

FROM: Philip Jones, Financial Controller EXTN: 5314
DATE: 21 December 2004 REF: Y3468
SUBJECT: **Financial Services Compensation Scheme – Insurance Sub Scheme**
SUBJECT AREA(S): Guidance for 2004 data collection
ATTACHMENTS: Appendix 1: Calculating Relevant Net Premium Income
Appendix 2: 2004 Qualifying Risk Codes

ACTION POINTS: **Report details of relevant premium income not processed through Xchanging Ins-sure Services (XIS): Note deadline**

DEADLINE(S): **Noon, Thursday 24 February 2005**

The purpose of this bulletin is to explain the operation of the Financial Services Compensation Scheme and to advise details of the data needed to be collected in connection with the Scheme.

Background

On 1 January 2004 Lloyd's was brought within scope of the Financial Services Compensation Scheme (FSCS) the insurance sub-fund of which provides a fund of last resort for certain policy holders (mainly, but not exclusively in relation to personal lines business), in the event of default by industry firms.

The FSCS levies participant firms each year with a management charge to meet the operating costs of the scheme and, if appropriate, a compensation levy, to cover the cost of compensation paid out, based upon the volume of business transacted in each contribution group. Lloyd's underwrites business in two contribution groups: general insurance, of which the personal lines market is most affected and long term insurance i.e. life business.

Operation of Lloyd's Participation within the Scheme

Lloyd's participation in the Scheme, like that of other insurers, requires the collection of premium income data for both general insurance and life insurance separately. This information is subsequently used to allocate the compensation levy and direct costs associated with claims, between participating members in the industry, based upon the level of their activity in each contribution group. In addition, management charges are also payable: these are allocated in proportion to general FSA fees payable by Scheme participant firms.

In February each year Lloyd's is required to provide a return to the FSA of "Relevant Net Premium Income" (RNPI) in respect of the previous year. For 2004 this data will be collected centrally, except for business that is not processed through XIS, which must be reported on form SR27 of the syndicate return (see Market Bulletin Y3405 dated 8 October 2004). Guidance regarding the calculation of RNPI is attached at Appendix 1. The deadline for receipt of this information (as part of the syndicate return) is noon, Thursday 24 February 2005.

Cost Implications

In March 2004 the FSCS announced a compensation levy of £130m for the year April 2004 to March 2005. However this will have no impact on Lloyd's as it only covers company defaults that occurred prior to 1 January 2004 when Lloyd's became a member of the Scheme.

In April each year, the FSCS announces the management charge to meet its operating costs for the year to the following March and the amount of any compensation levy for that period. These amounts are collected by the FSA in July.

It was recognised when Lloyd's was brought within the scope of the FSCS that the inclusion of Lloyd's in the Scheme could result in members being faced with a double charge i.e. both from the FSCS and the New Central Fund ("NCF"). As a consequence, the Council, as advised in Market Bulletin Y3394 dated 17 September 2004, agreed that the NCF would bear Lloyd's allocation of the management charges as well as provide support for the compensation element of the Scheme, up to a total of £10m of FSCS cost per year in 2004 and 2005. This concession will be reviewed annually and is subject to the ongoing performance of the personal lines market.

In future years, if a money collection is required from syndicates, payment will be sought from the year to which the associated premium data relates e.g. money to defray the compensation levy that is collected in 2006 would be allocated according to the 2005 premium return. Syndicates will be provided with advice to enable them to allocate these costs to the appropriate year of account. Potential future compensation claims should not have any implication for (or impact on) future reserving liabilities.

Other Issues

Whilst any levies imposed under the Scheme are currently charged to Lloyd's centrally the Market should note that it is possible that this position could change in future and agents may be levied directly. In this event it is possible that the FSA would consult on any proposed rule changes and a Market Bulletin would be issued to advise of alterations to the current arrangements.

This bulletin does not attempt to cover the impact of FSCS on Market firms in their capacity as insurance intermediaries.

Circulation

This bulletin has been sent to all managing agents and to members' agents and market associations for information.

