

MARKET BULLETIN

REF: Y4555

Title	US Trading Regulatory Reporting
Purpose	To advise the market that the US Reporting packs are available for completion and to provide a timetable and instructions
Type	Scheduled
From	Leslie Redmond, Manager, Overseas Reporting, Market Finance Direct Tel No: 020 7327 5490 Email: leslie.redmond@lloyds.com
Date	18 January 2012
Deadline	For immediate attention
Related links	Appendices 1-6 Instructions for Main Packs and Schedules F & P packs Checklists

Please copy this letter and its attachments to those within your organisation who are responsible for reviewing and completing the US packs.

1. This bulletin is to advise you that the preliminary US reporting packs (including Schedules F & P) for the quarter ended 31 December 2011, together with the relevant working schedules and checklists for your managed syndicate(s), are now available for you to access via the Overseas Reporting System (ORS) web-site. Detailed instructions on how to update your syndicate packs are also enclosed with this bulletin.
2. You are reminded that, whilst the reporting packs have been prepared centrally, the ultimate responsibility for submission of correct data rests with the managing agent of each syndicate and, as such, you must satisfy yourself that you have reviewed the whole return. Packs must be completed and locked by the due dates as set out in the timetable attached to this letter at Appendix 1.
3. Appendices 2, 3, 4 and 5 to this letter provide general information and instructions concerning Xchanging underwriting transactions, reserving and trust fund assets, respectively. Appendix 6 relates to Schedules F & P.
4. The LATF reserve amounts in your syndicate packs have been reduced down by 40% of the 2009 value and mapped, where appropriate, to the current reserving syndicate year of account. The LATF reserves will continue to be reduced by 20% of the 2009

value each year until 2014 when they will no longer be reported.

5. Where there are known issues with the reporting software a document will be posted to the Quick Links area detailing them, advising of any workarounds or whether the issue has been fixed.
6. In the Market Bulletin that accompanied the 2011 Q3 US Reporting return we advised you that we expected to make changes to the software to allow Lloyd's syndicates to post reduced collateral in respect of future reinsurance contracts with cedants domiciled in New York and Florida. Unfortunately this has proved to be more complicated than anticipated so this change is not now expected to be in place until the 2012 Q1 return.
7. Once you have completed the packs, clearing all errors and positively verifying warnings as applicable, you must lock them. You will then be able to print final packs for signature and notarisation. This is done by creating a pdf version of the pack and then printing it. We strongly recommend that you print the packs double sided if you are able to, as this will halve the amount of paper you use. **Once you have locked the pack you will not be able to unlock it to make further amendments without contacting Market Finance.** You should therefore only lock a pack once you are reasonably certain no further changes will be made.
8. You must also provide **two original** signed copies of the statements of **actuarial opinions** of gross reserves on **14 February 2012** (the same day that the electronic packs must be completed by) for both the Surplus Lines Trust Fund and Credit for Reinsurance Trust Fund. These opinions **must not** include any LATF reserve that is included on form 2 of your main pack. Please do not submit extra copies for the NAIC/IID filing at this time. You should also be aware that the actuarial reports supporting the US trust fund opinions must be submitted to the Lloyd's Actuary by 30 March 2012.
9. Final hard copy packs (including integrated packs for Schedules F & P), which must agree to the electronic versions on the ORS – see paragraph 6 above, must be signed, dated and notarised as indicated on the Jurat page (SL/RI 0). **Control sheets, working schedules and checklists must not be attached to these packs.** Notarisation of the US packs may be performed by a solicitor (other than an in-house solicitor) who holds a practising certificate under section 81(1) of the Solicitors Act 1974, which allows them to administer oaths and affidavits in the UK. Where your Finance Director is unavailable another director may sign in his or her place, and the pack should be marked accordingly. You may wish to keep a copy of the notarised pack, for your own records.
10. When hard copy final packs (**due on 17 February 2012**) are returned to Market Finance we can only guarantee their receipt if they are hand delivered directly to the **Tenants & Couriers Office on the Lower Concourse.**

If you have any queries on the contents of the packs, on how to complete them, or any comments about the software, please contact me on the above number or David Cokayne (extn 6238), or email the overseas reporting mailbox Lloyds-MR-OverseasReporting@lloyds.com

Leslie Redmond
Manager, Overseas Reporting
Market Finance

Timetable and arrangements for the year ended 31 December 2011

	<u>Key Date</u>
Provision of preliminary packs by Market Finance to managing agents at the ORS web-site to enable: <ol style="list-style-type: none"> 1 Checking of all underwriting data; 2 Checking investment data (both transactions and valuations) 3 Updating for reserves as calculated for the year end 	18 January 2012
Completed electronic packs (including Schedules F & P) locked by managing agents. Actuarial certification of the gross reserves must also be returned at this time (two original copies for both the SLTF and CRTF).	14 February 2012
Cash Transfer forms to be returned to Settlements & Trust Funds, Chatham, value date 23 February 2012. <u>STFO WILL CHARGE MANAGING AGENTS £50 FOR ANY FORMS THAT ARE SENT IN LATE TO REFLECT THE COST OF ADDITIONAL MANUAL PROCESSING.</u> Letters of Credit must be in place by 17 February 2012 the pre-advices having been submitted to David Cokayne by the 16 February 2012.	16 February 2012
Provision of final signed and notarised reporting packs by managing agents	17 February 2012
All syndicate packs to be despatched to New York by Overseas Reporting for filing with NYDFS	21 February 2012

Please note that it is essential that any queries generated by the packs or otherwise should be raised well in advance of the deadline dates to allow Overseas Reporting sufficient time to revert to you with the answers. This is particularly relevant to queries in respect of Citibank investment and cash balances, or where in extremis an adjustment is required which cannot be made to the electronic packs which agents are updating. Any adjustments to be made by Overseas Reporting in extremis MUST be raised no later than TWO WORKING days prior to the date by which the electronic packs must be completed and locked.

Xchanging underwriting transactions

1) 'ESR' files

For those agents subscribing to 'ESR' data, you will by now have received either on Disk or electronically the 'ESR' file(s) for your syndicate(s). As in previous periods, there may be some small differences between these reports and the packs as the US reporting database rounds each individual figure as it is entered into the system. Additionally, please note that these figures will not directly agree to information from the USMs or SCMs which are not at the same level of detail and which exclude certain elements, such as RI Costs on Treaties and State details. If you do subscribe to this service and have not received this data, or you need copies of the prospectus which sets out how to use the file please contact Data & Information at Xchanging on 01634 887800. If you have any queries relating to the data itself please contact 'Enquire' in Xchanging on 01634 887899.

2) Incomplete data

Where applicable we enclose a schedule of gross items which have been advised to you on the USMs prior to 31 December 2011 but which are not reflected in the packs, because part of the data was not completed (e.g. a state code was not known for a particular signing at the time the year was closed). Please review this data carefully and make amendments where the amounts involved are material. You are reminded that you must ensure that the syndicate reserves are adequate, and must include the effect of these items, where material.

3) Data corrections

Where applicable, we also enclose a schedule of corrections to business transactions processed through Ins-Sure & XCS.

4) USI adjustments

Any adjustments made to the underwriting data on the electronic US reporting packs are not carried forward from one quarter to the next. This will avoid double-counting, as any such adjustments will be included in future US reporting packs once the appropriate entries have been processed by Xchanging (you may need to advise them directly of these 'corrections') or submitted as Direct Reporting to Lloyd's.

5) Delinked items

Please see Appendix 5 to this letter for their impact on underwriting data.

6) US regulated data not processed by Xchanging or submitted as Direct Reporting to Lloyd's

Data that is not processed through Ins-Sure or XCS will not appear in the packs unless they have been submitted as Direct Reporting to Lloyd's. Items not captured by either of these methods will need to be added as an underwriting adjustment each quarter as they will not be carried forward from one quarter to the next.

Reserving and funding

1) Closed years of account

Where a year of account with US situs business has closed by way of RITC, any relevant transactions are shown against the year (and where applicable the syndicate) into which the year has closed. In order to ensure sufficient assets are maintained for the outstanding liabilities on that business, you are able to print and export to excel working schedules, where appropriate, for the closed years of account. These show calendar year movements (or where the accepting year remains open after 12 months cumulative since the RITC), rather than the cumulative position, to enable you to check the figures in the preliminary packs. The reserves will be added into the reserves of the year into which the years have closed on line 1 of SL/RI 2, and be shown separately on line 7 of SL/RI 3.

2) Methodology

The reserves for all years of account at the end of the year must be calculated in accordance with the methodology previously advised (i.e.: the modified UK basis of reserving as previously detailed in market bulletin Y748 issued on 4 December 1997).

Agents must ensure that the schedule of Gross Liabilities and Reconciliation of Movements in Trust Fund (SL/RI 2 form) is completed appropriately. The reserves must agree to the figures entered on lines 6 and 7 on SL/RI 3 and agents MUST ensure that the losses incurred figures on SL/RI 6 (i.e.: gross reserves plus cumulative paid losses) are entered accordingly. Please note that SL/RI 6 must be completed on a pure year basis, and SL/RI 6a will show data for closed years. Further details on how to complete the forms are provided in the checklist.

3) Allowances against reserves (CRTF only)

Any credits in respect of letters of credit, deferred premium instalments or funds withheld against gross reserves in the Credit for Reinsurance Trust Fund, **must** be restricted to the amounts of the calculated reserves for the relevant contracts (i.e. not usually 100% of Schedule F figures). Please note that the figures appearing in the preliminary packs (lines 2a-2c of RI 2) are shown at zero, including amounts for closed YOAs against the assuming year. A working schedule (US Schedule F Working Schedule), showing information by reinsured, to assist managing agents in this calculation is available in the software. This schedule is found under the 'Import/Export Data' menu item in the bottom left hand corner of the screen. Click on the file name and follow the onscreen instructions to view and/or download it. Please note that closed year items are included on the working schedules, but only where a letter of credit, deferred instalments or funds withheld are shown.

4) Alternative Security (CRTF only)

In the Lloyd's United States situs Credit for Reinsurance Trust Deed under paragraph 1.24, gross liabilities included in the definition of an 'American Reinsurance Policy' shall exclude any contract or policy of insurance, the liabilities for which the underwriter has provided

security by means other than the Trust Fund. Such alternative security would include a letter of credit lodged with the reassured, or funds withheld by the reassured (e.g. outstanding claims advances) as detailed in 3 above.

Where syndicates have provided an alternative security to the reassured, the guidance notes below should be followed for completing the RI packs.

- a) In cases where alternative security has been provided you must calculate the reserves for disclosure on form RI 2, including any amounts for such business.
- b) As the reserves disclosed within the pack now include the liabilities where alternative security has been provided, deduction for such security should be made at lines 2a or 2c on RI 2 (restricted to the actual reserves for those contracts). A working schedule, showing information by reinsured, may be printed from the electronic system to assist managing agents in calculating the credits to be entered for the relevant contracts. It may also be exported into excel.
- c) The New York Department of Financial Services also require details of the level of alternative security held by reassureds to be reported. Please therefore complete the memo note at the foot of the form (see below for further instructions), showing, by year of account, the extent of each type of alternative security and the gross reserves relating to that business calculated using the modified UK basis of reserving.
- d) Premiums and claims data for such 'regulated' business will continue to be disclosed within the packs: hence no adjustment should be made to these figures.

Where a syndicate has provided alternative security to a reassured you must complete the memorandum note at the foot of RIQ 2. The value of letters of credit and funds withheld entered on lines 2a and 2c will be pre-populated in the memorandum note. You must enter the gross reserves relating to this business in the relevant row above.

5) Delinked items

Please see Appendix 5 to this letter for their impact on reserving.

Trust Fund assets

Please note that we have relied on Citibank electronic data for the investment transactions during the year. It is therefore essential that agents check all relevant schedules in detail and make any revisions to the electronic packs as necessary.

