

LLOYD'S PANDEMIC PROTOCOLS

**EMERGENCY ARRANGEMENTS FOR PLACEMENT
AND CLAIMS HANDLING**

**FINAL VERSION 1
CONFIDENTIAL**

Confidential

For use by Lloyd's brokers
and Lloyd's managing agents

Lloyd's Pandemic Protocol Emergency Arrangements for Placement And Claims Handling

Introduction

1. In the present circumstances where it may not be possible to access the Underwriting Room or for staff of managing agents, Lloyd's brokers, Lloyd's and Xchanging to access their offices Lloyd's has put in place these protocols to ensure that –
 - necessary insurance and reinsurance can continue to be placed (or existing cover extended) by email;
 - time critical aspect of claims handling and determination can be undertaken remotely from home using ECF or email.
2. All managing agents have given consideration to these protocols in the context of their business continuity planning and wherever possible have made appropriate arrangements to implement them.
3. The Council of Lloyd's expects all participants in the Lloyd's market to work together to ensure that disruption caused by a pandemic is minimised through the use of these protocols.
4. Any questions on this document should be sent by email to businesscontinuity@lloyds.com

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Lloyd's email contract protocol

Introduction

1. Under English law, insurance contracts may be entered into by email. In the present circumstances, that can be done using this email placement protocol. This protocol has been kept as simple as possible so that it may be used on home PCs or even, should the need arise, hand held devices such as BlackBerries.
2. All emails sent under this protocol should include the words "this email is being sent in accordance with the Lloyd's Pandemic Protocol" or "LPP".

Lists of telephone and email details

3. Managing agents and brokers have maintained lists of telephone and email details of those authorised and able to enter into contracts of insurance (including reinsurance) remotely on behalf of syndicates. The lists, which also contain key Lloyd's Corporation contacts, are centrally available from Lloyd's www.lloyds.com/businesscontinuity, LMA www.lmalloyds.com and LIIBA <http://www.liiba.co.uk>.

Entering into contracts

4. In summary, under English law a contract (and an insurance contract is no different) is formed when there –
 - a. has been an offer. An offer is an expression of willingness to contract on specified terms with the intention that it is to become binding when it is accepted by the person to whom it is addressed;
 - b. is acceptance of that offer. An acceptance is a final and unqualified expression of assent to the terms of the offer; and
 - c. is communication of the acceptance to the offer.
5. Brokers and underwriters should bear the above elements in mind when communicating by email to ensure that the communications do not give rise to unexpected legal consequences.

Preliminary negotiations

6. Where a broker wishes to enter into preliminary negotiations with an underwriter (for example to obtain an indicative quote for a risk) the subject heading for the email should include the word "Preliminary negotiations".
7. Negotiations may also be entered into over the telephone. However, brokers and underwriters should avoid, wherever possible, entering into contracts orally as this may lead to subsequent uncertainty as to what was agreed.

Disclosure

8. Prior to making an offer to contract the broker must ensure that he has disclosed all material information to the underwriter in question in the ordinary way. That may be done in the body of an email or by attaching documents to the email.

Offer to enter into contract (with lead underwriter)

9. At the point at which the broker or the underwriter wishes to make an offer to enter into an insurance contract he should send an email containing all of the information required to be in a market reform contract (see the Market Reform Contract Implementation Guide¹) to the other party. This may be done in the body of the email or by attaching documents to the email.
10. The subject heading for the email should include the words "Offer to enter into contract". For the purposes of marine insurance the offer should be made by the broker to the underwriter.
11. The email should include the full name of the sender at the bottom of the email and confirmation that the sender is authorised to make the offer on behalf of the broker or managing agent for whom he works.
12. "Subjectivities", particularly subjectivities arising as a consequence of the pandemic, should be dealt with carefully as set out in appendix 1 to the Contract Certainty Principles and Guidance (June 2007)².

¹ [http://www.marketreform.co.uk/Documents/RD_MRC/MRC%20\(Open-Market\)%20v1.2%20August%202008.pdf](http://www.marketreform.co.uk/Documents/RD_MRC/MRC%20(Open-Market)%20v1.2%20August%202008.pdf)

² http://www.marketreform.co.uk/Documents/RD_Contract_Certainty/Revised%20CC%20COP.pdf

Acceptance of offer

13. Where the recipient of an "Offer to enter into contract" email wishes to enter into a contract on the terms of that offer he should reply by email and the subject of the email should include the words "Acceptance – entering into contract". The acceptance must exactly fit the offer. Accordingly, nothing in the body of the email should disagree with the offer email as that may constitute a counter offer (and so should be headed "Offer to enter into contract").
14. The acceptance email should include the sender's full name at the bottom of the email and confirmation that the sender is authorised to make the offer on behalf of the broker or managing agent for whom he works.

Written lines and identity of the syndicate

15. Whenever an underwriter sends an offer or acceptance email it must include –
 - a. the line (expressed as a percentage) that the syndicate is offering to underwrite or has underwritten; and
 - b. the syndicate number of the syndicate in question;
16. Where the lead underwriter's line is less than 100% the broker may wish to complete the placement by reiterating the above process.

Extension of existing cover

17. It may be convenient to simply extend existing cover by a short period until the pandemic has subsided. That may be done using offer and acceptance emails.

Administration

18. It may not be immediately possible to complete the administration associated with the contract. However, proper records of the contract must be kept so that the administration can be commenced as soon as offices and systems become available for use again.
19. Each managing agent has maintained an email list of key internal contacts to provide administrative support to underwriters by email. That should include actuarial support and support to monitor aggregate exposures on contracts entered into by email.

Lloyd's Claims Handling Protocol

Lists of telephone and email details

1. Managing agents and brokers have maintained lists of telephone and email details of those authorised and able to receive notification of claims and to handle claims remotely during the pandemic. The lists, which also contain key Lloyd's Corporation contacts, are centrally available from Lloyd's www.lloyds.com/businesscontinuity, LMA www.lmalloyds.com and LIIBA www.liiba.co.uk and have been made available to each Lloyd's broker.
2. Xchanging Claims Services Ltd (XCS) has published, by class of business, team email details at www.xchanging.com for the notification and processing of claims.

Notification of claims

3. Managing agents and XCS have made arrangements for claims to be notified to them by email during the pandemic. Brokers should send notification to at least two people shown on the relevant managing agent and XCS contact lists in case one is ill.

Handling and determining claims

4. The relevant Lloyd's Claims Scheme will continue to apply during the pandemic.
5. Managing agents and XCS have made arrangements for key staff to have access to ECF remotely from home. Those with access are shown in the contact lists.
6. In the event that ECF cannot be used for any reason during the pandemic this will be posted on www.lloyds.com/businesscontinuity and the existing Xchanging System status: <https://insuranceportal.xchanging.com/security/viewApplicationStatus.jsp>. Communication will then need to be done by email.
7. Managing agents have made arrangements for key staff to take home copies of claims files which are not on ECF where time critical aspects of claims handling may be required during the pandemic.

Payment of claims

8. Security considerations mean that Lloyd's central accounting system can not be accessed remotely. It is therefore possible that Lloyd's central accounting system will not function during the pandemic. Managing agents and brokers may use other payment mechanisms wherever possible to ensure that time critical payments can continue to be paid.