

DWP Department for
Work and Pensions

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30 November 2004

Dear Mr O'Driscoll

EMPLOYERS' LIABILITY COMPULSORY INSURANCE (ELCI)

Thank you for your letter of 9 August enclosing a copy of your revised Employers' Liability Compulsory Insurance (ELCI) policy.

I note that you have removed or amended a number of clauses on which we requested clarification, and have provided further explanations for some clauses that still remain in the policy. I would like to take this opportunity to thank you for your cooperation in ensuring your ELCI policy complies fully with ELCI legislation.

Having discussed your new policy with our legal advisers, I would be grateful for your comments on the following clause in your new policy.

Employers Liability Exceptions 4:

This clause excludes any claim arising while employees are offshore including when working on an offshore installation. Legislation¹ creates a requirement for businesses that employ offshore workers to obtain ELCI cover for those employees. Although you describe this exception as "a very narrow and specific exception which we do not feel is inconsistent with the requirements of the 1969 Act", if you were insuring a business that employed offshore workers, your policy would not meet the requirement imposed by ELCI legislation to cover those offshore workers, and the business to which you had sold the policy would need to obtain a further policy to cover offshore employees.

There is, of course, no obligation on you as an insurer to provide ELCI cover for offshore workers, but we are concerned that businesses buying your product should be fully aware of the cover they have obtained.

¹ Regulation 21 of the Offshore Installations and Pipeline Works (Management and Administration) Regulations 1995

If you do not sell your ELCl policy to businesses that employ offshore workers, is there a need to keep the exception on the face of the policy? If you do sell your ELCl policy to businesses that employ offshore workers, I am concerned that a relatively small paragraph in the policy is insufficient notification that another policy will be needed, and would be grateful for details of how you point out to these businesses the need for them to obtain another policy covering offshore employees.

General Policy Conditions

I note that there are three types of "Notice and Claims Procedure" listed under General Policy Conditions. I would appreciate your confirmation that ELCl claims will be dealt with under the heading "Notice and Claims Procedure for Claims under Liability Insurance Section (S)" and that those under the heading "Notice and Claims Procedure for Personal Accident Claims" are for claims under the Personal Accident Insurance part of the policy only.

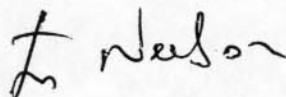
Retrospection

Since you issued the policy I wrote to you about on 10 June 2004, you have removed and amended some of the clauses and have since redrafted your policy substantially. I would be grateful if you would let me know what action you intend to take to notify your customers of the changes.

In addition, please let me know what action you propose to take regarding any claims that may be made under the clauses that have since been removed or amended, and, if appropriate, how you intend to publicise your intentions.

Should we be able to agree on these matters, I am content that your insurance policy will then meet ELCl policy requirements.

Yours sincerely



JIM NEILSON

cc Irish Financial Services Regulatory Authority ✓