

## LMIP GLOSSARY OF KEY TERMS

Term	Explanation
Adjuster	Also termed claims adjuster, loss adjuster or insurance adjuster. A party who is appointed by insurers to investigate the claim on their behalf and determine the amount payable. Also often work with the insured to help them recover from the loss.
Admitted insurer	An insurer who has been formally admitted or licensed by the country or U.S. state insurance regulator in the country or U.S. state in which they and the risk are situated.
Binder	In the U.S. an insurance binder is a contract of temporary insurance pending the issuance of a formal policy but in London the term “binder” can also be used as short hand for binding authority (see below).
Binding authority	Placing method whereby insurers delegate their underwriting authority to a coverholder to underwrite risks and enter into insurance contracts on their behalf.
Binding authority agreement	The agreement between insurers and the coverholder that sets out the extent of the coverholder’s underwriting authority under a binding authority.
Bordereau(x)	See claims or premium bordereau(x).
Box	The desk(s) at which Lloyd’s of London underwriters sit to discuss the placement of risks and the payment of claims with brokers. These are in the Lloyd’s Underwriting Room.
Broker remunerations & deductions	Final section of Market Reform Contract that details the brokerage and other amounts to be deducted from the premium. Not usually forwarded to the insured.
Capacity	The amount of a risk that an insurer is able/willing to insure. It is usually determined by the capital of the insurer and their risk appetite.

Term	Explanation
Certificate of insurance	Insurance contract document issued by coverholders to policyholders/insureds under a binding authority which evidences the insurance of the risk and details the terms of the coverage.
Claim adjuster	Also termed adjuster, loss adjuster or Insurance adjuster. A party who is appointed by insurers to investigate the claim on their behalf and determine the amount payable. They often work with the insured to help them recover from the loss.
Claims bordereau(x)	A list of claims that have been advised to, paid or settled or reserved by a coverholder under a binding authority. Usually provided monthly or quarterly by the coverholder (or third party administrator) to the insurers who have given them the binding authority.
Claims fund	An escrow fund provided by an insurer to a coverholder or third-party administrator to fund claims payments when the coverholder or third-party administrator has claims settlement authority under a binding authority.
Company market	Wholesale insurance and reinsurance companies operating in the London Market – often members of the International Underwriting Association (IUA).
Consortium	Similar to a line slip but pulled together by a group of insurers rather than a broker. The insurers agree to share participation in a group of risks but delegate their underwriting authority to the lead insurer. Party who is given authority to underwrite risks and enter into contracts of insurance on behalf of London Market insurers under a binding authority.
Coverholder	Party who is given authority to underwrite risks and enter into contracts of insurance on behalf of London Market insurers under a binding authority.
Coverholder approval	Process prospective new coverholders such as MGAs or brokers need to go through before they are allowed to underwrite risks under a binding authority for a London Market insurer.

Term	Explanation
DA SATS	A single set of market-approved Delegated Authority (DA) data standards to be used consistently by coverholders and third-party administrators when submitting risk, premium and claims data/bordereaux to London Market insurers under a binding authority agreement. These enable automation, straight through processing and one-touch data capture.
Defence lawyer	Lawyer who is instructed by insurers to defend a liability claim on behalf of both the insured and their liability insurers.
Domestic insurance market	The insurance market in the country in which the risk is situated.
Domestic insurer	An insurer based in the country in which the risk is situated.
Electronic Claims File (ECF)	Electronic claims system used by the vast majority of brokers and insurers in the London Market to process, agree and collect claims.
Ecosystem	Used to refer to the main participants of the London Insurance Market and the many firms who support it around the world including lawyers, loss adjusters, risk surveyors and technology companies.
Excess and surplus lines market	Often called the surplus lines market. Intermediaries and insurers who insure non standard risks (hard to place, unique or large/high capacity risks) which admitted insurers within the state cannot or will not cover.
Financial Conduct Authority (FCA)	The UK regulator who regulates London financial markets including London brokers and insurers in order to promote competition, ensure market integrity and protect consumers.
Financial strength rating	A third party assessment of an insurer's ability to meet its obligations to policyholders.
Fiscal and regulatory	The fifth section of a Market Reform Contract contains fiscal (tax) and regulatory information – not usually forwarded to insured/reinsured.

Term	Explanation
Full authority	The highest underwriting authority a (usually very experienced) coverholder can have under a binding authority. The coverholder has full authority to set the terms on any risk which falls within the scope of the binding authority.
Information	The second section of the Market Reform Contract. Details or references the risk information that has been provided to insurers to enable them to quote to insure a risk.
Insurance adjuster	Also termed adjuster, claims adjuster or loss adjuster. A party who is appointed by insurers to investigate the claim on their behalf and determine amount payable. Also often work with the insured to help them recover from the loss.
Insurance company (ies)	Insurers outside of Lloyd’s of London who are usually proprietary insurance companies (owned by shareholders to whom they pay dividends) or mutual insurers (owned by their policyholders).
Insurers	Organisations who insure risks – charging a premium and in return promising to make claim payments in the event of an insured event occurring.
International Underwriting Association (IUA)	The representative body and market organisation for non-Lloyd’s international and wholesale insurance and reinsurance companies operating in the London Market.
Lead	Also known as lead insurer, leader, leading underwriter or slip leader. The insurer responsible for setting the terms on an insurance or reinsurance contract that is subscribed to by more than one insurer. Other insurers then have to decide whether to follow the lead’s terms.
Leader	As Lead above.
Lead insurer	As Lead above.
Leading underwriter/insurer	As Lead above.

