binding authorities and may wish to nominate one or two additional individuals, if this is the case please provide an explanation of the circumstances along with the form at Appendix 1.

As a final point, development is underway to the Binding Authority Registration (BAR) System to simplify the amend function and streamline the registration process. This development, which is planned for implementation later in 2006, should also reduce the number of queries that are generated when using the system.

1 Nomination of specific coverholder contacts

Each managing agent and Lloyd's broker is asked to nominate two key individuals within their organisation through whom all coverholder enquiries (except those relating to new coverholder applications) will be channelled. Appendix 1 identifies the information Lloyd's requires. If you want to nominate more than two individuals, you should include an explanation of the rationale for this with the forms. This form should be completed and returned to Lloyd's coverholders department by *31 August 2006*. **From 18 September 2006 anyone calling the coverholders department or its helpdesk who is not on this list will be referred back to their contact point in the first instance.** Please remember that the Lloyd's website contains detailed information about Lloyd's procedures in respect of coverholders as well as a list of all restricted coverholders and those approved coverholders with active binding authorities.

Lloyd's will continue to deal with the relevant individual at the Lloyd's broker sponsoring new applications. That individual does not need to be a nominated individual.

Lloyd's can more easily resolve enquires if you email them to the helpdesk at coverholders@lloyds.com.

Please make all relevant personnel within your managing agent or Lloyd's broker aware of both this new approach and the contacts you have nominated.

2 Changes to coverholder details

Coverholders, through their Lloyd's broker, have a duty to advise Lloyd's and their managing agents when there are any significant changes to their operation. When signing the undertaking to Lloyd's coverholders agree that they "**will immediately notify the Lloyd's managing agent, Lloyd's broker and Lloyd's (as appropriate) of any material matters which relate to us and of which the Lloyd's managing agent, Lloyd's broker or Lloyd's would reasonably expect notice**". As a minimum the four areas set out in this section must be notified to Lloyd's using the forms provided.

These forms can be completed electronically **or** in hard copy depending on the preference of the users. When using the forms electronically a physical sign-off is not required but an audit trail of emails should demonstrate authorisation by all parties. If you use hard copy forms, ensure the individuals identified in the form sign the relevant sections. Where there are multiple sponsoring managing agents involved in the change it is sufficient to provide confirmation from one leader.

When applying for an additional class of business or registering a broker's interest in an approved coverholder evidence of agreement from the managing agent is required. This can be achieved by the Lloyd's broker forwarding an email from the individual at the managing agent identified in the form which states they are satisfied with the proposed change.

All advice to Lloyd's of changes to name or address should provide evidence, such as an email, that the request originates from the coverholder.

The four areas are:

a Changes in ownership (Appendix 2)

The change in ownership of a coverholder can introduce significant risk to a delegated authority arrangement. When that change of ownership arises from the sale of the business to a new person or company the risk is increased. In these circumstances, please submit to Lloyd's an updated LMA 9001 form and attachments as per Appendix 2 for consideration.

If there is a change in shareholding of a coverholder, but all other aspects of the coverholder's operation remain unchanged Lloyd's should be advised of these changes at renewal of the binding authority or at the annual review of the coverholder if earlier. Please provide a summary of the overall shareholding and the name and address of the person or company with the new or increased shareholding.

b Adding a broker's interest (Appendix 3)

In order to be consistent with applications for new coverholders Lloyd's will now require managing agent sponsorship where a broker wishes to add their interest to an approved coverholder.

c Change of coverholder name/address (Appendix 4)

When advising Lloyd's of a change of name consider whether this is really a change in ownership. A change in name will be notified to all Lloyd's brokers with a registered interest in the coverholder. Lloyd's brokers should ensure that all managing agents with a binding authority are notified of the change.

Each office of a coverholder requires separate approval by Lloyd's. Consider whether this is a change of address or an additional office for which approval is required.

d Addition of a class of business (Appendix 5)

In addition to requiring an explanation from the sponsoring managing agent on the rationale for extending the class of business approved, Lloyd's will also require evidence that the personnel within the coverholder are appropriately skilled in that class of business. Demonstration of this can usually be provided within a CV.

3 Changes to conditions imposed at approval

At approval of a new coverholder Lloyd's may have imposed conditions which the coverholder, Lloyd's broker or managing agent were responsible for meeting. Any requests by Lloyd's brokers to amend or update these conditions should be accompanied by a letter from the sponsoring managing agent clearly identifying the reason for the change.

4 Territorial extensions

When extending the territory of a coverholder's approval beyond their country of domicile Lloyd's considers each licensed territory separately. The new process has been designed to speed up the time it takes to get approval by removing some of the current steps. This process will now require the applicant, through their Lloyd's broker, to provide all information necessary to consider the application for that territory along with confirmation of support from a managing agent to the Lloyd's representative in the territory for which the extension relates. Where there is no Lloyd's representative for a territory the information should be sent to Lloyd's market services for consideration (marketservices@lloyds.com). Once the request has been considered and approval granted the Lloyd's representative or market services will advise the Lloyd's broker and the coverholders department who will update the BAR.

