

MARKET BULLETIN

From Head, Market Finance (extn 5129)

Date 19 January 2007

Reference Y3955

Subject 2006 Annual Returns – update

Subject areas

Attachments Summary of changes to annual return and QMR instructions; standard wordings for the annual return managing agent and auditor reports

Action points

Deadlines All as previously advised
Annual Return - Thursday 1 March 2007
Q4 QMR – Thursday 15 March 2007
Managing agent confirmation on syndicate annual accounts – Monday 19 March 2007
Syndicate annual accounts and auditor confirmation – Thursday 22 March 2007
Solvency and reserving data – Thursday 19 April 2007
FSA return – Thursday 26 April 2007

Executive Summary

The purposes of this bulletin are to:

- (i) advise that the instructions and Excel version of the forms for the 2006 FSA return are now available for download;
- (ii) advise that updated instructions for the 2006 annual return and QMR are available for download, including changes covering the reduced hard copy submission to Lloyd's;
- (iii) provide the standard wordings of the managing agent and auditor reports for the annual return and auditor reports for the FSA return (note change to sign-off requirement for annual return managing agent report now includes a third signature, that of the CEO);
- (iv) provide notification of the 10 major losses to be included in QMR800
- (v) confirm year-end deadlines;
- (vi) advise that there is no year-end PI return; and
- (vii) provide a summary of year-end related market bulletins.

FSA return

Market bulletin Y3930 dated 21 December 2006 entitled “2006 annual returns: changes to FSA reporting requirements” advised you that the FSA had granted a waiver in relation to certain elements of the aggregate Lloyd’s return and that, as a consequence, the burden of the syndicate level FSA return would be reduced.

The forms and instructions for the 2006 FSA return are now available for download from both the Core Market Return site and the MSU web site. The forms that comprise the 2006 FSA return are as set out in market bulletin Y3930 but agents should note that FSA107, the summary of underwriting movements, is on a “whole syndicate” basis, not by reporting year as originally advised. In addition, FSA744 includes an additional line asking for, in respect of each relevant financial reinsurance, a description of how any undischarged obligations have been taken into account when determining the syndicate’s capital resources.

Following the issue of market bulletin Y3930 a number of agents have raised the concern that, while there will be a significant reduction in the size of the FSA return, there will not be an equivalent reduction in the workload to produce the return given that FSA107 still requires a split by class of business. The FSA return instructions state that the allocation of items between accounting class and method of placement when preparing FSA107 may be conducted on any reasonable basis and this should thus avoid any undue burden in completing this form. Please note that FSA107 only covers the final result for the “whole syndicate”. Other agents have questioned whether there is a likelihood that they will have to resubmit either the SRD and/or the FSA return as a result of the analysis work to be performed centrally by Lloyd’s. Again, as noted in the instructions, Lloyd’s will use a uniform basis of centrally preparing the result before investment return from the SRD and other data for use in the Lloyd’s Return, and hence it is not expected that in respect of any syndicate, the result by class will agree to that reported on FSA107, except for the total on line 13. However, the data collected on FSA107 by class will be used as a reasonableness check against Lloyd’s centrally prepared data and as such Lloyd’s may, as part of its overall review work, raise queries regarding the SRD with managing agents.

Life syndicate actuarial reports

As in previous years, the life syndicate actuarial reports must be enclosed with the FSA return due by 26 April 2006, although the report does not form part of the return itself.

Forms and instructions for the annual return, and Q4 QMR

In market bulletin Y3890 dated 13 October 2006 entitled “2006 annual returns” agents were advised that the forms and instructions for the annual return and Q4 QMR were then available for download. However, in that bulletin we did note that, if questions were raised by agents during their testing and familiarisation with the software, we would consider reissuing the instructions, revised to include FAQ information.

The instructions for the annual return and QMR have been revised. The revised versions (for AR 3.0, for QMR 3.0) can be downloaded from the Core Market Return site and the MSU web site. For the avoidance of doubt, the forms and instructions for the SRD will also be included in the zip file on the MSU market returns web site but these have not changes since those originally issued, they are included in the file for completeness. Summaries of the changes are attached to this bulletin as Appendices 1 and 2. Most take account of questions and answers already issued through the FAQs or corrections of typographical errors but those sections relating to the hard copy return of the annual return to be submitted to Lloyd’s have also been updated.