1) Trust Fund market valuation

Please note: Citibank will dispatch Certified Schedule B's on 25 January 2012. The system is therefore applying Final Pricing from Citibank's Security review process. Lloyd's inquiries and position adjustments can still change final prices and market values. Agents must ensure that all final packs agree to the confirmed investment valuations included on Schedule B. To assist in changing market price information, Overseas Reporting will update syndicate packs with new prices and market values where applicable.

The packs issued to agents will be based on the trust fund valuation provided by Citibank. Any change to this total will need to be approved by Citibank before we can allow you to change this figure.

The value of cash and securities held as at the year end for all years of account have been entered in the total column on the SL/RI 1 asset form according to the type of assets. (Please note: short-term investments are those with less than 1 year to maturity at the date of acquisition and bonds (or long-term bonds) are those with 1 year or longer to maturity at the date of acquisition). The cash position is calculated by our system to be a balancing figure based on total fund value less securities, so where investment valuations change, unless the total asset value also needs amending, the cash figures will be changed.

There is also a schedule for each of your syndicates where investments are or have been held in the respective trust funds (the Investment Summary), which should enable you to check the figures in Schedule D. This can be printed from the Internal reports menu or exported to CSV file by clicking on the Investments link then on the US Investment Data link. Citibank Transaction Reports information should be available from Citibank Electronic Banking and/or from your investment managers.

N.B: All investment data must be shown within the US Reporting Packs excluding accrued income purchased and sold. Managing agents should note that if, by virtue of non repatriation, interest is rolled up into the principal accounts of the relevant situs trust funds, these funds cannot at a later date be released from the trust fund other than via the TFMA mechanism.

2) Net remittances

Each quarter some syndicates transfer securities to make their funding adjustments. These are reflected on the net remittance line of SL/RI 2 at the market value prevailing on the date the transfers were made. As a margin has to be transferred this figure may not match precisely the value of the required transfers. Hence, Overseas Reporting has not allocated the net remittances across years of account in the preliminary packs, but has posted them

all to the youngest open year of account column, as agents will need to determine the split. You **must** make the year of account allocation in the packs that are returned.

Please also note that net remittances included in the annual pack relate to the whole year except for the 2008 and prior years of account where these years closed at the end of 2010. Agents should check the figures to ensure that any remittances/withdrawals made during 2011 are accurately reflected.

It should also be noted that where syndicates have transferred securities between trust funds (termed by Citibank as 'deliver free' and 'received free' transactions) these will appear on the Citibank statements as having been traded at zero proceeds/cost. However, the historic cost relating to that holding will be shown on the Citibank investment summaries. For US reporting purposes only, the market value prevailing on the date of the transfer has been used as the proceeds for any 'deliver free' and the cost of any 'received free' transaction. The carrying cost within the ORS will also be the market value on the transfer date rather than the historical cost. (N.B.: The reason for this different treatment is that a 'deliver/received' free does not create a taxable event, so Citibank treat it as a transaction with no value and continue to carry the original cost. For US reporting purposes each trust fund is treated as a separate entity, so the transactions must be valued at the market value on the date they occurred).

3) Cash Transfer Forms

Cash transfer forms must be returned to Lloyd's Settlements & Trust Funds, Fidentia House, Chatham in hard copy on the 16 February 2012, and will have a value date of 23 February 2012. The cash transfer form also requires Managing Agents to specify non-cash assets that they intend to move to/from the situs accounts. The reporting system will derive the total amount to be funded from the pack and the cash transfer figure from that entered at the top of the form. It is then possible to enter values in respect of investments and letters of credit that will be added/removed from the fund. Agents will need to ensure that the total, calculated after these details have been input, agree with the total amount to be funded figure derived from the pack.

4) SLTF funding requirements

Please note that for Surplus Lines Trust Fund purposes the terms of Art. 2.7 of the surplus lines trust deed: (i) require advanced notice to be given to the Trustee, the Domiciliary Commissioner, any Non-Domiciliary Commissioner and the IID in the event that, in respect of a given year of account, the TFMA for any quarter is less than 50% of the TFMA for the immediately preceding quarter; and (ii) prohibits the Trustee from permitting any such withdrawal for a period of 10 days after receipt of any such notice. The single exception relates to the situation where there is an RITC of the relevant year of account when details of the syndicate and year of account assuming the RITC of the US liabilities are required to be advised to the Trustee. **In other words you may not transfer assets out of the SLTF, when making the adjustment for the 31 December 2011 position, which would mean that the remaining asset balance for any YOA is less than 50% of the TFMA as at 30 September 2011, without previously providing the required notices. If your syndicate is likely to be in this position, please advise Overseas Reporting immediately.**

- **FAILURE TO DO SO WILL MEAN THAT YOU ARE UNABLE TO RELEASE ASSETS IN EXCESS OF THE 50%.**
- **The deadline for notification is therefore 10 February 2012.**
- **Please note that a reduction due to an RITC is acceptable, provided the assuming year maintains at least 50%.**

De-linked underwriting transactions

Brokers are permitted to use the optional facility whereby premium transactions may be recorded in advance of settlement (de-linking).

A report listing any premiums which have been recorded early (i.e.: de-linked) is included with this letter for those syndicates having an involvement in such transactions for their US situs trust fund business.

Where the effect of “de-linked” items on premiums is material the figures in the reporting packs should be adjusted accordingly. For clarification, this means included in any workings, as set out in the following example:

Example:

For a syndicate’s 2011 year of account, as at 31 December 2011: The syndicate has \$100m of signed premiums and a further \$25m of de-linked premium items which have been recorded in advance of settlement. The syndicate has paid claims of \$40m, and the outstanding claims are not large enough to increase the reserve requirement.

		\$m
(1)	Signed premiums	100
(2)	De-linked premiums (i.e.: not yet signed)	<u>25</u>
(3)		125
(4)	Credit against future unsigned premiums	<u>(25)</u>
(5)	Premiums for inclusion in the US situs trust fund pack	<u>100</u>
(6)	Paid claims	40
(7)	Reserves required (5) – (6)	<u>60</u>

A: If, however, it is already known that the loss ratio on the de-linked premiums will be in excess of 100% the amount of the credit in (4) must be restricted accordingly.

B: If outstanding claims on the signed and de-linked premiums exceed the \$60m, then the reserves required will be equal to the outstanding claims.

PROGRAMME NO

LLOYD'S INSURANCE DATA SYSTEM

DATE: DD/MM/YY PAGE: NO

US TRUST FUND DELINKED ITEMS REPORT

SYNDICATE NUMBER: 9999

<u>TRUST FUND CODE</u>	<u>LPSO NUMBER</u>	<u>LPSO DATE</u>	<u>GROSS PREMIUM AMOUNT</u>	<u>YEAR OF ACCOUNT</u>	<u>RISK CODE</u>	<u>SYNDICATE REFERENCE</u>
XX	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX

SUBTOTAL: -9,999,999,999.99

XX	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999.99		CCYY	XXXXXXXXXXXXXX

SUBTOTAL: -9,999,999,999.99

*** END OF REPORT ***

Schedules F&P – integration with US reporting packs

Agents are reminded that at the same time as the main US packs are due to be completed and locked (14 February 2012) you must also complete and lock the packs for Schedules F & P. When returning the final signed and notarised reporting packs the Schedules F & P should be combined within the main reporting packs.

F&P and US reporting packs – data integrity

Schedule P part 1 will now be pre-populated with the data for Premiums, Paid Claims and Known Outstanding Claims, as will the historic data on the triangulations for P parts 2 to 6. The csv upload for P part 1 will therefore not require you to upload data for these three transaction types. In addition any underwriting adjustments made in the main pack to these categories will automatically feed through to Schedule P ensuring that the data always agrees between the two returns.

There are no changes to the completion of Schedule F or the format of the csv upload file. The only change is that there will no longer be a requirement to upload a final LORS code set prior to locking the pack. **It is therefore vital that you ensure all the LORS code information in your pack is correct prior to the earliest lock date as it may not be possible for changes to be made after that date.**

Once you have completed your Schedule F & P you must lock it only once you have locked the main pack. You must therefore ensure that both packs have been completed, eliminating errors and positively verifying warnings as appropriate, before you lock them packs. To lock them you simply need to click the Lock button on each pack.

Details of the file formats for the upload files are found at the end of the instructions for Schedules F & P attached to this bulletin.

US REPORTING MAIN PACKS GUIDANCE NOTES YEAR ENDED 31 DECEMBER 2011

Introduction

Market Finance provides electronic preliminary packs for each syndicate which has signed trust fund deeds for US situs Surplus Lines and Credit for Reinsurance business on the Overseas Reporting System (ORS). These can be accessed by logging on at www.lloyds.com, click on My Account, View/Update Lloyd's account details and then select the Overseas Reporting System.

Once you have logged onto the ORS you will be able to make all changes listed below under 'What can be updated?'

The preliminary packs include figures for assets held in the situs trust fund accounts and underwriting transactions advised directly to Lloyd's or processed by Xchanging which are available centrally. Please check these preliminary packs and amend them for any changes to the pre-filled data provided and to reflect any figures relating to reserves (which are not available centrally).

The ORS will allow you to update the packs:

- for reserves at the quarter end;
- for changes to investment data (except for prices, brought forward and standing data);
- to amend premiums, claims, brokerage and commission;
- to amend (RI only) LOC's, funds withheld and deferred instalments;
- to add a memo note (RI only) of alternative security provided to a reassured;
- to reallocate assets, realised/unrealised gains and losses, and net remittances across the years of account;
- to complete the cash transfer form;
- for changes to the list of directors/partners and the agency address appearing on the Jurat page; and
- syndicate contact details (this does not form part of the printed packs).

How to update the packs

Accessing the system, syndicates and forms.

Enter the web address detailed above and log on to the ORS using the credentials that you have been provided with to gain access to this site.

If you have permission to access the returns for more than one managing agent the first screen that you will see will ask you to select one of them. To do this click on the

US REPORTING MAIN PACKS

GUIDANCE NOTES

YEAR ENDED 31 DECEMBER 2011

radio button next to the appropriate managing agent under the select column then click on the select button in the top left hand corner of the screen.

On the page that appears after logging in (and selecting a managing agent if applicable) you will be required to enter your User Preferences which you should do as follows;

Country – USA

Reporting Period – 2011 Q4 (this will normally pre-populate)

Trust Fund – pick from drop down list or leave unselected if you do not want to work on a form at this time (you will be prompted to select a trust fund should you navigate to a part of the software where this information is required).

Syndicate – select from drop down box, except where you only manage one syndicate in which case this field will be pre-populated.

Click on Update on the Action menu above User Preferences to confirm the information you have entered.

On the left hand side of the screen, under Navigation, are the menu options that will allow you to access the pack forms, reports and reference data that you need. These are grouped as follows;

Packs

- Syndicate – gives you access to all the pack forms for updating and viewing as applicable.
- Output – allows you to create PDF and XLS versions of forms and reports in the pack.

Reference Data

- Syndicate – allows you to view/amend asset allocation percentages and select/deselect the manual allocation options; view year of account history; update your contact and address details; and update the directors' details.
- Import/Export Data – for Q1, Q2 and Q3 allows you to export an excel version of the working schedule, the Schedule F working schedule and investment data. At Q4 it will additionally allow you to import and export data for Schedules F & P.

System Management

- Internal Reports – allows you to generate and view the syndicate control sheet, working schedule and investment schedule in PDF and XLS.

Queue Management

- In Progress – shows you which functions e.g. pack recalculations, have yet to be completed and their status.

US REPORTING MAIN PACKS

GUIDANCE NOTES

YEAR ENDED 31 DECEMBER 2011

- Recent Activity – shows you a record of activity in the last 48 hours.
- Available Downloads – shows all PDF or XLS documents that have been created in the last 24 hours and are ready to be downloaded.

Cash Transfers

- This is where you access and fill in the Cash Transfer form.

