

FROM: Head, Market Reporting
LOCATION: MR\86\G5
EXTENSION: 5129
DATE: 17 October 2003
REFERENCE: Y3166
SUBJECT: 2003 SYNDICATE RETURNS

ACTION POINTS: **Managing agents to complete syndicate returns**
DEADLINE: **Thursday 26 February 2004 (syndicate return)**
Thursday 26 February 2004 (supplementary syndicate return)
Thursday 4 March 2004 (annual accounting return)
Thursday 15 April 2004 (solvency and reserving data)
Thursday 29 April 2004 (FSA return)

The purpose of this bulletin is to advise you of the form of the 2003 syndicate returns. The completion and deadlines for submission of the 2003 syndicate returns are prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended and the Syndicate Accounting Byelaw (No. 18 of 1994) as amended as appropriate.

2003 Syndicate Returns

The syndicate returns are collected in order that Lloyd's may fulfil its various requirements with regard to, among other things, the preparation of the global results, conduct of the members' solvency test, statutory reporting to the Financial Services Authority (FSA) and to enable corporate members to prepare their accounts in accordance with Schedule 9a of the Companies Act 1995. The purpose of each return is summarised below:

Syndicate return (due by 26 February 2004)

The syndicate return is collected in order to obtain the necessary information to be able to prepare the Lloyd's Global results in accordance with the requirements of the Lloyd's Sourcebook (LLD), and conduct the members' solvency test as at 31 December 2003. The syndicate return includes an audited and unaudited section.

Supplementary syndicate return (due by 26 February 2004)

The purpose of the supplementary syndicate return is to assist corporate members to prepare their accounts in accordance with Schedule 9A of the Companies Act 1985 by collecting information in order for Lloyd's to operate a central facility for the provision of the corporate members' share of each syndicate for which a supplementary syndicate return has been prepared. A large part of the supplementary syndicate return is completed automatically from data entered into the syndicate return. A separate bulletin is being sent to corporate members and their advisers, inviting subscriptions to Lloyd's central Schedule 9a facility as at 31 December 2003. In due course, managing agents will be advised of those corporate members which are participating in the facility. The supplementary syndicate return must be audited.

Annual accounting return (due by 4 March 2004)

The annual accounting return collects profit and loss account, balance sheet and segmental analysis in annual accounting format and will be used for the preparation of the annual accounting section of the Lloyd's global results. The annual accounting return must be audited.

The 31 December 2003 return uses average exchange rates for the profit and loss account. This is a change from the 31 December 2002 return which used year-end rates. The pro-forma accounts will therefore need to include a note on the change in policy. To enable us to provide an assessment of the impact of the change, managing agents of syndicates that traded in the 2002 year of account will be asked to provide a revised, simplified, version of the 2002 year of account annual accounting result as at 31 December 2002 restating figures using average exchange rates. The form and instructions for this information will be issued by 7 November 2003 and this will take the form of an Excel worksheet: it will not need to be audited. The submission date for the return will be 11 December 2003.

Solvency and reserving data (due by 15 April 2004)

The solvency and reserving data (SRD) is one of the key data sources used to set the Risk Based Capital (RBC) model parameters for each year of account. The data is also used in development work to test potential improvements to the RBC process. The SRD is a vital source of information for the Franchise and is a key input to the line of business and whole account benchmarking process. Furthermore, Lloyd's uses the SRD to produce market settlement statistics and in the monitoring of the market's reserves and results. The SRD does not need to be audited.

FSA return (due 29 April 2004)

The FSA return provides the information needed to enable Lloyd's to produce the Lloyd's Return, which is the statutory filing made on behalf of the Lloyd's market to the FSA. The Lloyd's Return, which has to be filed with FSA six months after the year end, ie by 30 June 2004 for the 31 December 2003 return, is required under the terms of the LLD. The FSA return must be audited.

Forms and instructions

The forms and instructions for the various returns are attached as appendices to this bulletin as set out below:

Syndicate return – forms	Appendix 1
Syndicate return – instructions	Appendix 2
Supplementary syndicate return – forms	Appendix 3
Supplementary syndicate return – instructions	Appendix 4
Annual accounting return – forms	Appendix 5
Annual accounting return – instructions	Appendix 6
Solvency and reserving data – forms	Appendix 7
Solvency and reserving data – instructions	Appendix 8
FSA return – forms	Appendix 9
FSA return – instructions	Appendix 10

Method of submission to Lloyd's

Each return must be submitted to Lloyd's electronically - via the MSU market returns website - and in hard copy.

Software

The software for all returns including the user manual, will be made available to the market via the MSU market returns website on 14 November 2003. The software will be provided in three elements: syndicate return (including supplementary syndicate return and solvency and reserving data); annual accounting return and FSA return.

Audit

Forms SRFront to SR22 of the syndicate return, the supplementary syndicate return, annual accounting return and FSA return must all be audited by a registered accountant. The format of the audit reports for each return are currently being reviewed, and the standard form of each audit report will be advised to the market at the same time as the software is made available for download on 14 November 2003.

Submission and deadlines

The deadlines for the submission of the returns are set out below:

Syndicate return	Thursday 26 February 2004
Supplementary syndicate return	Thursday 26 February 2004
Annual accounting return	Thursday 4 March 2004
Solvency and reserving data	Thursday 15 April 2004
FSA return	Thursday 29 April 2004

The return must be submitted by 12.00 noon of the deadline dates.

Full details of the requirements in respect of reporting to Lloyd's with regard to the 2003 year end will shortly be provided within the Business Timetable maintained by MSU.

The electronic syndicate return in respect of each managed syndicate must be submitted by the managing agent via the MSU Market Returns website and the hard copy must be submitted to:

Manager
Market Reporting
Gallery 5
Lloyd's 1986 Building

A return will only be regarded as submitted when both the electronic and hard copy submissions have been made.

Late submissions

The deadlines have been prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended and the Syndicate Accounting Byelaw (No. 18 of 1994) as amended as appropriate. Failure to submit the return by the due deadline will be considered a breach of the appropriate byelaw. A resubmission of the return after the deadline will be considered a late submission.

Managing agents will be subject to disciplinary action and fines will be imposed if the return is submitted after the due deadline, in accordance with the following schedule:

Per return per syndicate – flat fine	£5,000
Per return per syndicate – additional fine per working day late	£1,000

Persistent delays will lead to further disciplinary action.

Workshops

In order to provide managing agents and auditors with further guidance regarding the syndicate returns, a series of workshops shall be held in December 2003 to go through the returns in detail (including a worked example), a review of the major issues and guidance on the operation of the software. The details of these workshops were issued in the Market Bulletin “Syndicate Return Workshops” reference Y3154 dated 6 October 2003.

Issues to note

LATF solvency test: dollar spot forms

Within the syndicate return, SR17 has now been expanded to collect details of transfers into and out of the LATF post the year end up to 26 February 2004. As a result the dollar spot forms, in which this information was previously collected, are no longer required. Please note that any post year end transactions relating to LATF solvency and distribution requirements must be concluded by 26 February 2004; you will not be able to make any further adjustments to the LATF position post this date, in advance of submission of the DD files to MSU in March 2004.

Eligible asset and valuation of liabilities rules

The syndicate return must be prepared in accordance with the eligible asset and valuation of liabilities rules as at 31 December 2003. These rules are being published to the market separately.

Actuarial certification

The 2003 valuation of liabilities rules require managing agents to obtain an unqualified actuarial opinion on the reserves for solvency purposes for each syndicate year, or inform the Lloyd's Actuary as soon as is practicable if this is not possible, whereupon the reserves for solvency will be set by the Lloyd's Actuary. Failure to obtain an unqualified actuarial opinion in respect of a syndicate is viewed as being an extremely serious matter. Details of the procedures to be followed in this situation are set out in market bulletin Y2160 dated 8 November 1999. A copy of the opinion for non-life syndicates must be enclosed with the syndicate return on 26 February 2004, although the opinion does not form part of the return itself.

The requirements in respect of life actuarial reports remain as last year, as stated in the 2003 valuation of liabilities rules. The life actuarial reports must be enclosed with the FSA return on 29 April 2004, although the report does not form part of the return itself.

Queries

Any queries concerning any aspect of the returns should be submitted via e-mail to Market Reporting (lloyds-MRD-ReturnQueries@lloyds.com). Queries will be responded to by the end of the following working day. Please contact me by e-mail (john.parry@lloyds.com) if a response remains outstanding at that time. Any queries regarding this bulletin should be addressed to Paul Tucknott on extension 6169, Robert Smith on extension 5459 or Paul Appleton on extension 6433.

A schedule of frequently asked questions will be made available to agents, as the market works through the various returns. This schedule will be issued through the market returns website. Should any fundamental restatement of preparation instruction be necessary, this will be notified by market bulletin.

This bulletin is being sent to the compliance officers of all managing agents and to recognised accountants.

John Parry

INDEX TO FORMS

SYNDICATE RETURN - 31.12.2003

Form	Description
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AUDITED SECTION:

SR Front	Syndicate return cover sheet
SR1	Profit and Loss Account
SR2	Underwriting Account
SR3	Analysis of Underwriting Result (All Business)
SR8	Analysis of Calendar Year Premiums and Claims Paid
SR9	Analysis of Calendar Year Gross Premiums and Gross Claims Not Processed Through XIS
SR10	Personal Expenses
SR11	Analysis of Reinsurance Bad Debts
SR12	Balance Sheets
SR15	Reconciliation of global result with result to be apportioned
SR16	Analysis of Solvency Reserves
SR17	LATF Business Balance Sheet
SR19	Matching and Localisation: Net Outstanding Liabilities (Including IBNR) & Assets Held in Premiums Trust Funds
SR20	Analysis of Reinsurance to Close (RITC) / Run-off Reserves Retained
SR21	Reconciliation of Reinsurance to Close Premiums
SR22	Managing Agent's Report
SR23	Auditor's Report
SR23(LATF)	Auditor's Report (LATF)

UNAUDITED SECTION:

SRFrontU	Frontsheet for unaudited section
SR24	Syndicate Data Sheet
SR25	Underwriter's Information and Remuneration
SR26	Categories of Business Premium Income
SR27	UK Personal Lines Business
SR28A	Investment Analysis: Classification
SR28B	Investment Analysis: Concentration
SR28C	Currency Contracts Analysis
SR28D	Liquidity Reporting
SR28E	Liquidity Reporting: Working Capital Adequacy Statement
SR28F	Cashflow Analysis
SR29	Forecast Syndicate Results
SR30	Reconciliation of Forecast Syndicate Results with Solvency Result
SR31	Cash Calls
SR32A	Summary and Valuation Report: Long Term Business as at 31 December 2003
SR32B	Long Term Insurance Business: Mathematical Reserves and Capital at Risk
SR33	Managing Agent's Report

**SYNDICATE RETURN
31 DECEMBER 2003**

**AUDITED SECTION - FORMS SR1 TO SR23
BASIC RETURN**

DUE FOR SUBMISSION BY 26 FEBRUARY 2004

SYNDICATE NO:

Managing Agent:

Contact Name:

Telephone No:

E Mail Address:.....

Auditors:

I confirm that all forms which are applicable to this syndicate have been included in this return. The electronic version of this return has been submitted to Lloyd's via the Market Returns web-site on

Signed

Compliance Officer

Name

(Block capitals)

For Lloyd's use only:

Date received:	
No. of days late:	
Byelaw Breach:	Yes/No

SYNDICATE NO:
 SYNDICATE RETURN
 Year ended 31 December 2003
 Year of Account **Run-Off**

PROFIT AND LOSS ACCOUNT
RUN-OFF ACCOUNT CUMULATIVE BUSINESS AS AT XX MONTHS

Page:

		Per syndicate accounts				Schedule 9a adjustments							
		Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule 9a result - 2003 calendar year movement
		1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10-11)
	Result/balance from technical account (SR2 line 32)												
	Gross investment income												
	Gross investment gains												
	Gross investment losses												
	Gross investment expenses												
	Result/balance before personal expenses (1+2+3-4-5)												
	'Standard' personal expenses (see instructions)												
	Result/balance after standard personal expenses (6-7)												
	'Other' personal expenses (see instructions)												
	Result/balance after all personal expenses (8-9)												

PROFIT AND LOSS ACCOUNT
2001 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

Page:

Per syndicate accounts				Schedule 9a adjustments								
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule - 2003 calendar year movement
	1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10+11)
Result/balance from technical account (SR2 line 32)	1											
Gross investment income	2											
Gross investment gains	3											
Gross investment losses	4											
Gross investment expenses	5											
Result/balance before personal expenses (1+2+3+4+5)	6											
'Standard' personal expenses (see instructions)	7											
Result/balance after standard personal expenses (6-7)	8											
'Other' personal expenses (see instructions)	9											
Result/balance after all personal expenses (8-9)	10											

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account 2002

PROFIT AND LOSS ACCOUNT
2002 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS

Page:

		Per syndicate accounts			Schedule 9a adjustments							Schedule 9a result - 2003 result - 2003 calendar year movement	
		Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule 9a result - 2003 result - 2003 calendar year movement
		1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10-11)
	Result/balance from technical account (SR2 line 32)												
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	Result/balance after standard personal expenses (6-7)												
	'Other' personal expenses (see instructions)												
	Result/balance after all personal expenses (8-9)												

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2003**

PROFIT AND LOSS ACCOUNT
2003 ACCOUNT CUMULATIVE BUSINESS AS AT 12 MONTHS

Page:

	Per syndicate accounts			Schedule 9a adjustments								
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule 9a result - 2003 calendar year movement
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Result/balance after standard personal expenses (6-7)	8											
'Other' personal expenses (see instructions)	9											
Result/balance after all personal expenses (8-9)	10											

UNDERWRITING ACCOUNT
RUN-OFF ACCOUNT CUMULATIVE BUSINESS AS AT XX MONTHS

Page:.....

	Per syndicate accounts				Schedule 9a adjustments							
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule 9a result - 2003 calendar year movement
	1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10-11)
Gross premiums												
Reinsurers' share												
Net premiums (1-2)												
Gross provision for unearned premium (AA only)												
Reinsurers' share (AA only)												
Net earned premiums (AA only) (3-4+5)												
Reinsurance to close received - gross												
Reinsurance to close received - R/I element												
Reinsurance to close received - net (lines 7a-7b)												
Run-off reserves received - gross												
Run-off reserves received - R/I element												
Run-off reserves received - net (lines 8a-8b)												
8c												
8d												
Sub-total (6+7c+8c)												
9												
Gross claims paid												
10												
Reinsurers' share of paid amount												
11												
Net claims paid (10-11)												
12												
Grossed up claims reserves												
13												
R/I element of grossing up												
14												
Reinsurance to close paid - gross												
15												
Reinsurance to close paid - R/I element												
16												
Run-off reserves retained - gross												
17												
Run-off reserves retained - R/I element												
18												
Run-off reserves retained - net (memo only) (15-16)												
19												
Reinsurance to close paid - net (memo only) (17-18)												
20												
Run-off reserves retained - net (memo only) (17-18)												
21												
Sub-total (12+13+14+19+20)												
Claims management costs												
22												
Profit/(loss) on exchange												
23												
Administrative expenses												
24												
Commissions												
25												
Other acquisition expenses												
26												
Reinsurers' commissions and profit participations												
27												
Total operating expenses (24+25+26-27)												
28												
Balance on technical account (9-21+22+23-28)												
29												
Net technical provisions brought forward												
30												
Net technical provisions carried forward												
31												
Technical result/balance (29+30-31)												
32												

SYNDICATE NO:.....
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account 2001

UNDERWRITING ACCOUNT
2001 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS

Page:.....

		Per syndicate accounts				Schedule 9a adjustments							
		Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule 9a result - 2003 calendar year movement
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Reinsurers' share (AA only)	5												
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Reinsurance to close received - gross	7a												
Reinsurance to close received - R/I element	7b												
Reinsurance to close received - net (lines 7a-7b)	7c												
Run-off reserves received - gross	8a												
Run-off reserves received - R/I element	8b												
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Sub-total (6+7c+8c)	9												
Gross claims paid	10												
Reinsurers' share of paid amount	11												
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R/I element of grossing up	14												
Reinsurance to close paid - gross	15												
Reinsurance to close paid - R/I element	16												
Run-off reserves retained - gross	17												
Run-off reserves retained - R/I element	18												
Reinsurance to close paid - net (memo only) (15-16)	19												
Run-off reserves retained - net (memo only) (17-18)	20												
Sub-total (12+13-14+19+20)	21												
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SYNDICATE NO:.....
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account 2002

UNDERWRITING ACCOUNT
2002 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS

Page:.....

		Per syndicate accounts			Schedule 9a adjustments							Schedule 9a result - 2003 calendar year movement 12 (=10-11)	
		Cumulative to 31.12.2002 1	Movement in 2003 2	Cumulative to 31.12.2003 3 (1+2)	Exchange adjustments 4	Accrued premium 5	Balancing adjustment to claims incurred 6	Commission/ brokerage 7	Expense accruals 8	Expense reallocation 9	Schedule 9a result - cumulative to 31.12.2002 10 (=3 to 9)		Schedule 9a result - cumulative to 31.12.2002 11
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SYNDICATE NO:.....
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account 2003

UNDERWRITING ACCOUNT
2003 ACCOUNT CUMULATIVE BUSINESS AS AT 12 MONTHS

Page:.....

	Per syndicate accounts			Schedule 9a adjustments							Schedule 9a result - 2003 calendar year movement 12 (=10-11)
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Net claims paid (10-11)	12										
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Net technical provisions carried forward	31										
Technical result/balance (29+30-31)	32										

ANALYSIS OF 2001 YEAR OF ACCOUNT UNDERWRITING RESULT

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

		2001 account Cumulative business as at 36 months		
		Pure Year	Prior Years	Total
		1	2	3*
Gross premiums written (net of brokerage)	1			
Reinsurance ceded	2			
Net premiums (line 1 - 2)	3			
RITC received	4			
Total (lines 3 + 4)	5			

Gross claims	6			
Reinsurance recoveries	7			
Net claims (line 6 - 7)	8			
RITC paid	9			
Run-off reserves c/f	10			
Total (lines 8 + 9 + 10)	11			

UNDERWRITING RESULT (LINE 5 -11)	12			
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* Must equal relevant disclosure on SR2(2001) column 3 PLEASE SEE INSTRUCTIONS

ANALYSIS OF CALENDAR YEAR PREMIUMS AND CLAIMS PAID

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

Calendar year premiums

GROSS PREMIUM (before reinsurance ceded)

Total gross premium, net of brokerage	1	
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REINSURANCE CEDED

Premiums paid to another Lloyd's syndicate	2	
Premiums paid outside Lloyd's	3	
Total reinsurance ceded (lines 2 + 3)	4	

NET PREMIUM (after reinsurance ceded)

Total net premium (lines 1 - 4)	5	
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Calendar year claims paid

CLAIMS PAID (before reinsurance recoverable)

Total claims paid	6	
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REINSURANCE RECOVERABLE

Reinsurance recoverable from another Lloyd's syndicate	7	
Reinsurance recoverable from outside Lloyd's	8	
Total reinsurance recoverable (lines 7 + 8)	9	

NET CLAIMS PAID (after reinsurance recoverable)

Total net claims paid (lines 6 - 9)	10	
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**ANALYSIS OF CALENDAR YEAR GROSS PREMIUMS AND
GROSS CLAIMS NOT PROCESSED THROUGH XIS**

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

TOTAL GROSS PREMIUM NET OF BROKERAGE	1	
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GROSS CLAIMS	2	
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PERSONAL EXPENSES

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **Run-off**

			Calendar year movement 1.1.03 to 31.12.03
Managing agent's fees	Individual	1a	
	Corporate	1b	
Members' agents' fees	Individual	2a	
	Corporate	2b	
Annual subscriptions & levies:			
a) Lloyd's subscriptions	Individual	3a	
	Corporate	3b	
b) Central Fund	Individual	4a	
	Corporate	4b	
c) High level stop loss subscriptions	Individual	5a	
	Corporate	5b	
d) Members' special contribution	Individual	6a	
	Corporate	6b	
Managing agent's profit commission	Individual	7a	
	Corporate	7b	
Sub-total: 'standard' personal expenses	Total (1a to 7b)	8*	
Other personal expenses (please provide separate analysis)		9**	
Total	(lines 8 + 9)	10	

Cumulative Personal Expenses

Individual	11	
Corporate	12	
Total	(lines 11 + 12)	13***

* Line 8 must equal SR1 (Run-off) line 7, column 2

** Line 9 must equal SR1 (Run-off) line 9, column 2

*** Line 13 must equal SR1 (Run-off) lines 7+9, column 3

PERSONAL EXPENSES

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

			Cumulative after 36 months
Managing agent's fees	Individual	1a	
	Corporate	1b	
Members' agents' fees	Individual	2a	
	Corporate	2b	
Annual subscriptions & levies:			
a) Lloyd's subscriptions	Individual	3a	
	Corporate	3b	
b) Central Fund	Individual	4a	
	Corporate	4b	
c) High level stop loss subscriptions	Individual	5a	
	Corporate	5b	
d) Members' special contribution	Individual	6a	
	Corporate	6b	
Managing agent's profit commission	Individual	7a	
	Corporate	7b	
Sub-total: 'standard' personal expenses	Total (1a to 7b)	8	*
Other personal expenses (please provide separate analysis)		9	**
Total (lines 8 + 9)		10	

* Line 8 must equal SR1 (2001) line 7, column 3

** Line 9 must equal SR1 (2001) line 9, column 3

PERSONAL EXPENSES

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2002**

			Cumulative after 24 months
Managing agent's fees	Individual	1a	
	Corporate	1b	
Members' agents' fees	Individual	2a	
	Corporate	2b	
Annual subscriptions & levies:			
a) Lloyd's subscriptions	Individual	3a	
	Corporate	3b	
b) Central Fund	Individual	4a	
	Corporate	4b	
c) High level stop loss subscriptions	Individual	5a	
	Corporate	5b	
d) Members' special contribution	Individual	6a	
	Corporate	6b	
Managing agent's profit commission	Individual	7a	
	Corporate	7b	
Sub-total: 'standard' personal expenses	Total (1a to 7b)	8	*
Other personal expenses (please provide separate analysis)		9	**
Total (lines 8 + 9)		10	

* Line 8 must equal SR1 (2002) line 7, column 3

** Line 9 must equal SR1 (2002) line 9, column 3

PERSONAL EXPENSES

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2003**

			Cumulative after 12 months
Managing agent's fees	Individual	1a	
	Corporate	1b	
Members' agents' fees	Individual	2a	
	Corporate	2b	
Annual subscriptions & levies:			
a) Lloyd's subscriptions	Individual	3a	
	Corporate	3b	
b) Central Fund	Individual	4a	
	Corporate	4b	
c) High level stop loss subscriptions	Individual	5a	
	Corporate	5b	
d) Members' special contribution	Individual	6a	
	Corporate	6b	
Managing agent's profit commission	Individual	7a	
	Corporate	7b	
Sub-total: 'standard' personal expenses	Total (1a to 7b)	8	*
Other personal expenses (please provide separate analysis)		9	**
Total (lines 8 + 9)		10	

* Line 8 must equal SR1 (2003) line 7, column 3

** Line 9 must equal SR1 (2003) line 9, column 3

ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **Run-off****REINSURANCE BAD DEBTS****Amount of bad and doubtful debts charged to the members
of the syndicate**

			Reinsurers' share of claims paid	Reinsurers' share of Solvency reserves	Total
			1	2	3 (=1+2)
Provision as at 31 December 2002		1			
Bad debts written off in previous calendar years		2			
Calendar year 2003:	Bad debts written off	3a			
	Change in bad debt provision	3b			
Charge to underwriting account in calendar year 2003 (=3a+3b)		4			
Provision c/f at 31 December 2003 (=1+3b)		5			

ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

REINSURANCE BAD DEBTS

Amount of bad and doubtful debts charged to the members
of the syndicate

		Reinsurers' share of claims paid	Reinsurers' share of Solvency reserves	Total
		1	2	3 (=1+2)
Provision as at 31 December 2002		1		
Bad debts written off in previous calendar years		2		
Calendar year 2003:	Bad debts written off	3a		
	Change in bad debt provision	3b		
Cumulative charge to underwriting account as at 31 December 2003 (=1+2+3a+3b)		4		
Provision c/f at 31 December 2003 (=1+3b)		5		

ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2002**

REINSURANCE BAD DEBTS

Amount of bad and doubtful debts charged to the members of the syndicate

		Reinsurers' share of claims paid	Reinsurers' share of Solvency reserves	Total
		1	2	3 (=1+2)
Provision as at 31 December 2002		1		
Bad debts written off in previous calendar years		2		
Calendar year 2003:	Bad debts written off	3a		
	Change in bad debt provision	3b		
Cumulative charge to underwriting account as at 31 December 2003 (=1+2+3a+3b)		4		
Provision c/f at 31 December 2003 (=1+3b)		5		

ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO:

Page

SYNDICATE RETURN
 Year ended 31 December 2003
 Year of Account **2003**

REINSURANCE BAD DEBTS

**Amount of bad and doubtful debts charged to the members
 of the syndicate**

			Reinsurers' share of claims paid	Reinsurers' share of Solvency reserves	Total
			1	2	3 (=1+2)
Provision as at 31 December 2002		1			
Bad debts written off in previous calendar years		2			
Calendar year 2003:	Bad debts written off	3a			
	Change in bad debt provision	3b			
Cumulative charge to underwriting account as at 31 December 2003 (= 3a+3b)		4			
Provision c/f at 31 December 2003 (=3b)		5			

**BALANCE SHEET
ASSETS - PAGE 1
ALL YEARS**

SYNDICATE NO:

Page:

SYNDICATE RETURN
Year ended 31 December 2003

				Per Syndicate accounts
				1
Investments				Line
Financial investments	Equity shares			1
	Other shares and other variable yield securities			2
	Holdings in collective investment schemes			3
	Rights under derivative contracts			4
	Debt securities and other fixed income securities	Fixed interest	Approved securities	5
			Other	6
		Variable interest	Approved securities	7
			Other	8
	Participation in investment pools			9
	Loans secured by mortgages			10
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		11
		Loans secured by policies of insurance issued by the syndicate		12
		Other		13
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		14
		Withdrawal subject to a time restriction of more than one month		15
Other			16	
Deposits with ceding undertakings			17	
Reinsurers' share of technical provisions	Gross recoverable on claims outstanding		17a	
	Provision for bad/doubtful debt		17b	
	Amount net of provision for bad/doubtful debt (17a - 17b)		18	
	Other		19	
Total page 1 (lines 1 to 17 + 18 + 19)			20	

**BALANCE SHEET
ASSETS - PAGE 2
ALL YEARS**

SYNDICATE NO:

Page:

SYNDICATE RETURN
Year ended 31 December 2003

			Per Syndicate accounts
			1
Debtors and other assets			Line
Debtors arising out of direct insurance operations	Policyholders		21
	Intermediaries		22
Salvage and subrogation recoveries			23
Inter-syndicate loans			24
Inter-year loans			24a
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business		25
	Due from reinsurers and intermediaries under reinsurance contracts ceded	Gross reinsurance recoverable on paid claims	26a
		Bad debt provision thereon	26b
		Net reinsurance recoverable on paid claims (26a-26b)	26c
		Other insurance debtors (net)	26d
		Total (26c+26d)	26e
Other debtors	Members	Due within 12 months	27
		Due after 12 months	28
	Other	Due within 12 months	29
		Due after 12 months	30
Tangible assets			31
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities		32
	Cash in hand		33
Other assets	Reinsurance to close premium receivable		34
	Overseas deposits		35
	Other (please provide separate analysis)		36
Prepayments and accrued income	Accrued interest and rent		37
	Other prepayments and accrued income		38
Total page 2 (lines 21 to 25 + 26e to 38)			39
Total page 1 (= line 20)			40
Total (= lines 39+40)			41
Less: deductions under LLD (FSA only)			42
Grand total (= lines 41-42) (= SR12 page 3 line 84)			43

**BALANCE SHEET
LIABILITIES - PAGE 3
ALL YEARS**

SYNDICATE NO:

Page:

SYNDICATE RETURN

Year ended 31 December 2003

				Per Syndicate accounts
				1
			Line	
Technical provisions (gross amount)	Claims outstanding for 2001 year of account		51	
	Claims outstanding for open years of account		52	
	Claims outstanding for 2000 and prior run-off years of account		53	
	Unearned premiums		54	
	Other		55	
	Total (lines 51 to 55)		56	
Analysis of amounts due to members	2001 Account	Result before personal expenses	60	
		Personal expenses	61	
	Balance on open years	Balance before personal expenses	62	
		Cumulative result at 31.12.02 (AA only)	63	
		Personal expenses	64	
	Cash calls due by 31.12.2003 (2001, 2002 and 2003 years only)		65	
	Run off years: 2003 calendar year result		66	
	Run-off years: net undistributed/(uncalled) prior year amounts		67	
	Amounts overpaid by members		68	
Continuous solvency transfer		69		
Provision for other risks and charges	Taxation		70	
	Other		71	
Deposits received from reinsurers			72	
Creditors	Arising out of insurance operations	Direct business	73	
		Reinsurance accepted	74	
		Reinsurance ceded	75	
	Debenture loans	Secured	76	
		Unsecured	77	
	Amounts owed to credit institutions		78	
	Other creditors	Taxation	79	
		RITC premiums payable	80	
Other (please provide separate analysis)		82		
Inter-syndicate loans			82a	
Inter-year loans			82b	
Accruals and deferred income			83	
Total (lines 56 + 60 to 83) (= SR12 page 2 line 43)			84	

**BALANCE SHEET
ASSETS - PAGE 1
RUN-OFF YEAR OF ACCOUNT**

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Year of account: Run Off

Page

	Line	Per Syndicate accounts	Schedule 9a adjustments					Schedule 9a
			1	2	3	4	5	
Investments	1	Equity shares						
	2	Other shares and other variable yield securities						
	3	Holdings in collective investment schemes						
	4	Rights under derivative contracts						
	5	Debt securities and other fixed income securities						
	6							
	7							
	8	Variable interest						
	9	Participation in investment pools						
	10	Loans secured by mortgages						
Financial investments	11	Loans to public or local authorities and nationalised industries or undertakings						
	12	Loans secured by policies of insurance issued by the syndicate						
	13	Other						
	14	Deposits with approved credit institutions and approved financial institutions						
	15	Withdrawal subject to a time restriction of one month or less						
	16	Withdrawal subject to a time restriction of more than one month						
	17	Other						
	17a	Gross recoverable on claims outstanding						
	17b	Provision for bad/doubtful debt						
	18	Amount net of provision for bad/doubtful debt (17a - 17b)						
Reinsurers' share of technical provisions	19	Other						
	20	Total page 1 (lines 1 to 17 + 18 + 19)						

**BALANCE SHEET
ASSETS - PAGE 2
RUN-OFF YEAR OF ACCOUNT**

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Page

Year of account: Run Off		Per Syndicate accounts		Schedule 9a adjustments				
		1	2	3	4	5	6 (= 1 to 5)	Schedule 9a
Debtors and other assets		Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual		
Debtors arising out of direct insurance operations	Policyholders	21						
	Intermediaries	22						
Salvage and subrogation recoveries		23						
Inter-syndicate loans		24						
Inter-year loans		24a						
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25						
	Gross reinsurance recoverable on paid claims	26a						
	Due from reinsurers and intermediaries under reinsurance contracts	26b						
	Net reinsurance recoverable on paid claims (26a-26b)	26c						
	Other insurance debtors (net)	26d						
	Total (26c+26d)	26e						
Other debtors	Members	27						
	Due after 12 months	28						
	Due within 12 months	29						
	Due after 12 months	30						
Tangible assets		31						
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	32						
	Cash in hand	33						
Other assets	Reinsurance to close premium receivable	34						
	Overseas deposits	35						
	Other (please provide separate analysis)	36						
Prepayments and accrued income	Accrued interest and rent	37						
	Other prepayments and accrued income	38						
Total page 2 (lines 21 to 25 + 26c to 38)		39						
Total page 1 (= line 20)		40						
Total (= lines 39+40)		41						
Less: deductions under LLD (FSA only)		42						
Grand total (= lines 41-42) (= SR12 page 3 line 84)		43						

**BALANCE SHEET
LIABILITIES - PAGE 3
RUN-OFF YEAR OF ACCOUNT**

Page

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Per Syndicate accounts		1	2	3	4	5	6 (= 1 to 5)
Year of account: Run Off							
Line							
Technical provisions (gross amount)	Claims outstanding for 2001 year of account	51					
	Claims outstanding for open years of account	52					
	Claims outstanding for 2000 and prior run-off years of account	53					
	Unearned premiums	54					
	Other	55					
	Total (lines 51 to 55)	56					
	2001 Account	60					
	Result before personal expenses	61					
	Personal expenses	62					
	Balance on open years	63					
	Cumulative result at 31.12.02 (AA only)	64					
	Personal expenses	65					
Analysis of amounts due to members	Cash calls due by 31.12.2003 (2001, 2002 and 2003 years only)	66					
	Run off years: 2003 calendar year result	67					
	Run-off years: net undistributed/(uncalled) prior year amounts	68					
	Amounts overpaid by members	69					
	Continuous solvency transfer	70					
	Taxation	71					
Provision for other risks and charges	Other	72					
	Deposits received from reinsurers	73					
	Arising out of insurance operations	74					
	Reinsurance accepted	75					
	Reinsurance ceded	76					
	Secured	77					
Creditors	Unsecured	78					
	Amounts owed to credit institutions	79					
	Taxation	80					
	Other creditors	81					
	RITC premiums payable	82					
	Other (please provide separate analysis)	83					
Inter-syndicate loans	Inter-syndicate loans	84a					
	Inter-year loans	84b					
	Accruals and deferred income	85					
	Total (lines 56 + 60 to 83) (= SR12 page 2 line 43)	86					
		87					
		88					

**BALANCE SHEET
ASSETS - PAGE 1**

2001 YEAR OF ACCOUNT

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

	Line	Per Syndicate accounts	Schedule 9a adjustments					Schedule 9a
			1	2	3	4	5	
Investments	1	Equity shares						
	2	Other shares and other variable yield securities						
	3	Holdings in collective investment schemes						
	4	Rights under derivative contracts						
	5	Debt securities and other fixed income securities						
	6							
	7	Approved securities						
	8	Other						
	9	Participation in investment pools						
	10	Loans secured by mortgages						
Financial investments	11	Loans to public or local authorities and nationalised industries or undertakings						
	12	Loans secured by policies of insurance issued by the syndicate						
	13	Other						
	14	Deposits with approved credit institutions and approved financial institutions						
	15	Withdrawal subject to a time restriction of more than one month						
	16	Other						
	17	Deposits with ceding undertakings						
	17a	Gross recoverable on claims outstanding						
	17b	Provision for bad/doubtful debt						
	18	Amount net of provision for bad/doubtful debt (17a - 17b)						
Reinsurers' share of technical provisions	19	Other						
	20	Total page 1 (lines 1 to 17 + 18 + 19)						

**BALANCE SHEET
ASSETS - PAGE 2
2001 YEAR OF ACCOUNT**

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Page

		Per Syndicate accounts		Schedule 9a adjustments			6 (= 1 to 5) Schedule 9a
		1	2	3	4	5	
Debtors and other assets		Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	
Debtors arising out of direct insurance operations	Policyholders	21					
	Intermediaries	22					
Salvage and subrogation recoveries		23					
Inter-syndicate loans		24					
Inter-year loans		24a					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25					
		26a					
	Due from reinsurers and intermediaries under reinsurance contracts	26b					
	Net reinsurance recoverable on paid claims (26a-26b)	26c					
	Other insurance debtors (net)	26d					
	Total (26c+26d)	26e					
Other debtors	Members	27					
		28					
		29					
	Other	30					
Tangible assets		31					
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	32					
	Cash in hand	33					
Other assets	Reinsurance to close premium receivable	34					
	Overseas deposits	35					
	Other (please provide separate analysis)	36					
Prepayments and accrued income	Accrued interest and rent	37					
	Other prepayments and accrued income	38					
Total page 2 (lines 21 to 25 + 26e to 38)		39					
Total page 1 (= line 20)		40					
Total (= lines 39+40)		41					
Less: deductions under LLD (fSA only)		42					
Grand total (= lines 41-42) (= SR12 page 3 line 84)		43					

**BALANCE SHEET
LIABILITIES - PAGE 3
2001 YEAR OF ACCOUNT**

Page

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

		Schedule 9a adjustments					
Per Syndicate accounts		1	2	3	4	5	6 (= 1 to 5)
	Line		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
Technical provisions (gross amount)	51	Claims outstanding for 2001 year of account					
	52	Claims outstanding for open years of account					
	53	Claims outstanding for 2000 and prior run-off years of account					
	54	Unearned premiums					
	55	Other					
	56	Total (lines 51 to 55)					
	60	2001 Account					
	61	Personal expenses					
	62	Balance before personal expenses					
	63	Cumulative result at 31.12.02 (AA only) years					
	64	Personal expenses					
	65	Cash calls due by 31.12.2003 (2001, 2002 and 2003 years only)					
Analysis of amounts due to members	66	Run off years: 2003 calendar year result					
	67	Run-off years: net undistributed/(uncalled) prior year amounts					
	68	Amounts overpaid by members					
	69	Continuous solvency transfer					
	70	Taxation					
	71	Other					
Provision for other risks and charges	72	Deposits received from reinsurers					
	73	Arising out of insurance					
	74	Reinsurance accepted operations					
	75	Reinsurance ceded					
	76	Secured Debtenture loans					
	77	Unsecured					
Creditors	78	Amounts owed to credit institutions					
	79	Taxation					
	80	Other creditors					
	81	Amounts owed to credit institutions					
	82	Other (please provide separate analysis)					
	82a	Inter-syndicate loans					
Inter-syndicate loans Inter-year loans Accruals and deferred income	82b	Inter-year loans					
	83	Accruals and deferred income					
	84	Total (lines 56 + 60 to 83) (= SR12 page 2 line 43)					