In previous years a hard copy of the full annual return has been required but for the 2006 year-end it has been decided that only certain forms are required to be submitted. The only forms that need to be submitted to Lloyd’s are:

Form	Content
	Content page
AR1	Summary P&L
AR190 – if applicable	Summary 2005 P&L, only required in hard copy if 2005 figures restated in 2006 accounts
AR2	Summary balance sheet
AR290 – if applicable	Summary 2005 BS, only required in hard copy if 2005 figures restated in 2006 accounts
AR5 per reporting year	Solvency information
AR910	Managing agent report
AR921 – if applicable	Managing agent/auditor report on LATF surplus/deficit
AR930	Auditor report on annual return
AR931 – if applicable	Auditor report on schedule 9a

To clarify, the forms that are to be submitted to Lloyd’s will be copies from the full return, ie they will retain their original page referencing rather than being renumbered for the submission to Lloyd’s.

Standard wording for the annual return managing agent and auditor reports and the standard wording for the FSA return auditor reports

The standard wordings are attached as follows:

- Appendix 3 – AR910, managing agent’s report on the audited section of the annual return;
- Appendix 4 – AR930, auditor report on the annual return;
- Appendix 5 – AR931, auditor report on Schedule 9a;
- Appendix 6 – AR921 (surplus), managing agent and auditor report on LATF surplus;
- Appendix 7 – AR921 (deficit), managing agent and auditor report on LATF deficit;
- Appendix 8 – FSA930 (non-life), audit report on FSA return of non-life syndicates; and
- Appendix 9 – FSA930 (life), audit report on FSA return of life syndicates.

While these are the standard wordings, individual audit firms may use different wordings, particularly in relation to the FSA return.

The AR911 managing agent report on Schedule 9a data has not been amended from that already included in the software. Form FSA910, the managing agent report on the FSA return, is included in the Excel version of the forms.

If you would like an MSword .doc version of any of these wordings then please e-mail the request to lloyds-MRD-ReturnQueries@lloyds.com.

Agents should note that the managing agent’s report has now been amended to include a third signature, that of the Chief Executive Officer. This change has been made as a result of the revised arrangements for the completion of the Lloyd’s Return to the FSA which entail the use of information from the annual return.

There are no significant changes to the auditor reports but it should be noted that the AR930 now includes a reference at the end of the form to the validation date and time of the electronic version of the annual return submitted to Lloyd’s.

QMR800 – Major losses

The catastrophes that must be reported within QMR800 are:

1	04C	Hurricane Charley
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2	04D	Hurricane Frances
3	04E	Hurricane Ivan
4	04G	Hurricane Jeanne
5	05H	Hurricane Katrina
6	05L	Hurricane Rita
7	05M	Hurricane Wilma
8	05Q	Oil Storage Explosion, Buncefield
9	06B	US Midwest tornado - March
10	06E	Gol lines aereas collision in Brazil

Agents are reminded that if they have any loss to be reported on QMR800 that does not have an XIS Catastrophe code, they need to ensure that the loss has been allocated a major loss code. Details of the procedure for obtaining a major loss code will be issued in an e-mail from MSU or contact James Matthews of Market Reporting (james.matthews@lloyds.com). The deadline for submission of requests for new major loss codes to Market Reporting is Friday 2 February. **Please note that the Q4 loss code list will not be updated in the return software until after this date.**

Submission and deadlines

The deadlines for the submission of the year end returns are set out below:

Annual return	Thursday 1 March 2007
Q4 QMR	Thursday 15 March 2007
Managing agent confirmation of figures in syndicate annual accounts	Monday 19 March
Syndicate annual report and accounts and auditor confirmation	Thursday 22 March
Solvency and reserving data	Thursday 19 April
FSA return	Thursday 26 April

Each of the above must be submitted by 12.00 noon of the deadline dates.

Q4 2006 PI return

To confirm, there is no requirement for the completion of a 31 December 2006 professional indemnity return. Market bulletin Y3840 issued 30 June 2006 did include this return in the year-end timetable but it has been decided that, for the year-end, the data can be obtained from alternative sources. Those syndicates that have to complete the professional indemnity return should be aware that it may be required again for Q1 2007.

Market bulletins

A number of market bulletins have been issued in relation to the year-end returns. To assist agents a list of the bulletins that relate to the 2006 year-end, UK reporting is included in Appendix 10.