To access any form point your cursor over the form name (which will underline the form) and click. Form names in black may only be opened in PDF or XLS format so to access these click on the appropriate icon on the right hand side.

Once you are within a form you may move to other forms by using the drop down list under the filter menu but **before navigating to another form you must recalculate the form you are in to save any data that you have entered**. Alternatively, after recalculating the form you can return to the list of forms by clicking on the syndicate trust fund link at the top of the screen.

At the end of a session, click on 'Log out' in the top right hand corner of the screen.

Order in which to approach exercise

Experience within Overseas Reporting has shown that it is easiest to update the underwriting data included in the packs by starting towards the back (i.e.: at SL/RI 6 and 6a) and working towards the front pages of each pack. This is because data feeds from certain of the later forms to the earlier ones, so they are best completed first.

The guidance below refers to SL at all form references. The approach for the RI pack is exactly the same so for 'SL' you may also read 'RI'.

Updating for reserves

Select form SL 6a (if applicable). You will then enter the *Losses Paid and Incurred* for the syndicate's closed year(s) of account. Enter reserves for each applicable class of business using the tab button to move to the next cell. Try to avoid hitting the Enter or Return key as this will indicate you wish to calculate the form which is best done once all data has been entered on it. Once you have entered all the data on this form click on the Recalculate button in the top left hand corner. This will save your data and also update the figure in the *Losses Incurred* column. Please note that the figure you enter in this column is that for outstanding claims plus IBNR and that the paid loss figure is automatically included in the relevant totals.

You cannot enter data in the total *Aggregate Write-ins* line, but must enter this by the individual lines towards the end of the form.

Once you have correctly completed this form, move to the previous form by using the drop down navigation list or returning to the form list.

If you have no form SL 6a then start with form SL 6.

In order to update forms SL 2 and SL 3 with your reserving data you must recalculate the whole pack. This will also calculate the Total Transfers required on line 17.

US REPORTING MAIN PACKS

GUIDANCE NOTES

YEAR ENDED 31 DECEMBER 2011

Variable funding (SLTF only) imposed on the trust fund by the NAIC/IID should already be known by Managing Agents. The agent front-end system provided to you will incorporate the variable funding requirements that apply to certain syndicates.

Updating for allowances against reserves (lines 2a – 2c on form RI 2) – RI packs only

Please note that the figures appearing in the preliminary packs (lines 2a-2c of RI2) are shown at zero, including amounts for closed YOAs against the assuming year. Any credit in respect of letters of credit, deferred premium instalments or funds withheld must be restricted to the amounts of the calculated reserves for the relevant contracts.

To assist in calculating the credits to be entered, Schedule F, showing information by reinsured, may be printed from the system. Select RI 10 (Schedule F) on the list of forms or from the drop down list if you are in a form. If you require a change to the Letter of Credit deposited, the deferred instalments or the funds withheld by reinsured, find the reinsurer and then click on the NAIC number. Scroll down to the bottom of the form and enter the adjustment in the appropriate field

On completing the calculation of credits, where required, the amounts are entered directly within the 'Letters of Credit deposited / Deferred Instalments / Funds held by Reassured' fields in RI 2. Before closing this form, it must be recalculated.

Underwriting Adjustments

Adjustments can be made to the underwriting data via the Underwriting Adjustments button under the Quick Links menu having clicked on Packs – Syndicate. Please follow the sign convention in the table below:

	Increase	Decrease
Premiums	+ ve	- ve
Claims	- ve	+ ve
Brokerage & Commission	+ ve	- ve
Losses in Adjustments *	-ve	+ve

* This is the outstanding claims element of gross reserves.

To enter a new adjustment, click on the Add button. You will then be required to identify the adjustment type (e.g. Premium), enter the year, risk code, state (SL only), reassured (RI only) and the amount of the adjustment. To enter risk codes and reassureds you will need to click on the binoculars and then enter a filter or scroll through the pages to find the record you want to use. To select a record click on the select radio button on the right hand side and then click on the Select button. Once you have entered all the required data click on the Add button to save it. If you need to amend any adjustment you have already entered, click on the Edit button, make your changes and then click Update. To delete an adjustment, click on the Remove button.

If you require a print of the adjustments you have made, go to the Output menu, select UW Adjustments, the report format, the syndicate and then click Queue Items for

US REPORTING MAIN PACKS

GUIDANCE NOTES

YEAR ENDED 31 DECEMBER 2011

Output.

Updating fund movements on SL 2

When entering data on this form use the tab key to move between cells and then recalculate the form to save the data.

Before following the points below you must ensure that you agree the allocation by year of account of the asset values at the quarter end on form SL 1 and line 12 of SL 2, as well as the allocation of gains and losses on securities on lines 7 and 8 of SL 2. If you do not agree these allocations please follow the notes regarding amending these details before updating the rest of form SL 2.

The figure for *net remittance/(payment) re deficiency/(surplus) on Trust fund* at line 10 has not been allocated across years of account. You MUST enter the figures for each year in the relevant fields. You may also change the overall total if you believe it to be incorrect (having entered the figure for each year recalculate the form and the new total will be shown).

You may also enter figures for *Other movements* at line 11 where you need these to make the reconciliation between the opening assets position and the period end figures agree. Until each column casts, a difference will be shown on the face of the data entry screen immediately above the field that shows the balance at the start of the period.

On a few occasions syndicates have made transfers after the period end but before the filing date. These should be entered at line 15.

Once you have agreed all other details on this form click on the recalculate button to save the data. This will then complete line 16 for remaining balance *to be made*.

N.B. for SL packs only: The provisions of the trust deeds do not ordinarily permit a withdrawal from the SLTF which would leave the remaining assets in the trust fund at less than 50% of the previous quarter's TFMA. If the total withdrawal you enter on the pack would leave insufficient assets this will be flagged as a major warning and you should amend any withdrawal accordingly, or advise Market Finance who will give the required notice. In some circumstances (e.g.: where for the SLTF, syndicates hold LOC's in excess of the required reserves) agents may choose not to release the full surplus back to the LDTF. In these cases you may key directly to line 16.

Releases from the situs trust fund are shown as negative on lines 15 and 16.

Before closing this form it should be recalculated to ensure that there are no remaining differences.

Syndicates with multiple bank accounts

Syndicates that have more than one bank account per trust fund that is not specific to a year or years of account are required by the Trustee to complete an additional form breaking down the SL 2 data by bank account.

This form is accessed by opening SL 2 and then clicking on Manage Bank Account Splits under the quick links menu at the top of the page. In order to complete this form you must have finalised the main form SL 2 and determined how much you wish to fund/withdraw from each account. Please contact David Cokayne (020 7327 6238) if

US REPORTING MAIN PACKS

GUIDANCE NOTES

YEAR ENDED 31 DECEMBER 2011

you require any assistance completing this form.

Alternative security (form RI 2)

Where the syndicate has taken credit for an alternative security provided to a reassured you must complete the memorandum note at the foot of RI 2. To do this scroll down towards the foot of the RI 2 screen where you will see the alternative security value restated and a Gross Reserves field ready to be updated. You must enter in this field the total reserve you have calculated for the reassureds for which credit for an alternative security has been taken.

Amendments to Asset allocations

The system will allow you to amend the allocation by year of account of the asset values at the year end on form SL 1 and line 12 of SL 2 and the allocation of gains and losses on securities on lines 7 and 8 of SL 2. If you need to change the overall totals please follow the notes regarding amending these details before updating the allocations.

On the Navigation menu, click on Reference Data – Syndicate.

The page that opens has tick boxes to 'allow manual year' allocation for each trust fund. Amendments cannot be made to the YOA allocations, unless the boxes are ticked.

After ticking the box for the relevant trust fund click Update and then navigate back to the syndicate forms and select SL 1. You can then over key any of the figures where you are simply moving assets between years of account. Recalculate the form after adjusting the data then click on the Validation link to check that your changes have not caused any casting errors which you must correct. You may click on the Return to Form link or use the Navigation panel on the left hand side to leave this page.

Similarly you may amend the year allocation of realised and unrealised gains and losses on lines 7 and 8 of form SL 2 in the same way.

Alternatively, it is possible to directly enter and automatically apply revised allocations by keying the revised percentage splits. Go to Reference Data – Syndicate and click on the Asset Allocation Percentage link. Click on the Edit button next to each year of account that you want to amend and then click on Update. Note that the balancing amount is automatically calculated within the youngest year of account.

Accessing and amending Investment data

You can amend the investment data relating to the current reporting period.

To amend the total value of the trust fund you will need to contact Market Finance to make the necessary changes as this will require the agreement of the Trustee.

To amend investment data Click on the Investments link for the relevant Trust Fund. You will be presented with a list of investments that are held or have been disposed of in the current reporting period. Each record will contain details of the acquisition and any disposals that may have taken place. To find a record use the page number links and scroll down the page until you find the one you are looking for or, alternatively, click on the binoculars next to the Security Code field. In the window that opens key in

US REPORTING MAIN PACKS

GUIDANCE NOTES

YEAR ENDED 31 DECEMBER 2011

some of the security details and then click on the filter icon. Click the radio button to the right of the security that you want to select and then click select. Then click the filter button on the main page to show only the matching records to your selection criteria.

To amend an acquisition Click on the cusip number of the investment that you want to amend and you will be presented with a screen detailing the current holding. You can amend all fields in the Acquisition section of the page. Click the Update button to save the changes. If these fields are greyed out then the acquisition is not a transaction for the reporting period. You should contact Market Finance for assistance if you need to change an acquisition for a previous period.

To amend a disposal Click on the disposal date next to the transaction you wish to amend. As with acquisitions you may amend any of the fields unless they are greyed out, in which case it is not a current reporting period transaction. Click the Update button to save the changes.

To create a new acquisition record, click on Add Investment. Select the security details by clicking on the binoculars next to the Security Code field. In the window that opens key in some of the security details and then click on the filter icon. Click the radio button to the right of the security that you want to select and then click select. Scroll down to the Acquisition section of the page and ensure all available fields are completed including the account number. Click Save to finish.

To create a new disposal record, locate the acquisition to be disposed and click on the cusip number. Click on the add disposal button and ensure all available fields are completed.

NB: disposals are matched to acquisitions in the following order:

Purchases of the same security on the same day;

Purchases of the same security within the previous 10 days; then

Purchases prior to 10 days of the disposal on a First In First Out basis.

To create a disposal where the units exceed any one individual holding, will require disposal details to be entered against more than one record, with the consideration shown on a pro-rata basis.

To delete a record do one of the following. To delete a disposal record, click on the disposal date link and then click on Delete and confirm at the prompt. To delete an acquisition click on the Delete button on the right hand side of the record in the main Investments screen and confirm at the prompt.

To restore investment data to the position when the pack was released, effectively 'undoing' any changes made to the investment records, click on 'Reset investments' on the Packs – Syndicate main screen and confirm at the prompt.

NB: this undoes all changes you have made to investments within a particular trust fund pack.

Updating directors/partner

To amend the list of directors appearing on the Jurat page, form SLQ 0, select the Reference Data – Syndicate link from the Navigation menu.

Scroll down to the bottom of the page where the directors' details can be found. Click

US REPORTING MAIN PACKS

GUIDANCE NOTES

YEAR ENDED 31 DECEMBER 2011

on Edit to change the details of an existing director and insert to add a new one. If a director has left the company click on edit and enter an End Date.

Please note that these details will be common for all packs (both for US and Canadian Reporting) managed by the same agency and it is only necessary to make the changes once.

The amend facility also allows you to flag where the agency is a partnership, to ensure the correct wording on the Jurat page.

Changing agent's address

This page also allows you to amend the agency address that will appear on the Jurat page (SLQ/RIQ 0). Simply overtype the address and post code as required.

