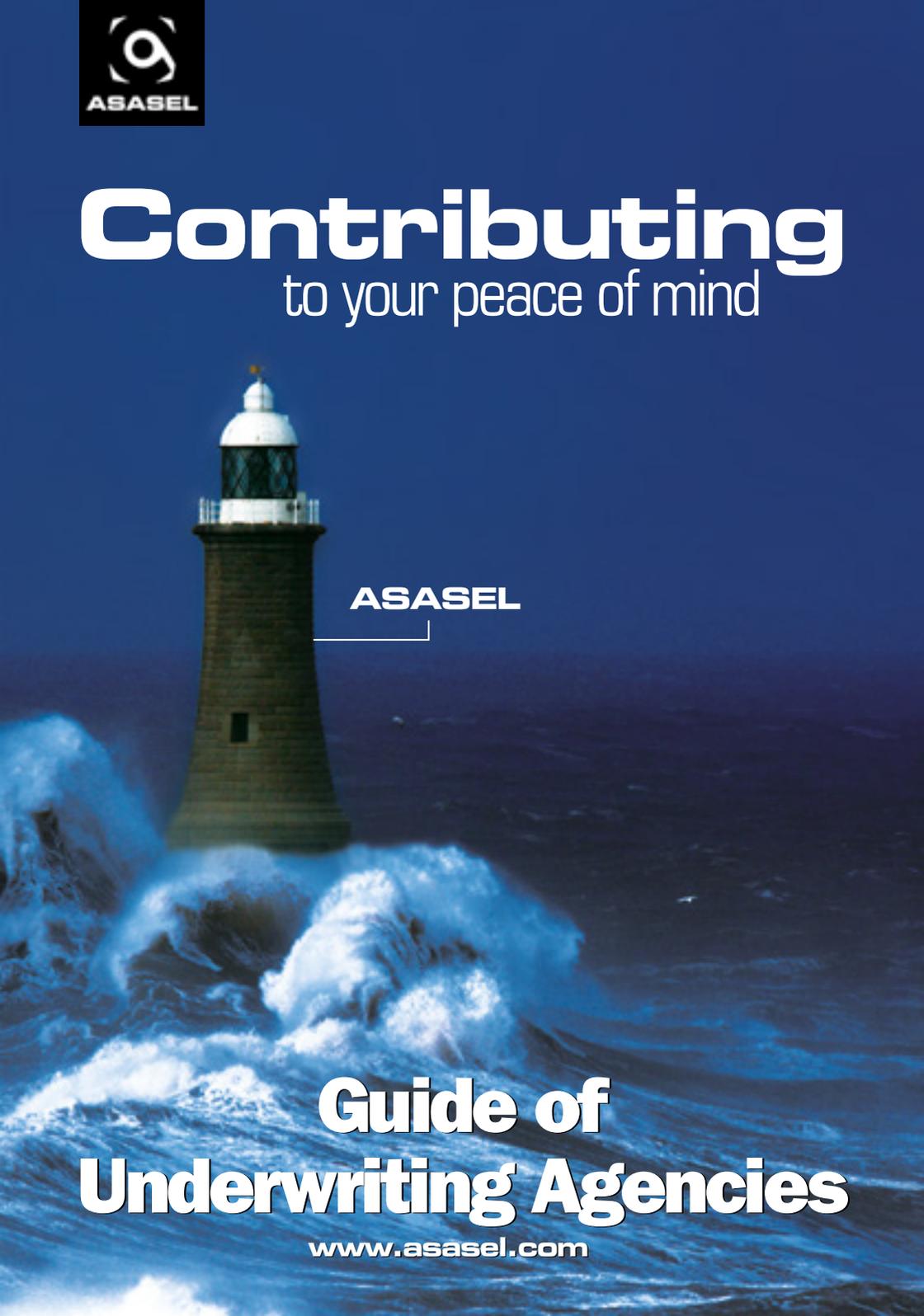




Contributing

to your peace of mind

A tall, dark stone lighthouse stands in the middle of a turbulent sea with large, white-capped waves crashing against its base. The sky is a deep, dark blue, suggesting a storm or late evening. The lighthouse has a white lantern room at the top with a small red light on top.

