

# LONDON MARKET GLOSSARY OF TERMS

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**LMT**

# GLOSSARY OF TERMS

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Here you will find a glossary of terms that you may come across in the London Insurance Market.

<b>Active Underwriter</b>	The person at the underwriting desk vested with primary authority to approve insurance and reinsurance risks on behalf of the syndicate.
<b>Binding Authority</b>	A Binding Authority is an agreement whereby an Insurer delegates underwriting authority to another party known as the Coverholder. The Coverholder is usually an Insurance Broker or Underwriting Agent and will act in all respects as the actual Insurer.
<b>Blueprint Two</b>	Blueprint Two, initiated in November 2020 as a £300 million digital transformation project, represents Lloyd's of London's endeavour to establish a digitised marketplace for its members. The program focuses on developing transparent data standards, enhancing processing capabilities, and implementing automated claims recognition, building upon the foundation laid by Lloyd's Future at Lloyd's digital transformation initiative in 2019.
<b>Box</b>	Each syndicate has a desk, referred to as a "box" in the underwriting room at Lloyd's, where transactions with Lloyd's brokers can be conducted.
<b>Byelaws</b>	The fundamental regulations established by the Lloyd's Council concerning the operation of insurance activities at Lloyd's.
<b>Capacity (Underwriting)</b>	Underwriting Capacity is the maximum amount of liability that an insurance company agrees to assume from its underwriting activities.
<b>Casualty Book (also known as Loss Book)</b>	A book which stands in the centre of Lloyd's underwriting room and which records details of vessels which are or are likely to become total losses. Each day the page is turned to show what happened on any given day 100 years ago.
<b>Central Accounting</b>	A facility managed by Lloyd's Corporation, where the amounts owed to and by individual brokers and syndicates at Lloyd's are centrally processed, and their accounts are regularly debited and credited on a net basis.
<b>Central Fund</b>	A fund to protect policyholders in case any underwriting member should be unable to meet their liabilities out of Syndicate Trust Funds, funds deposited at Lloyd's, reserves, and personal assets outside of Lloyd's. Every Lloyd's member makes an annual contribution to this fund.
<b>Core Data Record</b>	Core Data Record (CDR) provides essential transactional data required to be gathered at the point of binding for driving subsequent processes such as premium validation and settlement, initial loss notification claims matching, tax validation and reporting, as well as regulatory validation and core reporting.
<b>Crystal</b>	Crystal is Lloyd's online business tool that provides Lloyd's market participants with quick and easy access to international regulatory and taxation requirements.

<b>Delegated Data Manager</b>	The Delegated Data Manager (DDM) is a central platform for processing bordereaux that became operational in 2018. Coverholders and Delegated Claims Administrators are required to routinely submit delegated authority data, including information on risks, premiums, and claims, as part of their contractual transactions with Lloyd's syndicates and to comply with local regulatory mandates. Developed in collaboration with the market, the Delegated Data Manager serves as a system facilitating the collection and validation of this reporting data, thereby enhancing the efficiency of global business transactions.
<b>Delegated Contract and Oversight Manager</b>	The Delegated Contract and Oversight Manager (DCOM) serves as a Lloyd's platform for the registration of binding authority contracts by market participants. Developed in collaboration with the market, its purpose is to streamline, expedite, and enhance the cost-effectiveness of Delegated Authority business operations.
<b>DXC Technology</b>	Also known as Xchanging. DXC Technology acquired Xchanging in 2016. DXC provide business processing services, technology, and procurement solutions, particularly in the insurance and financial services sectors. In the context of the London insurance market DXC plays a significant role in facilitating electronic trading and processing of insurance and reinsurance contracts.
<b>Faster Claims Payment</b>	Faster Claims Payment or FCP is a funding and payment resolution that ensures swift and immediate disbursement of claims to policyholders. This innovative approach separates the claims payment process from the monthly bordereaux and loss fund top-up procedure. FCP enables direct entry to insurer funds through the Vitesse payment platform, effectively minimising any potential delays in the payment process.
<b>Following Underwriter</b>	An underwriter of a syndicate or an insurance company that accepts a proportion of a risk on terms set by another underwriter called the leading underwriter. Each following underwriter agrees to cover a specific percentage or portion of the overall risk, and they do so under the terms negotiated by the leading underwriter.
<b>Financial Service Compensations Scheme</b>	The Financial Service Compensations Scheme (FSCS) exists to protect customers of financial services firms that have failed. This means it can pay compensation if a financial services firm is unable, or likely to be unable, to pay claims against it. FSCS is funded by levies on firms authorised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).
<b>Funds at Lloyd's</b>	Funds at Lloyd's refers to the financial resources held by underwriting members or syndicates at Lloyd's. Each syndicate maintains its pool of funds, which acts as a form of security to fulfil insurance obligations.
<b>General Representative</b>	A Lloyd's General Representative is an individual or entity appointed by Lloyd's of London to represent its interests in a particular country or territory. Lloyd's General Representatives play a crucial role in facilitating Lloyd's business in regions outside the United Kingdom. They act as intermediaries between Lloyd's and the local insurance market, regulators, and other stakeholders.
<b>General Underwriters' Agreement</b>	The General Underwriters' Agreement (GUA) standardises contract change agreements among Underwriters, ensuring a clear framework for managing alterations. It clarifies delegated authority, allows customisation within common parameters, and empowers designated parties to agree on contract changes, with a focus on notifying all relevant Underwriters. In essence, the GUA streamlines the process for efficient and transparent management of alterations in insurance contracts.

