



## LMA Non-Marine Model Wording Agreement Procedure July 2009

The following pages contain a framework for the future agreement of LMA Non-Marine model wordings, agreed by the Non-Marine Committee in July 2009. The purpose has been to arrive at a clear, agreed protocol with buy-in from all parties, eliminating duplication and uncertainty and leading to the production of high-quality model wordings in a timely fashion.

### Scope

The procedure set out below (except Paragraph 5) relates only to new model wordings and revisions in respect of which a Business Panel wishes to seek input from the Wordings and Contracts Forum. If it elects not to involve the Forum then it will be best practice for it to set up its own Working Group, drawn from members of the Panel and others with relevant expertise whom the Panel wishes to co-opt. Membership of such groups should be agreed at a regular meeting of the Panel and its meetings will usually be attended by the Secretary of the Panel. A written specification should be produced and a budget agreed for any outside legal and other technical expertise that might be required. Model wordings agreed in this manner should then be sent for accreditation by the NMC in accordance with Paragraph 5 below. Procedure for wordings not involving input from the Wordings and Contracts Forum is included graphically at Appendix 1a) below.

### Procedure

#### 1. Origination of Request to Wordings and Contracts Forum

When the assistance of the Wordings and Contracts Forum is required by a Business Panel, the Chairman of the requesting Panel (or designated member) should work with the Secretary to give clear written instructions to the Forum, including, where appropriate:

- a short summary of the background to and reasons for the new model wording or revision;
- a synopsis of the changes envisaged;
- any draft produced by the panel itself;
- a timeframe for completion of the work.

Requirements for outside legal and other expert input should be identified and a budget agreed with the LMA Executive. A simple, standard form (attached as Appendix B) has been drawn up for use in these circumstances and should be signed off at each stage of the process. Ownership of any model wording requested by a Business Panel remains with that panel, which retains the right to accept or reject any advice received and to curtail the consultation process if necessary to expedite issuance of a model wording.

Where a model wording originates from the Wordings and Contracts Forum itself, a written specification should nevertheless be produced by the member(s) originating the request.

Where a request for a model wording originates from an external source (such as Lloyd's International Regulatory Affairs) the Secretary of the Wordings and



Contracts Forum should work with the external party to construct written instructions, in the form set out above.

## **2. Establishment of Working Group**

In normal circumstances a dedicated working group should be set up. It is considered best practice for this group to include a member of the Business Panel making the request (where applicable) and to have at least three members, plus a member of the LMA Executive. Unless the Business Panel has requested the involvement of particular individuals, the Secretary of the Wordings and Contracts Forum should circulate the Forum membership to request participation. In the event that more members wish to participate than places are available, the Chairman and Deputy Chairman of the Wordings and Contracts Forum should decide membership, taking into account relevant expertise and workload/ likely availability of the individuals concerned. If they believe that there is a compelling reason to co-opt one or more wordings experts who are employees of LMA members but not members of the Wordings and Contracts Forum, or one or more outside experts, they are authorised to do so.

The working group should meet at times to be decided by its members, but practitioners agreeing to participate should be prepared to meet at least fortnightly and in any case with a view to producing an agreed document (proposed model wording) in the timeframe set out by the requesting Panel.

## **3. Wordings and Contracts Forum Sign-Off**

The proposed model wording agreed by the working group should be made available for consultation to all LMA Full Members on the LMA website and circulated to the whole Wordings and Contracts Forum with a request for comments within a specified timeframe (best practice in normal circumstances is ten working days). Comments received should be submitted to the Wordings and Contracts Forum Steering Group along with the proposed model wording for consideration at its next meeting. This meeting should approve a final version for submission to the requesting Business Panel or, if there is none, directly to the Non-Marine Committee. Should a more urgent response be required, the Chairman of the Wordings and Contracts Forum (or, in his absence, the Deputy Chairman) is authorised to request a special meeting of the Steering Group. If a quorum for such a meeting cannot be achieved, the Secretary of the Wordings and Contracts Forum should proceed in accordance with Paragraph 6 below.

## **4. Business Panel Sign-Off (where applicable)**

The requesting Business Panel at its next meeting should adopt the model wording proposed by the Wordings and Contracts Forum or make amendments as it deems appropriate. It has the option to refer its own amendments back to the Wordings and Contracts Forum or to the working group but is not obliged to do so.

