

FROM: Manager, Overseas Reporting
LOCATION: Market Reporting/86/G5
EXTENSION: 5490
DATE: 16 January 2003
REFERENCE: Y2973
SUBJECT: US TRADING REGULATORY REPORTING
SUBJECT AREA(S): US Reporting
ATTACHMENTS: Appendices 1-6
ACTION POINTS: **Please note the contents**
DEADLINE: **For Immediate attention**
Electronic packs due 14 February 2003
Notarised packs due 19 February 2003

Please copy this letter and its attachments to those within your organisation who are responsible for reviewing and completing the US packs.

1. Further to our letter of 6 December 2002, I now confirm that electronic preliminary US reporting packs for the year ended 31 December 2002 with the relevant working schedules and checklists for your managed syndicate(s), are available for collection from the Market Reporting web-site together with the "agent electronic front end system" software. Detailed instructions on how to use the electronic system are enclosed with this letter.
2. You are reminded that whilst the reporting packs have been prepared centrally, the ultimate responsibility for submission of correct data rests with the managing agent of each syndicate and as such, you must satisfy yourself that you have reviewed the whole return. Please then return the completed packs to this department (Market Reporting) by the due dates as set out in the timetable attached to this letter at Appendix 1.
3. Appendices 2, 3, 4 & 5 to this letter provide general information/instructions concerning Xchanging underwriting transactions, reserving and trust fund assets respectively. Appendices 6 & 7 relate to the USRESREC form and schedule F and P reporting respectively.
4. Losses in respect of CAT 01G must now be reported in respect of both the CRTF and the SLTF. Data for this should be entered in forms RI/SL 4 and 4a in both the losses paid and losses unpaid columns. **The number entered in losses paid must reflect the**

amount paid in the quarter only. There is no requirement for CAT 01G premiums data. The numbers entered in the losses unpaid column will then feed onto form RI/SL 2 in the memorandum line at the foot of that page. Whilst this number for both the CRTF and the SLTF will be the gross unpaid loss, the amount that you fund for it in the SLTF will be determined by the syndicate's funding percentage requirement.

5. Once you have completed and finalised the electronic version using the agent system, you must lock the packs and create the electronic download to return to Market Reporting. You are reminded that at the same time as the electronic downloads to the main US packs are due to be returned to Market Reporting you must also submit your schedule F and P data electronically for both the US Situs pack and the LATF where appropriate. **Please note that in order to create the annual return it is essential that the agent schedule F and P system can locate the agent front-end data file (please refer to Appendix 7).** Once you have locked the pack to create the electronic version for submission you will not be able to unlock it to make further amendments without contacting Market Reporting.
6. The USRESREC form is a web-based return and should be completed by entering data directly into the Market Reporting web-site on L-Net. The electronic version of the US Reporting pack should be returned by submitting the file via the file transfer facility located on the Market Reporting web-site. These forms should be submitted at the same time as the electronic updates to the main US packs (**due on 14 February 2003**)
7. You must also provide **two original** signed copies of the statements of **actuarial opinions** of gross reserves on 14 February 2003 for both the Surplus Lines Trust Fund and Credit for Reinsurance Trust Fund. You are reminded that updated Actuarial Guidance Note 33 is available on The Faculty and Institute of Actuaries website (www.actuaries.org.uk). Please also note that the actuarial reports supporting the US trust fund opinions must be submitted to the Lloyd's Actuary by 23 May 2003.
8. Final packs (which must agree to the electronic versions you submit – see paragraph 4 above, and include integrated schedules F & P) must be signed, dated and notarised as indicated on the Jurat page (SL/RI 0). Notarisation of the US packs may be performed by a solicitor (other than an in-house solicitor) who holds a practising certificate under section 81(1) of the Solicitors Act 1974, which allows them to administer oaths and affidavits in the UK. Where your compliance officer is unavailable another director may sign in his or her place, and the pack should be marked accordingly. You may wish to keep a copy of the notarised pack, for your own records.
9. When hard copy final packs (**due on 19 February 2003**) are returned to Market Reporting we can only guarantee their receipt if they are hand delivered directly to the department in **Lloyd's 1986 building, fifth floor. Please do not attach control sheets, working schedules or checklists to these packs.**

If you have any queries on the contents of the packs or how to complete them please contact David Cokayne (extension 6238) or Julie Wilson (extension 6891).

Yours faithfully

Leslie Redmond

Appendix 1

Timetable and arrangements for the year ended 31 December 2002

	<u>Key Date</u>
Provision of preliminary electronic packs by Market Reporting to managing agents, for: 1 Checking of all underwriting data 2 Checking investment data (both transactions and valuations) 3 Updating for reserves as calculated for the year end	16 Jan 2003
Submission of amended electronic packs (including schedules F & P) by managing agents to Market Reporting Actuarial certification of the gross reserves must also be returned at this time (2 original copies for both the SLTF and CRTF) Electronic USRESREC forms are also due for submission on this date	14 Feb 2003
Cash Transfer forms to be returned to Dave Whitby (LPSO Settlements & Trust Funds, CH/L4), value date 26 Feb 2003. <u>STFO WILL CHARGE MANAGING AGENTS £50 FOR ANY FORMS THAT ARE SENT IN LATE TO REFLECT THE COST OF ADDITIONAL MANUAL PROCESSING.</u> Letters of Credit must be in place by 21 February 2003 with the pre-advice having been submitted to Mike Fitzgerald (Treasury Services 86/G5) by the 17 February 2003 (see Market Bulletin Y2715)	14 Feb 2003
Provision of final signed and notarised reporting packs by managing agents (including integration of schedules F & P within the main reporting packs) Please note the deadline date on the F & P market bulletin Y2958 was incorrect	19 Feb 2003
All syndicate packs to be despatched to New York by Market Reporting for filing with NYID	21 Feb 2003

Please note that it is essential that any queries generated by the packs or otherwise should be raised well in advance of the deadline dates to allow Market Reporting sufficient time to revert to agents with the answers. This is particularly relevant to queries in respect of Citibank investment and cash balances, or where in extremis an adjustment is required which cannot be made to the electronic packs which agents are updating. Any adjustments to be made by Market Reporting in extremis MUST be raised no later than 2 days prior to the date by which the electronic packs are to be returned to Market Reporting (i.e.: by 12 February 2003).

X-changing underwriting transactions

1) 'ESR' files

For those agents still subscribing to 'ESR' data, you will by now have received electronically the 'ESR' file(s) for your syndicate(s). As in previous quarters, there may be some small differences between these reports and the packs as the US reporting database rounds each individual figure as it is entered into the system. Additionally, please note that these figures will not directly agree to information from the USMs or SCMs which are not at the same level of detail and which exclude certain elements, such as NAIC code, State details and amounts of brokerage. If you do subscribe to this service and have not received this data, or you need copies of the prospectus which sets out how to use the file please contact Melissa Hoad on extension 2141. If you have any queries relating to the data itself please contact 'Enquire' in LPSO on extension 2999.

2) Incomplete data

Where applicable we enclose a schedule of gross items which have been advised to you on the USMs prior to 31 December 2002 but which are not reflected in the packs, because part of the data was not completed (e.g. a state code was not known for a particular signing at the time the quarter was closed). Please review this data carefully and make amendments where the amounts involved are material. You are reminded that you must ensure that the syndicate reserves are adequate, and must include the effect of these items, where material.

3) Data corrections

Where applicable, we also enclose a schedule of corrections to business transactions processed through LPSO & LCO that affect the data in the reporting packs.

4) USI adjustments

Any adjustments made to the underwriting data on the electronic US reporting packs are not carried forward from one quarter to the next. This will avoid double-counting, as any such adjustments will be included in future US reporting packs once the appropriate entries have been processed by LPSO or LCO: managing agents may need to advise them directly of these 'corrections'.

5) Delinked items

Please see Appendix 5 to this letter for their impact on underwriting data.

6) US regulated data not processed by Ins-sure or X-changing Claims Services

Data that is not processed through Ins-Sure or X-changing Claims Services will not appear in

the packs and will need to be added as adjustments. These entries will need to be added each quarter, as they will not be carried forward from one quarter to the next.

Reserving and Funding

1) Closed years of account

Where a year of account with US situs business has closed by way of RITC, any relevant transactions are now shown against the year (and where applicable the syndicate) into which the year has closed. For 1995 to 1999 this follows the same mapping as previously used. In order to ensure sufficient assets are maintained for the outstanding liabilities on that business, agents are able to print working schedules, where appropriate, for such earlier years of account. These show calendar year movements, rather than the cumulative position, to enable agents to check the figures in the preliminary packs. The reserves will be added into the reserves of the year into which the years have closed on line 1 of SL/RI 2, and be shown separately on line 7 of SL/RI 3.

2) Methodology

The reserves for the 2002 and prior years of account at the end of the quarter must be calculated in accordance with the methodology previously advised (i.e.: the modified UK basis of reserving as previously detailed in market bulletin Y748 issued on 4 December 1997).

Agents must ensure that the schedule of Gross liabilities and Reconciliation of Movements in Trust Fund (SL/RI 2 form) is completed appropriately. The reserves must agree to the figures entered on lines 6 and 7 on SL/RI 3 and agents MUST ensure that the losses incurred figures on SL/RI 6 (i.e.: gross reserves plus cumulative paid losses) are entered accordingly. Please note that SL/RI 6 must be completed on a pure year basis, and SL/RI 6a will show data for closed years. Further details on how to complete the forms are provided in the checklist.

3) Allowances against reserves (CRTF only)

Any credits in respect of letters of credit, deferred premium instalments or funds withheld against gross reserves in the Credit for Reinsurance Trust Fund, **must** be restricted to the amounts of the calculated reserves for the relevant contracts (i.e. not usually 100% of Schedule F Part 1 figures). Please note that the figures appearing in the preliminary packs (lines 2a-2c of RI 2) are shown at zero, including amounts for closed YOAs against the assuming year. A working schedule, showing information by reinsured, may be printed from the electronic system (see detailed instructions) to assist managing agents in this calculation. Please note that closed year items are included on the working schedules, but only where a letter of credit, deferred element or funds withheld are shown. In previous quarters we have advised agents that the data received from Ins-sure did only included letters of credit that had changed in the quarter. This has now been rectified so that all letters of credit issued to ceding reinsurers are included in the pack's data.

4) Alternative Security (CRTF only)

In the Lloyd's United States Situs Credit for Reinsurance Trust Deed under paragraph 1.24, gross liabilities included in the definition of an 'American Reinsurance Policy' shall exclude any contract or policy of insurance, the liabilities for which the underwriter has provided security by means other than the Trust Fund. Such alternative security would include a letter of credit lodged with the reassured, or funds withheld by the reassured (e.g. outstanding claims advances).

Where syndicates have provided an alternative security to the reassured, the guidance notes below should be followed for completing the RI packs.

- a) In cases where alternative security has been provided you must calculate the reserves for disclosure on form RI 2, including any amounts for such business.
- b) As the reserves disclosed within the pack now include the liabilities where alternative security has been provided, deduction for such security should be made at lines 2a or 2c on RI 2 (restricted to the actual reserves for those contracts). A working schedule, showing information by reinsured, may be printed from the electronic system to assist managing agents in calculating the credits to be entered for the relevant contracts.
- c) NYID also require details of the level of alternative security held by reassureds to be reported. Please therefore complete the memo note at the foot of the form (see below for further instructions), showing, by year of account, the extent of each type of alternative security and the gross reserves relating to that business calculated using the modified UK basis of reserving.
- d) Premiums and claims data for such 'regulated' business will continue to be disclosed within the packs: hence no adjustment should be made to these figures.

Where a syndicate has provided alternative security to a reassured you must complete the memorandum note at the foot of RI 2. To do this select the 'memo assets' button towards the foot of the RI 2 screen, which opens a sub-screen. You may then enter the relevant details in the fields on screen and close the sub-screen. The default print does not show this note, but once you have entered any figures into the sub-screen the note will print.

5) Delinked items

Please see Appendix 5 to this letter for their impact on reserving.

Trust Fund assets

Please note that we have relied on Citibank electronic data for the investment transactions during the year. It is therefore essential that agents check all relevant schedules in detail and make any revisions to the electronic packs that are necessary.

1) Trust Fund market valuation

Please note: Citibank will dispatch Certified Schedule B's on 24 January 2003. The system is therefore applying Final Pricing from Citibank's Security review process. Lloyd's inquiries and position adjustments can still change final prices and market values. Agents must ensure that all final packs agree to the confirmed investment valuations included on Schedule B. To assist in changing market price information, Market Reporting will provide an electronic update to agents with new prices and market values where applicable.

The value of cash and securities held at the year end for the 1996, 1997, 1998, 1999 (run-off syndicates only), 2000, 2001 and 2002 years of account have been entered in the total column on the SL/RI 1 asset form according to the type of assets. (Please note: short-term investments are those with less than 1 year to maturity at the date of acquisition and bonds (or long-term bonds) are those with 1 year or longer to maturity at the date of acquisition). The cash position is calculated by the system to be a balancing figure based on total fund value less securities, so where investment valuations change, unless the total asset value also needs amending, the cash figures must be changed.

There is also a schedule for each syndicate where investments are or have been held in the respective trust funds (the Investment Summary), which should enable agents to check the figures in Schedule D. This can be printed using the electronic US reporting system. Citibank Transaction Reports information should be available from Citibank Electronic Banking and/or from your investment managers.

N.B: All investment data must be shown within the US Reporting Packs excluding accrued income purchased and sold. Managing agents should note that if, by virtue of non repatriation, interest is rolled up into the principal accounts of the relevant situs trust funds, these funds cannot at a later date be released from the trust fund other than via the TFMA mechanism.

2) Net remittances

Each quarter many syndicates transfer securities to make their funding adjustments. These are reflected on the net remittances line of SL/RI 2 at the market value prevailing on the date the transfers were made. As a margin has to be transferred this figure may not match precisely the value of the required transfers. Hence, Market Reporting has not allocated the net remittances across years of account in the preliminary packs, but has posted them all to the 2002 column, as agents will need to determine the split. Agents **must** make the year of account allocation in the

packs which are returned.