ASASEL

Guide of Underwriting Agencies

www.asasel.com

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>prologue

Si algo caracteriza el proceso del mercado en las economías modernas es precisamente su carácter dinámico y cambiante. Este mismo carácter fue el que, hace ya unos años, hizo que surgieran en España agencias de suscripción a pesar de que ninguna norma previera ni regulase su existencia y funcionamiento, ni su régimen de supervisión. Se trata de un tipo muy especial de apoderado de una entidad aseguradora que, en virtud y en los términos del poder concedido, desempeña la actividad de suscripción de determinados riesgos en nombre y por cuenta de la compañía que se lo ha otorgado. Es decir, es una persona jurídica diferente de la entidad aseguradora que opera en nombre y por cuenta de ella.

El relevante papel que comenzaron a cobrar en el mercado de seguros español llevó a que se regularan por primera vez en nuestro país en una disposición adicional de la vigente Ley 26/2006, de 17 de julio, de

mediación de seguros y reaseguros privados. Fue su nacimiento a efectos normativos. Implicaba considerarlos una figura intermedia, ni mediador, ni entidad aseguradora, pero actuando en el mercado junto a ambos. Esa disposición adicional únicamente vino a aclarar este hecho y a establecer su régimen de responsabilidad administrativa y sus obligaciones de transparencia para con terceros. Podríamos decir que aquella incipiente regulación se reveló muy útil y sin embargo, por otro lado, requirió aclaraciones complementarias que finalmente han desembocado en una nueva norma que entró en vigor con la modificación que hizo la Ley de Economía sostenible a la Ley 26/2006.

¿Por qué una nueva regulación? Pues, entre otros importantes motivos, para que las agencias de suscripción puedan ser consideradas incluidas expresamente dentro del conjunto de actores que operan en el mercado de seguros. ¿Cómo? Como una forma especial de presencia permanente de

una entidad aseguradora. La nueva regulación establece requisitos de idoneidad (honorabilidad y competencia profesional de los responsables de las agencias de suscripción) y algunos otros que tienen por única finalidad garantizar a sus clientes que la actividad que van a desarrollar cumple con niveles suficientes de idoneidad en los gestores, responsabilidad en el ejercicio de su actividad y seguridad jurídica. Además, una de las más importantes novedades de la nueva norma consiste en que una agencia de suscripción podrá ser de más de una entidad aseguradora, con los límites y con las condiciones que éstas establezcan en sus contratos de apoderamiento, lo cual ha sido un cambio muy demandado por el sector. Todo ello será un paso a favor de la profesionalidad y de la excelencia con que desarrollan sus negocios las agencias de suscripción.

El futuro. Estoy segura de que este nuevo marco permitirá a brillantes profesionales desarrollar su actividad