**BALANCE SHEET
ASSETS - PAGE 1**

2002 YEAR OF ACCOUNT

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

	Line	Per Syndicate accounts	Schedule 9a adjustments					Schedule 9a
			1	2	3	4	5	
Investments	1	Equity shares						
	2	Other shares and other variable yield securities						
	3	Holdings in collective investment schemes						
	4	Rights under derivative contracts						
	5	Debt securities and other fixed income securities						
	6							
	7	Approved securities						
	8	Other						
	9	Participation in investment pools						
	10	Loans secured by mortgages						
Financial investments		Loans to public or local authorities and nationalised industries or undertakings						
	11	Loans secured by policies of insurance issued by the syndicate						
	12	Other						
	13	Deposits with approved credit institutions and approved financial institutions						
	14	Withdrawal subject to a time restriction of one month or less						
	15	Withdrawal subject to a time restriction of more than one month						
	16	Other						
	17	Deposits with ceding undertakings						
	17a	Gross recoverable on claims outstanding						
	17b	Provision for bad/doubtful debt						
Reinsurers' share of technical provisions		Amount net of provision for bad/doubtful debt (17a - 17b)						
	18	Other						
	19							
Total page 1 (lines 1 to 17 + 18 + 19)								

**BALANCE SHEET
ASSETS - PAGE 2
2002 YEAR OF ACCOUNT**

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003

Page

Debtors and other assets		Line	Schedule 9a adjustments				
			1	2	3	4	5
Per Syndicate accounts							
Debtors arising out of direct insurance operations	Policyholders	21					
	Intermediaries	22					
Salvage and subrogation recoveries		23					
Inter-syndicate loans		24					
Inter-year loans		24a					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25					
		26a					
		26b					
		26c					
		26d					
		26e					
Other debtors	Members	27					
		28					
		29					
		30					
Tangible assets		31					
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	32					
	Cash in hand	33					
Other assets	Reinsurance to close premium receivable	34					
	Overseas deposits	35					
	Other (please provide separate analysis)	36					
Prepayments and accrued income	Accrued interest and rent	37					
	Other prepayments and accrued income	38					
Total page 2 (lines 21 to 25 + 26e to 38)		39					
Total page 1 (= line 20)		40					
Total (= lines 39+40)		41					
Less: deductions under LLD (fSA only)		42					
Grand total (= lines 41-42) (= SR12 page 3 line 84)		43					

**BALANCE SHEET
LIABILITIES - PAGE 3
2002 YEAR OF ACCOUNT**

Page

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Per Syndicate accounts		1	2	3	4	5	6 (= 1 to 5)
				Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
Line							
	Claims outstanding for 2001 year of account	51					
	Claims outstanding for open years of account	52					
	Claims outstanding for 2000 and prior run-off years of account	53					
	Unearned premiums	54					
	Other	55					
	Total (lines 51 to 55)	56					
	2001 Account	60					
	Result before personal expenses	61					
	Personal expenses	62					
	Balance before personal expenses	63					
	Cumulative result at 31.12.02 (AA only)	64					
	Personal expenses	65					
	Cash calls due by 31.12.2003 (2001, 2002 and 2003 years only)	66					
	Run off years: 2003 calendar year result	67					
	Run-off years: net undistributed/(uncalled) prior year amounts	68					
	Amounts overpaid by members	69					
	Continuous solvency transfer	70					
	Taxation	71					
	Other	72					
	Deposits received from reinsurers	73					
	Arising out of insurance operations	74					
	Reinsurance accepted	75					
	Reinsurance ceded	76					
	Secured	77					
	Unsecured	78					
	Amounts owed to credit institutions	79					
	Taxation	80					
	RITC premiums payable	81					
	Other (please provide separate analysis)	82					
	Inter-syndicate loans	82a					
	Inter-year loans	82b					
	Accruals and deferred income	83					
	Total (lines 56 + 60 to 83) (= SR12 page 2 line 43)	84					

**BALANCE SHEET
ASSETS - PAGE 1**

2003 YEAR OF ACCOUNT

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

	Line	Per Syndicate accounts	Schedule 9a adjustments					Schedule 9a
			1	2	3	4	5	
Investments	1	Equity shares						
	2	Other shares and other variable yield securities						
	3	Holdings in collective investment schemes						
	4	Rights under derivative contracts						
	5	Debt securities and other fixed income securities						
	6							
	7							
	8	Variable interest						
	9	Participation in investment pools						
	10	Loans secured by mortgages						
Financial investments	11	Loans to public or local authorities and nationalised industries or undertakings						
	12	Loans secured by policies of insurance issued by the syndicate						
	13	Other						
	14	Deposits with approved credit institutions and approved financial institutions						
	15	Withdrawal subject to a time restriction of more than one month						
Deposits with ceding undertakings	16	Other						
	17							
	17a	Gross recoverable on claims outstanding						
Reinsurers' share of technical provisions	17b	Provision for bad/doubtful debt						
	18	Amount net of provision for bad/doubtful debt (17a - 17b)						
	19	Other						
	20	Total page 1 (lines 1 to 17 + 18 + 19)						

**BALANCE SHEET
ASSETS - PAGE 2
2003 YEAR OF ACCOUNT**

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Page

Per Syndicate accounts		Schedule 9a adjustments				
		1	2	3	4	5
Debtors and other assets		Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual
Debtors arising out of direct insurance operations	Policyholders	21				
	Intermediaries	22				
Salvage and subrogation recoveries		23				
Inter-syndicate loans		24				
Inter-year loans		24a				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25				
	Gross reinsurance recoverable on paid claims	26a				
	Due from reinsurers and intermediaries under reinsurance contracts	26b				
	Net reinsurance recoverable on paid claims (26a-26b)	26c				
	Other insurance debtors (net)	26d				
	Total (26c+26d)	26e				
Other debtors	Members	27				
	Due after 12 months	28				
	Due within 12 months	29				
	Due after 12 months	30				
Tangible assets		31				
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	32				
	Cash in hand	33				
Other assets	Reinsurance to close premium receivable	34				
	Overseas deposits	35				
	Other (please provide separate analysis)	36				
Prepayments and accrued income	Accrued interest and rent	37				
	Other prepayments and accrued income	38				
Total page 2 (lines 21 to 25 + 26c to 38)		39				
Total page 1 (= line 20)		40				
Total (= lines 39+40)		41				
Less: deductions under LLD (FSA only)		42				
Grand total (= lines 41-42) (= SR12 page 3 line 84)		43				

**BALANCE SHEET
LIABILITIES - PAGE 3
2003 YEAR OF ACCOUNT**

Page

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

		Line	Schedule 9a adjustments					Schedule 9a
			1	2	3	4	5	
Per Syndicate accounts								
Technical provisions (gross amount)	Claims outstanding for 2001 year of account	51						
	Claims outstanding for open years of account	52						
	Claims outstanding for 2000 and prior run-off years of account	53						
	Unearned premiums	54						
	Other	55						
	Total (lines 51 to 55)	56						
Analysis of amounts due to members	2001 Account	60						
	Personal expenses	61						
	Balance before personal expenses	62						
	Balance on open years	63						
	Cumulative result at 31.12.02 (AA only)	64						
	Personal expenses	65						
	Cash calls due by 31.12.2003 (2001, 2002 and 2003 years only)	66						
	Run off years: 2003 calendar year result	67						
	Run-off years: net undistributed/(uncalled) prior year amounts	68						
	Amounts overpaid by members	69						
Provision for other risks and charges	Continuous solvency transfer	70						
	Taxation	71						
Deposits received from reinsurers	Other	72						
	Arising out of insurance operations	73						
Creditors	Reinsurance accepted	74						
	Reinsurance ceded	75						
	Secured	76						
	Unsecured	77						
	Amounts owed to credit institutions	78						
	Taxation	79						
	RITC premiums payable	80						
	Other (please provide separate analysis)	82						
Inter-syndicate loans	82a							
Inter-year loans	82b							
Accruals and deferred income	83							
Total (lines 56 + 60 to 83) (= SR12 page 2 line 43)		84						

**RECONCILIATION OF GLOBAL RESULT
WITH RESULT TO BE APPORTIONED**

SYNDICATE NO:

Page:

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **Run-off**

Account status		Run-Off Account
		Closed/Run-off
TOTAL GLOBAL RESULT (= SR1(R/O) LINE 8 COLUMN 2)	1	
Items to be deducted to reconcile with solvency result	2	
- Estimated future liabilities		
- Reinsurance to close an earlier year of account	3	
- Loading for solvency test purposes (for years staying open <u>only</u>)	4	
- aged reinsurance debt disallowances	5	
- Continuous Solvency Transfer	6a	
- asset concentration disallowances	6b	
- other adjustments	6c	
Subtotal (lines 2 to 6c)	7	
RESULT BEFORE ADJUSTMENT (line 1 - 7)	8	
Cash calls due in calendar year 2003	9	
Undistributed prior year surplus / (uncalled prior year deficiency) brought forward	10	
RESULT TO BE APPORTIONED (lines 8 + 9 + 10)	11	

**RECONCILIATION OF GLOBAL RESULT
WITH RESULT TO BE APPORTIONED**

SYNDICATE NO:

Page:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

		2001 Account @ 36 months
		Closed/Run-off
Account status		
TOTAL GLOBAL RESULT (= SR1(2001) LINE 8 COLUMN 3)	1	
Items to be deducted to reconcile with solvency result	2	
- Estimated future liabilities		
- Reinsurance to close an earlier year of account	3	
- Loading for solvency test purposes (for years staying open <u>only</u>)	4	
- aged reinsurance debt disallowances	5	
- Continuous Solvency Transfer	6a	
- asset concentration disallowances	6b	
- other adjustments	6c	
Subtotal (lines 2 to 6c)	7	
RESULT BEFORE ADJUSTMENT (line 1 - 7)	8	
Cash calls on the above result (due by 31 December 2003)	9	
Plus any undistributed prior year surplus/ (less any uncalled prior year deficiency)	10	
RESULT TO BE APPORTIONED (lines 8 + 9)	11	

**RECONCILIATION OF GLOBAL RESULT
WITH RESULT TO BE APPORTIONED**

SYNDICATE NO:

Page:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2002**

Account status		2002 Account @ 24 months
		Open
TOTAL GLOBAL BALANCE (= SR1(2002) LINE 8 COLUMN 3)	1	
Items to be deducted to reconcile with solvency result	2	
- Estimated future liabilities		
- Reinsurance to close an earlier year of account	3	
- Loading for solvency test purposes (on RITC received)	4	
- aged reinsurance debt disallowances	5	
- Continuous Solvency Transfer	6a	
- asset concentration disallowances	6b	
- other adjustments	6c	
Subtotal (lines 2 to 6c)	7	
RESULT BEFORE ADJUSTMENT (line 1 - 7)	8	
Cash calls on the above result (due by 31 December 2003)	9	
Plus any undistributed prior year surplus/ (less any uncalled prior year deficiency)	10	
RESULT TO BE APPORTIONED (lines 8 + 9)	11	

**RECONCILIATION OF GLOBAL RESULT
WITH RESULT TO BE APPORTIONED**

SYNDICATE NO:

Page:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2003**

Account status		2003 Account @ 12 months
		Open
TOTAL GLOBAL BALANCE (= SR1(2003) LINE 8 COLUMN 3)	1	
Items to be deducted to reconcile with solvency result	2	
- Estimated future liabilities	3	
- Reinsurance to close an earlier year of account	4	
- Loading for solvency test purposes (on RITC received)	5	
- aged reinsurance debt disallowances	6a	
- Continuous Solvency Transfer	6b	
- asset concentration disallowances	6c	
- other adjustments	7	
Subtotal (lines 2 to 6c)	8	
RESULT BEFORE ADJUSTMENT (line 1 - 7)	9	
Cash calls on the above result (due by 31 December 2003)	10	
Plus any undistributed prior year surplus/ (less any uncalled prior year deficiency)	11	
RESULT TO BE APPORTIONED (lines 8 + 9)	12	

ANALYSIS OF SOLVENCY RESERVES
LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Year of Account **Run-off**

		19.... Run-off year of account			
		Total reserves			
		Converted £ '000	£ '000	\$ '000	CS '000
		1***	2	3	4
Estimated gross ultimate claims	1				
Less: gross claims paid	2				
Less: future gross premiums	3				
Gross reserves (including allocated claims expenses) (lines 1 - 2 - 3)	4				
Unallocated claims handling expenses	5				
Total gross reserves (lines 4+5)	6*				
Reinsurance recoverable	7				
Future cost of reinsurance protection	8				
Provision for reinsurance bad debts	9				
Total net solvency reserves (lines 6 - 7 + 8 + 9)	10*				
Loading for solvency transferred between years of account	11				
Solvency reserves per SR2/ SR15 (lines 10 + 11)	12				

Analysis of US\$ net solvency reserves (column 3, line 10)

\$ - LATF**	13*
\$ - Other	14
Total \$ reserves (= col 3 line 10) (lines 13 + 14)	15

\$ '000

Analysis of total gross reserves (line 6)

		Converted £ '000	£ '000	\$ '000	CS '000
Gross known outstanding claims	16				
Gross claims incurred but not reported	17				
Total gross reserves (= line 6) (lines 16 + 17)	18*				

Analysis of total net reserves (line 10)

		Converted £ '000	£ '000	\$ '000	CS '000
Net known outstanding claims	19				
Net claims incurred but not reported	20				
Total net reserves (= line 10) (lines 19 + 20)	21*				

Notes

- * Lines 6 and 10 (column 1), line 10 (column 4) and line 13 (column 3) are subject to a statement of actuarial opinion.
- * Line 18 must equal line 6 for each column
- * Line 21 must equal line 10 for each column

** LATF relates to all \$ denominated business signed prior to 1 August 1995.

*** Column 1 equals the sum of the converted sterling equivalents of columns 2 to 4.

SR16(Run-off)

ANALYSIS OF SOLVENCY RESERVES
LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Year of Account **2001**

		2001			
		Total reserves Converted £ '000	£ '000	\$ '000	CS '000
		1***	2	3	4
Estimated gross ultimate claims	1				
Less: gross claims paid	2				
Less: future gross premiums	3				
Gross reserves (including allocated claims expenses) (lines 1 - 2 - 3)	4				
Unallocated claims handling expenses	5				
Total gross reserves (lines 4+5)	6*				
Reinsurance recoverable	7				
Future cost of reinsurance protection	8				
Provision for reinsurance bad debts	9				
Total net solvency reserves (lines 6 - 7 + 8 + 9)	10*				
Loading for solvency transferred between years of account	11				
Solvency reserves per SR2/ SR15 (lines 10 + 11)	12				

Analysis of US\$ net solvency reserves (column 3, line 10)

\$ - LATF**	13*
\$ - Other	14
Total \$ reserves (= col 3 line 10) (lines 13 + 14)	15

\$ '000

Analysis of total gross reserves (line 6)

		Converted £ '000	£ '000	\$ '000	CS '000
Gross known outstanding claims	16				
Gross claims incurred but not reported	17				
Total gross reserves (= line 6) (lines 16 + 17)	18*				

Analysis of total net reserves (line 10)

		Converted £ '000	£ '000	\$ '000	CS '000
Net known outstanding claims	19				
Net claims incurred but not reported	20				
Total net reserves (= line 10) (lines 19 + 20)	21*				

Notes

- * Lines 6 and 10 (column 1), line 10 (column 4) and line 13 (column 3) are subject to a statement of actuarial opinion.
- * Line 18 must equal line 6 for each column
- * Line 21 must equal line 10 for each column
- ** LATF relates to all \$ denominated business signed prior to 1 August 1995.
- *** Column 1 equals the sum of the converted sterling equivalents of columns 2 to 4.

ANALYSIS OF SOLVENCY RESERVES
LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Year of Account **2002**

		2002			
		Total reserves Converted £ '000	£ '000	\$ '000	CS '000
		1 ***	2	3	4
Estimated gross ultimate claims	1				
Less: gross claims paid	2				
Less: future gross premiums	3				
Gross reserves (including allocated claims expenses) (lines 1 - 2 - 3)	4				
Unallocated claims handling expenses	5				
Total gross reserves (lines 4+5)	6*				
Reinsurance recoverable	7				
Future cost of reinsurance protection	8				
Provision for reinsurance bad debts	9				
Total net solvency reserves (lines 6 - 7 + 8 + 9)	10*				
Loading for solvency transferred between years of account	11				
Solvency reserves per SR15 (lines 10 + 11)	12				

Analysis of US\$ net solvency reserves (column 3, line 10)

\$ - LATF**	13*
\$ - Other	14
Total \$ reserves (= col 3 line 10) (lines 13 + 14)	15

\$ '000

Analysis of total gross reserves (line 6)

		Converted £ '000	£ '000	\$ '000	CS '000
Gross known outstanding claims	16				
Gross claims incurred but not reported	17				
Total gross reserves (= line 6) (lines 16 + 17)	18*				

Analysis of total net reserves (line 10)

		Converted £ '000	£ '000	\$ '000	CS '000
Net known outstanding claims	19				
Net claims incurred but not reported	20				
Total net reserves (= line 10) (lines 19 + 20)	21*				

Notes

- * Lines 6 and 10 (column 1), line 10 (column 4) and line 13 (column 3) are subject to a statement of actuarial opinion.
- * Line 18 must equal line 6 for each column
- * Line 21 must equal line 10 for each column
- ** LATF relates to all \$ denominated business signed prior to 1 August 1995.
- *** Column 1 equals the sum of the converted sterling equivalents of columns 2 to 4.

ANALYSIS OF SOLVENCY RESERVES
LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

Year of Account **2003**

		2003			
		Total reserves			
		Converted £ '000	£ '000	\$ '000	CS '000
		1***	2	3	4
Estimated gross ultimate claims	1				
Less: gross claims paid	2				
Less: future gross premiums	3				
Gross reserves (including allocated claims expenses) (lines 1 - 2 - 3)	4				
Unallocated claims handling expenses	5				
Total gross reserves (lines 4+5)	6*				
Reinsurance recoverable	7				
Future cost of reinsurance protection	8				
Provision for reinsurance bad debts	9				
Total net solvency reserves (lines 6 - 7 + 8 + 9)	10*				
Loading for solvency transferred between years of account	11				
Solvency reserves per SR15 (lines 10 + 11)	12				

Analysis of US\$ net solvency reserves (column 3, line 10)

\$ - LATF**	13*
\$ - Other	14
Total \$ reserves (= col 3 line 10) (lines 13 + 14)	15

\$ '000

Analysis of total gross reserves (line 6)

		Converted £ '000	£ '000	\$ '000	CS '000
Gross known outstanding claims	16				
Gross claims incurred but not reported	17				
Total gross reserves (= line 6) (lines 16 + 17)	18*				

Analysis of total net reserves (line 10)

		Converted £ '000	£ '000	\$ '000	CS '000
Net known outstanding claims	19				
Net claims incurred but not reported	20				
Total net reserves (= line 10) (lines 19 + 20)	21*				

Notes

- * Lines 6 and 10 (column 1), line 10 (column 4) and line 13 (column 3) are subject to a statement of actuarial opinion.
- * Line 18 must equal line 6 for each column
- * Line 21 must equal line 10 for each column

** LATF relates to all \$ denominated business signed prior to 1 August 1995.

*** Column 1 equals the sum of the converted sterling equivalents of columns 2 to 4.

**LATF BUSINESS
BALANCE SHEET**

SYNDICATE NO.....

Page....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **Run-off**

		\$ '000
Financial investments	1*	
Deposits with ceding undertakings	2	
Debtors - LCA balances	3a*	
Debtors - reinsurance accruals	3b	
Debtors - all other debtors	3c	
Other assets - Citibank current account	4a*	
Other assets - LOC collateral account	4b*	
Other assets - LATF element of Illinois deposit	4c*	
Other assets - cash	4d	
Other assets - other (separate analysis required)	4e	
Accrued income on NYID eligible assets (ie Citibank cash)	5a*	
Prepayments and accrued income on non NYID eligible assets	5b	
Total assets (lines 1 to 5)	6#	
Profit/(loss) for 2001 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2002 year of account	10	
Balance on 2003 year of account	11	
Amounts retained to meet outstanding liabilities of run-off accounts	12*	
Deposits received from reinsurers	13	
Creditors - LCA balances	14a*	
Creditors - other (separate analysis required)	14b	
Accruals and deferred income	15	
Total liabilities (lines 7 to 15)	16#	
DOLLAR SOLVENCY RESULT		
Calendar year result plus undistributed surplus/(uncalled loss) (lines 8 + 9)	17	
Less : reinsurance to close an earlier year of account	18*	
Less : estimated future liabilities	19*	
Dollar solvency result for UK purposes (lines 17 - 18 - 19)	20	
Transfers In/Out of LATF 01/01/04 to 26/02/04	21**	
Amount to be transferred into/out of LATF	22	
NYID SOLVENCY RESULT		
(lines 1+3a+4a+4b+4c+5a-12-14a-18-19)	23	

1. * denotes assets which are eligible for NYID reporting purposes and the reserves to be deducted.
2. # Line 6 must equal line 16
3. ** in accordance with the rules in the LATF guidance notes

**LATF BUSINESS
BALANCE SHEET**

SYNDICATE NO.....

Page....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

		\$ '000
Financial investments	1*	
Deposits with ceding undertakings	2	
Debtors - LCA balances	3a*	
Debtors - reinsurance accruals	3b	
Debtors - all other debtors	3c	
Other assets - Citibank current account	4a*	
Other assets - LOC collateral account	4b*	
Other assets - LATF element of Illinois deposit	4c*	
Other assets - cash	4d	
Other assets - other (separate analysis required)	4e	
Accrued income on NYID eligible assets (ie Citibank cash)	5a*	
Prepayments and accrued income on non NYID eligible assets	5b	
Total assets (lines 1 to 5)	6#	
Profit/(loss) for 2001 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2002 year of account	10	
Balance on 2003 year of account	11	
Amounts retained to meet outstanding liabilities of run-off accounts	12*	
Deposits received from reinsurers	13	
Creditors - LCA balances	14a*	
Creditors - other (separate analysis required)	14b	
Accruals and deferred income	15	
Total liabilities (lines 7 to 15)	16#	
DOLLAR SOLVENCY RESULT		
Profit or loss on 2001 year of account (line 7)	17	
Less : reinsurance to close an earlier year of account	18*	
Less : estimated future liabilities	19*	
Dollar solvency result for UK purposes (lines 17 - 18 - 19)	20	
Transfers In/Out of LATF 01/01/04 to 26/02/04	21**	
Amount to be transferred into/out of LATF	22	
NYID SOLVENCY RESULT		
(lines 1+3a+4a+4b+4c+5a-12-14a-18-19)	23	

1. * denotes assets which are eligible for NYID reporting purposes and the reserves to be deducted.
2. # Line 6 must equal line 16
3. ** in accordance with the rules in the LATF guidance notes

**LATF BUSINESS
BALANCE SHEET**

SYNDICATE NO.....

Page....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2002**

		\$ '000
Financial investments	1*	
Deposits with ceding undertakings	2	
Debtors - LCA balances	3a*	
Debtors - reinsurance accruals	3b	
Debtors - all other debtors	3c	
Other assets - Citibank current account	4a*	
Other assets - LOC collateral account	4b*	
Other assets - LATF element of Illinois deposit	4c*	
Other assets - cash	4d	
Other assets - other (separate analysis required)	4e	
Accrued income on NYID eligible assets (ie Citibank cash)	5a*	
Prepayments and accrued income on non NYID eligible assets	5b	
Total assets (lines 1 to 5)	6#	
Profit/(loss) on 2001 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2002 year of account	10	
Balance on 2003 year of account	11	
Amounts retained to meet outstanding liabilities of run-off accounts	12*	
Deposits received from reinsurers	13	
Creditors - LCA balances	14a*	
Creditors - other (separate analysis required)	14b	
Accruals and deferred income	15	
Total liabilities (lines 7 to 15)	16#	
DOLLAR SOLVENCY RESULT		
Balance on open year (line 10)	17	
Less : reinsurance to close an earlier year of account	18*	
Less : estimated future liabilities	19*	
Dollar solvency result for UK purposes (lines 17 - 18 - 19)	20	
NYID SOLVENCY RESULT		
(lines 1+3a+4a+4b+4c+5a-12-14a-18-19)	21	

1. * denotes assets which are eligible for NYID reporting purposes and the reserves to be deducted.

2. # Line 6 must equal line 16

**LATF BUSINESS
BALANCE SHEET**

SYNDICATE NO.....

Page....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2003**

\$ '000		
Financial investments	1*	
Deposits with ceding undertakings	2	
Debtors - LCA balances	3a*	
Debtors - reinsurance accruals	3b	
Debtors - all other debtors	3c	
Other assets - Citibank current account	4a*	
Other assets - LOC collateral account	4b*	
Other assets - LATF element of Illinois deposit	4c*	
Other assets - cash	4d	
Other assets - other (separate analysis required)	4e	
Accrued income on NYID eligible assets (ie Citibank cash)	5a*	
Prepayments and accrued income on non NYID eligible assets	5b	
Total assets (lines 1 to 5)	6#	
Profit/(loss) for 2001 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2002 year of account	10	
Balance on 2003 year of account	11	
Amounts retained to meet outstanding liabilities of run-off accounts	12*	
Deposits received from reinsurers	13	
Creditors - LCA balances	14a*	
Creditors - other (separate analysis required)	14b	
Accruals and deferred income	15	
Total liabilities (lines 7 to 15)	16#	
DOLLAR SOLVENCY RESULT		
Balance on open year (line 11)	17	
Less : reinsurance to close an earlier year of account	18*	
Less : estimated future liabilities	19*	
Dollar solvency result for UK purposes (lines 17 - 18 - 19)	20	
NYID SOLVENCY RESULT		
(lines 1+3a+4a+4b+4c+5a-12-14a-18-19)	21	

1. * denotes assets which are eligible for NYID reporting purposes and the reserves to be deducted.

2. # Line 6 must equal line 16

**MATCHING AND LOCALISATION:
NET OUTSTANDING LIABILITIES (INCLUDING IBNR)
&
ASSETS HELD IN PREMIUMS TRUST FUNDS**

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

All years combined

NET OUTSTANDING LIABILITIES (INCLUDING IBNR)

Please report details of net outstanding liabilities (including IBNR) as at 31 December 2003 as determined by the Valuation of Liabilities rules, **in respect of all business of the syndicate.**

		GENERAL BUSINESS		LIFE BUSINESS	
Currency		All General Business	Non-Facultative Reinsurance Business	All Life Business	Non-Facultative Reinsurance Business
		1	2	3	4
\$US	1	\$ '000	\$ '000	\$ '000	\$ '000
\$Can	2	C\$ '000	C\$ '000	C\$ '000	C\$ '000
Euro	3	£ '000	£ '000	£ '000	£ '000
£ (including other)	4	£ '000	£ '000	£ '000	£ '000
Total (lines 1 to 4)	5	£ '000	£ '000	£ '000	£ '000

ASSETS HELD IN PREMIUMS TRUST FUNDS

Please report details of assets held in the Premiums Trust Funds as at 31 December 2003 **for the syndicate as a whole:**

CURRENCY		ASSETS	
		1	
\$US	6	\$ '000	
\$Can	7	C\$ '000	
Euro	8	£ '000	
£ (including other)	9	£ '000	
Total (lines 6 to 9)	10	£ '000	

ANALYSIS OF REINSURANCE TO CLOSE (RITC) / RUN-OFF RESERVES RETAINED

	PURE YEAR OF ACCOUNT									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total
Estimated gross ultimate claims	1									
Less: gross claims paid	2									
Less: future gross premiums	3									
Gross reserves (including allocated claims expenses) (lines 1 - 2 - 3)	4									
Unallocated claims handling expenses	5									
Total gross reserves (lines 4+5)	6									
Reinsurance recoverable	7									
Future cost of reinsurance protection	8									
Provision for reinsurance bad debts	9									
Total net solvency reserves (lines 6 - 7 + 8 + 9)	10									
Analysis of total gross reserves (line 6)										
Gross known outstanding claims	11									
Gross claims incurred but not reported	12									
Total gross reserves (= line 6)	13									
Analysis of total net reserves (line 10)										
Net known outstanding claims	14									
Net claims incurred but not reported	15									
Total net reserves (= line 10)	16									

TOTAL column MUST agree to SR16(Run-Off) Column 1 for each line for non-life syndicates

ANALYSIS OF REINSURANCE TO CLOSE (RITC) / RUN-OFF RESERVES RETAINED

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of account 2001

Page No:

PURE YEAR OF ACCOUNT										
	1993	1994	1995	1996	1997	1998	1999	2000	2001	TOTAL
Estimated gross ultimate claims	1									
Less: gross claims paid	2									
Less: future gross premiums	3									
Gross reserves (including allocated claims expenses) (lines 1 - 2 - 3)	4									
Unallocated claims handling expenses	5									
Total gross reserves (lines 4+5)	6									
Reinsurance recoverable	7									
Future cost of reinsurance protection	8									
Provision for reinsurance bad debts	9									
Total net solvency reserves (lines 6 - 7 + 8 + 9)	10									

Analysis of total gross reserves (line 6)

Gross known outstanding claims	11									
Gross claims incurred but not reported	12									
Total gross reserves (= line 6)	13									

Analysis of total net reserves (line 10)

Net known outstanding claims	14									
Net claims incurred but not reported	15									
Total net reserves (= line 10)	16									

TOTAL column MUST agree to SR16(2001) Column 1 for each line for non-life syndicates

RECONCILIATION OF REINSURANCE TO CLOSE PREMIUMS

SYNDICATE NO:

Page.....

SYNDICATE RETURN
Year ended 31 December 2003

PART A

Reinsurance to close paid by 2001 year of account	1	
Reinsurance to close paid by run-off years of account	2	
Reinsurance to close received by 2002 year of account	3	
Reinsurance to close received by 2003 year of account	4	
Sub-total (=lines 1+2-3-4)	5	

If line 5 does not equal 0, please complete Part B below.

PART B

Quota Share Adjustment	6	
------------------------	---	--

RITC into other Lloyd's syndicates in calendar year 2003

Syndicate	Year		Amount
		7a	
		7b	
		7c	
		7d	
		7e	
Total RITC into other Lloyd's syndicates in calendar year 2003 (lines 7a to 7e)		8	

RITC received from other Lloyd's syndicates in calendar year 2003

Syndicate	Year		Amount
		9a	
		9b	
		9c	
		9d	
		9e	
		9f	
		9g	
		9h	
Total RITC received from other Lloyd's syndicates in calendar year 2003 (lines 9a to 9h)		10	
RITC received by 2002 Year of Account in year 1, ie. in calendar year 2002		11	
RITC received by 2003 Year of Account at 31 December 2002		12	
RITC received by 2004 Year of Account at 31 December 2003		13	
Other (separate analysis required)		14	
TOTAL (lines 6+8-10-11-12+13+14) (line 5)		15	

Managing Agent's Report

Syndicate No:

Page:

SYNDICATE RETURN

Year ended 31 December 2003

To the Council of Lloyd's

Responsibilities

The Solvency and Reporting Byelaw (No. 13 of 1990) ("the Byelaw") requires the managing agent to prepare a syndicate return for each syndicate managed by it at 31 December of the preceding year in accordance with Lloyd's rules.

In preparing the syndicate return the managing agent must have regard to Lloyd's rules which require that every syndicate return shall state:

- that the managing agent has, throughout the year ended on 31 December 2003, established and maintained such systems and procedures, including maintenance of adequate accounting and other records, as are necessary to enable it to comply with the requirements of the Byelaw.
- in relation to each year of account in respect of which an underwriting account is included in the syndicate's annual report as at 31 December 2003, the amount in respect of:
 - any open year of account balance;
 - any closed year of account profit or loss;
 - any run-off year of account surplus or deficiency; and
- in relation to each year of account in respect of which an underwriting account is included in the syndicate's annual report as at 31 December 2003, the syndicate solvency result at that date.

The managing agent is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Confirmation

We confirm that:

- (a) we have, throughout the year ended on 31 December 2003, established and maintained such systems and procedures, including maintenance of adequate accounting and other records, that are necessary to comply with the requirements of the Byelaw;
- (b) forms SRFront to SR21 (pages ____ to ____) of the syndicate return in respect of the year ended 31 December 2003 have been prepared in accordance with the provisions of the Byelaw and the conditions and the requirements prescribed thereunder and include all transactions of the syndicate for the year ended on that date; and
- (c) all funds of the syndicate have been properly held in accordance with the provisions of the appropriate trust deeds at all times during the year ended 31 December 2003.

Signed _____

Compliance Officer*

Name _____

(BLOCK CAPITALS)

Signed _____

Director/Partner*

Name _____

(BLOCK CAPITALS)

On behalf of _____

Managing Agent

Date _____

* The signatories must be different

SR22

SYNDICATE RETURN
31 DECEMBER 2003

UNAUDITED SECTION - FORMS SR24 TO SR33

SYNDICATE NO:

DUE FOR SUBMISSION BY 26 FEBRUARY 2004

Managing Agent:

Contact Name:

Telephone No:

I confirm that all forms which are applicable to this syndicate have been included in this return (inclusive of any additional analysis sheets), have been numbered sequentially and are included on the file sent to Lloyd's via the Market Returns web-site

Signed

Compliance Officer

Name

(Block capitals)

For Lloyd's use only:

Date received:

No. of days late:

Byelaw Breach:

Yes/No

SYNDICATE DATA SHEET

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

1	Is the syndicate trading in 2004?	YES/NO
---	-----------------------------------	--------

ALLOCATED CAPACITY

2	Syndicate allocated capacity for the 2004 year of account	
---	---	--

INVESTMENT MANAGER

3	Principal investment manager for 2003	
4	Principal investment manager for 2004	

HIGHEST CAPACITY		Capital Provider (FULL NAME)	2004 %	2003 %
5	The members' agent or corporate capital provider with the highest capacity for the 2004 year of account			

MANAGING AGENT

6	Have there been any changes to the managing agent either for 2003 or for 2004? If yes, please provide details and effective date of change.	
---	---	--

CALENDAR YEAR INVESTMENT YIELD (ALL CURRENCIES COMBINED)

7	Please complete even where the syndicate only has run-off years of account. Calendar Year investment yield as calculated for the syndicate annual report.	2003
		%
		*

* Please show to one decimal place

NOTES

Lines 3, 4 and 5
Line 5

- Maximum of 30 characters each (including spaces)
- Please use whole numbers

RUN-OFF UNDERWRITER'S/MANAGER'S INFORMATION AND REMUNERATION

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of account (**Run-off**)

Please complete one form for each year of account in run-off

DETAILS

		Run-off Underwriter or Run-off Manager as at 31.12.03
Surname	1	
Initials	2	
Date of birth	3	
Date appointed	4	
Relevant academic qualifications	5*	

* Maximum of 10 characters including spaces

REMUNERATION

Please show amounts paid by the syndicate during calendar year 2003

Salary	6	
Profit-related pay	7	
Pension contribution	8	
Total (lines 6 to 8)	9	

For run-off underwriter's/ manager's remuneration, please show remuneration allocated between each run-off year of account

Do not include amounts shown on this form in the figures on SR25

UNDERWRITER'S INFORMATION AND REMUNERATION

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

If a syndicate has multiple underwriters writing on equal bases, please complete one form for each underwriter

DETAILS

		Underwriter as at 31.12.03	Underwriter for 2004
		1	2
Surname	1		
Initials	2		
Date of birth	3		
Date appointed	4		
Relevant academic qualifications	5*		

* Maximum 10 characters including spaces

REMUNERATION

Please show amounts paid by the syndicate during calendar year 2003

		1
Salary	6	
Profit-related pay	7	
Pension contribution	8	
Total (lines 6 to 8)	9	

Remuneration for 2000 and earlier years of account in run-off should be shown on SR25 Run-off and not included in the figures on lines 6 to 9

PARTICIPATION

		2003 Account	2004 Account
		1	2
Overall premium limit	10		
Allocated	11		
Line on this syndicate*	12		
Is line protected by a PSL policy?	13	YES/NO**	YES/NO**

* 'Line on this syndicate' should include any participation through MAPAs in addition to bespoke plus other participations. If the underwriter writes as an SLP then 'line' is his/her share of the SLP times the SLP's share of syndicate. The same applies to corporate vehicles.

* * delete as applicable

CATEGORIES OF BUSINESS PREMIUM INCOME

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account (**Run-off**)

SECTION 1

Section 1 is not applicable for run off years.

