

Received 21/3/05

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15 March 2005

Re: Employers' Liability Compulsory Insurance

Dear Mr Schutterlin,

Thank you for the letter of November 30 last from Mr. Jim Neilson and my apologies for the delay in responding. With regard to the points raised in the letter please see my comments below.

Employers Liability Exception 4

This section refers to employees who are working offshore. I have reviewed the policy wordings of a number of our UK competitors and can confirm that such an exception is part of the standard wordings for practically all insurers selling Employers Liability insurance in the UK. We would expect our brokers to be fully aware that it is not part of standard cover in the UK and advise their clients accordingly. Equally, where offshore work was highlighted as forming part of a prospective clients activities our underwriters would highlight verbally the fact that this would not be covered under our standard policy.

I believe that our approach is consistent with the approach within the industry and trust you are happy with this. Obviously, we would be willing to take on board any recommendations you might make to the industry on this point but we would not want to act unilaterally.

General Policy Conditions

I can confirm that all ELCI claims are dealt with under the heading "Notice and Claims Procedure for Claims under Liability Insurance Section(s)"

Retrospection

We have not written to our policyholders directly to inform them of the changes made to our EL policy wordings however, all changes are notified to brokers with an agency agreement with us. Additionally, we now have a dedicated Website where brokers can get access to all of our latest wordings.

In the event of an EL claim arising all of the changes we have made are being applied retrospectively so that cover, in effect, is based on our current wording rather than the situation when the policy inception. We have not written to our policyholders informing them of this but we have monitored the situation over the past couple of months and this approach seems to be working effectively. Obviously, as policies renew our new wordings are being applied.

We hope this now addresses all outstanding issues but please contact me directly on my direct line number +353 49 4368493 if you wish to discuss further or need clarification on any of the above points.

Yours sincerely,

John O'Driscoll
Commercial Divisional Manager

Cc Trevor Shaw, QDI Commercial Director
Pat McCann, Irish Financial Services Regulatory Authority



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