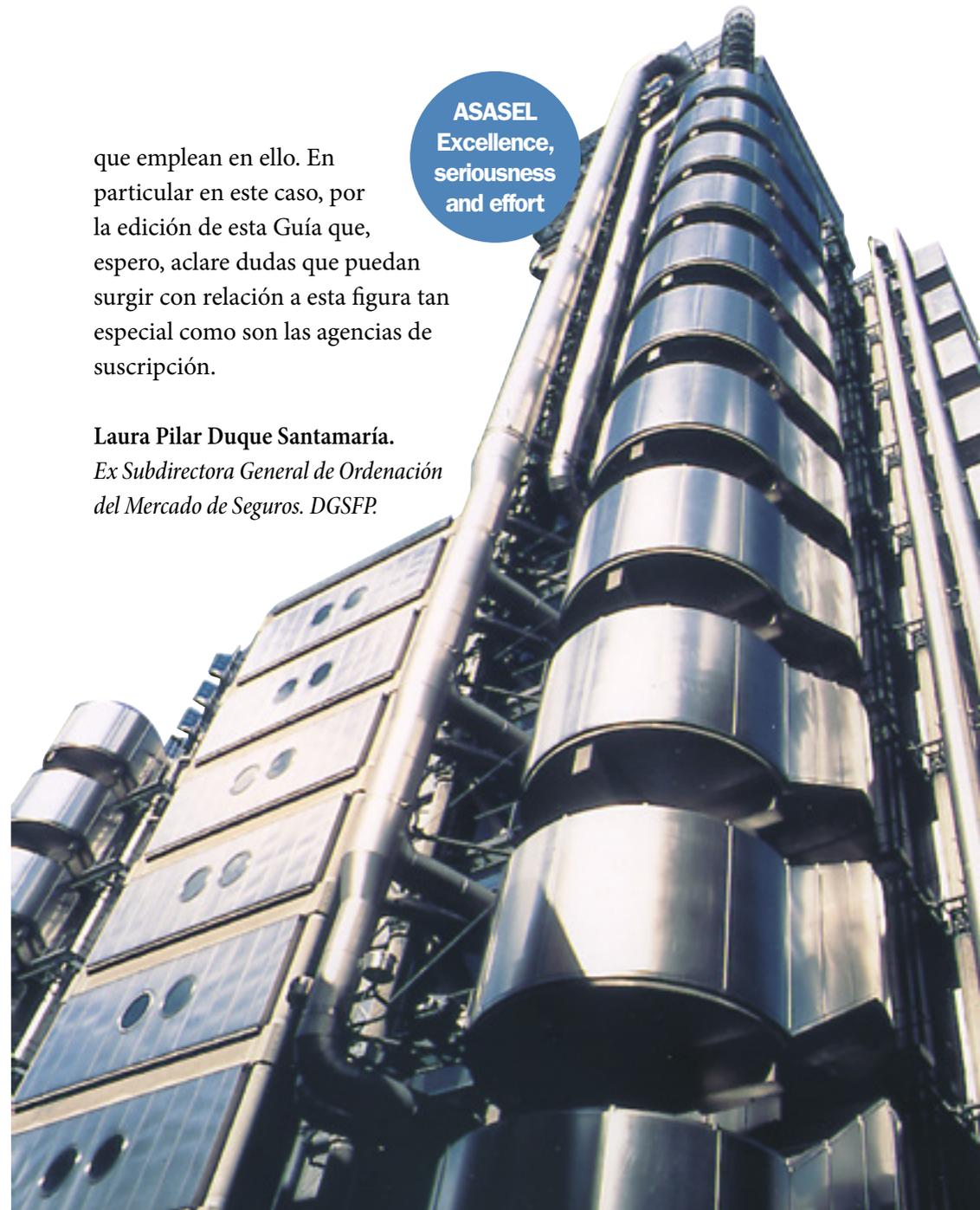
innovando, empleando su capacidad creativa para aportar soluciones aseguradoras a nuestro mercado de seguros. La actividad llevada a cabo por las agencias de suscripción que de momento existen, así lo confirma. Y con Solvencia 2... también bajo ese futuro entorno normativo tendrán cabida y desarrollarán negocios las agencias de suscripción. Se abre un amplio abanico de posibilidades entre las que los requisitos relativos a la externalización de funciones, aspecto esencial del sistema de gobierno de las entidades aseguradoras, puede que sea un marco de referencia. Habrá que esperar todavía a los desarrollos regulatorios que aún están pendientes en Bruselas. Un futuro desafiante.

Finalmente, no puedo desaprovechar esta ocasión para agradecer a ASASEL, como también merecen todas las asociaciones de mediadores y de aseguradores que promueven la excelencia, la seriedad y la responsabilidad en las actividades profesionales de sus miembros, el esfuerzo y dedicación

que emplean en ello. En particular en este caso, por la edición de esta Guía que, espero, aclare dudas que puedan surgir con relación a esta figura tan especial como son las agencias de suscripción.