SECTION 2

Gross PI by Currency		Cumulative to 31/12/2003
		%
Sterling	19	
US Dollars	20	
Canadian Dollars	21	
Total	22	100

Please show currency split percentages as whole numbers

CATEGORIES OF BUSINESS PREMIUM INCOME

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2001**

SECTION 1

Gross and Net PI by Risk Category (Net of Brokerage)		Year of Account 2001 @ 36 months	
		1	2
		Gross	Net
Accident and Health	1		
Long Term Business	2		
Aviation Legal Liability	3		
Aviation Combined Policies (direct and/or reinsurance)	4		
Aviation Physical Loss or Damage	5		
Ships Physical Loss or Damage	6		
Ships and Other Marine Legal Liability	7		
Goods in Transit	8		
Non-Marine Property Loss or Damage	9		
Non-Marine General Liability	10		
Pecuniary Loss - excluding Financial Guarantee	11		
Specific Inwards Excess of Loss Reinsurance	12		
Motor	13		
Whole Account Excess of Loss Reinsurance (including Catastrophe and Aggregate Stop Loss)	14		
Energy	15		
Financial Guarantee	16		
Other (Commercial RITC (TC))	17		
Total (lines 1 to 17)	18		

The allocations to individual risk categories MUST follow original XIS coding

SECTION 2

Gross PI by Currency		2001 @ 36 months
		%
Sterling	19	
US Dollars	20	
Canadian Dollars	21	
Total	22	100

Please show currency split percentages as whole numbers

CATEGORIES OF BUSINESS PREMIUM INCOME

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2002**

SECTION 1

Gross and Net PI by Risk Category (Net of Brokerage)		Year of Account 2002 @ 24 months	
		1	2
		Gross	Net
Accident and Health	1		
Long Term Business	2		
Aviation Legal Liability	3		
Aviation Combined Policies (direct and/or reinsurance)	4		
Aviation Physical Loss or Damage	5		
Ships Physical Loss or Damage	6		
Ships and Other Marine Legal Liability	7		
Goods in Transit	8		
Non-Marine Property Loss or Damage	9		
Non-Marine General Liability	10		
Pecuniary Loss - excluding Financial Guarantee	11		
Specific Inwards Excess of Loss Reinsurance	12		
Motor	13		
Whole Account Excess of Loss Reinsurance (including Catastrophe and Aggregate Stop Loss)	14		
Energy	15		
Financial Guarantee	16		
Other (Commercial RITC (TC))	17		
Total (lines 1 to 17)	18		

The allocations to individual risk categories MUST follow original XIS coding

SECTION 2

Gross PI by Currency		2002 @ 24 months
		%
Sterling	19	
US Dollars	20	
Canadian Dollars	21	
Total	22	100

Please show currency split percentages as whole numbers

CATEGORIES OF BUSINESS PREMIUM INCOME

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2003**

SECTION 1

Gross and Net PI by Risk Category (Net of Brokerage)		Year of Account 2003 @ 12 months	
		1	2
		Gross	Net
Accident and Health	1		
Long Term Business	2		
Aviation Legal Liability	3		
Aviation Combined Policies (direct and/or reinsurance)	4		
Aviation Physical Loss or Damage	5		
Ships Physical Loss or Damage	6		
Ships and Other Marine Legal Liability	7		
Goods in Transit	8		
Non-Marine Property Loss or Damage	9		
Non-Marine General Liability	10		
Pecuniary Loss - excluding Financial Guarantee	11		
Specific Inwards Excess of Loss Reinsurance	12		
Motor	13		
Whole Account Excess of Loss Reinsurance (including Catastrophe and Aggregate Stop Loss)	14		
Energy	15		
Financial Guarantee	16		
Other (Commercial RITC (TC))	17		
Total (lines 1 to 17)	18		

The allocations to individual risk categories MUST follow original XIS coding

SECTION 2

Gross PI by Currency		2003 @ 12 Months
		%
Sterling	19	
US Dollars	20	
Canadian Dollars	21	
Total	22	100

Please show currency split percentages as whole numbers

UK PERSONAL LINES BUSINESS

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

Please refer to the relevant instructions before completing this form.

	1
Gross premiums relating to UK personal lines	

The figure stated above is a reasonable estimate of the UK personal lines gross premiums underwritten by the syndicate during the year ended 31.12.2003.

This form must be completed for all syndicates: where appropriate a NIL RETURN must be made.

INVESTMENT ANALYSIS

SYNDICATE NO:

Page.....

CURRENCY: CONVERTED STERLING

SYNDICATE RETURN
Year ended 31 December 2003

1. ASSET CLASSIFICATION

			Market Value £'000s	* Duration (Years)
Cash/money market (CDs, money funds etc)		1		
Bonds	Bond Mutual funds	2		
	Bullet	3		
	Callable	4		
	Variable - asset backed securities	5		
	Variable - other	6		
	Other	7		
Equities/convertibles		8	#	
Derivatives		9		
Foreign exchange contracts		10		
Assets under Lloyd's central management		11	##	
Other		12		
TOTAL (lines 1 to 12)		13	###	

2. CREDIT CLASSIFICATION

		Market Value £'000s
Government/ government agency	14	**
AAA/AAA-	15	**
AA+/AA/AA-	16	**
A+/A/A-	17	**
Less than A-/ unrated	18	**
Equity/convertibles	19	#
Assets under Lloyd's central management	20	##
TOTAL (lines 14 to 20)	21	

3. CURRENCY ANALYSIS

		Market Value £'000s
Sterling	22	
US Dollars	23	
Canadian Dollars	24	
TOTAL (lines 22 to 24)	25	###

- * Must be to 2 decimal places
- ** Lines 14 to 18 must equal lines (2 to 7) + line 12
- # Line 8 must equal line 19
- ## Line 11 must equal line 20
- ### Line 13 must equal line 25
- ### Line 13 must equal SR12 column 1, line 1 to 16 + 32 + 33 + 35)

INVESTMENT ANALYSIS

SYNDICATE NO:

Page.....

CURRENCY: CONVERTED STERLING

SYNDICATE RETURN

Year ended 31 December 2003

CONCENTRATION OF INVESTMENT HOLDINGS*

Issuer/ Counterparty

Aggregate market value of exposure to
issuer
£'000s

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11	TOTAL (Lines 1 to 10)	

* Credit exposure to government, government agency and supranationals should be excluded from this report

CURRENCY CONTRACTS ANALYSIS

SYNDICATE NO:

Page.....

CURRENCY : ALL CURRENCIES

SYNDICATE RETURN

Year ended 31 December 2003

CURRENCY CONTRACTS ANALYSIS

'000s

[illegible]

LIQUIDITY REPORTING

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Current/Normal Liability Development for all years of account

A. Forecast Assumptions		Actual 2003 calendar year	Forecast 2004 calendar year
- Is syndicate in Run Off/ RITC (Y/N)*?	1	<input type="text"/>	<input type="text"/>
- Do you undertake inter-syndicate borrowing (Y/N)?	2	<input type="text"/>	<input type="text"/>
- % of Gross Premium Income			
- Sterling/European/Rest of World	3	<input type="text"/>	<input type="text"/>
- Canadian	4	<input type="text"/>	<input type="text"/>
- Situs US	5	<input type="text"/>	<input type="text"/>
- Other USD	6	<input type="text"/>	<input type="text"/>
- Total (= lines 3 to 6) (must equal 100%)	7	<input type="text" value="0%"/>	<input type="text" value="0%"/>
- Deferred Premium Days**	8	<input type="text"/>	<input type="text"/>
- Gross Claims Paid/ Gross Premium Received (%)	9	<input type="text"/>	<input type="text"/>
- Reinsurance Premium/Gross Premium Received (%)	10	<input type="text"/>	<input type="text"/>
- Reinsurance Recoveries/Gross Premium Received (%)	11	<input type="text"/>	<input type="text"/>
- Cash Investment Income/Gross Premium Received (%)	12	<input type="text"/>	<input type="text"/>
- Cash Surplus/Deficit from Underwriting as % = 100% - (lines 9 + 10 - 11 - 12)	13	<input type="text" value="100%"/>	<input type="text" value="100%"/>

B. Cashflow Forecast Under Normal Claims Expectations																			
- Please input cashflow profile																			
- Please input all cash deficits as negative																			
	<table border="1"> <thead> <tr> <th>Actual</th> <th colspan="5">Forecast</th> </tr> <tr> <th>31/12/2003</th> <th>31/03/2004</th> <th>30/06/2004</th> <th>30/09/2004</th> <th>31/12/2004</th> <th>31/03/2005</th> </tr> <tr> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> </table>	Actual	Forecast					31/12/2003	31/03/2004	30/06/2004	30/09/2004	31/12/2004	31/03/2005	£m	£m	£m	£m	£m	£m
Actual	Forecast																		
31/12/2003	31/03/2004	30/06/2004	30/09/2004	31/12/2004	31/03/2005														
£m	£m	£m	£m	£m	£m														
1) Sterling (in GBP)	14 <input type="text"/>																		
2) LDTF (in GBP)	15 <input type="text"/>																		
3) Canadian PTF*** (in GBP)	16 <input type="text"/>																		
4) Total "Free Funds" (in GBP)	17 <input type="text"/>																		

* Syndicates in run off/ RITC do not need to complete part A or C. RITC syndicates must be incorporated into assuming syndicates calculations.

** weighted actual average number of days to receive premium from inception of risk

*** Previously called Non-Regulated LCTF

LIQUIDITY REPORTING

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

C. Realistic Disaster Scenario (RDS) Forecast Assumptions

- Assume expected claims development, but with the RDS
- Using the RDS provided in the last business plan select: a) a US Situs RDS and b) a non-US Situs RDS
- Please enter Cash Requirement as a positive amount
- Please show cumulative cash shortfall, not each period cashflow (see note xxxx)
- Both part 1 and 2 should be completed in sterling values

Actual	Forecast				
31/12/2003	31/03/2004	30/06/2004	30/09/2004	31/12/2004	31/03/2005
£m	£m	£m	£m	£m	£m

1) Regulated US Situs RDS

i) Name of RDS

ii) Reinsurance Coverage %

iii) Expected number of days to collect reinsurance

iv) What is the assumption of when the RDS occurs?

(Enter "here" in appropriate column for quarter)

v) What is the Cash requirement?

(Net of cash recoveries)

vi) What if any is the Cash shortfall?

(stated before sources of funding listed below but after LDTF funding)

Please enter as negative amounts, enter "0" if you have sufficient liquidity

vii) What is your expected source of funding for this shortfall?

Please enter funds as negative amounts

- Sterling/Can\$ PTF

- Borrowings

- Funds from reinsurers (not receivables)

- Cash Call

- Other (please specify)

-

- Total 6-(7+8+9+10+11)

2) Non-Regulated RDS

Enter (\$) or (£) to indicate which TF policy from.

Form to be completed in GBP (m)

i) Name of RDS

ii) Reinsurance Coverage %

iii) Expected number of days to collect reinsurance

iv) What is the assumption of when the RDS occurs?

(Enter "here" in appropriate column for quarter)

v) What is the Cash requirement?

(Net of cash recoveries)

vi) What if any is the Cash shortfall?

(Stated before sources of funding listed below but after appropriate TF in 14)

Please enter as negative amounts, enter "0" if you have sufficient liquidity

vii) What is your expected source of funding for this shortfall?

Please enter funds as negative amounts

- Other PTF Free Funds

- Borrowings

- Funds from reinsurers (not receivables)

- Cash Call

- Other (please specify)

-

- Total 20- (21+22+23+24+25)

LIQUIDITY REPORTING

SYNDICATE NO:

Page.....

SYNDICATE RETURN
Year ended 31 December 2003

D. Statement of Credit Facilities

In order to give Lloyd's an overview of the external liquidity and funding support available to the market, please indicate below the external resources available to your syndicate.

Liquidity support facilities available to the syndicate as at 31 December 2003

		Utilised £m	Un-utilised £m	Total £m
Committed facilities:				
- bank lines*	1			
- committed Letters of Credit facility **	2			
- legally committed drawing facility from reinsurers e.g., OCA, funds withheld, including:				
- Facilities from Other Lloyd's Syndicates	3a			
- Facilities from Non Lloyd's Reinsurers	3b			
- Total (lines 3a + 3b)	4			
- committed loan facilities from parent/capital provider	5			
- other ***	6			
Total committed facilities (lines 1 + 2 + 4 + 5 + 6)	7			
Uncommitted facilities, including:				
- bank lines	8			
- informal arrangements with reinsurers, including:				
- Facilities from Other Lloyd's Syndicates	9a			
- Facilities from Non Lloyd's Reinsurers	9b			
- Total (lines 9a + 9b)	10			
- uncommitted loan facilities from parent/capital provider	11			
Total uncommitted facilities (lines 8 + 10 + 11)	12			
TOTAL (lines 7 +12)	13			

* A committed facility is one where the lender has a legal obligation to provide funds where defined conditions are met at the time of drawdown, these facilities invariably attract commitment fees.

** Exclude Letters of Credit arrangements that require collateralisation of cash in trust funds. These do not generally add to the liquidity of the market. Include unsecured LoC facilities or those secured on reinsurance receivables.

*** This entry must be validated by contact with Lloyd's or will not be used in analysis (see note xxxx)

LIQUIDITY REPORTING

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

E. Cashflow Forecast

- Please input all cash deficits as negative

		Forecast				
		31/03/2004 £m	30/06/2004 £m	30/09/2004 £m	31/12/2004 £m	31/03/2005 £m
Opening Non-Regulated Cash/Investments	1	0	0	0	0	0
<u>Underwriting Cashflows</u>						
Premium Income/(Claims Paid)	2					
Reinsurance Recoveries/(Premiums)	3					
US Situs Reimbursement/(Funding)	4					
Other Trust Funds Inflow/(Outflow)	5					
(Syndicate Expenses)	6					
(Lloyd's Charges/Levy)	7					
Other	8					
Net Cash Flow	9	0	0	0	0	0
Intersyndicate loan received/(repayment)	10					
Utilisation of Bank Facilities/Parent Support	11					
Cash Call Receipts	12					
Total Cash Flow	13	0	0	0	0	0
Closing "Free Funds"*	14	0	0	0	0	0

* Line 14 should equal SR28D (Page 1) line 17

LIQUIDITY REPORTING

SYNDICATE NO:

Page.....

SYNDICATE RETURN
Year ended 31 December 2003

-Please Enter RDS Deficits after funds from SR28D Part C manually

<p><u>Working Capital Adequacy Statement</u></p> <p>We have prepared cash-flow forecasts for the above syndicate under normal and RDS scenarios for the period 1st January 2004 to 31st March 2005.</p> <p>These forecasts have been reviewed and approved by the Board on/...../.....</p> <p>We confirm that under normal and RDS scenarios forecast expectations (delete as applicable):</p> <p>1) the syndicate will have sufficient liquid funds to meet all outgoings when they fall due for payment</p> <p>2) during the forecast period, the syndicate will experience a maximum shortfall of:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">Normal</th> <th style="width: 20%; text-align: center;">RDS</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">PTF (£m)</td> <td style="border: 1px solid black; width: 150px;"></td> <td style="border: 1px solid black; width: 150px;"></td> <td style="text-align: center; border: 1px solid black;">2</td> </tr> <tr> <td style="text-align: right;">LDTF (£m)</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> <td style="text-align: center; border: 1px solid black;">3</td> </tr> <tr> <td style="text-align: right;">LATF (£m)</td> <td style="border: 1px solid black;"></td> <td style="background-color: black; width: 150px;"></td> <td style="text-align: center; border: 1px solid black;">4</td> </tr> <tr> <td style="text-align: right;">Canadian PTF (£m)</td> <td style="border: 1px solid black;"></td> <td style="background-color: black;"></td> <td style="text-align: center; border: 1px solid black;">5</td> </tr> </tbody> </table> <p>We are currently investigating the following means to cover the shortfall (please complete where applicable):</p> <p>i. </p> <p>ii. </p> <p>iii. </p> <p>iv. </p> <p>3) the syndicate has reinsured to close into syndicate </p> <p style="margin-left: 20px;">All cashflows are included in the return for the assuming syndicate.</p>				Normal	RDS		PTF (£m)			2	LDTF (£m)			3	LATF (£m)			4	Canadian PTF (£m)			5	10
	Normal	RDS																					
PTF (£m)			2																				
LDTF (£m)			3																				
LATF (£m)			4																				
Canadian PTF (£m)			5																				

CASHFLOW ANALYSIS

SYNDICATE NO:

Page.....

SYNDICATE RETURN
Year ended 31 December 2003
All years combined

Sources of Funds		£m
Net Income *	1	
Cash Calls & Loss Payments received	2	
Investment Income	3	
Other	3a	
Total (lines 1+2+3+3a)	4	

Applications of Funds		
Profit Distribution	5	
Personal Expenses	6	
Other	7	
Total (lines 5+6+7)	8	

Non Cash Items (please specify)	9	
----------------------------------	---	--

Net Surplus / (Deficit) (lines 4-8+9) **	10	
---	-----------	--

* net underwriting account movement, excluding reserves, including syndicate expenses

** net movement in cash and investments (Line 10 must equal SR28A line 13 less SR28A Line 13 2002 return)

FORECAST SYNDICATE RESULTS - 2002 YEAR OF ACCOUNT

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of account 2002

Global result as at 36 months

2002 Account At 36 months

Underwriting result

Gross premiums written (net of brokerage)	1a	
Reinsurance ceded	1b	
Net premiums (line 1a - 1b)	1c	

Gross claims	1d	
Reinsurers' share	1e	
Net claims (line 1d - 1e)	1f	

Underwriting result (line 1c - 1f)	1g	
-------------------------------------	----	--

Profit/(loss) on exchange	2	
Syndicate operating expenses	3	
Investment return	4	

Result before personal expenses (line 1g + 2 + 3 + 4)	5	
--	---	--

Personal expenses:

Standard personal expenses	6	
----------------------------	---	--

Result after personal expenses (line 5 - 6)	7	
--	---	--

FORECAST SYNDICATE RESULTS - 2003 YEAR OF ACCOUNT

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account 2003

Global result as at 36 months

2003 Account @ 36 months

Underwriting result

Gross premiums written (net of brokerage)	1a	
Reinsurance ceded	1b	
Net premiums (line 1a - 1b)	1c	

Gross claims	1d	
Reinsurers' share	1e	
Net claims (line 1d - 1e)	1f	

Underwriting result (line 1c - 1f)	1g	
------------------------------------	----	--

Profit/(loss) on exchange	2	
Syndicate operating expenses	3	
Investment return	4	

Result before personal expenses (line 1g + 2 + 3 + 4)	5	
--	---	--

Personal expenses:

Standard personal expenses	6	
----------------------------	---	--

Result after personal expenses (line 5 - 6)	7	
--	---	--

RECONCILIATION OF FORECAST SYNDICATE RESULT WITH SOLVENCY RESULT

2002 YEAR OF ACCOUNT

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account 2002

Solvency result before adjustments (= SR15(2002) Line8)	1	
Adjustments to underwriting result:		
- Loading for solvency test purposes (= SR15(2002) Line 4)	2	
- Non-admissible assets for solvency (= SR15(2002) Line 5 + 6b)	3	
- Other underwriting adjustments (please specify below)		
Disallowed reinsurance recoveries	4a	
Actuarial loading	4b	
Future reinsurance costs	4c	
Bad debts	4d	
Run-off and claims handling costs	4e	
Other (please specify)	4f	
Sub-Total (4a to 4f)	4g	
Sub-Total (1 + 2 + 3 + 4g)	5	
Continuous Solvency Transfer	6a	
Estimated movement on non-underwriting items in third year of account	6b	
Forecast syndicate result (5 + 6a + 6b) (= SR29(2002) Line 7)	7	

RECONCILIATION OF FORECAST SYNDICATE RESULT WITH SOLVENCY RESULT

2003 YEAR OF ACCOUNT

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account 2003

Solvency result before adjustments (=SR15(2003) Line 8)	1	<input type="text"/>
Adjustments to underwriting result:		
- Loading for solvency test purposes (=SR15(2003) Line 4)	2	<input type="text"/>
- Non-admissible assets for solvency (=SR15(2003) Line 5 + 6b)	3	<input type="text"/>
- Other underwriting adjustments (please specify below)		
Disallowed reinsurance recoveries	4a	<input type="text"/>
Actuarial loading	4b	<input type="text"/>
Future reinsurance costs	4c	<input type="text"/>
Bad debts	4d	<input type="text"/>
Run-off and claims handling costs	4e	<input type="text"/>
Other (please specify)	4f	<input type="text"/>
Sub-Total (4a to 4f)	4g	<input type="text"/>
Sub-Total (1 + 2 + 3 + 4g)	5	<input type="text"/>
Continuous Solvency Transfer	6a	<input type="text"/>
Estimated movement on non-underwriting items in the second and third years of account	6b	<input type="text"/>
Forecast syndicate result (5 + 6a + 6b) (= SR29(2003) Line 7)	7	<input type="text"/>

CASH CALLS

SYNDICATE NO:

Page:

SYNDICATE RETURN
Year ended 31 December 2003

Year of account	1996 RO	1997 RO	1998 RO	1999 RO	2000 RO	2001	2002	2003
Result								
Forecast result (SR29 line 7)								
2001 year of account result (SR15 line 1)								
RO year result (SR15 RO lines 1 + 10)								
Cash called so far								
SR15 line 9 (2002: SR15 lines 9 - 6a)								
Net amount to call (lines 1+2+3-4)								
If line 5 is a loss, it will be called:								
As part of distribution or otherwise by 30 June 2004								
Second half of 2004								
2005								
2006 or later								
Total (lines 6+7+8+9, must = line 5 if negative)								

SUMMARY AND VALUATION REPORT
Long-Term Business as at 31 December 2003

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2001**

TYPE OF INSURANCE		Number of Contracts	Amount of sums assured	Amount of annual premium	Value of sums assured	Value of future annual premiums	Amount of mathematical reserves
		1 No.	2	3	4	5	6
Direct Business and Reinsurance Accepted							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
TOTAL (lines 1 + 2 + 3 + 4)	5						
Reinsurance ceded							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
TOTAL (lines 6 + 7 + 8)	9						
NET AMOUNT OF INSURANCE (line 5 minus line 9)	10						
ADJUSTMENTS (please provide details)	11						
TOTAL (lines 10 + 11)	12						

SUMMARY AND VALUATION REPORT
Long-Term Business as at 31 December 2003

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2002**

TYPE OF INSURANCE		Number of Contracts	Amount of sums assured	Amount of annual premium	Value of sums assured	Value of future annual premiums	Amount of mathematical reserves
		1 No.	2	3	4	5	6
Direct Business and Reinsurance Accepted							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
TOTAL (lines 1 + 2 + 3 + 4)	5						
Reinsurance ceded							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
TOTAL (lines 6 + 7 + 8)	9						
NET AMOUNT OF INSURANCE (line 5 minus line 9)	10						
ADJUSTMENTS (please provide details)	11						
TOTAL (lines 10 + 11)	12						

SUMMARY AND VALUATION REPORT
Long-Term Business as at 31 December 2003

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2003**

TYPE OF INSURANCE		Number of Contracts	Amount of sums assured	Amount of annual premium	Value of sums assured	Value of future annual premiums	Amount of mathematical reserves
		1 No.	2	3	4	5	6
Direct Business and Reinsurance Accepted							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
TOTAL (lines 1 + 2 + 3 + 4)	5						
Reinsurance ceded							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
TOTAL (lines 6 + 7 + 8)	9						
NET AMOUNT OF INSURANCE (line 5 minus line 9)	10						
ADJUSTMENTS (please provide details)	11						
TOTAL (lines 10 + 11)	12						

SUMMARY AND VALUATION REPORT
Long-Term Business as at 31 December 2003

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
All years combined

TYPE OF INSURANCE		Number of Contracts	Amount of sums assured	Amount of annual premium	Value of sums assured	Value of future annual premiums	Amount of mathematical reserves
		1 No.	2	3	4	5	6
Direct Business and Reinsurance Accepted							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
TOTAL (lines 1 + 2 + 3 + 4)	5						
Reinsurance ceded							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
TOTAL (lines 6 + 7 + 8)	9						
NET AMOUNT OF INSURANCE (line 5 minus line 9)	10						
ADJUSTMENTS (please provide details)	11						
TOTAL (lines 10 + 11)	12						

SUMMARY AND VALUATION REPORT
Long-Term Business as at 31 December 2003

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **RUN - OFF**

TYPE OF INSURANCE		Number of Contracts	Amount of sums assured	Amount of annual premium	Value of sums assured	Value of future annual premiums	Amount of mathematical reserves
		1 No.	2	3	4	5	6
Direct Business and Reinsurance Accepted							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
TOTAL (lines 1 + 2 + 3 + 4)	5						
Reinsurance ceded							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
TOTAL (lines 6 + 7 + 8)	9						
NET AMOUNT OF INSURANCE (line 5 minus line 9)	10						
ADJUSTMENTS (please provide details)	11						
TOTAL (lines 10 + 11)	12						

LONG TERM INSURANCE BUSINESS: MATHEMATICAL RESERVES AND CAPITAL AT RISK

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of account **2001**

CLASS		Classes I, II and IX	Classes IV and VI	Unallocated additional mathematical reserves	Total for all classes
		1	2	3	4 (= 1 to 3)
Mathematical reserves before deduction of reinsurance		1			
Mathematical reserves after deduction of reinsurance		2			
Non negative capital at risk before reinsurance (see instructions)	Temporary assurances with required margin of solvency of 0.1%	3			
	Temporary assurances with required margin of solvency of 0.15%	4			
	All other assurances with required margin of solvency of 0.3%	5			
	Total 3 to 5	6			
Non negative capital at risk after reinsurance (all contracts)		7			

LONG TERM INSURANCE BUSINESS: MATHEMATICAL RESERVES AND CAPITAL AT RISK

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of account **2002**

CLASS		Classes I, II and IX	Classes IV and VI	Unallocated additional mathematical reserves	Total for all classes
		1	2	3	4 (= 1 to 3)
Mathematical reserves before deduction of reinsurance	1				
Mathematical reserves after deduction of reinsurance	2				
Non negative capital at risk before reinsurance (see instructions)	Temporary assurances with required margin of solvency of 0.1%	3			
	Temporary assurances with required margin of solvency of 0.15%	4			
	All other assurances with required margin of solvency of 0.3%	5			
	Total 3 to 5	6			
Non negative capital at risk after reinsurance (all contracts)	7				

LONG TERM INSURANCE BUSINESS: MATHEMATICAL RESERVES AND CAPITAL AT RISK

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of account **2003**

CLASS		Classes I, II and IX	Classes IV and VI	Unallocated additional mathematical reserves	Total for all classes
		1	2	3	4 (=1 to 3)
Mathematical reserves before deduction of reinsurance		1			
Mathematical reserves after deduction of reinsurance		2			
Non negative capital at risk before reinsurance (see instructions)	Temporary assurances with required margin of solvency of 0.1%	3			
	Temporary assurances with required margin of solvency of 0.15%	4			
	All other assurances with required margin of solvency of 0.3%	5			
	Total 3 to 5	6			
Non negative capital at risk after reinsurance (all contracts)		7			

LONG TERM INSURANCE BUSINESS: MATHEMATICAL RESERVES AND CAPITAL AT RISK

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

All years combined

CLASS		Classes I, II and IX	Classes IV and VI	Unallocated additional mathematical reserves	Total for all classes
		1	2	3	4 (= 1 to 3)
Mathematical reserves before deduction of reinsurance		1			
Mathematical reserves after deduction of reinsurance		2			
Non negative capital at risk before reinsurance (see instructions)	Temporary assurances with required margin of solvency of 0.1%	3			
	Temporary assurances with required margin of solvency of 0.15%	4			
	All other assurances with required margin of solvency of 0.3%	5			
	Total 3 to 5	6			
Non negative capital at risk after reinsurance (all contracts)		7			

LONG TERM INSURANCE BUSINESS: MATHEMATICAL RESERVES AND CAPITAL AT RISK

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Year of account **RUN-OFF**

CLASS		Classes I, II and IX	Classes IV and VI	Unallocated additional mathematical reserves	Total for all classes
		1	2	3	4 (= 1 to 3)
Mathematical reserves before deduction of reinsurance		1			
Mathematical reserves after deduction of reinsurance		2			
Non negative capital at risk before reinsurance (see instructions)	Temporary assurances with required margin of solvency of 0.1%	3			
	Temporary assurances with required margin of solvency of 0.15%	4			
	All other assurances with required margin of solvency of 0.3%	5			
	Total 3 to 5	6			
Non negative capital at risk after reinsurance (all contracts)		7			

MANAGING AGENT'S REPORT

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

To the Council of Lloyd's

We confirm that the information set out on Forms SR24 to SR32B on Pages..... to..... of the attached syndicate return in respect of the above syndicate for the year ended 31 December 2003 is accurate and complete and has been prepared in accordance with the provisions of the Solvency and Reporting Byelaw (No. 13 of 1990) and the conditions and requirements prescribed thereunder and includes all transactions of the syndicate for the year ended on that date.

Signed.....Compliance Officer*

Name.....(Block Capitals)

Signed.....Director/ Partner*

Name.....(Block Capitals)

On behalf of(Managing Agent)

Date.....

*** The signatories must be different**

**Syndicate return:
31 December 2003**

Forms SRFront to SR33

Instructions

**Deadline for submission to Lloyd's:
12.00 noon Thursday 26 February 2004**

Index to Forms

	Page
GENERAL	3
AUDITED SECTION	
SR Front	Front sheet – audited section
SR1	Profit and Loss Account
SR2	Underwriting Account (all business)
SR3	Analysis of Underwriting Result (All Business)
SR8	Analysis of Calendar Year Premiums and Claims Paid
SR9	Analysis of Calendar Year Gross Premiums and Gross Claims Not Processed Through XIS
SR10	Personal Expenses
SR11	Analysis of Reinsurance Bad Debts
SR12	Balance Sheets (all business)
SR15	Reconciliation of Global Result with Result to be Apportioned
SR16	Analysis of Solvency Reserves
SR17	LATF Business
SR19	Matching and Localisation: Net Outstanding Liabilities (Including IBNR) and Assets Held In Premiums Trust Funds
SR20	Analysis of Reinsurance to Close (RITC) / Run-off Reserves Retained
SR21	Reconciliation of Reinsurance to Close Premiums
SR22	Managing Agent's Report
SR23	Auditor's Report
UNAUDITED SECTION:	
SRFront U	Front sheet - unaudited section
SR24	Syndicate Data Sheet
SR25	Underwriter's Information and Remuneration
SR26	Categories of Business Premium Income
SR27	UK Personal Lines Business
SR28A	Investment Analysis: Classification
SR28B	Investment Analysis: Concentration
SR28C	Currency Contracts Analysis
SR28D	Liquidity Reporting
SR28E	Liquidity Reporting: Working Capital Adequacy Statement
SR28F	Cashflow Analysis
SR29	Forecast Syndicate Results
SR30	Reconciliation of Forecast Syndicate Results with Solvency Result
SR31	Cash Calls
SR32A	Summary and Valuation Report: Long Term Business as at 31 December 2003
SR32B	Long Term Insurance Business: Mathematical Reserves and Capital at Risk
SR33	Managing Agent's Report
Annex 1	Example of completion of SR1/SR2 Run-off for 2000 Account

General instructions

1 Syndicate return

- 1.1 The syndicate return provides the information needed to enable Lloyd's to produce the Lloyd's global results in accordance with the requirements of the Lloyd's Sourcebook (LLD), legislated for under the Financial Services and Markets Act 2000. In addition, the return provides the solvency information necessary to enable Lloyd's to conduct the annual members' solvency test, and report the results thereof to the Financial Services Authority (FSA) as required by the LLD.
- 1.2 The data collected in the return is prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended.
- 1.3 The managing agent must complete all of the syndicate return and a recognised accountant must audit the audited section (SR1 to SR22).

2 Supplementary Syndicate Return

- 2.1 The information required to assist corporate members to prepare their accounts in accordance with Schedule 9a of the Companies Act 1985 is collected within the supplementary syndicate return (SSR). The purpose of the SSR is to collect information in order for Lloyd's to operate a central facility for the provision of the corporate members' share of the Schedule 9a data in respect of each syndicate for which a SSR has been prepared. Separate instructions for the SSR are provided.
- 2.2 The source data for forms SSR1 and SSR4 of the SSR are included on SR1, SR2 and SR12. Agents must complete the SSR sections on these forms first before attempting the completion of the SSR forms. The return software will pre-populate SSR1 and SSR4 from the data reported in the syndicate return.

3 Other returns

- 3.1 Managing agents are also required to submit a number of other returns to Lloyd's as part of the 31 December 2003 reporting exercise. These include the annual accounting return (deadline 4 March 2004); solvency and reserving data (deadline 15 April 2004) and FSA return (deadline 29 April 2004). Separate instructions are provided for each of these returns.

4 Main changes to the syndicate return

4.1 SR12

The counterparty syndicate(s) in respect of which inter-syndicate loans have been made/received, must be identified in a separate analysis.

4.2 SR15

This form is now collected in £'000s rather than £s. The analysis of adjustments required to arrive at the result to be apportioned has been expanded with more line descriptions. Any adjustment that does not fall within one of the descriptions explicitly set out on lines 2 to 6b must be included on line 6c with description provided in the supporting analysis schedule.

4.3 SR17

This form has now been expanded to reflect the post year end LATF transactions, previously collected on the US dollar 'spot' forms. The data collected on SR17 will form the basis of the LATF dollar solvency test, and the dollar spot forms have been discontinued.

4.4 SR20

The analysis to be reported on this form has been expanded to collect the breakdown of the gross and net reserves into noted outstanding and IBNR claims by pure year of account.

4.5 SR31

This form is new for the 2003 year-end and collects information relating to the expected timing of calling of losses still to be called.

5 Overview of return

5.1 A separate return must be submitted in respect of each syndicate. In the case of a mirror syndicate (ie a syndicate which is identical to another in respect of constitution, shares and members' agents participating therein) both syndicates must be included in one return.

5.2 Parallel corporate syndicates must complete and submit a separate syndicate return.

5.3 The return must be completed in respect of all open years of account, all run-off years of account, all years of account closing as at 31 December 2003 and those closing during 2003 but before 31 December 2003 (ie those where 'mid year closure' has occurred), in order to reflect the total insurance business transacted by underwriting members of Lloyd's. Within each form of the return, a separate page is generally required to be completed for each year of account. When setting up a return on the electronic system, the user will be asked to provide various information concerning the syndicate; eg. the applicable years of account, status of 2001 and prior years (whether they are closed or in run-off at 31 December 2003) and whether the syndicate is non-life or life, etc. The system will then generate the forms to be completed, and establish the validation rules to be adhered to, as appropriate to that syndicate's circumstances.

6 Closure of a year of account at any time other than 31 December 2003

6.1 A number of run-off years may close during calendar year 2003, but before 31 December 2003. A syndicate return is still required from such syndicates, even where the closing date is 1 January 2003. This is necessary because any movement from the reported 31 December 2002 figures must be included in the 2003 Global Results and Lloyd's Return. The net amount of RITC payable must be included on SR12 line 80. The gross RITC payable and reinsurance recoverable thereon must not be reported on lines 53 and 18 respectively of SR12 in such a case.

6.2 Exchange rates

The syndicate return must be prepared using the exchange rates ruling at 31 December 2003 (see paragraph 12, below) except where stated. The converted sterling closed year bottom line result, however, must be reported at the converted sterling amount as determined at the date of closure of the syndicate. The elements comprising the movement in 2003 to

determine the closed year result must be reported using the year end rates, with the net difference in retranslation of these elements being written off as 'profit/(loss) on currency exchange' in the underwriting account on form SR2.

- 6.3 Syndicates accepting the RITC from another syndicate which has closed during 2003, but before 31 December 2003 must reflect the premium receivable for accepting the RITC in the syndicate return as at 31 December 2003 exchange rates. Depending on the individual circumstances of the transaction, the premium will be accounted for as either RITC received or gross premiums in the recipient syndicate's books. The transactions arising on the reinsured liabilities subsequent to the reinsuring syndicate assuming them, up to 31 December 2003, and the value of the assumed liabilities as at that date must also be accounted for in the return. The amount of net RITC receivable in such circumstances must be included on SR12 line 34.

7 Equitas

- 7.1 This return must be prepared on a basis of recognising the reinsurance to close of all 1992 and prior non-life business into Equitas, effective as at 31 December 1995. In particular, only transactions, assets and liabilities relating to 1993 and post non-life business (and ALL life business) must be reported in the return. Any transactions occurring in 2003 relating to 1992 and prior non-life business must NOT be reported in this return.

8 Electronic reporting

- 8.1 The return must be completed electronically, to be submitted via the MSU market returns website. The software and user manual which will enable agents to do this will be provided to the market by 14 November 2003. Managing agents are therefore advised not to reproduce any of the forms relating to the 2003 syndicate return themselves as the software provided will do this. In addition to the website submission, a single hard copy (including signed managing agent's and auditor's reports) is required.
- 8.2 A return will only be considered valid if it has both a print date and a version date, and that the version date and time agrees with the version date and time which is hard coded in the website submission. The version date is generated when the syndicate return is 'locked' on the system. (Please refer to the software manual, to be provided with the software, for more detailed instructions). If a return is printed from an unlocked pack the system will generate a heading of 'DRAFT'. If a draft return is submitted or if the version date and time is not exactly the same as the version date and time within the electronic file, the return will be invalid and a resubmission will be required.

The software package for the supplementary syndicate return (see paragraph 2 above) is integrated with that for the syndicate return. The supplementary syndicate return will be required to be submitted in the same electronic file as the syndicate return, as well as in hard copy. For further information, please refer to the instructions for the supplementary syndicate return.

9 Signing and page numbering of syndicate return

Every sheet of paper that is submitted, including additional analysis schedules, must be sequentially numbered.

9.1 Managing Agent's Report

Part 1 of the syndicate return includes an audited section (SR1 to SR23) and an unaudited section (SR24 to SR33), each of which has separate managing agent's reports (SR22 and SR33 respectively). The managing agent's report must be signed and dated on behalf of the directors of the managing agent by at least one director and by the compliance officer. The same person must not sign in both capacities. All pages, including additional analysis schedules, must be covered by the managing agent's report and must be included in the page numbers shown on the form. The standard report is included, but agents can amend the report on screen for additional paragraphs or non standard wordings.

9.2 Auditor's Report

Forms SR1 to SR22 must be audited by a recognised accountant. The report (SR23) must be signed and dated on behalf of the recognised accountant by a partner or director. The standard scope and opinion of the auditor's report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

The audit report is currently under review and will be provided to the market with the return software.

The managing agent's reports and auditor's report(s) may need to be amended as a result of a resubmission of the return.

10 Submission of syndicate return

10.1 Deadline

The syndicate return must be submitted by 12.00 noon on Thursday 26 February 2004. Both the electronic filing and hard copy submission must be made by this time.

10.2 Submission

The electronic syndicate return in respect of each managed syndicate must be submitted by the managing agent via the MSU Market Returns website and the hard copy must be submitted to:

Manager
Market Reporting
Gallery 5, Lloyd's 1986 Building

Failure to submit the return by the due deadline will be considered a breach of the Solvency and Reporting Byelaw (No. 13 of 1990), as amended. A resubmission of the return after the deadline will be considered a late submission.

The market results and associated member and society level solvency positions must be reported to the Council of Lloyd's on 3 March 2004. This timetable is very tight and we are dependent on ALL returns being submitted on time and as final audited returns.

Managing agents will be subject to disciplinary action and fines will be imposed if the return is submitted after the due deadline, in accordance with the following schedule:

Per return per syndicate – flat fine	£5,000
Per return per syndicate – additional fine per working day late	£1,000

Persistent delays will lead to further disciplinary action.