Appendix 6 identifies the common information required. The quick reference guides have been updated on www.lloyds.com/worldwide to identify the additional information pertinent to each territory that should be supplied along with this form. This information is also available from the territory extension page on www.lloyds.com/coverholderchanges.

The form can be completed electronically or in hard copy in the same way as the forms described in section 2 above. In territories where an addenda to the coverholder undertaking is required this must be received by the Lloyd's coverholders department before the approval process can be completed, see www.lloyds.com/coverholderundertaking for further information.

5 Lapsing of coverholders

The delegated underwriting byelaw specifies that a coverholder can only remain approved while it has an active binding authority. Lloyd's acknowledges that there are occasions where a binder renewal is delayed for a few weeks or the managing agent chooses not to renew a binding authority due to market conditions.

In recognition of this Lloyd's will automatically place a coverholder in postponed deregistration 15 months after the expiry of its last binder and advise the Lloyd's broker. If, 9 months after that date no new binder is registered Lloyd's will automatically deregister the coverholder and advise both the Lloyd's broker and, 7 days later, the coverholder directly. (See Appendix 7)

Registration of a new (or renewed) binding authority with a coverholder that has entered this process can be made on the following basis:

- If the coverholder is in postponed deregistration (i.e. 15 to 24 months after expiry of the last binding authority) a current LMA 9001 form and associated attachments must be submitted to Lloyd's coverholders department for approval before the coverholder's approved status will be reinstated. In considering the reinstatement of the coverholder Lloyd's will contact the underwriter of the last binding authority to expire to establish whether the cancellation of the binder was for adverse reasons. A new binding authority

can only be registered on the BAR System if the coverholder's approved status has been reinstated from postponed deregistration to full approval.

- If the coverholder has been deregistered (i.e. 24 months after expiry of the last binding authority) a new application form and attachments must be submitted. In considering the new application form Lloyd's will contact the last underwriter to have a binding authority with the coverholder to establish whether cancellation of the binder was for adverse reasons. Deregistration of a coverholder affects their ability to enter into a new binding authority agreement but does not affect their ability to continue with the run-off of an old binding authority agreement.

Lloyd's accepts that there are occasions when a managing agent may choose not to renew a binding authority with a coverholder until market conditions change. In this situation the managing agent should write to Lloyd's explaining the circumstances within 24 months of expiry of the coverholder's last binding authority agreement to identify a date at which this position will be reviewed. Lloyd's will then maintain the coverholder in postponed deregistration and refer back to the managing agent at that date.

Lloyd's brokers and managing agents should advise Lloyd's if they cancel or do not renew a binding authority for adverse reasons so that Lloyd's can work with them to consider deregistering the coverholder earlier than the 24 months set out above.

6 Submission of new coverholder applications

We are aware that coverholder approval by Lloyd's can take longer than an equivalent application to our competitors outside the Lloyd's market and that the Lloyd's process needs to be as quick as possible. The service standard for a complete application is eight weeks but, except for periods of peak activity, we aim to make a decision in advance of this.

To ensure an efficient and fair service Lloyd's will only work on complete applications, incomplete applications will be returned to the sponsoring Lloyd's broker. There are a number of things that you can do when submitting an application to ensure that it can be considered immediately:

- If a draft binding authority exists then please provide this with the application. If the draft binder has not yet been prepared then please provide us with a covering letter from the underwriter which provides a rationale for entering into the proposed arrangement and the same information as will be contained in the binder e.g. details on the level of authority to be delegated, classes of business to be written, risk limits, person authorised to write the binder etc. This helps us get a perspective on what the application is about and how to approach the decision making.
- Ensure that all questions are correctly answered.
- Ensure you have included all attachments.

- Ensure that the original signed undertaking is provided, if you wish to send the application form and all attachments to us as a pdf, then please send the undertaking pages to us in hard copy. The original is needed for legal reasons and a coverholder will not be approved until this has been received.
- Where the coverholder is located, or wishes to carry out business, in a territory that requires a signed addendum to the coverholder undertaking, include the original signed addendum with the application. More information about to which territories this applies and copies of the addenda can be found at www.lloyds.com/coverholderundertaking.
- For territories where Lloyd's has a representative, we currently photocopy the application and send it to the representative so that they can do their part of the review. If you submit two copies, or an electronic version, of the complete application to Lloyd's we can send the application to the representative immediately for consideration. (But please send the original undertaking, and associated addenda, in hard copy)
- For coverholders in the USA (other than Illinois, Kentucky and the USVI) we commission a "Choicepoint" report, which can take 4 weeks to be produced. If you have commissioned your own Choicepoint report please include it with your submission to Lloyd's to further reduce timescales.
- Please provide a translation of the profit and loss account and balance sheet where they are not in English. The managing agent is unlikely to be able to analyse the accounts if they are not in English and it slows down the approval process as we need to get a translation, something for which we are not resourced.
- Please provide a translation of CV's where they are not in English.
- Where the coverholder proposed is a new start-up and does not have the last two years of accounts, please provide the opening balance sheet and projections of the profit and loss account, balance sheet and cashflow forecasts for the first 3 years of trading.