Term	Explanation
Leading underwriting agreement	An agreement that allows for certain changes to the terms of an insurance or reinsurance contract to be agreed by the leading underwriter(s) without reference to the following underwriters.
Line	The proportion of an insurance or reinsurance risk that is accepted by an insurer. See also Subscription business/ placement, Signed lines and Written lines.
Line slip	A placing method whereby a group of insurers delegate their underwriting authority for a certain class of risks to the lead insurer (Line slip Lead) who makes underwriting decisions on behalf of the following insurers. A line slip is set up by brokers, as opposed to a consortium which is set up by the participating insurers.
Line slip Lead	The lead insurer on a line slip who has the authority to make underwriting decisions and enter into contracts of insurance on behalf of the other participating insurers.
Lloyd's of London	A market of members consisting of just under 100 syndicates and their managing agents who insure risks around the world under the Lloyd's brand and licenses.
Lloyd's broker	A firm that is listed in the register of Lloyd's brokers kept by Lloyd's of London. The vast majority of London brokers are Lloyd's brokers.
London broker	A broker situated in London who places insurance on behalf of insureds, reinsureds and other brokers into the London insurance market.
Lloyd's chain of security	The Lloyd's of London capital structure which provides financial security to policyholders. There are three links in the chain of security. The first link is syndicate level assets (premiums paid to each syndicate available to pay claims against that syndicate). The second link is Members' Funds at Lloyd's, the capital invested in each syndicate which protects the policyholders of that syndicate in the event that claims exceed the Syndicate level assets. The third link is Central assets, assets of the Lloyd's Corporation which are available to meet any Syndicate's liabilities to policyholders.

Term	Explanation
Lloyd's Claim Scheme (combined)	Delegated authority agreement in Lloyd's of London where the handling of large (above £250,000 or £500,000 in respect of energy and property treaty) or complex claims which fall outside of SCAP are handled on behalf of all subscribing Lloyd's syndicates by the first two Lloyd's syndicates on the placement.
Lloyd's Market Association (LMA)	Representative body for the Lloyd's managing and syndicates.
London Insurance Market (London Market)	The insurance companies, brokers, underwriting agencies, P&I clubs and Lloyd's syndicates which arrange and insure risks around the world.
London & International Insurance Brokers Association (LIIBA)	Body that represents the interests of Lloyd's insurance and reinsurance brokers operating in the London and international markets.
Loss adjuster	Also termed Adjuster or Insurance adjuster. A party who is appointed by insurers to investigate the claim on insurers' behalf and determine amount payable. Also often work with the insured to help them recover from the loss.
Managing agent	An organisation which manages a Lloyd's syndicate e.g. by employing the underwriters who determine what risks the syndicate insures.
Managing General Agent (MGA)	An organisation who has underwriting authority to underwrite risks on behalf of an insurer usually under a binding authority.
Market Reform Contract	The contract prepared by the broker and agreed by insurers which forms the contract between the insured and the insurers on open market placements in the London Market.
Open market	A placing method whereby a broker places one risk either with one insurer or with several insurers who each insure a specific percentage of the risk (Subscription business). The original terms are provided by the lead insurer but the brokers then need to obtain the agreement of other insurers (the follow market) to complete the placement. Excludes business written under a binding authority or line slip.

Term	Explanation
Placing Platform Limited (PPL)	An electronic placing platform used by many brokers and insurers in the London Market to quote, negotiate and bind insurance contracts digitally.
Policyholder	Another name for the insured or reinsured. The party covered by the insurance or reinsurance contract of insurance.
Pre-determined rates - discretion	Level of authority under a binding authority. Coverholder is provided with a set of pre-determined rates they must charge but allowed some discretion in amending the rates in order to be competitive without being required to refer to the delegating London insurer.
Pre-determined rates - no discretion	Level of authority under a binding authority. Coverholder is provided with a set of pre-determined rates they must charge and not allowed to charge different rates unless they have agreement of delegating London insurer.
Premium bordereau(x)	A list of risks underwritten by a coverholder under a binding authority including details of risks underwritten and premium charged. Bordereaux are provided to delegating insurers monthly or quarterly via DA SATS and the placing broker and once agreed premium is processed to delegating London insurer.
Prior submit	Lowest level of authority under a binding authority. Coverholder cannot quote a risk without consulting with delegating London insurer. Although if they do quote and receive an order they have the authority to issue the contract/certificate of insurance or reinsurance on behalf of insurers.
Protection & Indemnity (P&I) clubs	Mutual indemnity associations owned by its members (shipowners and other marine operators) that provides risk pooling for its members. Typically protects the liability risks of their members e.g liability for injury to crew passenger liability, collision liability and pollution liability. Any surplus of calls (premiums) over claims is used to reduce future year's calls/premiums.