<b>Individual Member</b>	A Lloyd's individual member, also known as a "Name," is an individual participant in the Lloyd's of London insurance market.
<b>Leading Underwriter</b>	The leading underwriter in the London insurance market is responsible for establishing the terms of an insurance or reinsurance contract subscribed to by multiple syndicates or insurance companies. This underwriter plays a pivotal role in shaping the contract terms and leading negotiations. Additionally, they bear primary responsibility for managing any claims that may arise under the contract, including evaluating claims, making coverage decisions, and coordinating with various parties involved.
<b>Leading Underwriter's Agreement</b>	An arrangement permitting the leading underwriter(s) to approve specific alterations to the terms of an insurance or reinsurance contract without requiring input from the subsequent underwriters.
<b>Line</b>	The proportion (normally shown in percentage) of an insurance or reinsurance risk that an underwriter is willing to assume.
<b>Lineslip</b>	In the context of the London insurance market, a "lineslip" refers to a specific type of insurance document or contract that allows for the efficient placement of insurance coverage across multiple insurers or underwriters. A lineslip is often used when there is a need to distribute a large amount of insurance capacity for a particular risk or class of business. Lineslips are commonly used in the London insurance market, particularly within the Lloyd's market, where syndicates may collectively participate in providing coverage for a given risk.
<b>Lloyd's</b>	The term "Lloyd's" carries dual significance. Firstly, it represents the marketplace where brokers and underwriters associated with Lloyd's engage in business transactions. Secondly, it refers to the Corporation of Lloyd's, the entity responsible for supervising the insurance marketplace. This corporation plays a crucial role in guaranteeing the financial stability of syndicates and ensuring the smooth and effective operation of the marketplace.
<b>Lloyd's Agent</b>	Lloyd's agents play a crucial role in the functioning of the Lloyd's market. They are responsible for various tasks, including underwriting, policy issuance, premium collection, and claims handling on behalf of the underwriters and syndicates at Lloyd's. Essentially, Lloyd's agents act as intermediaries between the underwriters (who assume the risk) and the policyholders.
<b>Lloyd's Broker</b>	A client representative sanctioned by the Committee at Lloyd's to contact underwriters at Lloyd's and negotiate insurance with the underwriters on behalf of the representative's clients.
<b>Lloyd's Market</b>	The Lloyd's market is a prominent insurance and reinsurance marketplace located in London, where underwriters, represented by syndicates, assume and manage various risks.
<b>Lloyd's Waiter</b>	Lloyd's liveried staff, referred to as waiters, have been part of the market since its inception in the late 17th century. Their designation as waiters originates from their actual role at Edward Lloyd's coffee shop.