Queries

Any queries concerning any aspect of the returns should be submitted via e-mail to Market Reporting (lloyds-MRD-ReturnQueries@lloyds.com). Queries will be responded to by 4:00pm of the following working day. Please contact me by e-mail (john.parry@lloyds.com) if a response remains outstanding at that time. Any queries regarding this bulletin should be addressed to Paul Tucknott on extension 6169, Robert Smith on extension 5459 or Jonathan May on extension 6500.

This bulletin is being sent to the compliance officers of all managing agents and to recognised accountants.

John Parry

Summary of revisions to the instructions for the annual return

Page	Ref.	Change	Comment
5	8.3	Updated note on the printing of the validation report	Clarification only
5	9.0	Reference to full version of the annual return, as opposed to submitted version.	Revised requirement for hard copy submission to Lloyd's
5	9.1	Inclusion of "copy of" in first sentence and additional sentence at end clarifying need to include version date and time if non-standard report is prepared	Revised requirement for hard copy submission to Lloyd's
5	9.2	Final sentence added at end to confirm that audit report must include version date and time.	Revised requirement for hard copy submitted to Lloyd's
5	9.3	Reference amended from paragraph 4 to paragraph 5.	Typographic error correction
6	10.2	Additional section on the forms that must be submitted as hard copies to Lloyd's.	Revised requirement for hard copy submission to Lloyd's.
7	10.6	Reference in table to 217 amended to state "costs" rather than "asset classification" and reference to form 298 removed.	Correction of description and deletion of irrelevant line
8	10.7	Reference in table to 291 amended to state "costs" rather than "asset classification" and reference to form 298 amended to 297	Correction of description and form reference.
9	16.2	Reference amended from 9.7 to 10.7	Typographic error correction
12	AR101	Purpose now includes identifying Schedule 9a years and activating warnings in restatement forms. Two paragraphs added to explain these changes.	Additional explanations to reflect new functions in form.
16	AR106	Reference to 4.4 amended to 5.4 and line added to remind agents about confirming Schedule 9a years in AR101.	Typographic error correction and additional guidance
19	AR137	Reference to 4.4 amended to 5.4	Typographic error correction
20	AR138	Main paragraphs amended to clarify that syndicates that will include a note on staff costs in their accounts must complete the data column while those not including the note in their accounts must use the tick box at the top of the form.	Clarification on operation of form
20	AR150	Paragraph on line 1 now includes reference to "outwards reinsurance" premiums.	Additional guidance per FAQs

22	AR2	Paragraph on line 32, references to balance due to/(from) members amended to balance due (to)/from members.	Correction of brackets
22	AR201/205	2 nd bullet point, reference to para 4.4 amended to 5.4. 5 th bullet point, reference to new line for capital provided by members deleted.	Typographic error correction and deletion of irrelevant line.
27	AR215	2 nd bullet point added to confirm that, in relation to reporting years, form is to be completed on same basis as AR201.	Additional guidance per FAQs
28	AR217	Reference in first paragraph to 4.4 amended to 5.4.	Typographic error correction
32	AR250	Line 26 paragraph amended to reflect the fact that the calculation includes *-1 Line 27 paragraph amended to confirm that any descriptions for items entered must be included in the comments section. Line 28 paragraph amended to confirm that a bulletin will be issued on the facility to transfer LATF surpluses on open years. Deleted paragraph that referred to need to include an amount that brings surplus balance to nil.	Correction of description of calculation. Correction of use of comment section rather than analysis cell Note of change in policy on transfer of open year LATF surpluses.
33	AR260	Explanations for lines 1 and 2 amended to include more specific guidance on data to be entered.	Additional guidance
34	AR281	Note on change from 2005 amended to include reference to additional warnings.	Additional guidance
34	AR282	Note on change from 2005 amended to include reference to additional validations.	Additional guidance
34	AR290	Purpose amended to reflect need for all syndicates to ensure data in this form agrees to comparatives per accounts. Last paragraph of text amended to emphasise this point.	Clarification of need to complete form.
39	AR520	Amended note on mappings to refer to mapping for FSA return.	Correction of reference to mapping
40	AR910	Penultimate paragraph amended, deleting reference to syndicate number (as included in printed version) and confirming page numbering. New paragraph on comments	Additional guidance on page numbering and use of comments.
40	AR911	Penultimate paragraph amended to reflect fact that syndicate number does not need to be entered.	Clarification on referencing within form.
41	AR921	Clarification that report is required for each relevant reporting year.	Clarification only
41	AR930	Final paragraph amended to refer to need to include validation date and time in audit report.	Revised requirement for hard copy submission to Lloyd's
41	AR931	Reference to paragraph 4 amended to paragraph	Typographic error