## **5. Non-Marine Committee Approval**

The final agreed draft, signed off by the requesting Business Panel, should be presented for accreditation at the monthly meeting of the NMC, together with a briefing paper from the LMA Executive. The Chairman of the requesting Business Panel and the Chairman of the Wordings and Contracts Forum, as members of this



Committee, will be able to make additional comments at this stage. The NMC will then have the following options:

- sign off the model wording
- reject it
- request amendment(s)
- request further information
- request input from the Wordings and Contracts Forum or from external experts
- elect that its members consider the model wording after the meeting and respond to the LMA Executive within a timeframe that it will itself decide in each instance, but usually within ten working days.

NMC members should not delegate their response to any other person (except an alternate member from the same Business Panel attending the NMC in the absence of the Chairman of that panel).

## 6. Urgent Requests

If, for reasons of urgency, it is not possible to wait for the next formal meeting of any group, panel or committee for the adoption of a model wording then, with the agreement of the Chairman of the relevant group, panel or committee, the LMA Executive should circulate the model wording under review by e-mail for comments and approval. The LMA Executive will be obliged in such circumstances to take reasonable steps, including telephone calls, to elicit the views of all panel/group/committee members deemed active (having attended at least one of the three previous meetings).

## 7. Majority

In all committees, panels and groups the view of the majority will prevail. If no majority view can be arrived at in a working group or within the Wordings and Contracts Forum Steering Group, the matter should be referred to the originating Business Panel and all subsequent deliberations should be in accordance with the decision of that body. In the case of wordings originating from within the Wordings and Contracts Forum itself or from external parties, the arbiter will be the Steering Group.

## 8. Exceptions

The following require the agreement of only the Wordings and Contracts Forum Steering Group for accreditation (though must be reported to the Non-Marine Committee at its next meeting) if, in the opinion of the Chairman of the Wordings and Contracts Forum (or, in his absence, the Deputy Chairman), supported by the LMA Executive, they fall into one of the following categories:

- i. minor and non-contentious changes not concerning a specific Business Panel;
- ii. changes or new model wordings of a regulatory nature where specific non-negotiable language is required;
- iii. new model wordings in almost all respects identical to another model wording issued by the LMA within the previous five years.



## 9. Timeframe

Although on wordings originated by a Business Panel the anticipated timeframe should be specified at the time of request, in general it will be regarded as best practice that no more than the times specified below should elapse between request and consideration by the NMC:

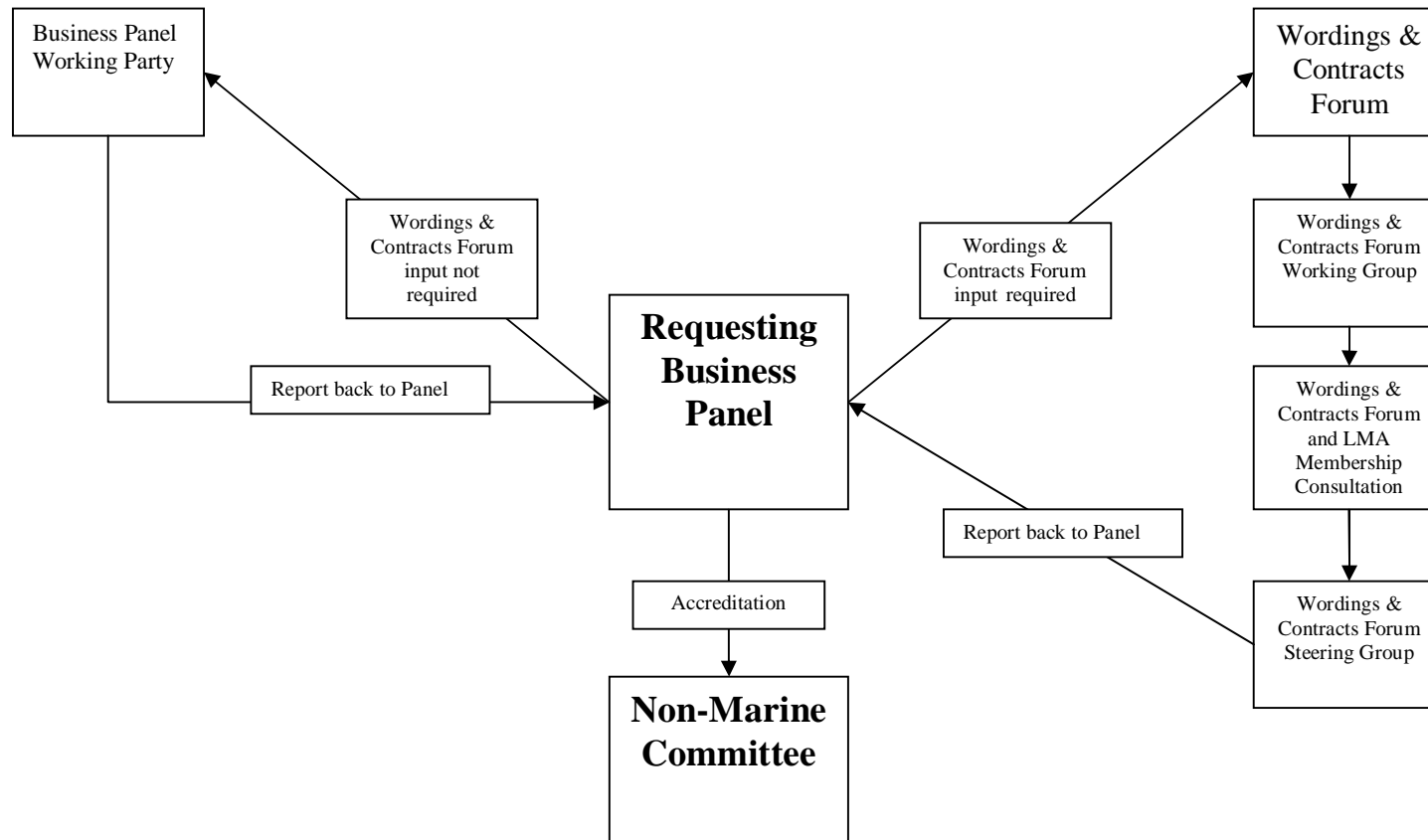
Model wordings / forms	6 months
Model Clauses	3 months
Regulatory documents	1 month
Jackets	1 month