Please also note that net remittances included in the annual pack relate to the whole year except for the 1999 year of account where this year closed at the end of 2001. Agents should check the figures to ensure that any remittances/withdrawals made during 2002 are accurately reflected.

It should also be noted that where syndicates have transferred securities between trust funds (termed by Citibank as 'deliver free' and 'received free' transactions) these will appear on the Citibank statements as having been traded at zero proceeds/cost. However, the historic cost relating to that holding will be shown on the Citibank investment summaries. For US reporting purposes only, the market value prevailing on the date of the transfer has been used as the proceeds for any 'deliver free' and the cost of any 'received free' transaction. The carrying cost within the US reporting system will also be the market value on the transfer date rather than the historical cost. (N.B.: The reason for this different treatment is that a 'deliver/received' free does not create a taxable event, so Citibank treat it as a transaction with no value and continue to carry the original cost. For US reporting purposes each trust fund is treated as a separate entity, so the transactions must be valued at the market value on the date they occurred).

Line 16 of forms SL/RI 2 currently do not show any transfers required to/from the situs trust funds. The figures included in the final packs must be based on the figures in the amended draft packs.

3) Cash Transfer Forms

Cash transfer forms must be returned to Dave Whitby (LPSO Settlements & Trust Funds, CH/L4) in hard copy by 14 February 2003, and will have a value date of 26 February 2003. The cash transfer form has been amended from last quarter and requires Managing Agents to specify non-cash assets that they intend to move to/from the situs accounts. This will appear as a memorandum note at the bottom of the form. The reporting system will derive the total amount to be funded from the pack and the cash transfer figure from that entered at the top of the form. It is then possible to enter values in respect of investments and letters of credit that will be added/removed from the fund. Agents will need to ensure that the total calculated after these details have been input agree with the total amount to funded figure derived from the pack.

4) SLTF funding requirements

Please note that for Surplus Lines Trust Fund purposes, with effect from 1 January 1999, the amended terms of Art. 2.7 of the surplus lines trust deed: (i) require advanced notice to be given to the Trustee, the Domiciliary Commissioner, any Non-Domiciliary Commissioner and the IID in the event that, in respect of a given year of account, the TFMA for any quarter is less than 50% of the TFMA for the immediately preceding quarter; and (ii) prohibits the Trustee from permitting any such withdrawal for a period of 10 days after receipt of any such notice. The single exception relates to the situation where there is an RITC of the relevant year of account when details of the syndicate and year of account assuming the RITC of the US liabilities are required to be advised to the Trustee. **In other words, when making the**

adjustment for the 31 Dec 2002 position, assets may not be transferred out of the SLTE, if the remaining asset balance for any YOA is less than 50% of the TFMA at the end of the preceding quarter, without previously providing the required notices. If any syndicate is likely to be in this position, MRAD must be advised immediately and a major warning will flag up that will need positive verification.

- **FAILURE TO DO SO WILL MEAN THAT YOU ARE UNABLE TO RELEASE ASSETS IN EXCESS OF THE 50%.**
- **The deadline for notification is therefore 16 February 2003.**
- **Please note that a reduction due to an RITC is acceptable, provided the assuming year maintains at least 50%.**

Appendix 5

De-linked underwriting transactions

Further to market bulletin Y2109, issued on 5 August 1999 some brokers may have used the optional facility whereby premium transactions may be recorded in advance of settlement. This process is referred to as 'de-linking'.

A report listing any premiums which have been recorded early (i.e.: de-linked) is included with this letter for those syndicates having an involvement in such transactions for their US situs trust fund business.

Where the effect of "de-linked" items on premiums is material the figures in the reporting packs should be adjusted accordingly. For clarification, this means included in any workings, as set out in the following example:

Example:

For a syndicate's 2001 year of account, as at 31 Dec 2002: The syndicate has \$100m of signed premiums and a further \$25m of de-linked premium items which have been recorded in advance of settlement. The syndicate has paid claims of \$40m, and the outstanding claims are not large enough to increase the reserve requirement.

	<i>\$m</i>
(1) <i>Signed premiums</i>	<i>100</i>
(2) <i>De-linked premiums (i.e.: not yet signed)</i>	<i><u>25</u></i>
(3)	<i>125</i>
(4) <i>Credit against future unsigned premiums</i>	<i><u>(25)</u></i>
(5) <i>Premiums for inclusion in the US situs trust fund pack</i>	<i><u>100</u></i>
(6) <i>Paid claims</i>	<i>40</i>
(7) <i>Reserves required (5) – (6)</i>	<i><u>60</u></i>

A: If, however, it is already known that the loss ratio on the de-linked premiums will be in excess of 100% the amount of the credit in (4) must be restricted accordingly.

B: If outstanding claims on the signed and de-linked premiums exceed the \$60m, then the reserves required will be equal to the outstanding claims.

PROGRAMME NO
PAGE: NO

LLOYD'S INSURANCE DATA SYSTEM

DATE: DD/MM/YY

US TRUST FUND DELINKED ITEMS REPORT

SYNDICATE NUMBER: 9999

<u>TRUST FUND CODE</u>	<u>LPSO NUMBER</u>	<u>LPSO DATE</u>	<u>GROSS PREMIUM AMOUNT</u>	<u>YEAR OF ACCOUNT</u>	<u>RISK CODE</u>	
	<u>SYNDICATE REFERENCE</u>					
XX	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
		SUBTOTAL:	-9,999,999,999,999.99			
XX	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
	99999	DD/MM/YY	-9,999,999,999,999.99	CCYY	XX	XXXXXXXXXXXXXXXX
		SUBTOTAL:	-9,999,999,999,999.99			

*** END OF REPORT ***

Appendix 6

USRESREC Returns.

Completion of USRESREC forms is electronic.

The electronic system has been placed on L-Net (Extranet) and can be accessed within the Infobase (option 1), Membership enquiries and MSU login screen, where agents should enter their current ID and password. Then select the Market Reporting and US Reserve Reconciliation options, relevant agent code, syndicate and trust fund to enter the USRESREC electronic form.

The electronic form has been created to look as similar as possible to the hard copy version to ease completion and validates sub-totals and grand totals.

Please note that the facility to upload data from a spreadsheet is available. An Excel spreadsheet should be created, four columns wide by ten rows containing the USRESREC data in the same format as the USRESREC form and saved as a CSV file. After accessing the USRESREC electronic form and selecting 'Load from file' from the bottom of the screen, this will take you to a screen entitled 'Upload your file here'. The file name containing the data upload should then be entered by keying directly or found via the browse facility. Then click 'Submit'. The data will then be formatted into the USRESREC form. Click on 'Click to populate return form with above values'. Once completed continue as below.

There is an option to save the forms as either "Incomplete" or "Complete".

The "Incomplete" option will not validate the data within the form, as the forms must be saved as "Complete" before it is possible to "Send" the validated forms to Market Reporting.

Both trust fund forms must be completed with contact name and telephone/facsimile numbers before they can be sent.

Line 1 numbers have been pre-populated based on the finalised Line 1 numbers from last quarter.

Should agents have any queries with the system or completion of the return please contact David Cokayne on Lloyd's extension 6238 or Julie Wilson on Lloyd's extension 6891.

