

# London Market Insurance Principles and Practices (LM2) Revision Workshop

**Duration:** 1 Day

## About the Course

This workshop provides candidates with a comprehensive revision experience tailored to the LM2 examination. Through engaging exercises and discussions, participants will deepen their understanding of London Market insurance principles and practices, solidify their knowledge of key concepts, and enhance their examination readiness.

## Who Should Attend?

- Examination candidates actively preparing for the LM2 exam, particularly those nearing the end of their studies.
- Individuals seeking to strengthen their practical understanding of London Market insurance operations.

## Course Contents

- **Day 1: Foundational Concepts and Practices**
  - Overview of the London Market
    - Principal parties and their interrelations.
    - The importance and global relevance of the London Market.
  - Insurance Classes in the London Market
    - Main insurance classes and their features.
    - Risk diversification and portfolio management by underwriters.
  - Reinsurance Principles
    - Methods: Treaty vs. Facultative, Proportional vs. Non-Proportional.
    - Calculating cessions and recoveries.
  - Market Security
    - Basic accountancy concepts and solvency margin calculations.
    - Lloyd's chain of security and the role of rating agencies.
- **Day 2: Regulatory, Operational, and Claims Management Frameworks**
  - Regulatory and Legal Environment
    - Compulsory insurance in the UK.
    - Consumer Rights Act and Contracts (Rights of Third Parties) Act.
    - EU solvency requirements and UK Insurance Premium Tax.
  - Insurance Intermediation and Underwriting
    - Intermediaries and Brokers
      - Key types of intermediaries and their roles in the London Market.
      - Purpose and functions of the Terms of Business Agreement (TOBA).
      - The law of agency, commissions and fees and EU and UK legislative provisions
    - The Underwriting Function

- Roles of lead and follow underwriters in the subscription market.
  - Key differences in London Market underwriting practices compared to others.
- Market Cycle and Risk Management
  - An overview of the market cycle and its effects.
  - Basics of exposure and portfolio management.
- Conducting Business in the London Market
  - Key documents, contracts, and agreements.
  - Contract certainty and premium processing.
  - Delegated Underwriting
- Claims Handling and Complaint Resolution
  - Insurers' and brokers' responsibilities in claims processing.
  - Key principles: indemnity, subrogation, contribution, and proximate cause.
  - Financial Ombudsman Service and Financial Services Compensation Scheme.

### **Important Notes**

- Due to time constraints, the workshop does not cover the full syllabus. Candidates should study the entire syllabus for complete examination preparation.