

Press Release
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Major Insurers and Brokers Announce Contract Certainty Principles and Compliance Testing Program

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The Association of Bermuda Insurers and Reinsurers (ABIR) and the Bermuda Insurance and Reinsurance Brokers Association (BIRBA) today announced adoption of a contract certainty code of practice that binds their members to specific contract completion practices.

“Bermuda’s commercial insurance market is committed to meeting contract certainty practices that provide certainty to policyholders and ceding insurers of the coverage terms and conditions at the time of contract binding. The final committed capacity will also be clearly identified,” said Alan Waring, President of Crump International and Chair of the BIRBA Board.

“Bermuda’s modern insurance and reinsurance market has prided itself on professional underwriting techniques and product innovation that meets consumer needs. These contract certainty principles will provide assurance to our customers that our products are clearly described and capacity is clearly committed,” said Michael Butt, Chair of AXIS Capital and Chair of the ABIR Board.

Contract certainty is defined under the Code of Practice as: “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.”

Each insurer and broker in the associations’ memberships will be expected to test compliance with these principles at the upcoming July 1 renewals. The test will run through the end of the calendar year. Modifications and analysis of the test period results will take place prior to January 1, 2009. Beginning January 1, 2009, and forward, the associations expect their members to continue the compliance programs and provide results which can be aggregated so that a market compliance percentage can be calculated. This will allow a benchmark that can be used in 2009 and beyond with regard to contract certainty compliance.

Attachment: Contract Certainty Code of Practice

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The Bermuda Monetary Authority (BMA) may also have comments