		5.	correction
42	AR990	Additional paragraph about whether comments are to be included or excluded from the audit scope.	Clarification only
43	AR270u	Final sentence of first paragraph deleted. Added currency information to column references.	Deletion of irrelevant line. Clarification of column references
44	AR610u	First paragraph: balance sheet reference changed from AR201/205 to AR2. Paragraph added to explain the new columns in this form (rather than in AR270u) Paragraph on line 26, line references amended to 36 and 48.	Correction of derivation note. New note on cells included in AR610u rather than AR270u
	Appendix 1	The derivations/validations have been updated. Changes are shown in red on the Excel workbook that can be downloaded from the MSU website.	Changes to derivations/validations – no change to data requirements
	Appendix 3	Updated to show mappings to market commentary classes for AR104 and for 106, risk code PC moved to credit suretyship.	Additional guidance

Appendix 2

Summary of revisions to the instructions for the quarterly monitoring return

Page	Reference	Change	Comment
1	4.1	Further outlining of the key changes to the QMR from last year, including QMR 219 and QMR 350.	As per the FAQ's issued
3	12.1	Clarification made in the table of the data which is derived from the Annual Return for QMR110 that this is for lines 3 to 54 only.	Clarification only
11	QMR109	Confirmation that agents may calculate ultimates using quarter end rates only or an aggregation of cumulative to date with forecast for additional movements	As per the FAQ's issued
12	QMR110	Amendment made to the paragraph concerning Lines 3 to 13 etc, to correct a typographic error.	Typographic error correction
14	QMR 110	Amendment made to clarify the reasoning for completion of lines 55 to 66.	Clarification only
15	QMR 130	Reference to reporting requirement for 'Transfer to Acquisition costs' amended to say that this should be reported on Line 17.	As per the FAQ's issued
17	QMR 180	Clarification of the data requirement for line 2, to state that only Non X-changing data is required here	As per the FAQ's issued
17	QMR201/205	Clarification of the data which is and is not derived from the AR. 'The Inter-year loans' for both these forms are not derived from the AR.	Clearer Guidance
20	QMR 201	Amendment to Line 37 instruction to outline that the CNV column for this line is derived from the AR, therefore the zero amount should come through from there for Third Party syndicates with exchange balances	Clarification only
23	QMR 218	Amendment made to the Purpose Paragraph to outline that the analysis provided is by duration and not 'market value and cost.'	As per the FAQ's issued
23	QMR 218	Extra few lines added to first paragraph to outline that overseas deposits included as part of investments should not be a part of the analysis on this form.	As per the FAQ's issued
24	QMR 219	Extra few lines added to second paragraph to outline that overseas deposits included as part of investments should not be a part of the analysis on this form.	As per the FAQ's issued
25	QMR341/342	Purpose paragraph reference to QMR186 amended to QMR 342	As per the FAQ's issued
27	QMR 350	Opening free funds paragraph amended to	As per the FAQ's

		delete the incorrect reference which said that Col b row 1 would equal Col a row 1, since the Col b is now a 12 month rolling forecast as outlined previously in the instructions.	issued
27	QMR 360	Amendments made to the second main paragraph to reflect the fact that row 4 has now been split into rows 4a and 4b and similarly, these relate to 10a and 10b of QMR 205. The example table has also been amended	Correction to previous information
31	QMR 710	Significant amendments to completion of column A, to reflect the correct method of selecting a reinsurer and LORS code. This selection is made by drop down menu and cannot be typed to locate as previously mentioned.	Guidance
31	QMR 710	Amendments made to column B instructions to reflect that no default selection is made and that the agent must select either Affiliate or non affiliate from the dropdown menu	Clearer Guidance
33	QMR 800	Extra paragraph included to outline the instructions for aligned syndicates in that they are able to report the total data for any major loss in calendar years 2005 and prior against the year of the loss, rather than identifying the separate years impacted by the loss; though a 2006 event must be reported against all relevant years	As per FAQ's issued
34	QMR 861	Reference to QMR860 amended to QMR100, where all data for this form is derived from.	Typographic error correction
35	QMR 862	Reference to 'Normally' open years in second paragraph amended to 'Naturally'	Typographic error correction
36	QMR 900	Amendment made to how this form is generated automatically as part of the print and cannot be selected from the left side bar, or the print option.	Clearer Guidance

Managing Agent's Report**Syndicate No:****Page:**

ANNUAL RETURN

Year ended 31 December 2006

To the Council of Lloyd's

Responsibilities

The Solvency and Reporting Byelaw (No. 13 of 1990) ("the Byelaw") requires the managing agent to prepare an annual return for each syndicate managed by it at 31 December of the preceding year in accordance with Lloyd's rules.

In preparing the annual return the managing agent must have regard to Lloyd's rules which require that every annual return shall state:

- that the managing agent has, throughout the year ended on 31 December 2006, established and maintained such systems and procedures, including maintenance of adequate accounting and other records, as are necessary to enable it to comply with the requirements of the Byelaw.
- in relation to each reporting year of account of the syndicate open at any time during the year ended 31 December 2006, the amount in respect of:
 - any open year of account balance;
 - any closed year of account profit or loss;
 - any run-off year of account surplus or deficiency; and
- in relation to each reporting year of account of the syndicate open at any time during the year ended 31 December 2006, the syndicate solvency result at that date.

The managing agent is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Confirmation

We confirm that:

- (a) we have, throughout the year ended on 31 December 2006, established and maintained such systems and procedures, including maintenance of adequate accounting and other records, that are necessary to comply with the requirements of the Byelaw;
- (b) forms AR010 to AR910 (pages ____ to ____) of the annual return in respect of the year ended 31 December 2006 have been prepared in accordance with the provisions of the Byelaw and the conditions and the requirements prescribed thereunder and include all transactions of the syndicate for the year ended on that date; and
- (c) all funds of the syndicate have been properly held in accordance with the provisions of the appropriate trust deeds at all times during the year ended 31 December 2006.

Signed _____ Chief Executive Officer*

Name _____ (BLOCK CAPITALS)

Signed _____ Finance Director*

Name _____ (BLOCK CAPITALS)

Signed _____ Director / Compliance Officer*

Name _____ (BLOCK CAPITALS)

On behalf of _____ Managing Agent

Date _____

* The signatories must be different

AR910

LLOYD'S SYNDICATES**ANNUAL RETURN – 31 December 2006*****Independent auditors' report to the directors of the managing agent and the Council of Lloyd's***

Syndicate No: _____

Managing Agent _____

We have examined the systems and procedures in operation by the above-named Managing Agent in respect of syndicate for the year ended 31 December 2006, and the Forms identified on pages ... (the "Annual Return") prepared by the managing agent pursuant to the provisions of the Solvency and Reporting Byelaw (No13 of 1990) ("the Byelaw") and the requirements referred to by Lloyd's in its Market Bulletin ref: Y3890 dated 13 October 2006 entitled "2006 Annual Returns" and modified by Market Bulletin ref: Y....."the Instructions").

This report is made solely to the addressees in accordance with the Instructions. Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and the syndicate's auditors

The managing agent is responsible for:

- establishing and maintaining systems and procedures which are adequate to enable it to comply with the provisions of the Byelaw,
- the preparation of the annual return in accordance with the Instructions; and
- ensuring that all funds of the syndicate have been properly held in accordance with the provisions of the appropriate trust deed at all times during the year.

It is our responsibility, under Lloyd's Byelaws and requirements, to form an independent opinion on whether those systems and procedures were adequate, whether the annual return fairly states the information provided on the basis required by the Instructions and has been properly prepared in accordance with the Instructions and is free from material misstatement, and whether all funds of the syndicate have been properly held in accordance with the provisions of the appropriate trust deed at all times during the year, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the relevant sections of Practice Note 20 'The audit of insurers in the United Kingdom' (Revised), issued by the Auditing Practices Board for use in the United Kingdom. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the annual return. The evidence included that obtained by us relating to the audit of the financial statements of the syndicate for the financial year. It also included an assessment of the significant estimates and judgements made by the managing agent in the

preparation of the annual return, and of whether the accounting policies are appropriate to the syndicate's circumstances and consistently applied.