11 Assistance in completing forms

- 11.1 Any queries about the completion of the syndicate return should be directed by e-mail to Market Reporting at lloyds-MRD-ReturnQueries@lloyds.com. All queries will be responded to by the end of the following working day. Please contact John Parry via e-mail (john.parry@lloyds.com) if a response remains outstanding at that time.

12 Exchange rates

- 12.1 The US and Canadian dollar, and other non-sterling settlement currency, elements of business transacted must be translated at the exchange rates ruling as at 31 December 2003 except where stated. These rates will be advised in a market bulletin early in the New Year. As noted in paragraph 6.1 above, the syndicate return in respect of syndicates which close before 31 December 2003 must be prepared using 31 December 2003 exchange rates.

13 Interpretation

- 13.1 The return must be compiled in accordance with these instructions and the approved accounting procedures and policies as laid down in the Syndicate Accounting Byelaw (No. 18 of 1994) as amended. The meaning given to expressions used in these instructions and in the syndicate return is as defined in the Solvency and Reporting Byelaw, the Syndicate Accounting Byelaw or the Lloyd's Sourcebook (LLD) unless otherwise stated.

14 Reporting configuration

- 14.1 All forms are to be completed in £000's, unless specified on the form.

15 Completion of forms

- 15.1 At the start of each section of the return, there is a 'front sheet' which must be completed. This provides confirmation that the return is complete in all respects.
- 15.2 All amounts on each form must be completed as indicated on the form. Additional guidance is provided in respect of each form in these instructions.
- 15.3 Certain figures disclosed on some forms in the syndicate return must agree or relate to figures on other forms. These cross-references are set out in the instructions.
- 15.4 Certain figures on syndicate return forms must cross-refer to certain figures in the supplementary syndicate return (see paragraph 2). This is implemented by the pre-population of certain figures in the supplementary syndicate return directly from the

syndicate return.

15.5 Forms SR1, SR2 and SR12 all follow a similar layout and included within these input forms is the source data for the supplementary syndicate return (SSR).

15.6 SR2 must be completed **first**, as this provides the starting point from which SR1 may be completed.

16 'Other' items

16.1 Where there is a reference on a form to an amount relating to 'other', analysis of material amounts must be provided in the space provided (ie a description and details of the material amount must be disclosed). For 'other' items, the system will generate a sequentially numbered continuation sheet. Where we have identified common reasons for an 'other' entry, use the suggested description in the analysis section where appropriate.

Audited section – SRFront to SR23

Front Sheet

This asks the managing agent to confirm that the syndicate return is complete and the pages of the return have been numbered correctly. The return must have both a print date and time, and a version date and time. The latter must match the version date and time encoded within the electronic submission. This is to ensure that data in the electronic submission is exactly the same as the data on the hard copy which has been reported on by the managing agent and auditor. A front sheet must be completed for the submission of each stage of the return. Managing agents are asked to complete each field to facilitate the resolution of queries, etc after the return has been received.

1 SR1: Profit and Loss Account

- 1.1 This form collects details of the underwriting account from the balance on technical account reported on SR2 down to the balance after personal expenses. This form must be prepared for each underwriting year of account showing the position for the whole account. Analysis by accounting class is not required.
- 1.2 The starting point of this form is based on the technical balance brought forward from SR2 and therefore SR2 must be completed before completing SR1.
- 1.3 The form collects the transactions of the syndicate in accordance with syndicate accounting rules in columns 1 to 3. Then, for those syndicates where a supplementary syndicate return (SSR) is being made, columns 4 to 12 must be completed. The entries made in these columns automatically feed through to SSR1 and can also be used in the preparation of AA1 in the annual accounting part of the syndicate return. If the syndicate is not making an SSR (see SSR instructions) it is not necessary to complete columns 4 to 12. **Instructions on completing columns 4 to 12 are set out in the supplementary syndicate return instructions.**
- 1.4 Columns 1 to 3 must be completed first. Cumulative information is required to be reported as at 31 December 2002 (at 31 December 2002 exchange rates) in column 1, and at 31 December 2003 (at 31 December 2003 exchange rates) in column 3. The movement in calendar year 2003 will appear in column 2 and is generated by the software.
- 1.5 For 2000 and prior run-off years, column 1 will show the amounts reported in the 31 December 2002 syndicate return (at 31 December 2002 exchange rates). Column 3 must be prepared by adding the 2003 calendar year movements, using 31 December 2003 exchange rates, to the amounts reported at 31 December 2002. An example SR1 Run-off is attached at Annex 1A to these instructions.
- 1.6 An SR1 must be completed for each year of account, which was in run-off as at 31 December 2002, even if the year of account closed during 2003.
- 1.7 Data for the 2001 year of account must be reported on SR1 (2001) even if it is not closing as at 31 December 2003.

- 1.8 Each disclosure made in columns 1, 2 and 3 must agree to equivalent disclosure made in the syndicate annual report, except where these instructions require a different treatment.

Instructions by line (columns 1 to 3 only)

- 1.9 Line 1 - balance from technical account: this equals SR2 line 32 and is derived by the software automatically from SR2.
- 1.10 Lines 3 and 4 – gross investment gains and losses: any gains from investments must be shown on line 3 and any losses on line 4. You must not report only the net gain or loss for the syndicate year as a whole.
- 1.11 Line 6 – balance before personal expenses: this equals lines 1 + 2 + 3 – 4 – 5 and is calculated by the software.
- 1.12 Line 7 – ‘standard personal expenses’: only personal expenses relating to:
- managing agents’ fees;
 - members’ agents’ fees;
 - annual subscriptions and levies, defined as Lloyd’s subscriptions and Central Fund subscriptions; and
 - managing agent’s profit commission
- are to be shown on line 7. The standard personal expenses are those normally charged pro-rata to members’ participation as the syndicate. These standard personal expenses will be included within the member level solvency statements. Other personal expenses must be shown on line 9. Additional Central Fund contributions in respect of qualifying quota share must be included within syndicate expenses.
- 1.13 Line 8 – balance after standard personal expenses: this equals lines 6 – 7 and is calculated by the software.
- 1.14 Line 9 – ‘other’ personal expenses: only personal expenses not entered on line 7 above are to be entered here. Cash calls must not be entered on this line but interest payable and other charges relating to unpaid cash calls must be included on this line. Also to be reported are MSU charges, Schedule 9a charges and any other member-specific personal expenses.
- 1.15 Line 10 – balance after all personal expenses: this equals lines 8 – 9 and is calculated by the software.

Relationships with other forms

- 1.16 The following entries on SR1 must agree to other forms on the syndicate return as follows:

SR1 reference

SR1 line 1 for each column*
 SR1 (2001) line 6 column 3
 SR1 (2001) lines 7 + 9 column 3
 SR1 (2002) line 6 column 3
 SR1 (2002) lines 7 + 9 column 3
 SR1 (2003) line 6 column 3
 SR1 (2003) lines 7 + 9 column 3

Other form reference

SR2 line 32 for each column*
 SR12 (2001) line 60 column 1
 - SR12 (2001) line 61 column 1
 SR12 (2002) line 62 column 1
 - SR12 (2002) line 64 column 1
 SR12 (2003) line 62 column 1
 - SR12 (2003) line 64 column 1

SR1 (RO) line 10 column 2*	SR12 (RO) line 66 column 1*
SR1 (2001) line 7 column 3	SR10 (2001) line 8
SR1 (2001) line 9 column 3	SR10 (2001) line 9
SR1 (2002) line 7 column 3	SR10 (2002) line 8
SR1 (2002) line 9 column 3	SR10 (2002) line 9
SR1 (2003) line 7 column 3	SR10 (2003) line 8
SR1 (2003) line 9 column 3	SR10 (2003) line 9
SR1 (RO) line 7 column 2*	SR10 (RO) line 8*
SR1 (RO) line 9 column 2*	SR10 (RO) line 9*
SR1 (RO) lines 7 + 9 column 3*	SR10 (RO) line 13*
SR1 (2001) line 8 column 3	SR15 (2001) line 1
SR1 (2002) line 8 column 3	SR15 (2002) line 1
SR1 (2003) line 8 column 3	SR15 (2003) line 1
SR1 (RO) line 8 column 2*	SR15 (RO) line 1*
SR1 (in aggregate) lines 2+3-4-5 column 2	SR28F line 3

* must agree for each relevant year of account separately

2 SR2: Underwriting Account

- 2.1 This form collects details of the technical account: premiums, claims, syndicate expenses and profit/(loss) on exchange. This form must be prepared for each underwriting year of account showing the position for the whole account. Analysis by accounting class is not required.
- 2.2 SR2 is used as the starting point for SR1 so must be completed before SR1 is completed.
- 2.3 SR2 collects the transactions of the syndicate in accordance with syndicate accounting rules in columns 1 to 3. Then, for those syndicates where a supplementary syndicate return (SSR) is being made, columns 4 to 12 must be completed. The entries made in these columns automatically feed through to SSR1 and can also be used in the preparation of the annual accounting return. If the syndicate is not making an SSR (see SSR instructions) it is not necessary to complete columns 4 to 12. **Further instruction on completing columns 4 to 12 are set out in the supplementary syndicate return instructions.**
- 2.4 Columns 1 to 3 must be completed first. Cumulative information is required to be reported as at 31 December 2002 (at 31 December 2002 exchange rates) in column 1, and at 31 December 2003 (at 31 December 2003 exchange rates) in column 3. The movement in calendar year 2003 will appear in column 2 and is generated by the software. Special arrangements apply for the completion of column 2 for 2000 and prior run-off years (see 2.16 to 2.21 below).
- 2.5 For 2000 and prior run-off years, column 1 will show the amounts reported in the 31 December 2002 syndicate return. Column 3 must be prepared by adding the 2003 calendar year movements, using 31 December 2003 exchange rates, to the amounts reported at 31 December 2002.
- 2.6 An SR2 must be completed for each year of account, which was in run-off as at 31 December 2002, even if the year of account closed during 2003.

- 2.7 Data for the 2001 year of account must be reported on SR2 (2001) even if it is not closing as at 31 December 2003.
- 2.8 Each disclosure made in columns 1, 2 and 3 must agree to equivalent disclosure made in the syndicate annual report, except where these instructions require a different treatment.

Instructions by line (columns 1 to 3 only)

- 2.9 Lines 1 to 3: premiums must be shown net of brokerage.
- 2.10 Lines 7 and 8: reinsurance to close premiums received and run-off reserves brought forward must be entered gross and reinsurers' share. The net figures are calculated by the software. Reinsurance to close premiums received before 31 December 2003 must be restated at the relevant 31 December 2003 exchange rates in column 3 (except for RITC received in respect of 2000 and prior run-off years on or before 31 December 2002, the value of which is fixed at the amounts reported in the 2002 syndicate return).
- 2.11 Lines 15 to 20: reinsurance to close premiums paid/run-off reserves retained must be reported on these lines. The figures must be entered gross and reinsurers' share. The net figure will be calculated by the software.
- 2.12 The net figures on lines 19 and 20 will be completed by the software.
- 2.13 Line 23 - Profit/(loss) on exchange: this must include realised exchange differences on the sale or purchase of \$US or \$Canadian dollars and other settlement currencies, together with differences on the revaluation of other currency assets and liabilities. Any profit or loss realised on the sale of a currency option must also be included on this line.
- 2.14 Line 24 - administrative expenses: this must agree to the total syndicate expenses in the syndicate accounts. These figures must exclude claims management expenses, which must be included within gross claims.
- 2.15 Line 32 – Balance on technical account per syndicate accounts: the software will calculate this line, which then feeds through as the starting point – line 1 - of the profit and loss account (SR1).

Completing column 2 – 2000 and prior run-off years

- 2.16 For the 2001, 2002 and 2003 years of account, column 2 is completed automatically by the software as columns 3 – 1 for each line. This also applies for column 2 for 2000 and prior run-off years with the following exceptions:
- 2.17 Lines 7a and 7b – reinsurance to close received: items must only be entered on these lines in column 2 if the run-off year actually accepts reinsurance to close during calendar year 2003.
- 2.18 Lines 8a and 8b – run-off reserves brought forward: the gross and reinsurance recoverable elements of the run-off reserves brought forward at 1 January 2003, but shown at 31 December 2003 exchange rates, must be shown on lines 8a and 8b respectively in column 2.
- 2.19 Lines 15 to 20 – reinsurance to close paid and run-off reserves retained: these figures are

entered in column 3 and are automatically entered in column 2 by the software.

- 2.20 Line 23 – profit/(loss) on exchange: the ‘normal’ profit/(loss) on exchange in calendar year 2003 is shown in **column 2**. The exchange gain/(loss) on the run-off reserves brought forward as reported on line 8c of column 2 at 31 December 2003 exchange rates, compared with the amount reported on line 20 column 1, at 31 December 2002 exchange rates is included in the amount reported in **column 3**.
- 2.21 Column 2 in respect of 2000 and prior run-off years will equal columns 3 – 1 from line 28 onwards.

Please refer to Annex 1B of these instructions for an example of the required approach in respect of run-off years.

Relationships with other forms (columns 1 to 3 only)

- 2.22 The following entries on SR2 must agree to other forms on the syndicate return as follows:

<u>SR2 reference</u>	<u>Other form reference</u>
SR2 line 32 for each column*	SR1 line 1 each column*
SR2 (2001) line 1 column 3	SR3 line 1 column 3
SR2 (2001) line 2 column 3	SR3 line 2 column 3
SR2 (2001) line 3 column 3	SR3 line 3 column 3
SR2 (2001) line 7c column 3	SR3 line 4 column 3
SR2 (2001) line 9 column 3	SR3 line 5 column 3
SR2 (2001) line 10 column 3	SR3 line 6 column 3
SR2 (2001) line 11 column 3	SR3 line 7 column 3
SR2 (2001) line 12 column 3	SR3 line 8 column 3
SR2 (2001) line 19 column 3	SR3 line 9 column 3
SR2 (2001) line 20 column 3	SR3 line 10 column 3
SR2 (2001) line 21 column 3	SR3 line 11 column 3
SR2 (2001) lines 19+20 column 3	SR12 (2001) lines 51–18 column 1
SR2 (RO) lines 19+20 column 3*	SR12 (RO) lines 53–18+80 column 1*
SR2 (2002) line 7c column 3***	SR15 (2002) line 3***
SR2 (2003) line 7c column 3***	SR15 (2003) line 3***
SR2 (2001) line 19 column 3	SR21 line 1
SR2 (2002) line 7c column 3	SR21 line 3
SR2 (2003) line 7c column 3	SR21 line 4
SR2 (RO) (in aggregate) line 19 column 3	SR21 line 2
SR2 (2001) line 1 column 3	SR26 (2001) line 18 column 1
SR2 (2001) line 3 column 3	SR26 (2001) line 18 column 2
SR2 (2002) line 1 column 3	SR26 (2002) line 18 column 1
SR2 (2002) line 3 column 3	SR26 (2002) line 18 column 2
SR2 (2003) line 1 column 3	SR26 (2003) line 18 column 1
SR2 (2003) line 3 column 3	SR26 (2003) line 18 column 2
SR2 (in aggregate) lines (3-12-28)/1000 column 2	SR28F line 1

In addition:

SR15 (2001) line 4 +

SR16 (2001) line 12**

SR2 (2001) lines 19+20, column 3**

SR15 (RO) line 4 +
SR2 (RO) lines 19+20, column 3**

SR16 (RO) line 12**

* must agree for each relevant year of account separately

** must agree for each relevant year of account separately, not applicable to life syndicates

*** will not agree if the syndicate year had received RITC on or before 31 December 2002 whereby the difference will relate to the amount of such RITC valued at 31 December 2003 exchange rates

3 **SR3: Analysis of Underwriting Result (All Business)**

3.1 This form is required in order that Lloyd's can report the pure year/ prior year split of the 2001 year of account in the global results. The form must be completed whether the 2001 year of account closes at 31 December 2003 or is left open. This form is only required to be completed for all classes of business combined.

3.2 The pure year data is entered in column 1 with the movement on prior years reinsured into the 2001 year of account (either from an earlier year of the same syndicate or from another syndicate) in column 2. Column 3 reports the result for the whole account and is derived by the software as columns 1+2.

Relationship with other forms

3.3 The following entries on SR3 must agree to other forms on the syndicate return as follows:

SR3 reference

SR3 line 1 column 3
SR3 line 2 column 3
SR3 line 3 column 3
SR3 line 4 column 3
SR3 line 5 column 3
SR3 line 6 column 3
SR3 line 7 column 3
SR3 line 8 column 3
SR3 line 9 column 3
SR3 line 10 column 3
SR3 line 11 column 3

Other form reference

SR2 (2001) line 1 column 3
SR2 (2001) line 2 column 3
SR2 (2001) line 3 column 3
SR2 (2001) line 7c column 3
SR2 (2001) line 9 column 3
SR2 (2001) line 10 column 3
SR2 (2001) line 11 column 3
SR2 (2001) line 12 column 3
SR2 (2001) line 19 column 3
SR2 (2001) line 20 column 3
SR2 (2001) line 21 column 3

4 - 7 **There are no forms SR4 to SR7**

8 **SR8: Analysis of Calendar Year Premiums and Claims Paid**

8.1 The information is required for disclosure purposes in the Lloyd's global results.

8.2 Lines 1 to 5 provide an analysis of the 2003 calendar year premium income received and accrued for 2003 and all prior years of account and is required both gross and net of reinsurance ceded. The figure for the year must be at 31 December 2003 rates of exchange

so accrual balances brought forward must be restated at year end 2003 rates in calculating the calendar year figure. Premiums must be shown net of brokerage.

- 8.3 Lines 6 to 10 provide an analysis of the 2003 calendar year gross and net claims paid. The figure for the year must be reported at 31 December 2003 rates of exchange so accrual balances brought forward must be restated at year end 2003 rates in calculating the calendar year figure.

9 SR9: Analysis of Calendar Year Gross Premiums and Gross Claims not processed through Xchanging Ins-sure Services (XIS)

- 9.1 SR9 provides details of gross premiums receivable (net of brokerage) and gross claims payable during the year ended 31 December 2003 for business which is not processed through XIS, for example UK motor business. This form must be prepared for all business combined only.
- 9.2 Any premiums received by the syndicate in respect of reinsurance ceded by another Lloyd's syndicate must be excluded.
- 9.3 Gross claims in respect of business which was ceded to the syndicate by another Lloyd's syndicate must be excluded. Amounts reported here must only relate to gross claims not processed via central accounting.

10 SR10: Personal Expenses

- 10.1 A separate SR10 must be completed for each underwriting year of account. SR10 for the 2001, 2002 and 2003 years of account must show the cumulative personal expenses charged since commencement of the year of account up to 31 December 2003. A separate SR10 must be completed for each 2000 and prior year of account in run-off at 31 December 2002, showing a detailed analysis of the 2003 calendar year movement in personal expenses in calendar year 2003, and also a summary of all personal expenses charged cumulatively for the year of account, split by 'individual' and 'corporate' member.
- 10.2 Payments relating to cash calls do not form part of personal expenses and therefore must not be shown on this form. Interest on unpaid cash calls, however, must be included on line 9, 'other personal expenses'.

Instructions by line

- 10.3 Lines 1 and 2 - agents' fees: the total amount charged to members' personal accounts in respect of fees charged by the managing agent to the syndicate must be shown at line 1. Line 2 includes all amounts advanced to members' agents in respect of their fees.
- 10.4 Line 3 – Lloyd's subscriptions: this is the total amount charged in respect of:
(i) Members' annual subscriptions;
(ii) Contributions to Lloyd's Benevolent Fund; and
(iii) Contributions to Lloyd's Charities Trust.
- 10.5 Line 4 – Central Fund contributions: this is the total amount of contributions to the Lloyd's Central Fund based on stamp capacity. Additional contributions in respect of qualifying

quota share must be included within syndicate expenses.

- 10.6 Line 8 is the total of 'standard' personal expenses and equals lines 1 to 7.
- 10.7 Line 9 – 'other' personal expenses: all other personal expenses chargeable must be reported here and analysed as appropriate. These may include items such as interest on unpaid cash calls, MSU charges, Schedule 9a fees etc. These items are identified in a 'drop down' facility when completing this form on the software.
- 10.8 Line 10 – total personal expenses: the amount reported here must agree to the corresponding amount shown in the syndicate annual report as at 31 December 2003, for the relevant year of account. This equals lines 8 + 9.
- 10.9 Lines 11 to 13 – total personal expenses split by 'individual' and 'corporate' members: this is applicable to 2000 and prior run-off years only and is to assist with validation to SSR3.

Allocation of personal expenses between individual and corporate members

- 10.10 In order to facilitate validation between SR10 and SSR3 of the supplementary syndicate return, the following bases of preparation must be used when determining whether personal expenses as reported on SR10 relate to individual or corporate members:
- i) Individual members' bespoke participations are treated as 'individual';
 - ii) Scottish Limited Partnerships' (SLPs) bespoke participations are treated as 'individual';
 - iii) Corporate members' (excluding SLPs) bespoke participations are treated as 'corporate';
 - iv) MAPAs with no corporate (excluding SLP) participations are treated as 'individual'; and
 - v) The entire personal expenses for a MAPA with any corporate (excluding SLP) participations must be treated as 'corporate' even if that MAPA has individual or SLP participation as well.

Relationship with other forms

- 10.11 The following entries on SR10 must agree to other forms on the syndicate return as follows:

SR10 reference

SR10 (2001) line 8
 SR10 (2001) line 9
 SR10 (2002) line 8
 SR10 (2002) line 9
 SR10 (2003) line 8
 SR10 (2003) line 9
 SR10 (RO) line 8*
 SR10 (RO) line 9*

Other form reference

SR1 (2001) line 7 column 3
 SR1 (2001) line 9 column 3
 SR1 (2002) line 7 column 3
 SR1 (2002) line 9 column 3
 SR1 (2003) line 7 column 3
 SR1 (2003) line 9 column 3
 SR1 (RO) line 7 column 2*
 SR1 (RO) line 9 column 2*

SR10 (RO) line 13*

SR1 (RO) lines 7+9 column 3*

* must agree for each relevant year of account separately

11 SR11: Reinsurance Bad Debts

- 11.1 This form has been designed to capture full information regarding the impact of reinsurance bad debt provisions on the underwriting account results. This form must be completed in respect of each underwriting year of account.
- 11.2 Information on bad and doubtful debts, as set out on the form, must be reported in column 1 in respect of the reinsurers' share of claims paid and in column 2 in respect of solvency reserves. Column 3 is calculated by the software and is columns 1+2.
- 11.3 The amounts reported on line 1 must be at 31 December 2002 exchange rates. The effect of the retranslation of these items using 31 December 2003 exchange rates will be reflected within the figures reported on line 3b.
- 11.4 The provision at 31 December 2003 in column 2 line 5 for all years of account in aggregate must agree to the figure reported in the RD2 returns at 31 December 2003.
- 11.5 Line 2a - Bad debts written off: this is the amount of reinsurance recoverable that is no longer recognised as an asset within reinsurance debtors or reinsurance recoverable against gross technical provisions. This specifically relates to the situation where the original reinsurance recovery and related provision have been written out of the books, so that no entries are shown on SR16 line 7 'reinsurance recoverable' or line 9 'provision for reinsurance bad debts' in respect of this item.

Relationship with other forms

- 11.6 The following entries on SR11 must agree to other forms on the syndicate return as follows:

SR11 reference

SR11 line 5 column 2*

Other form reference

SR16 line 9 column 1*

* must agree for each relevant year of account separately

This relationship only applies in respect of non-life syndicates.

12 SR12: Balance Sheet

- 12.1 SR12 shows the balance sheet of the syndicate. An SR12 must be completed for the syndicate as a whole. In addition, a separate SR12 must be completed for each underwriting year of account. Each form must be completed in converted sterling only. Analysis by currency is not required.
- 12.2 Column 1 reports the balance sheet in accordance with syndicate accounting rules and must be completed for each year of account and in aggregate.
- 12.3 Columns 2 to 6 are applicable to Schedule 9a accounting and are to be completed on a year

of account basis only if the syndicate is making a supplementary syndicate return. These columns are not applicable to the aggregate SR12. The data entered in columns 2 to 6 will feed through automatically to SSR4 of the supplementary syndicate return. The data reported in column 6 may also be used in preparing the annual accounting return. **Further instructions on completing columns 2 to 6 are set out in the supplementary syndicate return instructions.**

Completion of column 1

- 12.4 Every amount shown in column 1 of SR12 must agree to the corresponding amount recorded in the syndicate annual report as at 31 December 2003 except where an alternative basis of reporting is required by these instructions.
- 12.5 Lines 1 to 16 – financial investments: syndicate assets must be analysed in the manner and detail as set out on SR12. The definitions of each category on lines 1 to 16 are included in the eligible asset rules as at 31 December 2003, which are being issued to the market separately. Assets must be disclosed and analysed in accordance with this bulletin and shown in the category that best matched their description. For example, if a syndicate holds listed equities these would be shown on line 1, and any fixed interest approved securities on line 5.
- 12.6 Line 17 - Deposits with ceding undertakings: these are defined in Article 14 of the EC Insurance Accounts Directive as follows:

“In the balance sheet of an undertaking which accepts reinsurance this item shall comprise amounts owed by the ceding undertakings and corresponding to guarantees, which are deposited with those ceding undertakings or with third parties or which are retained by those undertakings.

These amounts may not be combined with other amounts owed by the ceding insurer to the reinsurer or set off against amounts owed by the reinsurer to the ceding insurer.

Securities deposited with ceding undertakings or third parties which remain the property of the undertaking accepting reinsurance shall be entered in the latter's accounts as an investment, under the appropriate item.”

Amounts in relation to letters of credit provided to reinsureds are not to be reported as these are not eligible assets.

- 12.7 Lines 17a to 19 – Reinsurers’ share of technical provisions represents reinsurers’ share of the reinsurance to close paid/run-off reserves retained for the 2001 and prior years of account only. Reinsurers’ share of technical provisions in respect of the 2002 and 2003 years of account are not to be reported here. In addition, the reinsurers’ share in respect of RITC paid during 2003 but before 31 December 2003 is also not to be reported here. The gross reinsurers’ share of technical reserves in respect of both outstanding and IBNR claims must be entered in line 17a with the provision for bad/doubtful debt on line 17b. The net recoverable is entered by the software on line 18. Line 19 is blanked out.
- 12.8 Line 20 equals lines 1 to 19 and is calculated by the software.

- 12.9 Lines 21 and 22 – Debtors arising out of direct insurance operations: all debts due from Xchanging Ins-sure Services are to be treated as due from intermediaries (line 22).
- 12.10 Line 23 – Salvage and subrogation recoveries: this is as defined by the Lloyd's Sourcebook (LLD) as:
- ‘Any right of any member under a contract of insurance (and vested in a premium trust fund) to take possession of and dispose of property because he has made a payment or has become liable to make a payment in respect of a loss to that property’.
- 12.11 Line 24: inter-syndicate loans (including outstanding interest thereon) made to another syndicate must be reported on line 24. Analysis of each counterparty syndicate must be provided in the analysis schedule provided.
- 12.12 Line 24a: inter-year loans made to another year of account of the same syndicate must be provided. The total entered on this line for all years of account in aggregate must equal that of line 82b.
- 12.13 Line 27: members' unpaid cash calls and associated debts as at as at 31 December 2003 must be entered on this line. This includes unpaid cash calls made on all years of account, which were due by 31 December 2003, and any interest or other amount arising on the unpaid debts. Amounts in relation to the continuous solvency transfer must appear on line 69 and not be included here.
- 12.14 Line 31 - Tangible assets: this category has the meaning normally attached to it under UK GAAP and as such it is highly unlikely that syndicates have any assets that would be disclosed here.
- 12.15 Line 33: only cash in hand (ie petty cash and other physical notes and coins held by the syndicate) is to be disclosed here.
- 12.16 Line 34 – all net RITC receivable for the syndicate year during 2003 (but not at 31 December 2002 or prior) must be reported here. This includes RITC receivable as at 31 December 2003 from an earlier year of the same syndicate or another syndicate. In addition, any RITC receivable during 2003 but before 31 December 2003, reported as at 31 December 2003 exchange rates, must be reported here.
- 12.17 Line 35 - Overseas deposits:

US situs trust funds

In view of the fact that a very significant proportion of the US situs trust funds (ie the US Credit for Reinsurance Trust Fund and the US Surplus Lines Trust Fund) are now held as investments, the assets within these trust funds must be reported as allocated between the various investment categories in SR12 and cash in line 32 of SR12: they must not be included in aggregate as overseas deposits on line 35 of SR12. The assets of the LATF and LCTF must be similarly treated in the return.

Other overseas deposits

Please disclose other semi-static overseas regulatory deposits on line 35 ‘overseas deposits’ and analyse these amounts in the space provided. These funds include the Joint Asset Trust

Funds, Canadian Margin Fund, Illinois Trust Fund, Kentucky Trust Fund, Australian Trust Funds and South African Trust Funds.

- 12.18 Lines 39 to 43 – Totals: these are calculated by the software.
- 12.19 Line 51– Claims outstanding for the 2001 year of account: the gross reinsurance to close paid or run-off reserves retained for the 2001 year of account must be entered on this line.
- 12.20 Line 52 –nothing is to be entered on this line in column 1.
- 12.21 Line 53 - Claims outstanding for 2000 and prior run-off years of account: the gross reinsurance to close paid or run-off reserves retained for each 2000 and prior run-off year of account must be entered on this line. However, the gross RITC in respect of RITC occurring during 2003 but before 31 December 2003 is not to be entered here (or the reinsurers' share on line 18). Instead the net RITC payable is entered on line 80, in such circumstances.
- 12.22 Line 56: this is lines 51 to 55 and is calculated by the software.
- 12.23 Line 60: this is the result before personal expenses for the 2001 year of account and will be entered by the software from SR1 (2001) line 6 column 3.
- 12.24 Line 61: this is the cumulative personal expenses for the 2001 year of account and will be entered by the software from SR1 (2001) line 7+9 column 3.
- 12.25 Line 62: this is the balance before personal expenses for the 2002 and 2003 years of account and will be entered by the software from SR1 (2002) line 6 column 3 or SR1 (2003) line 6 column 3 as appropriate.
- 12.26 Line 64: this is the cumulative personal expenses for the 2002 and 2003 years of account and will be entered by the software from SR1 (2002) line 7+9 column 3 or SR1 (2003) lines 7+9 column 3 as appropriate.
- 12.27 Line 65: this is applicable for the 2001, 2002 and 2003 years of account only. The cumulative amount of all cash calls made and payable by 31 December 2003 on the year of account must be shown here. Cash calls unpaid or overpaid by members must not be shown here but at lines 27 and 68 respectively.
- 12.28 Line 66: this is the 2003 calendar year result for each 2000 and prior run-off year (after personal expenses) and will be entered by the software from SR1 (RO) line 10 column 2.
- 12.29 Line 67: this is:
- the net undistributed surplus/(uncalled loss) on each 2000 and prior run-off year, as at 31 December 2002; plus
 - any cash call due for payment in calendar year 2003 (including amounts called through the distribution process).

Example

A 2000 run-off year had an uncalled cumulative loss as at 31 December 2002 amounting to £2,000,000. During 2003, it made a cash call of £500,000, due by 30 June 2003:

	£'000
Balance at 31 December 2002	(2,000)
Cash calls due in 2003	500

Line 67	(1,500)
	=====

- * the actual 2003 calendar year movement (before cash calls) on the run-off year is reported separately on line 66.

Cash calls unpaid or overpaid by members must not be shown here but at lines 27 and 68 respectively.

- 12.30 Line 68: members' overpaid cash calls and associated debts as at as at 31 December 2003 must be entered on this line. This includes overpaid cash calls made on all years of account, which were due by 31 December 2003, and any other overpayment or amount arising thereon.
- 12.31 Line 69 – Continuous solvency transfer: the amount of the continuous solvency transfer made in respect of the 2002 year of account, must be entered here, at 31 December 2003 exchange rates.
- 12.32 Lines 70 and 71 – nothing would be expected to appear on these lines.
- 12.33 Line 72 - Deposits received from reinsurers: these are defined as follows:

“In the balance sheet of an undertaking ceding reinsurance this item shall comprise amounts deposited by or withheld from other insurance undertakings under reinsurance contracts. These amounts may not be merged with other amounts owed to or by the other undertakings in question.

Where an undertaking ceding reinsurance has received as a deposit securities which have been transferred to its ownership, this item shall comprise the amount owed by the ceding undertaking by virtue of the deposit.

The explanatory notes to the Syndicate Accounting Byelaw describe deposits with ceding undertakings and deposits received from reinsurers as including any sums in the nature of advance payments or receipts to provide security for future claims.”

Amounts in relation to letters of credit provided to the syndicate by reinsurers are not to be reported.

- 12.34 Line 80: this line is only to be used to report the net RITC payable in the case of a 2000 and prior run-off year which has closed during 2003 but before 31 December 2003.
- 12.35 Line 82a: inter-syndicate loans (including outstanding interest thereon) received from another syndicate must be reported on line 82a. Analysis of each counterparty syndicate must be provided in the analysis schedule provided.

- 12.36 Line 82b: inter-year loans received from another year of account of the same syndicate must be provided. The total entered on this line for all years of account in aggregate must equal that of line 24a.
- 12.37 Line 84: this is lines 56 + 60 to 83 and is calculated by the software. Line 84 must equal line 43.

Additional information

Dealing with RITC payable and run-off reserves retained at 31 December 2003 (including RITC transacted during 2003 but before 31 December 2003)

- 12.38 In general, RITC payable is treated in SR12 as still to be paid by the ceding syndicate year as at 31 December 2003 (even in the case where the RITC occurred during 2003 but before 31 December 2003). The amount of the RITC payable will be reflected in reserves reported on lines 51 – 18 (2001 year of account), lines 53 – 18 (2000 or prior run-off year of account closing at 31 December 2003) or line 80 (2000 or prior run-off year of account closing in 2003 but before 31 December 2003).
- 12.39 Hence, the assets supporting the RITC payable must be reported on the balance sheet of the ceding year.
- 12.40 Where a syndicate year has accepted the RITC of an earlier year of account of the same syndicate or another syndicate during 2003 – ie at 31 December 2003 or earlier in 2003 – the net amount of RITC receivable must be entered on line 34. The effect of the RITC receivable will be reflected in the open year balance reported in line 62.
- 12.41 In respect of a 2001 year of account closing or going into run-off at 31 December 2003, the gross reserves must be reported at line 51 of SR12 (2001) with the reinsurance recoverable element on line 18. Nothing is to be entered on line 80.
- 12.42 In respect of a 2000 or prior run-off year of account closing **on** 31 December 2003 or staying in run-off at that date the gross reserves must be reported at line 53 of SR12 (RO) with the reinsurance recoverable element on line 18. Nothing is to be entered on line 80.
- 12.43 In respect of a 2000 or prior run-off year of account closing during 2003 but before 31 December 2003, the net RITC premium – restated at 31 December 2003 exchange rates - must be entered on line 80 of SR12 (RO). Nothing is to be entered on lines 53 or 18.
- 12.44 The net amount of RITC received by a 2002 year of account during 2003 – typically from the 2001 year of account at 31 December 2003 but perhaps on or before 31 December 2003 from another syndicate, either in respect of the 2001 year of account or a 2000 and prior run-off year closing during 2003 – must be entered on line 34 of SR12 (2002). Amounts of RITC received on or before 31 December 2002 must not be reported here.
- 12.45 The net amount of RITC received by a 2003 year of account during 2003 – typically from the 2001 year of account at 31 December 2003 but perhaps on or before 31 December 2003 from another syndicate either in respect of the 2001 year of account or a 2000 and prior run-off year closing during 2003 – must be entered on line 34 of SR12 (2003). Amounts of

RITC received on 31 December 2002 must not be reported here.

- 12.46 Nothing is to be entered on line 52 column 1 in any case or on line 18 column 1 for the 2002 and 2003 years of account. These lines are blanked out.
- 12.47 For a 'normal' syndicate with a 2001, 2002 and 2003 year of account, where the 2001 year of account has closed into 2002 and where the syndicate has not ceded or accepted RITC to/from another syndicate during 2003, the amount reported on SR12 (2001) column 1 lines 51 – 18 will equal SR12 (2002) column 1 line 34.

Validations within SR12 (column 1 only)

- 12.48 The following validations apply within SR12:
- The aggregate SR12 must equal the sum of each SR12 by year of account for each line
 - SR12 line 43 must equal line 84

Relationship with other forms

- 12.49 The following entries on SR12 must agree to other forms on the syndicate return as follows:

<u>SR12 reference</u>	<u>Other form reference</u>
SR12 (2001) line 60 column 1	SR1 (2001) line 6 column 3
SR12 (2001) line 61 column 1	- SR1 (2001) lines 7+9 column 3
SR12 (2002) line 62 column 1	SR1 (2002) line 6 column 3
SR12 (2002) line 64 column 1	- SR1 (2002) lines 7+9 column 3
SR12 (2003) line 62 column 1	SR1 (2003) line 6 column 3
SR12 (2003) line 64 column 1	- SR1 (2003) lines 7+9 column 3
SR12 (RO) line 66 column 1*	SR1 (RO) line 10 column 2*
SR12 (2001) lines 51–18 column 1	SR2 (2001) lines 19+20 column 3
SR12 (RO) lines 53–18+80 column 1*	SR2 (RO) lines 19+20 column 3*
SR12 (2001) line 65 column 1	SR15 (2001) line 9
SR12 (2002) line 65 column 1	SR15 (2002) line 9
SR12 (2003) line 65 column 1	SR15 (2003) line 9
SR12 (2002) line 69 column 1	SR15 (2002) line 6a
SR12 (RO) line 67 column 1*	SR15 (RO) lines 9+10*
SR12 lines 1 to 16+32+33+35 column 1	SR28A line 13 column 1

* must agree for each relevant year of account separately

13-14 There are no forms SR13 and SR14

15 SR15: Reconciliation of Global Result with Result to be Apportioned

- 15.1 This form sets out reconciliations between the syndicate's result/balance shown on SR1, and the result to be apportioned to members for the solvency test. A separate SR15 must be completed for each underwriting year of account.
- 15.2 SR15 must now be completed in £000s.

