

Market Reform

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CONTRACT CERTAINTY STEERING COMMITTEE PRESS RELEASE

CONTRACT CERTAINTY STEERING COMMITTEE LAUNCHES INDUSTRY-WIDE CODE OF PRACTICE

Under the latest phase of the UK's drive to embed contract certainty into the day-to-day processes of its insurance industry, the Contract Certainty Steering Committee (CCSC)* has today published a code of practice designed to ensure policies continue to be fully agreed prior to coverage becoming active.

The code brings together all contract certainty guidance issued over the last two years and is the first ever from a UK market body to cover both the subscription and non-subscription insurance markets.

The Financial Services Authority (FSA) has welcomed the code of practice which has been endorsed by all the UK's leading insurance industry bodies, including: the Association of British Insurers (ABI); the British Insurance Brokers' Association (BIBA); Lloyd's, the Lloyd's Market Association (LMA); the London Market Insurance Brokers' Committee (LMBC); the Market Reform Group (MRG); the International Underwriting Association (IUA); and the Association of Insurance and Risk Managers (AIRMIC).

Dane Douetil, Chairman of CCSC and the London MRG, said: "Following the industry's success in meeting the FSA's challenge to materially achieve contract certainty by the end of 2006, the market continues to make excellent progress and is successfully embedding contract certainty in its day-to-day operations. The code marks the next phase of that work. Developed following industry-wide consultation, it builds on the lessons of the last two years, creating an easy-to-follow guide to best practice."

"The UK will benefit enormously from further modernisation of the insurance industry and contract certainty is an important part of that process. Ultimately, it is our customers that reap the benefits, and it therefore must remain a key priority."

A copy of the Contract Certainty Code of Practice, which modifies the definition of contract certainty, outlines a series of contract certainty principles, and requires firms to demonstrate performance, is attached.

Ends

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Notes to editors:

- *1. The Contract Certainty Steering Committee is the cross market group of CEOs which provides the FSA with a top level interface to the whole UK insurance industry – insurers, brokers and customers – in relation to contract certainty. It includes representatives from the Market Reform Group (MRG), the London Market Insurance Brokers' Committee (LMBC), the Association of Insurance and Risk Managers (AIRMIC) and the non-subscription market.

 2. In December 2004, the FSA challenged the UK insurance industry to achieve contract certainty within two years. The industry set a target of 85% of all contracts being certain by the end of 2006. By December 2006, 90% of contracts in the subscription market and 88% in the non-subscription market were achieving contract certainty.

 3. The Market Reform Group is the senior body responsible for driving process reform in the London Market. It brings together reform champions from brokers and insurers, together with senior figures from Lloyd's, the LMBC, Lloyd's Market Association (LMA), and International Underwriting Association (IUA).

 4. The non-subscription market is comprised of the membership of the Association of British Insurers (ABI), the British Insurance Brokers' Association (BIBA) and the Institute of Insurance Brokers (IIB). It is represented by Royal and Sun Alliance on issues relating to contract certainty.

 5. Based in the UK, AIRMIC (the Association of Insurance and Risk Managers) represents risk managers. Its members include 75% of FTSE 100 companies. They spend in aggregate more than £5 billion p.a. on insurance and risk management products.
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