<b>Managing Agent</b>	A managing agent in the context of Lloyd's of London refers to a firm or entity authorized to manage and oversee the underwriting and administrative functions of one or more syndicates within the Lloyd's market. These managing agents act on behalf of the syndicates and are responsible for tasks such as risk assessment, policy underwriting, claims management, and overall operation of the syndicates they represent. Managing agents play a crucial role in the Lloyd's market by ensuring the effective functioning of underwriting activities and adherence to regulatory standards.
<b>Market Reform Contract</b>	The Market Reform Contract (MRC) initiative aimed to improve contract certainty by establishing standardised contract templates and procedures, which helped ensure that insurance contracts were completed accurately, transparently, and in a timely manner. By introducing standardised contract formats and electronic platforms for transactions, the initiative sought to reduce discrepancies, ambiguities, and delays in the placement and execution of insurance contracts.
<b>Open Market Placement</b>	In the London insurance market, insurance brokers play a crucial role in connecting clients with underwriters (insurers). When a client seeks insurance coverage for a specific risk, the broker may approach multiple underwriters to secure the desired coverage. The process of placing the insurance risk with one or more underwriters through negotiations is known as "placing the risk on the open market."
<b>Order</b>	The portion of the sum insured, typically expressed as a percentage, that is protected by a specific slip when multiple slips are utilised to secure coverage.
<b>Placing Platform Ltd</b>	Placing Platform Limited, established in 2016 as a non-profit organisation, is a platform created to simplify and enhance the placement and processing of insurance policies and associated documents.
<b>Reinsurance</b>	Reinsurance is a financial arrangement where an insurance company transfers some of its risk to another insurance company. In simpler terms, it's insurance for insurance companies. Reinsurance is a complex financial mechanism used by insurance companies to manage their risk exposure and ensure they have the financial capacity to handle large or unexpected losses. It's an essential component of the insurance industry, providing stability and protection for insurers and policyholders alike.
<b>Reserve</b>	A claims reserve represents funds earmarked for a reported but unsettled (RBNS) or incurred but unreported (IBNR) claim. Insurance companies allocate a claims reserve to each applicable claim, indicating their best approximation of the eventual settlement amount. The outstanding claims reserve is an actuarial estimate, as the exact amounts owed on a particular claim remain uncertain until the settlement occurs.
<b>Run-off Syndicate</b>	In the context of the London insurance market, a runoff syndicate refers to an insurance syndicate that is in the process of winding down its operations and settling its remaining liabilities. The term "runoff" refers to the gradual cessation of underwriting new business, and the syndicate focuses on managing and settling its existing policies.
<b>Several Liability</b>	Insurance policies often involve multiple insurers, especially in the case of large or complex risks. Each insurer contributing to the coverage may have several liability, meaning they are responsible only for their agreed-upon portion or share of the risk.



<b>Signed Line</b>	The term "signed line" refers to the amount of risk that an underwriter has agreed to accept. This can either match the underwriter's written line, which is the maximum amount they have agreed to underwrite, or, in cases of "signing down," it may represent a lower agreed-upon amount.
<b>Signing Down</b>	Where a risk is oversubscribed ie written lines exceed 100% then, those lines will be proportionally reduced ('signed down') by the broker until they total 100%.
<b>Slip</b>	A document containing all the pertinent information regarding the risk and the insurance terms and conditions that the broker submits to the underwriter. The intention of the slip is to outline the terms of the insurance so both parties are clear on the contract, and their obligations and cover, before the formal policy is drawn up.
<b>Syndicate</b>	At Lloyd's, individual underwriters or groups of underwriters form syndicates to collectively assume risks and provide insurance coverage. Each syndicate is managed by a managing agent, and members of the syndicate, known as "Names," contribute capital to underwrite policies. The syndicate structure enables diversification of risk and allows insurers to participate in a broad range of insurance activities.
<b>The Square Mile</b>	The square mile is a colloquialism for the City of London. The insurance industry is focused around the eastern side of the City, around the Lloyd's building.
<b>Underwriter</b>	An underwriter is an insurance professional who understands risks and how to prevent them. They have specialised knowledge in risk assessment and use this knowledge to determine whether they will insure something or someone, and at what cost.
<b>Written Line</b>	The amount of a risk (usually expressed as a percentage of the sum insured) that an underwriter is willing to accept on behalf of the syndicate or company for which he underwrites. Where a risk is oversubscribed ie written lines exceed 100% then, those lines will be proportionally reduced ('signed down') by the broker until they total 100%.
<b>Xchanging</b>	An outsource provider of policy, premium and claims processing services to the Lloyd's market and others. These services are delivered via its operating subsidiaries, Ins-Sure Services and Xchanging Claims Services. DXC Technology acquired Xchanging in 2016.
<b>Year of Account</b>	The designated fiscal period for accounting and payment of all premiums and claims related to an insurance or reinsurance contract underwritten by a syndicate.