Appendix 7**Schedule F&P – integration with US reporting packs**

Agents are reminded that at the same time as the electronic updates to the main US packs are due to be returned to Market Reporting (14 February 2003) you must also return electronic updates for schedule F and P, including the LATF. When returning the final signed and notarised reporting packs the schedules F and P should be combined within the main reporting packs. N.B Hard copy schedules F&P are not required for LATF.

F&P and US reporting packs – cross validations

It is essential that the agent schedule F and P system can locate the data file of the US reporting agent front end system. This will allow the automatic cross validations between systems to take place and permit the final locking of both systems and creation of the final electronic returns to Market Reporting. Agents should also note that it is only possible to print the final hardcopy for notarisation (without the word 'draft') at this stage.

To locate the US reporting data file from the F and P system:

On entering the F and P system (having previously set up the F and P syndicate return with the syndicates relevant to your agency), select the screen entitled 'Set up syndicate fund'. If the US reporting system and F and P system are held in the same directory, the screen should automatically show the US reporting data file reference. If not, click on the 'US reporting' button and point the system, using the browse facility, to the US reporting data file (2002q4).

US Reporting
Situs Trust Funds
Guidance notes:

Updating Reporting
Packs using the Electronic
"Agent Front End" System

Year Ended 31 December 2002

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

Introduction

As in previous quarters the Market Reporting is providing software and electronic preliminary packs for each syndicate which has signed trust fund deeds for US situs Surplus Lines and Credit for Reinsurance business. This software will allow you to make all changes listed below under 'What can be updated?' electronically.

The preliminary packs include figures for assets held at Citibank and underwriting transactions processed by X-changing which are available centrally. As before, please check these preliminary packs and amend them for any changes to the pre-filled data provided and to reflect any figures relating to reserves (which are not available centrally). Please also note that both the guidance notes and checklists have been prepared on the basis that there are no years of account in Run-off. Any agency with Run-off years of account will be provided with additional information.

Provision of data

The data will be made available for collection from the Market Reporting web-site. Where this is unavailable to agents, an alternative means will be found of delivering the packs.

What can be updated?

The agents' version of the US reporting system allows you to update the electronic packs:

- for reserves at the year end;
- for changes to investment data (except for brought forward and standing data);
- to amend premiums, claims, brokerage and commission;
- to enter (RI only) LOC's, funds withheld and deferred instalments;
- to add a memo note (RI only) of alternative security provided to reassured;
- to reallocate assets, realised/unrealised gains and losses, and net remittances across the years of account;
- to complete the cash transfer form;
- for changes to the list of directors/partners and the agency address appearing on the Jurat page ; and
- syndicate contact details (this does not form part of the printed packs).

How to update the packs

Pannell Kerr Forster have produced a systems manual and installation instructions which are to be followed when using the system. These notes are intended to be a user guide on how to enter updates using the electronic system. Before attempting to follow these instructions you must ensure that the software and the data are loaded onto your system. Please ensure that your system meets the minimum specifications as set out below.

The system will run under Windows 3.1, Windows '95, or Windows NT. At least 16 Mb of memory is required, and at least 550 Kb of base memory should be available to applications. A local hard drive is required for storage of work files. The screen must be at least SVGA, and will need to be set to a minimum of 800 x 600 pixels. It is strongly recommended that high performance PC's are used (e.g.: Pentium P200). **You will not be able to use the software if you do not have the minimum specified hardware.**

Accessing the system, syndicates and forms.

Select the icon which allows you access to the US reporting system.

Type the number of one of your syndicates into the box on screen, or click on the 'select' button, in which case you will be given a drop down menu showing all of your syndicates. Double click on the syndicate you wish to access.

Click on the 'OK' button to access the syndicate (or click on 'cancel' to be given the option to quit the system).

This will access the *syndicate control screen* which lists all forms relevant to the syndicate for this year. The left-hand blue list is for SL forms and the right-hand red list is for RI.

If you are accessing the forms to update them, rather than just to view them, you may wish to click on the 'amend all' button (bottom left-hand side) at this stage.

Alternatively each form which can be updated has an 'allow changes?' button which can be set within the form - but you will need to set this each time you enter a new form.

To access any form simply move the cursor to that point on the list and double click.

Once you are within a form you may move backward and forwards between forms by using the 'last form' and 'next form' buttons at the top right-hand side of the screen.

Alternatively, you may click on 'OK' (which will save any changes you have made or on 'cancel' (which will cancel any changes you have made). This will take you back to the *syndicate control screen*.

Use of the buttons to move between forms is not available on certain investment forms (SL 10/RI 9) as these forms can only be accessed to preview or print the form.

At the end of a session select the 'Cancel' button at the first screen - i.e.: where you selected the syndicates to work on. This will then prompt you to confirm that you do wish to quit the system.

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

Order in which to approach exercise

Experience within Market Reporting has shown that it is easiest to update the underwriting data included in the packs by starting towards the back (i.e.: at SL/RI 6 and 6a) and working towards the front pages of each pack. This is because data feeds from certain of the later forms to the earlier ones, so they are best completed first.

The guidance below refers to SL at all form references. The approach for the RI pack is exactly the same so for 'SL' you may also read 'RI'.

Updating for reserves

Having clicked on the 'amend all' button select form SL 6a (if applicable). You will then enter the *Loss Experience* form for the syndicate's closed year of account. The cursor will be in the *Losses Unpaid Current Year* column, on the line for *Ocean Marine* business. If you have reserves for this line of business as at 31 December 2002 they should be entered here. By pressing the return button on your keyboard the cursor will move to the next line of business. This will also update the figure in the *Losses Incurred* column. Please note that the figure you enter in this column is that for outstanding claims plus IBNR and that the paid loss figure is automatically included in the relevant totals.

You cannot enter data in the total *Aggregate Write-ins* line, but must enter this by the individual lines towards the end of the form.

To recalculate the totals in the *Losses Unpaid Current Year* and *Losses Incurred* columns press F9 on your keyboard or the 'F9' button on screen.

Once you have correctly completed this form, move to the previous form, by clicking on the 'last form' button towards the top right hand corner of the screen and repeat the process.

If you have no form SL 6a then start with form SL 6.

It is recommended that you recalculate each SL 6/6a form using F9 before closing it to ensure that you agree the totals.

The data for gross reserves will automatically update on line 1 of form SL 2 and columns 2 and 3 of form SL 7/7a without recalculating and revalidating the entire pack. This data will, however, only be fed through to form SL 3 on performing a pack recalculation.

For the SL packs only there is an 'Apply %' button on form SL 2 which recalculates the required reserves at 30% (this is a change from the 50% previously applied).

If you need to change the Outstanding Claims figures (as shown in column 1 of form SL7, by line of business and by YOA), you may do this by following the procedures set out below in the paragraph on making 'Underwriting Adjustments'.

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

Updating for allowances against reserves (lines 2a – 2c on form RI 2) – RI packs only

Please note that the figures appearing in the preliminary packs (lines 2a-2c of RI2) are shown at zero, including amounts for closed YOAs against the assuming year. Any credit in respect of letters of credit, deferred premium instalments or funds withheld must be restricted to the amounts of the calculated reserves for the relevant contracts.

