



## LLMIT Lloyd's and London Market Introductory Test

### Who would benefit?

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

### Content

#### Insurance Principles

- Primary, secondary insurance functions and risk transfer
- Basic purpose and nature of insurance
- Difference between insurance and uninsurable risks
- Physical and moral hazard
- Claims reserving and claims management

#### Classes of Business

- Main classes of risk written in the London Market
- Significant features of cover given under main clauses
- Losses and liabilities which may give rise to claims
- Difference between long and short tail business

#### Legal Principles

- Legal principles governing insurance transactions
- Significance of utmost good faith in the relationship between underwriter and broker
- Utmost good faith in underwriter/broker relationship
- Purpose and effect of warranties, conditions, exclusions
- Essential elements of contract law
- Basis features of the law of agency

#### Reinsurance

- Why insurers seek reinsurance
- Reinsurance methods: treaty, facultative, proportional and non proportional
- Main methods of reinsurance suitable for each class
- Calculate amounts ceded to reinsurers
- Main terms used in reinsurance transactions

#### London Market Regulation

- The role of the FSA and major international regulators
- FSA's statutory objectives, principles for business and handbook structure
- FSA's approach to the regulation of financial services
- Changes to UK financial services regulatory structure
- The principles of Solvency II
- Financial Ombudsman service role, Financial Services Compensation Scheme and Data Protection Act 1988
- Regulatory requirements for an insurer to be authorised
- Fundamental risks/issues presented by financial crime

#### London Market Structure

- London Market and its importance in the global markets
- The key parties involved
- The role of the market associations
- Purposes of the market modernisation process initiatives

#### Lloyd's – Governance and Operation

- Purpose and nature of the governance of Lloyd's market
- Roles of the Council of Lloyd's and the Franchise Board
- Roles and duties of the members' and managing agents
- The security underlying policies at Lloyd's
- The main features of regulatory oversight of Lloyd's

### Duration

Two days (or one day with restricted topic depth)

- Open years management and Reinsurance to Close

#### Intermediation

- FSA's regulatory approach to insurance intermediaries
- FSA's regulatory classification of clients and its effects on the transaction of business
- The role and responsibilities of brokers
- The business process of broking and the parties involved
- Terms of Business Agreement Purpose and function
- Main UK and EU legislative provisions applicable to insurance intermediaries
- The different categories of insurance intermediary

#### Underwriting

- Role, responsibilities and duties of the underwriter
- The insurance cycle and financial performance
- The concept of underwriting risk
- The role of risk management
- The purpose of loss and exposure modelling
- Reserving and making provision for outstanding liabilities
- Security ratings, their impact on business and the use of security committees
- The structure and operation of a subscription market
- The particular responsibilities of a lead underwriter

#### Transacting business

- Proposal form role and main questions contained therein
- Role of the slip (Market Reform Contract) and the main purpose of its headings
- Operation of the General Underwriters agreement (GUA)
- Know when a London Market underwriter is on risk
- Basic procedures for preparing a policy
- Contract Certainty
- The brokers role in the handling of premiums
- Importance of prompt and effective transfer of premiums
- The role of Xchanging Ins-sure Services

#### Delegated Underwriting

- The different types of delegates underwriting used
- Coverholders and the benefits of the coverholder model
- Binding authority and key contractual provisions
- Lloyd's Delegated Underwriting Standards and the Code of Practice for Delegates Underwriting
- Key compliance and control areas for coverholders
- Premium, claims and risk standards for binding authorities

#### Claims Handling

- Importance of prompt and efficient handling of claims
- Role and responsibilities of broker in claims process
- The role of experts in claims handling
- London Market claims processes for notification, submission and settlement of claims
- Xchanging Claims Services role and other service providers in the market