

MARKET BULLETIN

REF: Y4304

Title	Co-insurance rules for France - "Bureau Central de Répartition" (BCR) - "bourse" and "outside bourse" procedures
Purpose	To reiterate the co-insurance rules and procedures that apply to French binding authority business
Type	Event
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Date	12 August 2009
Deadline	
Related links	

The purpose of this market bulletin is to remind managing agents and brokers of the payment procedures for French coinsurance business processed through the Bureau Central de Répartition (BCR) and handled via Lloyd's France. This applies to French binding authority business only.

BCR

For commercial/industrial risks (fire, property, business interruption, third party liability, theft covers etc), approximately 98% of the French coinsurance market uses a structure called the BCR, "Bureau Central de Répartition". Lloyd's binding authority business must participate in the BCR structure in order to follow on these risks.

The BCR acts as an administrator on behalf of the lead insurer for the processing of information and data, and finances the debits and credits per risk of each co-insurer. Under the BCR system, policies fall into 3 categories as shown in the table below:

	Paris	Province	Hors Bourse ¹ ("Outside the Bourse")
Insurance documentation signed and stamped by coinsurers	C39 form	C44 form	
BCR processes:	<ul style="list-style-type: none"> ● Premiums ● Premiums refunds ● Claims ● Claims reimbursements ● Information notices 	<ul style="list-style-type: none"> ● Premiums ● Premiums refunds ● Claims ● Claims reimbursements ● Information notices 	At the lead insurer's discretion ² : <ul style="list-style-type: none"> ● Claims ● Claims reimbursements ● Information notices
Market % of policies	48%		50%

The payment rules are as follows:

Each month, Lloyd's France receives a paper summary statement of account which shows all Lloyd's transactions for the month (i.e. balance brought forward from previous month, total Paris/Province/Hors-Bourse for the month, cash paid or received and balance at the end of the month). The transactions relate to policies where Lloyd's syndicates have a coinsurance share.

BCR rules

The coinsurance documents signed/stamped by brokers on behalf of underwriters commit the underwriters to the French market coinsurance rules.

The implication of this commitment is that in cases where co-insurance business is processed through the BCR, the payment of balances presented by Lloyd's France to the Lloyd's broker and/or coverholder must be transferred to Lloyd's France bank account within five working days. This rule applies whether or not supporting documentation has been issued to underwriters by the broker or the lead insurer. Please note that French coinsurance rules stipulate that the BCR balance (debit or credit) is not contested and paid to BCR by all coinsurers. These rules also apply to run off business.

Any disagreement with the amounts, the stated share, or request of documentation is treated separately from the BCR settlements process and should be discussed directly with the lead insurer. In the event that a correction is subsequently agreed with the lead insurer, the lead insurer must contact the BCR to make the corrections on future bordereaux.

Please note that Lloyd's France is not in a position to advance any money for the BCR procedure. All requested payments must be received without delay and failure to make payments within the deadline may result in underwriters / brokers being charged an additional late payment penalty either by BCR or Lloyd's France (the penalty rate is currently 8% per annum).

¹ 'Hors Bourse' is defined as any location which is not Paris or Province and includes the French Overseas Departments (DOMs) but not the French Overseas Collectivities (COMs)

² For policies falling within the "Hors Bourse", the lead insurer may choose to process the claims either through BCR or directly with coinsurers

Experts' Fees

Should a claim be made, the lead insurer may appoint an expert to assess the loss. According to French coinsurance rules, the expert appointed by the lead insurer is the expert for all of the coinsurance. The experts' fees will accordingly be split between all coinsurers according to their participation. If one coinsurer decides to appoint another expert, it is at its own expense and in addition to its share of the "coinsurance expert's" fees.

Further Information

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