

MARKET BULLETIN

From Julian James

Date 14 August 2006

Reference Y3859

Subject Update on Gareat territorial scope

Attachments None

Action points Managing Agents and Underwriters to note and action:

Update

The new French Terrorism Act published on 24 January 2006 has had consequences on the scope of coverage of the Gareat pool.

Prior to the new Act, risks located in French Polynesia and New Caledonia could be ceded to the pool. Following publication of the Act, however, Gareat advised that such risks could no longer be ceded to the pool, at which point the "Territorial scope" section in the Gareat Procedure Manual available on www.lloyds.com was amended.

Gareat have now advised (as of 22.07.2006) that its private reinsurers and the CCR have agreed to continue to cover French Polynesian and New Caledonian risks during the course of the year 2006 for members of the pool wishing to include such risks in their returns.

The purpose of this market bulletin is therefore to advise underwriters that French Polynesian and New Caledonian risks can be ceded on a voluntary basis to the pool.

Underwriters willing to cede these risks for 2006 should include them in their Q3 – 2006 return to the Lloyd's French office and should also inform their Coverholders of their decision.

However, underwriters should note that this position is valid for 2006 only and that the terms of the reinsurance agreements of Gareat might be reviewed in 2007.

The Lloyd's Market will be informed of any changes that may impact the Gareat scope via regular market bulletins.

Further information

Further information regarding GAREAT and CCR can be obtained as follows:

In France, from Lloyd's Paris office:

Lloyd's General Representative in France:

Anne-Gaëlle Leillard

Tel: +33 1 42 60 43 43

Email: annegaelle.leillard@lloyds.fr

or

Cécile Peyrade

Tel: +33 1 42 60 43 43

Email: cecile.peyrade@lloyds.fr

or

In London

Lloyd's Worldwide Market Services

Tel: 020 7327 6677

Email: market.services@lloyds.com

Box 190b, Gallery 1

Julian James

Director

Worldwide Markets