To assist in calculating the credits to be entered, Schedule F, showing information by reinsured, may be printed from the system. Select Schedule F on the *syndicate control screen* at the bottom of the list of forms. On entering the form you are asked whether you would like to 'Amend Letter of Credit, deferred instalments and funds withheld details', choose 'Yes' to access the 'Schedule F adjustments' or 'No' to proceed to the print menu. If you require a change to the Letter of credit deposited, the deferred instalments or the funds withheld by reinsured, after choosing 'Yes', there is a 'browse' button, with which you may highlight the required Reinsured name / Federal id / NAIC code, press return after selection. Click on the 'amend' button and enter the required amounts within the white 'Adjustments to deferred premiums / Funds held by reassured / Letters of credit' fields, after entering click on the 'amend' button to save the details and close the screen.

On completing the calculation of credits, where required, the amounts are entered directly within the white 'Letters of Credit deposited / Deferred Instalments / Funds held by Reassured' fields in RI 2. Before closing this form, it should be recalculated using 'F9'.

Underwriting Adjustments

Adjustments can be made to the LPSO/LCO data via the 'U/W Adj' button on the *syndicate control screen*. Please follow the sign convention in the table below:

	Increase	Decrease
Premiums	+ ve	- ve
Claims	- ve	+ ve
Brokerage & Commission	+ ve	- ve
Losses in Adjustments *	-ve	+ve

* This is the outstanding claims element of gross reserves.

N.B. There are separate buttons for the SL pack and the RI pack. The screen then allows you to 'Add new' adjustment, identify the adjustment type (e.g. Premium), enter the year, risk code, state (SL only), reassured (RI only) and the amount of the adjustment. If you require to amend any adjustment you have already entered, highlight the required adjustment from the window and click on the 'Amend' button. The details will then appear on screen, after making the amendments, click on 'Save' or 'Undo' to ignore any changes made.

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

If you require a print of the adjustments you have made, go to the 'U/W. Adj' button on the *syndicate control screen* and click on the button 'Postings report'.

Updating fund movements on SL 2

Before following the points below you must ensure that you agree the allocation by year of account of the asset values at the year end on form SL 1 and line 12 of SL 2 and the allocation of gains and losses on securities on lines 7 and 8 of SL 2. If you do not agree these allocations please follow the notes regarding amending these details before updating the rest of form SL 2.

The figure for *net remittance/(payment) re deficiency/(surplus) on Trust fund* at line 10 has not been allocated across years of account. You MUST enter the figures for each year in the relevant white boxes. You may also change the overall total if you believe it to be incorrect (having entered the figure for each year press F9 to recalculate the form and the new total will be shown).

You may also enter figures for *Other movements* at line 11 in order to make the reconciliation between the opening assets position and the year end figures agree. Until each column casts, a difference will be shown on the face of the data entry screen immediately above the field which shows the balance at the beginning of the year. Recalculating this individual form by use of F9 will also show any overall difference in the total column.

On a few occasions syndicates have made transfers after the year end but before the filing date. These should be entered at line 15.

Once you have agreed all other details on this form click the 'Apply % and set to balance' button on screen. This will then complete line 16 for remaining balance *to be made*.

N.B. For SL packs only. The provisions of the new trust deeds do not ordinarily permit a withdrawal from the SLTF which would leave the remaining assets in the trust fund at less than 50% of the previous quarters TFMA. If the total withdrawal you enter on the pack would leave insufficient assets this will be flagged as a major warning, and you should amend any withdrawal accordingly or advise MRAD who will give the required notice. In some circumstances (e.g.: where for the SLTF, syndicates hold LOC's in excess of the required reserves) agents may choose not to release the full surplus back to the LDTF. In these cases you may key directly to line 16.

Releases from the situs trust fund are shown as negative on lines 15 and 16.

Before closing this form it should be recalculated using 'F9' to ensure that there are no remaining differences.

Alternative security (form RI 2)

Where a syndicate has provided alternative security to a reassured you must complete the memorandum note at the foot of RI 2. To do this select the 'memo assets' button towards the foot of the RI 2 screen, which opens a sub-screen. You may then enter the relevant details in the fields on screen and close the sub-screen. The default print does not show this note, but once you have entered any figures into the sub-screen the note will print.

Amendments to Asset allocations

The system will allow you to amend the allocation by year of account of the asset values at the year end on form SL 1 and line 12 of SL 2 and the allocation of gains and losses on securities on lines 7 and 8 of SL 2. If you need to change the overall totals please follow the notes regarding amending these details before updating the allocations.

Click on the 'syndicate screen' button towards the bottom of the syndicate *control screen*.

The syndicate screen has tick boxes to 'allow manual year' allocation for each trust fund. Amendments cannot be made to the YOA allocations, unless boxes are ticked.

Having ticked the box for the relevant trust fund close this screen and select form SL 1. You can then over key any of the figures where you are simply moving assets between years of account. As you change each number any differences will be shown on screen.

You must recalculate the form using 'F9' before closing it to ensure that there are no remaining differences. Failure to do so would result in any differences being adjusted for automatically within the 2002 year of account when the pack is recalculated. This may not give you the final figures you require, so it is essential that you eliminate any differences on this form prior to performing a pack recalculation.

Similarly you may amend the year allocation of realised and unrealised gains and losses on lines 7 and 8 of form SL 2 in the same way. These will always agree back to the figures in the total column, the balancing figure appearing in the 2002 column. It is best to recalculate using 'F9' on completing these two lines to ensure that you agree with the balance in the 2002 column.

Alternatively, it is possible to directly enter and automatically apply revised allocations by keying the revised percentage splits. Click on the 'syndicate screen' button and then the 'Citibank%' button. By clicking on the 'amend' tick box, it is possible to directly enter the revised allocation percentage splits. Note that the balancing amount is automatically calculated within the 2002 year of account. To save the changes click on 'ok', and, to apply to all other relevant schedules, recalculate the pack.

Accessing and amending Investment data

You can amend the asset values or gains and losses at the end of the year, and both the cash and investment data relating to the current reporting period.

To amend cash on hand and on deposit, select form SL/RI 1 and on entering the form click on 'Allow Changes?' By increasing or decreasing the sub-total of cash and invested assets for all years of account at line 5, and following the recalculation of the form using 'F9', a corresponding increase or decrease in cash on hand and on deposit will be shown. By recalculating the pack the revised cash position will be allocated across all years of account in accordance with the current YOA allocations.

To amend investment data, Click on the 'Print: Inv. Summary button' for the relevant Trust Fund. The system defaults to the *movements* print, being the investment summary which has been sent to you with the preliminary packs in the past. This schedule may assist agents checking the details which appear in the packs.

To amend investment data, click on 'Investments'. A separate record is shown for each holding, giving all details which might appear in the quarterly or annual packs. Arrow buttons towards the right-hand side of the screen allow you to scroll through these records, or go straight to the first or last record. There is also a 'browse' facility which allows you to view several records in summary form at one time. A specific record can be located by clicking on the 'Find' button and entering the relevant security or Cusip code. By pre-selecting either 'Security' or 'Cusip', at the bottom of the Investment Data Maintenance screen, the search can be carried out (using either the browse or find facility) by either code.