7 Letter of coverholder approval (Appendix 8)

Lloyd's has redesigned the letter advising applicants of their approval as a Lloyd's coverholder. The letter is written in simple English in acknowledgement that English is not the primary language of many coverholders. The letter is accompanied by a profile which sets out clearly the scope of the approval.

The letter will be sent to the Lloyd's broker who is asked to then forward it to their coverholder. Lloyd's will send a copy to the sponsoring managing agent.

8 Further information

If you have any queries about this market bulletin please contact the coverholders helpdesk:

Email: coverholders@lloyds.com

Tel: 020 7327 6275

For enquiries about territorial extensions where there is no Lloyd's representative please contact:

Email: marketservices@lloyds.com

Tel: 020 7327 6677

Useful pages on the Lloyd's website:

www.lloyds.com/coverholders - Coverholder rules and forms

www.lloyds.com/coverholderchanges - Details on new change procedures

www.lloyds.com/worldwide - Quick reference guides on territories

www.lloyds.com/directories - A directory of all coverholders with live binding authorities

www.lloyds.com/coverholderundertaking - Information and forms relating to territory specific addenda to the coverholder undertaking.

Monique Alder
Manager
Coverholders Department

Nomination of specific contacts on coverholder enquiries:

NOMINATED CONTACTS FOR COVERHOLDER ENQUIRIES

1 Purpose

This form should be used by your compliance officer to:

- i. Identify two central contacts (which may be in addition to your compliance officer and BAR super users) through whom all queries on coverholder changes and binding authority registration will be channelled;
- ii. In exceptional circumstances Lloyd's will accept more than two contacts. If you would like additional nominated contacts please provide further copies of this form along with an explanation of the underlying circumstances.

2 Process

Complete details on the attached form for two people, in addition to your compliance officer and BAR super user(s), through whom all coverholder queries will be channelled.

All staff within your organisation who handle changes to coverholder approvals and binding authorities should be advised that these are the nominated individuals through whom queries to Lloyd's should be directed. New coverholder applications should continue to be handled by the person directly responsible for each application.

Once completed please return to:

Coverholders department
Gallery 5
Lloyd's of London
London
EC3M 7HA

For Lloyd's use only

System updated by:

Date system updated:

3 Your company

Name of company:	
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Address:	
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4 Nominated contacts

Contact 1

Contact name:	
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Contact phone:	
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Job title:	
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Contact email:	
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Contact 2

Contact name:	
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Contact phone:	
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Job title:	
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Contact email:	
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5 Compliance officer sign-off

I confirm that I have notified all relevant staff in my organisation of the two contacts above and the new procedure to be used from 1 August 2006.

Compliance officer name:	
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Contact phone:	
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Signature:	
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Contact email:	
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Compliance questionnaire for Lloyd's Approved Coverholders

- 1 Throughout this document the term "you" or "your" means the Lloyd's Approved Coverholder.
- 2 Please complete the attached questionnaire and return to your Lloyd's broker who will forward the information to those Underwriting Members of Lloyd's who underwrite your binding authority(ies) at Lloyd's ("the Underwriters").
- 3 Lloyd's has designed this standard compliance questionnaire for completion by you so that you may provide, in a single document, information required by the Underwriters to consider the renewal of your binding authority(ies). Its purpose is to eliminate the need for different questionnaires from the Underwriters asking for the same core information. However, some Underwriters may still require additional information.
- 4 You are reminded that you have an obligation to notify the Underwriters, your Lloyd's broker and Lloyd's of any material changes to information contained within this questionnaire, being matters of which the Underwriters, your Lloyd's broker and Lloyd's would reasonably expect notice. In practice this should be achieved by advising your Lloyd's broker who will communicate the information to the relevant parties.
- 5 If you have two or more binding authorities at Lloyd's which have different renewal dates, your Lloyd's broker may ask you to update this questionnaire for each renewal but a simple confirmation that the information has not changed or details of how it has may be sufficient.

Section 1 – Your details

A	Coverholder name:	<input type="text"/>
	Address:	<input type="text"/>
	Phone:	<input type="text"/>
	Fax:	<input type="text"/>
	E-mail:	<input type="text"/>

B Please provide details of any change to your company name, trading name, legal status or business address in the last twelve months.

C Please provide details of any change in ownership in the last twelve months.

D Name of contact person in event of an enquiry.

Section 2 – Details about your staff

Have there been any changes to:

- A The person(s) responsible for overall operation and control of the Binding Authority Agreement? Yes No
- B The person(s) authorized to bind insurances who is(are) named in the Schedule? Yes No
- C The person(s) with overall responsibility for the issuance of documents evidencing insurances bound who is(are) named in the Schedule? Yes No
- D The person(s) authorized to exercise any claims authority granted by the Agreement who is(are) named in the Schedule? Yes No

If yes, please provide details here and enclose a resume/CV.

Section 3 – Your professional indemnity (PI) or errors and omissions (E&O) insurance

Please enclose a copy of your current Professional Indemnity, E&O and (where relevant) Fidelity insurance policy(ies) or declarations page(s) (this should include limit(s), deductible(s)/excess(es), insurer and period of cover).

- A Do your policies extend to acts of dishonesty of employees? Yes No
- B If not, do you purchase a separate Fidelity insurance policy? Yes No
- C Do your policies cover all your activities on behalf of Lloyd's underwriters? Yes No

If 'No', please explain below.