Laura Pilar Duque Santamaría.
Ex Subdirectora General de Ordenación del Mercado de Seguros. DGSFP.

ASASEL
Excellence,
seriousness
and effort



> introduction

Underwriting Agencies:

A new manner of operating

The underwriting agencies (or coverholders) have their origin in the practice of the Anglo-Saxon market to indicate the delegation of powers – sometimes wide, others limited – to write risks, issue contracts of insurance and / or manage the portfolio. The coverholder is, therefore, an entity with delegated powers given by the insurer for the risk underwriting.

Essentials to Lloyd's

For the Lloyd's market, business through coverholders represents more than 30% of its global business; it is, therefore, a key instrument for the distribution of the insurance solutions that the Lloyd's Syndicates provide in the around 200 countries and territories where the Lloyd's brand operates. Currently, Lloyd's has around 4,000 coverholders in the world and ma-

nages 7,000 binding authorities or underwriting powers.

"A coverholder is an entity with delegated powers given by the insurer to write risks on its behalf"

With regard to Spain, the coverholders or underwriting agencies started to operate even before the Law 26/2006 of Mediation of Private Insurance and Reinsurance. However, the lack of a legal framework for underwriting agencies gave raise to doubts and concerns about them.

Legal changes

The Law 2/2011 of Sustainable **Economy modified the refunded text** of the Law on Ordination and Supervision of Private Insurance by inserting the current articles 86 bis

and 86 ter. These articles provided the underwriting agencies with a legal framework and gave them their own legal entity. Thus, the underwriting agencies are defined as Spanish legal entities whose non-exclusive business purpose is the underwriting of risks for and on behalf of insurers either Spanish or domiciled in other EU member state with authorisation to operate in Spain.

Regulated entities

The need to obtain, prior to starting the operations, an administrative license from the DGS, the duty to meet corporate, financial and technical requirements and, what is more important, the registration with the Administrative Registry of Underwriting Agencies (already in place and running well) makes that the business of coverholders repre-

The business of coverholders represents 30%

sents the reliability and security that 30% the underwriting agencies offer nowadays are extraordinarily strengthened.

The future

After the legal changes, the concept of underwriting agencies as an alternative for the Spanish intermediaries is consolidated. Their future only depends on themselves. If they are able to act independently, bringing insurance solutions based on the specialisation and provide an excellent, high-quality service, they will be one of the most important instruments for the intermediaries, seeking solutions for their clients. We are convinced that it will happen.

Juan Arsuaga Serrats.

Managing Director, Lloyd's Iberia.
Chairman **ASASEL**



>About the underwriting agencies



Write on behalf of insurance entities

What is a Binding Authority?

A “binding authority” is the English name for the *power* that the insurance entity *or Lloyd’s Syndicate grants in favour* of the underwriting agency.

Must the underwriting agencies be licensed?

Yes. Prior to starting the activity, the underwriting agencies must obtain an administrative license from the Spanish General Directorate of Insurance and Pensions Funds (DGS).

What is an underwriting agency?

An Underwriting Agency is a Spanish legal entity holding a binding authority, granted by one or several insurers. The delegated authority contract authorises the underwriting agency to accept and write certain risks on behalf of such insurers.

With regard to *Lloyd’s*, the underwriting agencies may work with

one or several *Lloyd’s Syndicates* and, therefore, may hold one or several binding authorities.

Do they assume the risks directly?

The underwriting agencies always acts *for and on behalf of the insurers* that delegate the authority to bind risks. Therefore, the insurers, rather than the underwriting agencies, are the ones assuming the risks directly.

The binding authorities of the Lloyd’s coverholder define in depth the legal relationship between the Lloyd’s Syndicate and the agency. Hence, it details the risks that the underwriting agency may write; the terms and conditions as well as the financial, temporary and material limits. It also identifies the individuals who are empowered to bind insurances. It also regulates the fees and commissions, the information and reporting duties, the claims handling and even the applicable taxes and charges.

