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# Introduction

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Imagine that it were possible to travel back and forth in time and imagine that one could bring from the past one of the early underwriters who wrote in the Lloyd's market. Perhaps we could bring to the present someone like John Julius Angerstein (c. 1735–1823), often called the Father of Lloyd's.<sup>1</sup> How would such an underwriter see things today?

Of course, he would be struck by the clothes and the language, the size and the design of the buildings and that there are things such as cars and aircraft, but let us put that to one side. How would he find the insurance market as compared to the one he is used to?

In many respects he might find things surprisingly familiar. Within today's Lloyd's market he would recognise underwriters sitting in the Lloyd's Underwriting Room, at their boxes assessing and committing lines to risks. He would recognise the way in which each underwriter will try to assess the risk of a loss and then set a premium that reflects that risk and which, across a book of business, will ensure the underwriter makes a profit. He would also recognise the way in which the underwriter might want to lay off some risk to other underwriters by way of reinsurance (although this is not something he would have done; reinsurance was illegal in England from 1745 to 1846). Our time-travelling underwriter would also be familiar from his own time with the brokers circulating the market looking to place risks on behalf of clients and he would see that underwriters still commonly participate on risks on a subscription basis, with a number of underwriters taking a share of each risk where the placement is too large for any one underwriter's risk appetite (although that is not a term he would use). Outside Lloyd's, our underwriter would see that there are companies underwriting insurance and he would quickly see that they are not wholly dissimilar to the companies of his day (albeit there were only two marine companies) in that like Lloyd's underwriters they write risks and seek to maintain a suitable level of assets from which to meet claims as they arise, whilst at the same time allowing the company to generate a profit.

But while a certain amount might be familiar the differences would be just as striking. He would be amazed by the sheer scale of the industry. In the United Kingdom, the insurance industry now employs 275,000 people<sup>2</sup> and writes approximately US\$310 billion in premium. That compares with Japan which in 2010 wrote an impressive US\$557 billion in premium although both countries are dwarfed by the USA which in 2010 wrote a staggering US\$1166 billion in gross premium and accounted for about one-third of all

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<sup>1</sup> Twist A. (2006) *A Life of John Julius Angerstein 1735–1823: Widening Circles in Finance, Philanthropy, and the Arts in Eighteenth-Century London*, Lewiston, US, Queenston, Canada and Lampeter, UK: The Edwin Mellen Press. Although called the Father of Lloyd's, Lloyd's pre-dates John Angerstein by several decades and started in around 1688.

<sup>2</sup> Association of British Insurers 'UK Insurance – Key Facts', September 2010.

insurance in the world.<sup>3</sup> As well as the size of the industry our underwriter would be struck by how international and diverse insurance has become. He would see risks being insured from all over the world by companies that themselves came from around the globe and in many cases were truly international. Whereas in his day insurance would have been primarily marine insurance (certainly at Lloyd's), with some fire, property and life cover available, he would see that insurance can now be bought for almost every conceivable risk.

As a technical underwriter himself,<sup>4</sup> our time-traveller would also be impressed by how sophisticated the process of underwriting has become. With teams of actuaries, risk modellers and professional underwriters our underwriter would find it quite amazing how insurers now carefully model their exposures, manage their risk aggregations, use benchmark pricing, carefully seek to manage their reserves and capital and use other modern underwriting techniques (though he might note ruefully that as in his day there can still be as much art as science to the process).

Insurance therefore maintains a continuity with the past but also evolves and develops at a pace.

The same can be said about the substantive law and the regulations that govern insurance. Students of insurance law and regulation will know that many of the concepts applied in these fields are almost as old as the modern practice of insurance. In the UK, for example, the duty of utmost good faith (*uberrima fides*) in insurance is well known and requires that prior to the risk being bound the insured must disclose to the insurer all material facts which he knows or ought to know which would influence the judgement of a prudent underwriter in fixing the premium or determining whether he will take the risk. The duty of utmost good faith, of course, dates back at least to the mid-eighteenth century and can be found discussed in cases such as *Carter v Boehm*.<sup>5</sup> Similarly the need to regulate insurance in many countries was recognised at a relatively early stage. In the USA there have been state regulators of insurance since the mid-nineteenth century. But both insurance law and regulation have not stood still over the years. Indeed both fields over the past few years have been characterised by almost continuous change and development. At the time of writing, the EU is undergoing the largest overhaul of its regulatory framework that it has ever undertaken with the implementation of Solvency II; and regulatory and legal change is a feature of almost every insurance jurisdiction, including those of many newly important markets, such as Brazil and China.

Of course, such legal and regulatory change is entirely understandable and indeed necessary, because, as well as being businesses making money for their investors, insurance plays a significant part in the economies of many countries both in the additional wealth created and as an employer. Insurance also has a key economic function in allowing economic players to mitigate risk and recover more quickly when disaster strikes. That in turn allows them to undertake further economically productive activities that might not have been otherwise possible. In society generally, insurance provides an additional safety net both for the purchasers of insurance and for third parties who may

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<sup>3</sup> All figures are taken from Swiss Re Sigma's 'World Insurance in 2010' Report No.2/2011.

<sup>4</sup> Although Angerstein was better known as a broker, like other brokers at the time he would also have participated on risks himself. See Twist, *op cit.* at p. 54.

<sup>5</sup> (1766) 3 Burr. 1905.

suffer a loss at the hands of the insured. Insurance law and regulation have developed accordingly to secure these wider functions.

While insurance continues to develop, what about the study of insurance and, in particular (because that is the subject of this book), what about the study of insurance law and regulation? Does this attract the academic attention it deserves given the importance of insurance itself? Certainly in a number of countries, such as Germany, insurance law and regulation is well represented as a subject for serious academic treatment, but is that reflected evenly across the world? In the UK, for example, there are a number of distinguished academics specialising in the subject but we question whether all is well. Professor Robert Merkin argues convincingly that insurance contract law remains a neglected field, at least in English universities.<sup>6</sup> He notes the present lack of any full undergraduate courses on insurance law at any English university and the general lack of academic articles on insurance law in scholarly journals. Moreover, this UK experience appears to be reflected across a number of other common law jurisdictions, and if there is little in the way of insurance law being studied and taught the position is even less encouraging for the study of insurance regulation. The latter appears to be almost entirely absent as a subject for academic study in the United Kingdom (with only one or two honourable exceptions). In the USA there does appear to be more interest in insurance. There is, for example, the Insurance Law School, part of the School of Law at the University of Connecticut and insurance law is taught in a number of law schools around the country. But even in the USA, we question whether insurance law and regulation as subjects in their own right attract the academic interest they should compared to other subjects more commonly taught on campuses.

We know that many of the above views are shared by Professor Rosa Lastra, the General Editor of the series of Research Handbooks on Financial Law, of which this book forms a part. Indeed the series was proposed in part to address the lack of academic study of financial services law. This volume is therefore intended as our modest effort to add to the academic material available on insurance law and regulation. For those jurisdictions where the subject is already well represented academically, we hope the material presented here will nevertheless be an interesting additional contribution.

If the case has been made for the book, one may ask why Lloyd's should be interested in its publication. The answer is that serious study of insurance is of importance not only to the academic community. It is important also to participants in the insurance market that there should be the most rigorous thinking possible on insurance law and regulation. From time to time in the past insurers may have seen regulation and the detailed rules of insurance law as a burden and an obstacle to the business of making a profit. That is no longer the case. All responsible participants in the market will recognise now that adequate and appropriate law and regulations are necessary for the proper functioning of markets and are essential if consumers are to have confidence in the products they buy. Equally, if good laws can be good for the industry and consumers, bad laws can be deeply damaging. Further, compliance with insurance regulation and law can also be enormously expensive. Lloyd's has estimated, for example, that implementing Solvency II will cost the Lloyd's market alone £250m. Law and regulation therefore matter for insurers and it is for all these reasons that the insurance market invests significant time and effort in

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<sup>6</sup> 'Tort and Insurance Law: Some Insurance Law Perspectives' [2010] JPN 14.

the discussions and consultations that take place when new laws and policies are proposed by governments and international organisations. Lloyd's involvement with this book reflects its belief that the advancement of thinking on all aspects of insurance law and regulation is of benefit to everyone with an interest in these subjects.

This book is therefore intended to provide the reader with a collection of interesting and rigorous chapters dealing with key topics in the area of insurance law and regulation. It is not intended to be a textbook that will provide the reader with an even treatment of the subject across all areas so that they can become an instant expert in the field. That would never be possible for a book of this size, which aims at a multi-jurisdictional approach. There is just too much law and regulatory practice to cover. Rather, we have assumed that anyone coming to this book will already be (or will be on their way to becoming) an expert in their own local insurance law and regulation. As the title suggests, this book is intended to be a research handbook providing further reading for those who want to look at topics more deeply and from different, more international angles. At the same time, while a person who reads this book from cover to cover will not leave with a comprehensive grasp of all insurance law and regulation, the subjects covered have been carefully chosen. In seeking out contributions and contributors we have tried hard to ensure that the book covers the main topics that should be of most interest to individuals investigating the field of international insurance law and regulation. We hope that someone who uses this book will walk away with an enriched and rounded understanding of the more prominent areas of interest and debate that are currently being discussed at an international level.

To take one example of this approach, Chapter 6, which deals with insurance claims, looks at how the United States courts deal with, so-called, 'bad faith' claims. Of course there are many other legal issues that relate to claims but we assume that the reader will already be familiar with the law relating to insurance claims in their own jurisdiction. Given the novel approach developed by the US courts in this area, the economic significance of the USA to insurers generally and the corresponding significance of the tort of bad faith to these insurers, we took the view that this book provided the perfect opportunity to introduce non-US lawyers to the subject at an advanced level. Moreover, upon closer examination, it becomes apparent that the US tort of bad faith is not merely a local set of rules developed in one country, and of no wider interest to lawyers in other countries. Rather it emerges as a fascinating example of how a common law jurisdiction (or series of jurisdictions, as each state in the USA is a separate jurisdiction) has come to regulate insurers' conduct of business through the courts and litigation rather than through formal regulation. As such, that chapter should be read alongside Chapter 15 which is the chapter that deals with regulating conduct of business activities more generally.

In this way, we have tried to provide an opportunity to 'stretch the imagination' of those with an interest in insurance law and regulation. We hope it will be a useful book to supplement taught courses on insurance law and regulation. We also hope that more full-time academics and also perhaps policymakers in the insurance area will find new areas of interest and that the footnotes will provide avenues for further research. For practitioners we hope some of the chapters will provide a way into subjects that are relevant to their field of practice and that the regional studies may provide a useful introduction to a number of jurisdictions, both developed and developing.

Turning to what readers will find in the chapters that follow and the approach we have taken to developing the contents, when we were first approached to edit this book it was originally for a work to be entitled 'Research Handbook on International Insurance Law'. From the outset, however, we wanted to include insurance regulation as an area of enquiry. We felt strongly that many of the most important and quick-paced developments in the insurance arena are happening in the area of regulation. Moreover, in many jurisdictions there is no clear distinction between substantive insurance law and regulation. We have already mentioned the tort of bad faith in the USA as a form of regulation of insurer behaviour. One could also mention the mandatory insurance clauses that are a feature of the law in Japan, China and other jurisdictions and which import into insurance contracts certain provisions for the benefit of consumers. These are ostensibly matters of insurance contract law, but in other countries they would be treated as regulatory matters. For all these reasons we thought it would be both sensible and interesting to deal with these two areas together.

As for focusing the book on the international aspects of insurance law and regulation, we very much liked the idea of approaching the subject in that way. We did, however, find ourselves presented with a dilemma when looking at insurance law. Whereas in many other subjects there is a truly international element to the way in which the field has developed, that is not the case in insurance law, which has developed along resolutely national lines. While in other fields a book looking at international perspectives could focus on conventions and other developments in international law, that was not an option here. The position is a little different in the case of insurance regulation, but even here international convergence is a relatively recent phenomenon and many countries are still quite protective of their national regulatory regimes (although see Louise Steinberg's comments on this subject in her chapter on the role of international organisations in insurance regulation at Chapter 12).

To find a way to address insurance law and regulation from an international perspective, we started by listing for ourselves the topics that should be of universal interest to insurance lawyers and regulators in all countries (for example, pre-contractual obligations, claims and closing books of business). From there we sought to ensure that there was a diversity of national representation both in the body of contributors and in the jurisdictions considered. In addition, while the contributors, as the experts in the field, were given a great deal of latitude to choose what they wrote about we challenged them to include a comparative law element in their chapters or alternatively to choose topics that might be related to their own national law but which would be of interest to lawyers outside their own country. In this way we hope to provide a genuine international perspective. Inevitably, one could argue about whether we have covered all the right subjects. We recognise also that some jurisdictions are disproportionately represented. Very roughly, though, we have tried to ensure that any weighting towards one country over another is a reflection of the size of the local insurance market. There is therefore greater representation of the USA, the UK and Germany, as three of the largest insurance jurisdictions. At the same time, we have endeavoured to ensure that newly important jurisdictions like Brazil and China are considered, as well as some countries which perhaps do not always get the attention they deserve, like South Africa and Sweden (whose regulatory enforcement regime is considered in Chapter 16). Perhaps, though, there is some home bias toward the United Kingdom, but we hope not too much.

The book is therefore split into four sections. The first two cover what we regard as key topics in the area of insurance law and regulation. Of course we could have added many more again.

Professor Malcolm Clarke has provided the general introduction to insurance law at Chapter 1, viewed from both common law and European continental perspectives. As well as highlighting some topics relating to insurance contract law, his chapter includes a useful brief introduction to insurance practice and its origins.

The second chapter deals with the methodology of studying insurance law and specifically it looks at economic approaches. The inclusion of this chapter came about because it became apparent to us at an early stage that there was a significant divide in approaches to studying insurance law between the USA and much of the rest of the world. While many countries typically follow what can be termed loosely as a traditional ‘black-letter law’ approach, in the USA a more multi-disciplinary approach is common. Initially we were uncertain how to integrate that difference into the book. Our conclusion was that rather than seeking to work around the issue, this book provided an opportunity to tackle the point as a subject in its own right. For US lawyers this chapter may simply provide a summary of what they already know. For many non-US lawyers, though, we are sure that Professor Cohen and Professor Boardman’s chapter will be an interesting introduction to a very different way of approaching the study of insurance law.

Despite the antiquity of insurance, Dr Noussia’s chapter on the definition of insurance (Chapter 3) reminds us how difficult it remains to define insurance for legal and regulatory purposes. Her chapter provides a survey of a number of jurisdictions, looking at the way in which they each tackle the challenge. For something as fundamental as defining what is insurance, it is surprising that this is an issue that most countries remain content to deal with in a pragmatic, case-by-case manner.

Outside the regulatory context, the question of whether or not a transaction is insurance perhaps matters most as regards pre-contractual obligations, which is the subject of Professor Lowry’s survey (Chapter 4). This is one of the areas where insurance law typically has a number of rules that are exceptions to the general contract law. Professor Lowry has concentrated primarily on the pre-contractual obligations as they operate in England and Wales. The English common law rules in this area are well known and perhaps even notorious in their harsh consequences for insureds that fall foul of them. Many other countries have chosen to deal with the issue differently and, indeed as Professor Lowry relates, the English law in this area is under review and legislation has already been presented to Parliament to change it as regards consumer insurance. Nevertheless, the many decisions of the English courts on this subject collectively provide an extensive analysis of the balance of relationships between the parties to insurance transactions.

Professor Brand’s chapter (Chapter 5) investigates the way in which the courts in different jurisdictions interpret the clauses in insurance policies. As a general rule, where contracts are freely entered into, courts will uphold the principle of party autonomy and interpret the contract accordingly. At the same time, insurance contracts, particularly where consumers are involved, are often contracts of adhesion with little scope for the policyholder to negotiate the terms, assuming they fully understand them or have even read them. Professor Brand surveys an impressive number of jurisdictions to see how the courts in different countries have sought to address this when presented with a dispute

that turns on the terms of the contract. He shows and critically analyses the ‘toolbox’ of rules for the interpretation of insurance contracts that the courts have developed for this purpose.

We have already mentioned the chapter on claims above (Chapter 6). As attorneys at the New Jersey and New York firm, Coughlin Duffy, Suzanne Midlige, Robert Re and William Hoffman, who co-authored the chapter, are all practising lawyers. As will be apparent, we have made a deliberate decision to include chapters both from practitioners and from academics in this book. In cases such as this chapter on claims, while no doubt there are plenty of academic lawyers who could have tackled the subject, we thought the viewpoint of practitioners would provide an interesting angle. That practitioner’s insight also comes through in Chapter 8 which discusses closing books of business. The United Kingdom has somewhat taken a lead in this area, developing a number of mechanisms by which insurers can achieve finality, including a detailed statutory regime for portfolio transfers (so-called Part VII Transfers). The UK approach is not one that has been universally adopted, and in particular the debate continues in the US, with few equivalent options there for insurers. Taking the UK regime as their starting point, David Whear’s and Bob Haken’s chapter provides both a review of the subject and an argued case for mechanisms such as Part VII Transfers as a regulated way for insurers to achieve finality.

Very many reinsurance disputes at their core arise because of a clash of expectations between reinsureds and reinsurers. For reinsureds, there is a general expectation that the reinsurer should share in any loss suffered by the reinsured under the original policy. Reinsureds will, accordingly, seek to interpret the reinsurance contract in the context of that general expectation. Conversely, the reinsurer may well have a more narrow understanding of what is to be covered. A particularly extensive and coherent body of law has developed in the UK on reinsurance contracts and in Chapter 7 Michael Mendelowitz and Professor Merkin provide a survey of that law to analyse how the courts have sought to balance the rights and expectations of reinsureds and reinsurers. The chapter provides interesting insights to the question and also serves as an excellent overview of the English law of reinsurance.

Raymond Cox QC’s chapter looks at the important issue of choice of law in insurance and reinsurance contracts. Historically, the insurance industry has been particularly poor at properly documenting its contracts. Fortunately, with an increased emphasis on achieving ‘Contract Certainty’ the industry has improved considerably in recent years. Nevertheless, disputes still arise as to which law should be applied. Raymond Cox’s chapter highlights the different approaches followed by two jurisdictions that act as centres for dispute resolution in this area, New York and England, and shows how, despite differences in the rules applied, in practice there is a high degree of convergence in approach.

The second part of the book looks at the subject of insurance regulation. Our experience is that whilst there is a mass of technical material on the subject produced either by the international organisations discussed by Louise Steinberg in Chapter 12 or issued by regulators and other interested organisations, for those looking for a broader overview there is a lack of suitable textbooks and shorter articles. The introductory chapter to Part 2 by Professor Kochenburger and Patrick Salve of the University of Connecticut at Chapter 10 is intended to fill that gap.