Section 4 – Your banking arrangements

Your Binding Authority Agreement sets out the Underwriters' requirements in respect of holding insurers' monies, in particular the requirement for insurers' monies to be held in a separate bank account from your general or operating account.

Please confirm that you keep insurers' monies in such a separate account.

Yes No

If 'No', please explain below.

Section 5 – Licences

A Do your company and staff hold all the licences you need to enter into contracts of insurance on behalf of the Underwriters, act as an insurance intermediary and act as a Lloyd's coverholder?

Yes No

B Please supply copies of all relevant licences obtained or renewed in the last twelve months for both the company and members of staff.

C In the last twelve months have you, your company or any member of your staff been fined, censured or subject to a formal enquiry by a regulatory body (e.g, a State Insurance Department) or has any licence been suspended or terminated?

Yes No

If 'Yes', please explain below.

Section 6 – Reputation and standing

A Have any of the company's directors, officers, principals or partners been charged with or convicted of a criminal offence other than a minor motoring offence in the last twelve months?

Yes No

If yes, please explain below.

B Has your company been a party to any legal action, have any legal proceedings been commenced to which your company is a party or are any such actions pending in which your company has been named as a defendant in the last twelve months? Yes No

If yes, please explain below.

C Have you or any of your company's directors, officers, principals or partners or any organisations in which you or they have held a managerial position in the last twelve months:

i Been subject to any application for liquidations, receiverships, bankruptcy or similar proceedings? Yes No

ii Been subject to an administrative order? Yes No

iii Entered into or propose to enter into an agreement or assignment with creditors or otherwise acknowledge insolvency? Yes No

D Is any such matter pending in respect to Section 6C above? Yes No

If yes, please explain below.

E Have there been any other changes in your company or its circumstances which may be relevant for the Underwriters and which they should be made aware of? Yes No

If yes, please explain below.

Section 7 – Checklist of additional documentation (please tick if attached)

The completed questionnaire should have the following documents attached.

- A A copy of your latest accounts and annual report.
- B A copy of your current Professional Indemnity or Errors and Omissions insurance.
- C A copy of any applicable current Fidelity insurance.

The completed questionnaire must also have the following documents attached where additions or changes have occurred in the last twelve months.

- D A copy of your new or renewed licences.
- E Resume/CV of any individual listed in Section 2.
- F If your company is one of a group of companies with common ownership (total or partial), a chart showing the relationship and ownership of all companies in the group.

Section 8 - Declaration

I/We hereby declare that the information given in this compliance questionnaire for binding authorities is true and complete and agree to it being provided to the Underwriters.

I/We also undertake to advise my/our Lloyd's broker immediately of details of any change to the enclosed information per paragraph 4 on page 1.

Authorised signatory

Signature

Name (in BLOCK CAPITALS):

Position in your company:

Date (day/month/year):

Please return this completed compliance questionnaire for binding authorities to your Lloyd's broker to forward to the relevant parties.

Notification of a Lloyd's broker's interest in an approved coverholder

ADDING A BROKER'S INTEREST

1 Purpose

This form should be used to:

- i. Add a Lloyd's broker's interest to a coverholder, allowing the broker to register binding authorities between the coverholder and a Lloyd's syndicate;

2 Process

This application should be co-ordinated by the Lloyd's broker and this form sent electronically including evidence of the agreement with the managing agent as described below.

- i. Sections 4, 5 and 6 should be completed by the Lloyd's broker. The PIN should be left blank if not known, in future the binding authority registration website will be updated to include the coverholder's PIN in the results of an approved coverholder search.
- ii. This form can be completed either electronically or in hard copy.
 - Electronic:** The completed form must be forwarded by the broker, along with all attached documentation, to the individual at the managing agent specified in section 5 who should confirm their support by email to the Lloyd's broker. The Lloyd's broker specified in section 4 should forward the form, accompanied by the managing agent's confirmation email and all relevant documentation, to coverholders@lloyds.com.
 - Note: Signatures are not required when using this route.
 - Hard copy:** The Lloyd's broker and managing agent identified in sections 4 and 5 respectively should sign the form. The form and all associated documentation should be submitted to the coverholders department at Lloyd's by post, scanned copies of the form and documentation will be accepted by email.
- iii. Lloyd's coverholders department will review the application, update the coverholders information where appropriate and inform the Lloyd's broker. Any questions or requests for further information will be made to the Lloyd's broker where necessary.

Service standard: 5 working days from receipt by Lloyd's.

For Lloyd's use only

System updated by:

Date system updated:

3 Coverholder details

Coverholder name:		PIN:	
Address:			
Inception date of first binding authority with this coverholder:			

4 New Lloyd's broker

Broker name:		Contact phone:	
Broker contact:		Contact email:	
Signature:			

5 Supporting managing agent

Agent name:		Contact phone:	
Agent contact:		Contact email:	
Signature:			

Notification of an approved coverholder's change of name or new trading name:

CHANGE OF NAME / ADDRESS

1 Purpose

This form should be used to:

- i. Change the name of an approved coverholder;
- ii. Add a trading name to a coverholder's records; and
- iii. Change the address of an approved coverholder.

