**Purpose**

**This document summarises the aspects of the SIAB proposal applicants will need to provide to Lloyd’s as part of their SIAB application pack. The business plan narrative should be submitted along with the data pack\* only once the SIAB New Entrant team has agreed a proposal meets SIAB criteria and that the proposal can be moved into the SIAB application framework (‘the framework’). The narrative must reflect any requirements or changes that the SIAB New Entrant team has proposed.**

**The aspects set out below are a minimum and not exhaustive; SIAB applicants are welcome to include additional sections where such information is relevant to the SIAB proposal.**

**We expect the narrative plan to be sufficiently comprehensive for us to secure a good understanding across aspects; as a guide we would anticipate the document to be around 20 pages. Nevertheless, applicants must be prepared to provide more granular detail as requested as the application progresses through the framework, particularly if the proposal is approved ‘in principle’ by the Business Opportunities Committee and moves to the ‘Making it Happen’ detailed review stage.**

**When the narrative is submitted, any supplementary documents should clearly identify the section each document relates to.**

*\* Financial information referred to in the narrative must align to the numbers set out in the Excel data pack*

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|  | **Aspect** | **Comments** |
| 1 | SIAB proposal summary | Narrative to set out the proposal, its USP and how it meets our general ‘people, plan, capital’ and value criteria of a new underwriting business |
| 2 | Rationale | Why Lloyd’s and why SIAB. Narrative to confirm applicant’s understanding as to how their proposal meets SIAB criteria |
| 3 | Current underwriting operations | May be as risk carrier &/or coverholder/MGA |
| 4 | SIAB risk appetite – line sizes and likely highest exposure aggregation | To include comment as may be relevant on ‘nat cat’ exposure, whether LCM 5 or otherwise and how this is calculated (Agg exposures, PML, cat model) |
| 5 | Summary of SIAB Class(es) of Business |  |
| 6 | Current volumes of target business written | If relevant |
| 7 | Comment on historic and anticipated future performance | Details required to give confidence in loss ratio selections: Rationale for best estimate GULR’s, stress test of the GULR’s and NULR’s, Optimistic and Pessimistic GULR’s with rationale. |
| 8 | Pricing | Summary of how the risks will be priced/rated and how you will regularly monitor/review this. |
| 9 | Underwriting resources | Experience, location, SIAB dedicated or otherwise |
| 10 | Distribution | How business will come into the SIAB (eg. open market, first/third party coverholder etc) |
| 11 | Commentary on acquisition costs and proposed SIAB operating expenses | Detailed breakdown of costs and charges |
| 12 | Outwards reinsurance | Strategy, likely structure, security |
| 13 | Proposed SIAB capital (member) structure | Will the SIAB access first or third party capital |
| 14 | Managing agent | Why this agent? What criteria determined choice? |
| 15 | Key performance indicators (success criteria) | You should set out the criteria against which you wish the SIAB performance to be reviewed, including measurable targets (eg. ‘To reduce overall acquisition costs by 20% over three years’) |
| 16 | Exit plan | This should address how the syndicate will maintain a stable environment if it goes into a run-off situation and consider Governance, Finance, Resources, Exposure Management, Reinsurance and Claims Handling. This is likely to be high level at the application stage, and revisited as necessary as the SIAB develops |
| 17 | Other relevant information |  |

**February 2020**