



## Introduction to Insurance, Lloyd's and the Market

### Who would benefit?

This course would benefit anyone new to the London Market and would also assist students of the Lloyd's Introductory Test.

### Objective

To provide an introduction to the London Insurance Market, the runners and riders.

### Content

#### The Risk Business

- What is risk?
  - The object to be insured or the peril insured against?
  - Subjectivity as to the outcome of an event
  - Risk – future uncertainty v chance
  - Insured v Uninsured Perils
- The Pool or Fund
  - The risk transfer mechanism & the calculation of premium
  - The benefits of insurance
- Managing Risk
  - Identification, evaluation and economic control of risk

#### The Historical Development of Lloyd's

- The development of Lloyd's – A chronology

#### Lloyd's and the Risk Business

- What can we insure? Insurable v Uninsurable risk

#### Classes of Insurance Business

- Major categories of insurance business
- Contracts of indemnity v contracts of benefit
- Some unusual risks placed at Lloyd's

#### How the Market Works and the Major Players

- Lloyd's
- The FSA as market regulator
- The Franchise system
- Companies
- Insurance companies
- Proprietary and mutual offices
- Composite insurers
- Captive insurers
- Intermediaries
- Insurance Agents & Consultants
- Brokers & Lloyd's brokers

#### Placing the Risk

- Overview of the placing process (Broker & Underwriter)
- Insurance v Co insurance
- Reinsurance (Brief overview)

#### Claims - overview

- Is it covered? Insured v Uninsured perils

#### Basic Legal Principles in Insurance

- Insurable Interest
  - Who may insure?
  - The doctrine of utmost Good Faith
- Definition
  - What constitutes a material fact
  - What facts must be disclosed?
  - To whom does the duty apply?
  - Remedies for the breach of the doctrine
- Indemnity
  - What is indemnity
    - Definition of indemnity
  - The Provision of an Indemnity
    - Cash, repair, replacement or Reinstatement (new for old)
  - Factors affecting indemnity
    - Sums insured, limits of indemnity and limits of liability
    - Excesses, deductibles and franchises
    - Depreciation wear and tear
    - Betterment
    - New for old - contracts of reinstatement
- Subrogation
  - Definition
  - Examples of how subrogation may occur
  - Calculation of an indemnity settlement
- Contribution
  - Definition
  - Examples of how contribution may occur
- Proximate cause

### Duration

One day

### Pre-requisites

None