Any queries relating to this bulletin should be directed to:

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Financial Controller

Financial Services Compensation Scheme

Guidance for the Calculation of Relevant Net Premium Income (RNPI) (for use only where premium income is not processed through XIS)

1. This Appendix is provided to assist managing agents in the provision of premium data for business which is **not** processed through XIS. Information in respect of business processed through Xchanging Ins-sure Services (XIS) will be collected from XIS centrally and is **not** to be reported in the syndicate return.
2. The following instructions have been prepared to assist managing agents in completing line 2 of SR27. However, it should be noted that whilst the data provided should be as accurate and complete as possible it is recognised that in some circumstances estimates may be necessary in order to avoid disproportionate cost of collection.
3. Relevant Net Premium Income (RNPI) is to be net of any relevant rebates or refunds, but gross of reinsurance ceded, brokerage, commissions, levies and taxes.
4. In accordance with the requirements of FSCS, Lloyd's is required to provide the RNPI for 2004 for all *protected contracts of insurance* of relevant general insurance contracts.
5. A 'nil' return must be reported, if applicable.

Determining Protected Contracts of Insurance

6. A protected contract of insurance for FSCS purposes is one where the country or area through which it is issued, and the situation of the corresponding risk, is in accordance with any of the scenarios described in the following table:

Where the policy is written through an insurance establishment in:	Where the risk or commitment is situated:
a) the UK	An EEA* state, the Channel Isles or the Isle of Man
b) another EEA* State	The UK
c) the Channel Isles or the Isle of Man	The UK, the Channel Isles or the Isle of Man
<p>*An EEA state includes the following countries: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom.</p>	

7. The territory in which a risk or commitment is situated is determined as follows:

Contents of contract of insurance:	The risk or commitment is situated:
Relating to a building or a building and its contents	Where the building is situated
Relating to vehicles of any type	Where the vehicle is registered
Contract lasting 4 months or less covering travel or holiday risk	Where the policyholder took out the contract of insurance
In cases not covered above where the policy holder is an individual	The territory of the habitual residence of the policy holder at commencement of insurance
In cases not covered above where the policy holder is not an individual	The territory where the establishment to which the policy relates is situated at the commencement of the insurance policy

Excluded Classes of Business

8. An insurance contract is not a protected contract of insurance for FSCS purposes where it is:

- A reinsurance contract; and/or
- A contract falling within any of the following classes:
 - aircraft;
 - ships;
 - goods in transit;
 - aircraft liability;
 - liability of ships;
 - credit.

9. Where the coverage provided by a contract is only partly protected (e.g. where a property damage policy covers buildings situated in the EEA, but also covers buildings situated outside the EEA, or where an exempted class is covered alongside other classes), managing agents should identify and report that portion of premium which relates to the protected coverage.

In addition, Lloyd's risk codes have been reviewed and an assessment made as to the likelihood that business falling within each code includes protected contracts. A list of risk codes together with this assessment is attached in Appendix 2. Some risk codes clearly do not fall within the scope of the FSCS (e.g. because they concern only non-EEA business or because they were retired pre-2004), the remainder may potentially contain business which does fall within the scope of the FSCS.

Please note: whilst every endeavour has been made to differentiate, managing agents must consider the type and situation of risks which are underwritten within their own particular books of business. **Managing agents are therefore advised not to rely upon risk codes, and/or upon EEA country codes, as the sole means of determining whether or not a contract is protected.**

Risk Codes: Eligibility for Inclusion in RNPI Calculation

Exempt Classes: reinsurance, aircraft, ships, goods in transit, aircraft liability, liability of ships, credit

