

IUA Claims Agreement Practices (Version 2025)

Words in **bold** are defined at point 4 below.

1. Introduction

1.1. *The International Underwriting Association (IUA)*

- 1.1.1. The **IUA** is the representative body for **company markets**.
- 1.1.2. The **IUA** is not a regulator. It represents and promotes the interests of its members. Not all **company markets** are **IUA** members.

1.2. *The IUA Claims Agreement Practices*

- 1.2.1. The purpose of these **Practices** is to assist **company markets'** claims practitioners in maintaining market-wide standards in processing claims where a **company market** participation is bound using an **ILU** or **LIRMA stamp**.
- 1.2.2. Contracts of (re)insurance commonly contain provisions dealing with participating (re)insurers' rights and obligations regarding claims. These **Practices** apply when stated as such in the (re)insurance contract. The Market Reform Contract standard templates incorporate the **Practices** by reference in the "Basis of Claims Agreement" clause.
- 1.2.3. Parties to (re)insurance contracts are at liberty to disapply or vary any rights and obligations arising under the **Practices** by amendment to the (re)insurance contract.
- 1.2.4. Subject to any contractual agreement to the contrary
 - 1.2.4.1. the **Practices** do not create binding obligations upon any **company market** other than the **responsibilities** set out below;
 - 1.2.4.2. under the **Practices**, **company markets** only owe **responsibilities** to other **company markets** participating in the same (re)insurance contract; and
 - 1.2.4.3. the **Practices** do not apply to proportional reinsurance contracts.

1.3. *ILU and LIRMA stamps*

- 1.3.1. **Company markets** may use different stamps to bind a contract of (re)insurance. **Company markets** using an **ILU stamp** or a **LIRMA stamp** use **Velonetic's** services to handle claims.
- 1.3.2. **Company markets** that use **ILU** and / or **LIRMA stamps** may be a mix of **IUA** members and non-members. **Company markets** using an **ILU stamp** or **LIRMA**

stamp on a particular contract are collectively referred to as the **ILU bureau** or the **LIRMA bureau** respectively.

1.3.3. Subject to any contrary agreement:

1.3.3.1. **Company markets** using an **ILU** or **LIRMA stamp** to participate in a (re)insurance contract agree to (a) take on the relevant roles and **responsibilities** to other **company markets** set out in these **Practices** and (b) adhere to these **Practices**;

1.3.3.2. each bureau operates independently of any other bureau(x) to handle claims.

1.4. **ILU stamp**

1.4.1. **ILU stamps** can be used for all classes of (re)insurance, although they were originally developed to be used for marine and aviation (re)insurance contracts.

1.4.2. Section 2 below sets out the roles and **responsibilities** of **company markets** using an **ILU stamp**.

1.4.3. Subject to the provisions of 2.3.3 to 2.3.4 below and the objection procedure at 2.6 below, an **ILU bureau leader** (and any **ILU claim agreement party**) can agree claims without consulting **ILU bureau followers**.

1.5. **LIRMA stamp**

1.5.1. **LIRMA stamps** can be used for all classes of (re)insurance, although they were originally developed to be used for non-marine (re)insurance contracts.

1.5.2. Section 3 below sets out the roles and **responsibilities** of **company markets** using a **LIRMA stamp**.

1.5.3. Each (re)insurer using a **LIRMA stamp** agrees claims for their own participation.

1.6. **Non-XIS stamp**

1.6.1. These **Practices** do not address the roles or responsibilities of a **company market** participating in a (re)insurance contract using a stamp other than an **ILU** or **LIRMA stamp**.

2. ILU bureau

2.1. (Re)insurers forming part of the **ILU bureau** on a given (re)insurance contract may have one or more of the following claims roles:

- 2.1.1. **Contract leader;**
- 2.1.2. **ILU bureau leader;**
- 2.1.3. **ILU bureau second claim agreement party;** or
- 2.1.4. **ILU bureau follower.**

2.2. *Contract leader responsibilities*

- 2.2.1. Contracts of (re)insurance commonly identify the **contract leader** (sometimes called the “slip leader”). The **contract leader** may or may not be part of the **ILU bureau**.
- 2.2.2. These **Practices** do not allocate specific roles to the **contract leader**. A **contract leader’s** authority to act on behalf of other participants in the contract depends on the (re)insurance contract terms.
- 2.2.3. A **contract leader** has no automatic right or obligation to agree claims on behalf of other (re)insurers under these **Practices**.

