

MARKET BULLETIN

From	Franchise Performance
Date	3 May 2006
Reference	Y3804
Subject	2007 Plan Rates of Exchange (Including Additional Settlement Currencies)
Subject areas	Core Market Returns; Syndicate Business Forecast
Attachments	
Action points	For use in the 2007 Business Planning Process
Deadlines	Thursday 22 June 2006 for the first SBF

This bulletin provides an update to the prescribed rates of exchange to be used for the 2007 year of account in the business planning process. It includes the four additional settlement currencies that will shortly be introduced and supersedes Market Bulletin Y3782 dated 4 April 2006.

Background

Market Bulletin Y3782 dated 4 April 2006 prescribes the rates of exchange to be used for the 2007 year of account in the business planning process for the settlement currencies currently in operation.

Market Bulletin Y3796 dated 24 April 2006 notifies agents and brokers of Lloyd's intention to operate Central Accounting in four additional currencies: Hong Kong Dollar, Swedish Krona, Danish Krone and Norwegian Krone.

2007 Exchange Rates

The prescribed rates of exchange to be used for converting 2007 year of account premiums into £ sterling for the purpose of the business planning process are as follows:-

US Dollar	1.77
Canadian Dollar	2.11
Euro	1.44
Australian Dollar	2.43
South African Rand	11.05
Japanese Yen	199.22
Swiss Francs	2.23
Hong Kong Dollar	13.84
Swedish Krona	13.42
Danish Krone	10.74
Norwegian Krone	11.57

It has been the practice in the last few years to advise the market of the rates of exchange to be used well in advance of the beginning of the relevant year of account. This is done in order to assist managing agents in planning future premium income levels.

It is recognised that actual rates may vary from the above over the period of the 2007 year of account, but it is felt that the ability of the market to plan ahead is of primary importance.

Exchange Rate Methodology

The prescribed rates of exchange for the 2007 year of account are calculated using a combination of:

- The historical weighted average of the “LPSO” year-end exchange rates for the past three years;
- The “Bloomberg” mid rate for the end of the current year taken at 31 March 2006

This is the methodology used last year.

Further Information

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