Working groups should aim to complete their work within two thirds of the periods set out above.



## Appendix 1: Flow Chart of LMA Non-Marine Wordings Agreement Procedure

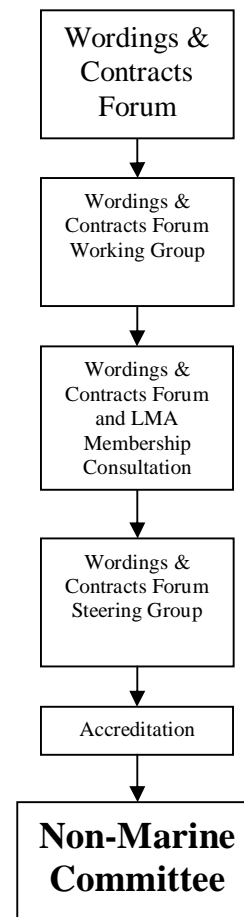
### a) Request originating from Business Panel





## Appendix 1: Flow Chart of LMA Non-Marine Wordings Agreement Procedure

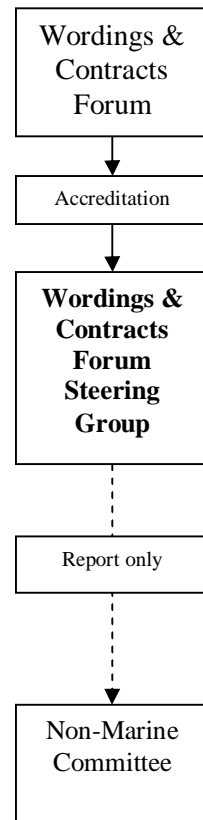
b) Request originating from within Wordings and Contracts Forum (or from outside LMA where language not prescribed)





## Appendix 1: Flow Chart of LMA Non-Marine Wordings Agreement Procedure

### c) Non-negotiable regulatory clauses and minor amendments





## Appendix B: LMA Model Wording Request Form

**Requesting party:**

Background to Request: (attach separate document if necessary):

Synopsis of Work Required: (attach separate document if necessary)

Has requesting party produced own draft?      YES/ NO

Required Timeframe

Supporting Documents (please specify)

Signed

Capacity

**Working Group**

date of formation

Members:

Meeting Dates:

Draft Agreed

Date

Document Name

Comments

Signed

Chairman of Working Group





**Wordings and Contracts Forum**

Forum consultation period: \_\_\_\_\_ to \_\_\_\_\_  
Draft Agreed \_\_\_\_\_ Date \_\_\_\_\_ Document Name \_\_\_\_\_

Comments:

Signed

Chairman of Wordings and Contracts Forum

**Requesting Party**

Draft Agreed \_\_\_\_\_ Date \_\_\_\_\_ Document Name \_\_\_\_\_

Comments:

Signed

Capacity

**Non-Marine Committee**

Model Wording Agreed \_\_\_\_\_ Date \_\_\_\_\_

Issued as

Comments: