

FROM: Manager, Overseas Reporting, Market Reporting
LOCATION: G5/86
EXTENSION: 5490
DATE: 7 September 2004
REFERENCE: Y3387
SUBJECT: US SURPLUS LINES/REINSURANCE BUSINESS
REGULATORY REPORTING
SUBJECT AREA(S): US Reporting
ATTACHMENTS: None
ACTION POINTS: **Please note comments**
DEADLINE:

US Surplus Lines/Reinsurance Business Regulatory Reporting

Please copy this bulletin to those within your organisation who will be responsible for reviewing and completing the US Reporting packs.

I am writing to confirm the timetable and other arrangements in respect of the submission of the third quarter 2004 US Reporting packs to the New York Insurance Department (NYID).

Timetable for 30 September 2004 reporting exercise

As you know the quarterly returns have to be filed with the NYID within 45 days of the quarter end and I would remind agents that this deadline has to be strictly complied with to ensure that Lloyd's meets its US reporting requirements. The timetable for this filing exercise is detailed below:

	<u>Key Date</u>
Provision of preliminary electronic packs by Market Reporting to Managing Agents via the Market Reporting web-site. Agents should download their packs and supporting documentation from the web-site.	14 October 2004
Submission of amended electronic packs by Managing Agents to Market Reporting (USRESREC forms must also be returned at this time).	1 November 2004
Provision of final signed and notarised reporting packs by Managing Agents.	3 November 2004
All syndicate packs to be despatched to New York by Market Reporting or filing with NYID	5 November 2004

We would recommend that agents ensure they are able to access the Market Reporting web-site in advance of the key dates. If you have any queries regarding the web-site, please contact Anita Wallace (ext 2057).

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 Market 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.

Reserving at quarter ends

You are reminded that the reserves at quarter ends for the 2003 and prior years of account must be calculated using the "modified UK basis of reserving". Please note that the Ultimate Loss Ratios (ULRs) and Ultimate Premium Income (UPI) used to determine reserves for these years of account at the previous year end should also be the ones to be used at each of the first three quarter ends of 2004. Any changes to the ULRs and/or UPI determined at the previous year end must be supported by detailed working papers showing revised projections on which the ULRs are based and the reasons for such changes. The effect on any amendments to syndicates' ULRs and/or UPI must be included at line 9 of form 'USRESREC' at each quarter end.

Reserves for the 2004 year of account, which is still at a very early stage of its development for the first three quarters of that year, must be determined **at the higher of** total cumulative signed gross premiums (net of brokerage and commission) less cumulative gross paid claims for that period and total gross outstanding claims at each quarter end, unless it is apparent that the ULRs for that year will exceed 100%, in which case reserves as at the quarter end must be adjusted accordingly. Guidance notes and a worked example were issued in a letter dated 1 April 1998: further copies of this letter are available on request.

This bulletin has been sent to all managing agents. If you have any queries on the contents please contact David Cokayne (ext. 6238) or Julie Fox (ext.6891).

Leslie Redmond