15.3 The surplus/(deficiency) for each year of account that was in run-off as at 31 December 2002 must be reported (by year of account) on SR15 Run-off even if the year of account closed during 2003. The result for the 2001 year of account must be reported on SR15 (2001) even if it is not closing as at 31 December 2003.

15.4 Line 1: Global result/balance for the 2001, 2002 and 2003 years of account must agree to SR1 column 3 line 8 (cumulative result/balance after standard personal expenses) for the relevant year of account and will be entered automatically by the software.

For any 2000 and prior year of account in run-off at 31 December 2002 line 1 must agree to SR1 column 2 line 8 (2003 calendar year result after standard personal expenses) for the relevant year of account and will be entered automatically by the software.

15.5 Items to be deducted to reconcile with the solvency result - lines 2 to 6c: these items must **NOT** be put in brackets, except where there are credits for solvency purposes.

15.6 Line 2 - estimated future liabilities (2002 and 2003 years of account only): this must be calculated in accordance with the rules relating to the valuation of liabilities as at 31 December 2003 for this purpose.

The amounts to be disclosed must exclude all liabilities in respect of reinsurance to close effected during calendar year 2003 in respect of earlier years of account, but must include all

liabilities where the reinsurance to close premium was paid into the first year of the 2002 year of account, or as at 31 December 2002 in respect of the 2003 year of account.

15.7 Line 3 - reinsurance to close an earlier year of account: the amounts received during calendar year 2003, by either the 2002 or 2003 years of account, in respect of reinsurance paid to close an earlier year of account of the syndicate or another syndicate must be entered on line 3 of SR15. Where the reinsurance to close premium was paid into the first year of the 2002 year of account, or into the 2003 year of account at 31 December 2002, this must not be entered on line 3, rather the revised liabilities as estimated at 31 December 2003 attaching to the reinsured years should be included with the pure year liabilities on line 2. The amount entered on line 3 of SR15 (2002) and SR2 (2003) must equal the figure shown on line 7c column 3 of SR2 (2002) and SR2 (2003) respectively unless the year of account in question had accepted RITC on or before 31 December 2002, whereby the difference will reflect that RITC transaction, restated at 31 December 2003 exchange rates.

15.8 Line 4 - loading on open years: Where the reinsurance to close, or run-off reserves retained, for a year of account is less than the solvency reserves as calculated in accordance with the valuation of liabilities rules, the additional amount required to establish the minimum reserves must be disclosed on line 4 on SR15.

The necessity for a loading may arise if, in the case where an actuarial opinion has been obtained, the relevant reserves advised in the actuarial opinion exceed the accounting reserves (RITC paid or run-off reserves retained). The necessity for a loading will also arise if, in the case of a syndicate year where no unqualified actuarial opinion has been obtained, the reserves determined for solvency by the Lloyd's Actuary are higher than the accounting reserves. Where a year has been reinsured into another year of account at 31 December 2003, then the loading must be applied for the solvency position of the year of account

accepting the RITC. In other words, a loading cannot be allocated to a closed year of account.

- 15.9 Line 5 – aged reinsurance debt disallowances: only disallowances relating to the aged debt provisions contained within the Eligible Asset Rules, to be issued to the market under separate cover, are to be reported on this line.
- 15.10 Line 6a – continuous solvency transfer: this line is applicable to the 2002 year of account only and must report the amount of the continuous solvency transfer made in 2003, valued at 31 December 2003 exchange rates.
- 15.11 Line 6b – asset concentration disallowances: only disallowances relating to the concentration rules contained within the Eligible Asset Rules, to be issued to the market under separate cover, are to be reported on this line.
- 15.12 Line 6c – other adjustments for solvency: any other reconciling items must be entered on line 6c and details must be provided on a separate sheet. The software provided will produce a sequentially numbered analysis schedule.
- 15.13 Line 7 – total: this is lines 2 to 6c and calculated by the software.
- 15.14 Line 8: this is lines 1 – 7 and is the solvency result before adjustments (ie cash calls).
- 15.15 Lines 9 and 10: these adjustments are necessary to arrive at a result, which can be apportioned across members for the solvency test. The adjustments reflect that certain losses may have been already subject to cash calls with a due date prior to 1 January 2004, and also for earlier undistributed surpluses or uncalled losses on run-off years, which must be taken into account for the solvency test.
- 15.16 Line 9 - cash calls due by 31 December 2003: For the 2001, 2002 and 2003 years of account, the total cumulative cash calls made since commencement of the year of account to 31 December 2003 must be entered on this line. In respect of each 2000 and prior run-off year of account, only cash calls made in calendar year 2003 (including amounts called in 2003 as part of the distribution process) must be entered on this line.
- 15.17 Line 10 – undistributed prior year surpluses/uncalled prior year deficiencies: this line is applicable to 2000 and prior run-off years only and is defined as the cumulative accounting result (per the syndicate annual report) to 31 December 2002, plus any cash calls due by that date. This is the same result as was reported in the SR15 (RO/2000) form at 31 December 2002, lines 1+9+10. Any deficiencies must be entered as **negative**.

Example

A 2000 run-off year had a cumulative loss as at 31 December 2002 amounting to £5,000,000, but had called £3,000,000, due by 31 December 2002, leaving an uncalled balance of £2,000,000 as at that date. In 2003 a further cash call of £1,500,000 was made, due for payment in 2003.

The amount to be reported on line 9 is the cash call made in calendar year 2003, ie £1,500,000 (positive). The amount to be reported on line 10 is the balance carried forward at 31 December 2002, ie £(2,000,000) (negative).

- 15.18 Line 11 - result to be apportioned for solvency: this is the result which will be apportioned to the members participating on the syndicate in the solvency test. This line will show, for the 2001, 2002 and 2003 years of account, the solvency result as adjusted for cash calls due by 31 December 2003. For each 2000 and prior run-off year, it will reflect the 2003 calendar year solvency result and any undistributed/(uncalled) balance at 31 December 2002, adjusted for cash calls due in calendar year 2003. Amounts relating to unpaid/overpaid cash calls and interest payable thereon are accounted for separately by member in the solvency test and must not be reflected on SR15.

Relationships with other forms

- 15.19 The following entries on SR15 must agree to other forms on the syndicate return as follows:

<u>SR15 reference</u>	<u>Other form reference</u>
SR15 (2001) line 1	SR1 (2001) line 8 column 3
SR15 (2002) line 1	SR1 (2002) line 8 column 3
SR15 (2003) line 1	SR1 (2003) line 8 column 3
SR15 (RO) line 1*	SR1 (RO) line 8 column 2*
SR15 (2002) line 3**	SR2 (2002) line 7c column 3**
SR15 (2003) line 3**	SR2 (2003) line 7c column 3**
SR15 (2002) lines (2+4)***	SR16 (2002) line 12****
SR15 (2003) lines (2+4)***	SR16 (2003) line 12****
SR15 (2002) line 4	SR30 (2002) line 2
SR15 (2003) line 4	SR30 (2003) line 2
SR15 (2002) line 5 + 6b	SR30 (2002) line 3
SR15 (2003) line 5 + 6b	SR30 (2003) line 3
SR15 (2002) line 6a	SR12 (2002) line 69
SR15 (2002) line 6a	SR30 (2002) line 6a
SR15 (2002) line 8	SR30 (2002) line 1
SR15 (2003) line 8	SR30 (2003) line 1

In addition:

SR15 (2001) line 4 +	SR16 (2001) line 12***
SR2 (2001) lines 19+20, column 3***	

SR15 (RO) line 4 +	SR16 (RO) line 12****
SR2 (RO) lines 19+20, column 3****	

- * must agree for each relevant year of account separately
- ** unless any RITC was received on or before 31 December 2002
- *** not applicable to life syndicates
- **** must agree for each relevant year of account separately, not applicable to life syndicates

16 SR16: Solvency Reserves

- 16.1 The requirement to obtain actuarial certification, in the form of a Statement of Actuarial Opinion (SAO) for all general business, means that, in practice, the instructions for completion given below are in terms of lines in respect of which the content must match

items on the actuarial opinion and those which cannot be derived from that opinion. For clarity, the actuary is opining on the managing agent's estimates of the relevant reserves.

- 16.2 Life syndicates are not required to complete this form.
- 16.3 Syndicate years for which no SAO has been obtained: if a managing agent becomes aware that they will be unable to obtain an SAO for any syndicate year or that the SAO for that syndicate year will be qualified they must contact the Lloyd's Actuary, Henry Johnson, on Lloyd's extension 5235. The Lloyd's Actuary will then determine the reserves required for solvency; further details regarding this procedure are provided in the market bulletin enclosing the 31 December 2003 valuation of liabilities rules. SR16 must still be completed for any syndicate year for which no unqualified SAO has been obtained; in this case the references to the SAO in the instructions below will not apply.
- 16.4 SR16 must be completed for each underwriting year of account. SR16 must be completed showing the solvency reserves separately in £ Sterling (including convertible currencies and Euro), \$US and \$Can. The overall reserves in converted £ Sterling are to be reported in column 1, which will be completed by the software.

Completion of the form

- 16.5 Line 1: this is estimated total gross ultimate claims (including allocated claims expenses) for the year of account, to extinction. Where a year of account has accepted a RITC, the ultimate claims in respect of the years of account reinsured into the closing year of account exclude claims paid in respect of those reinsured years prior to the RITC. The figure to be included here, therefore, is only the claims paid and payable within the reinsuring year's underwriting account. For run-off years, the gross ultimate claims includes all claims from inception of the relevant pure year of account.
- 16.6 Line 2: this is cumulative gross claims paid (including allocated and unallocated claims expenses) for the year of account as at 31 December 2003.
- 16.7 Line 3: this is expected additional gross premiums still to be received for the year of account after 31 December 2003. This includes all future premiums on binding authorities or on risks to be declared to binders/lineslips where the individual declaration incept after 31 December 2003, and includes reinstatement premiums receivable in respect of inwards reinsurance business. For run-off years, or years expected to go into run-off, this includes all future premiums receivable after 36 months, prior to ultimate closure.
- 16.8 Line 4: this is the gross reserves (including allocated claims expenses) for the year of account at 31 December 2003. This includes claims arising on all premiums receivable under line 3. Please refer to the valuation of liabilities rules; no profit may be anticipated in respect of future written premiums. Accordingly, where future premiums are recognised on a declaration which incept after 31 December 2003, the gross claims reserve and associated unallocated claims handling expenses must (be at least) equal (to) the future premiums.
- 16.9 Line 5: this is an estimate of total unallocated claims handling expenses. This includes the cost of realising future premiums.
- 16.10 Line 6: the Statement of Actuarial Opinion will contain the managing agent's estimate of

total gross reserves (column 1) on which the actuary has opined.

- 16.11 Line 7: this is the managing agent's estimate for reinsurance recoverable. The opining actuary will have taken reinsurance recoverable into account when arriving at his opinion. This amount must be net of reinstatement premiums payable.
- 16.12 Line 8: when estimating the amount of reinsurance recoverable reported on line 7, the managing agent would have taken into account reinsurance protection currently in place and made an assumption regarding the reinsurance protection that would be available from future programmes. The amount reported on line 8 is the share of the anticipated future cost of these protections which relate to the reinsurance recoverable reported on line 7.
- 16.13 Amounts reported on line 8 must relate purely and specifically to the future cost of reinsurance protection, as determined in accordance with the 31 December 2003 valuation of liabilities rules. All other adjustments relating to reinsurance protection eg reinstatement premiums payable (other than provision for bad debt that must be included on line 9) must be reflected on line 7. You are directed to the 2003 valuation of liabilities rules for further information.
- 16.14 Line 9: this is the managing agent's estimate for reinsurance bad debts. The opining actuary will have taken reinsurance bad debts into account in arriving at his opinion. You are reminded that, per the valuation of liabilities rules, Lloyd's security should be treated as 100% recoverable except for an allowance where considered appropriate for reinsurance disputes between different Lloyd's syndicates which should not be confined to identified disputes.
- 16.15 Line 10: the Statement of Actuarial Opinion will contain the managing agent's estimate of total net reserves (column 1) and LCTF net reserves (column 4) on which the actuary has opined.
- 16.16 Line 11: on this line must be entered details of any loading for solvency purposes which has arisen from the closure of a year of account at 31 December 2003 and the loading thus appearing in the year of account accepting the reinsurance to close. This will enable the total on line 12 to reconcile with the reserve information provided on SR2/SR15 in such cases.
- 16.17 Line 12: this is the total of lines 10 and 11. For the 2001 and any prior year of account this figure must agree to SR2 column 3 lines 19 + 20 plus SR15 line 4 for the relevant year of account. For the 2002 and 2003 years of account this figure must agree to SR15 lines 2 plus 4 for the relevant year of account.
- 16.18 The Statement of Actuarial Opinion will also contain the actuary's opinion on total LATF net reserves as reported on line 13.
- 16.19 Lines 13 to 21 must be completed as indicated on the form.

Relationships with other forms

- 16.20 The following entries on SR16 must agree to other forms on the syndicate return as follows:

SR16 reference

SR16 line 9 column 1*

SR16 (RO) line 12 column 1*

SR16 (2001) line 12 column 1

SR16 (2002) line 12 column 1

SR16 (2003) line 12 column 1

SR16 (2001) lines 1 to 16 column 1**

SR16 (RO) lines 1 to 16 column 1***

Other form reference

SR11 line 5 column 2*

SR2 (RO) lines 19+20 column 3 +

SR15 (RO) line 4*

SR2 (2001) lines 19+20 column 3 +

SR15 (2001) line 4

SR15 (2002) lines 2+4

SR15 (2003) lines 2+4

SR20 (2001) lines 1 to 16 'total'**

SR20 (RO) lines 1 to 16 'total'***

* must agree for each relevant year of account separately

** must agree for each of lines 1 to 16

*** must agree for each relevant year of account separately and each of lines 1 to 16

17 SR17: LATF Business Balance Sheet

- 17.1 These forms collect information relating purely to the LATF and a separate form must be completed for each year of account.
- 17.2 The forms have been designed to produce a UK solvency result looking at all the assets/liabilities of the LATF and also a solvency result based on just those assets that are eligible for New York Insurance Department (NYID) reporting purposes (denoted by an * in the legend column).
- 17.3 This form will be used to:
- confirm the LATF distributable profit/collectable loss to be transferred to/called from member level LATF PRFs of members on closing years; and
 - apportion LATF solvency results on years not closing at 31 December 2003 (including 2002/2003 years accepting the RITC of closing years as at 31 December 2003) to members' LATF solvency statements.
- 17.4 The SR17s in respect of the 2001 and prior years have been expanded to include information relating to transfers made into or out of the LATF after 31 December 2003, up to and including 26 February 2004 (the deadline date for the submission of this return). This information used to be reported in the \$US 'spot' forms which are now discontinued. Hence the SR17s therefore have a direct bearing on the amount of LATF \$ profits that can be transferred from a member's LATF PRF to that member's sterling PRF.
- 17.5 Accounting for RITC: SR17 MUST be completed (except in the case of a third party RITC transaction, please see below) on the basis that the net assets supporting an RITC have been transferred to the reinsuring year: the net assets/liabilities of the closing year MUST therefore represent only the profit/loss of that year. This is different to the treatment on SR12, where the balance sheet for the reinsuring year reports the assets supporting the RITC. In the case of a profit, the assets must be those which are intended to be transferred by 26 February 2004.
- 17.6 However, preparation of SR17 on the basis that the net assets supporting the RITC have been transferred to the reinsuring year will **not** be possible where a year of account is closed into that of another, third party syndicate, not least because the assets underlying the RITC

- will not have transferred at the time the syndicate return is signed-off and hence the auditors of the reinsuring syndicate will not be able to verify them. Accordingly, where a year of account has closed into a third party syndicate the column of the closing year of account in the SR17 will include not just the assets and liabilities relating to the closed year result, but will also include the RITC, to be shown as a creditor at line 14b, and the underlying assets.
- 17.7 Where a year of account has closed, SR17 must be completed separately for:
- closing year simply reporting the profit/loss payable to/by members and relevant assets/liabilities; and
 - year receiving the RITC reporting the RITC and the assets supporting that RITC.
- 17.8 Certain items are directly allocable to specific years of account and include LCA balances and accruals for reinsurance recoveries. Where assets and liabilities are not directly allocable to years of account, an appropriate basis of apportionment must be determined to estimate the split of assets and liabilities between years of account, in order to be able to reconcile to the dollar result. Managing agents are in the best position to determine the most reasonable method of allocation for their particular syndicates.
- 17.9 Amounts that have been accounted for through the conversion account must be reviewed carefully to identify whether they should be reported as part of other debtors or other creditors or whether they have a direct impact on the solvency result due to or from members, ie. lines 7 to 11.
- 17.10 The result reported on line 7 must be net of any personal expenses, including managing agents' profit commission, to the extent that they are attributable to the LATF result for the syndicate year in question.
- 17.11 Line 17: This line picks up the US dollar SOLVENCY result shown in line 7. Where a syndicate sells dollars to meet sterling expenses for a closing year of account – up to 31 December 2003 - those expenses must be properly accounted for in arriving at the result on SR17, ie the dollar solvency result at line 17 must be reported after the sale. This point is reflected on the form to be submitted in relation to the sale (LATF 12).
- 17.12 Line 18: Where an earlier year of account has been closed into the 2002 (or 2003) year of account of the same syndicate, the value of the RITC must be deducted at line 18.
- 17.13 Where a syndicate's 2002 and/or 2003 year of account accepted the RITC of a prior year as at 31 December 2002 the revised liabilities as at 31 December 2003 in respect of the RITC received must be included on line 19 (estimated future liabilities) and not on line 18.
- 17.14 Line 20: Following any adjustment to line 17 for RITC or estimated future liabilities, this line represents the dollar amount due to or from members at the year end. Should the figure at line 20 not be the expected solvency result the balance sheet entries must be reviewed, particularly any entry for a conversion account.
- 17.15 Line 21: this reports any transfers into or out of the LATF during the period 1 January 2004 to 26 February 2004. This line is only applicable to the 2001 and prior years of account. Please provide an analysis of the transaction(s) in the additional schedule provided by the software.

- 17.16 Line 22: this is the amount still to be transferred into or out of the LATF at 26 February 2004. This line is only applicable to the 2001 and prior years of account and is lines 20 + 21.
- 17.17 Any syndicate which discloses a deficiency at line 23, ie on the NYID basis (this line is calculated automatically) will need to provide new LATF assets by 26 February 2004 if the transfer of LATF \$ profits to the sterling PRFs of its members is not to be prejudiced.
- 17.18 Life syndicates must report the \$US element of the reserves certified by an actuary in accordance with the valuation of liabilities rules at 31 December 2003. If there are no reserves to report a note confirming this fact, and setting out why, must be included in the return.
- 17.19 For the purposes of the LATF solvency test the breakdown of the assets which are expected to be transferred to the reinsurer in respect of the RITC needs to be reported in relation to the NYID filings and solvency. Where the year is in run-off the relevant data is reported on the syndicate's SR17 forms. However, where the RITC has been effected and is therefore in 'creditors' on SR17 and in the reinsured syndicate's balance sheet, the anticipated breakdown of the assets to be transferred to the reinsuring syndicate must be reported separately, using the headings shown on SR17 and attached to, but not forming part of, the syndicate return. In such circumstances the reinsuring syndicate will only have to report the premium due as a debtor in its SR17 and overall balance sheet.
- 17.20 If it is intended to close a year of account into the 2004 year please email Market Reporting at lloyds-MRD-ReturnQueries@lloyds.com and Lloyd's will advise how this transaction should be reflected in the LATF solvency process.
- 17.21 The closed profit or loss will be accounted for in the distribution exercise. However, the reinsuring year will have a solvency position based on the RITC and the assets supporting that RITC. If all the assets are eligible for NYID purposes the solvency result will be zero. However, if any of those assets are not eligible for LATF purposes, there will be a solvency deficit to be apportioned across the members of the reinsuring year. This deficit must be rectified. Any assets to remedy a deficit must be placed in the LATF by 26 February 2004; it will not be sufficient to report an intention to transfer assets to the LATF.
- 17.22 USFIT debtor in respect of payments on account on behalf of the members of the syndicate is not an admissible asset for the purpose of the LATF return to NYID.
- 17.23 USFIT debtor is a valid asset for the purpose of the LATF solvency test and distribution of 2001 profits. Managing agents are, however, required to distribute their LATF profits before deduction of USFIT which will be collected centrally by MSU and repaid back to the syndicates.
- 18 There is no form SR18**
- 19 SR19: Matching and Localisation: Net Outstanding Liabilities (including IBNR) and assets held in Premiums Trust Funds**

- 19.1 This form is collected as part of Lloyd's ongoing monitoring of its position in connection with matching and localisation in accordance with the requirements of the LLD. This form must be completed in respect of the syndicate as a whole.
- 19.2 Please complete lines 1 to 4 and lines 6 to 9, for all columns, in original currency as specified on the form. The software will then calculate lines 5 and 10 using the year end exchange rates.
- 19.3 Liabilities by currency are determined by reference to the currency in which the liabilities are denominated.

Relationship with other forms

- 19.4 The following entries on SR19 must agree to other forms on the syndicate return as follows:

SR19 reference

SR19 line 5, columns 1+3

Other form reference

SR2 (2001) lines 19+20 column 3 +
 SR2 (RO) (all) lines 19+20 column 3 +
 SR15 (RO) (all) line 4 +
 SR15 (2001) line 4 +
 SR15 (2002) lines 2+4 +
 SR15 (2003) lines 2+4.

SR19 line 10, column 1

SR1 (2002) line 10 column 3 +
 SR1 (2003) line 10 column 3 +
 SR2 (2001) line 20 column 3 +
 SR2 (RO) (all) line 20 column 3

20 SR20: Analysis of Reinsurance to Close (RITC) Paid/ Run-off Reserves Retained

- 20.1 This form collects a breakdown of the reserves retained as at 31 December 2003 by originating pure year of account, for all business only. This form has been expanded from last year to also collect an analysis of gross and net outstanding claims (noted outstandings and IBNR) by pure year of account. This form must be completed separately for the 2001 year of account and separately for each 2000 or prior year of account in run-off at 31 December 2002. Please complete as indicated on the form.
- 20.2 SR20 does not need to be completed for life syndicates.
- 20.3 The analysis required is in the format of SR16 and the 'total' for each year of account must agree to SR16 column 1 for that year of account for each of lines 1 to 16.

21 SR21: Reconciliation of Reinsurance to Close Premium

- 21.1 Part A is completed automatically by the software. This compares the reinsurance to close payable by the 2001 and prior years of account at 31 December 2003 against the reinsurance to close premiums receivable by the 2002 and 2003 years of account. If line 5 of Part A is not equal to zero, then Part B must be completed.
- 21.2 Part B must be completed as set out on the form. Please ensure that when completing lines

7 and 9, full details of amounts reinsured into or from each separate syndicate year are provided.

21.3 Where a year of account of the reinsuring syndicate has closed into the 2004 year of account of the same syndicate, this must be reported on line 13. If it has been closed into another syndicate this must be reported on line 7.

21.4 Line 15 must equal line 5.

22 SR22: Managing Agent's Report

22.1 Each report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by at least one director and by the compliance officer. The same person must not sign in both capacities.

22.2 The syndicate number and page numbers must be entered. The page numbers entered in the managing agent's report must include all forms in the return and any additional pages of analysis. The standard scope and opinion of the auditor's report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

23 SR23: Auditor's Report

23.1 Each report must be signed and dated on behalf of the recognised accountant by a partner or director.

The standard scope and opinion of the auditor's report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

The audit report is currently under review and will be provided to the market with the return software on 14 November.

The report to corporate members for the purpose of Schedule 9a reporting is dealt with as part of the supplementary syndicate return.

Unaudited Section (SR24 to SR33)**Front Sheet**

This asks the managing agent to confirm that the syndicate return is complete and the pages of the return have been numbered correctly. Managing agents are asked to complete each field to facilitate the resolution of queries, etc after the return has been received.

24 SR24: Syndicate Data Sheet

- 24.1 This form shows general information about the syndicate including allocated capacity, investment manager and members' agents/corporate capital provider with the highest capacity for 2004 if applicable. Please complete as indicated on the form.
- 24.2 Line 2 - Allocated Capacity: this must be the syndicate allocated capacity as disclosed in the syndicate annual report and accounts.
- 24.3 Line 5 - Highest Capacity: this must show the members' agent/corporate capital provider giving the syndicate the greatest support for 2004 together with the comparative for 2003.

25 SR25: Underwriter's Information and Remuneration

- 25.1 One SR25 is required for each syndicate, but a separate SR25 must be provided in respect of each 2000 and prior year of account in run-off at 31 December 2002. Please complete as indicated on the form.
- 25.2 Lines 6 to 8 - Underwriters' remuneration paid in 2003 calendar year: amounts paid during calendar year 2003 are required, as disclosed in the syndicate annual report in accordance with the Syndicate Accounting Byelaw requirements. Allocation of calendar year amounts may be needed if there are any amounts relevant to run-off years. Any remuneration payable in respect of 2000 and prior run-off years must be shown on the relevant run-off form and not on the 'main' SR25.

26 SR26: Categories of Business Premium Income

- 26.1 This form must be completed for each underwriting year of account. Please complete as indicated on the form.
- 26.2 Section 1 (lines 1 to 18): this section gives a description of the business underwritten for the 2001, 2002 and 2003 years of account analysed by risk category. The allocation of business into risk category must be performed in accordance with the guidance on this matter provided by LPSO. Premiums must be reported net of brokerage. This section is not applicable to 2000 and prior run-off years.
- 26.3 Section 2 (lines 19 to 22) - Gross premium income by currency written: this is the percentage of gross premium income (net of brokerage) split between sterling, US dollars and Canadian dollars and is required for the 2001, 2002 and 2003 years of account and any earlier run-off years of account. Percentages for run-off years of account must be cumulative to 31 December 2003. Line 22 must equal 100.

Relationship with other forms

- 26.4 The following entries on SR26 must agree to other forms on the syndicate return as follows:

SR26 reference

SR26 (2001) line 18 column 1
 SR26 (2001) line 18 column 2
 SR26 (2002) line 18 column 1
 SR26 (2002) line 18 column 2
 SR26 (2003) line 18 column 1
 SR26 (2003) line 18 column 2

Other form reference

SR2 (2001) line 1 column 3
 SR2 (2001) line 3 column 3
 SR2 (2002) line 1 column 3
 SR2 (2002) line 3 column 3
 SR2 (2003) line 1 column 3
 SR2 (2003) line 3 column 3

27 SR27: UK Personal Lines Business

- 27.1 In accordance with the Insurance Ombudsman Byelaw (No. 1 of 1989), the Council of Lloyd's is required to ascertain the gross premium income for UK personal lines business underwritten by each syndicate during any calendar year. Accordingly, this form must be completed in respect of **all** Lloyd's syndicates. This form covers **all** business whether written direct or through a broker for the year ended 31 December 2003 in order to determine the membership subscription payable to the Insurance Ombudsman Bureau.
- 27.2 The following guidance notes have been prepared to assist managing agents in completing the form. However, it should be noted that the amount to be disclosed is a **reasonable** estimate and not an exact or precise amount:
- 27.3 For the purposes of this form, UK personal lines business is defined as a contract of insurance effected by the insured otherwise than for the purposes of a business carried on by him, and in respect of which the insured instructs from an address of the insured within the UK. Examples of such business include: motor, caravan, fire, theft, holiday/travel, livestock, personal liability, householders, yachts and small craft, removal, medical expenses, legal expenses, extended warranty, mechanical breakdown, personal accident, health, sickness, redundancy/unemployment and term life.
- 27.4 UK is defined as England, Scotland, Northern Ireland, Wales, Isle of Man and the Channel Islands.
- 27.5 Gross premiums means premiums gross of reinsurance ceded, brokerage, commissions, taxes and levies but exclusive of Insurance Premiums Tax. An estimate of brokerage and commissions must be made where precise figures are unavailable. Where a syndicate reinsures personal lines business written by another Lloyd's syndicate or another insurer, the accepting syndicate must exclude any such premiums from the amount reported.
- 27.6 Motor syndicates must **exclude** premiums received in respect of fleet and other commercial business.
- 27.7 Premiums received under binding authorities must be included as detailed in returns made to syndicates from coverholders.
- 27.8 Where a syndicate does not underwrite any UK personal lines business, a **'nil' amount must be reported**.

28 SR28: Investment Analysis**SR28A: Asset and Credit Classification, Currency Analysis**Asset Classification (Lines 1 to 13)

- 28.1 A syndicate is required to report on all assets held in all premiums trust funds including those held in sterling, and overseas in the Lloyd's American Trust Fund (LATF); the Lloyd's Dollar Trust Fund (LDTF); the Lloyd's Canadian Trust Fund (LCTF); the Surplus Lines Trust Fund (SLTF); and the Credit for Reinsurance Trust Fund (CRTF).
- 28.2 Assets held in the JATF, Illinois Advance, Kentucky Trust Funds and by ASL must be included as 'Assets under Lloyd's central management' (line 11).
- 28.3 Cash and money market category (line 1) include all debt securities, which have an initial maturity of less than one year. Included are:
- Cash in hand and bank current account balances;
 - Deposits with banks and financial institutions;
 - Certificates of Deposit;
 - Government debt issues with an initial maturity of less than one year (eg Treasury Bills);
 - Bills of Exchange;
 - Commercial Paper; and
 - Cash and Money Market Mutual Funds.
- 28.4 Bonds (lines 2 to 7) are all debt securities with an initial maturity greater than one year. These will include:
- All government debt issues with an initial maturity of greater than one year;
 - Secured and unsecured debt issues by banks and corporates;
 - Mutual Funds mainly invested in bonds with a maturity greater than one year;
 - Asset backed securities; and
 - Debt instruments with equity conversion rights, which are unlikely (less than 50% probability) to be exercised.
- 28.5 Bonds must be classified according to their repayment characteristics:
- Bond Mutual Funds (line 2) are mutual funds whose primary investment is bonds with a maturity greater than one year;
 - Bullet bonds (line 3) have a single fixed maturity date or are repayable at the option of the bond owner;
 - Callable bonds (line 4) are repayable at the option of the issuer of the bond; and
 - Variable bonds (lines 5 and 6) are repayable by reference to an event which is not under the control of the bond owner or issuer.
- 28.6 Equities/Convertibles (line 8) includes any equity assets. Debt assets, which have conversion rights or obligations into equity, and have a conversion probability greater than or equal to 50% must also be included.
- 28.7 Derivatives (line 9) include the following:
- Forward Rate Agreements

- Futures
- Options
- Caps
- Swaps
- Floors

28.8 Forward foreign exchange contracts, futures and options must be excluded from this section and reported under 'Foreign Exchange Contracts' below.

28.9 'Derivatives' is a broad term and therefore the list given above is not exhaustive. Agents must include any 'derivative type' contract such as those whose value is dependent upon movement of an index or includes optionality or hidden gearing, and which has an impact upon the value of the premiums trust funds, and which is not included elsewhere in the report.

28.10 Foreign Exchange Contracts (line 10) include forward purchases and sales of currency and currency futures and options. Only the local currency side of each transaction must be recorded on a form. The other side of the contract must be included on the Investment Analysis form for that local currency. The purchase side of the contract must be recorded as an asset, the sale as a liability. For example a syndicate with a forward exchange contract to sell \$US160,000 for and buy £100,000 sterling must record a liability of (\$US160,000) on the syndicate's \$US Investment Analysis and an asset of £100,000 on the syndicate's £ sterling Investment Analysis.

28.11 Line 13 must equal SR12 column 1, lines 1 to 16 + 32 + 33 + 35.

28.12 The **duration** of an investment is the weighted average maturity of the discounted cashflows of the investment. Duration can therefore be obtained from the formula below:

$$= \text{the sum of} \left[\begin{array}{ccc} \text{period to} & \times & \text{discounted value} \\ \text{cashflow } z & & \text{of cashflow } z \end{array} \right] / \left[\begin{array}{c} \text{total market value} \\ \text{of investment} \end{array} \right]$$

Variations on the above formula, known as modified duration, may be recorded on SR28A. The duration of most actively traded investments can be obtained from information providers such as Bloomberg.

Credit Classification (lines 14 to 21)

28.13 A syndicate is required to report on all assets held in all premiums trust funds including those held in sterling, and overseas in the Lloyd's American Trust Fund (LATF); the Lloyd's Dollar Trust Fund (LDTF); the Lloyd's Canadian Trust Fund (LCTF); the Surplus Lines Trust Fund (SLTF); and the Credit for Reinsurance Trust Fund (CRTF).

28.14 Assets held in the JATF, Illinois Advance, Kentucky Trust Funds and by ASL must be included in 'Assets under Lloyd's central management' (line 20).

28.15 Credit Ratings classification must be determined by reference to the higher of a long term debt rating issued by Moodys, S&P or IBCA in relation to the specific security or the issuer of the security. Ratings of recognised agencies specialising in particular countries eg. Dominion Credit Rating Service in Canada may also be used.

28.16 Equity/convertibles (line 19) is as per the definition for the 'Asset Classification' report.

Currency Analysis (lines 22 to 25)

28.17 Non-US and Canadian dollar assets should be reported within sterling.

SR28B: Concentration of Investment Holdings

28.18 The sterling equivalent of aggregate credit exposures must be reported on this form.

28.19 A syndicate is required to report its ten largest aggregate credit exposures to individual counterparties across all assets held in all premium trust funds including those held in sterling, and overseas in the Lloyd's American Trust Fund (LATF); the Lloyd's Dollar Trust Fund (LDTF); the Lloyd's Canadian Trust Fund (LCTF); the Surplus Lines Trust Fund (SLTF); and the Credit for Reinsurance Trust Fund (CRTF).

28.20 The report is an aggregate of all trust assets in all currencies excluding those held in the JATF, Illinois Advance, Kentucky Trust Funds, Joint Asset Trust Funds and by ASL.

28.21 Credit exposure to government, government agency and supranationals must be excluded from this report.

28.22 Exposure to bank counterparties, including bank deposits, must be included when completing this report. Mutual fund holdings (money market and bond funds) do not carry a credit exposure to the fund manager. Cash automatically swept to either the CILF or CICR must not be considered an exposure to Citibank, however, 91 account balances on the LATF must be included within a syndicate's aggregate exposure to Citibank.

SR28C: Currency Contracts Analysis

28.23 This form attempts to capture the change in the syndicate's currency exposure profile resulting from currency contracts.

28.24 Syndicates should include all forward purchases and sales of currency; and any currency futures and options outstanding at year-end. For each currency contract the purchase side of the contract should be recorded as an addition to exposure (an asset), the opposite side of the contract (the sale of the other currency) should be included as a reduction in exposure (a liability) of that currency. For example a syndicate with a forward exchange contract to sell \$US150,000 and buy £100,000 sterling must record a reduction in exposure of (\$US150,000) against US Dollars and an addition to exposure of £100,000 against Sterling.

28.25 Contracts should be recorded as notional amounts. The total column represents the net change in exposure across all contracts for each currency.

SR28D: Liquidity Reporting

28.26 This form collates information in relation to liquidity monitoring. It asks for an update of information previously collected as at 31 December 2002.

- 28.27 Syndicate who are in run-off or have reinsured to close must indicate this in Part A. They must then complete Parts B and D. The remainder of Parts A and C on this form can then be ignored.
- 28.28 Parts B to F inclusive of this form are to be completed in £m.
- 28.29 This form attempts to capture all potential strains on liquidity across various trust funds.
- 28.30 For forecast purposes, managing agents should review expected situs funding requirements and yearly profit distributions and their timings to determine if borrowing, particularly US\$, is required in this forecast time frame.

Current/Normal Liability Development: Parts A and B

- 28.31 Part A requests high-level business information. Part B reflects actual/forecast cash payments/receipts. These business statistics should cover all years of account.
- 28.32 The interpretation of our term "deferred premium days" has created some confusion. We define this as the weighted average number of days between being on-risk and receiving the premium. This is analogous to debtor-days; eg one policy with two deferred payments, each of 50% at 3 months and 6 months would have deferred premium days of c.135 days. i.e. $(3 \times 50\% + 6 \times 50\%) \times 30$ (where 30 is the approximate number of days in a month). Please note that this is NOT terms of trade, but rather the actual number of days. If this figure is difficult for you to calculate, please make an approximation.
- 28.33 Part B requests the cashflow forecast after taking into account any committed facilities but before uncommitted facilities. Your attention is drawn in particular to the impact and timing of regulatory funding and the timing lag between claims payment and reinsurance recovery.
- 28.34 A forecast is required for each quarter for the Premium Trust Funds, Lloyd's Dollar Trust Funds and Canadian Premium Trust Funds resulting in Total Free Funds. Line 17 must equal SR28D Part E Line 14. The figures should be stated in sterling.

Realistic Disaster Scenarios: Part C

- 28.35 You should be preparing loss estimates for Market Supervision based on the Realistic Disaster Scenarios (RDS). Two scenarios should be selected (we suggest either maximum loss or greatest probability) and cash flow forecasts based on these developed. One of those selected should be a US Situs RDS and the other a non-US situs RDS. Except where the RDS is a seasonal event (e.g. Hurricanes), please assume that the loss occurs on 1 January 2004. Where the loss stems from a seasonal event, please assume a timing to give the worst case in terms of cash drain.
- 28.36 This will show how syndicates expect to be able to fund their US Situs Funds or the PTFs in this eventuality (the disaster scenario is not appropriate for the LATFs). Clearly, in this circumstance, syndicates may have to make cash calls on their members. To be comparable with the other reports, where there is no shortage, "0" should be input and where a shortage is present, the value for the greatest shortage in the period should be used. As with part B, please consider the timing impact of "double funding" trust funds and delay in collecting reinsurance monies.

- 28.37 The Cash Shortfall for Regulated RDS should be calculated by looking at Cumulative Cash Requirement net of cash recoveries and considering available free funds from LDTF only. The value used for LDTF funds should agree with the LDTF Cashflow considered in SR28D part B. Other sources of funding (including other working trust free funds) are to be considered in part (vii).
- 28.38 For the non-regulated RDS, the Cash Requirement net of recoveries and only the specified trust fund should be incorporated in calculating the shortfall. The shortfalls seen here is not viewed as “true deficits” as Lloyds will consider funds sources in (vii) and unutilised credit facilities available when reviewing data for both scenarios.
- 28.39 The “Reinsurance Coverage” figure is the expected reinsurance coverage divided by total expected loss for the defined RDS.