We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that systems and procedures in operation during the year were adequate to enable the managing agent to comply with the Instructions, that the annual return is free from material misstatement, whether caused by fraud or other irregularity or error, and has been properly prepared in accordance with the Instructions and that all funds of the syndicate have been properly held in accordance with the provisions of the appropriate trust deed at all times during the year.

[Life syndicate only] In giving our opinion we have relied on the certificate of the syndicate actuary with respect to the mathematical reserves and the required minimum margin for long-term insurance business.

Opinion

In our opinion:

- (a) the systems and procedures in operation during the year were adequate to enable the managing agent to comply with the Instructions;
- (b) the annual return fairly states the information provided on the basis required by the Instructions and has been properly prepared in accordance with the Instructions; and
- (c) all funds of the syndicate have been properly held in accordance with the provisions of the appropriate trust deed at all times during the year ended 31 December 2006.

Registered Auditor

London

Date

Annual Return Version Date _____ Time: _____

AR930

Appendix 5

LLOYD'S SYNDICATES

ANNUAL RETURN - 31 December 2006

SCHEDULE 9A DATA

Independent auditors' report to the syndicate's corporate members and their auditors

Syndicate No: _____

Managing Agent _____

We have examined the 'Schedule 9A data', which is included within the Annual Return on Forms, in respect of syndicate prepared by the managing agent pursuant to the provisions of paragraph 13 of the Syndicate Accounting Byelaw (No 8 of 2005) and the requirements referred to by Lloyd's in its Market Bulletin ref: Y3890 dated 13 October 2006 entitled "2006 Annual Returns" and modified by Market Bulletin ref: Y..... ("the Instructions").

This report is made solely to the addressees in accordance with the Instructions. Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our work, for this report, or for the opinions we have formed. The Schedule 9A data is produced for the purposes of assisting production by the syndicate's corporate members of accounts in Schedule 9A format under UK GAAP.

Respective responsibilities of the Managing Agent and the syndicate's auditors

The Managing Agent is responsible for preparation of the Schedule 9A data in accordance with the Instructions.

It is our responsibility, under Lloyd's Byelaws and requirements, to form an independent opinion on whether the Schedule 9A data has been properly prepared in accordance with the Instructions and is free from material misstatement, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the relevant sections of Practice Note 20 'The audit of insurers in the United Kingdom (Revised)', issued by the Auditing Practices Board for use in the United Kingdom. Our work includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Schedule 9A data. The evidence included that obtained by us relating to the audit of the financial statements of the syndicate for the financial year. It also included an assessment of the significant estimates and judgements made by the Managing Agent in the

preparation of the Schedule 9A data, and of whether the accounting policies are appropriate to the syndicate's circumstances and consistently applied.

We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Schedule 9A data is free from material misstatement, whether caused by fraud or other irregularity or error, and has been properly prepared in accordance with the Instructions.

Opinion

In our opinion, the Schedule 9A data has been properly prepared in accordance with the Instructions.

Registered Auditor
London

Date

The scope of the auditors' report must include the Managing Agent's Report (AR911)

AR931

LATF SURPLUS

Syndicate No

31 December 2006 LATF US Dollar Surplus position as at (“the date of preparation”) for the.....year of account.

MANAGING AGENT’S REPORT

Managing Agent: _____

We confirm that:

- (i) Form AR250 has been prepared in accordance with the Solvency and Reporting Byelaw (No 13 of 1990) and the conditions and requirements prescribed thereunder; and
- (ii) the amount shown at line 28 of US \$.....is in surplus of the amount required to be held as at 31 December 2006 in accordance with the valuation of liabilities rules.

SignedFinance Director

.....(Date)

SignedDirector / Compliance Officer

.....(Date)

INDEPENDENT AUDITORS’ REPORT TO THE COUNCIL OF LLOYD’S AND ITS AUDITORS

We have examined Form AR250 and the above report in respect of the above year of account which has been prepared by the managing agent in accordance with the requirements set out by Lloyd’s in its Market Bulletin ref: Y3890 dated 13 October 2006 entitled “2006 Annual Returns” (“the Instructions”).

The scope of our work was limited to expressing an opinion on whether the amount shown at line 28 was in surplus of the amount required to be held in accordance with the valuation of liabilities rules relating to the 31 December 2006 solvency test.