Their chapter is followed by a history of insurance regulation in the United Kingdom. We felt the book would benefit from some historical context but we were not sure it could support more than this one chapter. In asking Robin Ford to focus on the UK as the country to consider we confess to some home bias. If we were to justify our choice of the UK it would be on the basis that England perhaps has a longer history than most. As a particularly large insurance market with a developed regulatory regime, we thought it might also provide an interesting case-study for lawyers outside the UK.

While much regulation is still determined at a national level, Louise Steinberg in Chapter 12 makes the point that the trend is increasingly towards regulatory policy being set at an international level, with a plethora of international organisations taking an interest and feeding the debate. The different roles played by the different organisations and their interrelationship can confuse all but the real insiders. Louise Steinberg's chapter provides a guide through the maze. While Chapter 12 describes the interconnectedness between international organisations, in Chapter 13 Dr Hermann Geiger considers how different states deal with each other in his discussion of transnational recognition. At the time of writing this is clearly a very live subject as the EU is considering giving equivalence status to a number of non-European insurance jurisdictions. Dr Geiger is a main board member of Swiss Re, which, as one of the largest reinsurance companies in the world, will understand the challenges of complying with the regulatory requirements of multiple jurisdictions and will have a particular interest in the subject.

Principles-based regulation is another topic of the moment, particularly in Europe with the introduction of Solvency II. Professor Petra Pohlmann's chapter considers the subject in the context of the regulation of risk management under Solvency II and the way it has been implemented in Germany. Her study highlights the two ways in which the term 'principle-based regulation' is used. At the European level it can be a reference to a procedural approach to legislation, following the Lamfulussy process. It can also refer to a method of regulation which sets requirements in general terms and leaves it to the regulated entity as to how it meets those requirements. It is this approach which has been adopted by Germany in implementing (early) the risk management regulations set out in Solvency II.

Chapter 15 gives an account of conduct of business regulation (also referred to as market conduct regulation), which in many respects is a newcomer as a field for insurance regulation. In Europe, the activities of intermediaries were in some countries not subject to regulation until the Insurance Mediation Directive came into effect in 2005. Before then the focus was largely on prudential regulation. James Smethurst, Jonathan Goodliffe and colleagues from the law firm, Freshfields Bruckhaus Deringer have provided a survey of how conduct of business regulation is dealt with in a number of countries, using the regime in the UK to provide a framework for discussion. In Chapter 16, Ian Mason, Robert Tischner and Stefan Bessman all of Baker & McKenzie and Professor Aviva Abramovsky from the University of Syracuse have teamed up to provide a similar survey but this time of enforcement approaches in the USA, UK and Sweden, a subject which to date has perhaps not attracted the policy attention it should have.

To conclude the section we have added our own efforts which focus on Lloyd's. Chapter 18 looks at the way in which Lloyd's provides oversight of the Lloyd's market. Specifically, it considers performance management, a unique feature of the Lloyd's market, and the chapter maps out how this mechanism for prudential oversight developed. The chapter



also includes a brief history of Lloyd's focusing on developments in the way in which the market regulated itself. Whereas Chapter 18 deals with oversight of the market by Lloyd's, Chapter 17 analyses the manner in which the Lloyd's market more broadly is regulated in the UK and abroad. Lloyd's unique structure means it does not fit easily into most countries' regulatory frameworks, in some cases requiring legislative changes to allow Lloyd's members to participate in the local market.

The third section of the book looks at four developing areas of insurance and the legal and regulatory issues that arise. These are alternative risk transfer (ART), electronic trading, takaful insurance and microinsurance. 'Developing' in this context does not mean that these are new areas of insurance as such, but these are all areas where one can say that the jurisprudence and regulatory approach being adopted is still maturing, raising interesting issues along the way.