Key: E = Excluded, I = May Contain Business which is Potentially Included

Excluded:				Potentially Included:	Grey =Risk Code Retiring/Retired			
Reins Only	Code Retired pre-2004	Exempt Classes	Non-UK/EEA/ CIs/ IoM		Risk Code	Risk Code Description	First Year of Acc	Last Year of Acc
	E				1	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				2	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				3	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				4	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				5	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				6	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				7	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				8	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
	E				9	AVIATION HULL AND LIAB INC WAR EX WRO NO PROPOR RI	1991	2000
			E		1E	OVERSEAS LEG TERRORISM ENERGY OFFSHORE PROPERTY	2000	9999
			E		1T	OVERSEAS LEG TERRORISM ACCIDENT AND HEALTH	2000	9999
			E		2E	OVERSEAS LEG TERRORISM ENERGY OFFSHORE LIABILITY	2000	9999
			E		2T	OVERSEAS LEG TERRORISM AVIATION	2000	9999
			E		3E	OVERSEAS LEG TERRORISM ENERGY ONSHORE PROPERTY	2000	9999
			E		3T	OVERSEAS LEG TERRORISM MARINE	2000	9999
			E		4E	OVERSEAS LEG TERRORISM ENERGY ONSHORE LIABILITY	2000	9999
			E		4T	OVERSEAS LEG TERRORISM MISC AND PECUNIARY LOSS	2000	9999
			E		5T	OVERSEAS LEG TERRORISM MOTOR	2000	9999
			E		6T	OVERSEAS LEG TERRORISM PROPERTY	2000	9999
			E		7T	OVERSEAS LEG TERRORISM THIRD PARTY LIABILITY	2000	9999
			E		8T	OVERSEAS LEG TERRORISM TRANSPORT	2000	9999
				I	AG	AGRICULTURAL CROP AND FORESTRY	1993	9999
				I	AO	AVIATION PREMISES LEGAL LIABILITY NO PRODUCTS	1991	9999
				I	AP	AVIATION OR AEROSPACE PRODUCTS LEGAL LIABILITY	1991	9999
E					AR	AVN WHOLE ACCT STOP LOSS AND OR AGG EXCESS OF LOSS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "XY" for 2005 SBF	1993	2004
		E			AW	HULLS OF AIRCRAFT WAR OR CONFISCATION NO ACV	1991	9999
E					AX	AVIATION LIABILITY EXCESS OF LOSS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "XY" for 2005 SBF	1992	2004
		E			B	VSSLS SHIPBLDG ACV LOH AND CONTAINERS TLO EX WRO	1991	9999
			E		B2	PHYS DAMAGE BINDER FOR PRIVATE PPTY IN USA	2004	9999
			E		B3	PHYS DAMAGE BINDER FOR COMMERCIAL PPTY IN USA	2004	9999
				I	B4	PHYS DAMAGE BINDER FOR PRIVATE PPTY EX USA	2004	9999
				I	B5	PHYS DAMAGE BINDER FOR COMMERCIAL PPTY EX USA	2004	9999
					BB	FIDELITY COMPUTER CRIME AND BANKERS POLICIES	1991	9999
E					BD	TERRORISM POOL RE	1991	9999
		E			BS	MORTGAGE INDEMNITY UK PRIVATE. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "FM" for 2005 SBF	1991	2004

