

Market Bulletin

Ref: Y5156

Title	2015 Account and 2014 & Prior Run-off Syndicate Results Collection	
Purpose	To advise of the data requirements for submission of year-end results files to Market Services	
Type	Scheduled	
From	Karen Oliver, Head of Market Services Finance Contact details: +44 01634 392120	
Date	25 January 2018	
Deadline	Submission of syndicate level QMA Other Managing Agents expenses for Results	15 February 2018 2 March 2018
Related links	N/A	

This bulletin provides information regarding the collection of syndicate results in respect of the 2015 year of account.

1. Distribution System

As used in the 2017 results collection process we will be using the distribution system for the calculation of syndicate results for the 2015 Distribution year.

To confirm how we will calculate the results for you, we will use the following data from the QMA102 to calculate the standard transactions (formerly known as RA codes in the DD file)

For a 2015 syndicate, the transactions will be mapped as follows:-

DD File	DD description	QMA Form	Column	Field No	
RA01	Underwriting Result	QMA102	E	39 – 36	Balance on general business technical account minus Net operating expenses
RA02	Profit/Loss on exchange	QMA102	E	31 + 50 + 48a	Administrative expenses profit/(loss) on exchange plus OCI - Currency translation differences plus Non-technical account - profit / (loss) on exchange
RA03	Syndicate Operating Expenses	QMA102	E	29 + 32 + 34 + 48	Acquisition Costs (Other) plus Administrative Expenses (Business Arrangement Fees) plus Administrative Expenses (other) plus Non-technical account (other)
RA04	Investment gains less losses	QMA102	E	41 + 42 + 43 + 44 + 51 + 53 + 45	Gains on the Realisation of Investments plus Unrealised Gains on Investments plus Losses on the Realisation of Investments plus Unrealised Losses on Investments plus OCI Investment Return plus OCI Other Recognised Gains and Losses plus Value adjustments on investments
RA05	Investment Income	QMA102	E	40	Income from Investments
RA06	Investment Expenses	QMA102	E	46	Investment Management Charges
RA07	Brokerage & commissions	QMA102	E	27 + 28 + 30 + 35	Acquisition Costs (Brokerage & Commissions) plus Acquisition Costs (arising from a service company) plus Change in deferred Acquisition Costs plus Reinsurers' Commissions and profit participations

For 2014 and prior syndicates in run-off, we will be using the same data as above but collecting from Column B (Movement in Year).

2. Cash Collection Amounts

In addition to the above data, we will be collecting and using the following information from the QMA360 and QMA250 in respect of the cash values (RX20, RX30 and RX40, plus open year releases/cash calls RX02 & RX03). **Please note that the QMA360 for 2015 and any 2014 & prior run-offs must now reflect the amounts that would have been included within the DD files as the final syndicate level cash balances to be collected from or paid to members in the relevant currencies.**

DD File	DD description	QMA Form	Column	Field No	
RX02	Open Year Releases	QMA360	CNV	5	Distributions to members to date
RX03	Cash calls made	QMA360	CNV	4	Cash Calls made to date
RX04	Balance due to/From member	QMA360	CNV	9	Distributable Result
RX20	Sterling value due to/from members	QMA360	GBP	10	Distributable in sterling
RX30	LATF Dollars due to/from members	QMA250	USD	28	28 Balance on the LATF (26+27)
RX40	LDTF dollars	QMA360	USD	11	Distributable in US Dollars

3. Personal Expenses

Personal expenses are to be uploaded into the Distribution system using csv files separately and copies of the fields to be used and example files for the 2015 year of account distribution will shortly be uploaded into the Distribution system for information. The link to the system is <https://distribution.lloyds.com>. Go to the DOWNLOADS tab to view it (you may need to tick on SHOW DOWNLOADED if it has already been downloaded by someone at your agency).

Personal expenses, submitted in this way should not be included within syndicate expenses but must be shown separately in line 33 of the QMA102. NB Agents should also ensure that before submitting their QMA102, they have accounted for any deceased members and reduced their Managing Agents fees accordingly.

Market services will be checking the overall value of the personal expenses (less members' agents fees) against the amounts submitted for the relevant syndicate year within QMA102 line 33.

In order to assist managing agents of spread syndicates in the calculation of profit commission, we will be able to provide details of the RA values from our new system, broken down to the appropriate level. In order to do this we will require the syndicate level amounts from the QMA102 calculated in accordance with the table above, however we will not have access to the actual QMA figures until they have been agreed by Market Finance. If you do

require the apportioned results, please send your syndicate/year, RA code and amount to the Distribution team (distribution@lloyds.com) when you know the final QMA figures and we will return the apportioned figures to you via spreadsheet.

In order to reduce the number of returns required from managing agents we no longer require a separate audit for the results data, however as previously mentioned we will be checking that the personal expenses submitted within the member level file agrees to the audited syndicate total submitted on QMA102 line 33.

4. Cash calls on Run-off Syndicates within results files

Normally, Market Services will process cash calls as part of the DD file process. However in certain circumstances, run-off syndicates making cash calls via the DD files can cause a disproportionate amount of manual work in respect of processing Special Reserve Fund transactions. Consequently, syndicates are advised that where there has been a call submitted under transaction code RX04 (Distributable Result) which exceeds the total declared result, the results data will not be accepted. In such cases, the cash call must be submitted outside the DD process via a separate cash call statement with a due date of 15 June 2018. The Distribution Team will monitor and advise any syndicates which fall into this category.