This report is made solely to the addressees in accordance with the Instructions. Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and the syndicate auditors

As described above, the managing agent is responsible for the preparation of Form AR250.

Our responsibility is to form an independent opinion based on our review, limited in scope as set out above, and to report our opinion to you.

Basis of Opinion

Our review included such procedures as we considered necessary to evaluate whether the amount shown at line 28 of the form was in excess of the amount required to be held in accordance with valuation of liabilities rules relating to the 31 December 2006 solvency test.

Review Opinion

In our opinion, the value of the assets held, as at the date of preparation, in the Lloyd's American Trust Funds of the members of the above syndicate was in surplus of the amount required to be held in accordance with the valuation of liabilities rules and the Instructions by US.\$.....

Signed: Date:
(Recognised Auditors approved by the Council of Lloyd's)

AR 921 (Surplus)

LATF DEFICIT

Syndicate No

31 December 2006 LATF US Dollar Deficit position as at("the date of preparation") for the.....year of account.

MANAGING AGENT'S REPORT

Managing Agent: _____

We confirm that:

- (i) Form AR250 has been prepared in accordance with the Solvency and Reporting Byelaw (No 13 of 1990) and the conditions and requirements prescribed thereunder; and
(ii) the amount shown at line 28 of US \$.....is in deficit of the amount required to be held as at 31 December 2006 in accordance with the valuation of liabilities rules.

Signed..... Finance Director

.....(Date)

Signed.....Director/ Compliance Officer

.....(Date)

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF LLOYD'S AND ITS AUDITORS

We have examined Form AR250 and the above report in respect of the above year of account which has been prepared by the managing agent in accordance with the requirements set out by Lloyd's in its Market Bulletin ref: Y3890 dated 13 October 2006 entitled "2006 Annual Returns" ("the Instructions").

The scope of our work was limited to expressing an opinion on whether the amount shown at line 28 was in deficit of the amount required to be held in accordance with the valuation of liabilities rules relating to the 31 December 2006 solvency test.

This report is made solely to the addressees in accordance with the Instructions. Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and the syndicate auditors

As described above, the managing agent is responsible for the preparation of Form AR250.

Our responsibility is to form an independent opinion based on our review, limited in scope as set out above, and to report our opinion to you.

Basis of Opinion

Our review included such procedures as we considered necessary to evaluate whether the amount shown at line 28 of the form was in deficit of the amount required to be held in accordance with valuation of liabilities rules relating to the 31 December 2006 solvency test.

Review Opinion

In our opinion, the value of the assets held, as at the date of preparation, in the Lloyd's American Trust Funds of the members of the above syndicate was in deficit of the amount required to be held in accordance with the valuation of liabilities rules and the Instructions by US.\$.....

Signed: Date:
(Recognised Auditors approved by the Council of Lloyd's)

AR921 (deficit)

LLOYD'S FSA SYNDICATE RETURN**31 DECEMBER 2006****Independent auditors' report to the directors of the managing agent and the Council of Lloyd's****SYNDICATE NO:** _____ **[Non-Life]****MANAGING AGENT:**
_____**Financial year ended 31 December 2006**

We have examined the FSA Return, comprising the following documents, prepared in respect of syndicate no: _____ by the Managing Agent pursuant to the provisions of the Solvency and Reporting Byelaw (No13 of 1990) ("the Byelaw") and the requirements referred to by Lloyd's in its Market Bulletin ref: Y**** dated 19 January 2007 entitled "2006 Annual Returns - update" as modified by ("the Instructions"):

- Forms FSA107, FSA230, FSA741, FSA742 and FSA743, including the supplementary notes ("the Forms"); and
- the certificate on FSA910, signed in accordance with the Instructions ("the certificate").

We are not required to examine and do not express an opinion on the matters set out in paragraph iii on FSA910.

This report is made solely to the addressees in accordance with the Instructions. Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the Managing Agent and the syndicate's auditors

The Managing Agent is responsible for the preparation of the FSA Return (including the Forms and certificate) under the provisions of the Instructions. The Forms are required to be prepared in the manner set out in, and in accordance with, the Instructions.

We are not required to report on the matters set out in paragraph iii on Form FSA910.