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Excluded:				Potentially Included:		Grey =Risk Code Retiring/Retired		
Reins Only	Code Retired pre-2004	Exempt Classes	Non-UK/EEA/ CIs/ IoM		Risk Code	Risk Code Description	First Year of Acc	Last Year of Acc
				I	CA	ENGINEERING INC MCHY AND BOILERS CAR AND ENG AR	1991	9999
				I	CF	CONTRACT FRUSTRATION IN ACCORD MKT BULLETIN 7/11/2000. NB: After 2004, also includes business previously coded CP	1991	9999
		E			CN	CREDIT NONPROPORTIONAL TREATY BUSINESS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "CR" for 2005 SBF	1998	2004
				I	CP	CONTRACT FRUSTRATION EXCLUDING WAR AND INSOLVENCY. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "CF" for 2005 SBF	1993	2004
		E			CR	CREDIT BUSINESS. NB: After 2004, also includes business previously coded CN	1991	9999
				I	CT	ARMoured CARRIERS AND CASH IN TRANSIT	1992	9999
E					CX	SPACE RISKS LAUNCH COMMISSIONING AND TRANSPOND OP	1992	9999
			E		D2	D AND O LIAB USA EXCL FINANCIAL INSTITUTIONS	2004	9999
				I	D3	D AND O LIAB EXCL USA EXCL FINANCIAL INSTITUTIONS	2004	9999
				I	D4	D AND O LIAB FOR FINANCIAL INSTITUTIONS INC USA	2004	9999
				I	D5	D AND O LIAB FOR FINANCIAL INSTITUTIONS EXCL USA	2004	9999
				I	DC	DIFFERENCE IN CONDITIONS	1991	9999
					DM	DIRECTORS AND OFFICERS LIAB FOR FINANCIAL INST. NB: Risk code retired with effect from 1/1/2004, use risk codes "D4" or "D5" as appropriate for 2005 SBF	2002	2004
				I	DO	DIRECTORS AND OFFICERS LIAB EXCL FINANCIAL INST. NB: Risk code retired with effect from 1/1/2004, use risk codes "D2" or "D3" as appropriate for 2005 SBF	1991	2004
	E				DX	PERSONAL ACCIDENT AND SICKNESS AVIATION	1992	1994
				I	E2	PROF INDTY E AND O FOR LEGAL PROFESSIONS INC USA	2004	9999
				I	E3	PROF INDTY E AND O FOR LEGAL PROFESSIONS EX USA	2004	9999
				I	E4	PROF INDTY E AND O FOR ACCOUNTANTS INC USA	2004	9999
				I	E5	PROF INDTY E AND O FOR ACCOUNTANTS EX USA	2004	9999
				I	E6	PROF INDTY E AND O ARCHITECTS ENGINEERS INC USA	2004	9999
				I	E7	PROF INDTY E AND O ARCHITECTS AND ENGINEERS EX USA	2004	9999
				I	E8	MISC PROF IND E AND O INC USA EX E2 E4 E6 CODES	2004	9999
				I	E9	MISC PROF IND E AND O EX USA EX E3 E5 E7 CODES	2004	9999
				I	EA	ENERGY LIABILITY ONSHORE CLAIMS MADE	1991	9999
				I	EB	ENERGY LIABILITY ONSHORE ALL OTHER	1991	9999
				I	EF	ENERGY ONSHORE	1991	9999
				I	EG	ENERGY LIABILITY OFFSHORE CLAIMS MADE	1991	9999
				I	EH	ENERGY LIABILITY OFFSHORE ALL OTHER	1991	9999
				I	ET	ENERGY SEARCH PROD VSSLS AND OFFSHORE PROP EX WRO	1991	9999
				I	EW	ENERGY OPERATORS XTRA EXPENSES AND CONTROL OF WELL	1991	9999
				I	F	FIRE AND PERILS. NB: Risk code retired with effect from 1/1/2005, use risk codes "B2" to "B5" or "P2" to "P7" as appropriate for 2005 SBF	1991	2004
					F2	PROF INDTY E AND O FOR FIN INSTITUTIONS INC USA	2004	9999
					F3	PROF INDTY E AND O FOR FIN INSTITUTIONS EX USA	2004	9999
				I	FA	FINE ART	1992	9999