Updating contact details

To amend these details (which do not appear in the packs) click on the Edit button. You can then over type the contact name and telephone number for the syndicate. The contact should be the person to whom any queries should be directed to i.e. the person who completed it, rather than a senior member of the managing agency. Click on the update button to save the changes, or click cancel to abandon them.

Calculation validation and rules

Once you have updated the pack each pack should be recalculated by clicking on the Recalculate button. Once this is complete, click on the Validation link to check whether there are any errors that must be cleared or warnings that need to be verified.

A control sheet detailing errors and warnings may be printed out. To do this go to the Internal Reports link under the Navigation menu and click on the PDF symbol next to US Syndicate Control Sheet.

The narrative for errors is self-explanatory, showing the nature of the error (such as 'trust fund does not cast'), the relevant form and line references and the figures that do not agree. Warnings usually arise when data is expected in a particular field but nothing is present, such as reserves for a year that has signed a trust deed. Warnings proceeded by the wording 'MUST VERIFY' will require positive confirmation. Until this is done, the system will not allow you to lock the pack. To positively confirm the warnings click on the Validation link and click on the Select check box then click on Verify.

Various informational messages are also shown on the control screen, such as where claims have been paid for a particular line of business for a state but no premiums have been received. This allows you to investigate them further should you deem them to be material.

Printing packs

You can print packs or selected pages by clicking on the PDF icon under Quick Links and printing this or by going to the Output menu and making your selections. **Agents should**

US REPORTING MAIN PACKS GUIDANCE NOTES YEAR ENDED 31 DECEMBER 2011

note that prior to locking the pack all printed forms will appear with the word 'draft'. The final pack for notarisation purposes, without the word 'draft', can only be printed once the pack has been locked.

Cash Transfer Form

To access this form, click on Cash Transfers in the Navigation menu.

Each applicable year of account per trust fund must be completed separately and the total amount due will appear in column D. By completing columns E, F and G the sum total that appears in H should agree to D. Any difference will appear on a red background to the right of H. If your syndicate has more than one bank account you can select each account's form by clicking on the bank account drop down list towards the top of the page. The numbers that appear here are the four middle digits of the account number (excluding the starting number 4 which is generic to all accounts and the ending number 1 or 2 which denotes the trust fund).

It is essential that you complete the cash transfer form details before locking the packs as this data will be summarised and passed to Settlements and Trust Funds to assist them with the actual movement of cash.

Completing electronic packs for submission to Overseas Reporting

Once you have updated the packs as far as possible, eliminating all errors and verifying, where required, all warnings, you must lock it to finalise it.

To lock a pack and submit it to Market Finance simply click on the Lock button. Once locked the pack can only be unlocked by Market Finance so please ensure it has been thoroughly reviewed before doing so.

Final electronic packs to agree to signed and notarised filings

Once you have locked your packs you should print off a copy of it for the purpose of getting it notarised. If for any reason you do need the pack unlocked please ensure that you destroy any printed copies of the previously locked pack. This will reduce the possibility that the final filed version differs from the electronic submission that is used to compile the global return and the electronic version of each pack, which are filed with NYDFS.

Completion of return

The due dates are per the timetable detailed at the beginning of this bulletin:

**14 February 2012 - Completed electronic packs locked by managing agents;
and**

**17 February 2012 – Final packs (notarised and signed) to be returned by
managing agents to Market Finance.**

**US REPORTING MAIN PACKS
GUIDANCE NOTES
YEAR ENDED 31 DECEMBER 2011**

Please remember that the cash transfer forms are due for submission to Settlements and Trust Funds on 16 February 2012 and will show a value date of 23 February 2012.

**Lloyd's Syndicate annual US Reporting - Checklist for Managing Agents:
Completion of Investment data within the Reporting Packs
Surplus Lines and Reinsurance**

Due to the volume of investment transactions undertaken by the market we rely on Citibank electronic data in preparing the preliminary packs. You must therefore check the figures for investments within the packs carefully to ensure that you agree the data. All investment data for the current reporting period may be amended using the system provided by Overseas Reporting, via the Investments link within the software. Data relating to previous quarters, and reference data cannot be amended. In the event that changes to these items are required, you must contact us as soon as possible and at least two days in advance of the deadline for completing the electronic packs. **All final investment values must agree to the valuation on your Citibank Schedule B.** Please note that the Schedule B valuations were not available in time to be included in the preliminary packs.

N.B The investment data in the annual packs is for the full year (rather than being just for the fourth quarter). On this basis revaluations at interim quarter ends will not be reflected when calculating unrealised gains or losses on investments held at the year end. Similarly realised gains and losses on disposals during the year will be calculated by reference to original cost where the holdings were acquired during 2011, and by reference to the statement value brought forward where the investments were held at the end of last year.

Form	Action	Completed
SL/RI 1	Ensure asset valuation, by class of asset agrees to Citibank schedule B valuation (i.e.: split across rows of Bonds, Short-term Investments and Cash). NB: The fund described by Citibank as 'Short Term' is actually Cash. This is a balancing figure (being total asset value less value of bonds and short-term investments).	
	Allocations have already been applied in these packs to split the assets across years of account (i.e.: across columns). Where you have to amend the figures in any way you may still apply the same proportions.	
	Agree assets to schedule D forms within pack - see below. Amendments to the data can be made via the Investments link.	
SL/RI 2	Ensure balance at the end of the year (line 12) agrees to SL/RI 1 in total and by year of account.	
	Net realised capital gains or (losses) to equal SL 10H/RI 9H columns 11 and 12 plus SL 10K/RI 9K column 1 lines 4 and 8.	
	Total net unrealised capital gains or (losses) to agree to the unrealised gains/losses on long-term bonds (elements of which are included on forms SL 10D/RI 9D, SL 10H/RI 9H and SL 10I/RI 9I plus those for short-term investments per column 1, lines 3 and 7 of SL 10K/RI 9K.	
	Split net remittances (line 10) by YOA	
SL/RI 3	Please note that the figures for realised gains and losses on line 11 are cumulative so will not agree to line 7 of SL/RI 2, unless this is the first period in which realised gains and losses have been made for a particular YOA.	
SL/RI 4	Ensure all details are only calendar entries.	
SL 10A/ RI 9A	Ensure only those bonds with more than one year to maturity at the date of purchase are included on this schedule.	
	Agree statement value in column 6 to total value of long term bonds on SL/RI 1.	
	Ensure book value and market value equal statement value.	
	Disclose all bonds on line 1 (Government) unless another category is applicable.	

Form	Action	Completed
SL 10B/ RI 9B	Agree totals to combined total of Bonds and short-term investments per SL/RI 1 and SL 10C/RI 9C.	
	Check analysis of maturity.	
	Show all bonds as publicly traded.	
	Check totals in section 7 and section 9.	
SL 10C/ RI 9C	Agree totals to combined total of Bonds and short-term investments per SL/RI 1 and SL 10B/ RI 9B.	
	Check analysis of maturity.	
	Show all bonds as publicly traded.	
	Check totals in section 7 and section 9.	
SL 10D/ RI 9D	Ensure totals (book value, market value and statement value) of bonds agree to line 1 of SL/RI 1 (NB: This is for long-term bonds only).	
	Ensure columns 10 and 11 equal the movement between cost and current statement value for those assets acquired during the year for those assets which are still held at the year end. (This also represents the movement in statement values between year ends for those assets held for the entire year).	
	Ensure that the figures in columns 10 and 11 are included in the figures on line 8 of SL/RI 2 and agree to SL/RI 4.	
SL 10G/ RI 9G	Ensure actual cost does not include any accrued income purchased (NB: this is for the long-term bonds only).	
	Ensure cost (and all other details) agrees to the data on SL 10D/ RI 9D for those assets still owned at the year end.	
SL 10H/ RI 9H	Ensure details for those long-term bonds disposed of during the year but also acquired during the year agree to SL 10G/ RI 9G.	
	Ensure data in column 9 and 10 is reflected in line 8 of SL/ RI 2.	
	Ensure data in columns 11 and 12 is reflected on line 7 of SL/RI 2.	
	Ensure book value on disposal is in line with definition at the end of this table.	
SL 10I/ RI 9I	Ensure the data on this schedule reflects those items on SL 10H/ RI 9H which were both bought and sold during the year.	
SL 10J/ RI 9J	Ensure totals (book value and statement value) of short-term investments agree to line 3 of SL/RI 1 (NB: This is for short-term investments only) and that it agrees to SL 10K/RI 9K total (column 1, line 10).	
	Ensure column 7 equals the movement between cost and current statement value for those assets acquired during the year for those assets which are still held at the year end. (In future years this will also represent the movement in statement values between year ends for those assets held for the entire year).	
SL 10K/ RI 9K	Ensure Column 1 line 10 equals SL/RI line 3 and SL 10J/RI 9J totals.	

General notes:

All investment data **must** be shown within the US Reporting Packs excluding accrued income purchased and sold. Managing agents should note that if, by virtue of non repatriation, interest is rolled up into the principal accounts of the relevant situs trust funds, these funds cannot at a later date be released from the trust fund other than via the TFMA mechanism.

Short-term investments within the reporting packs do NOT include cash or money market deposits.

Short-term investments are those with less than one year to maturity at the date of acquisition

Long-term bonds are those with one year or longer to maturity at the date of acquisition

Assets do not move between long-term and short-term as maturity approaches.

Other than in exceptional circumstances the Statement Value, Book Value and Market Value of

securities will be equal.

Book value at disposal equals cost for those assets acquired during the reporting period. For those assets owned at the end of the previous period it equals book value brought forward.

The disposal value of securities transferred out of the LDTF, CRTF and SLTF are shown at the market values prevailing on the transfer day (as are the cost of any securities transferred into these Trust Funds).

Disposals are to be matched to acquisitions in the following order:

- Purchases of the same security on the same day

- Purchases of the same security within the previous 10 days

- Purchases prior to 10 days of the disposal on a First In First Out basis.

Lloyd's Syndicate Annual US Reporting Pack – Year Ended 31 December 2011

Checklist for Managing Agents: Completion of US Surplus Lines/Reinsurance Pack

NB: The checklist has been prepared on the basis that there are no years of account in Run-off. A separate checklist has been included for the investment data

Form	Adjustment/ action required	Completed
SL/RI 0	Changes to directors/address, etc. should be made on this form, via the syndicate screen. Where an agent manages several syndicates, amendments need only be made once to the system and all jurat pages will then be updated.	
SL/RI 1	The Bonds and Short term investments figures will be allocated to the open YOAs and should agree in total to Citibank Schedule B. If you choose not to use the allocations, click on allow manual year allocations, via the syndicate screen.	
	Total Cash figure for all open YOAs should agree to Cash figure on your Citibank Schedule B (which is being sent to you directly by Citibank)	
SL/RI 2	Reserves must be calculated on the modified UK basis for all years - see market bulletin Y748 of 4 December 1997 and Patricia Hakong's letters of 16 March and 1 April 1998. These must be disclosed (at 100% in all cases) on line 1 (via SL/RI 6 and SL/RI 6a).	
	The 1995 to 2008 reserves are to be included on line 1 against the year/syndicate which has assumed the RITC (i.e.: a total figure for the pure year and its assumed year is disclosed). The reserves for the pure year and the year which has closed will be shown separately on lines 6 and 7 of SL/RI 3. They are entered via SL/RI 6a.	
	Total Net realised capital gains/losses (line 7) must agree to total figures for profit/loss on disposals of both short and long term investments as detailed on forms SL 10H/RI 9H and SL 10K/RI 9K.	
	Total unrealised capital gains/losses (line 8) must agree to the total of column 4 on forms SL 10D plus SL 10K/RI 9D plus RI 9K.	
	Both lines 7 and 8 are allocated across years using Citibank allocations (where available). If you choose not to use these allocations, click on allow changes to manually amend the allocations by year.	
	Net remittance in year (line 10) must be allocated by year of account. The total must agree to all transfers made during 2011 (including any additional transfers which may have been made after the 2011 Q3 funding date) for each open year.	
	Balance at end of quarter (line 12) must agree to assets totals for each YOA on form SL/RI 1 - and you MUST ensure that this form casts.	
	For SL packs only please ensure that reductions to the trust fund balance follow the guidance in paragraph 22 of the letter which was issued with the preliminary electronic packs (there is an on screen warning if the remaining balance will be less than 50% of the previous quarter's TFMA for any year of account).	
SL/RI 3	Any adjustments to premiums, paid losses or brokerage and commission must be made against the YOA affected, the relevant risk code, for SL relevant state and for RI appropriate reassured (via the Underwriting Adjustment screen).	
	Other than for YOAs which have closed, all figures are cumulative.	
	For detailed guidance on what should appear as regards closed years see the detailed guidance notes attached as Appendix 1 to the letter which accompanies the preliminary packs.	

