

FROM: Manager, Overseas Reporting
LOCATION: MRD/86/G5
EXTENSION: 5490
DATE: 18 February 2003
REFERENCE: Y2992
SUBJECT: LISTING OF LLOYD'S SYNDICATES AS ELIGIBLE
SURPLUS LINES INSURERS IN THE UNITED
STATES: NAIC - IID FILING REQUIREMENTS IN
2003

DEADLINES: IID filing to be prepared and sent to the Market Reporting and Solvency Department by **1 May 2003** for onward delivery to the IID before 15 May deadline

This bulletin is for underwriting agents having managed syndicates which, are listed as eligible surplus lines insurers on the NAIC's International Insurers Department "IID" Quarterly Listing of Alien Insurers. This listing is an important pre-requisite for syndicates that wish to write surplus lines business in the United States. In order to retain listed status, syndicates are required to make an annual filing to the IID.

The IID sets strict deadlines and fines are imposed for LATE filings, INCOMPLETE or INACCURATE filings and for late payment of listing fees. At present fines are set at a \$1,000 fixed penalty and \$100 per day for each syndicate.

Please take great care to follow the NAIC's instructions, especially if adding rows to the filing spreadsheets. A failure to follow the NAIC's instructions may result in a filing being considered incomplete and subject to late filing penalties.

Filing fees

An annual listing fee of \$3,500 is payable by each **listed** Lloyd's syndicate (sub or incidental syndicates, where applicable should also pay the filing fee) and must be paid. As already advised in Market Bulletin Y2986 (issued on 11 February) the deadline for the payment of listing fees is 31 March 2003 and the deadline for the filing is 15 May 2003

If you have any questions regarding the payment of the listing fees, please call David Whitby on 01634 392206 or Ian Wootten on 01634 392098. Completed cash movement instructions must be returned to STFO by 5.00 p.m. on Friday, 14 March 2003 and payment will be made by STFO on 21 March 2003. STFO will not accept responsibility for any fines imposed on late payments, when cash movement instructions are received after this deadline.

Completion of the Annual IID filings

The IID filing pack consists of a number of documents which must be completed and then signed by the Compliance Officer and the Active Underwriter, in front of a notary public, a Commissioner for Oaths, or a solicitor (other than an in-house solicitor) who holds a practising certificate under section 81(1) of the Solicitors Act 1974.

This year's filing pack is available for download from the NAIC's website <http://www.naic.org/1finance/international-lloyds/index.htm> Click to download the following files:

List of files & their purpose:

Lloyds_Filing_Instructions_2002.doc	Word97 file containing various instructions regarding the completion of the filing format.
Lliid2002.xls	Excel97 workbook containing the financial filing format.
Lloyds_Interrogatories_2002.doc	Word97 file containing the interrogatories.
Lloyds_Jurat.doc	Word97 file containing the Jurat page.
Lloyds_Surplus_Lines_Loss_Reserve_Cert.doc	Word97 file containing the loss certification wording.
IID_Plan_of_Op_2002_12.doc	Word97 file with the latest Plan of Operation (as of December 2002).

If necessary, a proforma biographical affidavit is also available from the website.

Terrorism Reinsurance Act (TRIA)

The current version of the financial filing format on the NAIC website includes a worksheet for TRIA reporting for the calendar year 2002. This is clearly marked as being **draft** and is still being finalised with NAIC/IID. Once a final version has been agreed you will be notified. In the meantime Managing Agents are advised that the due dates for the rest of the return remain in force.

Submission

The notarised packs must be **hand delivered** to Vicki Riley, Market Reporting (“MR”), Gallery 5, 1986 Building (please use Tower 3 lifts) by 4 p.m. on Thursday, 1 May 2003, so that they can be filed with the IID in Kansas City by 15 May 2003. Where MR does not receive the notarised packs by 1 May 2003, it cannot guarantee to meet the filing date of 15 May 2003 and the managing agent could become liable to pay the IID penalty fines for late filings.

Please note that **four** originals of the filing packs must be notarised, using the Jurat page mentioned above. There are a number of qualified notary firms based around the City, and agents are free to use whichever firm they choose to effect the notarisation. Please send us **three** paper original versions of the packs: one set will be forwarded to the IID; the second set will be provided to Minnesota, who have again requested an original set of all IID filings from Lloyd’s; and the third copy will be retained by MRD for provision of copies to other US State insurance departments. The fourth copy should be kept for your own records. To avoid confusion, managing agents are reminded that all documents in the three versions filed with us must be originals, including the Statements of Actuarial Opinion.

Please also send to us an additional copy of the Statements of Actuarial Opinions, which accompany this filing, so that we may forward those to our Attorney in Fact in Kentucky.

An electronic version of the financial filing format must be submitted at the same time as the notarised pack (the excel file should be named “LLiid[4 digit syndicate number]2002.xls”). This will be collected via the Market Reporting web-site.

As in previous years, in order to reduce the administrative burden falling upon managing agents’ in the completion of these filing requirements, MR will also be providing the IID with extracts (in hard copy and electronic format) from the Syndicate Return on managing agents’ behalf.

A Regulatory Bulletin dated 15 December 1999 (Ref. 93/99) explained that the NAIC have agreed to rely on Lloyd's Individual Registration process rather than to require separate biographical affidavits from directors, underwriters and controllers of Managing Agents. In the annual IID filing pack you should continue, as before, to list the names of all such individuals. The necessary declaration for NAIC purposes is incorporated in the individual registration application form which, when signed, should be sent to the Manager, Admissions Department, Lloyd's Risk Management, Gallery 5, 1986 Building. There is no charge for submitting this declaration. The Admissions Department will then provide central notification to the IID of individuals who have completed that declaration.

As also advised in Regulatory Bulletin 93/99, completion of the declaration is not compulsory and an individual who does not wish to complete the declaration must continue to submit a notarised biographical affidavit in respect of any changes to details already advised to the NAIC. Nonetheless, the NAIC has asked us to encourage Managing Agents to complete these Individual Registration forms as a way of cutting down on future administrative burdens on directors, underwriters, and controllers.

Questions regarding this should be directed to Monique Alder (on extension 6754), or Richard Tunncliffe (on extension 5137) or Keith Harris (on extension 6147) in the Admissions Department.

Communications with the IID

Please provide this department with copies of **all** significant communications with the IID, as this will help us to keep our records up to date, to anticipate problems, and to assist where we can. Their address is:

NAIC - Attention: International Insurers Department
2301 McGee St Ste 800
Kansas City MO 64108-2604 U.S.A.

It is particularly important to address any filings for the attention of the IID, as many thousands of domestic US company filings are also received by the NAIC, and there have been problems in the past with IID filings being mixed in with the domestic US companies.

If you have any queries regarding the completion of financial data, please call Vicki Riley in MR (on extension 6317) or me (on extension 5490). Please direct any other queries to Steven Yates in Worldwide Markets (on extension 5351) or Maria Wilkins (on extension 6863).

This market bulletin is being sent to the compliance officer of all managing agents.

Leslie Redmond