5. Remittance & Loss Advices

Once all QMA data and personal expenses data has been received, Market Services will create control reports showing the syndicate/transaction level results and pass them back to managing agents for agreement of the syndicate level result. A member level breakdown may also be provided, on request.

When all files have been agreed, we will send a final copy of the control sheet, plus Remittance & Loss advices for managing agents to agree the amounts being collected via Lloyd's Central Accounting. No signature will be required, electronic sign-off will occur in the system.

6. Settlement of Tax debts

Where syndicates have made estimated/final Income Tax payments on account on behalf of the members participating on their syndicate, this will be refunded from the tax debts collected in distribution as in previous years.

So that syndicates receive these funds in a more timely and streamlined way, they will now be paid periodically, directly from Distribution. These payments will therefore appear on syndicate Loss Payment and Outstanding Balance reports and will also be recorded on the 'Estimate Summary' statements sent out by the Taxation Department on quarterly basis.

7. Loss Payment and Outstanding Balance Reports

As a result of the change to settle tax debts directly to syndicates, the Distribution team will in future provide managing agents with a Loss Payment report whenever a payment is made to the syndicate. These will be available for download with the distribution system (<https://distribution.lloyds.com>) however we will no longer send e-mails confirming they have been sent, instead you can download them when you are ready.

Similarly, for Outstanding Balance reports, we will make these available to all syndicates who have declared a loss or cash call directly from the system, on a monthly basis, for download.

8. Members' Agents Fees & DD files

Members' agents will be required to submit details of their fees for the relevant year of account for inclusion within the results process. Market Services will compare these with the figures supplied by managing agents and advise of any discrepancies to be investigated.

Members' agents will continue to receive DD files in XML format to load into their systems for results and profit commission calculations. There will be a single file sent to each members' agent which will contain all results in respect of all syndicates for their members in one file. If there is any need for a syndicate to resubmit any data after we have released this file, then only the amended syndicates' result will be resent.

9. Members' Agents Expenses (AE) Files

AE files will be submitted via the new system in XML format.

As previously requested, when submitting any items using codes RX17 or RX19 (all other expenses PTF & non-PTF respectively), please provide a spreadsheet detailing the expenses to which these relate. This can be provided at the same time as the file is submitted and can be uploaded directly into the system. Where agents are collecting profit commission in respect of members' open year releases, these amounts should be submitted as RX19 and the accompanying spreadsheet should specify the relevant year of account that profit commission has been charged for. In addition, any members' agent fees being collected for naturally open years should be reported on the AE file as RX17 with the relevant year of account specified. For the closing year of account the total additional members' agent fee associated with that year of account should be reported on the AE file as RX10, with any adjustment for early payment being made using RX21. In the same way the total profit commission charge associated with the closing year of account must be reported under RX11 with any credits for early payment being processed under RX17. This will enable the correct figures to be extracted from the file for tax reporting. Only the 2015 year of account members' agent fee adjustment and total 2015 year of account profit commission are to be included as RX10 and RX11 respectively. These codes should not include any items for the naturally open years.

Market Services will provide a control sheet and remittance & loss advice to members' agents and as for managing agents, no signature will be required, electronic sign-off will occur within the system.

10. Access to the distribution system

The Distribution Team will be sending details of which staff members currently have access to the distribution system. If any changes are required, please return the form with amendments added and we will update the system access accordingly.

In order for the changes to be in place before the submission of personal expense files, please arrange for any required amendments to be returned to Distribution team by Friday 2 February 2018.

11. Technical Cash Calls – Life syndicates only

When a life syndicate declares a closing surplus in the Lloyd's American Trust Fund (LATF) but a loss in sterling, syndicates have to prepare a Technical Cash Call, signed by the auditors, in order to complete our records. Agents should be able to calculate whether they will need a technical cash call statement when they submit their QMA250 & QMA360 and the wording and format will be sent to life syndicates in early February. Where necessary, it should be returned to Market Services before the collection of profits is effected on 10 April by uploading it into the distribution system.

12. Distribution Timetable

We are working on the detailed timetable for collection of syndicate results at the moment, however I confirm that the key dates for agents are as follows:-

Form to request changes to Distribution system access to be returned	9 February 2018
Submission of QMA for syndicates	15 February 2018
Submission of managing agents personal expenses	2 March 2018
Initial extract of syndicate level results	9 March 2018
Queries resulting from initial extract to be resolved	16 March 2018
DD files to be sent to Members' Agents	19 March 2018
Remittance & Loss advices to be sent to managing agents	21 March 2018
Remittance & loss advices to be signed off	26 March 2018
Members' agents to submit AE files	28 March 2018
Cash in respect of spread members' profits collected via LCA	10 April 2018
Technical Cash Call Statements to be provided where necessary	10 April 2018
Date for payment of syndicate losses/cash calls	15 June 2018

Please direct any queries regarding the content of this bulletin or the Results Distribution process to Claire Sheahan (01634 2904, e-mail Claire.sheahan@lloyds.com) or Graham Bonner (01634 392056, e-mail graham.bonner@lloyds.com).

Karen Oliver
Head of Market Services
Finance