Form	Adjustment/ action required	Completed
SL/RI 4	These figures should agree to the relevant data on the investment forms.	
SL/RI 5	Adjustments to premiums may be made via the Underwriting Adjustment screen.	
SL/RI 6 and 6a	Enter losses unpaid (i.e.: gross reserves) in the relevant column by line of business. This will update SL/RI 2, SL/RI3 and SL/RI 7 & 7a upon recalculation SL/RI 3. N.B.: SL/RI 6 forms are completed on a pure year basis. Unpaid losses for closed years MUST be entered on the relevant form SL/RI 6a.	
SL/RI 6a	Data on this form is calendar year only. N.B.: the losses paid figure will not necessarily agree the figure on SL/RI 3 which is net of any calendar year premiums movements.	
SL/RI 7 and 7a	Updated automatically from forms SL/RI 6 and 6a once the pack is recalculated. Adjustments to outstanding claims figures may be made via the Underwriting Adjustments screen.	
SL/RI 8 and 8a	Cumulative expense figures by YOA, other than for closed years which are calendar year movements only.	
SL 10/RI 9	Investment schedules – please see separate checklist attached	
RI 10	This form must be used to update LOC's deposited with reassureds, deferred instalments and funds withheld by reassureds. Such adjustments will feed through to lines 2a to 2c on RI 2 upon recalculating a pack.	
	Adjustments to this form should be made in \$'s (NOT \$000's) – the final form will print in \$000's. Should you wish to see the working schedule, which is in \$'s, this may be printed via the Import/Export Data menu item in the bottom left hand corner of the screen.	
SL 11	This will updated upon recalculation of the pack for any adjustments made via the Underwriting Adjustment screen.	

IN ADDITION TO THE ABOVE, MANAGING AGENTS ARE REMINDED THAT IT IS THEIR RESPONSIBILITY TO CHECK THE ACCURACY AND COMPLETENESS OF ALL INFORMATION WITHIN THE PACKS

**PLEASE REMEMBER TO KEEP ANY COPIES OF THE PACKS YOU MAY REQUIRE.
PLEASE DO **NOT** RETURN THIS SCHEDULE TO MARKET REPORTING.**

US REPORTING SCHEDULES F & P GUIDANCE NOTES YEAR ENDED 31 DECEMBER 2011

How to update the forms

Schedules F part 2, parts 3-7 and P part 1 all have a file upload facility. Details of the file format and upload procedures are at the end of this document. If you wish to manually update any records you can do so as follows;

F part 2 and parts 3-7

Select the relevant form and then click Manage Reinsurance Contracts under the Quick Links menu.

Adding a record

Click on New Contract then click on Select Reinsurer at which point a new dialogue box will appear. Under Filters enter the LORS code or other information and click on the filter icon. A list of Reassureds will appear below. Click on the radio button next to the desired reassured and press select. The dialogue box will disappear and you are now able to enter data.

You will be required to enter an ID number. This can be the same as the LORS code unless you intend entering more than one record for this reassured. In that case you will need to create your own unique ID.

Once you have completed entering data for this record click on Add Contract to save and after completing all new contracts recalculate the pack.

Amending a record

Select the record to be amended by clicking on the radio button next to it and then click Edit Selected. If you have many records click on Search Reinsurer to filter down to the record you want.

Amend the data as required then click on Update Contract. Recalculate the whole pack once you have completed amending your records.

Deleting a record

Select the record to be deleted on the radio button next to it and then click Delete Selected. Recalculate the whole pack once you have completed deleting any records.

F part 8

Select form F8 most of which is pre-populated from data within the pack itself. To update any of the data entry fields simply key in the data and click on the Recalculate button to save.

P part 1

Select P1 for the class of business for which you have data to enter. Some of the data is pre-populated but to update the remaining columns simply key in the data and click on the Recalculate button to save.

Recalculate the pack once you have updated all P part 1 forms.

P parts 2-6

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

This form is pre-populated and may only be updated by Market Finance. Please contact Market Finance if you need any data in these forms changed.

Additional Information

Click on this form then click on F & P Contents. You can then update this form by selecting or de-selecting the radio buttons as appropriate. You can also select/deselect schedule P forms for those class of businesses that are applicable to your syndicate.

Index to Schedule F – Reinsurance Ceded

- Part 2 - Portfolio Reinsurance
- Part 3 - Ceded Reinsurance
- Part 4 - Ageing of Ceded Reinsurance
- Part 5 - Provision for Unauthorised Reinsurance
- Part 6 - Provision for Overdue Authorised Reinsurance
- Part 7 - Provision for Overdue Reinsurance (Authorised over 20%)
- Part 8 - Restatement of Balance Sheet to identify net credit for ceded reinsurance

1. General

- 1.1 All parts of Schedule F must be filed with the annual statement within 60 days of the year end.
- 1.2 "Federal ID Number".
Most parts of Schedule F require that the "Federal Employer Identification Number" is reported for assuming or ceding insurers. Reinsurance intermediaries should not be listed because Schedule F is intended to identify only risk-bearing entities.
- 1.3 Use of Federal Employer Identification Number (FEIN).
The FEIN is reported for each US domiciled insurer and US branch of an alien (i.e. non-US) insurer.
- 1.4 Alien Insurer Identification Number (AIIN).
For transactions involving alien companies, the appropriate AIIN is included on Schedule F instead of the FEIN. The AIIN is assigned by the NAIC and is listed in the NAIC Listing of Companies.
- 1.5 Pool and Association Numbers.
For transactions involving pools or associations consisting of non-affiliated companies, the appropriate Pool/Association Identification Number is included on Schedule F. If a pool has been set up purely for administration purposes, and does not have an associated NAIC code, the constituent reinsurers (with NAIC codes) should be entered on Schedule F.
- 1.6 NAIC Company Code.
No NAIC Company Code is assigned to insurers domiciled outside of the US or to pools or associations. AIIN prefix AA is entered in place of the NAIC Company Code where applicable.

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

- 1.7 Domiciliary Jurisdiction.
In those parts of Schedule F requiring disclosure of the "Domiciliary Jurisdiction" for each domestic reinsurer or US branch listed, the column is populated with the state where the reinsurer maintains its statutory home office. For all non-US reinsurers, this column is populated with the country where the reinsurer is domiciled (e.g. the domiciliary jurisdiction of Lloyd's syndicates is the United Kingdom).
- 1.8 Details of FEINs, AINs, NAIC company codes and details of the domiciliary jurisdiction of reinsurers are built into the LORS code set. This has been incorporated in the Schedule F and P software as a look-up table in which details of individual reinsurers can be obtained on entry of the reinsurer's LORS code number. Agents should first attempt to obtain these details from the current LORS code set.
- 1.9 In the unlikely event that a LORS number or reinsurer is not recognised by the software, the Xchanging Services Desk (0870 380 0830) should be contacted to ensure that a code is allocated. **Recoveries from uncoded and unidentified reinsurers must not be included within Schedule F.**
- 1.10 Lloyd's syndicates.
Cessions to Lloyd's syndicates under reinsurance arrangements having an inception, amendment or renewal date on or after 1 August 1995 must be reported using the specific number of each subscribing syndicate, as listed in the alien section of the NAIC Listing of Companies. Such syndicates should be listed individually under Authorised Insurers - Lloyd's Syndicates.
Cessions on or after 1 August 1995 to syndicates for which an identification number does not appear in the NAIC Listing of Companies should be reported, on an aggregated basis, under Unauthorised Insurers - Lloyd's Syndicates, using the collective number AA - 1123000.
- 1.11 Dates.
All dates in Schedule F must be in the format MM/DD/YYYY. For example the date 7 June 2011 should be reported as 06/07/2011.
- 1.12 Aggregation of reinsurers.
The aggregation of reinsurers (except for certain Lloyd's syndicates as detailed in paragraph 1.10 above) is not permitted in any of Parts 2 to 7. All companies must be identified.
- 1.13 Determination of Authorised Status.
The determination of the authorised or unauthorised status of an insurer or reinsurer listed in any part of Schedule F is based on the status of that insurer or reinsurer in the State of New York. The NYDFS publishes (at least annually) a list of authorised reinsurers (i.e. licensed reinsurers or reinsurers which are accredited for credit for reinsurance purposes). Under New York law, cedants are allowed to take credit for reinsurance ceded to such reinsurers. Credit is also allowed under New York law for reinsurance which is ceded to an insurer which is not licensed or has no approved status in the State of New York but only to the extent that the reinsurance liabilities owed to the cedant by the reinsurer are secured by a letter of credit or a Regulation 114 trust agreement or similar collateral. The NAIC Listing of Companies supplied by

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

Lloyd's (referred to in paragraph 1.4 above) will contain details of whether each company is authorised by NYDFS.

- 1.14 Schedule F, Parts 2 to 8, must be completed separately for the SLTF and CRTF business, for all years combined. The SLTF and CRTF forms must be included within the notarised Annual US Situs trust fund reporting packs.
- 1.15 The software has been designed to facilitate the input of all data in dollars rather than round thousands of dollars for all forms: the software will perform the calculation of round thousand information where this needs to be reported on a particular form (i.e. Parts 3, 4 and 5).

2. Schedule F - Part 2: Premium Portfolio Reinsurance

Instructions to upload data to this form via csv files are at the end of this document. To enter data manually, after selecting the F&P pack click on F-2 form then click on Manage Reinsurance Contracts under Quick Links.

Click on New Contract, then Select Reinsurer. A new dialogue box will appear. Enter the LORS code or other information and click on the filter icon. A list of reassureds will appear. Click the radio button next to the desired reassured then click select. Fill in the applicable cells including Reference ID (this can be the LORS code if you will only be using this for one record) and then click Add Contract.

To Amend a record click on the radio button next to it and then click Edit Selected. Make your changes and then click on Update Contract.

To Delete a record click on the radio button next to it and then click Delete Selected.

- 2.1 This schedule should list by portfolio, i.e. by individual policy, any original premiums and reinsurance premiums for portfolio reinsurance transactions effected or cancelled during the year. Unlike Schedule F, Parts 3 to 7, where separate entries need to be made at reinsurer rather than policy level, Part 2 needs to show details of individual reinsurance policies where 100% reinsurance has been assumed or ceded.
- 2.2 Portfolio reinsurance is the transfer of the entire liability of an insurer for in-force policies in respect of a described segment of the insurer's business. Portfolio reinsurance therefore includes 100% quota share of a defined part of a syndicate's business, including the "closing" of a syndicate into another syndicate or an outwards reinsurer. For the avoidance of doubt, the closing of a predecessor underwriting year into a successor underwriting year of the same syndicate does **not** need to be included on this form. The 100% facultative reinsurance of single risks should also be excluded from this form.
- 2.3 Reasonable estimates may be used to allocate reinsurance ceded and assumed by portfolio by trust fund.
- 2.4 Where a syndicate has assumed the reinsurance to close of another syndicate, each

**US REPORTING GUIDANCE NOTES
ELECTRONIC "AGENT FRONT END" SYSTEM
YEAR ENDED 31 DECEMBER 2011**

of the trust funds' shares of the reinsurance to close premium received should be disclosed in Column 3. There is no need to complete any details of 'Original Premium' in Column 2 for such business.