# ACRONYMS

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Here you will find a list of acronyms that you may come across in the London Insurance Market.

<b>ABI</b>	The <b>Association of British Insurers</b> is the voice of the UK's world-leading insurance and long-term savings industry.
<b>ACORD</b>	<b>Association for Cooperative Operations Research and Development</b> is the global standards-setting body for the insurance and related financial services industries. ACORD facilitates fast, accurate data exchange and efficient workflows through the development of electronic standards, standardized forms, and tools to support their use.
<b>API</b>	An API, or <b>Application Programming Interface</b> , is a set of rules and protocols that allows different software applications to communicate with each other. It defines the methods and data formats that applications can use to request and exchange information. APIs enable the integration of different systems, allowing them to work together and share data seamlessly.
<b>A&amp;S</b>	<b>Accounting and Settlement</b> . A generic term covering the processing of technical accounts (closings) and financial accounts (settlements) between broker and insurer (or between broker and XIS where the insurer elects to use XIS to perform this and other functions on its behalf).
<b>BIBA</b>	The <b>British Insurance Brokers' Association</b> is the UK's leading general insurance intermediary organisation representing the interests of insurance brokers, intermediaries and their customers.
<b>CLASS</b>	<b>Claims Loss Advice and Settlement System</b> . CLASS enables brokers to load claim data and supporting information so that insurers can agree, query and reject claims 'on line'.
<b>ECF</b>	<b>Electronic Claim File</b> . An integrated service for claims handling and processing delivered through a combination of the Insurers Market Repository (IMR) and the Claims Loss Advice and Settlement System (CLASS).
<b>EDI</b>	<b>Electronic Data Interchange</b> is a structured method of exchanging business documents between computer systems in a standardised electronic format. It enables the electronic exchange of business information and essential documents, between trading partners. EDI replaces the traditional paper-based methods of document exchange with a more efficient and automated electronic process.
<b>FCA</b>	The <b>Financial Conduct Authority</b> is the conduct regulator for 59,000 financial services firms and financial markets in the UK and the prudential supervisor for 49,000 firms, setting specific standards for 19,000 firms. Financial markets need to be honest, fair and effective so that consumers get a fair deal and the FCA aim to make markets work well – for individuals, for business, large and small, and for the economy as a whole.
<b>GUA</b>	The <b>General Underwriting Agreement</b> is an agreement between the subscribing underwriters on a particular contract relating to the level of delegated authority in respect of post placement alterations.

