

Liability Exclusion Clause 2015 Background Explanation

Over the last few years The Reinsurance Committee of The American Institute of Marine Underwriters has worked with the Liability Committee of the American Institute of Marine Underwriters and reviewed the various reinsurance wordings that define and provide coverage for marine liability exposures in reinsurance treaties. There are two widely seen wordings currently in use they are LEC B 1990 and LEC B 1990 accompanied by a letter of intent. The committee has promulgated the attached wording which broadens the current LEC B 1990. This new clause incorporates many of the clarifications seen in the letter of intent and is intended to be used in conjunction with a completed liability questionnaire.

The two part liability questionnaire is based off a London market questionnaire but has been adapted for North American business. The 1st part of the questionnaire asks about underwriting approach and philosophy. It also asks about operations that could be construed to be non marine, when viewed in isolation. These exposures include but are not limited to auto liability, pipeline exposures, bridges/tunnels, aviation, and contractors that have marine and land based exposures. The second part of the questionnaire is self explanatory as it requests information on premium, rate change, loss ratios and attachment point on the various liability classes. Completion of the questionnaire should provide the desired transparency and give both parties to the contract a better understanding of the covered exposures in the portfolio.