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Reins Only	Code Retired pre-2004	Exempt Classes	Non-UK/EEA/ CIs/ IoM		Risk Code	Risk Code Description	First Year of Acc	Last Year of Acc
		E			FC	COLLISION SALVAGE GENERAL AVERAGE GUARANTEES. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "SB" for 2005	1999	2004
		E			FG	FINANCIAL GUARANTEE (authorised syndicates only)	2001	9999
		E			FM	MORTGAGE INDEMNITY. NB: After 2004, also includes business previously coded BS	1999	9999
				I	FR	FURRIERS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "JB" for 2005 SBF	1992	2004
		E			FS	SURETY BOND RI WEF 31/10/01 EXCL SB COUNTRIES. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "SB" for 2005 SBF	1999	2004
		E			G	MARINE LEGAL LIAB ALL OTHER NO CARGO EX WRO	1991	9999
		E			GC	MARINE LEGAL LIAB CLAIMS MADE NO CARGO EX WRO	1991	9999
				I	GP	MEDICAL MALPRACTICE NON MARINE	1995	9999
				I	GS	GENERAL SPECIE INCLUDING VAULT RISK	1992	9999
E					GX	XOL MARINE LEGAL LIAB EX CARGO ALL OTHER EX WRO	1992	9999
		E			H	HULLS OF AIRCRAFT EX SPACE OR ACV EX WRO. NB: Risk code retired with effect from 1/1/2004, use risk codes "H2" or "H3" as appropriate for 2005 SBF	1991	2004
		E			H2	AIRLINE HULL	2004	9999
		E			H3	GENERAL AVIATION HULL	2004	9999
				I	HA	HAIL	1991	9999
				I	HP	UK HOUSEHOLD BUSINESS	1993	9999
E					HX	XOL HULLS OF AIRCRAFT INC SPARES AND LOU EX WRO	1992	9999
				I	JB	JEWELLERS BLOCK JEWELLERY ETC INC ROBBERY. NB: After 2004, also includes business previously coded FR	1991	9999
	E				K	PERSONAL ACCIDENT AND SICKNESS	1991	1994
			E		KA	PERSONAL ACCIDENT AND HEALTH CARVE OUT	1995	9999
					KC	PERSONAL ACCIDENT AND HEALTH CREDITOR DISABILITY	1995	9999
	E				KD	PERSONAL ACCIDENT AND SICKNESS AVIATION	1991	1994
				I	KG	PA AND HEALTH INC K AND R EXCL KS AND KT CODES	2004	9999
				I	KK	PERSONAL ACCIDENT AND HEALTH. NB: Risk code retired with effect from 1/1/2004, use risk codes KG, KS or KT as appropriate for 2005 SBF	1995	2004
E					KL	PERSONAL ACCIDENT AND HEALTH LMX	1995	9999
				I	KM	MEDICAL EXPENSES INCL XS SPEC AND AGG SELF FUND	1995	9999
				I	KS	PA AND HEALTH INC SPORTS DIS OTHER THAN ACC DEATH	2004	9999
				I	KT	PA AND HEALTH FOR TRAVEL PACKAGE SCHEMES	2004	9999
E					KX	PERSONAL ACCIDENT AND HEALTH CATASTROPHE XL	1995	9999
		E			L	AIRCRAFT OPERATORS AND OWNERS LEGAL LIABILITY. NB: Risk code retired with effect from 1/1/2004, use risk codes "L2" or "L3" as appropriate for 2005 SBF	1991	2004
		E			L2	AIRLINE LIABILITY	2004	9999
		E			L3	GENERAL AVIATION LIABILITY	2004	9999
				I	LE	LEGAL EXPENSES	1991	9999
			E		LJ	FOR USE BY LLOYDS JAPAN ONLY	1997	9999
	E				LX	AIRCRAFT OPERATORS AND OWNERS LEGAL LIAB	1992	1996
				I	M2	UK MOTOR COMP FOR PRIVATE CAR INCL MOTORCYCLE	2004	9999
				I	M3	UK MOTOR COMP FOR FLEET AND COMMERCIAL VEHICLE	2004	9999
				I	M4	OTHER UK MOTOR COMP EXCL M2 AND M3 CODES	2004	9999
				I	M5	UK MOTOR NON COMP FOR PRIVATE CAR INCL MOTORCYCLE	2004	9999
				I	M6	UK MOTOR NON COMP FOR FLEET AND COMM VEHICLE	2004	9999