In order to obtain and keep the license or authorisation, the underwriting agency must submit an application before the General Directorate of Insurance and Pensions Funds and demonstrates that it meets the legal requirements.

In addition to the license, the underwriting agencies of Lloyd’s must be approved as Lloyd’s coverholders. This means an additional supervision and, as a result, a higher protection for customers.

Is there an administrative registry of underwriting agencies?

Yes. Upon obtaining the administrative license from the Spanish DGS, the underwriting agency will be registered with the Registro Administrativo de Agencias de Suscripción (administrative registry of underwriting agencies). Access to the registry is public and free.

The Registry identifies the agency, the insurer or insurers with whom it works, as well as the binding authorities, the duration, risks that the underwriting agency may write and the renewals.

Therefore, any Spanish underwriting agency intending to operate validly, must be registered with the registry of underwriting agencies of the General Directorate of Insurance and Pensions Funds.



Are the underwriting agencies allowed to work with several insurers?

Yes. Art. 60 of the Law 20/2015 of 14 July, which regulates the underwriting agencies, expressly provides that the underwriting agencies may act on behalf of one or more insurers.

Can the underwriting agencies enter into letter of terms with brokers?

Yes. The underwriting agencies can enter into letter of terms (“cartas de condiciones”) with brokers and broking firms. For transparency and legal certainty reasons, the letter of terms should clarify the fact that the underwriting agency operates and write risks for and on behalf of the insurer granting the binding authority.

How the underwriting agencies operate?

The operation of an underwriting agency depends on its type of binding authority or binding authorities. Thus, there are very wide binding authorities and others which require the prior authorisation of the insurer / Lloyd’s Syndicate before accepting and writing a risk (prior submit basis).

Generally, an underwriting Agency shall have faculties to *analyse the risk to be insured* and quote it, discuss covers, decide *about the acceptance and subscription* of the risk as well as to draft and *issue the contract of insurance* and manage, together with the intermediary, the premium collection and the administration of the contract.

“The underwriting agencies can enter into letter of terms with brokers and broking firms”

What happens in case of a claim?

The underwriting agencies have delegated powers for the handling, negotiation and settlement of claims.

In some cases, they have authority to handle and settle the claims directly

(always under the agreed limits); in other cases, the underwriting agencies should obtain the authorisation of the insurer on whose behalf they operate.

In the case of a claim, the role of the underwriting agency is always to ensure that the claim is handled in the quickest and *most efficient way*.

Is your client duly protected?

Yes. The client that insures his risks through a Lloyd's underwriting agency, duly licensed by the DGS and registered with the Administrative Registry of Underwriting Agencies, enjoys the same protection and rights than if taking over the policy directly with the insurer.

The insurers' customer service departments shall deal with and resol-

The same protection and rights

ve any complaints or claims that may be submitted in connection with the activity of underwriting agencies. In the event of legal actions, the competent court will be, in the majority of cases, the one of the insured's domicile.

What are the advantages of working with a Lloyd's underwriting agency?

The Lloyd's underwriting agencies offer a complete and *high quality service, with tailor-made solutions* and are highly specialised. As they hold binding authorities, the underwriting agency may issue the contract of insurance IMMEDIATELY, provided that the risk is accepted and falls within the binder's terms.

The Lloyd's underwriting agencies are an alternative for the insurance intermediaries *to access to the spe-*



cialisation, unique solutions and insurance capacity of the Lloyd's insurance market. All the above, in YOUR LANGUAGE, in a friendly and simple way and with the maximum guarantee and legal security. In summary, rapid issue of policies, agile and high quality service, tailor-made solutions, specialisation and access to Lloyd's are the added value of the Lloyd's underwriting agencies.

"Full and high quality service, tailor-made solutions and specialisation are characteristics of the underwriting agencies of Lloyd's"

What is ASASEL?