2.3. *ILU bureau leader responsibilities*

- 2.3.1. An **ILU bureau leader** is responsible on behalf of **ILU bureau followers** for:
 - 2.3.1.1. managing claims;
 - 2.3.1.2. raising queries and information requests with the broker;
 - 2.3.1.3. agreeing or disputing **claim advices** prior to **claim settlement**.

For marine (re)insurance contracts:

- 2.3.2. Subject to 2.3.3 and the objection procedure at 2.6 below, an **ILU bureau leader** may agree or dispute a **claim settlement** on behalf of **ILU bureau followers** without consultation.
- 2.3.3. Unless there is a Lloyd’s syndicate and / or **LIRMA bureau** participant on the (re)insurance contract, the **ILU bureau leader** participating in a (re)insurance contract with at least one other **ILU bureau follower** must appoint one **ILU bureau second claim agreement party** (see 2.3.4 below). Where there is a Lloyd’s syndicate and / or **LIRMA bureau** participant in the (re)insurance contract, an **ILU bureau second claim agreement party** is not required.

- 2.3.4. Where an **ILU bureau leader** has appointed an **ILU bureau second claim agreement party** under 2.3.2 above, the **ILU bureau leader** and the **ILU bureau second claim agreement party** must both agree any **claims settlement** on behalf of **ILU bureau followers**.

For all other (re)insurance contracts:

- 2.3.5. Subject to 2.3.6 and the objection procedure at 2.6 below, an **ILU bureau leader** may agree or dispute a **claim settlement** on behalf of **ILU bureau followers** without consultation.
- 2.3.6. Alternatively, an **ILU bureau leader** participating in a (re)insurance contract with at least one other **ILU bureau follower** may appoint one **ILU bureau second claim agreement party** (see 2.3.7 below).
- 2.3.7. Where an **ILU bureau leader** has appointed an **ILU bureau second claim agreement party** under 2.3.6 above, the **ILU bureau leader** and the **ILU bureau second claim agreement party** must both agree any **claims settlement** on behalf of **ILU bureau followers**.

2.4. *ILU bureau second claim agreement party responsibilities*

- 2.4.1. Any appointed **ILU bureau second claim agreement party** must review claims and the **ILU bureau second claim agreement party** and **ILU bureau leader** should seek to agree any **claims settlement** outcome. Where there is no such agreement, the transaction will not proceed.

2.5. *Reinstatement premiums*

- 2.5.1. If the **ILU bureau leader** indicates that a simultaneous reinstatement premium applies, the claim is not allocated a signing reference until the relevant reinstatement premiums are processed. Releasing these premiums for signing automatically releases the claim.

2.6. *Objections*

- 2.6.1. A **claim settlement** by an **ILU bureau leader** and any **ILU bureau second claim agreement party** on behalf of an **ILU bureau follower** only binds the **ILU bureau follower** after the applicable objection period elapses without the **ILU bureau follower** objecting pursuant to 2.6.3 below.
- 2.6.2. Objection periods start to run from 00.01 GMT on the **working day** after the signing reference for a **claim settlement** transaction is allocated and only elapse over **working days**.
- 2.6.3. If any **ILU bureau follower** has reason to disagree with a **claim settlement**, it may object by notifying both the broker and **Velonetic** by email. **Velonetic** will

then reverse the **ILU bureau follower's** proportion of the claim and / or refund any payment made on its behalf.

2.6.4. Applicable objection periods are as follows:

2.6.4.1. for **company markets** operating a 3-day rolling settlement, two (2) **working days**; and

2.6.4.2. for **company markets** operating a weekly or monthly settlement:

- for aviation claims, two (2) **working days**;
- for marine claims, four (4) **working days**;
- for excess of loss and incidental non-marine claims, eight (8) **working days**; and
- for claims in any other line of business, two (2) working days.