3. Schedule F - Part 3: Ceded reinsurance

- 3.1 This form is the basic source of information on reinsurance ceded. It shows both premiums ceded and reinsurance recoverable for each outward reinsurer.
- 3.2 Please complete this form in whole dollars. The software will automatically round to thousands of dollars.
- 3.3 If a syndicate has amounts reported for any of the following required groups, it must report the subtotal amount of the corresponding group. The software automatically generates these subtotals.

<u>Group</u>	<u>Line Number</u>
Total Authorised - Lloyd's syndicates	0199999
Total Authorised - Affiliates	0499999
Total Authorised - Other	0899999
Total Authorised	0999999
Total Unauthorised - Lloyd's syndicates	1019999
Total Unauthorised - Affiliates	1499999
Total Unauthorised - Other	1799999
Total Unauthorised	1899999
 Totals	 9999999

All reinsurance transactions placed with a reinsurance company, which is either the holding company of the managing agent of a syndicate or another company within the same group, should be disclosed under affiliates. Reinsurance transactions with Lloyd's syndicates in the same group should not be classified as affiliates.

- 3.4 Reinsurance contracts ceding 75% or more of direct premiums written – unnumbered column.
Each individual contract, except those listed below, which provides for the cession of 75% or more of direct premiums written under such cession during the year, should be identified by inserting '2' in this column. In order to do this, the software provides the facility for agents to enter a 'Y' for yes where this situation applies and '2' will automatically be generated in this column. The reinsurance transactions so identified shall include both treaty and facultative cessions of direct business written by the company.

Entries in this column, headed "Reinsurance contracts ceding 75% or more of direct premiums written", should exclude-:

- Inter-company reinsurance transactions with affiliates.

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

This has been defined by the NAIC as all reinsurance transactions placed with a reinsurance company, which is either the holding company of the managing agent of a syndicate or another company within the same group, and should be disclosed under affiliates. Reinsurance transactions with Lloyd's syndicates in the same group should not be classified as affiliates.

- Reinsurance transactions involving captive insurance companies.

Where there is more than one reinsurance contract with a particular reinsurer, the 75% rule in relation to direct business refers to the total underlying direct business covered by the reinsurer rather than the business covered on a contract by contract basis.

- 3.5 Reinsurance premiums ceded - column 1.
The data required is for the **calendar year** and relates to premiums ceded net of any commissions received. **Syndicates should follow their normal accounting policies with regards to adjustment for accrued reinsurance premiums.** Syndicates should therefore check that the total of this column reconciles with the total calendar year movement for reinsurance ceded for SLTF and CRTF business per the underlying accounting records which are used to produce the QMA and the Syndicate Accounts.
- 3.6 Reinsurance recoverable on paid losses - column 2.
Lloyd's syndicates do not currently account for loss adjustment expenses separately. This represents amounts recoverable on paid losses, including loss adjustment expenses, **recoverable at the balance sheet date** (i.e. reinsurance accruals). Reinsurance recoverable should be reported net of any bad debts written off and gross of any reinstatement premiums payable by the syndicate as a consequence of making the reinsurance recovery: such reinstatement premiums payable should be included in column 6 - ceded balances payable.
- 3.7 Reinsurance recoverable on outstanding losses - column 3.
This column represents reinsurance recoverable on all outstanding losses at the balance sheet date. This must be completed in respect of all years of account including naturally open years. Reinstatement premiums payable in respect of reinsurance recoveries on outstanding claims should be netted off against the recoveries reported in column 3.
- 3.8 Reinsurance recoverable on IBNR losses - column 4.
This column must be completed in respect of all years of account, including naturally open years. Reinstatement premiums payable in respect of reinsurance recoveries on IBNR claims should be netted off against the recoveries reported in column 4. If necessary, a reasonable estimate can be used in order to allocate reinsurance recoverable on IBNR between individual reinsurers and between the two US Situs trust funds.
- 3.9 Column 5.
This represents the subtotals of columns 2 through to 4 and is automatically

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

calculated by the software.

- 3.10 Reinsurance payable: ceded balances payable - column 6.
These amounts represent all ceded premiums payable to the reinsurer at the balance sheet date, e.g. original premium instalments, exposure or experience based premiums, reinstatement premiums except reinstatements on outstanding claims and IBNR as in accordance with paragraphs 3.7 and 3.8. Amounts should only be included in this column to the extent that they may be offset against reinsurance recoverable as reported in column 5 (i.e. where there is a right of set-off within the reinsurance contract).
- 3.11 Reinsurance payable: other amounts due to reinsurers - column 7.
This is a "miscellaneous" account and should include amounts due to reinsurers other than premiums, such as commission or profit sharing adjustments, subrogation recoveries, return of collateral no longer required and so on. It should exclude funds held by the syndicate under reinsurance treaties which are included in column 9. Amounts should only be included in this column to the extent that they can be offset against reinsurance recoverable as reported in column 5.
- 3.12 Net amounts recoverable from reinsurers - column 8.
These amounts, which represent the net sum of all preceding columns other than ceded premiums, are the net amounts recoverable from each reinsurer and should include all offsets to the extent that they are allowable or appropriate. **This must not be less than zero. The software will make this restriction automatically, so lines will not add across where restrictions apply.**
- 3.13 Funds held by syndicate under reinsurance treaties - column 9.
Please include any amounts held under reinsurance treaties, including premiums and claims reserves. For the purpose of completing this form, reinsurance treaties include both proportional and non-proportional treaties.
- 3.14 Reinsurance recoveries on reinsurance to close assumed from another syndicate should be reported, by reinsurer, together with all other reinsurance recoveries in each of the relevant categories of reinsurer. Reinsurance premiums ceded in the calendar year in respect of such a closed year of account should be included in Column 1.
- 3.15 Reciprocal reinsurance arrangements, including quota share reciprocal arrangements.
Where a syndicate has entered into a reciprocal reinsurance arrangement with a reinsurer, including quota share reciprocal arrangements, the gross amount due from the reinsurer should be disclosed in columns 2 to 4 as appropriate. An example of this is where the reinsurer retrocedes 50% of the amount originally reinsured by the syndicate back to that syndicate. If reinsurance recoveries due back from the syndicate to the reinsurer can be offset against the recoveries due from the reinsurer to the syndicate according to the terms of the reinsurance contract, these should be reported in column 7.
- 3.16 Treatment of Outstanding Claims Advices (OCAs).

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

OCA's in respect of which the syndicate has received cash at the reporting date should be netted off against the recoveries on paid or outstanding claims to which they relate. The net recovery should be disclosed in column 3 or 4 as appropriate. For the avoidance of doubt, where an OCA facility exists but no cash advance has yet been received, no entry should be made in the Schedule F forms for the facility.

- 3.17 'Swing-rated' (loss sensitive) contracts written by the syndicate. Where a syndicate has written swing-rated contracts, additional premiums payable by the insured consequent upon the payment of claims by the syndicate are sometimes treated as reinsurance recoveries in the accounting records of the insuring syndicate. Since these additional premiums receivable by the syndicate are not true reinsurance recoveries, they should not be reported as reinsurance recoveries receivable for Schedule F reporting purposes.

4. Schedule F - Part 4: Ageing of ceded reinsurance

- 4.1 The point at which the ageing process commences for the purpose of completing this form is the date of issue of the collection note.
- 4.2 Recoverable losses less than \$50,000 from a particular reinsurer. Where the reinsurance agreement does not specify any timing and the recoverable losses are less than \$50,000 as to a particular reinsurer, amounts should be reported as current (column 1). If, however, they appeared in prior years' statements and have still not been collected, they become more than 120 days overdue and must be reported in column 5. The figure appearing in column 5 is calculated by the software and is the difference between the total of F Part 4 columns 1 to 4 and the figure appearing in F Part 3 Paid Losses (including LAE).
- 4.3 Please complete this form in whole dollars. The software will automatically round to thousands of dollars.
- 4.4 The total of column 7 on this form will agree to the total of column 2 on Schedule F, Part 3, being automatically fed through by the software.
- 4.5 Columns 8 & 9. Percentages in the subtotal and total lines should be derived from subtotal and total data.

5. Schedule F - Part 5: Provision for unauthorised reinsurance

- 5.1 Full credit for reinsurance is obtained only if all reinsurance balances are secured, the payment record is current and the amounts are not disputed. Broadly the provision for unauthorised reinsurance equals: -

The smaller of the total amount recoverable - column 1 (A) or the net recoverable - column 7 (B) plus the smaller of (A-B) or 20% of "recoverable paid losses over 90 days past due not in dispute" (C), plus the smaller of (A-B) or 20% of "amounts in dispute" (D).

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

- 5.2 Please complete this form in whole dollars. The software will automatically round to thousands of dollars.
- 5.3 Column 1 - reinsurance recoverable, all items Schedule F, Part 3, column 5. This is the net amount as shown in the unauthorised section of column 5, Schedule F, Part 3, being automatically fed through by the software.
- 5.4 Column 2 - Funds held by the syndicate under reinsurance treaties. These are the same amounts as included in the unauthorised section of column 9, Schedule F, Part 3, being automatically fed through by the software.
- 5.5 Column 3 - Letters of Credit (LoCs). This column should include any LoCs issued by reinsurers in favour of the syndicate where the facility has not yet been drawn down upon. If a LoC has been drawn down upon, the amount drawn down should be netted off against the reinsurance recovery to which it relates and the net recovery should be reported in Schedule F, Part 3, column 2 or 3 as appropriate.
- 5.6 Column 4 - Ceded balances payable & Column 5 - Miscellaneous balances. Offsets should be included in columns 4 and 5 to the extent that they are allowable or appropriate. These will also agree with the unauthorised section of Schedule F, Part 3, columns 6 and 7 respectively, being automatically fed through by the software.
- 5.7 Column 6 - Other allowed offset items. This should include any collateral other than funds withheld by the cedant or LoCs issued by the reinsurer. For example, trust account balances and other acceptable securities such as Regulation 114 trusts should be included in this column.
- 5.8 Column 7. This relates to the sum of columns 2 to 6 but must not exceed the amounts reported in column 1. These figures will be derived automatically.
- 5.9 Column 8. This subtotal should not be less than zero and is derived automatically.
- 5.10 Column 9 - recoverable paid losses over 90 days past due not in dispute. This column represents all amounts over 90 days due which are not in dispute.
- 5.11 Column 11 - Smaller of column 7 or column 10. Amounts in this column are derived automatically and should never be less than zero.
- 5.12 Column 13 - Total provision for unauthorised reinsurance. If the syndicate's experience indicates that a higher amount should be provided, then this higher amount should be provided. Amounts in this column should never be less than zero.
- 5.13 For the purpose of completing this form, amounts 'in dispute' are losses in dispute by reason of notification, arbitration or litigation. "Notification" means a formal written

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

communication from a reinsurer denying the validity of coverage.

- 5.14 Footnote 1 must include all reinsurance recoverables from unauthorised reinsurers which are in dispute and Footnote 2 must include such amounts in dispute which are over 90 days old.

