

MARKET BULLETIN

From Head, Market Reporting (extn 5129)

Date 30 June 2006

Reference Y3840

Subject 2006 Year-end return timetable

Subject areas

Attachments None

Action points Agents to note

Deadlines As per Appendix 1

The purpose of this bulletin is to provide managing agents and syndicate auditors with the timetable for the 31 December 2006 year-end returns and Q1 2007 QMR together with initial comments on how the feedback on the 2005 year-end process will be implemented in developing the 2006 year-end returns.

2006 year-end deadlines

The deadlines are included in the table in Appendix 1. Most of the deadlines have remained as the equivalent Thursday to that in the 2005 timetable.

The deadlines for the SRD and FSA returns have been extended for the 2006 year-end and staggered in recognition of the feedback received on the problems that were caused earlier this year when these returns had the same deadline.

In 2007 Easter falls early in April and Lloyd's, therefore, expects to publish the 2006 Market Results on Thursday 29 March, a week earlier than the 2005 results were published this year. The Regulations laid down by the Treasury have an absolute requirement that the syndicate aggregate accounts must be a total of the figures within the syndicate annual accounts. Consequently, it is critical that the annual return agrees to the annual accounts. Lloyd's requires time to complete work agreeing the information before the market level figures can be finalised. To assist this process the timetable includes two deadlines relating to the annual accounts.

On Monday 19 March agents will be required to provide confirmation of the figures in the accounts: this will either be an extract from the Annual Return (AR) or a supplementary return deriving the relevant data from the AR but with the facility to amend for any adjustments to figures since the AR was submitted. The syndicate annual accounts themselves must then be submitted to Lloyd's by

Thursday 22 March. In the preparation of accounts for publishing we understand that the figures tend to be agreed before all disclosures are finalised.

Adherence to the deadlines will be monitored: managing agents will be subject to disciplinary action and fines will be imposed if a return is submitted after the due deadline, and/or errors in the original lead to a resubmission of the return.

Feedback on 2005 year-end

We have received feedback on the 2005 year-end process from agents individually and co-ordinated through the LMA. We have also consulted with the auditors and signing actuaries and will provide a formal response to the LMA for onward circulation to all agents. We set out below in summary the main issues raised and our initial steps to address these in the development of the 2006 returns.

Broadly the feedback covered:

- Instructions – timing of final instructions and clarity
- Content of returns – volume of data, duplication and transparency in requirements
- Software – timing of availability and performance
- Use of validations
- Timetable – need to stagger submission dates

We are currently reviewing the forms for the 2006 year-end and intend to issue the drafts, together with draft instructions, to the market by the end of July. In reviewing the forms we are considering whether the data is required and, if it is, when it is required. We expect to issue the final forms by 31 August, including notes on the purposes for which the data is required. Data that is not required will be eliminated from the returns.

We will also ensure that where data is repeated in another form/return, it is either fed to that form/return to avoid duplication of effort or, where it is technically not possible to derive the data, build in validations to confirm the data is the same.

Agents will then have the opportunity to comment on the forms and instructions before they are finalised at the end of August. It is recognised that this is a month when agents will be busy with the Q2 QMR but the timing is necessary to ensure the software can be developed and released for agent testing by the end of September.

On the instructions the timetable can be extended to give agents the opportunity to comment in September with the final version being issued at the beginning of October.

While the review of the year-end returns will therefore be complete in August there is an ongoing project to review the data requirements that the Franchisor makes of the Franchisees.

Queries

Any queries or comments on this bulletin should be submitted via e-mail to Market Reporting (Lloyds-MRD-ReturnQueries@lloyds.com).

This bulletin is being sent to all managing agents and recognised auditors.

John Parry

Appendix 1

Deadlines for the 31 December 2006 year-end returns and Q1 2007 QMR

Activity	06/07 deadline	05/06 deadline
Agents to submit 31.12.2006 AR	Thur 1 March	Thur 2 March
Agents to submit Q4 QMR	Thur 15 March	Thur 16 March
Agents to submit confirmation of figures in syndicate annual accounts	Mon 19 March	n/a
Agents to submit 31.12.2006 syndicate annual report and accounts	Thur 22 March	Thur 23 march
Relevant agents to submit 31.12.2006 FPP	Thur 29 March	Thur 24 March
Lloyd's to publish market results	Thur 29 March	Thur 6 April
Agents submit underwriting year accounts to Lloyd's	Thur 29 March	Thur 23 March
Agents send annual and underwriting year accounts to members	Sat 31 March	Fri 31 March
Agents to submit 31.12.2006 FSA return	Thur 19 April	Thur 13 April
Agents to submit 31.12.2006 PI return	Thur 26 April	Thur 24 March
Agents to submit 31.12.2006 SRD	Thur 26 April	Thur 13 April
Agents to submit Q1 2007 QMR	Thur 24 May	Thur 25 May