2.7. *Conflicts of interest*

2.7.1. If an **ILU bureau leader** becomes aware of having an actual or potential conflict of interest concerning a **claim advice** or **claim settlement**, it may relinquish its role and **responsibilities** as **ILU bureau leader** by asking the broker to re-submit the relevant **claim advice** or **claim settlement** to the next **ILU bureau** participant by order of signing on the (re)insurance contract. There may be other reasons that the **ILU bureau leader** chooses to relinquish their roles and **responsibilities**

2.7.2. Once the broker has been asked to re-submit the relevant claim advice or claim settlement to the next ILU bureau participant by order of signing on the (re)insurance contract, that next **ILU bureau** participant becomes the new **ILU bureau leader**.

2.7.3. An **ILU bureau leader** can register an actual or potential conflict while the transaction is still awaiting action.

2.7.4. An **ILU bureau follower** can only register an actual or potential conflict of interest once noting / authorisation or circulation is complete.

2.7.5. Once an **ILU bureau** participant indicates it has an actual or potential conflict of interest, it receives only: (a) the recommended reserve amounts on **claim advices**; and (b) the recommended reserve amounts and its financial information on **claim settlement** requests. All other claim information is withheld.

3. LIRMA bureau

3.1. (Re)insurers forming part of the **LIRMA bureau** on a given (re)insurance contract may have one or more of the following claims roles:

- 3.1.1. **contract leader**;
- 3.1.2. **LIRMA bureau leader**; or
- 3.1.3. **LIRMA bureau follower**.

3.2. **Contract leader responsibilities**

- 3.2.1. Contracts of (re)insurance commonly identify the **contract leader** (sometimes called the “slip leader”). A **contract leader** may or may not be part of a **LIRMA bureau**.
- 3.2.2. These **Practices** do not allocate specific roles to the **contract leader**. A **contract leader’s** authority to act on behalf of the other participants depends on the (re)insurance contract terms.
- 3.2.3. A **contract leader** has no automatic right or obligation to agree claims on behalf of other (re)insurers under these **Practices**.

3.3. **LIRMA bureau leader responsibilities**

- 3.3.1. A **LIRMA bureau leader** sees new claim notifications and **claim advices** before **LIRMA bureau followers** and is responsible on behalf of **LIRMA bureau followers** for:
 - 3.3.1.1. raising queries and information requests with the broker; and
 - 3.3.1.2. circulating **claim advices** to the **LIRMA bureau followers** once satisfied with the information the broker has submitted.
 - 3.3.1.3. communicating to the broker any requests received for further information from a **LIRMA bureau follower**
- 3.3.2. The **LIRMA bureau leader** is responsible for responding to **claim advices** and **claim settlements** for its own share only.

3.4. **LIRMA bureau follower responsibilities**

- 3.4.1. A **LIRMA bureau follower** is responsible for reviewing the information circulated by the **LIRMA bureau leader** in order to provide its own response to a **claim advice** or **claim settlement**.

- 3.4.2 If a **LIRMA bureau follower** requires further information or disputes a **claim advice** or **claim settlement** then it must communicate this to the broker and / or **LIRMA bureau leader**.
- 3.4.3 A **LIRMA bureau follower** is responsible for responding to **claim advices** and **claim settlements** for its own share only.
- 3.5 *Conflicts of interest*
- 3.5.1 If a **LIRMA bureau leader** becomes aware of having an actual or potential conflict of interest concerning a **claim advice** or **claim settlement**, it may relinquish its role and **responsibilities** as **LIRMA bureau leader** by asking the broker to re-submit the relevant **claim advice** or **claim settlement** to the next **LIRMA bureau** participant by order of signing on the (re)insurance contract. There may be other reasons that the **LIRMA bureau leader** chooses to relinquish their role and **responsibilities** which are not covered by these **Practices**.
- 3.5.2 Once the broker has been asked to re-submit the relevant **claim advice** or **claim settlement** to the next **LIRMA bureau** participant by order of signing on the (re)insurance contract, that next **LIRMA bureau** participant becomes the new **LIRMA bureau leader**.
- 3.5.3 A **LIRMA bureau leader** can register an actual or potential conflict while the transaction is still awaiting action.
- 3.5.4 **LIRMA bureau followers** can only register an actual or potential conflict of interest once noting / authorisation or circulation is complete.
- 3.5.5 Once a **LIRMA bureau** participant indicates it has an actual or potential conflict of interest, it receives only (a) the recommended reserve amounts on **claim advices**; and (b) the recommended reserve amounts and its financial information on **claims settlement** requests. All other claim information is withheld.
- 3.6 *LIRMA stops*
- 3.6.1 Any **LIRMA bureau** participant can instruct **Velonetic** to place a 'stop' on its participation in a (re)insurance contract.
- 3.6.2 **Claim advices** and **claim settlements** cannot be agreed on a 'stopped' participation. A stopped participation is excluded from all settlement entries until the **LIRMA bureau** participant instructs **Velonetic** to remove the 'stop'.

