

## MARKET BULLETIN

REF: Y4208

<b>Title</b>	<b>Reminder: Swiss technical reserves (Bound Assets) and the Hong Kong Deposit Calculation</b>
<b>Purpose</b>	To inform underwriters that the collection of the 2009 Swiss reserves ("Bound Assets") and the Hong Kong Deposit will be calculated by reference to outstanding claims as at 31 December 2008 and premium income reported for 2008
<b>Type</b>	Annual
<b>From</b>	Andrew Gurney, Senior Manager International Licences International Market Access Contact details: +44 (0)20 7327 6194 <a href="mailto:Andrew.Gurney@lloyds.com">Andrew.Gurney@lloyds.com</a>
<b>Date</b>	26 November 2008
<b>Deadline</b>	19 December 2008

**Swiss technical reserves (Bound Assets)**

Underwriters who have written Swiss business in 2008 are reminded that the annual collection of Swiss technical reserves (known as "Bound Assets") to be made by Additional Securities Limited in the 1<sup>st</sup> Quarter 2009 will be calculated on the basis of syndicates' Swiss premium income recorded in 2008 and outstanding claims as at 31 December 2008.

Lloyd's Swiss office, Zurich ("LSO") will calculate the total liabilities as at 31 December 2008 (the "Bound Assets Reserving Requirement") and the level of Bound Assets reserved to meet that requirement. LSO uses *inter alia*, outstanding claims data supplied by Xchanging Claims Services ("XCS"). The required amount of Bound Assets will be collected from syndicates and transferred to Lloyd's trust accounts in Switzerland.

All Swiss claims for all years of account recorded by XCS as still outstanding at 15.00 hours on Monday 31 December 2008 will form part of the calculation of Bound Assets to be collected from syndicates in 1<sup>st</sup> Quarter 2009. Xchanging will make their best endeavours to process all premium and claim entries that are presented by Friday 19 December by the

end of the year. Any work presented to Xchanging after this date may not receive a 2008 signing date.

Underwriters are therefore reminded of the importance of submitting claims for settlement as early as possible in advance of this date, to avoid the possibility of paid claims being treated as still outstanding for Swiss regulatory purposes.

### **Hong Kong Deposit Calculation**

Underwriters who have written Hong Kong business in 2008 are reminded that liabilities for this calculation are based upon the greater of 40% of gross insurance liabilities or 80% of net insurance liabilities. The relevant amount is calculated on a sliding scale according to the greater of premium income or outstanding claims. Credit is given for reinsurance.

Underwriters are therefore reminded of the importance of submitting claims for settlement as early as possible in advance of the 19 December, to avoid the possibility of paid claims being treated as still outstanding.

The funding for the Hong Kong deposit will be collected by Additional Securities Limited (ASL) in the 1<sup>st</sup> Quarter 2009. Relevant syndicates are all those conducting business via coverholders in Hong Kong and this includes those with prior submit binders.

### **Further information:**

If you require additional information or wish to discuss this matter in more detail, please contact:

#### **Lloyd's International Trading Advice**

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If you have any queries relating to the calculation of the Swiss Bound Assets reserving requirement, please address them to Graham West at Lloyd's Zurich office (tel. 00 41 44 266 6070; [graham.west@lloyds.com](mailto:graham.west@lloyds.com)).

If you have any queries relating to the calculation of the Hong Kong Deposit, please address them to Leslie Redmond (extension 5490; [leslie.redmond@lloyds.com](mailto:leslie.redmond@lloyds.com)).

Please refer questions relating to ASL to Keith Coutinho (extension 5762; [keith.coutinho@lloyds.com](mailto:keith.coutinho@lloyds.com)).