<b>ILU</b>	<b>Institute of London Underwriters.</b> The Institute was set up in 1884 as the trade association for the company market specialising in marine, aviation and transportation insurance business. In 1986 the companies who made up the membership of the Institute joined together under one roof to form a marketplace where insurance brokers could broke their business with insurance companies in the same way as they did at Lloyd's. The IUA (the International Underwriting Association of London) was set up on 1 January 1999 and all the ILU's then members ceased their membership of the Institute and became members of the IUA (see IUA).
<b>IMR</b>	<b>Insurers' Market Repository.</b> Infrastructure owned and funded by London market insurers, both Lloyd's and companies, which provides a common repository for documentation to support accounting and settlement and claims processes
<b>IRLA</b>	<b>Insurance &amp; Reinsurance Legacy Association Limited</b> is the UK market body for insurance and reinsurance legacy management professionals. IRLA is recognised as the voice of the legacy management sector by a wide range of government and market bodies including the UK Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA), the Financial Services Compensation Scheme (FSCS); the Department of Work and Pensions (DWP) as well as the Employers Liability Tracing Office (ELTO).
<b>IUA</b>	The <b>International Underwriting Association of London</b> is the focal representative and market organisation for non-Lloyd's international and wholesale insurance and reinsurance companies operating in the London Market. The IUA promotes the design and implementation of all aspects of market modernisation, including process reforms and electronic interfaces across the market. This includes working on new processes for placing, claims and accounting and settlement using ACORD standards as the preferred format for data, in conjunction with leading organisation in the market.
<b>LIIBA</b>	<b>London &amp; International Insurance Brokers' Association</b> represents the interests of Lloyd's insurance and reinsurance brokers operating in the London and international markets.
<b>LIRMA</b>	The <b>London Insurance and Reinsurance Market Association</b> was the trade association acting for non-marine insurance companies. At the end of 1998 LIRMA merged with the ILU.
<b>LMA</b>	<b>Lloyd's Market Association.</b> The association representing the interests of Managing Agents operating in the Lloyd's insurance market.
<b>LMG</b>	<b>London Market Group.</b> The LMG is a market-wide body, bringing together the specialist commercial (re)insurance broking and underwriting communities in London. It is supported by the International Underwriting Association of London (IUA), Lloyd's of London, the Lloyd's Market Association (LMA) and the London & International Insurance Brokers' Association (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.
<b>LORS</b>	The <b>Lloyd's Outward Reinsurance Scheme (LORS)</b> is a collective name for the integrated clerical and computer systems that are linked together to handle outward reinsurance business.
<b>LPAN</b>	<b>London Premium Advice Note.</b> London Premium Advice Note (LPAN): A communication tool (initially in paper form, now predominantly an image on the IMR) designed for conveying technical account details from a broker to XIS when an insurer opts to utilize XIS for business processing on its behalf.
<b>LUA</b>	<b>Leading Underwriter's Agreement.</b> 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.



<b>MGA</b>	<b>Managing General Agent</b> — a specialised type of insurance agent/broker that, unlike traditional agents/brokers, is vested with underwriting authority from an insurer. Accordingly, MGAs perform certain functions ordinarily handled only by insurers, such as binding coverage, underwriting and pricing, appointing retail agents within a particular area, and settling claims.
<b>MRCv3</b>	<b>Market Reform Contract version 3</b> is the latest iteration of the market reform contract (previously called iMRC), designed to assist in the market transformation initiative. MRCv3 brings a more structured approach to data capture.
<b>PPL Next Gen</b>	This is the latest iteration of the <b>Placing Platform Ltd</b> platform made available to the market in April 2023.
<b>PRA</b>	The <b>Prudential Regulation Authority</b> (PRA) is a part of the Bank of England and responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm. The PRA and FCA are two separate entities – although the PRA work closely with the FCA on certain issues/firms. The main difference is that FCA works with firms to ensure fair outcomes for consumers.
<b>SN&amp;D</b>	<b>Signing Number &amp; Date.</b> A reference applied by XIS to each premium or claims transaction (unique to that transaction).
<b>UCR</b>	<b>Unique Claims Reference.</b> A reference applied to a claim record being processed through
<b>UMR</b>	<b>Unique Market Reference.</b> The primary reference created by Brokers and used by the Market to identify a contract.
<b>USM</b>	<b>Underwriters Signing Message.</b> A standard message to support premium advices transmitted to Lloyd's Syndicates.
<b>XCS</b>	<b>Xchanging Claims Service</b> provides claims processing services for the Lloyd's Market.
<b>XIS</b>	<b>Xchanging Ins-Sure services.</b> Provider of central processing services and systems for the London Insurance Market.

We consistently refine and update our London Market Glossary, with the latest version created January 2024. Explore the most recent online iteration, available on our website at <https://www.lmtraining.co.uk/glossary/>, to stay up to date with latest updates. Alternatively, feel free to reach out, and we'll promptly provide you with an up-to-date PDF version.

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