4. Definitions

The definitions below apply to singular, plural and possessive use of the words in bold. Any term in bold has the meaning defined below, whether capitalised or not.

- 4.1. **Claim advice** means a communication providing information about a (re)insurance claim not resulting in any **claim settlement**.
- 4.2. **Claim settlement** means full or partial payment of a (re)insurance claim.
- 4.3. **Company market** means a (re)insurance company or companies authorised to carry on the regulated activity of insurance or reinsurance business as defined under the relevant UK legislation, other than a Lloyd's syndicate or managing agency for a Lloyd's syndicate.
- 4.4. **Contract leader** means the (re)insurer which a contract of (re)insurance identifies as the contract leader or slip leader.
- 4.5. **ILU** means the Institute of London Underwriters.
- 4.6. **IUA** means the International Underwriting Association of London Limited.
- 4.7. **ILU bureau** means all (re)insurers participating in a contract of (re)insurance using an **ILU stamp**.
- 4.8. **ILU bureau leader** means an **ILU bureau** participant in a (re)insurance contract that the (re)insurance contract identifies as the **ILU bureau leader**.
- 4.9. **ILU bureau follower** means an **ILU bureau** participant in a (re)insurance contract that is not the **ILU bureau leader** or an **ILU bureau claim agreement party**.
- 4.10. **ILU bureau second claim agreement party** means an **ILU bureau** participant which the **ILU bureau leader** appoints as a claim agreement party in respect of the **ILU bureau** only.
- 4.11. **ILU stamp** means the stamp **ILU bureau** (re)insurers use to confirm their participation in a contract of (re)insurance.
- 4.12. **LIRMA** means the London International Insurance and Reinsurance Market.
- 4.13. **LIRMA bureau** means all (re)insurers participating in a contract of (re)insurance using a **LIRMA stamp**.
- 4.14. **LIRMA bureau leader** means a **LIRMA bureau** participant in a (re)insurance contract that the (re)insurance contract identifies as the **LIRMA bureau leader**.
- 4.15. **LIRMA bureau follower** means a **LIRMA bureau** participant in a (re)insurance contract that is not the **LIRMA bureau leader**.

- 4.16. **LIRMA stamp** means the stamp **LIRMA bureau** (re)insurers use to confirm their participation in a contract of (re)insurance.
- 4.17. **Practices** means these **IUA** Claims Agreement Practices.
- 4.18. **Responsibilities** means the responsibilities set out at clauses 2.2, 2.3, 2.4, 3.2, 3.3 and 3.4.
- 4.19. **Velonetic** means Velonetic or any successor thereof which comprises the joint venture(s) between DXC Technology, the International Underwriting Association (IUA) and Lloyd's of London.
- 4.20. **Working day** means a day other than a weekend or public holiday in England.
5. Disclaimer
- 5.1. This document is provided for the purposes set out at clause 1.2.1 only.
- 5.2. Parties incorporating these **Practices** into contracts should exercise independent judgement (if necessary by reference to their own legal advice) to ensure the **Practices** are appropriate for their needs.
- 5.3. The **IUA** has no responsibility whatsoever for any liability to any party for any losses arising from or in connection with the use of these **Practices**.
- 5.4. Non-compliance with any aspect of these **Practices** does not invalidate or affect the terms of any (re)insurance contract.
- 5.5. These **Practices** do not create any rights, including any rights of action, for any third party, including by virtue of the provisions of the Contracts (Rights of Third Parties) Act 1999.