2 Process

This form should be sent electronically and include evidence of the original request from the coverholder to this change of name and / or address, e.g. copy of email or original written request from coverholder:

- i. Section 4 should be completed by the approved coverholder or Lloyd's broker.
- ii. Section 5 should be completed by the Lloyd's broker and forwarded with evidence of the name and / or address change to the coverholders department at Lloyd's, coverholders@lloyds.com.
- iii. Lloyd's coverholders department will review the application and update the coverholders information where appropriate.
- iv. Lloyd's coverholders department will notify all Lloyd's brokers with a registered interest in the coverholder of the change of name and / or address. Any questions or requests for further information will be made to the Lloyd's broker that submitted this form where necessary.

Where a managing agent is dealing direct with an approved coverholder they should complete all sections of the form that would otherwise be completed by a Lloyd's broker other than section 5.

Service standard: 5 working days from receipt by Lloyd's.

3 Lloyd's broker agreement:

In submitting this form the Lloyd's broker specified in section 5 agrees to notify all relevant individuals at managing agents with whom they have placed a live binding authority with the approved coverholder. This notification will normally be achieved by the Lloyd's broker obtaining the managing agents' agreement to an endorsement to the relevant binding authority agreements.

For Lloyd's use only

System updated by:

Date system updated:

4 Coverholder details

Existing coverholder name:		PIN:	
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New name:	
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New trading name:	
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Previous address:	
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New address:	
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Please tick to confirm:	
This is a change of address, not an additional office of the coverholder ¹ :	<input type="checkbox"/>
Change of name and / or address has not occurred due to a change in ownership of the coverholder ¹ :	<input type="checkbox"/>
The address change applies to:	
Postal address; and / or	<input type="checkbox"/>
Physical address	<input type="checkbox"/>
If the change of address has resulted in the coverholder being domiciled in a different territory, state or province the approved coverholder has the relevant local regulatory permissions to trade in that territory, state or province:	<input type="checkbox"/>

5 Lloyd's broker

Broker name:		Contact phone:	
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Broker contact:		Contact email:	
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¹ Additional offices of an approved coverholder and changes in ownership must be approved separately, please see www.lloyds.com/coverholderchanges

Application to add a class of business to an approved coverholder's permissions:

ADDITIONAL CLASS OF BUSINESS

1 Purpose

This form can be used to:

- i. Add a class(es) of business to an approved coverholder's profile.

2 Process

Applications for additional classes of business should be co-ordinated by the Lloyd's broker and this form sent electronically including evidence of the agreement with the managing agent as described below.

- i. Sections 4, 5 and 6 should be completed by the Lloyd's broker.
- ii. This form can be completed either electronically or in hard copy.
 - Electronic:** The completed form must be forwarded by the broker, along with all attached documentation, to the individual at the managing agent specified in section 6 who should confirm their support by email to the Lloyd's broker. The Lloyd's broker specified in section 5 should forward the form, accompanied by the managing agent's confirmation email and all relevant documentation, to coverholders@lloyds.com.
 - Note: Signatures are not required when using this route.
 - Hard copy:** The Lloyd's broker and managing agent identified in sections 5 and 6 respectively should sign the form. The form and all associated documentation should be submitted to the coverholders department at Lloyd's by post, scanned copies of the form and documentation will be accepted by email.
- iii. Lloyd's coverholders department will review the application, update the coverholders information where appropriate and inform the Lloyd's broker. Any questions or requests for further information will be made to the Lloyd's broker where necessary.

Service standard: 10 working days from receipt of full application by Lloyd's.

3 Managing agent agreement:

In supporting this application the Lloyd's managing agent specified in section 6 confirms that:

- i. The coverholder has been assessed in accordance with the managing agent's code of practice for delegated underwriting and to the best of the managing agent's knowledge and belief, the coverholder is suitable to remain an approved coverholder.
- ii. All reasonable steps have been taken to ensure that the coverholder complies with all relevant local insurance, fiscal and taxation laws, regulations and requirements of the jurisdiction in which the coverholder is domiciled, or in which the coverholder intends to trade, provide services or do business, in respect of any binding authority entered into with us.
- iii. The Coverholders Department at Lloyds will be notified immediately about any known circumstances that may call into question the coverholder's ongoing suitability to be a coverholder.

For Lloyd's use only

Application approved by (signature):

Name of approval signatory, BLOCK CAPITALS

Date approved:

System updated by:

Date system updated:

4 Coverholder details

Coverholder name:		PIN:	
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Address:	
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Please select the additional class(es) of business and estimated annual premium income:

Class of business	Premium Income	Add	Class of business	Premium Income	Add
Accident and health (direct)		<input type="checkbox"/>	Marine XL		<input type="checkbox"/>
Airline/general aviation (hull/liabs)		<input type="checkbox"/>	Medical expenses		<input type="checkbox"/>
Approved financial guarantee products		<input type="checkbox"/>	Medical malpractice		<input type="checkbox"/>
Aviation products/airport liabilities		<input type="checkbox"/>	NM casualty treaty		<input type="checkbox"/>
Aviation XL		<input type="checkbox"/>	NM general liability (direct)		<input type="checkbox"/>
Cargo		<input type="checkbox"/>	Nuclear		<input type="checkbox"/>
Contingency/other pecuniary		<input type="checkbox"/>	Overseas motor		<input type="checkbox"/>
Directors & Officers		<input type="checkbox"/>	Personal accident XL		<input type="checkbox"/>
Employers liability		<input type="checkbox"/>	Political Risks		<input type="checkbox"/>
Energy offshore		<input type="checkbox"/>	Professional Indemnity		<input type="checkbox"/>
Energy onshore		<input type="checkbox"/>	Property (direct & facultative)		<input type="checkbox"/>
Engineering		<input type="checkbox"/>	Property cat XL		<input type="checkbox"/>
Extended warranty		<input type="checkbox"/>	Property pro rata		<input type="checkbox"/>
Financial institutions		<input type="checkbox"/>	Property risk XS		<input type="checkbox"/>
Fine Art		<input type="checkbox"/>	Space		<input type="checkbox"/>
Jewellers		<input type="checkbox"/>	Specie		<input type="checkbox"/>
Legal expenses		<input type="checkbox"/>	Term Life		<input type="checkbox"/>
Livestock & bloodstock		<input type="checkbox"/>	Terrorism		<input type="checkbox"/>
Marine hull		<input type="checkbox"/>	UK Motor		<input type="checkbox"/>
Marine liability		<input type="checkbox"/>	War		<input type="checkbox"/>

Non- territory specific business	Premium Income	Add
Marine cargo		<input type="checkbox"/>
Reinsurance		<input type="checkbox"/>
Unlicensed territories		<input type="checkbox"/>

Notes:

A detailed list of risk codes included under each class of business can be found at www.lloyds.com/coverholders.

If the additional class(es) of business are to be written in new territories please follow the 'Application for territorial extension' procedure set out at www.lloyds.com/coverholderchanges and attach a copy of the information sent to the relevant Lloyd's representative / market services to this application.

Marine cargo and reinsurance business can be written in any territory.

Unlicensed territories includes all territories where Lloyd's does not have a licence, for details on territories please see www.lloyds.com/lloyds_worldwide.

CV(s) in English attached (please tick to confirm):

Where the relevant experience of the underwriter(s) at the coverholder who will be authorised to write business under the binding authority is not clear from their CV please provide details below:

CVs are not required for non-territory specific business applications

Please provide a rationale for the additional class of business and details of the product to be written:

5 Lloyd's broker

Broker name:	
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Contact phone:	
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Broker contact:	
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Contact email:	
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Signature:	
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6 Managing agent

Agent name:	
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Contact phone:	
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Agent contact:	
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Contact email:	
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Signature:	
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Application for a territorial extension to an approved coverholder's profile:

TERRITORIAL EXTENSION

1 Purpose

This form should be used to:

- i. Extend an approved coverholder's territorial permissions to a new territory.

2 Process

Applications for territorial extension should be co-ordinated by the Lloyd's broker and this form sent electronically including evidence of the agreement with the managing agent as described below.

- i. Sections 4, 5 and 6 should be completed by the Lloyd's broker.
- ii. This form can be completed either electronically or in hard copy.

Electronic: The completed form must be forwarded by the broker, along with all attached documentation, to the individual at the managing agent specified in section 6 who should confirm their support by email to the Lloyd's broker.

Note: Signatures are not required when using this route.

Hard copy: The Lloyd's broker and managing agent identified in sections 5 and 6 respectively should sign the form. The form and all associated documentation should be submitted to the coverholders department at Lloyd's by post, scanned copies of the form and documentation will be accepted by email.
- iii. The form and all relevant information should be sent by the Lloyd's broker to the Lloyd's general representative in the territory, or to worldwide market services at Lloyd's if there is no general representative. Details of Lloyd's international offices, and worldwide market services can be found at www.lloyds.com/lloyds_worldwide. The coverholder should sign the addenda to the coverholder undertaking, where appropriate, and send the original to the coverholders department at Lloyd's, please see www.lloyds.com/coverholderundertaking for further information.
- iv. The Lloyd's general representative, or market services, will review the application and where appropriate provide the Lloyd's broker and coverholders department at Lloyd's with confirmation that the territorial extension has been approved.
- v. Lloyd's coverholders department will update the coverholders permissions. Any questions or requests for further information where necessary will be made to the Lloyd's broker.

Where a managing agent is dealing direct with an approved coverholder they should complete all sections of the form other than section 5.

Service standard: 20 working days from receipt of full application by Lloyd's representative or market services.

3 Managing agent agreement:

In supporting this application the Lloyd's managing agent specified in section 6 confirms that:

- i. The coverholder has been assessed in accordance with the managing agent's code of practice for delegated underwriting and to the best of the managing agent's knowledge and belief, the coverholder is suitable to remain an approved coverholder.
- ii. All reasonable steps have been taken to ensure that the coverholder complies with all relevant local insurance, fiscal and taxation laws, regulations and requirements of the territory which this application applies and that the coverholder is competent to do business in this territory.
- iii. The coverholders department at Lloyds will be notified immediately about any known circumstances that may call into question the coverholder's ongoing suitability to be a coverholder.