Statement of Credit Facilities: Part D

- 28.40 This form is intended to enable Lloyd's to assess the market's dependence on funding arrangements from banks, letters of credit, external capital, reinsurers and parents/capital providers.
- 28.41 The use of line 6, “others” is strictly limited. Please contact Market Reporting at Lloyds-MRD-ReturnQueries@lloyds.com before using this line or any value here will not be considered by Lloyds.
- 28.42 Uncommitted facilities are not legally binding on the lender and may not be available to be drawn down at the time they are most required. Committed facilities on the other hand are legally binding (subject to covenant constraints) on the lender, but usually require the payment of a commitment fee. We would ask you to carefully examine your funding documents to ascertain which category these arrangements are in. This is particularly important with funding from reinsurers. On the occasions that you are mostly likely to need funds, these organisations may also be facing high capital demands and therefore may decide to honour only committed agreements, or agreements where in turn they are able to rely on retrocession finance.
- 28.43 Where the level of funds available under the agreement is dependent on claims experience (eg OCAs), please assume the maximum available under the current year's programme.

Cashflow Forecast: Part E

- 28.44 This form is intended to obtain an up to date liquidity assessment for the market, seeking to provide additional information to SR28D Part B. All syndicates including those in run-off should complete this form.
- 28.45 Opening Non-Regulated Cash/Investments (line 1) assumes that only PTF, LDTF and Canadian Premium Trust Funds are truly available to meet all underwriting business requirements. Net Cash Flow (line 9) indicates the syndicate's potential borrowing demand on a quarterly basis in 2003.
- 28.46 The final section, Sources of Funds (lines 10 to 13), should be completed in conjunction

with SR28E Working Capital Adequacy Statement, reflecting the Board's view on how any shortfalls during the forecast period will be funded.

28.47 Closing "Free Funds" (line 14) must equal SR28D Part B Line 17.

SR28E: Working Capital Adequacy Statement

28.48 In order to protect the Central Fund against exposure to liquidity problems within syndicates, the Council believes it to be very important that syndicates actively demonstrate that they are applying sufficient effort, at an appropriate level, toward monitoring and forecasting their cash positions.

28.49 In order to demonstrate that syndicates (including those in run-off) are in compliance with the above requirement, the Board should review SR28E in conjunction with cashflow forecasts.

28.50 Please enter any deficits arising from RDS manually from SR28D Part C. Normal deficits are derived automatically from the normal cashflow forecast.

SR28F: Cashflow Analysis

28.51 This form analyses the sources and application of syndicate funds during 2003. Net Surplus/Deficit (line 11) must reconcile to the movement in cash and investments between 31 December 2002 and 31 December 2003.

28.52 The Non Cash Item line has been included primarily to address changes in foreign exchange rates over the year but may be used to account for similar non cash events. Please comment on why this line has been used.

29 SR29: Syndicate Forecast Results

29.1 This form must be completed for each of the 2002 and 2003 years of account, showing the latest projected result for the 2002 and 2003 years of account **as at 36 months** as indicated on the form.

29.2 Losses on exchange (line 2), syndicate operating expenses (line 3) and any negative investment return (line 4) must be shown in brackets. Personal expenses (line 6) must not be shown in brackets.

29.3 The forecast result before personal expenses shown on line 5 must, for the 2002 year of account only, agree to the equivalent disclosure made in the syndicate annual report, made therein under the requirements of Schedule 6 to the Syndicate Accounting Byelaw (No. 18 of 1994) as amended.

29.4 'Standard' personal expenses (line 6) is defined as:

- managing agents' fees;
- members' agents' fees;
- Lloyd's subscriptions;
- Central Fund contributions and
- Managing agents' profit commission.

Relationship with other forms

29.5 The following entries on SR29 must agree to other forms on the syndicate return as follows:

<u>SR29 reference</u>	<u>Other form reference</u>
SR29 (2002) line 7	SR30 (2002) line 7
SR29 (2003) line 7	SR30 (2003) line 7

30 SR30: Reconciliation of Forecast Syndicate Result with Solvency Result

- 30.1 The purpose of this form is to enable Lloyd's to understand in greater detail the relationship between the syndicate's solvency result as at 31 December 2003, with the forecast result as at 36 months, for the 2002 and 2003 years of account. Please complete as indicated on the form.
- 30.2 Adjustments to underwriting result (lines 2 to 4): items in lines 2 and 3 will 'improve' the position from the solvency result and must be entered as positive. These are entered automatically from SR15 by the software. Similarly, any items entered on line 4 which 'improve' the position must be entered as positive and any which 'worsen' the position must be entered as negative. Full description must be provided in respect of each line 4 item treated as 'other'.
- 30.3 Continuous solvency transfer (line 6a): this item, applicable only for the 2002 year of account, will 'improve' the position from the solvency result and must be entered as positive. This is entered automatically from SR15 by the software.
- 30.4 Movement in non-underwriting items (line 6b): this is the estimated aggregate movement in non-underwriting items from the solvency test date to the 36 months position. This includes movements in standard personal expenses as defined in paragraph 29.4 above. As for the underwriting adjustments noted above, if the figure on line 6b 'improves' the position from the solvency result, it must be entered as positive, otherwise it must be entered as negative.

Relationship with other forms

30.5 The following entries on SR30 must agree to other forms on the syndicate return as follows:

<u>SR30 reference</u>	<u>Other form reference</u>
SR30 (2002) line 1	SR15 (2002) line 8
SR30 (2003) line 1	SR15 (2003) line 8
SR30 (2002) line 2	SR15 (2002) line 4
SR30 (2003) line 2	SR15 (2003) line 4

SR30 (2002) line 3
 SR30 (2003) line 3
 SR30 (2002) line 6a
 SR30 (2002) line 7
 SR30 (2003) line 7

SR15 (2002) line 5+6b
 SR15 (2003) line 5+6b
 SR15 (2002) line 6a
 SR29 (2002) line 7
 SR29 (2003) line 7

31 SR31: Cash Calls

- 31.1 This is a new form which has been introduced to provide Lloyd's with additional information regarding the expected calling of losses still to be called after 31 December 2003.
- 31.2 Lines 1 to 5 collect information about the cumulative result for each year of account, less cumulative cash calls made, as at 31 December 2003. For the 2002 and 2003 years of account the forecast result at 36 months is taken. These amounts are completed from elsewhere in the return by the software and provide a net undistributed/(uncalled) balance at 31 December 2003 on line 5. In respect of the 2002 year of account, the continuous solvency transfer is treated as a negative cash call and thus line 4 = SR15 (2002) lines 9 minus 6a.
- 31.3 Where the balance on line 5 is zero or a surplus, no further analysis is required. Where it is a negative, ie a loss still to be called, lines 6 to 9 must be completed per the form. Line 10 must equal line 5.

32 SR32A: Summary and Valuation Report SR32B: Mathematical Reserves and Capital at Risk

- 32.1 These forms are to be completed by life syndicates only.

SR32A: Summary and Valuation Report

- 32.2 This information is required by underwriting year of account and in aggregate for the syndicate. Please complete as indicated on the form.
- 32.3 Although primarily for use in the preparing the Lloyd's Return, this form also contains information needed to calculate the life solvency margin in the members' solvency test and as such has a 26 February 2004 deadline.
- 32.4 Column 4 must equal columns 5 + 6 for each line.
- 32.5 SR32A in aggregate must equal the sum of SR32A by year of account for each field.

Relationship with other forms

- 32.6 The following entries on SR32A must agree to other forms on the syndicate return as follows:

SR32A reference
 SR32A line 5 column 2*
 SR32A line 5 column 6*

Other form reference
 SR32B line 6 column 4*
 SR32B line 1 column 4*

SR32A line 10 column 2*
SR32A line 10 column 6*

SR32B line 7 column 4*
SR32B line 2 column 4*

* this must agree between SR32A and SR32B for each year of account and in aggregate

SR32B: Mathematical Reserves and Capital at Risk

- 32.7 This information is required by underwriting year of account and in aggregate for the syndicate. Please complete as indicated on the form.
- 32.8 The definition of the various classes of life insurance business are contained within the Insurance Companies Act 1982.
- 32.9 SR32B in aggregate must equal the sum of SR32B by year of account for each field.
- 32.10 Certain figures as reported on SR32B must agree to figures reported on SR32A for each year of account and in aggregate as set out in paragraph 32.6.

33 SR33: Managing Agent's Report

- 33.1 This report must be approved, **signed and dated**, on behalf of the directors of the underwriting agent, by at least one director and by the compliance officer. The same person must not sign in both capacities.
- 33.2 The syndicate number and page numbers **must** be entered. The page numbers entered in the managing agent's report must include all forms in the return and any additional pages of analysis.

Example of completion of SR1 Run-off for 2000 Account

PROFIT AND LOSS ACCOUNT
RUN-OFF ACCOUNT CUMULATIVE BUSINESS AS AT 48 MONTHS

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2000**

		Per syndicate accounts		
		Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003
		1	2	3 (1+2)
Result/balance from technical account (SR2 line 32)	1	40	-15	25
Gross investment income	2	5	3	8
Gross investment gains	3	7	2	9
Gross investment losses	4	12	3	15
Gross investment expenses	5	3	2	5
Result/balance before personal expenses (1+2+3-4-5)	6	37	-15	22
'Standard' personal expenses (see instructions)	7	11	0	11
Result/balance after standard personal expenses (6-7)	8	26	-15	11
'Other' personal expenses (see instructions)	9	1	1	2
Result/balance after all personal expenses (8-9)	10	25	-16	9

Notes

- 1 Column 1 is entered showing the cumulative position per the syndicate return at 31.12.2002, at 31.12.2002 exchange rates.
- 2 Column 3 is entered showing the cumulative position at 31.12.2003, compiled by freezing the transactions at 31.12.2002 as previously reported and reporting the calendar year movements during 2003 at 31.12.2003 exchange rates in column 2, in accordance with normal syndicate accounting practice.

Example of completion of SR2 Run-off for 2000 Account

UNDERWRITING ACCOUNT
RUN-OFF ACCOUNT CUMULATIVE BUSINESS AS AT 48 MONTHS

SYNDICATE NO:.....
 SYNDICATE RETURN
 Year ended 31 December 2003
 Year of Account 2000

	Per syndicate accounts		
	Cumulative to 31.12.2002 (note 1)	Movement in 2003	Cumulative to 31.12.2003 (note 2)
	1	2	3 (1+2)
Gross premiums	1	120	150
Reinsurers' share	2	15	25
Net premiums (1-2)	3	105	125
Gross provision for unearned premium (AA only)	4		
Reinsurers' share (AA only)	5		
Net earned premiums (AA only) (3-4+5)	6	105	125
Reinsurance to close received - gross (Note 3)	7a	140	140
Reinsurance to close received - R/I element (Note 3)	7b	20	20
Reinsurance to close received - net (lines 7a-7b)	7c	120	120
Run-off reserves received - gross (Note 4)	8a	120	
Run-off reserves received - R/I element (Note 4)	8b	17	
Run-off reserves received - net (lines 8a-8b) (Note 5)	8c	103	
Sub-total (6+7c+8c)	9	225	245
Gross claims paid	10	100	130
Reinsurers' share of paid amount	11	20	30
Net claims paid (10-11)	12	80	100
Grossed up claims reserves	13		
R/I element of grossing up	14		
Reinsurance to close paid - gross (Note 6)	15	0	0
Reinsurance to close paid - R/I element (Note 6)	16	0	0
Run-off reserves retained - gross (Note 6)	17	110	140
Run-off reserves retained - R/I element (Note 6)	18	15	25
Reinsurance to close paid - net (memo only) (15-16)	19	0	0
Run-off reserves retained - net (memo only) (17-18)	20	95	115
Sub-total (12+13-14+19+20)	21	175	215
Claims management costs	22		
Profit/(loss) on exchange (Notes 7, 8)	23	10	20
Administrative expenses	24	20	25
Commissions	25		
Other acquisition expenses	26		
Reinsurers' commissions and profit participations	27		
Total operating expenses (24+25+26-27)	28	20	25
Balance on technical account (9-21-22+23-28) (Note 9)	29	40	25
Net technical provisions brought forward	30		
Net technical provisions carried forward	31		
Technical result/balance (29+30-31)	32	40	25

Notes

- Column 1 is entered showing the cumulative position per the syndicate return at 31.12.2002, at 31.12.2002 exchange rates.
- Column 3 is entered showing the cumulative position at 31.12.2003, compiled by freezing the transactions at 31.12.2002 as previously reported and reporting the calendar year movements during 2003 at 31.12.2003 exchange rates in column 2, in accordance with normal syndicate accounting practice.
- Nothing is entered on lines 7a and 7b column 2 except in the unlikely event of the run-off year having received any RITC during calendar year 2003.
- The run-off reserves retained at 31.12.2002 but restated at 31.12.2003 exchange rates must be entered on lines 8a and 8b column 2.
- The net run-off reserves retained at 31.12.2002, restated at 31.12.2003 exchange rates, shown on line 8c column 2, amounts to £103. This represents an £8 gain on the value reported at 31.12.2002 in line 20 column 1. This exchange gain must be reflected on line 23 column 3 (see Note 8 below).
- The reserves retained at 31.12.2003 (lines 15 to 20) are entered in column 3 and flow through to column 2 automatically.
- The 2003 calendar year profit/(loss) on exchange to be entered on line 23 column 2 is the 'normal' 2003 calendar year movement on exchange which in this case is £2.
- The cumulative profit/(loss) on exchange to be entered on line 23 column 3 is calculated as the cumulative amount to 31.12.2002 (column 1) + the 2003 calendar year movement on exchange (column 2) + the reflection of the exchange movement on the restatement of the run-off reserves brought forward:

	£'000
Cumulative movement on exchange to 31.12.2002 (column 1)	10
2003 calendar year movement on exchange (column 2)	2
	12
Exchange adj (gain) on run-off reserves brought forward (see Note 5)	8
	20

- The balance on technical account (line 29) in column 2 = columns 3 - 1. The figure also agrees to the same downwards calculation as columns 1 and 3. In other words the different basis of presentation used in column 2 has no effect on the movement on technical account reported.

SR2 (RO)

SUPPLEMENTARY SYNDICATE RETURN - 31.12.2003

SSR Front	Schedule 9a Front sheet
SSR1	Schedule 9a Underwriting account
SSR1A	Schedule 9a Underwriting account - Supplementary Information
SSR2	Schedule 9a Segmental analysis
SSR3	Schedule 9a Personal expenses
SSR4	Schedule 9a Balance sheet
SSR4A	Schedule 9a Balance sheet - Supplementary Information
SSR5	Schedule 9a Managing Agent's report
SSR6	Schedule 9a Auditor's report

SUPPLEMENTARY SYNDICATE RETURN
31 DECEMBER 2003
SCHEDULE 9A INFORMATION - SSR1 TO SSR6

SYNDICATE NO:

DUE FOR SUBMISSION BY 26 FEBRUARY 2004

Managing Agent.....

Contact Name: Telephone No:.....

I confirm that all forms which are applicable to this syndicate have been included in this return (inclusive of any additional analysis sheets), have been numbered sequentially and are included in the file sent to Lloyd's via the Market Returns web-site on(subject to below):

Years of account for which forms SSR1 to SSR4A, relating to Schedule 9a reporting, are not applicable (because the year of account in question either has no corporate members participating on it, or if the participation for that year of account is fully subscribed to by a single dedicated corporate member):

Please tick years of account which are n/a:

1996	
1997	
1998	
1999	
2000	
2001	
2002	
2003	

If the above conditions are applicable for ALL relevant years of account, this is a NIL RETURN for this syndicate for the purpose of Schedule 9a reporting. If this is the case, please tick below:

NIL RETURN (forms SSR1 to SSR4A)

Yes/No

Authority to provide SR16 and SR29 data to corporate members

Yes/No

I confirm that I have no objection to Lloyd's providing data reported on Forms SR16 and SR29 (2002 year of account only) of the 31 December 2003 syndicate return to corporate members of this syndicate for the purpose of Schedule 9a reporting.

Signed

Compliance Officer

Name

(Block capitals)

For Lloyd's use only:

Date received:

No. of days late:

Byelaw Breach: Yes/No

UNDERWRITING ACCOUNT
Cumulative to 96 Months
1996 Run-off year of account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a revenue account as previously stated	Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2	3	4	5	6	7	8	9	
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	
Gross Premiums written	1									Gross Premiums written
Outward Reinsurance premiums	2									Outward Reinsurance premiums
Net premiums	3									
RTIC received from earlier years	4									RTIC received from earlier years *
	5									
Gross claims paid	6									Gross claims paid
Reinsurers' share	7									Reinsurers' share
Gross up claims reserves	8									Change in provision for claims
R/i element of grossing up	9									Reinsurers' share
RTIC - Gross	10									RTIC - Gross *
RTIC - R/i element	11a									RTIC - R/i element *
Run-off reserves - gross	11b									Run-off reserves - gross*
Run-off reserves - R/i element	11c									Run-off reserves - R/i element*
Net claims incurred	12									
RTIC/Run-off reserves current YOA	13									
Underwriting balance	14									
Syndicate operating expenses	15									Administrative expenses
Exchange adjustment	16									Exchange adjustment
Commission / Brokerage	17									Acquisition costs
Balance on Technical account	18									
Investment income	19									Investment income
Investment expenses and charges	20									Investment expenses and charges
Realised investment gains less losses	21									Realised investment gains less losses
Investment return	22									
Balance/Result on year of account before personal expenses	23									
Personal Expenses	24									
Balance/Result on year of account after personal expenses	25									

* Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Cumulative to 84 Months
1997 Run-off year of account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a		Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2									
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	
Gross Premiums written	1										Gross Premiums written
Outward Reinsurance premiums	2										Outward Reinsurance premiums
Net premiums	3										
RITC received from earlier years	4										RITC received from earlier years *
	5										
Gross claims paid	6										Gross claims paid
Reinsurers' share	7										Reinsurers' share
Gross up claims reserves	8										Change in provision for claims
R/i element of grossing up	9										Reinsurers' share
RITC - Gross	10										RITC - Gross *
RITC - R/i element	11a										RITC - R/i element *
Run-off reserves - gross	11b										Run-off reserves - gross *
Run-off reserves - R/i element	11c										Run-off reserves - R/i element *
Net claims incurred	12										
RITC/Run-off reserves current YOA	13										
Underwriting balance	14										
Syndicate operating expenses	15										Administrative expenses
Exchange adjustment	16										Exchange adjustment
Commission / Brokerage	17										Acquisition costs
Balance on Technical account	18										
Investment income	19										Investment income
Investment expenses and charges	20										Investment expenses and charges
Realised investment gains less losses	21										Realised investment gains less losses
Investment return	22										
Balance/Result on year of account before personal expenses	23										
Personal Expenses	24										
Balance/Result on year of account after personal expenses	25										

SSR1(1997 Run-off) * Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Cumulative to 72 Months
1998 Run-off year of account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a revenue account as previously stated	Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2	3	4	5	6	7	8	9	
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	
Gross Premiums written	1									Gross Premiums written
Outward Reinsurance premiums	2									Outward Reinsurance premiums
Net premiums	3									
RITC received from earlier years	4									RITC received from earlier years *
	5									
Gross claims paid	6									Gross claims paid
Reinsurers' share	7									Reinsurers' share
Gross up claims reserves	8									Change in provision for claims
R/i element of grossing up	9									Reinsurer's share
RITC - Gross	10									RITC - Gross *
RITC - R/i element	11a									RITC - R/i element *
Run-off reserves - gross	11b									Run-off reserves - gross *
Run-off reserves - R/i element	11c									Run-off reserves - R/i element *
Net claims incurred	12									
RITC/Run-off reserves current YOA	13									
Underwriting balance	14									
Syndicate operating expenses	15									Administrative expenses
Exchange adjustment	16									Exchange adjustment
Commission / Brokerage	17									Acquisition costs
Balance on Technical account	18									
Investment income	19									Investment income
Investment expenses and charges	20									Investment expenses and charges
Realised investment gains less losses	21									Realised investment gains less losses
Investment return	22									
Balance/Result on year of account	23									
before personal expenses	24									
Personal Expenses	25									
Balance/Result on year of account										
after personal expenses										

* Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Cumulative to 60 months
1999 Run-off Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a revenue account as previously stated	Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2	3	4	5	6	7	8	9	
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	
Gross Premiums written	1									Gross Premiums written
Outward Reinsurance premiums	2									Outward Reinsurance premiums
Net premiums	3									
RITC received from earlier years	4									RITC received from earlier years *
	5									
Gross claims paid	6									Gross claims paid
Reinsurers' share	7									Reinsurers' share
Gross up claims reserves	8									Change in provision for claims
R/i element of grossing up	9									Reinsurers' share
RITC - Gross	10									RITC - Gross*
RITC - R/i element	11a									RITC - R/i element*
Run-off reserves - gross	11b									Run-off reserves - Gross*
Run-off reserves - R/i element	11c									Run-off reserves R/i element*
Net claims incurred	12									
RITC/Run-off reserves current YOA	13									
Underwriting balance	14									
Syndicate operating expenses	15									Administrative expenses
Exchange adjustment	16									Exchange adjustment
Commission / Brokerage	17									Acquisition costs
Balance on Technical account	18									
Investment income	19									Investment income
Investment expenses and charges	20									Investment expenses and charges
Realised investment gains less losses	21									Realised investment gains less losses
Investment return	22									
Balance/Result on year of account before personal expenses	23									
Personal Expenses	24									
Balance/Result on year of account after personal expenses	25									

* Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Cumulative to 48 months
2000 Run-off Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a revenue account as previously stated	Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2	3	4	5	6	7	8	9	
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	
Gross Premiums written	1									Gross Premiums written
Outward Reinsurance premiums	2									Outward Reinsurance premiums
Net premiums	3									
RITC received from earlier years	4									RITC received from earlier years *
	5									
Gross claims paid	6									Gross claims paid
Reinsurers' share	7									Reinsurers' share
Gross up claims reserves	8									Change in provision for claims
R/i element of grossing up	9									Reinsurers' share
RITC - Gross	10									RITC - Gross*
RITC - R/i element	11a									RITC - R/i element*
Run-off reserves - gross	11b									Run-off reserves - Gross*
Run-off reserves - R/i element	11c									Run-off reserves R/i element*
Net claims incurred	12									
RITC/Run-off reserves current YOA	13									
Underwriting balance	14									
Syndicate operating expenses	15									Administrative expenses
Exchange adjustment	16									Exchange adjustment
Commission / Brokerage	17									Acquisition costs
Balance on Technical account	18									
Investment income	19									Investment income
Investment expenses and charges	20									Investment expenses and charges
Realised investment gains less losses	21									Realised investment gains less losses
Investment return	22									
Balance/Result on year of account before personal expenses	23									
Personal Expenses	24									
Balance/Result on year of account after personal expenses	25									

* Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Cumulative to 36 months
2001 Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a revenue account as previously stated	Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2	3	4	5	6	7	8	9	
Gross Premiums written	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	Gross Premiums written
Outward Reinsurance premiums										Outward Reinsurance premiums
Net premiums										
RTTC received from earlier years	4									RTTC received from earlier years *
	5									
Gross claims paid	6									Gross claims paid
Reinsurers' share	7									Reinsurers' share
Gross up claims reserves	8									Change in provision for claims
R/i element of grossing up	9									Reinsurers' share
RTTC - Gross	10									RTTC - Gross *
RTTC - R/i element	11a									RTTC - R/i element *
Run-off reserves - gross	11b									Run-off reserves - gross*
Run-off reserves - R/i element	11c									Run-off reserves - R/i element*
Net claims incurred	12									
RTTC/Run-off reserves current YOA	13									
Underwriting balance	14									
Syndicate operating expenses	15									Administrative expenses
Exchange adjustment	16									Exchange adjustment
Commission / Brokerage	17									Acquisition costs
Balance on Technical account	18									
Investment income	19									Investment income
Investment expenses and charges	20									Investment expenses and charges
Realised investment gains less losses	21									Realised investment gains less losses
Investment return	22									
Balance/Result on year of account before personal expenses	23									
Personal Expenses	24									
Balance/Result on year of account after personal expenses	25									

* Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Cumulative to 24 months
2002 Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a revenue account as previously stated	Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2	3	4	5	6	7	8	9	
Gross Premiums written	1									Gross Premiums written
Outward Reinsurance premiums	2									Outward Reinsurance premiums
Net premiums	3									
RITC received from earlier years	4									RITC received from earlier years *
	5									
Gross claims paid	6									Gross claims paid
Reinsurers' share	7									Reinsurers' share
Gross up claims reserves	8									Change in provision for claims
R/i element of grossing up	9									Reinsurers' share
RITC - Gross	10									RITC - Gross *
RITC - R/i element	11a									RITC - R/i element *
Run-off reserves - gross	11b									Run-off reserves - gross*
Run-off reserves - R/i element	11c									Run-off reserves - R/i element*
Net claims incurred	12									
RITC/Run-off reserves current YOA	13									
Underwriting balance	14									
Syndicate operating expenses	15									Administrative expenses
Exchange adjustment	16									Exchange adjustment
Commission / Brokerage	17									Acquisition costs
Balance on Technical account	18									
Investment income	19									Investment income
Investment expenses and charges	20									Investment expenses and charges
Realised investment gains less losses	21									Realised investment gains less losses
Investment return	22									
Balance/Result on year of account before personal expenses	23									
Personal Expenses	24									
Balance/Result on year of account after personal expenses	25									

* Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Cumulative to 12 months
2003 Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

	Schedule 9a revenue account as previously stated	Exchange adjustments	Syndicate	Accrued premium	Balancing adjustment to claims incurred	Commission / Brokerage	Expense accruals	Expense reallocation	Schedule 9a Revenue account	Companies Act Headings
	1	2	3	4	5	6	7	8	9	
Gross Premiums written	1									Gross Premiums written
Outward Reinsurance premiums	2									Outward Reinsurance premiums
Net premiums	3									
RITC received from earlier years	4									RITC received from earlier years *
	5									
Gross claims paid	6									Gross claims paid
Reinsurers' share	7									Reinsurers' share
Gross up claims reserves	8									Change in provision for claims
R/i element of grossing up	9									Reinsurers' share
RITC - Gross	10									RITC - Gross *
RITC - R/i element	11a									RITC - R/i element *
Run-off reserves - gross	11b									Run-off reserves - gross*
Run-off reserves - R/i element	11c									Run-off reserves - R/i element*
Net claims incurred	12									
RITC/Run-off reserves current YOA	13									
Underwriting balance	14									
Syndicate operating expenses	15									Administrative expenses
Exchange adjustment	16									Exchange adjustment
Commission / Brokerage	17									Acquisition costs
Balance on Technical account	18									
Investment income	19									Investment income
Investment expenses and charges	20									Investment expenses and charges
Realised investment gains less losses	21									Realised investment gains less losses
Investment return	22									
Balance/Result on year of account before personal expenses	23									
Personal Expenses	24									
Balance/Result on year of account after personal expenses	25									

* Not a Companies Act heading but information should be separately included.

UNDERWRITING ACCOUNT
Supplementary information

Page No

SYNDICATE NO:

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

1. ANALYSIS OF RITC RECEIVED (line 4 of the underwriting account)

	1996 account at 96 months 1	1997 account at 84 months 2	1998 account at 72 months 3	1999 account at 60 months 4	2000 account at 48 months 5	2001 account at 36 months 6	2002 account at 24 months 7	2003 account at 12 months 8
Received from same syndicate	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Pre 1994 year(s) of account	1							
1994 year of account	2							
1995 year of account	3							
1996 year of account	4							
1997 year of account	5							
1998 year of account	6							
1999 year of account	7							
2000 year of account	8							
2001 year of account	9							
Received from other syndicate(s)	10							
Total RITC received (1 to 10)	11							

2. ANALYSIS OF RITC PAID (lines 10 & 11a of the underwriting account)

	1996 account at 96 months	1997 account at 84 months	1998 account at 72 months	1999 account at 60 months	2000 account at 48 months	2001 account at 36 months
RITC reinsured into:	Gross 1 £ '000	R/I Element 2 £ '000	Gross 3 £ '000	R/I Element 4 £ '000	Gross 5 £ '000	R/I Element 6 £ '000
1997 year of account	12					
1998 year of account	13					
1999 year of account	14					
2000 year of account	15					
2001 year of account	16					
2002 year of account	17					
2003 year of account	18					
Other syndicate(s)	19					
Total RITC paid (12 to 19)	20					

The information on RITC received and paid by the 2000 and earlier years of account only needs to be completed if the year(s) remained open at 31 December 2002 and are closing at 31 December 2003.

SEGMENTAL ANALYSIS
Cumulative to 96 months
1996 Run-off year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information

Class of business

Gross Premiums written in:

	United Kingdom	Other EU Member States	Rest of the World	Total Gross premiums written	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total	Percentage split of personal exps. across classes of business
	1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	8 £ '000	9 %
<i>Direct business</i>									
Accident & health	1								
Motor - third party liability	2								
Motor - other classes	3								
Marine, aviation and transport	4								
Fire and other damage to property	5								
Third party liability	6								
Credit and suretyship	7								
Legal expenses	8								
Assistance	9								
Other	10								
Total Direct	11								

Reinsurance business

Reinsurance acceptances	12								
RITC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

SEGMENTAL ANALYSIS
Cumulative to 84 months
1997 Run-off year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information

Class of business

Gross Premiums written in:

	United Kingdom	Other EU Member States	Rest of the World	Total Gross premiums written	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total	Percentage split of personal exps. across classes of business
	1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	8 £ '000	9 %
<i>Direct business</i>									
Accident & health	1								
Motor - third party liability	2								
Motor - other classes	3								
Marine, aviation and transport	4								
Fire and other damage to property	5								
Third party liability	6								
Credit and suretyship	7								
Legal expenses	8								
Assistance	9								
Other	10								
Total Direct	11								

Reinsurance business

Reinsurance acceptances	12								
RITC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

SEGMENTAL ANALYSIS
Cumulative to 72 months
1998 Run-off year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information

Class of business

Gross Premiums written in:

	United Kingdom 1 £ '000	Other EU Member States 2 £ '000	Rest of the World 3 £ '000	Total Gross premiums written 4 £ '000	Gross claims incurred 5 £ '000	Gross operating expenses 6 £ '000	Reinsurance balance 7 £ '000	Total 8 £ '000	Percentage split of personal exps. across classes of business 9 %
<i>Direct business</i>									
Accident & health	1								
Motor - third party liability	2								
Motor - other classes	3								
Marine, aviation and transport	4								
Fire and other damage to property	5								
Third party liability	6								
Credit and suretyship	7								
Legal expenses	8								
Assistance	9								
Other	10								
Total Direct	11								

Reinsurance business

Reinsurance acceptances	12								
RITC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

SEGMENTAL ANALYSIS
Cumulative to 60 months
1999 Run-off year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information

Class of business

Gross Premiums written in:

	United Kingdom 1 £ '000	Other EU Member States 2 £ '000	Rest of the World 3 £ '000	Total Gross premiums written 4 £ '000	Gross claims incurred 5 £ '000	Gross operating expenses 6 £ '000	Reinsurance balance 7 £ '000	Total 8 £ '000	Percentage split of personal exps. across classes of business 9 %age
<i>Direct business</i>									
Accident & health	1								
Motor - third party liability	2								
Motor - other classes	3								
Marine, aviation and transport	4								
Fire and other damage to property	5								
Third party liability	6								
Credit and suretyship	7								
Legal expenses	8								
Assistance	9								
Other	10								
Total Direct	11								

Reinsurance business

Reinsurance acceptances	12								
RITC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

SSR2 (1999 Run-off)

SEGMENTAL ANALYSIS
Cumulative to 48 months
2000 Run-Off Year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information
Class of business

Gross Premiums written in:

	United Kingdom	Other EU Member States	Rest of the World	Total Gross premiums written	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total	Percentage split of personal exps. across classes of business
	1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	8 £ '000	9 %
<i>Direct business</i>									
Accident & health	1								
Motor - third party liability	2								
Motor - other classes	3								
Marine, aviation and transport	4								
Fire and other damage to property	5								
Third party liability	6								
Credit and suretyship	7								
Legal expenses	8								
Assistance	9								
Other	10								
Total Direct	11								

Reinsurance business

Reinsurance acceptances	12								
RITC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

SEGMENTAL ANALYSIS
Cumulative to 36 months
2001 Year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information

Class of business

Gross Premiums written in:

	United Kingdom	Other EU Member States	Rest of the World	Total Gross premiums written	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total	Percentage split of personal exps. across classes of business
	1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	8 £ '000	9 %age
<i>Direct business</i>									
Accident & health	1								
Motor - third party liability	2								
Motor - other classes	3								
Marine, aviation and transport	4								
Fire and other damage to property	5								
Third party liability	6								
Credit and suretyship	7								
Legal expenses	8								
Assistance	9								
Other	10								
Total Direct	11								

Reinsurance business

Reinsurance acceptances	12								
RITC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

SEGMENTAL ANALYSIS
Cumulative to 24 months
2002 Year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information

Class of business

Gross Premiums written in:

	United Kingdom 1 £ '000	Other EU Member States 2 £ '000	Rest of the World 3 £ '000	Total Gross premiums written 4 £ '000	Gross claims incurred 5 £ '000	Gross operating expenses 6 £ '000	Reinsurance balance 7 £ '000	Total 8 £ '000	Percentage split of personal exps. across classes of business 9 %age
<i>Direct business</i>									
Accident & health	1								
Motor - third party liability	2								
Motor - other classes	3								
Marine, aviation and transport	4								
Fire and other damage to property	5								
Third party liability	6								
Credit and suretyship	7								
Legal expenses	8								
Assistance	9								
Other	10								
Total Direct	11								

Reinsurance business

Reinsurance acceptances	12								
RTIC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

SEGMENTAL ANALYSIS
Cumulative to 12 months
2003 Year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Segmental information

Class of business

Gross Premiums written in:

	United Kingdom 1 £ '000	Other EU Member States 2 £ '000	Rest of the World 3 £ '000	Total Gross premiums written 4 £ '000	Gross claims incurred 5 £ '000	Gross operating expenses 6 £ '000	Reinsurance balance 7 £ '000	Total 8 £ '000	Percentage split of personal exps. across classes of business 9 %age
<i>Direct business</i>									
Accident & health									
Motor - third party liability									
Motor - other classes									
Marine, aviation and transport									
Fire and other damage to property									
Third party liability									
Credit and suretyship									
Legal expenses									
Assistance									
Other									
Total Direct									

Reinsurance business

Reinsurance acceptances	12								
RTIC	13								
Total reinsurance	14								
Total	15								100

Columns 1 to 8 should be completed in £ '000's and column 9 should be completed as a percentage.