ASASEL is the Association of Spanish Underwriting Agencies of Lloyd's. It was incorporated

>about Lloyd's

What is Lloyd's?

An insurance market with own name.

LLOYD'S is not an insurance company, but an insurance market, whose members, either individuals and corporations, join together as Syndicates to conduct the insurance business and accept risks. The Lloyd's syndicates do not have legal personality and, therefore, they are managed by entities which **are known as Managing Agents**.

"Lloyd's is the leading world's specialist insurance market, operating in more than 200 countries and territories"

Precisely, this reputation was crucial and the "Lloyd's" name became recognised worldwide as the place for obtaining marine insurance.

Origin of Lloyd's.

Lloyd's begin over 1688, when ships owners and merchants met in London, at the Edward Lloyd's coffee shop, to insure their ships and cargo in exchange of a premium. Till his death, in 1713, Lloyd's reputation among vessels' captains, ships owners, merchants and other businessmen with international interests increased.

Along the XVIII century, the informal meeting of merchants was gradually becoming more coherent and structured. In 1871, the Society and Corporation of Lloyd's was officially incorporated by virtue of a Law of the UK Parliament. The Law allowed Lloyd's to buy properties and approve its own Bye-laws, always with the authority of the UK Parliament behind.



ASASEL was created to promote the Lloyd's underwriting agencies

as a national association in April 2008 with a good number of members.

ASASEL, in additions of being a debate and training forum, was created to support the concept of the Lloyd's underwriting agencies as providers of the insurance solutions offered by the leading world's specialist insurance market.

Nowadays, ASASEL has a Working Committee of International

Relationships, its main objective being the promotion and establishment of professional relationships with similar associations or institutions either national or international. Little by little, ASASEL is carrying out its functions in the market. This Guide constitutes a good example as, with it, ASASEL answers the most frequent questions that the insurance intermediaries ask about the underwriting agencies working with Lloyd's.

After the 1871 Lloyd's Act, others Acts conformed what Lloyd's is nowadays. Due to its importance, the 1982 Act and the reform in 2008 must be highlighted, as they give raised to important changes in the structure of Lloyd's and way of functioning.

Lloyd's or the Association of Underwriters known as Lloyd's was recognised as a form of insurance undertaking in the EU Directive 73/239/EEC, of 24 July, 1973 ("First Non-life Directive), and ratified lately by the Directive 92/49/EEC, of 18 June 1992 ("Third Non-Life Directive")

Structure

The Lloyd's insurance market has the following participants:

Members of Lloyd's or investors providing the required capital to support the syndicates' underwriting. Currently, members at Lloyd's

include some of the world's major insurance groups and companies listed on the London Stock Exchanges, as well as individuals members and limited partnerships. Corporate members provide most of the capital for the Lloyd's market.

Lloyd's Syndicates. In order to accept insurance risks, members at Lloyd's join together as a group in Syndicates, which operate as permanent insurance operations under the Lloyd's umbrella.

Some of them are very specialised in certain risks (marine, aviation, Energy) whilst other are more generalist.