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Excluded:				Potentially Included:		Grey =Risk Code Retiring/Retired		
Reins Only	Code Retired pre-2004	Exempt Classes	Non-Uk/ EEA/ CIs/ IoM		Risk Code	Risk Code Description	First Year of Acc	Last Year of Acc
				I	M7	OTHER UK MOTOR NON COMP EXCL M5 AMD M6 CODES	2004	1999
				I	MA	UK MOTOR VEHICLE PHYSICAL DAMAGE ONLY. NB: Risk code retired with effect from 1/1/2005, use risk codes "M2" to "M4" as appropriate for 2005 SBF	1991	2004
	E				MB	UK MOTOR VEHICLE THIRD PARTY LIABILITY	1991	1995
	E				MC	UK MOTOR VEHICLE DAMAGE AND THIRD PARTY LIABILITY	1991	1995
			E		MD	OVERSEAS MOTOR PHYS DAM EX USA CAN EU AND EEA. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "MF" for 2005 SBF	1991	2004
			E		ME	OVERSEAS MOTOR TPL EX USA CAN EU AND EEA. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "MF" for 2005 SBF	1991	2004
			E		MF	OVERSEAS MOTOR DAM AND TPL EX USA CAN EU AND EEA. NB: After 2004, also includes business previously coded MD and ME	1991	1999
			E		MG	USA AND CANADA MOTOR VEHICLE PHYSICAL DAMAGE	1991	1999
			E		MH	USA AND CANADA MOTOR VEHICLE THIRD PARTY LIABILITY	1991	1999
			E		MI	USA AND CANADA MOTOR DAMAGE AND 3RD PARTY LIAB	1991	1999
				I	MK	UK MOTOR VEHICLE COMPREHENSIVE. NB: Risk code retired with effect from 1/1/2004, use risk codes "M2" to "M4" as appropriate for 2005 SBF	1995	2004
				I	ML	UK MOTOR VEHICLE NON COMPREHENSIVE. NB: Risk code retired with effect from 1/1/2004, use risk codes "M5" to "M7" as appropriate for 2005 SBF	1995	2004
				I	MM	EU AND EEA MOTOR PHYSICAL DAM ONLY EXCL UK. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "MP" for 2005 SBF	1998	2004
				I	MN	EU AND EEA THIRD PARTY LIAB ONLY EXCL UK. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "MP" for 2005 SBF	1998	2004
				I	MP	EU AND EEA MOTOR PD AND TPL EXCL UK. NB: After 2004, also includes business previously coded MM and MN	1998	1999
				I	N	LIVESTOCK	1991	1999
				I	NA	NM GENERAL AND MISC LIABILITY ALL OTHER EXC USA	1991	1999
				I	NB	BLOODSTOCK	2001	1999
				I	NC	NM GENERAL AND MISC LIAB CLAIMS MADE EXC USA	1991	1999
					NL	NUCLEAR LIABILITY	1998	1999
					NP	NUCLEAR PROPERTY DAMAGE	1998	1999
E					NX	LIVESTOCK EXCESS OF LOSS	1997	1999
		E			O	YACHTS INC WAR EX WRO	1991	1999
E					OX	XOL YACHTS INC WAR EX WRO. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "TX" for 2005 SBF	1992	2004
				I	P	MISCELLANEOUS PECUNIARY LOSS. NB: After 2004, also includes business previously coded PE, PP, PS and PW	1991	1999
			E		P2	PHYS DAMAGE FOR PRIM LAYER PPTY IN USA EX BINDERS	2004	1999
				I	P3	PHYS DAMAGE FOR PRIM LAYER PPTY EX USA EX BINDERS	2004	1999
			E		P4	PHYS DAMAGE FOR FULL VALUE PPTY IN USA EX BINDERS	2004	1999
				I	P5	PHYS DAMAGE FOR FULL VALUE PPTY EX USA EX BINDERS	2004	1999
E					P6	PHYS DAMAGE FOR XS LAYER PPTY IN USA EX BINDERS	2004	1999
E					P7	PHYS DAMAGE FOR XS LAYER PPTY EX USA EX BINDERS	2004	1999
				I	PB	PRODUCT RECALL	1999	1999
				I	PC	CANCELLATION AND ABANDONMENT	1999	1999
				I	PD	ALL RISK PHYSICAL LOSS DAMAGE NO DIRECT PPNL RI. NB: Risk code retired with effect from 1/1/2004, use risk codes "B2" to "B5" or "P2" to "P7" as appropriate for 2005 SBF	1991	2004
				I	PE	LIQUIDATED DAMAGES FORCE MAJEURE. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "P" for 2005 SBF	1999	2004
				I	PF	FILM INCLUDING FILM COMPLETION BONDS	1999	1999
				I	PI	E AND O OR PROFESSIONAL INDEM EXCL FINANCIAL INST. NB: Risk code retired with effect from 1/1/2004: use "E2" to "E9" as appropriate for 2005 SBF	1991	2004
				I	PL	Non-Marine Legal Liability for Property Owners - including retail/wholesale outlets and associated minor products & completed risks, not more suitably coded NA, NC, UA or UC	1991	1999