To amend a record, click on 'Amend?'. All white fields are amendable ('Disposal Date', 'Purchaser', 'Consideration' and 'Disposal book value') with 'Profit/loss' (realised gain/loss) recalculated automatically where required. Note that book value at disposal equals cost for those assets acquired during the reporting period. For those assets owned at the end of the previous period it equals book value brought forward. Reference data items and previous quarter data (coloured blue) cannot be amended, the only exception being market value.

To amend 'Market Value', click on 'Amend?' and enter the new data in the 'Book Value' and 'Statement Value' fields. 'Market Value' will be automatically updated and the 'Adjustment' (unrealised gain/loss) recalculated. Click on 'Save'. It is essential to update both fields.

To create a new acquisition record, click on 'Add new'. Select the security details by clicking on 'Select Security'. A list then appears of all security details held from which the relevant record can be selected by double clicking on the line. Enter the acquisition details and click on 'Save'.

To create a new disposal record, locate the acquisition to be disposed. **NB:** disposals are matched to acquisitions in the following order:

- Purchases of the same security on the same day;
- Purchases of the same security within the previous 10 days; then
- Purchases prior to 10 days of the disposal on a First In First Out basis.

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

Where the units disposed equals the holding shown, click on 'Amend?' and enter the disposal details in the bottom section of the screen. Click on 'Save'.

To create a part disposal record, i.e., where the disposal units are less than the holding shown, click on 'Amend?' and then click on 'Part Disposal'. Enter the number of units disposed ('Market Value', 'Cost' and 'Statement Value' are automatically calculated). Enter 'Disposal Date', 'Purchaser' and 'Consideration'. Profit/loss on disposal is calculated automatically. Click on 'OK' and answer yes or no to confirm disposal.

To create a disposal where the units exceed any one individual holding, will require disposal details to be entered against more than one record, with the consideration shown on a pro-rata basis.

To delete a record, click on 'Delete' and answer yes or no to proceed. To delete a disposal record, click on 'amend' and then click on 'Cancel Disposal'. Answer 'yes' to 'Cancel disposal and reinstate investment?'. The original holding will automatically be reinstated.

To restore investment data, note that there is a facility to restore the investment data to the position when first loaded, effectively 'undoing' any changes to investment records. Click on 'Reset investments' on the *syndicate control screen* to restore the data. NB: undoes all changes you have made to investments within a particular pack, but there are separate buttons for the SL & RI packs.

Updating directors/partner

To amend the list of directors appearing on the Jurat page, form SL/RI 0, select the 'syndicate screen' button towards the bottom of the *syndicate control screen*.

Press the *Amend directors* button on the syndicate screen to access the list, which can now be changed.

Please note that these details will be common for all packs managed by the same agency and it is only necessary to make the changes once.

The amend facility also allows you to flag where the agency is a partnership, to ensure the correct wording on the Jurat page.

Please remember to ensure that the entries on this list remain in alphabetical order.

Changing agent's address

The *syndicate screen* also has a button which will allow you to amend the agency address which will appear on the jurat page (SL/RI 0).

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

Updating contact details

To amend these details (which do not appear in the packs) select the 'syndicate screen' button towards the bottom of the syndicate *control screen*.

You can then over type the contact name and telephone number for the syndicate.

Note that you are also required to provide a facsimile number and Market Mail contact address for each syndicate. Until this information is entered, you will be unable to lock the pack and generate the final electronic download to Market Reporting.

Click on the close button to save the changes, or use the escape key to abandon them.

Calculation validation and rules

Once you have updated the pack, using the agent electronic system, each pack should be recalculated. To do this click on the 'Calc all' button under the list of forms for the relevant trust fund on the *syndicate control screen*. You will then be prompted to confirm that you wish to recalculate the pack. Once this is complete the fields immediately to the right of the 'Calc all' button will be updated to show the latest validation date, time, number of errors and number of warnings.

Agents should note that the agent system will require positive confirmation of a number of warning messages where these appear in agent's packs. Additionally, there should no longer be any circumstances where a pack should have to be returned showing error messages.

To find out what any remaining errors or warnings relate to you may print the control sheet using the appropriate button on the *syndicate control screen* (one for each trust fund to be found immediately above the fields showing the validation details).

The narrative for errors is self explanatory, showing the nature of the error (such as 'trust fund does not cast'), the relevant form and line references and the figures which do not agree. Warnings usually arise when data is expected in a particular field but nothing is present, such as reserves for a year which has signed a trust deed. Warnings preceded by the wording 'MUST VERIFY' will require positive confirmation. Until this is done, the system will not permit the final electronic download to be created. To positively confirm the warnings, from the *syndicate control screen* click on the 'verify' button (the yellow box shows the current number of outstanding verifications required). Answer 'yes' to 'Verify validation rule warnings'. To verify a displayed warning click on the 'change verification?' tick box and type 'yes' in the 'enter yes to verify' white box.

Various informational messages are also shown on the control screen such as where claims have been paid for a particular line of business for a state but no premiums have been received. This allows you to investigate them further should you deem them to be material.

A materiality factor has been built in to allow you to print a reduced list of validation

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

messages on the control sheet. This restriction only applies to informational messages based on data which would appear on form 9 of the annual packs (the state pages). To apply the restriction select the tolerance level you require on the *syndicate control screen* prior to recalculating the pack. The system will automatically default to a \$500 tolerance, but you may select \$0 or \$1000 by clicking in the relevant marker.

Alternatively, you may mark the 'Show Rules' tick box on the *syndicate control screen* prior to calculating, in which case all rules will be shown on the control report, including those which were completed successfully.

Printing packs

The *syndicate control screen* also has buttons for each trust fund to allow you to print all forms, selected forms, investment data (see below), working schedules and (as mentioned above) the control sheet. **Agents should note that prior to the creation of the electronic update for return to Market Reporting all printed forms will appear with the word 'draft'. The final pack for notarisation purposes, without the word 'draft', will be automatically printed on creation of the electronic update.**

When using the 'selected' button a menu listing all available forms will be shown. Place the cursor in turn over each form you wish to print and double click so that a '+' sign appears to the left-hand side of the line. Select the 'OK' button to print, or 'cancel' to quit this screen.

The screen from which selected forms are printed also has a button which will allow you to print the cash transfer form. Please note that this no longer has pre-filled figures as syndicates now transfer securities as well as cash. However, you may populate the form via the 'Cash Transfer Form Details' button towards the bottom left of the screen or within the *syndicate screen* which has a 'Cash Transfer Form Details' button towards the top of the screen. This screen allows you to enter the account numbers, which will roll forward from quarter to quarter, as well as the amounts of the cash transfers for the SLTF and CRTF (either manually entered or if all cash, via 'Set to Pack Figures' button). It also has a button to print the form. The system will derive the LDTF transfer. Please note that debits are entered as positive values and credits as negative.

It is essential that you complete the cash transfer form details before locking the packs and creating the electronic versions to return to MRAD, as this data will be summarised and passed to LPSO - Settlements and Trust Funds to assist them with the actual movement of cash.

