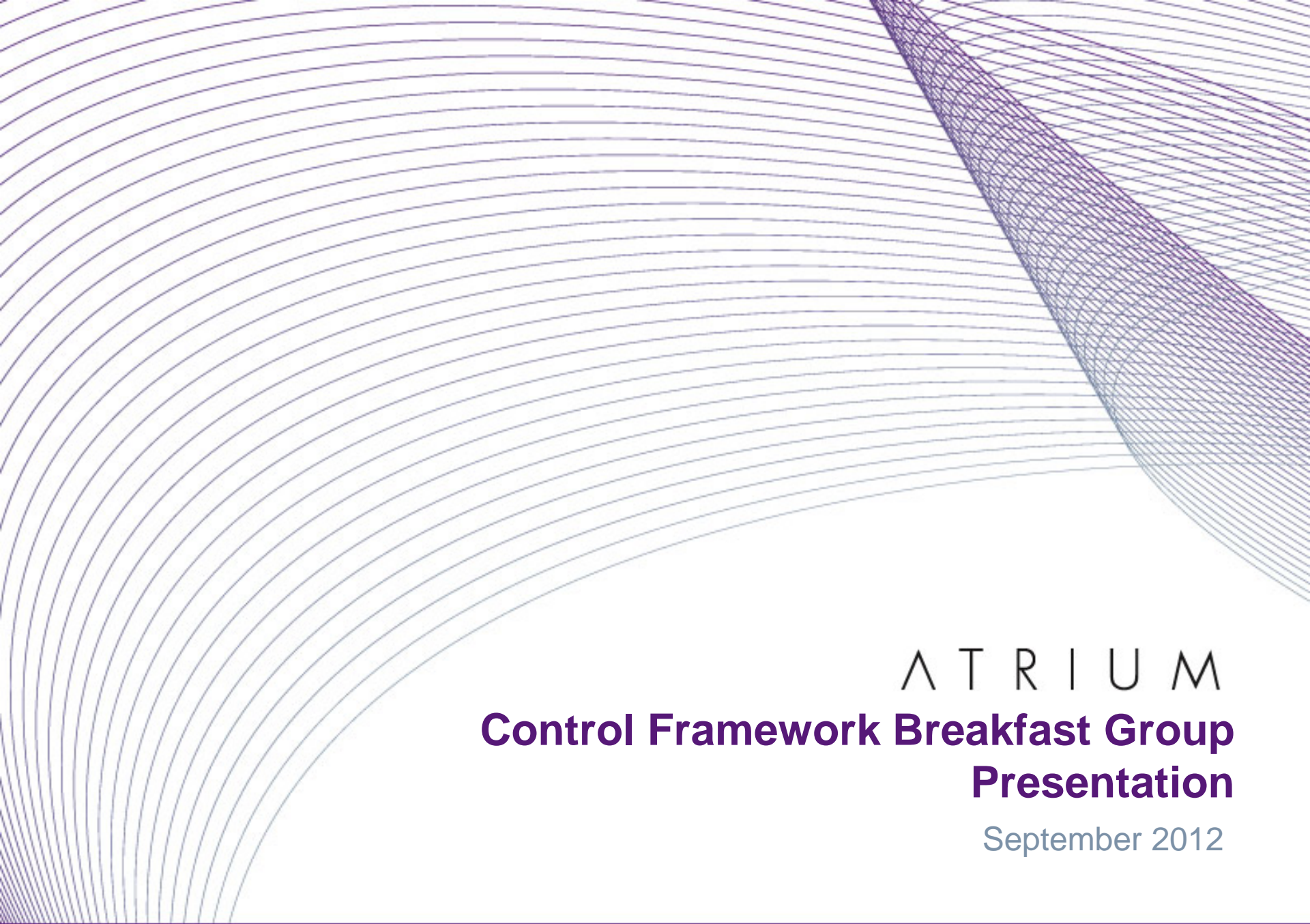


Control Framework Breakfast Group

26th September Agenda

- 09:15 Arrival – Breakfast served
- 09:30 Atrium – Adam Smith
- 10:00 Project Update
- 10:15 Networking & Close



Λ T R I U M

**Control Framework Breakfast Group
Presentation**

September 2012



Background

- Syndicate 609 managed by Atrium
- Singapore Service Company opened in 2009, writes business on behalf of 609
- Mixture of product lines including: Energy, Aviation, Marine, Terrorism...
- London systems leveraged for Singapore operation, including:
 - Underwriting Platform (Subscribe)
 - Peer Review System
 - Data Quality Indicator System - *demonstrated*
 - Claims Management System
 - Reporting Tools
- Project approach – leverage internal control framework where possible to comply with Lloyd's Control Framework for Regulatory and Tax Reporting (Service Company Business):
 - Supplement this with new controls and processes to achieve compliance