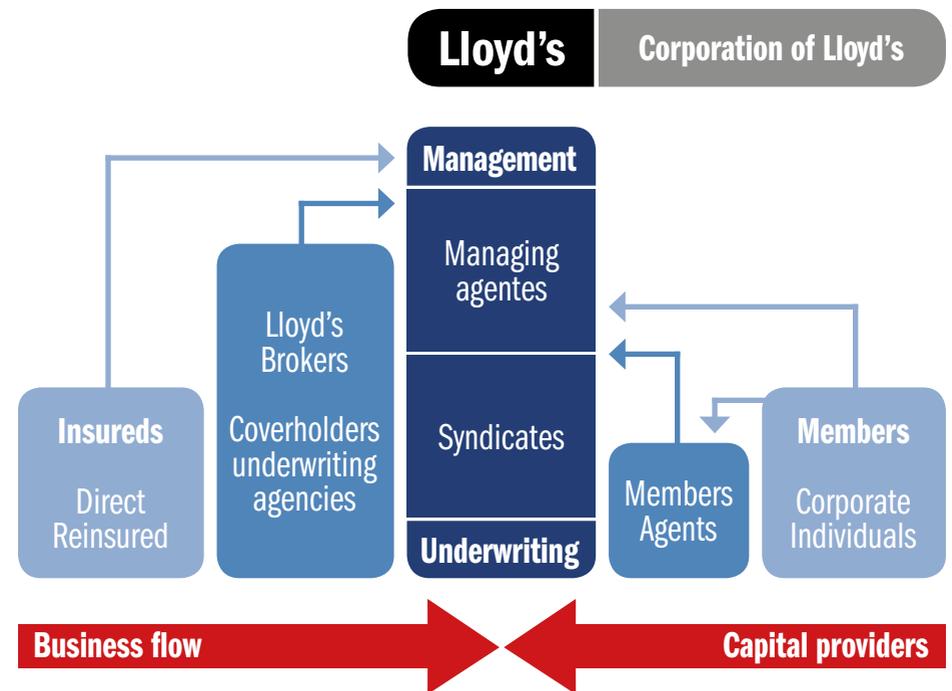
Managing Agents A managing agent is a company set up to, exclusively, manage one or more syndicates at Lloyd's, on behalf of the members who provide the capital. The managing agent handles the

day-to-day running. **Corporation of Lloyd's.** The Corporation oversees and supports the

market. It also develops the Lloyd's brand and Lloyd's global network of licenses around the world.

Market's structure*

A graphic look at the market's structure



Lloyd's regulation

Lloyd's is regulated by Prudential Regulation Authority – PRA and the Financial Conduct Authority (FCA), under the Financial Services and Markets Act 2000.

Lloyd's financial security

The financial security of Lloyd's to pay claims and gives comfort to policyholders is represented by the Chain of Security. This is the name given to the Lloyd's unique capital structure, which has three links. All the Lloyd's policies are backed by the chain of security.

The first link of the chain of security is formed by the Premium Trust Funds of each Lloyd's Syndicate. Mainly comprising the premiums received, these funds are used to pay the majority of claims of each Syndicate.

The second link is formed by certain capital (in cash or readily realisable assets) that each member must

provide to support its underwriting at Lloyd's. It is used when the first link is not enough to meet claims.

Finally, as third link, there are the Central assets of Lloyd's, whose main characteristic is that they are available to meet claims that cannot be met by the resources of any member.

Lloyd's ratings.*

The Lloyd's Insurance market is rated currently* as AA- (Very Strong) by Fitch; A+ (Strong) by Standard & Poors and as A (Excellent) by AM Best.

Lloyd's in Spain

Lloyd's writes direct and reinsurance business in Spain.

With regard to the direct business, Lloyd's secured the license to operate on a freedom of services basis in 1993. Lately, in 2001, it obtained the license to operate on establishment basis; i.e. through Spanish coverholders.

Lloyd's Iberia is the representative office in Spain

Lloyd's has a representative office in Spain (Lloyd's Iberia Representative SLU), whose functions are developing

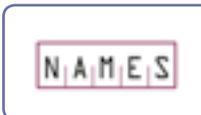
the market, protecting the Lloyd's brand and license as well as acting as the first contact point for information and support.



* September 2014.

Our members

The members of ASASEL offer a wide variety of insurance solutions to intermediaries and consumers, acting always for and on behalf of Lloyd's Syndicates.