For Lloyd's use only

Name of Lloyd's representative / market services that has approved the application:

Date approved:

Coverholders department system updated by:

Date system updated:

4 Coverholder details

Coverholder name:		PIN:	
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Address:	
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Requested territory:	(If the territory is the USA / Canada please include the state / province)
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Please provide a rationale for this application and the classes of business to be written in the territory:

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The information required for approval in the territory specified above can be found in the relevant country manual at www.lloyds.com/lloyds_worldwide.

Please confirm which of the following items are applicable and therefore have been attached to the application:

	Attached (✓)
Copy of errors & omissions certificate (must accompany all applications):	<input type="checkbox"/>
Copy of local regulatory approval, licence or letter of approval as required:	<input type="checkbox"/>
Original signed addenda to coverholder undertaking:	<input type="checkbox"/>
Details of the open market correspondent or broker in the territory:	<input type="checkbox"/>
Other documentation as specified in the relevant quick reference guide:	<input type="checkbox"/>

5 Lloyd's broker

Broker name:		Contact phone:	
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Broker contact:		Contact email:	
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Date submitted:	
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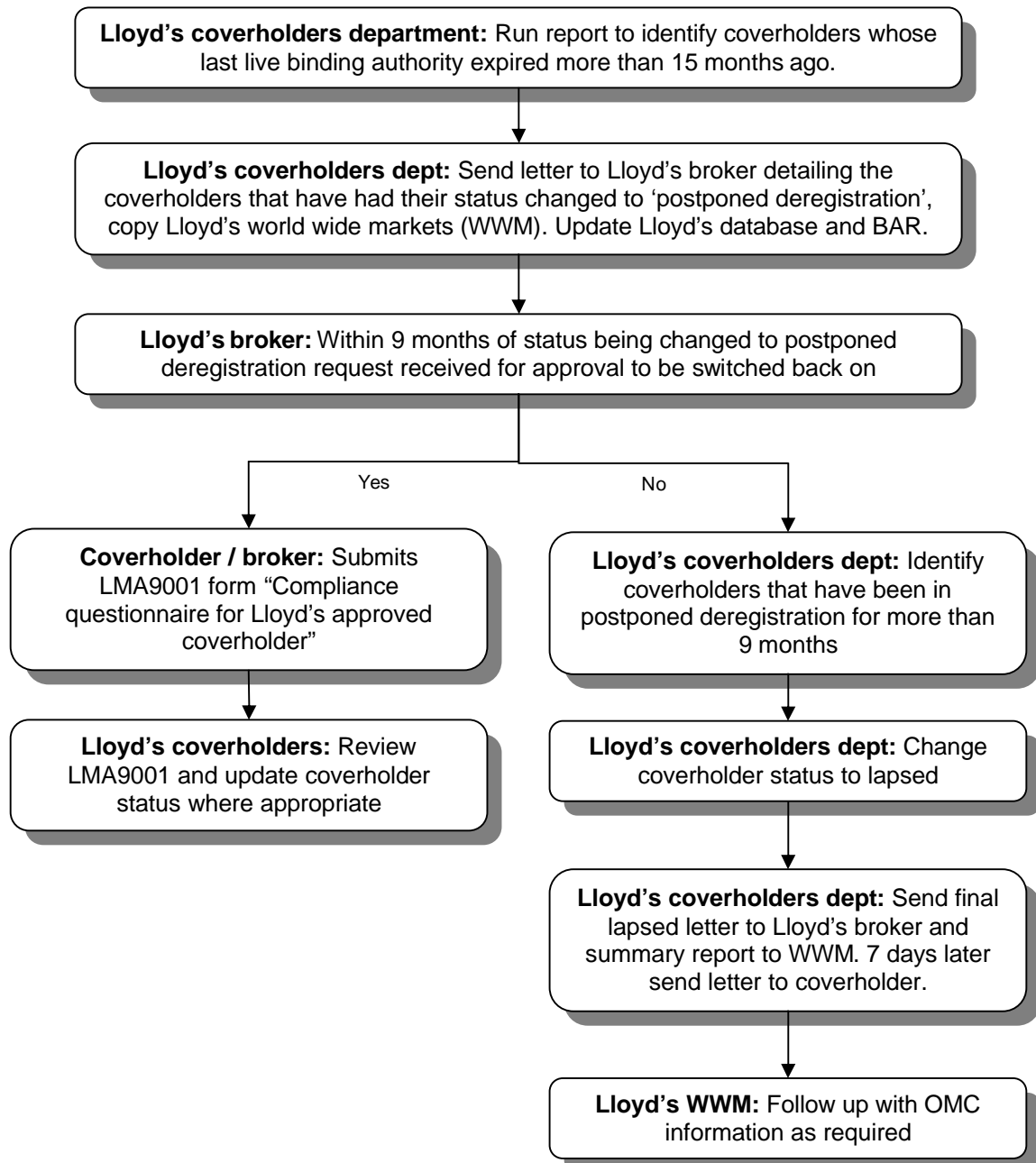
Signature:	
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6 Managing agent

Agent name:		Contact phone:	
Agent contact:		Contact email:	
Signature:			

Process for:

LAPSING APPROVAL



Mr Anthony Hipperson
Hipperson Coverholder Ltd
1 Lime Street
London
EC3M 7HA

03 July 2006

Reference: **101010 ABC**

Dear Mr Hipperson

Confirmation of Hipperson Coverholder Ltd as a Lloyd's approved coverholder

I am writing to advise that your recent application to become a Lloyd's approved coverholder has been successful.