Project Management Perspective

Challenges:

- Multiple Workstreams
- Cross-departmental Communication
- Evidence Gathering
- Managing Information e.g. information requirements, process flows, controls
- Ongoing monitoring and review

Keeping Tabs On It – Information Requirements

Information Requirements

Field Name	Lloyd's Risk Rating	Applicable To	Lloyd's Sub Division
Lloyd's Risk Code	High	Premiums; Claims	Information on the Transactions
Transaction Type	High	Premiums; Claims	Information on the Transactions
Coverholder	High	Premiums; Claims	Information on the Transactions
Year of Account	High	Premiums; Claims	Information on the Transactions
Currency - Original	High	Premiums; Claims	Information on the Transactions
Gross Premium in Original Currency	High	Premiums	Information on the Transactions
Net Premium in Original Currency	High	Premiums	Information on the Transactions
Paid This Time (Indemnity, Fees & Expenses) in Original Currency	High	Claims	Information on the Transactions
Paid To Date (Indemnity, Fees & Expenses) in Original Currency	High	Claims	Information on the Transactions
Paid To Date (Indemnity, Fees & Expenses) in Settlement Currency	High	Claims	Information on the Transactions
Paid To Date (Indemnity, Fees & Expenses) in Settlement Currency	High	Claims	Information on the Transactions
Outstanding (Indemnity, Fees & Expenses) in Original Currency	High	Claims	Information on the Transactions
Type of Insurance	High	Premiums; Claims	Information on the Contract
Location of Risk (Country)	High	Premiums; Claims	Information on the Contract
Catastrophe Categorisation	High	Claims	Information on Losses
Tax Type	High	Premiums	Information on Tax
Country of Tax	High	Premiums	Information on Tax
Tax Amount	High	Premiums	Information on Tax
Tax Settlement Currency	High	Premiums	Information on Tax
Tax Settlement Indicator	High	Premiums	Information on Tax
Location of (Re)Insured (Country)	High	Premiums; Claims	Information on the Insured/Rei
Tax State/Province/Territory	High	Premiums	Additional Information (Country
Location of Risk (State/Province/Territory)	High	Premiums; Claims	Additional Information (Country
Tax State/Province/Territory	High	Premiums	Additional Information (Country
Surplus Lines Broker License Number	High	Premiums	Additional Information (Country
USA Risk Classification	High	Premiums	Additional Information (Country
Location of Risk (State/Province/Territory)	High	Premiums; Claims	Additional Information (Country

Information Requirements: Lloyd's Risk Code

Attach File Delete Item Spelling... * indicates a required field

Field Name *	Lloyd's Risk Code
Lloyd's Sub Division	Information on the Transactions being reported
Country (if "Additional Information")	
Applicable To	<input checked="" type="checkbox"/> Premiums <input checked="" type="checkbox"/> Claims
Capture Status	Captured
Method of Capture	<input checked="" type="checkbox"/> Subscribe <input type="checkbox"/> CMS <input type="checkbox"/> SSA <input type="checkbox"/> Exact <input type="checkbox"/> Spreadsheet
Capture Details	RSK Structured Field on Analysis Tab and in signings
Control Status	Controlled
Lloyd's Risk Rating	<input checked="" type="checkbox"/> High <input type="checkbox"/> Low
Risk 1	Medium Requirements are not understood: There are many reasons why this risk may crystallise. It could be that the individual interpreting the requirements does not have the requisite skills or experience, human error, or the requirements being unclear or ambiguous. Some requirements could still be misinterpreted even when furnished with a detailed explanation. The level of complexity has an impact on the magnitude of the risk that the requirement may be misunderstood.
Risk 2	Low Data capture is inadequate: This may relate to data not being captured, being captured more than once or that the data captured is erroneous. It may also be that data is not refreshed on a timely basis.
Risk 3	Medium Data is processed incorrectly: Between capture and reporting, data will undergo some form of processing. In some cases this will be about using different elements of data to compute other information. but it also relates to things