PERSONAL EXPENSES
Cumulative to 96 months
1996 Run-off Year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees 1 £	Members' agents' fees 2 £	Lloyd's subscriptions 3 £	Central Fund contributions 4 £	Members special contribution 5 £	Managing agents' profit commission 6 £	CPA charges 7 £	Schedule 9a charges 8 £	Winding up fees 9 £	10 £	11 £	Total 12 £
1												
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14												
15												
Page Total												
Grand Total												

PERSONAL EXPENSES
Cumulative to 84 months
1997 Run-off Year of Account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees	Members' agents' fees	Lloyd's subscriptions	Central Fund contributions	Members special contribution	Managing agents' profit commission	CPA charges	Schedule 9a charges	Winding up fees	10 £	11 £	Total
	1 £	2 £	3 £	4 £	5 £	6 £	7 £	8 £	9 £	10 £	11 £	12 £
1												
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12												
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14												
15												
Page Total												
Grand Total												

PERSONAL EXPENSES
Cumulative to 72 months
1998 Run-off year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees	Members' agents' fees	Lloyd's subscriptions	Central Fund contributions	Members special contribution	Managing agents' profit commission	CPA charges	Schedule 9a charges	Winding up fees	10 £	11 £	Total
	1 £	2 £	3 £	4 £	5 £	6 £	7 £	8 £	9 £	10 £	11 £	12 £
1												
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3												
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15												
Page Total												
Grand Total												

PERSONAL EXPENSES
Cumulative to 60 months
1999 Run-off year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees	Members' agents' fees	Lloyd's subscriptions	Central Fund contributions	Members special contribution	Managing agents' profit commission	CPA charges	Schedule 9a charges	Winding up fees			Total
	1 £	2 £	3 £	4 £	5 £	6 £	7 £	8 £	9 £	10 £	11 £	12 £
1												
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15												
Page Total												
Grand Total												

PERSONAL EXPENSES
Cumulative to 48 months
2000 year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees	Members' agents' fees	Lloyd's subscriptions	Central Fund contributions	Members special contribution	Managing agents' profit commission	CPA charges	Schedule 9a charges	Winding up fees	10 £	11 £	Total
	1 £	2 £	3 £	4 £	5 £	6 £	7 £	8 £	9 £	10 £	11 £	12 £
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15												
Page Total												
Grand Total												

PERSONAL EXPENSES
Cumulative to 36 months
2001 year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees	Members' agents' fees	Lloyd's subscriptions	Central Fund contributions	Members special contribution	Managing agents' profit commission	CPA charges	Schedule 9a charges	Winding up fees	10 £	11 £	Total
	1 £	2 £	3 £	4 £	5 £	6 £	7 £	8 £	9 £	10 £	11 £	12 £
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14												
15												
Page Total												
Grand Total												

PERSONAL EXPENSES
Cumulative to 24 months
2002 year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees 1 £	Members' agents' fees 2 £	Lloyd's subscriptions 3 £	Central Fund contributions 4 £	Members special contribution 5 £	Managing agents' profit commission 6 £	CPA charges 7 £	Schedule 9a charges 8 £	Winding up fees 9 £	10 £	11 £	Total 12 £
1												
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14												
15												
Page Total												
Grand Total												

PERSONAL EXPENSES
Cumulative to 12 months
2003 year of account

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

Corporate Member Code	Managing Agents' fees 1 £	Members' agents' fees 2 £	Lloyd's subscriptions 3 £	Central Fund contributions 4 £	Members special contribution 5 £	Managing agents' profit commission 6 £	CPA charges 7 £	Schedule 9a charges 8 £	Winding up fees 9 £	10 £	11 £	Total 12 £
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15												
Page Total												
Grand Total												

BALANCE SHEET
Cumulative to 96 months
1996 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									
<i>Financial Investments</i>									
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
Participation in investment pools	3								Participation in investment pools
Loans guaranteed by mortgage	4								Loans guaranteed by mortgage
Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									
Arising out of direct ins. Operations:-	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
Other	15								Other
<i>Other assets</i>									
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
Total Assets	20								
Liabilities									
<i>Profit or loss for closed year</i>									
Balance for the closed year	21								Balance for the closed year
Personal expenses paid on account	22								Personal Expenses paid on account
Cash calls / (Releases)	23								Cash calls / (Releases)
RITC paid on closure	24								RITC paid on closure
<i>Balances on open years</i>									
EFL for run-off years	25a								Gross claims outstanding; run-off years
Balance for the open year	25b								Gross claims on open years/run-off balance
Personal expenses paid on account	26								Personal Expenses paid on account
Cash calls / (Releases)	27								Cash calls / (Releases)
	28								
Deposits received from reinsurers	29								Deposits received from reinsurers
<i>Creditors</i>									
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET
Cumulative to 84 months
1997 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance Sheet	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									Assets
<i>Financial Investments</i>									<i>Financial Investments</i>
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
Participation in investment pools	3								Participation in investment pools
Loans guaranteed by mortgage	4								Loans guaranteed by mortgage
Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									<i>Debtors</i>
Arising out of direct ins. Operations:	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
Other	15								Other
<i>Other assets</i>									<i>Other Assets</i>
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
Total Assets	20								
Liabilities									Liabilities
<i>Profit or loss for closed year</i>									<i>Profit or loss for closed year</i>
Balance for the closed year	21								Balance for the closed year
Personal expenses paid on account	22								Personal Expenses paid on account
Cash calls / (Releases)	23								Cash calls / (Releases)
RITC paid on closure	24								RITC paid on closure
<i>Balances on open years</i>									<i>Technical provisions</i>
EFL for run-off years	25a								Gross claims outstanding; run-off years
Balance for the open year	25b								Gross claims on open years/run-off balar
Personal expenses paid on account	26								Personal Expenses paid on account
Cash calls / (Releases)	27								Cash calls / (Releases)
	28								
Deposits received from reinsurers	29								Deposits received from reinsurers
<i>Creditors</i>									<i>Creditors</i>
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET
Cumulative to 72 months
1998 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance Sheet	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									Assets
<i>Financial Investments</i>									<i>Financial Investments</i>
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
Participation in investment pools	3								Participation in investment pools
Loans guaranteed by mortgage	4								Loans guaranteed by mortgage
Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									<i>Debtors</i>
Arising out of direct ins. Operations:	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
Other	15								Other
<i>Other assets</i>									<i>Other Assets</i>
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
Total Assets	20								
Liabilities									Liabilities
<i>Profit or loss for closed year</i>									<i>Profit or loss for closed year</i>
Balance for the closed year	21								Balance for the closed year
Personal expenses paid on account	22								Personal Expenses paid on account
Cash calls / (Releases)	23								Cash calls / (Releases)
RITC paid on closure	24								RITC paid on closure
<i>Balances on open years</i>									<i>Technical provisions</i>
EFL for run-off years	25a								Gross claims outstanding; run-off years
Balance for the open year	25b								Gross claims on open years/run-off balan
Personal expenses paid on account	26								Personal Expenses paid on account
Cash calls / (Releases)	27								Cash calls / (Releases)
	28								
Deposits received from reinsurers	29								Deposits received from reinsurers
<i>Creditors</i>									<i>Creditors</i>
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET
Cumulative to 60 months
1999 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance Sheet	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									
<i>Financial Investments</i>									
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
Participation in investment pools	3								Participation in investment pools
Loans guaranteed by mortgage	4								Loans guaranteed by mortgage
Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									
Arising out of direct ins. Operations:	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
Other	15								Other
<i>Other assets</i>									
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
Total Assets	20								
Liabilities									
<i>Profit or loss for closed year</i>									
Balance for the closed year	21								Balance for the closed year
Personal expenses paid on account	22								Personal Expenses paid on account
Cash calls / (Releases)	23								Cash calls / (Releases)
RITC paid on closure	24								RITC paid on closure
<i>Balances on open years</i>									
EFL for run-off years	25a								Gross claims outstanding; run-off years
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Personal expenses paid on account	26								Personal Expenses paid on account
Cash calls / (Releases)	27								Cash calls / (Releases)
	28								
Deposits received from reinsurers	29								Deposits received from reinsurers
<i>Creditors</i>									
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET
Cumulative to 48 months
2000 Year of Account Run-off

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance Sheet	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									Assets
<i>Financial Investments</i>									<i>Financial Investments</i>
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
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Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									<i>Debtors</i>
Arising out of direct ins. Operations:	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
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<i>Other assets</i>									<i>Other Assets</i>
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
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Total Assets	20								
Liabilities									Liabilities
<i>Profit or loss for closed year</i>									<i>Profit or loss for closed year</i>
Balance for the closed year	21								Balance for the closed year
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<i>Balances on open years</i>									<i>Technical provisions</i>
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<i>Creditors</i>									<i>Creditors</i>
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET
Cumulative to 36 months
2001 year of account

Page No.....

Syndicate No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance Sheet	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									
<i>Financial Investments</i>									
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
Participation in investment pools	3								Participation in investment pools
Loans guaranteed by mortgage	4								Loans guaranteed by mortgage
Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									
Arising out of direct ins. Operations:	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
Other	15								Other
<i>Other assets</i>									
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
Total Assets	20								
Liabilities									
<i>Profit or loss for closed year</i>									
Balance for the closed year	21								Balance for the closed year
Personal expenses paid on account	22								Personal Expenses paid on account
Cash calls / (Releases)	23								Cash calls / (Releases)
RITC paid on closure	24								RITC paid on closure
<i>Balances on open years</i>									
EFL for run-off years	25a								Gross claims outstanding; run-off years
Balance for the open year	25b								Gross claims on open years/run-off balar
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Cash calls / (Releases)	27								Cash calls / (Releases)
	28								
Deposits received from reinsurers	29								Deposits received from reinsurers
<i>Creditors</i>									
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET
Cumulative to 24 months
2002 year of account

Page No.....

Syndicate No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance Sheet	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									
<i>Financial Investments</i>									
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
Participation in investment pools	3								Participation in investment pools
Loans guaranteed by mortgage	4								Loans guaranteed by mortgage
Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									
Arising out of direct ins. Operations:	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
Other	15								Other
<i>Other assets</i>									
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
Total Assets	20								
Liabilities									
<i>Profit or loss for closed year</i>									
Balance for the closed year	21								Balance for the closed year
Personal expenses paid on account	22								Personal Expenses paid on account
Cash calls / (Releases)	23								Cash calls / (Releases)
RITC paid on closure	24								RITC paid on closure
<i>Balances on open years</i>									
EFL for run-off years	25a								Gross claims outstanding; run-off years
Balance for the open year	25b								Gross claims on open years/run-off balan
Personal expenses paid on account	26								Personal Expenses paid on account
Cash calls / (Releases)	27								Cash calls / (Releases)
	28								
Deposits received from reinsurers	29								Deposits received from reinsurers
<i>Creditors</i>									
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET
Cumulative to 12 months
2003 year of account

Page No.....

Syndicate No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		Syndicate	Accrued premium	Fund reallocated	Reallocation of cash	Analysis of Debtors	Expense accrual	Schedule 9a Balance Sheet	Companies Act Headings
		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	
Assets									
<i>Financial Investments</i>									
Shares and other variable yield sec	1								Shares and other variable yield sec
Debt sec. and other fixed inc. sec.	2								Debt sec. and other fixed inc. sec.
Participation in investment pools	3								Participation in investment pools
Loans guaranteed by mortgage	4								Loans guaranteed by mortgage
Other Loans	5								Other Loans
Deposits with credit institutions	6								Deposits with credit institutions
Other	7								Other
Deposits with ceding undertakings	8								Deposits with ceding undertakings
Reinsurers' share of claims outstanding	9								Reinsurers share of technical prov. Claims outstanding
<i>Debtors</i>									
Arising out of direct ins. Operations:	10								Arising out of direct ins. operations:-
Policyholders	11								Policyholders
Intermediaries	12								Intermediaries
Arising out of reinsurance operations	13								Arising out of reinsurance operations
RITC received from earlier years	14								RITC received from earlier years
Other	15								Other
<i>Other assets</i>									
Tangible assets	16								Tangible assets
Cash at bank and in hand	17								Cash at bank and in hand
Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
Total Assets	20								
Liabilities									
<i>Profit or loss for closed year</i>									
Balance for the closed year	21								Balance for the closed year
Personal expenses paid on account	22								Personal Expenses paid on account
Cash calls / (Releases)	23								Cash calls / (Releases)
RITC paid on closure	24								RITC paid on closure
<i>Balances on open years</i>									
EFL for run-off years	25a								Gross claims outstanding; run-off years
Balance for the open year	25b								Gross claims on open years/run-off balan
Personal expenses paid on account	26								Personal Expenses paid on account
Cash calls / (Releases)	27								Cash calls / (Releases)
	28								
Deposits received from reinsurers	29								Deposits received from reinsurers
<i>Creditors</i>									
Arising out of direct ins. operations	30								Arising out of direct ins. operations
Arising out of reinsurance operations	31								Arising out of reinsurance operations
Amounts owed to credit institutions	32								Amounts owed to credit institutions
Other creditors	33								Other creditors
Accruals and deferred income	34								Accruals and deferred income
Total liabilities	35								

BALANCE SHEET SUPPLEMENTARY INFORMATION
Investments analysis

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

		At 31 December 2003							
		1996 account at 96 months	1997 account at 84 months	1998 account at 72 months	1999 account at 60 months	2000 account at 48 months	2001 account at 36 months	2002 account at 24 months	2003 account at 12 months
Market value		1 £ '000	2 £ '000	3 £ '000	4 £ '000	5 £ '000	6 £ '000	7 £ '000	8 £ '000
Listed on a recognised stock exchange	1								
Other listed	2								
Total (lines 1 + 2)	3								

Cost

Shares & other variable yield securities	4								
Debt securities & other fixed income securities	5								
Participation in investment pools	6								
Loans guaranteed by mortgage	7								
Other loans	8								
Deposits with credit institutions	9								
Other	10								
Total (lines 4 to 10)	11								

MANAGING AGENT'S REPORT

SYNDICATE NO:

Page:

SUPPLEMENTARY SYNDICATE RETURN
Year ended 31 December 2003

To the Corporate Members of Syndicate.....and their auditors

Managing Agent.....

Responsibilities

The market bulletin dated [] entitled '2003 Syndicate Return requires the managing agent to return Forms SSR1 to SSR4A in respect of syndicates that it manages for the year ended 31 December 2003 in accordance with the instructions for completion of these forms attached to that bulletin.

Confirmation

We confirm that we have prepared Forms SSR1 to SSR4A set out on pages to in accordance with the instructions for completion thereof, attached to the market bulletin dated [] entitled '2003 Syndicate Return'

.

Signed

Name

Signed

Name

On behalf of

Date

Compliance Officer *

(BLOCK CAPITALS)

Director/Partner *

(BLOCK CAPITALS)

Managing Agent

* The signatories must be different

**Supplementary syndicate return:
31 December 2003**

Forms SSRFront to SSR6

Instructions

**Deadline for submission to Lloyd's:
12.00 noon on Thursday 26 February 2004**

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General

1 Supplementary Syndicate Return

- 1.1 Corporate members of Lloyd's are required to prepare their accounts in accordance with Schedule 9a of the Companies Act 1985 (the 'Act'), the format used by insurance companies. To assist corporate members in preparing their statutory accounts, Lloyd's operates a central facility to collect the relevant information needed for the production of Schedule 9a accounts from syndicates, determine each corporate member's share and then aggregate the data for corporate members.
- 1.2 To prepare the analysis for corporate members, additional data is collected from managing agents, in the attached **supplementary syndicate return**. Submission of the supplementary syndicate return has been prescribed under the Syndicate Accounting Byelaw (No. 18 of 1994) as amended. The return must be completed by the managing agent and be audited by a recognised auditor.
- 1.3 The supplementary syndicate return is complementary to, but separate from, the 2003 syndicate return which is prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended. **A number of the entries in the supplementary syndicate return flow through from data provided in forms SR1, SR2 and SR12 of the syndicate return**; full details of these are provided in the instructions.

2 Scottish Limited Partnerships

- 2.1 Scottish Limited Partnerships (SLPs) **are not** deemed to be incorporated under the aegis of the Companies Act 1985 and thus **do not** have to prepare accounts in accordance with Schedule 9a.
- 2.2 Accordingly, managing agents must treat transactions concerning SLPs as being those for individual members; in particular, personal expense transactions relating to SLPs **must not** be reported on SSR3.

3 Provision of data to corporate members

- 3.1 Once the supplementary syndicate returns have been collected, Lloyd's will process and validate the data, then apportion the data in respect of each syndicate year between corporate members in accordance with their participation on the syndicate year concerned. The aggregated position of all syndicate participations will then be made available to each corporate member which subscribes to this service, so that they may prepare their accounts in accordance with Schedule 9a. In addition, all of the data contained within a return for a syndicate year of account will be made available to corporate members participating on that syndicate year (except for personal expenses data relating to other corporate members).
- 3.2 Furthermore, managing agents are asked for permission to release SR16 (for all years of account) and SR29 (for the 2002 year of account only) of the 31 December 2003 syndicate return to corporate members participating on the relevant syndicate year which have subscribed to the central Schedule 9a facility, to enable those members to assess whether or not they must make provision in their accounts for any losses

arising from naturally open years, by reviewing the solvency and forecast data contained on these forms. Managing agents are asked whether or not they grant permission for this disclosure on the front sheet of the supplementary syndicate return; **disclosure will be of considerable assistance to their supporting corporate members and is strongly recommended.** If disclosure is granted, the relevant SR16 and SR29 (2002) data as provided to Lloyd's in the syndicate return will be made available to the relevant corporate members.

- 3.3 Lloyd's will provide managing agents with details of those corporate members which subscribe to the central Schedule 9a facility. This information may be used by the managing agent when allocating the cost of the preparation of the supplementary syndicate return; this cost must be allocated between those corporate members participating in Lloyd's central facility as a personal expense on an appropriate basis. As the cost of preparing the supplementary syndicate return is only attributable to those corporate members participating in the central Lloyd's facility, the cost of preparation **must not** be included in syndicate expenses.

4 Overview of return

- 4.1 A separate return must be submitted in respect of each syndicate. In the case of a mirror syndicate (ie. a syndicate which is identical to another in respect of constitution, shares and members' agents participating therein) both syndicates must be included in one return. The return consists of Forms SSR1 to SSR4, together with a managing agent's report (SSR5) and an audit report (SSR6).
- 4.2 The return will be collected in respect of each syndicate operating at Lloyd's (but please see note 13 below regarding circumstances where a nil return is appropriate). The return collects underwriting account, segmental analysis, personal expenses data and the balance sheet as at 31 December 2003 for each year of account.
- 4.3 The return must be prepared in accordance with certain bases of preparation; these form part of the instructions and are shown on pages 9 to 11.

5 Accounting for 'mid year' closure, ie. closure of a year before 31 December 2003

Syndicates closing 'mid year'

- 5.1 For any 2000 or prior run-off year that has closed on or after 1 January 2003, but before 31 December 2003, a return is required if at least one corporate member participated on the syndicate **and** that corporate member is planning to use the central Lloyd's facility. In such circumstances, all forms relating to the 1996, 1997, 1998, 1999 or 2000 year must be completed albeit, in the case of SSR4 and SSR4A, only '0' is entered. While forms which are not applicable to a syndicate's circumstances can be ignored in the syndicate return, the system used to generate corporate members' Schedule 9a output packs means that all supplementary syndicate return forms must be completed, even where only zero entries are to be made.

Syndicates accepting RITC 'mid year'

- 5.2 A syndicate that has accepted the RITC from another syndicate during 2003 but prior to 31 December 2003, will need to reflect the premium receivable for accepting the RITC in the return, at 31 December 2003 exchange rates. The transactions arising on the reinsured liabilities subsequent to the reinsuring syndicate assuming them, up to 31 December 2003, and the value of the assumed liabilities as at that date must also be accounted for in the return.

6 Electronic reporting

- 6.1 The return must be completed electronically, to be submitted via the MSU market returns website. The software and manual which will enable agents to do this will be provided to the market by 14 November. Managing agents are therefore advised not to reproduce any of the forms relating to the 2003 supplementary syndicate return themselves as the software provided will do this. In addition to the electronic submission, a single hard copy (including signed managing agent's and auditor's reports) is required.
- 6.2 A return will only be considered valid if it has both a print date and a version date on the hard copy, and that the version date and time agrees with the version date and time which is hard coded in the electronic file. The version date is generated when the supplementary syndicate return is 'locked' on the system. Please refer to the software manual for more detailed instructions. If a return is printed from an unlocked pack the system will generate a heading of 'DRAFT'. If a draft return is submitted or if the version date and time on the hard copy is not exactly the same as the version date and time within the electronic file, the return will be invalid and a resubmission will be required.
- 6.3 The software for preparing the supplementary syndicate return is integrated with that for the syndicate return; submission of both returns must be made in the same electronic file.

7 Signing and page numbering of supplementary syndicate return

- 7.1 Every page of the return, including additional analysis schedules, must be sequentially numbered.

Managing Agent's Report

- 7.2 The supplementary syndicate return includes a managing agent's report (SSR5), which must be signed and dated on behalf of the directors of the managing agent by at least one director and by the compliance officer. The same person must not sign in both capacities. All pages, including additional analysis schedules, must be covered by the managing agent's report and must be included in the page numbers shown on the form.

Auditor's Report

- 7.3 The return must be audited. The auditor's report (SSR6) must be signed and dated on behalf of the recognised auditor by a partner or director. The managing agent's report must be covered by the scope of the auditor's report.

The audit report is currently under review and will be provided to the market with the return software.

The managing agent's report and auditor's report may need to be amended as a result of extra submissions or amendments affecting the return.

8 Submission of supplementary syndicate return

8.1 Deadline

The supplementary syndicate return must be submitted by 12.00 noon on Thursday 26 February 2004. Both the electronic filing and hard copy submission must be made by this time.

8.2 Submission

The electronic submission in respect of each managed syndicate must be submitted by the managing agent via the MSU market returns website and the hard copy return must be submitted to:

Manager
Market Reporting
Gallery 5, Lloyd's 1986 Building

Failure to submit the return by the due deadline will be considered a breach of the Syndicate Accounting Byelaw (No. 18 of 1994), as amended. A resubmission of the return after the deadline will be considered a late submission.

Managing agents will be subject to disciplinary action and fines will be imposed in accordance with the following schedule:

Per return per syndicate – flat fine	£5,000
Per return per syndicate – additional fine per working day late	£1,000

Persistent delays will lead to further disciplinary action.

In addition, it may not be possible to include any late returns in the 'Central Schedule 9a' facility.

9 Assistance in completing forms

- 9.1 Any queries about the completion of the syndicate return should be directed by email to Market Reporting at lloyds-MRD-ReturnQueries@lloyds.com. All queries will be responded to by the end of the following working day. Please contact John Parry via e-mail (john.parry@lloyds.com) if a response remains outstanding at that time.

10 Exchange rates

- 10.1 The US and Canadian dollar and other settlement currency elements of business transacted must be translated at the exchange rates ruling as at 31 December 2003. These will be advised to the market in a bulletin at the beginning of January 2004.

11 Interpretation

- 11.1 The return must be compiled in accordance with the approved accounting procedures and policies as laid down in the Syndicate Accounting Byelaw (No. 18 of 1994) as amended. The meaning given to expressions used in these instructions and in the supplementary syndicate return is as defined in either the Solvency and Reporting Byelaw (No. 13 of 1990) as amended or the Syndicate Accounting Byelaw unless otherwise stated.

12 Reporting configuration

- 12.1 All forms are to be completed in **£'000s**, except where it is indicated on the form that percentage information is required (SSR2) and for SSR3 where amounts must be shown in **exact £s**.

13 Nil returns

- 13.1 In respect of any syndicate year where:

- i) there is no corporate participation for that year of account; or
- ii) the capacity for that year of account is fully subscribed to by a single dedicated corporate vehicle,

no data is required for that year of account. Details of any syndicate years for which this applies must be noted on the **front sheet** of the return, in the space provided.

- 13.2 If either of the above conditions is satisfied for **all** relevant years of account, a nil return may be made. This condition must be noted in the space provided on the front sheet of the return. In the case of a nil return, only the front sheet need be submitted. **Nil returns do not need to be audited.**

- 13.3 There may be other occasions where a nil return is appropriate, such as where the managing agent is aware that no participating corporate member for any year of account of the syndicate is planning to use the central Lloyd's facility. In such a case, a nil return is appropriate, if accompanied by a covering letter from the agent explaining the circumstances.

14 Completion of return

- 14.1 Please complete the supplementary syndicate return carefully in accordance with the instructions. Failure to do so will result in the return being invalidated and returned to the managing agent for resubmission.

- 14.2 At the start of the return, there is a front sheet which must be completed. This provides confirmation that the return is complete in all respects.
- 14.3 Additional guidance is provided in respect of each form in these instructions.
- 14.4 Certain figures disclosed on some forms in the supplementary syndicate return are based on information reported in, and automatically fed through from, the 2003 syndicate return. Where cross-references apply to a particular form, the cross-references are set out in the instructions for these forms.

'Other' Items

- 14.5 Where there is a reference on a form to an amount relating to 'other', analysis of material amounts must be provided in the space provided or on a continuation sheet if necessary (ie. a description and details of the material amount must be disclosed).

Basis of preparation of the supplementary syndicate return

1 Assumptions

- 1.1 The following assumptions must be complied with when completing the supplementary syndicate return:

2 Three year fund accounting

- 2.1 The basis of Schedule 9a reporting will be a three year fund accounting basis.

3 Open year losses

- 3.1 Schedule 9a reporting requires provisions to be established in respect of open years where it is projected that the year will result in a loss. This compares with the Lloyd's basis where the open years are effectively accounted for on a cash basis with the exception of reinsurance recoveries on paid claims.
- 3.2 It is not proposed that syndicate managing agents must be responsible for identification and quantification of open year losses (nor the syndicate auditors for signing off on such a figure) and therefore open years will be accounted for on a no profit/no loss basis (after personal expenses).

4 Taxation

- 4.1 No taxation or deferred taxation will be established by the reporting syndicate. Memorandum information regarding capital gains tax liabilities will be required which can be utilised by the corporate member to establish a total deferred tax liability if appropriate.

5 Advance cash calls made

- 5.1 Advance cash calls made will be shown as a balance sheet item in the supplementary syndicate return.

6 Cashflow statement

- 6.1 Cash flow information will not be obtained because the corporate member has no access to the funds controlled by the syndicate.

7 Equalisation reserves

- 7.1 No equalisation reserves are required to be established by the corporate member because the Equalisation Reserves enabling legislation excludes Lloyd's members from these requirements.

8 Claims handling reserves

- 8.1 Schedule 9a accounting requires explicit provision to be established for claims handling reserves. This provision is not required to be separately disclosed but must

be included within the total fund, and within the RITC. Accordingly the adequacy of the claims handling provision will need to be taken into account when corporate members are assessing the adequacy of the fund.

9 Reinsurance to close

- 9.1 Except in the situation of a 'mid year' closure, the transfer of the RITC will be deemed to take place during the year following the year of closure. At 31 December in the year of closure the balance sheet of the closing year of account will include the individual assets and liabilities representing the RITC together with a creditor 'Reinsurance to Close Payable'. The receiving year of account will recognise a debtor balance 'Reinsurance to Close Receivable'. For Schedule 9a purposes these will be aggregated with reinsurance balances receivable and payable.
- 9.2 For segmental analysis purposes the RITC will be treated as a proportional treaty to be disclosed as part of the reinsurance balance analysed between direct business and reinsurance business in years one to three (where applicable), and as reinsurance business in subsequent years. Technical provisions in respect of the RITC must reflect the gross and reinsurance elements of the business assumed.

10 Investments

- 10.1 Investments will be deemed to be realised on an annual basis.

11 Life business

- 11.1 Life business is to be treated as if a class of general business on immateriality grounds.

12 Syndicate auditors' remuneration

- 12.1 No share of syndicate auditors' remuneration is to be disclosed in the corporate member's accounts. (This does not affect the actual recharging of audit fees in relation to the audit of the supplementary syndicate return).

13 Financial reinsurance

- 13.1 Financial reinsurance within syndicates should have been dealt with in accordance with FRS5 in syndicate accounts and therefore no further adjustments will be requested for Schedule 9a reporting purposes.

14 Inter syndicate reinsurance

- 14.1 Inter syndicate reinsurance will be ignored.

15 Foreign exchange

- 15.1 Lloyd's syndicates restate their cumulative underwriting accounts at the year end rate of exchange for US dollar, Canadian dollar and other settlement currency business. As a result each line of the underwriting account includes an element of exchange

adjustment. Under Schedule 9a exchange gains and losses must be shown separately. Accordingly, adjustment will be made to transfer this exchange effect from within each line to a separate line for exchange gains/losses within the technical account.

Instructions

Basis of reporting

Reporting by year of account

Information needs to be collected to allow the determination of calendar year movements for Schedule 9a purposes for calendar year 2003 and also a balance sheet in the appropriate format at 31 December 2003. For the revenue and expense information (SSR1 to SSR3), the data collected in the 31 December 2002 supplementary syndicate return will provide the starting point for calculating calendar year movements. Cumulative revenue account information and balance sheet information needs to be reported for the following years of account and durations:

1996 Run-off Account after 96 months;
1997 Run-off Account after 84 months;
1998 Run-off Account after 72 months;
1999 Run-off Account after 60 months;
2000 Run-off Account after 48 months;
2001 Account after 36 months;
2002 Account after 24 months; and
2003 Account after 12 months

Reporting via the syndicate return

SSR1 and SSR4 are prepared by completing SR1/SR2 and SR12 respectively of the syndicate return. The information reported on SR1, SR2 and SR12 feeds through to SSR1 and SSR4 automatically. Thus, completion of the SSR should not be attempted until SR1, SR2 and SR12 have been finalised.

SSR Front – Front sheet

This asks the managing agent to confirm that the syndicate return is complete and the pages of the return have been numbered correctly. Managing agents are asked to complete each field to facilitate the resolution of queries, etc after the return has been received. The return must have both a print date and time, and a version date and time. The latter must match the version date and time encoded within the electronic file. This is to ensure that data in the electronic file is exactly the same as the data on the hard copy which has been reported on by the managing agent and auditor.

Please report which years of account are applicable to this return and whether or not it is a nil return (see Note 13 on page 7, above) and also report whether or not you give authority for additional data to be provided to corporate members subscribing to Lloyd's central Schedule 9a facility (see Note 3 on page 3, above).

1 SSR1: Underwriting account

- 1.1 This form is 100% pre populated from SR1 and SR2 for the relevant year of account. **Hence, the following instructions set out from 1.2 to 1.51 below apply to the completion of SR1 and SR2.**

SR1 – completion of Schedule 9a section (columns 4 to 12)

- 1.2 SR2 must have been completed before SR1 is prepared.
- 1.3 Columns 1 to 3 must be completed first in accordance with the syndicate return instructions.
- 1.4 The schedule 9a adjustments reported in columns 4 to 9 must be made with reference to the cumulative transactions reported in column 3 (except for the exchange adjustments – please see 1.5 to 1.8 below).
- 1.5 Column 4 – exchange adjustments: syndicate accounting requires the revenue account to be stated at year end exchange rates. This has the effect of including exchange movements within each line of the revenue account. Under Schedule 9a it is necessary to adjust each of the brought forward revenue account line items for the exchange movement arising in the latest year. It is therefore necessary to calculate the exchange movement on the opening Schedule 9a balances for each line of SR1 by reference to the opening and closing rates of exchange. The sum of these individual adjustments is then disclosed as a rate of exchange adjustment in column 4.
- 1.6 In order to do this, for each year of account, the transactions as reported in **column 10 on the SR1 as at 31 December 2002** must be entered in **column 11** on the 31 December 2003 SR1 with the exchange adjustment reported in **column 4**. The exchange adjustment shown in column 4 is a reversal of what the effect would have been on each item in column 11 due to exchange rate movements, eg if the sterling value of premiums have increased as a result of exchange movements, the adjustment will be negative on the premiums line. The net of the exchange adjustments on each of the SR1/SR2 lines must be recorded in line 23 of column 4, and will be a balancing amount.
- 1.7 For years of account which have reached the 36 months position and beyond, ie the 2001 year of account and any 1996, 1997, 1998, 1999 and 2000 year of account in run-off during 2003, the exchange rate adjustments as reported in column 4 of SR1 must include the cumulative adjustments made for the year of account in the 1996, 1997, 1998, 1999, 2000, 2001 and 2002 SSR1s. The exchange rate adjustments shown in column 4 at 31 December 2003 must be cumulative in order that the calendar year movement in each underwriting account line item can be calculated correctly.
- 1.8 A worked example relating to exchange adjustments is shown at Appendix 1 to these instructions.
- 1.9 Columns 5 to 9: these are not used on SR1 but have been retained to maintain the consistent format of SR1 to that of SR2.

- 1.10 Column 10: this equals columns 3 to 9 and is calculated automatically by the software.
- 1.11 Column 11: this is to be entered from column 10 of the SR1 at 31 December 2002.
- 1.12 Column 12: this is columns 10 – 11 and is calculated by the software. This shows the Schedule 9a result for calendar year 2003 which can be used in the preparation of the annual accounting return.

Validations within SR1

- 1.13 The following validation rules apply within SR1:
- SR1 (RO) line 10 columns 4 to 9 must each equal 0;
 - SR1 (2001) line 10 columns 4 to 9 and 11 must each equal 0;
 - SR1 (2002) line 10 columns 4, 5, 7, 8, 9, 10, 11 and 12 must each equal 0;
 - SR1 (2003) line 10 columns 4, 5, 7, 8, 9, 10, 11 and 12 must each equal 0;
 - SR1 (RO) line 10 column 3 = line 10 column 10
 - SR1 (2001) line 10 column 3 = line 10 column 10.
- 1.14 In addition SR1 line 1 must equal SR2 line 32 for each column and year of account.

SR2 – completion of Schedule 9a section (columns 4 to 12)

- 1.15 SR2 must have been completed before SR1 is prepared.
- 1.16 Columns 1 to 3 must be completed first in accordance with the syndicate return instructions.
- 1.17 The schedule 9a adjustments reported in columns 4 to 9 must be made with reference to the cumulative transactions reported in column 3 (except for the exchange adjustments – please see 1.18 to 1.22 below).

Column 4 – exchange adjustments

- 1.18 Syndicate accounting requires the revenue account to be stated at year end exchange rates. This has the effect of including exchange movements within each line of the revenue account. Under Schedule 9a it is necessary to adjust each of the brought forward revenue account line items for the exchange movement arising in the latest year. It is therefore necessary to calculate the exchange movement on the opening Schedule 9a balances for each line of SR2 by reference to the opening and closing rates of exchange. The sum of these individual adjustments is then disclosed as a rate of exchange adjustment in column 4.
- 1.19 In order to do this, for each year of account, the transactions as reported in **column 10 on the SR2 as at 31 December 2002** must be entered in **column 11** on the 31 December 2003 SR2 with the exchange adjustment reported in **column 4**. The exchange adjustment shown in column 4 is a reversal of what the effect would have been on each item in column 11 due to exchange rate movements, eg if the sterling value of premiums have increased as a result of exchange movements, the adjustment

will be negative on the premiums line. The net of the exchange adjustments on each of the SR1/SR2 lines must be recorded in line 23 of column 4, and will be a balancing amount.

- 1.20 For years of account which have reached the 36 months position and beyond, ie the 2001 year of account and any 1996, 1997, 1998, 1999 and 2000 year of account in run-off during 2003, the exchange rate adjustments as reported in column 4 of SR2 must include the cumulative adjustments made for the year of account in the 1996, 1997, 1998, 1999, 2000, 2001 and 2002 supplementary syndicate returns on SSR1. The exchange rate adjustments shown in column 4 at 31 December 2003 must be cumulative in order that the calendar year movement in each underwriting account line item can be calculated correctly.
- 1.21 Exchange rate adjustments for the 'gross up claims reserves' (line 13) and the reinsurance element of grossing up (line 14) - which are balancing figures - must be limited to movements on the \$US, \$Can and other settlement currency elements of reserves (gross and reinsurance recovery elements respectively) in the syndicate's books. There must be no attempt made to make 'exchange adjustments' on other components of lines 13 and 14 which have been included purely to ensure a zero open year balance on a naturally open year; if exchange adjustments on such items were included in your SSR at 31 December 2002, however, the adjustment should be left unchanged at 31 December 2003. In year 3, ie for the 2001 year of account as at 36 months, these exchange movements must be transferred into lines 15 and 16 if the year is closing or 17 and 18 if it is staying open, as appropriate in column 6.
- 1.22 A worked example relating to exchange adjustments is shown at Annex A to these instructions.

Column 5 – accrued premium

- 1.23 Line 1 – gross premiums: the Schedule 9a requirement is to disclose all written premiums comprising the total premiums receivable for the whole period of cover provided by the contracts entered into during the accounting period together with any adjustments arising in the accounting period to such premiums receivable in respect of business written in prior accounting periods. Where premiums are to be received by instalments during the period of risk covered by the policies or contracts, any outstanding amount at the balance sheet date to which the insurer is contractually entitled must be treated as a debtor.
- 1.24 Written premiums must include an estimate of accrued premiums both at the 12 months and 24 months stages as well as on closure of a year of account. **In general, subject to the matters below, accrual of premiums will be to the expected premiums position as at the 36 months stage of a year of account.** Where contracts have been entered into which provide for intermediaries to accept business on a syndicate's behalf (for example binding covers and line slip arrangements) the estimate of accrued premiums should generally relate only to those underlying contracts of insurance where the period of cover has commenced prior to the balance sheet date.

- 1.25 Where a syndicate accounts for renewal premiums before contractual confirmation by the insureds, a provision for anticipated lapses must be established.
- 1.26 If written premiums are subject to a reduction, provision for such a reduction must be made as soon as it can be foreseen. Where written premiums are subject to an increase retrospectively, for example based on the declaration of sums insured or on claims experience, recognition of potential increases must be deferred until the additional amount can be ascertained with reasonable certainty.
- 1.27 Additional or return premiums must be treated as adjustments to the initial premium.
- 1.28 Inter-syndicate reinsurances will not be adjusted for.
- 1.29 Line 2 – reinsurance premiums: the accounting for reinsurance premiums must follow the treatment of gross written premiums. This requires the recognition of accrued reinsurance premiums. If reinsurance premiums paid (and payable) have not already been disclosed gross of commission received by the syndicate (eg. as profit commission or over-riders) in the syndicate accounts, they must be grossed up.
- 1.30 Adjustments required: any adjustments made in column 5 in respect of accrued premiums to the figures on lines 1 and 2 must be balanced by equal and opposite adjustments on lines 13 and 14 (2002 and 2003 years of account), lines 15 and 16 (2001 and prior years closing at 31 December 2003) or lines 17 and 18 (2001 and prior years staying open at 31 December 2003) as appropriate.
- 1.31 Line 32, column 5 must equal 0.

Column 6 - balancing adjustment to claims incurred

- 1.32 2002 and 2003 years of account: in respect of the open years of account, syndicates are only required to prepare accounts on a cash receipts and payments basis except for the matching of reinsurance recoveries against claims paid. There is no requirement to identify and quantify incurred liabilities in respect of business written.
- 1.33 The recognition of claims under Schedule 9a is much more complex. The general rules are as follows:
- 1.34 Provision must be made at the balance sheet date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses less amounts already paid. The level of claims provisions must be set such that no material adverse run off deviation is envisaged.
- 1.35 The level of claims provision must be assessed having regard to the range of uncertainty as to the eventual outcome for the category of business in question. The greater the uncertainty as to the eventual outcome, the more care will need to be taken in assessing the level of provision required within the range of possible outcomes to ensure that a consistent level of prudence is applied.
- 1.36 The basis of accounting to be adopted is three year fund accounting.

- 1.37 In order to deal with this difference in accounting treatment, it is assumed that each of the naturally open years of account will be assumed to have a break even result **(after personal expenses, ie SR1 line 10 column 10 balance for the 2002 and 2003 years of account must be zero)** and be funded to a break-even position. This implies that the net adjustment to the fund will equal the balance on the open year of account after personal expenses. After having made all other revenue account adjustments, the syndicate must incorporate a balancing item in lines 13 and 14, column 6, to bring the overall syndicate result to break-even. It is suggested that the gross claims reserves and reinsurance recoveries elements of this balancing adjustment are recorded in proportion to the gross paid claims and reinsurance recoveries, recorded in lines 10 and 11 respectively (column 3). It will be the responsibility of the corporate members to make their own assessment of each of the syndicates on which they participate, and to conclude whether they need to establish a provision for any losses on the open years.
- 1.38 2001 year of account: any item reported in lines 13 and 14 of column 4 must be transferred out in column 6 and reallocated to lines 15 and 16 if the year of account is closing or lines 17 and 18 if the year of account is staying open, of column 6.