6. Schedule F - Part 6: Provision for overdue authorised reinsurance

- 6.1 Please complete this form in whole dollars.
- 6.2 This form has a similar purpose to Part 5. It is intended to provide an analysis of the current performance of most authorised reinsurers against historical payment performance. The authorised reinsurer's payment record is measured by the proportion which overdue payments (i.e. over 90 days old) bear to the receipt of payments within the past 90 days and total remaining recoverables on paid losses. If that proportion is less than 20%, then a 20% provision is calculated against both overdue amounts and ceded amounts.
- 6.3 This form should therefore be completed for all authorised reinsurers having paid loss recoverable balances more than 90 days overdue as reported on Schedule F, Part 4. Reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute by reason of notification, arbitration or litigation should be excluded from columns 1 and 2. "Notification" has the meaning defined in paragraph 5.13 above. Amounts excluded must be disclosed in Notes A and B.
- 6.4 The total of column 1 should equal Schedule F, Part 4, columns 4 and 5, Total Authorised x 1000 less the amount in Note (a) for each reinsurer shown.
- 6.5 The total of column 2 will equal Schedule F, Part 3, column 2, Total Authorised x 1000 less the amount in Note (b) for each reinsurer shown, being automatically fed through by the software.
- 6.6 Column 3 - amounts received prior to 90 days.
Recoveries paid by the reinsurer in the last 90 days should be included in this column.
- 6.7 If the syndicate's experience indicates that a higher amount should be provided in column 8, this higher amount should be entered. The total of column 8 will be carried to Schedule F, Part 7, line 4 automatically by the software.
- 6.8 Column 4 - column 1 divided by (columns 2 + 3).
If 20% or more, the reinsurer will be reported on Schedule F, Part 7.

7. Schedule F - Part 7: Provision for overdue reinsurance

- 7.1 Please complete this form in whole dollars.
- 7.2 This schedule has two purposes. First, it calculates a provision for overdue

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

reinsurance for those authorised reinsurers where the overdue recoverables are greater than 20% of total recoverables and recent payments. For these companies, an offset analysis similar to that for unauthorised companies is performed and a specific provision is calculated equal to 20% of the greater of the amounts recoverable over 90 days or the total recoverable, including paid losses, not secured or offset. Thus, if more than 20% of an authorised reinsurer's current overall claims relationship with a syndicate is more than 90 days overdue it is treated in a manner similar to an unauthorised reinsurer. The syndicate should make an additional provision if the syndicate's experience indicates that a higher amount should be provided.

- 7.3 The second purpose of this schedule is to add the provisions calculated in Parts 5, 6 and 7 to create a total statutory provision for reinsurance recoverable.
- 7.4 Column 1 - reinsurance recoverable all items.
This will agree to Schedule F, Part 3, column 5 x 1000 (for each reinsurer shown), being automatically fed through by the software.
- 7.5 Column 2 - Funds held by syndicate under reinsurance treaties.
This will agree to Schedule F, Part 3, column 9 x 1000 (for each reinsurer shown), being automatically fed through by the software.
- 7.6 Column 3 - Letters of Credit (LoCs).
This column should include any LoCs issued by reinsurers in favour of the syndicate where the facility has not yet been drawn down upon. If the LoC has been drawn down upon, the amount drawn down should be netted off against the reinsurance recovery to which it relates and the net recovery should be reported in Schedule F, Part 3, column 2 or 3 as appropriate.
- 7.7 Column 4 - Ceded balances payable.
This will agree to Schedule F, Part 3, column 6 x 1000 (for each reinsurer shown), being automatically fed through by the software.
- 7.8 Column 5 - Other miscellaneous balances.
This will agree to Schedule F, Part 3, column 7 x 1000 (for each reinsurer shown), being automatically fed through by the software.
- 7.9 Column 6 - Other allowed offset items.
This will include any permissible items not included in columns 2, 3, 4 or 5.
- 7.10 Line 3 - Line 1 x Line 2.
If the syndicate's experience indicates that a higher amount should be provided, this higher amount should be entered.

8. Schedule F - Part 8: Balance Sheet restatement

- 8.1 Please complete this form in whole dollars. Most of the data on this form will be pre-populated by the main pack once you have completed the relevant forms and recalculated it. The cells that you may enter data in on this form are as follows;

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

Column 1

- Row 2 – Premiums and considerations
- Row 9 – Taxes, expenses and other obligations
- Row 13 – Amounts withheld or retained for account of others
- Row 15 – Other liabilities

Column 2

- Row 5 – Other assets
- Row 9 – Taxes, expenses and other obligations
- Row 15 – Other liabilities

- 8.2 This schedule restates the balance sheet on a gross basis by adjusting the effect of ceded reinsurance on each line item and provides insurers' gross leverage and dependence upon outwards reinsurance. It therefore also provides an indication of the potential amount available which could be credited for reinsurance ceded.
- 8.3 Column 1 shows the amounts currently reported in the individual trust funds. The assets and liabilities reported for the situs trust funds should agree with those reported in the Assets and Gross Liabilities and Reconciliation of Movements in Trust Fund within the main body of the US situs trust fund reporting packs.
- 8.4 Column 2 shows the adjustment for the credit allowed for reinsurance ceded, net of bad debt provisions as calculated in Schedule F, Parts 5 to 7.**
- 8.5 Column 3 represents the balances after taking account of the credit on allowable reinsurance recoverable on paid losses and on outstanding losses.
- 8.6 Line 2: Agents' balances or uncollected premiums.
This asset will be reduced in Column 2 by the ceded reinsurance premiums payable offset against reinsurance recoverable in Schedule F, Part 3, Column 6 x 1000.
- 8.7 Line 3: Funds held by or deposited with reassureds.
CRTF balances will agree to the main US reporting pack, form RI 2 line 2c.
- 8.8 Line 4: Reinsurance recoverable on loss and LAE payments.
An asset will be inserted in Column 2, being the total reinsurance recoverable on paid losses and loss adjustment expenses as shown in Schedule F, Part 3, Column 2 x 1000.
- 8.9 Line 5: Other Assets.
SLTF balances will agree to the main US reporting pack, form SL 1 line 6.
- 8.10 Line 8: Losses and loss adjustment expenses.
This liability will be reduced in Column 2 by the amount recoverable from reinsurers on outstanding losses and IBNR, as reported in Schedule F, Part 3, Columns 3 and 4 x 1000 for the situs trust funds. Column 1 balances will agree to the main US reporting packs form SL/RI 2 line 1.

US REPORTING GUIDANCE NOTES
ELECTRONIC "AGENT FRONT END" SYSTEM
YEAR ENDED 31 DECEMBER 2011

- 8.11 Line 12: Funds held by company under reinsurance treaties.
This liability will be increased in Column 2 by the amount shown in Schedule F, Part 3, Column 9 x 1000.
- 8.12 Line 14: Provision for reinsurance.
The provision for reinsurance calculated in Schedule F, Part 7, Column 9 will be included as a liability in Column 2.
- 8.13 Where applicable, other assets in Line 5 will be reduced and liabilities in Lines 9, 13 and 15 adjusted (the agent needs to decide this split) as appropriate for miscellaneous amounts due to reinsurers, offset against reinsurance recoverable in Schedule F, Part 3, Column 7 x 1000.
- 8.14 Line 17: Surplus as regards policyholders.
Column 1 will include the amount that is required to be transferred (to)/from the trust fund per the Gross Liabilities and Reconciliation of Movements schedule within the main US reporting pack.
Column 2 should include the net of all reinsurance adjustments to the balance sheet, being a balancing figure.
- 8.15 The following lines will agree to the main US reporting pack as follows:

Schedule F part 8

Line 1 Column 1	Main US pack SL/RI 1 line 5, all years
Line 3 Column 1	Main US pack RI 2 line 2c, all years
Line 5 Column 1	Main US pack SL 1 line 6, all years
Line 5 Column 1	Main US pack RI 1 line 6 all years + RI 2 lines 2a + 2b, all years
Line 8 Column 1	Main US pack SL/RI 2 line 1, all years
CRTF Line 17 Column 1	Main US pack RI 2 line 14 all years less LATF Reserve
SLTF Line 17 Column 1	Main US pack SL 2 lines 1 minus 2 plus 14 all years less LATF Reserve

In addition Line 8, Column 1 should agree with Schedule P, Part 1 Summary Line 12, Column 19.

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

SCHEDULE P

1. General

- 1.1 Schedule P, as adapted for Lloyd's syndicates, includes the following parts:
- Part 1 - Detailed information on losses
 - Part 2 - History of incurred losses
 - Part 3 - History of loss payments
 - Part 4 - History of incurred but not reported reserves
 - Part 6 - History of premiums signed
 - Additional information
- 1.2 Schedule P is intended to display a summary containing 10 years of historical data for all lines of business. For Lloyd's syndicates, data for the 1993-2001 years of account must be reported on form P part 1, line 1 (prior) by class of business.
- 1.3 All parts of Schedule P must be filed with the annual statement, within 60 days of the year-end, as part of the notarised packs.
- 1.4 Signed premium is stated on a year of account basis gross of brokerage and commission and is automatically populated by the software.
- 1.5 Losses incurred will be assigned to the year of account to which the premium was assigned for the contract covering the loss and is automatically populated by the software. Where a syndicate has assumed the reinsurance to close of another syndicate the premium received and the liabilities assumed will be included in the Schedule P returns (Parts 1, 2, 3, 4 and 6) for the main syndicate.
- 1.6 All Parts of Schedule P must be reported in \$000s.
- 1.7 **The various Parts of Schedule P should be completed for the same lines of business as the Underwriting and Investment Exhibits within the existing SLTF and CRTF Reporting Packs, namely:**
- Ocean marine
 - Other accident and health
 - Other liability
 - Auto physical damage
 - Aircraft (all perils)
 - Goods in transit
 - Property
 - Pecuniary loss
- 1.8 For all Parts of Schedule P, gross information only should be completed for CRTF and SLTF business.
- 1.9 The gross reserves included in all parts of Schedule P for CRTF business should be stated before deducting any of the allowable deductions in the Gross Liabilities and

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

Reconciliation of Movements schedule, i.e. before deducting Letters of Credit deposited, deferred instalments and funds withheld by reassureds.

1.10 The software will not allow agents to amend prior years' data within parts 2 to 6.

2. Schedule P: Part 1 - Detailed information on losses

2.1 The forms for gross CRTF and SLTF business need only show data within the columns showing gross figures, i.e. columns 2, 5, 9, 11, 13, 15, 15g, 17, 19, 23, 26 and 8 and 21 where applicable.

2.2 Premiums signed, losses paid and losses unpaid (in columns 2, 5 and 9) are pre-populated and will agree to the data in the main pack. Incurred losses (in column 19) should agree with the amounts reported in the main packs as set out in paragraph 2.11 below. Premiums signed will be reported gross of brokerage and commission, in order to agree with premiums reported in the rest of the US reporting packs, and will include any adjustments made at the reporting date. The working papers setting out reinsurance adjustments and other reconciling items, such as RITC from other syndicates excluded, should be available on request for examination by the NYDFS. Reserves should also be consistent with the reserves reported for solvency purposes on form QMA223 within the syndicate return.

"Direct" means business which is directly written.

"Assumed" means reinsurance business assumed.

"Ceded" means reinsurance ceded on business so reported as direct or assumed.

2.3 Report cumulative amounts paid or received for specific years of account.

2.4 For Schedule P reporting purposes, the NYDFS requires syndicates to reserve for SLTF and CRTF business using the 'modified UK basis of reserving'. This method of reserving is explained in the market bulletin entitled 'US Reporting: Modified UK Basis of Reserving' (reference **Y748** issued 4th December 1997). This bulletin should be read in conjunction with these instructions when completing Schedule P.

2.5 Under this basis of reserving, the IBNR element of reserves must be based on ultimate premiums net of commission and brokerage (i.e. signed premiums plus an estimate of unsigned premiums) as estimated for each year of account at the end of each development year. However, where an element of that premium is unearned, the NYDFS requires that the ultimate loss ratio applied to premium net of commission and brokerage is no less than 100% in order that profits are not treated as earned before the actual premiums have been earned. Where a syndicate has calculated reserves based on an ultimate loss ratio of less than 100%, it will be necessary to calculate an additional IBNR bringing reserves on the unearned proportion of premium income (net of brokerage and commission) up to 100%. The gross of reinsurance element of this additional IBNR should be included in column 13. This additional IBNR must bring reserves on unearned premiums in total (i.e. for all classes of business combined) to at least 100%. Thus, there can be some 'cross subsidisation' of this adjustment between classes of business. For example, if one class is reserved at 130% and another at 75%, the IBNR in excess of the 100% level

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

on the unearned premium for the class reserved at over 100% can be used to offset the need to create additional IBNR on unearned premium for the class of business reserved at only 75%.