In the final section we have included a number of regional studies, where we thought that a more focused look at the jurisdiction in question would be of interest. The US and Europe are the world's two largest insurance markets. Yet, for the uninitiated, the working of their respective regulatory regimes can be quite difficult to penetrate. In the US there is the state/federal split and matters such as the surplus lines regime that need to be grappled with. In Europe, the workings of the European Union and its interaction with the member states can seem labyrinthine in their complexity. John Mulhern, Parimah Hassouri and Daren Moreira (Chapter 25) and Robert Purves (Chapter 24) describe the respective regulatory frameworks in the US and the EEA. The other long established major insurance jurisdiction is Japan. In Chapter 29 Professor Seiichi Ochiai, Shinichi Takahashi and Ryoko Takeda analyse the concepts of insurance and insurance business in Japanese law: through the prism of that question they provide an insight into the legal and regulatory regimes applicable to insurance in Japan.

In addition to these jurisdictions, which have long established markets and developed legal and regulatory regimes, we have also included chapters by Dr Wenhao Han and Ilan Goldberg on two of the BRIC countries, China (Chapter 28) and Brazil (Chapter 27) respectively. Although developing rapidly and of great interest to international insurers, the legal and regulatory rules for insurance in these jurisdictions can still seem quite opaque to outsiders not familiar with the local legal systems. Besides providing an entry point for anyone interested in those countries, both chapters present a case study of a jurisdiction seeking to make a transition from a quite heavily state controlled insurance industry to a more open and competitive market. Some of these historical and political considerations are highlighted in Ilan Goldberg's chapter.

The remaining two regional studies are Professor Birgit Kuschke's chapter on South Africa (Chapter 30) and Professor Yeo Hwee Ying's chapter on Singapore (Chapter 26). Both of these countries have relatively small insurance markets and perhaps for that reason are overlooked or not given the consideration they deserve, despite having well-developed insurance laws. In the case of Singapore, again we declare a home bias as Lloyd's a few years ago established a regional hub in the country, which has proved very successful and continues to grow.

Finally, slightly different in kind to the other chapters in this section, is Professor Malcolm Clarke, Professor Helmut Heiss and Mandeep Lakan's exposition of the 'Principles of European Insurance Contract Law' Project (the 'PEICL') (Chapter 23). The PEICL aims to create a new regime for insurance contract law in Europe which will

operate alongside national laws, and which can be adopted by contracting parties on a voluntary basis. It is a fascinating project which is still ongoing and the authors are key figures on the project group.

The book is intended to be accurate as at 1 August 2011. A challenge of this book is that the law and regulation continues to change so quickly in many areas and therefore it is inevitable that some details will become dated within a fairly short space of time. Where it is known that changes are coming we have tried to ensure that that is flagged in the relevant place. The changes arising from the introduction of Solvency II in Europe and the replacement of the UK insurance regulator with two new authorities are examples. We are hopeful though that most of the main areas discussed should remain correct for a reasonable period of time. Perhaps at some point we can consider a second edition.

It only remains for us to thank all of the contributors for their very substantial and thought-provoking chapters. We have been extremely fortunate to benefit from the expertise and hard labour of such senior and experienced academics and practitioners.

Thanks are due also to a number of other individuals. First, not least chronologically, we are grateful to Professor Rosa Lastra as General Editor of the series for recommending us for the task of editing this book. We have enjoyed it enormously and it has been a fascinating process from which we have learnt an awful lot more about the subjects covered. Thanks also to Ben Booth at Edward Elgar Publishing who has been tolerant and adept at steering us through the process. We should also like to thank Professor Merkin for his sage counsel at key points in this book's development. His advice has always been generously given and was invariably right. He did, in particular, warn us against including so many chapters with such a diversity of contributors. He was right but we are glad that on that occasion we chose to disregard him. Equal thanks should also go to the lawyers at the University of Connecticut. We have got to know a number of them well through this book and at regular intervals, when we have needed, for example, another US contributor or some other US assistance, they have stepped into the breach to help us solve the problem of the moment.

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