It is our responsibility, under the Instructions, to form an independent opinion on whether the Forms and the certificate fairly state the information provided on the basis required by the Instructions and have been properly prepared in accordance with the Instructions and are free from material misstatement, and in the case of the certificate on whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the relevant sections of Practice Note 20 'The audit of insurers in the United Kingdom' (Revised), issued by the Auditing Practices Board for use in the United Kingdom. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms. The evidence included that obtained by us relating to the audit of the financial statements of the syndicate for the financial year. It also included an

assessment of the significant estimates and judgements made by the Managing Agent in the preparation of the Forms.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms are free from material misstatement, whether caused by fraud or other irregularity or error, and have been properly prepared in accordance with the Instructions.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and did not extend to an evaluation of the effectiveness of the internal control systems of the Managing Agent in relation to the syndicate.

Opinion

In our opinion:

1. the Forms fairly state the information provided on the basis required by the Instructions and have been properly prepared in accordance with the Instructions; and
2. according to the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Instructions; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

Registered Auditors.

Address

Date.

FSA930 Non-Life

LLOYD'S FSA SYNDICATE RETURN**31 DECEMBER 2006****Independent auditors' report to the directors of the managing agent and the Council of Lloyd's****SYNDICATE NO:** _____ **[Life]****MANAGING AGENT:**
_____**Financial year ended 31 December 2006**

We have examined the FSA Return, comprising the following documents, prepared in respect of syndicate no: _____ by the Managing Agent pursuant to the provisions of the Solvency and Reporting Byelaw (No13 of 1990) ("the Byelaw") and the requirements referred to by Lloyd's in its Market Bulletin ref: Y*** dated ** January 2006 entitled "2006 Annual Returns" as modified by ("the Instructions"):

- Forms FSA107, FSA145 and FSA230, including the supplementary notes ("the Forms"); and
- the certificate on FSA910, signed in accordance with the Instructions ("the certificate").

We are not required to examine and do not express an opinion on the matters set out in paragraph iii on FSA910.

This report is made solely to the addressees in accordance with the Instructions. Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the Managing Agent and the syndicate's auditors

The Managing Agent is responsible for the preparation of the FSA Return (including the Forms and certificate) under the provisions of the Instructions. The Forms are required to be prepared in the manner set out in, and in accordance with, the Instructions.

We are not required to report on the matters set out in paragraph iii on Form FSA910.

It is our responsibility, under the Instructions, to form an independent opinion on whether the Forms and the certificate fairly state the information provided on the basis required by the Instructions and have been properly prepared in accordance with the Instructions and are free from material misstatement, and in the case of the certificate on whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the relevant sections of Practice Note 20 'The audit of insurers in the United Kingdom' (Revised), issued by the Auditing Practices Board for use in the United Kingdom. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms. The evidence included that obtained by us relating to the audit of the financial statements of the syndicate for the financial year. It also included an assessment of the significant estimates and judgements made by the Managing Agent in the preparation of the Forms.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms are free from material misstatement, whether caused by fraud or other irregularity or error, and have been properly prepared in accordance with the Instructions.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and did not extend to an evaluation of the effectiveness of the internal control systems of the Managing Agent in relation to the syndicate. In giving our opinion, we have relied on the work of the syndicate actuary with respect to the long-term insurance business liabilities.

Opinion

In our opinion:

1. the Forms fairly state the information provided on the basis required by the Instructions and have been properly prepared in accordance with the Instructions; and
2. according to the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Instructions; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

Registered Auditors.

Address

Date.

FSA930 Life

Market bulletins relating to 31 December 2006 UK reporting

Date	Y Ref	Content
30 June 2006	Y3840	Early indication of year-end timetable
13 October 2006	Y3890	Release of forms and instructions for the AR, Q4 QMR and SRD including some key points to note for the year-end
8 December 2006	Y3920	Valuation of liability rules
18 December 2006	Y3926	Submission dates for actuarial opinions
20 December 2006	Y3929	Corporate members to confirm if they will be using the Schedule 9a facility
21 December 2006	Y3930	Confirmation of reduced reporting requirements for FSA return
22 December 2006	Y3933	Arrangements for submission of report and accounts together with managing agent/auditor confirmation of agreement with AR
29 December 2006	Y3936	Advice that eligible asset rules now part of FSA rules.
2 January 2007	Y3939	Rates of exchange
16 January 2007	Y3949	Open year profits at 31 December 2006 and 2007 release test
19 January 2007	Y	FSA forms and instructions, annual return managing agent and auditor reports, major losses for QMR800.