	Aon Benfield Coverholder SLU	C/ Rosario Pino 14-16. 28020 Madrid Tlf: 91 340 50 84
	Ayax Suscripción de Riesgos SL	C/ Leopoldo Werner, n° 13. 29014. Málaga Tel 902918987 www.ayaxsuscripcion.com
	Catlin Europe	Pº Gracia, 110, 6ª, planta 2ª 08008 Barcelona. Tel +34 93 476 3771 Fax +34 93 476 3777 www.catlin.com
	CUA 2007 Agencia de Suscripción SA	C/ Núñez de Balboa, 116, 3ª, ofc.3. Tlf: 91 562 41 32 - Fax: 91 411 22 12 www.cua2007.com
	Crouco Agencia de Suscripción SL	Vía Laietana 39. 2ª, 08003 Barcelona Tlf: 93 552 27 55 www.crouco.com
	Dual Ibérica Riesgos Profesionales SAU	Plaza de la Lealtad 2, 2ª planta, 28014 Madrid. Tel. +34 (0)91 369 1258/78, Fax. +34 (0)91 429 5925 www.dualiberica.com
	Exsel Underwriting Agency SL	C/ Velázquez, 46, escalera A, 3º 28023 Madrid. TLF : +34 91 154 2269 FX: +34 91 357 92 71 www.exsel.net
	Farley Agencia de Suscripción SL	C/ Orense, 6, 8º A-1 - 28020 Madrid Tel: 91 533 78 45 - Fax: 91 533 43 58 www.farley-insurance.com
	FullCover Underwriting Agency SL	C/ Dublin, 1, oficina 2B, bajo 28232 Las Rozas. Madrid. Tel: 91 630 22 70 - Fax 91 630 72 09. www.fullcover.eu
	Hispania Global Underwriting Correduría de Reaseguros SL	C/ Velázquez, 100 - 28006 Madrid Tfno.+34.91.359.50.80 www.globalandpartners.es
	Liberty Specialty Markets, Sucursal en España	Paseo de la Castellana 31, 8º B; 28046 Madrid; Tlf. +34 91 448 5224; Fax: +34 91 444 2876 www.libertysyndicates.com
	MBI Suscripción de Riesgos SA	Avda. Kansas City, Ctra. SE-30. Cortijo MBI. 41007 Sevilla Tlf: 954 31 80 20 - Fax: 954 31 80 21 www.mbisuscripcion.com
	Names Agencia de Suscripción SL	C/ Gobelos, 21, 1º drcha. 28023 Madrid Tlf: 91 743 16 98 - Fax: 91 743 12 55 www.namesuagency.com
	PANTAENIUS SPAIN S.L.	C/ Torre de Pelaires, 5 07015 Palma de Mallorca Tlf: 97 170 86 70 - Fax: 97 170 86 71 www.pantaenius.es
	Técnica Aseguradora Internacional F&A SL	C/ Ingeniero Luciano Yordi de Carricarte 8 15009 A Coruña. Tlf: 981 287 934 / 981 130 646 - Fax: 981 173 341 www.tecnicaaseguradora.com

> Annex Our Products

Products

The members of ASASEL offer a wide variety of insurance solutions to intermediaries and consumers, acting always for and on behalf of Lloyd's Syndicates

	Aon Benfield	Ajax	Catlin	Crouco	Everat	Farley	Fullcover	Exsel
Personal Accident		●					●	
Professional liability		●		●	●			●
General liability		●	●	●	●			●
Construction/ Energy/ Industrial Ins.			●					
Jewellery						●		
Equine insurance							●	
Transportation / Marine insurance	●		●					
Damage: personal insurance, household/ business/SME							●	
Aviation			●					●
Fine Arts / Species	●							
Contingencies								
Reinsurance	●		●					
Cyberliability								●

	Dual Ibérica	H. Global	Liberty	MBI	Names	Pantaenius	Técnica
Personal Accident		●					
Professional liability	●	●		●			●
General liability		●		●			
Construction/ Energy/ Industrial Ins.							
Jewellery							●
Equine insurance							
Transportation / Marine insurance		●			●	●	
Damage: personal insurance, household/ business/SME				●			
Aviation							
Fine Arts / Species					●		
Contingencies		●					
Reinsurance		●	●				
Cyberliability	●	●					



Contributing
to your peace of mind