Term	Explanation
Prudential Regulation Authority (PRA)	The prudential regulator who supervises UK financial institutions including insurance companies and Lloyd's of London. To ensure they have sufficient assets to pay policyholders their claims.
Public adjuster	A claims professional who works on behalf of the insured when appraising and negotiating an insurance claim. This is in contrast to loss and claims adjusters who are appointed by insurers to manage the claim on insurers' behalf.
Reinsurance	A contract under which a reinsurer agrees to pay a specified amount of an underwriting loss sustained by an insurer.
Reinsurers	Insurers who reinsure other insurers against a specified amount of an underwriting loss.
Risk details	First section of the London Market Reform Contract. It contains details of the coverage provided by insurers e.g. limits, deductibles, terms and conditions and premium.
Room	Short for "Underwriting Room" - the floors within the Lloyd's of London building where the syndicate underwriters sit and where brokers will meet them to negotiate placing of risks and claims.
Security details	The third section of the Market Reform Contract contains details of the insurers who are insuring the risks including their written/signed line.
Signed line	<p>The final proportion of an insurance or reinsurance risk that is accepted by an insurer. In the event of over placement where insurers Written lines exceed 100%, then the Written lines are Signed down so that the total equals the 100%.</p> <p>The proportioned down line is known as the Signed line and indicates the percentage of the 100% premium the insurer will receive and the percentage of any claim they will be required to pay.</p>

Term	Explanation
Signing down	Where a risk is oversubscribed so insurers' Written lines total over 100%, then the Written lines are usually proportionally reduced - Signed down, so that they total 100%. The proportioned down lines are then termed Signed lines.
Single Claims Agreement Party (SCAP)	A contractual agreement in the London Market that facilitates quick and efficient authorisation of claims. Applies to claims below £250,000 (or £500,000 in respect of Energy or Property Treaty) which are also not deemed complex by the lead insurer. Where SCAP applies the London Market lead insurer has authority to agree claims on behalf of all subscribing London Market insurers.
Slip leader	Also often known as "Lead" "Leader" or "Lead insurer". Usually the insurer responsible for setting the terms on an insurance or reinsurance contract that is subscribed to by more than one insurer. Other insurers then have to decide whether to follow the slip leader's terms.
Subscription agreement	The fourth section a Market Reform Contract. It contains details about how the contract operates if there is more than one subscribing insurer e.g. Who agrees contract changes? Which claims handling agreements apply? Not usually forwarded to the insured.
Subscription business/placement	Term used to describe insurance and reinsurance placing method used to insure large risks which are too big for a single insurer. The risk is placed with more than one insurer, with each insurer only insuring a percentage of the risk (Line). The insurers' Lines total 100%.
Surplus lines broker	Broker who has authority to place excess and surplus lines insurance outside of the state in which the risk is situated with excess and surplus lines insurers in other states or countries.
Surplus lines insurer	Insurer who does not have an admitted license to insure risks in a state but does have a surplus lines licence to insure risks which are placed outside of that state by licensed surplus lines brokers and intermediaries.

Term	Explanation
Surplus lines market	Often called the excess and surplus lines market. Intermediaries and insurers who insure non-standard risks (hard to place, unique or large/high capacity risks) which admitted insurers within the state cannot or will not cover.
Syndicates	An insurer based within Lloyd's of London. Syndicates are owned by either one member or a group of members (their capital providers) and managed by managing agents who employ the underwriters.
The London Market Group	Market-wide body, bringing together the specialist commercial (re)insurance broking and underwriting communities in London. It is supported by the IUA, Lloyd's of London, the LMA and LIIBA. It speaks collectively for market practitioners on growth and modernisation issues, and its aim is to build on London's position and reputation as the global centre of insurance excellence.
Third Party Administrator (TPA)	An organisation who is given delegated authority to handle insurance claims on behalf of insurers.
Trust funds	Funds maintained in the USA for the protection of policyholders with US dollar denominated insurance policies.
Underwriters	Term used to describe the individuals who work for insurers and determine whether to insure/underwrite a risk at what terms. Also used as an alternative to Insurers.
Underwriting submission	Document including risk information and data about the risk requiring insurance which is prepared by brokers and provided to insurers to enable them to quote for an insurance risk.
Written line	The percentage of a risk a London insurer indicates that they are prepared to insure. If the risk is not over placed the Written line will become the Signed line. But if the placement is over placed the broker signs down the lines. The proportioned down line is known as the signed line and this is the percentage of the premium and the claim the insurer will receive and be responsible for.