- 2.6 The element of ultimate gross premiums (net of brokerage and commission) which has not yet been signed through Xchanging at the date of the return should be included in column 15. This amount will be deducted from the other elements of reserves in arriving at total gross unpaid liabilities in column 19. In allowing reserves to be reduced by the level of unsigned premiums, however, the NYDFS was concerned to ensure that Lloyd's syndicates do not under-reserve by effectively taking full credit for any anticipated profits on earned, unsigned premium before it is certain that such premium will actually be received. Lloyd's syndicates are therefore required to set up a bad debt provision of no less than 25% of the earned, unsigned premiums (net of commission and brokerage), the gross of reinsurance element of which should be included in column 17. This provision of at least 25% of earned, unsigned premiums must be created regardless of the level of the loss ratio applied to ultimate premiums. In addition, the NYDFS has indicated that it will not be acceptable to reserve earned, unsigned premiums across all classes of business at less than 100%, including the 25% minimum provision referred to above. So where a syndicate has applied a loss ratio of less than 75% to earned, unsigned premiums, it will be necessary to create a provision of 100% minus the ultimate loss ratio as a minimum in column 17. This provision is added into the calculation of total unpaid liabilities. As with the additional IBNR on unearned premiums, the provision on earned, unsigned premiums applies to all classes of business combined, rather than each individual class of business, so there can be some cross subsidisation of provisions between individual classes of business.
- 2.7 Reinstatement premiums and other premiums receivable under 'swing-rated' (loss sensitive) contracts which are as yet unsigned must be included in unsigned premiums calculations rather than being netted off against outstanding claims. The adjustments in columns 15 and 17 will therefore be inclusive of adjustments on unsigned reinstatement premiums.
- 2.8 Columns 8 and 21, concerning salvage and subrogation recoveries received and anticipated, should only be completed when salvage and subrogation recoveries are material, i.e. where they amount to 10% or more of gross paid or outstanding claims. In this case, the appropriate box should be marked as 'yes' in the additional information form and salvage and subrogation should be completed for all classes of business. These are memorandum columns only which are not added into any of the total columns and therefore paid and outstanding losses should be stated net of any salvage and subrogation recoveries.
- 2.9 Column 19 is equal to Column 9 + Column 11 + Column 13 - Column 15 + Column 17. The total unpaid liabilities in Column 19 within the summary must agree with the actuarially certified reserves for all classes of business combined as reported in line 1 of form SL / RI 2 within the main US reporting pack.
- 2.10 Column 23 is equal to Column 5 + Column 9 + Column 11.

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

Column 26 is equal to Column 23 / (Column 2 + unsigned premiums gross of brokerage and commission: a separately input figure in input field '15g' within the software on the Schedule P, Part 1 form).

Unsigned future premiums gross of brokerage and commission should be entered in column 15g being the equivalent of column 15 but gross of brokerage and commission.

- 2.11 The following lines should agree to Schedule F and the main US reporting pack.

Schedule P Part 1

Part 1 Column 19, Line 12	F Part 8, Line 8 Column 1
Part 1A etc column 2 for each yoa and class of business for each yoa at 36 months or prior stage of development.	Main US pack SL/RI 5 line 1 etc for each yoa at 36 months or prior stage of development - lines as appropriate for each class of business.
Part 1 Column 19, for each yoa at 36 months or prior stage of development.	Main US Pack SL/RI 6 line7 column 2, for each yoa at 36 months or prior stage of development.
Part 1A etc column 9 for each yoa at 36 months or prior stage of development and each class of business.	Main US pack SL/RI 7 column 1, for each yoa at 36 months or prior stage of development, lines as appropriate for each class of business.
Part 1A etc columns 19 for each yoa at 36 months or prior stage of development and each class of business.	Main US pack SL/RI 7 Column 3, for each yoa at 36 months or prior stage of development - lines as appropriate for each class of business.

3. **Schedule P: Part 2 - History of incurred losses**

- 3.1 Schedule P, Part 2, displays losses incurred data reported in Schedule P, Part 1, of the current and prior years. The schedule format provides a loss development overview to test the adequacy of the insurer's reserves.
- 3.2 Incurred losses are cumulative paid losses plus outstanding claims plus IBNR at the relevant development stage for the particular year of account.
- 3.3 Incurred losses should reflect the ultimate loss envisaged for each syndicate year of account, and should agree with Schedule P, Part 1, Columns 19 and 5.
- 3.4 Columns 12 and 13 - Development
These columns are derived automatically and represent the one and two year development figures.

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

4. Schedule P: Part 3 - History of incurred loss payments

4.1 Schedule P, Part 3, displays losses paid data reported in Schedule P, Part 1, of the current and prior years. The schedule format establishes payment patterns for cash flow projections and actuarial projections.

5. Schedule P: Part 4 - History of incurred but not reported reserves

5.1 Schedule P, Part 4, shows the historical IBNR reserves as reported and agrees with Schedule P, Part 1, Column 11, for the appropriate year of account. It does not show the development of these reserves, and it will not, by itself, provide a test of the adequacy of these reserves. A test of the adequacy of these reserves can be obtained by one of several actuarial techniques, usually based on premium volume or the incurred amounts in Schedule P, Part 2.

5.2 The IBNR reserves are intended to include reserves for incurred but not reported claims, for reopened claims, for development on case reserves of reported claims, and for aggregate reserves on newly reported claims without specific case reserves. The IBNR reserves should equal the IBNR reserves reported in Schedule P, Part 1, Column 19 minus Column 9.

6. Schedule P: Part 5 - History of cumulative claim numbers

6.1 Part 5 of Schedule P does not apply to Lloyd's syndicates.

7. Schedule P: Part 6 - History of premiums signed

7.1 The objective of this form is to show the development of premiums on a consistent basis with loss development.

7.2 The premiums to be reported are cumulative signed premiums for each relevant year of account at each year end stage. Gross premiums signed should be included in Part 6, Section 1. There is no need to report reinsurance premiums ceded for SLTF or CRTF business and therefore Part 6, Section 2, should be left blank.

7.3 Gross premiums should include any adjustments to the main US pack at the relevant year end stages and should agree with the amounts reported in Schedule P, Part 1, Column 2, for the latest year end stage.

7.4 Column 12 shows the calendar year movement in premiums signed and is derived automatically.

8. Schedule P: Additional Information

8.1 Agents should indicate on this form:

- i) Whether salvage and subrogation recoveries are material, i.e. whether they amount to 10% or more of gross paid or unpaid losses.

US REPORTING GUIDANCE NOTES ELECTRONIC "AGENT FRONT END" SYSTEM YEAR ENDED 31 DECEMBER 2011

- ii) Whether the syndicate has accepted the RITC of another syndicate.

Completing electronic packs for submission to Overseas Reporting

Once you have updated the packs as far as possible, eliminating all errors and verifying, where required, all warnings, you must lock it to finalise it. You should ensure that both packs have been completed, eliminating errors and positively verifying warnings as appropriate, before you can lock both packs. To lock them you simply need to click the Lock button on each pack.

US REPORTING GUIDANCE NOTES ELECTRONIC "AGENT FRONT END" SYSTEM YEAR ENDED 31 DECEMBER 2011

IMPORTING DATA TO SCHEDULES F & P RETURN

There is a facility in the software to import (and export) data to csv. To access this facility click on the Import/Export Data menu option under Reference Data in the bottom left hand corner of the screen. To download data to a CSV file click on the file name within the Export menu. You will then have the option to open or save the output file. To import a file click on the Browse button under Import and locate the file on your network drive. Select the file type that you are uploading and then click on Import at the top of the screen under Actions. A message advising of the successful or failed upload will appear in the Import Log.

Instructions on the format and naming of the files for the relevant parts of the return are below.

Importing data to Schedule F Part 2

The data must be in a file named with the extension is CSV, (e.g. FP??7777F.CSV) where '??' is SL or RI (to indicate the Trust Fund), 7777 is the syndicate number and 'F' indicates that the file contains data for loading in the following format. Each line in this file contains details which can be entered on screen and must be in the format:

"Syndicate",
"Fund code", ("SL" or "RI")
"Unique reference", (maximum 10 characters)
"LORS code",
"Band" (e.g. "0199999"),
"Date of Contract", (YYYYMMDD),
Original Premium,
Reinsurance Premium

Notes:

NB: The data will completely overwrite all data for these forms for any trust fund with records included in the data file.

The system processes this file and places the amount into the forms, exactly as if it had been manually entered.

A report is available showing the action taken on each item in the import file.

After running this import procedure, you should review the Return to ensure that the updated forms are as required.

US REPORTING GUIDANCE NOTES

ELECTRONIC "AGENT FRONT END" SYSTEM

YEAR ENDED 31 DECEMBER 2011

Importing data to Schedule F Parts 3 to 7

The data must be in a file named with the extension is CSV, (e.g. FP??7777P.CSV) where '??' is SL or RI (to indicate the Trust Fund), 7777 is the syndicate number and 'P' indicates that the file contains reinsurer data for loading in the following format. Each line in this file contains details which can be entered on screen and must be in the format: (All amounts in dollars, not thousands)

"Syndicate",

"Fund code", ("SL" or "RI")

"Unique reference", (maximum 10 characters)

"LORS code",

##Part 3, Reinsurance contracts ceding 75% or more of Direct Premiums Written,

Part 3, Reinsurance Premiums Ceded,

Part 3, Paid Losses including LAE,

Part 3, Outstanding Losses,

Part 3, IBNR,

Part 3, Ceded Balances Payable,

Part 3, Other Amounts Due to Reinsurers,

Part 3, Funds Held by Syndicate Under Reinsurance Treaties,

Part 4, Current,

Part 4, 1 to 29 days,

Part 4, 30 to 90 days,

Part 4, 91 to 120 days,

Part 5, Disputed amounts included in Reinsurance recoverable All Items,

Part 5, Letters of Credit, (Figure also used for Part 7 Letters of Credit)

Part 5, Other Allowed Offset Items,

Part 5, Disputed amounts excluded from Recoverable Paid Losses Over 90 Days Past Due Not in Dispute,

Part 6, Disputed amounts excluded from Part 6, Reinsurance Recoverable on paid losses and LAE more than 90 days overdue,

Part 6, Disputed amounts excluded from Part 6, Total Reinsurance Recoverable on Paid Losses and Paid LAE

Part 6, Amounts Received Prior 90 days,

Part 7, Other Allowed Offset Items

Affiliate, Yes or No

Blank or Yes

NB: The data will completely overwrite all data for these forms for any trust fund with records included in the data file.

The system processes this file and places the amount into the forms, exactly as if it had been manually entered.

A report is available showing the action taken on each item in the import file.

After running this import procedure, you should review the Return to ensure that the updated forms are as required.

US REPORTING GUIDANCE NOTES ELECTRONIC "AGENT FRONT END" SYSTEM YEAR ENDED 31 DECEMBER 2011

Importing data to Schedule P Part 1

The data must be in a file named with the extension is CSV, (e.g. FP??7777L.CSV) where '??' is SL or RI (to indicate the Trust Fund), 7777 is the syndicate number and 'L' indicates that the file contains data for loading to the losses forms in the following format. Each line in this file contains all details for a row in the format:

"Syndicate",
"Fund code", ("SL" or "RI")
"Business Code", (A-H)
"Underwriting Year",
Salvage and Subrogation Received amount,
Losses Unpaid IBNR amount,
Additional IBNR on Unearned Premiums amount,
Future Premiums amount,
Future Premiums Gross amount,
Provision on Earned Unsigned Premiums amount,
Salvage and Subrogation Anticipated amount

Prior Years

All underwriting data older for years of account older than 10 years will be posted to the Prior Years line.