Keeping Tabs On It - Controls

Controls

Name of Control	Applicable Information Requirements	Control Type
Invalid UMR DQI	UMR	DQI
Risk Origin Structured Note DQI		Structured Note
Year of Account Mismatch DQI	Year of Account	DQI
Expired Risk Code DQI	Lloyd's Risk Code	DQI
Broker Contacts Spreadsheet	Intermediary Address; Intermediary Location (Country)	Spreadsheet
Electronic Peer Review	Currency - Original; Currency - Settlement; Gross Premium in Original Currency; Gross Premium in Settlement Currency; Lloyd's Risk Code; Location of Risk (Country); Name of (Re)Insured; Net Premium in Original Currency; Net Premium in Settlement Currency; Risk Address and Postcode; Sum Insured Amount; Sum Insured Currency; Tax Type; Tax Amount; Tax Rate %; Basis of Loss; Contract Type; Declaration Expiry Date; Declaration Inception Date; Direct Assured Name and Address (Kentucky only); Intermediary Role, Name and Reference ID; Intermediary Address; Intermediary Location (Country); Intermediary Location (State/Province/Territory); Location of (Re)Insured (Country); Location of Risk (State/Province/Territory); UMR; Year of Account	User Task Workflow; ARC report
Premium Processing Spreadsheet	Name of (Re)Insured; Currency - Original; Currency - Settlement; Gross Premium in Original Currency; Net Premium in Settlement Currency; Transaction Type	Spreadsheet
IT Control Framework		Reconciliation; Meeting; Formal Papers; System-related; Other
Mandatory Fields	Basis of Loss; Currency - Original; Currency - Settlement; Declaration Expiry Date; Declaration Inception Date; Gross Premium in Original Currency; Gross Premium in Settlement Currency; Intermediary Role, Name and Reference ID; Lloyd's Risk Code; Location of Risk (Country); Name of (Re)Insured; Sum Insured Amount; Sum Insured Currency; Transaction Type; UMR; Type of Insurance; Year of Account	System-related
Team Meetings Slip Review		Meeting; Formal Papers; Expert Judgment
Contract Certainty	Country of Tax; Location of (Re)Insured (State/Province/Territory); Location of Risk (Country); Currency - Original; Currency - Settlement; Gross Premium in Original Currency; Gross Premium in Settlement Currency; Net Premium in Original Currency; Net Premium in Settlement Currency; Tax Amount; Tax Type; Tax Rate %; Tax Basis; Basis of Loss	Formal Papers; Expert Judgment
Aged Debt Report	Currency - Settlement; Gross Premium in Settlement Currency; Year of Account	ARC report

Controls: Invalid UMR DQI

Attach File X Delete Item ABC Spelling... * Indicates a required field

OK Cancel

Team * SMR

Name of Control * Invalid UMR DQI

Control Type

- Reconciliation
- User Task Workflow
- DQI
- Structured Note
- ARC report
- Meeting
- Formal Papers
- Spreadsheet
- System-related
- Instruction Manual
- Expert Judgment
- Other

Frequency Real-time

Owner Ops-Reporting
Enter users separated with semicolons.

Description

This monitors UMR entries to ensure the format complies with the requirements. Description:
Please check that a UMR is entered and that the UMR is in the prescribed format as this field is a mandatory field and must be entered accurately. The UMR of a renewed risk must
In addition, upload a word document to describe more fully

Applicable Information Requirements

- Basis of Loss
- Catastrophe Categor
- Certificate/Covernote
- Contract Type
- Country of Tax
- Coverholder
- Currency - Original
- Currency - Settler

UMR

Evidence Description

Evidence Type

- Keane
- ARC Report

Data Quality Indicator System

From: atrium.workflow@atrium-uw.com
 To: Smith, Adam
 Cc: Merrifield, Matthew; Stylli, George
 Subject: Workflow Items Summary for Adam Smith

Dear Adam Smith,

This message shows items currently requiring your attention. I

Data Quality Items

The following items are outstanding Data Quality Indicator iss

Description	Count
DQI - USM YOA vs Policy Acc Year	4
DQI - Exact Limit Currency Anomaly	6
DQI - Exact No Schedule	3
DQI - Exact Not Entered	1
DQI - Exact Peril Not In Schedule	24
DQI - Exact Schedule Items with Zero Share	20
DQI - Exact SJH & JH No Schedule	4
DQI - Exact SJH & JH Not Entered	4
DQI - Exact TIV Has No Currency	1



Monitoring and Governance

❖ Data Quality Forum

- ❖ Operational Risk Sub Committee

❖ Central Control Environment (for ongoing monitoring)

- ❖ Linked to Control Framework
- ❖ Aligns CF monitoring with business-wide monitoring (i.e. common controls)

Control Framework Breakfast Group

Project Update



Internal Audit Engagement

Internal Audit Statement

“We have reviewed the design and effectiveness of the controls over regulatory and tax reporting against the requirements of the Lloyd’s control framework for Regulatory and tax reporting. We consider that management meets the requirements and that controls over the completeness, accuracy and timeliness of data are reasonably designed and effective.”

Factors to consider when considering engagement:

- Sharing that the audit statement above will be required as a deliverable for this project (as soon as feasible)
- Validating any suggested controls before reviewing check list for sign-off (circa end Q4 2012)
- Testing these controls and time for any remediation as part of the project cycle (before board sign-off in June 2013)

Phase II – Coverholder Business

Sign off December 2014

2 years 3 months.....

Q4 2012

- Planning



Q1&Q2 2013

- Market Engagement



2013/14

- Implementation