Creating electronic downloads to return to Market Reporting

Once you have updated the packs as far as possible, eliminating all errors and verifying, where required, all warnings, electronic downloads must be created to return to Market Reporting. To do this both trust fund packs for a syndicate must be locked. **You must ensure**

US Reporting Guidance notes - Electronic "Agent Front End" System Year Ended 31 December 2002

that the agents F & P system is also pointing to the US reporting system data file (please refer to Appendix 7 of the market letter accompanying these instructions) in order to permit the creation of the download.

To lock a pack simply click on the 'Lock' button above the list of forms for that pack on the *syndicate control screen*. This will recalculate the pack and lock it. You cannot lock a pack without recalculating at this stage. Once locked the button will change to 'Unlock'. You cannot make further changes to a locked pack without first unlocking it. If you unlock a pack to perform further work on it you will be asked to re-select the syndicate.

Once both packs are locked the button on the syndicate control screen, which currently reads '<N/A>' will change to read 'Create Diskette'. By selecting this button the system creates the files which are to be returned to Market Reporting. This process is prompt based and once the export file has been created you will be asked to choose whether to save to 'A: (Diskette)', 'B: (Diskette)', or if you require to send the pack via market mail, select 'Other drive' and save to your c: drive or network drive.

Final electronic packs to agree to signed and notarised filings

Once you have created the electronic version of a syndicate's packs for return to Market Reporting you will not be able to unlock the packs (and make further amendments) without first obtaining a syndicate specific password from Market Reporting. This should reduce the possibility that the final filed version differs from the electronic submission that is used to compile the global return and the electronic version of each pack, which are filed with NYID.

Return to Market Reporting

Please **return** electronic updates for each syndicate via the Market Reporting web-site on L-Net.

The due dates are per the timetable issued on 6 December 2002, i.e.:

14 Feb 2003 – Submission of electronic copy packs (including schedules F & P), by managing agents to Market Reporting (USRESREC forms should also be returned at this time), actuarial certification of the gross reserves (2 copies for both the SLTF and CRTF); and

19 Feb 2003 – Final packs, and integrated schedules F&P (notarised and signed) to be returned by managing agents to Market Reporting.

Please remember that the cash transfer forms are also due for submission to X-changing Settlements and Trust Funds on 19 February 2003 and will show a value date of 26 February 2003.

Lloyd's Syndicate Annual US Reporting Pack – Year Ended 31 December 2002

Checklist for Managing Agents: Completion of US Surplus Lines/Reinsurance Pack

NB: The checklist has been prepared on the basis that there are no years of account in Run-off. Any agency with Run-off years of account will be provided with additional information, where required. A separate checklist has been included for the investment data

Form	Adjustment/ action required	Completed?
SL/RI 0	Changes to directors/address, etc. should be made on this form, via the syndicate screen. Where an agent manages several syndicates, amendments need only be made once to the system and all jurat pages will then be updated.	
SL/RI 1	The Bonds and Short term investments figures will be allocated to the 2000, 2001 and 2002 YOAs and should agree in total to Citibank Schedule B. If you choose not to use the Citibank allocations, click on allow manual year allocations, via the syndicate screen and please advise Citibank.	
	Total Cash figure for 2000, 2001 and 2002 YOAs should agree to Cash figure on your Citibank Schedule B (which is being sent to you directly by Citibank)	
SL/RI 2	Reserves must be calculated on the modified UK basis for all years - see market bulletin Y748 of 4 December 1997 and Patricia Hakong's letters of 16 March and 1 April 1998. These must be disclosed (at 100% in all cases) on line 1 (via SL/RI 6 and SL/RI 6a).	
	1995 to 1999 reserves are to be included on line 1 against the year/syndicate which has assumed the RITC (i.e.: a total figure for the pure year and its assumed year is disclosed). The reserves for the pure year and the year which has closed will be shown separately on lines 6 and 7 of SL/RI 3. They are entered via SL/RI 6a.	
	Total Net realised capital gains/losses (line 7) must agree to total figures for profit/loss on disposals of both short and long term investments as detailed on forms SL 10H/RI 9H and SL 10K/RI 9K.	
	Total unrealised capital gains/losses (line 8) must agree to the total of column 4 on forms SL 10D plus SL 10K/RI 9D plus RI 9K.	
	Both lines 7 and 8 are allocated across years using Citibank allocations (where available). If you choose not to use these allocations, click on allow changes to manually amend the allocations by year.	
	Net remittance in year (line 10) must be allocated by year of account. The total must agree to all transfers made during 2002 (including any additional transfers which may have been made after the 2002 Q3 funding date).	
	Balance at end of quarter (line 12) must agree to assets totals for each YOA on form SL/RI 1 - and you MUST ensure that this form casts.	
	For SL packs only please ensure that reductions to the trust fund balance follow the guidance in paragraph 22 of the letter which was issued with the preliminary electronic packs (there is an on screen warning if the remaining balance will be less than 50% of the previous quarter's TFMA for any year of account).	
SL/RI 3	Any adjustments to premiums, paid losses or brokerage and commission must be made against the YOA affected, the relevant risk code, for SL relevant state and for RI appropriate reassured (via the Underwriting Adjustment screen).	
	Other than for YOAs which have closed, all figures are cumulative.	
	For detailed guidance on what should appear as regards closed years see the detailed guidance notes attached as Appendix 1 to the letter which accompanies the preliminary packs.	
SL/RI 4	These figures should agree to the relevant data on the investment forms.	

SL/RI 5	Adjustments to premiums may be made via the Underwriting Adjustment screen.	
SL/RI 6 and 6a	Enter losses unpaid (i.e.: gross reserves) in the relevant column (colour coded white on screen) by line of business. This will update SL/RI 2 and SL/RI 7 and & 7a automatically, and upon recalculation SL/RI 3. N.B.: SL/RI 6 forms are completed on a pure year basis. Unpaid losses for closed years MUST be entered on the relevant form SL/RI 6a.	
SL/RI 6a	Premiums are fixed at the 36 month position on this form. N.B.: the losses paid figure will not necessarily agree the figure on SL/RI 3 which is net of any calendar year premiums movements.	
SL/RI 7 and 7a	Updated automatically from forms SL/RI 6 and 6a. Adjustments to outstanding claims figures may be made via the Underwriting Adjustments screen.	
SL/RI 8 and 8a	Cumulative expense figures by YOA, other than for closed years which are calendar year movements only.	
SL 10/RI 9	Investment schedules – please see separate checklist attached	
SL 11	This will updated upon recalculation of the pack for any adjustments made via the Underwriting Adjustment screen.	
RI 10	This form must be used to update LOC's deposited with reassureds, deferred instalments and funds withheld by reassureds. Such adjustments <u>will not</u> automatically feed through to lines 2a to 2c on RI 2 upon recalculating a pack, but will be included in Schedule F by selecting the 'Yes' prompt when asked if Schedule F is to be rebuilt.	
	Adjustments to this form should be made in \$'s (NOT \$000's) – the final form will print in \$000's. Should you wish to see the working schedule, which is in \$'s, this may be printed via a button on the print selected forms menu.	
	If underwriting adjustments have been made ensure that the upon recalculating a pack the 'Yes' prompt is selected when asked if Schedule F is to be rebuilt.	