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Excluded:				Potentially Included:	Grey =Risk Code Retiring/Retired			
Reins Only	Code Retired pre-2004	Exempt Classes	Non-Uk/EEA/ CIs/ IoM		Risk Code	Risk Code Description	First Year of Acc	Last Year of Acc
					PM	PROFESSIONAL INDEMNITY FOR FINANCIAL INSTITUTIONS. NB: Risk code retired with effect from 1/1/2004: use "F2" or "F3" as appropriate for 2005 SBF	2002	2004
				I	PN	NON APPEARANCE	1999	9999
				I	PO	OVER REDEMPTION. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "PU" for 2005 SBF	1999	2004
				I	PP	ESTATE PROTECTION. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "P" for 2005 SBF	1991	2004
				I	PQ	ROADSIDE RESCUE	2000	9999
				I	PR	POLITICAL RISK EXC CONFISCATION VESSELS AIRCRAFT	1991	9999
E					PS	PERSONAL STOP LOSS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "P" for 2005 SBF	1991	2004
				I	PU	MISCELLANEOUS CONTINGENCY. NB: After 2004, also includes business previously coded PO	2001	9999
				I	PW	WEATHER INCLUDING PLUVIUS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "PU" for 2005 SBF	1999	2004
	E				PX	AVIATION OR AEROSPACE PRODUCTS LEGAL LIABILITY	1992	1996
				I	PZ	PRIZE INDEMNITY INCLUDING HOLE IN ONE	1999	9999
		E			Q	CARGO WAR AND OR CONFISCATION RISKS ONLY	1991	9999
		E			QL	WAR ON LAND IRO GOODS IN TRANSIT. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "WL" for 2005 SBF	1997	2004
E					QX	XOL CARGO WAR AND OR CONFISCATION RISKS ONLY. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "WX" for 2005 SBF	1992	2004
E					RX	XOL HULLS OF AIRCRAFT WAR AND OR CONFIS RISKS ONLY	1992	9999
		E			SB	SURETY BOND REINSURANCE. NB: After 2004, also includes business previously coded "FS" or "FC"	1995	9999
		E			SC	SPACE RISKS LAUNCH AND COMMISSIONING PERIOD	1991	9999
		E			SL	SPACE RISK LIABILITY NO PRODUCTS LEGAL LIABILITY	1991	9999
		E			SO	SPACE RISKS TRANSPONDER OPERATING	1991	9999
E					SR	AGG STOP LOSS AND XOL MARINE OUTWARD WHOLE ACCOUNT	1991	9999
	E				SX	SPACE RISK LIABILITY EX AEROSPACE PRODUCTS	1992	1996
		E			T	VESSELS EXCL SHIPBLDG ACV LOH AND CONTAINERS EX WRO	1991	9999
E					TC	COMMERCIAL RITC	1997	9999
				I	TE	MALICIOUS DAMAGE AND SABOTAGE	1991	9999
				I	TL	TEMPORARY LIFE AND PERMANENT HEALTH	1991	9999
			E		TO	OVERSEAS STAND ALONE TERROR EXCL 1T TO 8T 1E TO 4E	1999	9999
E					TR	ALL RISK PHYSICAL OR LOSS DAMAGE DIRECT PPNL RI	1991	9999
		E			TS	SHIPBUILDING (EXCL ENERGY CONSTRUCTION)	2005	9999
				I	TU	UK STAND ALONE TERRORISM WHICH IS NON POOL RE	1999	9999
E					TX	XOL VESSELS SHIPBLDG ACV LOH INC WAR EX WRO. NB: After 2004, also includes business previously coded OX	1992	9999
				I	UA	NM GENERAL AND MISC LIABILITY ALL OTHER INC USA	1991	9999
				I	UC	NM GENERAL AND MISC LIAB CLAIMS MADE INC USA	1991	9999
		E			V	CARGO ALL RISKS INC WAR EX WRO	1991	9999
				I	VL	LEGAL LIAB CARGO AND PROP IN CCC OF ASSURED EX WRO	1991	9999
		E			VX	CARGO ALL RISKS EXCLUDING WAR ONLY RISKS	1992	9999
		E			W	VESSELS WAR AND OR CONFISCATION (EXCL BREACH VOYAGES)	1991	9999
			E		W2	US WORKERS COMPENSATION	2004	9999