Attached to this letter you will find a coverholder profile which details the conditions and requirements that apply to your approval. These set the parameters within which your firm may agree specific terms and conditions of each binding authority granted by a Lloyd's managing agent. It is important to note that this profile does not form a binding authority or imply that you will be offered a binding authority by a Lloyd's managing agent.

If you have any questions you should contact the Lloyd's broker or managing agent that sponsored your application. The local Lloyd's representative, or in territories with no representative Lloyd's market services, will also be able to provide further information on territory specific requirements. Details of Lloyd's international offices, and market services, can be found at www.lloyds.com/worldwide.

You may apply for an extension or amendment to these conditions and requirements by following the procedures set out at www.lloyds.com/coverholderchanges. Please note that this approval only applies to the office specified in the attached profile, additional offices require separate approval from Lloyd's.

Yours sincerely

Your name
Risk Executive
Coverholders Department, Admissions

CC: Lloyd's Managing Agent Ltd
CC: Lloyd's Broker Ltd
CC: Lloyd's local representative / market services

Produced on: 03 July 2006

COVERHOLDER PROFILE

This document provides details of the conditions and requirements that apply to your approval. These set out the parameters within which this office of your firm may conduct binding authority business with a Lloyd's managing agent. Additional offices will require separate approval as a coverholder before they can conduct binding authority business.

These conditions and requirements detail the constraints within which a binding authority may be agreed. It does not form a binding authority and the coverholder may not underwrite business using Lloyd's name without a binding authority in place. Your binding authority will specify the terms, conditions and limitations in respect of each contract.

The following conditions and requirements have been made by Lloyd's under paragraph 16 of the Delegated Underwriting Byelaw.

Approved coverholder:	Hipperson Coverholder Ltd
Date of approval:	03/07/2006
Trading names:	Hipperson Risk Management
Address:	1 Lime Street London EC3M 7HA
Unique personal identification number (PIN) for this office:	101010 ABC
Sponsoring Lloyd's broker	<ul style="list-style-type: none"> Lloyd's broker Ltd
Territories business may be written in:	<ul style="list-style-type: none"> Canada USA (excluding Illinois, Kentucky & US Virgin Islands) Illinois USA Territories in which Lloyd's does not have a licence (subject to local requirements)
Classes of business that may be written in territories set out above (subject to local requirements):	<ul style="list-style-type: none"> Cargo Energy onshore Energy offshore Marine liability Property (direct & facultative)

	<ul style="list-style-type: none"> • Terrorism • War
Types of business for which there are no territorial limitations:	<ul style="list-style-type: none"> • Marine • Reinsurance
Permitted lead managing agents:	<ul style="list-style-type: none"> • Lloyd's Managing Agent Ltd
Level of authority permitted:	<ul style="list-style-type: none"> • Full underwriting authority (The coverholder may be granted authority by the managing agent to use their discretion in setting premiums and terms and conditions of insurance).

Conditions of approval:

- All insurance monies are held in a trust account on behalf of Lloyd's underwriters
- Lloyd's coverholders department is advised immediately if there are insufficient liquid funds to pay 6 months of expenses.
- An individual with a surplus lines licence is employed at all times.

Conditions of approval to be met by a specific date:

Date:	Condition:
31/12/2005	A satisfactory copy of the run-off plan be provided to the coverholders department by 31 December 2005.
31/03/2006	That E&O cover is increased to \$5m and a copy of the certificate supplied to Lloyd's coverholders department.
31/12/2006	An independent audit be carried out by the Managing Agent within 12 months of the date of the Binding Authority incepting and a copy of the report supplied to the Lloyd's Coverholders department within one month of the audit. This audit to include IT systems and procedures, documentation issuance, administration and compliance with legislative and taxation requirements.

Notes:

Further information

The Lloyd's website, www.lloyds.com/coverholders, is a central resource for all coverholder related information, including the relevant byelaws, handbook, recent bulletins and all associated documentation.

Coverholder undertaking

Approved coverholders are reminded of their obligations set out in the coverholder undertaking.

Correspondence

If the approved coverholder has any questions they should contact the relevant Lloyd's managing agent or Lloyd's broker for further information.

Reporting Changes

Lloyd's managing agents and Lloyd's brokers are responsible for notifying the coverholders department at Lloyd's of any matters relating to the coverholder, including changes in ownership, control, principal personnel and any other matter which Lloyd's would reasonably expect notice. As an approved coverholder you should ensure that your managing agent and Lloyd's broker is informed of these matters.

Forms and procedures for all relevant changes can be found at www.lloyds.com/coverholderchanges.

Directory of coverholders

All approved coverholders with a live binding authority will appear in the coverholder's directory on www.lloyds.com