IN ADDITION TO THE ABOVE, MANAGING AGENTS ARE REMINDED THAT IT IS THEIR RESPONSIBILITY TO CHECK THE ACCURACY AND COMPLETENESS OF ALL INFORMATION WITHIN THE PACKS

PLEASE REMEMBER TO KEEP ANY COPIES OF THE PACKS YOU MAY REQUIRE.

PLEASE DO **NOT RETURN THIS SCHEDULE TO MARKET REPORTING.**

Due to the volume of investment transactions undertaken by the market we have had to rely on Citibank electronic data in preparing the preliminary packs. You must therefore check the figures for investments within the packs carefully to ensure that you agree the data. All investment data for the current reporting period may be amended using the system provided by Market Reporting, via the Investment Data Maintenance Screen. Data relating to previous quarters, and reference data (blue fields on Maintenance Screen) cannot be amended. In the event that changes to these items are required, an Investment Summary should be printed and returned to us with the changes marked as soon as possible and at least 2 days in advance of the deadline for returning electronic updates to Market Reporting. **All final investment values must agree to the valuation on your Citibank Schedule B.** Please note that the Schedule B valuations were not available in time to be included in the preliminary packs. The checklist has been prepared on the basis that there are no years of account in Run-off. Any agency with Run-off years of account will be provided with additional information where required.

N.B The investment data in the annual packs is for the full year (rather than being just for the fourth quarter). On this basis revaluations at interim quarter ends will not be reflected when calculating unrealised gains or losses on investments held at the year end. Similarly realised gains and losses on disposals during the year will be calculated by reference to original cost where the holdings were acquired during 2002, and by reference to the statement value brought forward where the investments were held at the end of last year.

Form	Action	Completed
SL/RI 1	Ensure asset valuation, by class of asset agrees to Citibank schedule B valuation (i.e.: split across rows of Bonds, Short-term Investments and Cash). NB: The fund described by Citibank as 'Short Term' is actually Cash. This is a balancing figure (being total asset value less value of bonds and short-term investments).	
	Citibank allocations have already been applied in these packs to split the assets across years of account (i.e.: across columns). Where you have to amend the figures in any way you may still apply the same proportions as Citibank. If you opt not to use the Citibank YOA allocations you are recommended to advise Citibank.	
	Agree assets to schedule D forms within pack - see below. Amendments to the data can be made via the Investment Data Maintenance Screen.	
SL/RI 2	Ensure balance at the end of the year (line 12) agrees to SL/RI 1 in total and by year of account.	
	Net realised capital gains or (losses) to equal SL 10H/RI 9H columns 11 and 12 plus SL 10K/RI 9K column 1 lines 4 and 8.	
	Total net unrealised capital gains or (losses) to agree to the unrealised gains/losses on long-term bonds (elements of which are included on forms SL 10D/RI 9D, SL 10H/RI 9H and SL 10I/RI 9I plus those for short-term investments per column 1, lines 3 and 7 of SL 10K/RI 9K.	
	Split net remittances (line 10) by YOA	

SL/RI 3	Please note that the figures for realised gains and losses on line 11 are cumulative so will not agree to line 7 of SL/RI 2, unless this is the first period in which realised gains and losses have been made for a particular YOA.	
SL/RI 4	Ensure all details are only calendar entries.	
SL 10A/ RI 9A	Ensure only those bonds with more than one year to maturity at the date of purchase are included on this schedule.	
	Agree statement value in column 6 to total value of long term bonds on SL/RI 1.	
	Ensure book value and market value equal statement value.	
	Disclose all bonds on line 1 (Government) unless another category is applicable (MRAD will advise agents of any changes required when NAIC categorisations become available).	
SL 10B/ RI 9B	Agree totals to combined total of Bonds and short-term investments per SL/RI 1 and SL 10C/RI 9C.	
	Check analysis of maturity.	
	Show all bonds as publicly traded.	
	Check totals in section 7 and section 9.	
SL 10C/ RI 9C	Agree totals to combined total of Bonds and short-term investments per SL/RI 1 and SL 10B/ RI 9B.	
	Check analysis of maturity.	
	Show all bonds as publicly traded.	
	Check totals in section 7 and section 9.	
SL 10D/ RI 9D	Ensure totals (book value, market value and statement value) of bonds agree to line 1 of SL/RI 1 (NB: This is for long-term bonds only).	
	Ensure columns 10 and 11 equal the movement between cost and current statement value for those assets acquired during the year for those assets which are still held at the year end. (This also represents the movement in statement values between year ends for those assets held for the entire year).	
	Ensure that the figures in columns 10 and 11 are included in the figures on line 8 of SL/RI 2 and agree to SL/RI 4.	
SL 10G/ RI 9G	Ensure actual cost does not include any accrued income purchased (NB: this is for the long-term bonds only).	
	Ensure cost (and all other details) agrees to the data on SL 10D/ RI 9D for those assets still owned at the year end.	
SL 10H/ RI 9H	Ensure details for those long-term bonds disposed of during the year but also acquired during the year agree to SL 10G/ RI 9G.	
	Ensure data in column 9 and 10 is reflected in line 8 of SL/ RI 2.	
	Ensure data in columns 11 and 12 is reflected on line 7 of SL/RI 2.	
	Ensure book value on disposal is in line with definition at the end of this table.	
SL 10I/ RI 9I	Ensure the data on this schedule reflects those items on SL 10H/ RI 9H which were both bought and sold during the year.	
SL 10J/ RI 9J	Ensure totals (book value and statement value) of short-term investments agree to line 3 of SL/RI 1 (NB: This is for short-term investments only) and that it agrees to SL 10K/RI 9K total (column 1, line 10).	
	Ensure column 7 equals the movement between cost and current	

	statement value for those assets acquired during the year for those assets which are still held at the year end. (In future years this will also represent the movement in statement values between year ends for those asset held for the entire year).	
SL 10K/ RI 9K	Ensure Column 1 line 10 equals SL/RI line 3 and SL 10J/RI 9J totals.	

General notes:

All investment data **must** be shown within the US Reporting Packs excluding accrued income purchased and sold. Managing agents should note that if, by virtue of non repatriation, interest is rolled up into the principal accounts of the relevant situs trust funds, these funds cannot at a later date be released from the trust fund other than via the TFMA mechanism.

Short-term investments within the reporting packs do NOT include cash or money market deposits.

Short-term investments are those with less than 1 year to maturity at the date of acquisition

Long-term bonds are those with 1 year or longer to maturity at the date of acquisition

Assets do not move between long-term and short-term as maturity approaches.

Other than in exceptional circumstances the Statement Value, Book Value and Market Value of securities will be equal.

Book value at disposal equals cost for those assets acquired during the reporting period. For those assets owned at the end of the previous period it equals book value brought forward.

The disposal value of securities transferred out of the LDTF, CRTF and SLTF are shown at the market values prevailing on the transfer day (as are the cost of any securities transferred into these Trust Funds).

Disposals are to be matched to acquisitions in the following order:

Purchases of the same security on the same day

Purchases of the same security within the previous 10 days

Purchases prior to 10 days of the disposal on a First In First Out basis.