Risk Codes: Eligibility for Inclusion in RNPI Calculation

Appendix 2

Exempt Classes: reinsurance, aircraft, ships, goods in transit, aircraft liability, liability of ships, credit

Key: E = Excluded, I = May Contain Business which is Potentially Included

Excluded:				Potentially Included:		Grey =Risk Code Retiring/Retired		
Reins Only	Code Retired pre-2004	Exempt Classes	Non-UK/ EEA/ CIs/ IoM		Risk Code	Risk Code Description	First Year of Acc	Last Year of Acc
				I	W3	UK EMPLOYERS LIABILITY	2004	9999
				I	W4	INTL WORKERS COMP AND EMPLOYERS LIAB EX USA AND UK	2004	9999
				I	WA	EXTENDED WARRANTY. NB: After 2004, also includes business previously coded WS	1991	9999
		E			WB	VESSELS HULL WAR BREACH VOYAGES ONLY	2005	9999
				I	WC	WORKERS COMPENSATION AND EMPLOYERS LIABILITY. NB: Effective 1/1/2004, use risk codes "W2" to "W4" as appropriate	1991	2004
				I	WL	WAR ON LAND. NB: After 2004, also includes business previously coded QL	1997	9999
E					WS	EXTENDED WARRANTY STOP LOSS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "WA" for 2005 SBF	1998	2004
E					WX	XOL VESSELS WAR AND OR CONFISCATION RISKS ONLY. NB: After 2004, also includes business previously coded QX	1992	9999
E					X1	AVIATION EXCESS OF LOSS ON EXCESS OF LOSS. NB: After 2004, also includes business previously coded XZ	1991	9999
E					X2	MARINE XOL ON XOL INC WAR	1991	9999
E					X3	NM PROP OR PECUNIARY LOSS XOL ON XOL RETROCESSION	1991	9999
E					X4	NM LIABILITY EXCESS OF LOSS ON EXCESS OF LOSS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "XL" for 2005 SBF	1991	2004
E					X5	ENERGY ACCOUNT XOL ON XOL INC WAR. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "XE" for 2005 SBF	1991	2004
E					XC	PER RISK EXCESS OF LOSS PROP PECUNIARY LOSS REINS	1998	9999
E					XD	PER RISK EXCESS OF LOSS PROFESSIONAL INDEM REINS. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "XL" for 2005 SBF	1998	2004
E					XE	ENERGY ACCOUNT XOL INC WAR. NB: After 2004, also includes business previously coded X5	1991	9999
E					XL	NM LIABILITY EXCESS OF LOSS. NB: After 2004, also includes business previously coded X4 and XD	1991	9999
E					XM	MOTOR WHOLE ACCOUNT EXCESS OF LOSS	1991	9999
E					XP	NM PROPERTY OR PECUNIARY LOS WHOLE ACCOUNT XOL	1991	9999
E					XT	MARINE WHOLE ACCOUNT XOL INC WAR	1991	9999
E					XX	NON MARINE PROPERTY PECUNIARY LOSS LMX. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "XC", "XP" or "X3" as appropriate for 2005 SBF	1992	2004
E					XV	AVIATION WHOLE ACCOUNT XOL INC WAR EX XOL ON XOL. NB: After 2004, also includes business previously coded AR and AX	1991	9999
E					XZ	AVIATION XOL INC XOL ON XOL AND WAR. NB: Risk code being retired with effect from 1/1/2005: incorporate into risk code "X1" for 2005 SBF	1991	2004
	E				Y1	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y2	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y3	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y4	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y5	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y6	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y7	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y8	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				Y9	AVIATION HULL AND LIAB PROPORT RI INC WAR EX WRO	1991	2000
	E				ZX	SPACE RISKS TRANSPONDER OPERATING	1992	1996