

BERMUDA INSURANCE AND REINSURANCE MARKET

CONTRACT CERTAINTY CODE OF PRACTICE

1. Mission Statement

In Bermuda we have to date had an excellent contract certainty record. With the evolution and growth of the Bermuda insurance market, we believe that it is necessary to document and formally adhere to these best practices to ensure their continuance and to further improve contract certainty standards for ABIR and BIRBA members and the contracts written in Bermuda.

2. Contract Certainty Defined

Full and final agreement of all terms and conditions between the (re)insurer and (re)insured at the time of binding. This will be evidenced by a binder, cover note or similar which reflects all terms and conditions and which is agreed by the (re)insurer. The final committed capacity must be clearly identified.

3. Code of Practice

Below is the Code of Practice that members of ABIR and BIRBA will adhere to:

1. Prior to binding, the brokers will ensure that the (re)insurers are provided with a submission that includes all the necessary information in order that the requirements for Contract Certainty can be met.
2. Brokers will notify all terms to the (re)insured and obtain the (re)insured's agreement before binding.
3. It is the joint responsibility of the broker and (re)insurer to ensure that before binding all terms and conditions are agreed by the (re)insurer and the (re)insured.
4. Prior to binding final committed capacity must be agreed with (re)insurers.
5. At binding, any subjectivities will be clearly identified and will have been agreed to by all parties in advance. If a quote/term sheet is bound subject to receipt of additional information, the deadline for receipt of that information will be clearly defined and agreed to. The implications for not meeting the subjectivities will be also clearly defined and agreed to by all parties.
6. At binding, formal evidence of cover will be issued which fully adheres to the formal quotation upon which a binding order was issued.
7. Post binding, any amendments will be agreed to by all parties before becoming effective and will be documented as endorsements to the contract.
8. All ABIR and BIRBA members will monitor and evaluate their contract certainty performance in accordance with the standards set out in the attached Guidelines.