

**FROM:** Director, Worldwide Markets  
**LOCATION:** G12  
**EXTENSION:** 5998  
**DATE:** 2<sup>nd</sup> December 2002  
**REFERENCE:** Y2930  
**SUBJECT:** US TERRORISM RISK INSURANCE ACT 2002  
**SUBJECT AREA(S):** Identification of affected business in syndicates' records  
**ATTACHMENTS:**  
**ACTION POINTS:** **To note the approach that syndicates should adopt for identification and reporting on US Terrorism Act business.**  
**DEADLINE:** **Immediate**

## **1. Purpose of the bulletin**

To advise the market that, in the light of current knowledge, it is considered unnecessary to establish any new Lloyd's risk codes for identification of US Terrorism Act business in central systems.

## **2. Future identification and reporting of qualifying business**

The need to report data and information (as yet unspecified) on qualifying business to the NAIC is a requirement under the Act and a method of achieving this must be catered for within established business processes.

It is also necessary to be able to gauge the effect of the new legislation on Lloyd's overall and each syndicate's trading position for a number of financial, regulatory and business reasons. Therefore, at this time, it is considered sufficient for syndicates to use their own in-house coding methods to 'flag' business falling under the provisions of the Act.

Once details of the reporting requirements to the NAIC are known these will be publicised and then the Market Risk and Market Reporting departments will construct an additional

syndicate return in order to gather the necessary business information directly from syndicates. Therefore, syndicates should structure their underwriting and accounting records in a manner suitable for subsequent reporting.

This approach has the benefit of minimising the administrative burden and cost of implementing the Act for market players, whilst allowing for the collection of complete and up-to-date risk written data from syndicates if the NAIC reporting rules require it.

### **3. Further information**

Lloyd's is raising a number of issues with the NAIC and we will continue to provide updates on the subjects relating to the introduction of the Act as soon as matters are resolved or further information becomes available. The NAIC web site address is [www.naic.org/general.htm](http://www.naic.org/general.htm)

Please help us to manage this major work by directing enquiries to:

The Market Services Desk at box 190b, or to Lloyd's extension 6677, (or to [market.services@lloyds.com](mailto:market.services@lloyds.com)).

Alternatively, questions may be directed to Martin Roberts at the LMA on Lloyd's extension 8370 or by E:mail to [martin.roberts@lloyds.com](mailto:martin.roberts@lloyds.com).

This bulletin has been sent to active underwriters and compliance officers of managing agents and Lloyd's brokers.