Commission/brokerage – column 7

- 1.39 Syndicate accounting requires the disclosure of gross premiums written net of commission. Under Schedule 9a reporting, written premiums comprise the gross amount payable by the insured to which the insurer is contractually entitled. This is different to the Lloyd's practice of disclosing premiums net of commission. A common arrangement in general insurance is for premiums to be remitted by intermediaries on a net of commission basis. Syndicates will therefore be required to gross up their premium income to take account of commission.
- 1.40 Where the insurer is contractually entitled to the gross amount of the premium, grossing up must be applied, if necessary on an estimated basis.
- 1.41 Commission must be recorded on all written premium at the applicable rates where there is a contractual arrangement. However, it is assumed that no commission is payable on RITC received from earlier years and therefore if grossing up is made on an estimated basis it is important to ensure that this grossing up is not applied to this RITC.
- 1.42 The figures for gross premiums and reinsurance ceded must be grossed up to reflect brokerage on lines 1 and 2 of column 7. The amount by which these items have been grossed up must be disclosed as an acquisition expense in line 25, column 7. Line 32 of column 7 must = 0.

Expense accruals – column 8

- 1.43 The Syndicate Accounting Byelaw requires expenses to be accounted for on a cash basis for open years, whereas Schedule 9a requires an accruals basis to be adopted. Managing agents must therefore estimate their accrued expenses at each year end, by year of account.

- 1.44 The expense accrual must only be for those payable as at 31 December 2003: unlike the premium accrual, expenses must not be accrued up to the 36 months stage of the year of account for the 2002 and 2003 years of account.
- 1.45 The adjustment to reflect the expense accrual must be made on line 24 of column 8. The opposite side of the adjustment is made through lines 13 and 14 (for the 2002 and 2003 years of account), lines 15 and 16 (for any 2001 or prior year of account closing at 31 December 2003) or lines 17 and 18 (for any 2001 or prior year of account stating open at 31 December 2003), as appropriate.

Expense reallocation – column 9

- 1.46 Schedule 9a requires internal (as well as external) claims handling expenses to be included as part of claims costs. This is consistent with the Syndicate Accounting Byelaw which requires any claims handling costs to be included as part of claims paid and/or reserves retained and not within administrative expenses. Therefore managing agents will not have included any claims handling costs within the amounts reported for administrative expenses and thus column 9 will have no entries in it at all.
- 1.47 Column 10: this equals columns 3 to 9 and is calculated automatically by the software.
- 1.48 Column 11: this is to be entered from column 10 of the SR2 at 31 December 2002.
- 1.49 Column 12: this is columns 10 – 11 and is calculated by the software. This shows the Schedule 9a result for calendar year 2003 which can be used in the preparation of the annual accounting return.

Validations within SR2

- 1.50 The following validations apply within SR2:
- SR2 (2001) line 13 column 4 + line 13 column 6 = 0;
 - SR2 (2001) line 14 column 4 + line 14 column 6 = 0;
 - SR2 (RO) line 32 columns 5 to 9 must each equal 0;
 - SR2 (2001) line 32 columns 5 to 9 must each equal 0;
 - SR2 (2002) line 32 columns 5, 7, 8 and 9 must each equal 0; and
 - SR2 (2003) line 32 columns 5, 7, 8 and 9 must each equal 0.

Relationships with other forms

- 1.51 The following entries on SR2 must agree to other forms on the syndicate return as follows:

<u>SR2 reference</u>	<u>Other form reference</u>
SR2 line 32 for each column*	SR1 line 1 each column*
SR2 line 1 column 5*	SR12 line 43 column 2*
SR2 line 2 column 5*	SR12 lines 73+74+75 column 2*
SR2 line 14 column 6*	SR12 line 18 column 3*
SR2 line 24 column 8*	SR12 lines 82+83 column 5*

* must agree for each relevant year of account separately

Relationships between SR1/SR2 and SSR1

- 1.52 As stated previously SSR1 for a year of account is completed 100% from entries made in SR1 and SR2. In addition, on SSR1, the data is reported on the basis that all incomes eg. gross premiums written are shown as **positive** and that all expenses eg. gross claims paid, outward reinsurance premiums are shown as **negative**.
- 1.53 Accordingly, the relationships between SR1/SR2 and SSR1 are summarised as follows (to agree for each year of account separately):

By column

SSR1 column reference

SSR1 column 1
SSR1 column 2
SSR1 column 3
SSR1 column 4
SSR1 column 5
SSR1 column 6
SSR1 column 7
SSR1 column 8
SSR1 column 9

SR1/SR2 column reference

SR1/SR2 column 11
SR1/SR2 column 4
SR1/SR2 column 3
SR1/SR2 column 5
SR1/SR2 column 6
SR1/SR2 column 7
SR1/SR2 column 8
SR1/SR2 column 9
SR1/SR2 column 10

By line

SSR1 line reference

SSR1 line 1
SSR1 line 2
SSR1 line 3
SSR1 line 4
SSR1 line 6
SSR1 line 7
SSR1 line 8
SSR1 line 9
SSR1 line 10
SSR1 line 11a
SSR1 line 11b
SSR1 line 11c
SSR1 line 15
SSR1 line 16
SSR1 line 17
SSR1 line 18
SSR1 line 19
SSR1 line 20
SSR1 line 21
SSR1 line 23
SSR1 line 24
SSR1 line 25

SR1/SR2 line reference

SR2 line 1
- (SR2 line 2)
SR2 line 3
SR2 line 7c + 8c
- (SR2 line 10)
SR2 line 11
- (SR2 line 13)
SR2 line 14
- (SR2 line 15)
SR2 line 16
- (SR2 line 17)
SR2 line 18
- (SR2 line 24)
SR2 line 23
- (SR2 line 25)
SR2 line 32
SR1 line 2
- (SR1 line 5)
SR1 line 3 - 4
SR1 line 6
- (SR1 line 7 + 9)
SR1 line 10

Validation within SSR1

- 1.54 For each line:
Columns 2 to 8 = Column 9.
- 1.55 For each column:
- Lines 1 + 2 = Line 3;
Lines 3 + 4 = Line 5;
Lines 6 to 11c = Line 12;
Lines 5 + 12 + 13 = Line 14;
Lines 14 to 17 = Line 18;
Lines 19 to 21 = Line 22;
Lines 18 + 22 = Line 23.
Lines 23 + 24 = Line 25
- 1.56 Certain items on Line 25 must equal 0; these vary in accordance with the stage of the year of account being reported on, and are shown on the forms.
- 1.57 For the 1996 Account as at 96 months, the 1997 Account as at 84 months, the 1998 Account as at 72 months, the 1999 Account as at 60 months, the 2000 Account as at 48 months and the 2001 Account as at 36 months, the result shown in line 25, column 3 must equal that in line 25, column 9.

Relationship with other SSR forms

- 1.58 Certain items on SSR1 must agree to SSR1A for the relevant year of account as set out below:

SR1 reference

Line 4, column 9

Line 10, column 9

Line 11a, column 9

SSR1A reference

Line 11

Line 20, column 1, 3, 5, 7, 9 or 11 as appropriate

Line 20, column 2, 4, 6, 8, 10 or 12 as appropriate

- 1.59 Certain items on SSR1 must agree to SSR2 for the relevant year of account, as set out below:

SSR1 reference (column 9)

Line 4

Lines 1 + 4

Lines 6 + 8 + 10 + 11b

Line 18

SSR2 reference(line 15 unless otherwise indicated)

Column 4, line 13

Column 4

Column 5

Column 8

- 1.60 The following cross-references to the Balance Sheet (SSR4) must be made for each year of account and date being reported on:

	<u>SSR1 reference</u>	<u>SSR4 reference</u>
Accrued premium adjustments	Column 4, line 1 Column 4, line 2	Column 2, line 20 Column 2, lines 30 + 31
Fund reallocation	Column 5, line 9	Column 3, line 9
Expense accruals	Column 7, line 15	Column 6, lines 33 + 34
Balance/result on year of account (before personal expenses)	Column 3, line 23	Column 1, line 21 (1996, 1997, 1998, 1999, 2000 or 2001 year closing at 31.12.2003)
	Column 3, line 23	Column 1, line 25b (1996, 1997, 1998, 1999, 2000 or 2001 run-off year, 2002 or 2003)

1a SSR1A – Underwriting Account: Supplementary Information

- 1a.1 The purpose of this form is to collect additional analysis of the RITC received and RITC paid as reported on SSR1 as at 31 December 2003. The reason that this additional information is being collected is so that Lloyd's may correctly perform the RITC adjustment (at corporate member level) when preparing the Schedule 9a outputs for corporate members.
- 1a.2 Please complete the split of RITC payable and receivable as shown on the form.
- 1a.3 The breakdown by year of account to be reported on this form must be completed on an underwriting year, not by pure year basis.

Relationship with other SSR forms

- 1a.4 Certain items on SSR1A must agree to SSR1 for the relevant year of account as set out below:

<u>SSR1A</u>	<u>SSR1 reference</u>
Line 11	Line 4, column 9
Line 20, column 1, 3, 5, 7, 9 or 11 as appropriate	Line 10, column 9
Line 20, column 2, 4, 6, 8, 10 or 12 as appropriate	Line 11a, column 9

2 SSR2: Segmental Analysis

- 2.1 The purpose of this form is to collect details of the geographical location of where gross premiums (including RITC received) have been written, and certain revenue account items by class of business as defined by the Companies Act 1985.
- 2.2 Please complete as indicated on the form, and in accordance with the instructions below.
- 2.3 As for SSR1, the form is to be prepared on the basis that all incomes eg. gross premiums written are shown as **positive** and that all expenses eg. gross claims incurred are shown as **negative**.

Completion of SSR2

2.4 Classes of business

The classes of business to be reported are as set out in the Syndicate Accounting Byelaw (No. 18 of 1994), as amended, Schedule 4, paragraph 11. The risk categories and groupings which comprise the classes of business to be reported within the segmental analysis are set out in paragraph 116 of the Explanatory Notes to the byelaw. For ease of reference, this note is reproduced at Annex 2 to these instructions.

Life business must be disclosed in line 10 as 'other' business.

2.5 Geographical Analysis (columns 1, 2 and 3)

There is a requirement to disclose total gross insurance premiums from contracts concluded by the syndicate in:

- i) the member state of its head office (ie. the UK);
- ii) other EU member states; and
- iii) other countries.

For the very large majority of business the conclusion of a contract takes place when the policy is signed through the LPSO or a direct writing service company in the United Kingdom. For this business therefore the geographical location of the conclusion of the policy will be in the UK. **The geographical allocation of business for Schedule 9a reporting purposes is therefore different from the reporting of the geographical origin of business under the Syndicate Accounting Byelaw, whereby business is analysed by reference to the situs of the risk.**

In the situation where a binding authority has been granted to an overseas agent, for instance in the United States of America, the binding authority agreement is still signed through LPSO and therefore this business must be classified as UK business. An exception to this rule would be in the limited situations where the syndicate utilises an overseas service company to accept the business directly on behalf of the syndicate, and the policies do not flow through LPSO or any form of binding

authority authorised in the UK. In these limited situations the business would be classified by reference to the country in which the contract was concluded.

The format for the segmental analysis required by Schedule 9a is similar to that adopted by the Syndicate Accounting Byelaw with the exception that Gross Claims Incurred, rather than Gross Claims Paid, has to be disclosed by class of business.

2.6 RITC received (line 13)

All RITC accepted must be treated as UK business and disclosed in line 13, column 1. Columns 5 and 7 of line 13 must include the gross liabilities and reinsurers' share of these in respect of the RITC received by the year of account being reported on at all stages of the year of account. In the year when the RITC is received (usually year 2) the balance shown in line 13, column 8, will equal zero as the gross liabilities less the reinsurers' share will equal the premium received. Thereafter, usually year 3, the entries shown in line 13 must be adjusted to take into account movements in results for prior years reinsured therein, eg. for the 2001 year of account at the 36 months stage, columns 5 and 7 must show claims incurred and reinsurance in respect of 2000 and prior business assumed, taking account of adjustments resulting from the reassessment of reserves, claims paid etc at the 31 December 2003 year end.

2.7 Gross operating expenses

Gross operating expenses in the segmental analysis must be shown gross of any income items, such as over-riders and profit commission, which have been offset against acquisition costs in the revenue account. The contra entry for such items must be included in the reinsurance balance in the segmental analysis.

2.8 Percentage split of personal expenses across classes of business (column 9)

This asks for a **percentage allocation** of personal expenses for the syndicate year by segmental class of business, using a reasonable basis of apportionment between classes by the managing agent. This information is required so that Lloyd's centrally can allocate each corporate member's personal expenses by class when producing the members' outputs for the segmental analysis.

Column 9 must be completed in percentages rather than pounds and line 15 must equal 100%.

Validation within the form

- 2.9 For each line:
Columns 1 + 2 + 3 = Column 4;
Columns 4 + 5 + 6 + 7 = Column 8.

- 2.10 For each column:
Lines 1 to 10 = Line 11;
Lines 12 + 13 = Line 14;
Lines 11 + 14 = Line 15.

Cross-references to other forms

- 2.11 Certain items on SSR2 must agree to SSR1 for the relevant year of account and stage of account, as set out below:

<u>SSR2 reference</u> <u>(line 15 unless otherwise stated)</u>	<u>SSR1 reference (column 9)</u>
Column 4, line 13	Line 4
Column 4	Lines 1 + 4
Column 5	Lines 6 + 8 + 10 + 11b
Column 8	Line 18

3 **SSR3: Personal expenses**

- 3.1 SSR3 collects a breakdown of each personal expense category by corporate member.
- 3.2 Please complete as indicated on the form, and in accordance with the instructions below.
- 3.3 Each amount must be shown **to the nearest exact £, not in round £'000s**.
- 3.4 Amounts must be shown on a **cumulative** basis, including for 2000 and prior run-off years of account.
- 3.5 You are reminded that SLPs are **not** deemed to be corporate members and personal expenses in relation to SLPs **must not** be reported on this form (but see below re MAPAs).

Category of personal expense

- 3.6 The categories of personal expenses are set out at the top of the columns in the form. These categories are the same as the categories set out in Form SR10 of the syndicate return.
- 3.7 Where there is an item which does not fit into the headings provided in columns 1 to 9, and therefore needs to be reported in the blank columns 10 and 11, a description of the item must be shown in the space heading provided on the form.

Breakdown by corporate member

- 3.8 An analysis of each category of personal expense broken down by each corporate member is required in order that each corporate member's expenses can be correctly reported.
- 3.9 The software for the completion of SSR3 automatically generates the list of participating corporate members for the syndicate year concerned; where the participation of the corporate member(s) is via a MAPA, the relevant MAPA numbers are also generated.

Classification of members/MAPAs

- 3.10 Personal expenses relating **only to the bespoke participation of a corporate member** are to be entered on the line provided for that corporate member.
- 3.11 **The entire personal expenses for a MAPA** with any corporate (excluding SLP) participation must be reported on the line provided for that MAPA even if that MAPA has individual or SLP participation as well. Lloyd's central schedule 9a facility will, when preparing the outputs for subscribing corporate members, determine the personal expenses allocable to each participating corporate member on the MAPA.

Distribution data (DD) files

- 3.12 In order to help corporate members reconcile their Schedule 9a outputs with data provided to them from the Lloyd's distribution system, managing agents are asked to ensure that the data provided at member level on SSR3 is consistent with that provided to Lloyd's in the DD files.

Validation within the form

- 3.13 For each line:
Columns 1 to 11 = Column 12.
- 3.14 For each column
The sum of all of the lines agrees to the grand total.

Relationship with the 2003 syndicate return

- 3.15 The grand totals for columns 1, 2, 3, 4 and 6 for the 2001, 2002 and 2003 years of account must (when rounded to the nearest £'000) agree to the corporate members' totals shown on Form SR10 of the 2003 syndicate return, as set out below:

<u>Year of account and duration</u>	<u>SR10 references</u>
2001 Account at 36 months	SR10 (2001)
2002 Account at 24 months	SR10 (2002)
2003 Account at 12 months	SR10 (2003)

<u>SSR3 'grand total'</u>	<u>SR10 line reference</u>
Column 1	Line 1b
Column 2	Line 2b
Column 3	Line 3b
Column 4	Line 4b
Column 6	Line 7b

For each 2000 and prior run-off year, the 'grand total' of column 12 must equal SR10 (RO) line 12.

4 SSR4 – Balance Sheet

- 4.1 This form is 100% pre populated from SR12 for the relevant year of account. **Hence, the following instructions set out from 4.2 to 4.10 below apply to the completion of SR12.**

Columns 2 to 6: Schedule 9a adjustments

- 4.2 Column 1 must be completed first in accordance with the syndicate return instructions.
- 4.3 The Schedule 9a adjustments to the balance sheet generally reflect the adjustments made in the revenue account and are as follows:
- 4.4 Column 2 - Accrued premium: the accrued premiums, for both gross written premiums and reinsurance premiums payable must be reflected in debtors and creditors respectively, analysed between those arising from direct insurance operations and those from reinsurance operations. The adjustments are made to debtors at lines 18, 21, 22, 25 and 26, and creditors at lines 51, 53, 62, 73, 74 and 75 as appropriate.
- 4.5 Column 3 – fund reallocation: Schedule 9a requires funds to be shown gross, with the reinsurers' share of technical provisions to be disclosed as an asset. Consequently, it is necessary to gross up the technical reserves for the 2002 and 2003 years of account for the reinsurance element and disclose this separately as the reinsurers' share of technical provisions in line 18. The other side of the entry is made on line 62.
- 4.6 Column 4 - Reallocation of cash at bank and in hand: the definition of cash at bank and in hand is different between Lloyd's syndicates and companies. For companies, cash at bank and in hand only includes amounts held in current accounts or on overnight deposit, ie monies where withdrawal is not subject to a time restriction. Consequently, it is necessary to reallocate any monies other than these, which have been disclosed by the syndicate as cash at bank and in hand as 'Deposits with credit institutions', ie transfer from line 32 to lines 14 and 15.
- 4.7 Column 5 - Expense accruals: the accrued expenses result in an adjustment to the gross claims fund (line 51 for the 2001 year of account, line 53 for any 2000 and prior run-off year and line 62 for the 2002 and 2003 years of account) with the other side of the entry being reported at 'Other creditors' (line 82) or 'Accruals and deferred income' (line 83) as appropriate.
- 4.8 Column 6: this is the Schedule 9a balance sheet and is calculated from columns 1 to 5.

Validations with SR12

- 4.9 The following validations apply within SR12 for each year of account:
- SR12 line 43 must equal line 84 for each column
 - SR12 lines 43 and 84 column 4 must = 0
 - SR12 lines 43 and 84 column 5 must = 0

Relationship with other forms

- 4.10 The following entries on SR12 must agree to other forms on the syndicate return as follows:

<u>SR12 reference</u>	<u>Other form reference</u>
SR12 line 43 column 2*	SR2 line 1 column 5*
SR12 lines 73+74+75 column 2*	SR2 line 2 column 5*
SR12 line 18 column 3*	SR2 line 14 column 6*
SR12 lines 82+83 column 5*	SR2 line 24 column 8*

* must agree for each relevant year of account separately

Relationships between SR12 and SSR4

- 4.11 As stated previously SSR4 for a year of account is completed 100% from entries made in SR12.
- 4.12 Accordingly, the relationships between SR12 and SSR4 are summarised as follows (to agree for each year of account separately):

By column

<u>SSR4 column</u>	<u>SR12 column</u>
SSR4 column 1	SR12 column 1
SSR4 column 2	SR12 column 2
SSR4 column 3	SR12 column 3
SSR4 column 4	SR12 column 4
SSR4 column 5	Not used
SSR4 column 6	SR12 column 5
SSR4 column 7	SR12 column 6

By line

<u>SSR4 line</u>	<u>SR12 line</u>
SSR4 line 1	SR12 lines 1 + 2 + 3
SSR4 line 2	SR12 lines 5 + 6 + 7 + 8
SSR4 line 3	SR12 line 9
SSR4 line 4	SR12 line 10
SSR4 line 5	SR12 line 11 + 12 + 13
SSR4 line 6	SR12 line 14 + 15
SSR4 line 7	SR12 lines 4 + 16
SSR4 line 8	SR12 line 17
SSR4 line 9	SR12 line 18
SSR4 line 11	SR12 line 21
SSR4 line 12	SR12 line 22
SSR4 line 13	SR12 lines 25 + 26e
SSR4 line 14	SR12 line 34
SSR4 line 15	SR12 lines 23 + 24 + 24a + 27 + 28 + 29 + 30

SSR4 line 16	SR12 line 31
SSR4 line 17	SR12 lines 32 + 33
SSR4 line 18	SR12 lines 35 + 36
SSR4 line 19	SR12 line 37 + 38
SSR4 (2001) line 21	SR12 (2001) line 60 if closing
SSR4 (RO) line 21	SR12 (RO) line 66 if closing
SSR4 (2001) line 22	SR12 (2001) line 61 if closing
SSR4 (2001) line 23	SR12 (2001) line 65 if closing
SSR4 (RO) line 23	SR12 (RO) line 67 if closing
SSR4 (2001) line 24	SR12 (2001) line 51 if closing
SSR4 (RO) line 24	SR12 (RO) line 53 if closing
SSR4 (2001) line 25a	SR12 (2001) line 51 if RO
SSR4 (2001) line 25b	SR12 (2001) line 60 if RO
SSR4 (2001) line 26	SR12 (2001) line 61 if RO
SSR4 (2001) line 27	SR12 (2001) line 65 if RO
SSR4 (RO) line 25a	SR12 (RO) line 53 if RO
SSR4 (RO) line 25b	SR12 (RO) line 66 if RO
SSR4 (RO) line 27	SR12 (RO) line 67 if RO
SSR4 (2002, 2003) line 25b	SR12 (2002, 2003) line 62
SSR4 (2002, 2003) line 26	SR12 (2002, 2003) line 64
SSR4 (2002, 2003) line 27	SR12 (2002, 2003) lines 65 + 69
SSR4 line 29	SR12 line 72
SSR4 line 30	SR12 line 73
SSR4 line 31	SR12 lines 74 + 75
SSR4 line 32	SR12 line 78
SSR4 line 33	SR12 lines 68 + 70 + 71 + 76 + 77 + 79 + 80 + 82 + 82a + 82b
SSR4 line 34	SR12 line 83

Validation within the form

4.13 For each line:
Columns 1 to 6 = Column 7.

4.14 For each column:
Lines 1 to 19 = Line 20;
Lines 21 to 27 = Line 28;
Lines 28 to 34 = Line 35;
Line 20 = Line 35.

4.15 In addition:

Accrued premium adjustments: column 2, line 20 - 30 - 31 = column 2, line 25b.
Fund reallocation: column 3, line 9 = column 3, either line 25a or 25b.

Reallocation of cash: column 4, line 6 = -(column 4, line 17).

Expense accruals: column 6, lines 33 + 34 = -(column 6, lines 24 + 25a + 25b).

Relationship with other forms in the supplementary syndicate return

- 4.16 The following cross-references to the Underwriting Account (SSR1) must be made for each year of account and date being reported on:

	<u>SSR4 reference</u>	<u>SSR1 reference</u>
Accrued premium adjustments	Column 2, line 20 Column 2, lines 30 + 31	Column 4, line 1 Column 4, line 2
Fund reallocation	Column 3, line 9	Column 5, line 9
Expense accruals	Column 6, lines 33 +34	Column 7, line 15
Balance/result on year of account (before personal expenses)	Column 1, line 21 (1996, 1997, 1998, 1999, 2000 or 2001 year closing at 31.12.2003)	Column 3, line 23
	Column 1, line 25b (1996, 1997, 1998, 1999, 2000 or 2001 run-off year, 2002, 2003)	Column 3, line 23

4a SSR4A – Balance Sheet: Supplementary Information

- 4a.1 This form collects a breakdown of the market value and cost of investments held per the SSR4 by each underwriting year at 31 December 2003. This information is required for the purpose of providing an expanded analysis of investments, as required under Schedule 9a, to each corporate member.

- 4a.2 Please complete as shown on the form.

Validation within the form

- 4a.3 For each column:
Lines 1 + 2 = line 3;
Lines 4 to 10 = line 11.

5 SSR5 – Managing agent's report

- 5.1 This report must be approved, **signed and dated**, on behalf of the directors of the underwriting agent, by at least one director and by the compliance officer. The same person must not sign in both capacities.
- 5.2 The syndicate number and page numbers must be entered. The page numbers entered in the managing agent's report must include all forms in the return and any additional pages of analysis.

6 SSR6 - Auditor's report

- 6.1 This report must be **signed and dated** on behalf of the recognised auditor by a partner or director.
- 6.2 The syndicate number must be entered. The scope of the auditor's report must include all forms in the return including the managing agent's report and any additional pages of analysis.
- 6.3 The audit report is currently under review and will be provided to the market with the return software.

NB. Where reference to the syndicate number and page numbers has been omitted, the reports are invalid and will be returned for resubmission.

This example shows the exchange adjustment required in respect of the 2001 year of account at 36 months at 31.12.2003, accounting for the exchange adjustments already arising after 24 months as at 31.12.2002.

In this example, 100% premiums and claims are in US\$, 50% of investment income in US\$ and syndicate and personal expenses are 100% sterling.
Exchange rates: 31.12.2001 £ = \$US 1.46, 31.12.2002 £ = \$US 1.61, 31.12.2003 £ = \$US 1.55 (for example).

STEP 1 : CALCULATE EXCHANGE ADJUSTMENT ON LAST YEAR'S SCHEDULE 9A REVENUE ACCOUNT (SSRI)

	Exchange adjustment factor (31.12.02 to 31.12.03)	Schedule 9A revenue account at 31.12.02 £	Schedule 9A revenue account at 31.12.02 retranslated at 2003 rates £	Reversal of exchange adjustments this year A £
Net premiums received	1.61/1.55	10,000	10,387	(387)
RITC received	1.61/1.55	5,000	5,194	(194)
Total premiums		15,000	15,581	(581)
Net claims paid	1.61/1.55	(7,000)	(7,271)	271
Net fund (SSRI, lines 8 + 9)	1.61/1.55	(5,000)	(5,116)	116
			Apply exchange adjustment to outstanding claims only - say £3,000	
Underwriting balance		3,000	3,194	(194)
Syndicate expenses	None	(2,000)	(2,000)	0
Investment income and gains	1.61/1.55 x 50%	1,500	1,529	(29)
Personal expenses	None	(2,000)	(2,000)	0
Exchange adjustment		(500)	(723)	223
			Balance of adjustments	
Balance / result		0	0	0

**STEP 2 : ADD THE PREVIOUS YEAR'S REVERSAL OF EXCHANGE ADJUSTMENTS TO THIS YEAR'S REVERSAL TO
OBTAIN TOTAL ADJUSTMENT IN COLUMN 2 OF 31.12.2003 SSRI**

<u>Exchange adjustments at 31.12.2002</u>	Exchange adjustment factor (31.12.01 to 31.12.02)	Schedule 9a revenue account at 31.12.02 £	Schedule 9a revenue account at 31.12.01 £	Exchange adjustment in 31.12.2002 return (col 2) B £
Net premiums received	1.46/1.61	10,000	11,027	1,027
RITC received	1.46/1.61	5,000	0	0
Total premiums		15,000	11,027	1,027
Net claims paid	1.46/1.61	(7,000)	(4,000)	(373)
Net fund (SR1, lines 8 + 9)	1.46/1.61	(5,000)	(5,827)	(280)
			Apply exchange adjustment to outstanding claims only - say £3,000	
Underwriting balance		3,000	1,200	374
Syndicate expenses	None	(2,000)	(1,000)	0
Investment income and gains	1.46/1.61 x 50%	1,500	800	37
Personal expenses	None	(2,000)	(1,000)	0
Exchange adjustment		(500)	0	(411)
Balance / result		0	0	0

Cumulative exchange adjustments at 31.12.2003

	Reversal of exchange adjustments 2003 cal year A £	Reversal of exchange adjustments in 31.12.2002 return B £	Total exchange adj to report in column 2 SSRI 31.12.2003 A + B £
Net premiums received	(387)	1,027	640
RITC received	(194)	0	(194)
Total premiums	(581)	1,027	446
Net claims paid	271	(373)	(102)
Net fund (SSRI, lines 8 + 9)	116	(280)	(164)
Underwriting balance	(194)	374	180
Syndicate expenses	0	0	0
Investment income and gains	(29)	37	8
Personal expenses	0	0	0
Exchange adjustment	223	(411)	(188)
Balance / result	0	0	0

Extract from Syndicate Accounting Byelaw Explanatory Note 116 : Classes of business–segmental analysis

The groups of risk categories previously used by underwriters in the classification of business (as previously required by schedule 8 to the 1987 byelaw) differ from the new disclosure requirements contained in paragraph 11 of schedule 4 to the byelaw (stipulated by the EC Insurance Accounts Directive). Schedule 7 of the new byelaw will, therefore, in future, require disclosure in the underwriter's reports on the new EC basis, in order to avoid the need for two different forms of analysis in the annual report document. The table below summarises the two types of classification and indicates how the existing risk category based analysis may be converted into the EC-derived analysis. It should be noted that these are minimum disclosure requirements and there is nothing to prevent a more detailed analysis from being provided, so long as it sub-analyses the new EC categories which must remain identifiable.

Risk Categories per EC Directive	Risk Categories previously used by Underwriters
Accident and Health	Accident and Health
Motor (third party liability) Motor (other classes)	Motor
Marine, Aviation and Transport	Aviation Combined Policies other than proportional reinsurance Aviation Physical Loss or Damage Ships Physical Loss or Damage Goods in Transit Energy, Search & Production Vessels and Offshore Property Energy Operators Extra Expenses & Well Control
Fire and Other Damage to Property	Non-Marine Property Loss or Damage except All Risks of Physical Loss or Damage – Direct Proportional Reinsurance Energy Onshore
Third Party Liability	Aviation Legal Liability Ships and Other Marine Legal Liability Non-Marine General Liability Energy Liability, Onshore, Claims Made Energy Liability, Onshore, All Other Energy Liability, Offshore, Claims Made Energy Liability, Offshore, All Other
Credit and Suretyship Legal Expenses Assistance Miscellaneous	Pecuniary Loss
Reinsurance Acceptances	Specific Inwards Excess of Loss Reinsurance Whole Account Excess of Loss Reinsurance All Risks of Physical Loss or Damage – Direct Proportional Reinsurance Aviation Hull and Liability – Proportional Reinsurance

INDEX TO FORMS
ANNUAL ACCOUNTING RETURN - 31.12.2003

Form	Description
AA Front	Annual accounting return cover sheet
AA1	Profit and Loss Account
AA2	General insurance business
AA3	Balance Sheets
AA4	Segmental Reporting
AA5	Reconciliations
AA6	Pro forma technical account
AA7	Pro forma balance sheet
AA8	Opening balance sheet
AA9	Analysis of result after all personal expenses
AA10	Basis of preparation
AA11	Managing Agent's Report
AA12	Auditor's Report

ANNUAL ACCOUNTING RETURN
31 DECEMBER 2003
FORMS AA1 TO AA12

DUE FOR SUBMISSION BY 4 MARCH 2004

SYNDICATE NO:

Managing Agent:

Contact Name: Telephone No:

E Mail Address:.....

Auditors:

I confirm that all forms which are applicable to this syndicate have been included in this return. The electronic version of this return has been submitted to Lloyd's via the MSU web-site on

Signed Compliance Officer

Name (Block capitals)

For Lloyd's use only:

Date received:
No. of days late:
Byelaw Breach: Yes/No

PROFIT AND LOSS ACCOUNT

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of account aggregation

Page:

		1	2	3	4	5	6
		Run-Offs	2001	2002	2003	Other adjustments	Annual accounting result (1 to 5)
Result/balance from technical account	1						0
Gross investment income	2						0
Gross investment gains	3						0
Gross investment losses	4						0
Gross investment expenses	5						0
Result/balance before personal expenses (1+2+3-4-5)	6	0	0	0	0	0	0
"Standard" personal expenses (see instructions)	7						0
Result/balance after standard personal expenses (6-7)	8	0	0	0	0	0	0
Other' personal expenses (see instructions)	9						0
Result/balance after all personal expenses (8-9)	10	0	0	0	0	0	0

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
Year of account 2001

PROFIT AND LOSS ACCOUNT
2001 ACCOUNT IN 2003

Page:

	Per Syndicate accounts				Schedule 9a adjustments								Annual accounting adjustments							
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocator	Schedule 9a return - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule 9a result - 2003 calendar year movement	Average exchange rate adjustment	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	Annual accounting result (full +12 to 16 + 18; abridged = 17+18)
	1	2	3 (1+2)	4	5	6	7	8	9	10 (c3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	19
Result/balance from technical account																				
Gross investment income																				
Gross investment gains																				
Gross investment losses																				
Gross investment expenses																				
Result/balance before personal expenses (1+2-3+4-5)																				
"Standard" personal expenses (see instructions)																				
Result/balance after standard personal expenses (6-7)																				
Other personal expenses (see instructions)																				
Result/balance after all personal expenses (6-9)																				

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
Year of account 2002

PROFIT AND LOSS ACCOUNT
2002 ACCOUNT IN 2003

Page:

Per Syndicate accounts				Schedule 9a adjustments								Annual accounting adjustments								Annual accounting result (full = 12 to 16 + 18; abridged result = 17+18)	
Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2003 calendar year movement	Average exchange rate adjustment	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	Annual accounting result (full = 12 to 16 + 18; abridged result = 17+18)		
1	2	3 (1 + 2)	4	5	6	7	8	9	10 (c3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	19		
Result/balance from technical account																					
Gross investment income																					
Gross investment gains																					
Gross investment losses																					
Gross investment expenses																					
Result/balance before personal expenses (1+2+3-4-5)																					
"Standard" personal expenses (see instructions)																					
Result/balance after standard personal expenses (6-7)																					
Other personal expenses (see instructions)																					
Result/balance after all personal expenses (8-9)																					

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
Year of account 2003

PROFIT AND LOSS ACCOUNT
2003 ACCOUNT IN 2003

Page:

	Per Syndicate accounts			Schedule 9a adjustments								Annual accounting adjustments							Annual accounting result (full =12 to 16 + 18; abridged = 17+18)
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003 3 (1+2)	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocator	Schedule 9a return - cumulative to 31.12.2003 10 (c3 to 9)	Schedule 9a result - cumulative to 31.12.2003 11	Schedule 9a result - 2003 calendar year movement 12 (=10 - 11)	Average exchange rate adjustment 12a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	
1	2	3 (1+2)	4	5	6	7	8	9	10 (c3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	19
Result/balance from technical account																			
Gross investment income	1									0		0							
Gross investment gains	2									0		0							
Gross investment losses	3									0		0							
Gross investment expenses	4									0		0							
										0		0							
Result/balance before personal expenses (1+2+3-4-5)	5									0		0							
	6									0		0							
"Standard" personal expenses (see instructions)	7									0		0							
Result/balance after standard personal expenses (6-7)	8									0		0							
Other personal expenses (see instructions)	9									0		0							
Result/balance after all personal expenses (8-9)	10									0		0							

PROFIT AND LOSS ACCOUNT
RUN-OFF ACCOUNT IN 2003

Per Syndicate accounts				Schedule 9a adjustments									Annual accounting adjustments						Annual accounting result (full = 12 to 16 + 18; abridged result = 17+18)
Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocator	Schedule 9a return - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2003 calendar year movement	Average exchange rate adjustment	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	Annual accounting result (full = 12 to 16 + 18; abridged result = 17+18)
1	2	3 (1 + 2)	4	5	6	7	8	9	10 (c3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	19
Result/balance from technical account																			
Gross investment income																			
Gross investment gains																			
Gross investment losses																			
Gross investment expenses																			
Result/balance before personal expenses (1+2+3-4-5)																			
"Standard" personal expenses (see instructions)																			
Result/balance after standard personal expenses (6-7)																			
Other personal expenses (see instructions)																			
Result/balance after all personal expenses (8-9)																			

UNDERWRITING ACCOUNTING

SYNDICATE NO:.....
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account Aggregation

Page:

		Run-offs	2001	2002	2003	Other adjustments	Annual accounting result (1 to 5)
		1	2	3	4	5	6
Gross premiums	1						0
Reinsurers' share	2						0
Net premiums (1-2)	3	0	0	0	0	0	0
Gross provision for unearned premium (AA only)	4						0
Reinsurers' share (AA only)	5						0
Net earned premiums (AA only) (3-4+5)	6	0	0	0	0	0	0
Reinsurance to close received - gross	7a						0
Reinsurance to close received - R/I element	7b						0
Reinsurance to close received - net (lines 7a - 7b)	7c	0	0	0	0	0	0
Run-off reserves received - gross	8a						
Run-off reserves received - R/I element	8b						
Run-off reserves received - net (lines 8a - 8b)	8c						
Sub-total (6+7c+8c)	9	0	0	0	0	0	0
Gross claims paid	10						0
Reinsurers' share of paid amount	11						0
Net claims paid (10-11)	12	0	0	0	0	0	0
Grossed up claims reserves	13						0
Unexpired risk provision (URP)	13a						0
R/I element of grossing up	14						0
R/I element of URP	14a						0
Reinsurance to close paid - gross	15						0
Reinsurance to close paid - R/I element	16						0
Run-off reserves retained - gross	17						0
Run-off reserves retained - R/I element	18						0
Reinsurance to close paid - net (memo only) (15-16)	19	0	0	0	0	0	0
Run-off reserves retained - net (memo only) (17-18)	20	0	0	0	0	0	0
Sub-total (12+13+13a-14-14a+19+20)	21	0	0	0	0	0	0
Claims management costs	22						
Profit/(loss) on exchange	23						0
Administrative expenses	24						0
Commissions	25						0
Other acquisition expenses	26						0
Change in deferred acquisition costs	26a						0
Reinsurers' commissions and profit participations	27						0
Total operating expenses (24+25+26+26a-27)	28	0	0	0	0	0	0
Balance on technical account (9-21-22+23-28)	29	0	0	0	0	0	0
Net technical provisions brought forward	30						
Net technical provisions carried forward	31						
Technical result/balance (29+30-31)	32	0	0	0	0	0	0

AA2(sum)

UNDERWRITING ACCOUNTING
2001 ACCOUNT IN 2003

Page:

Per synthetic accounts				Schedule 9a adjustments							Annual accounting adjustments							Annual accounting result (full = 12 to 16 + 18; abridged = 17+18)		
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - cumulative to 31.12.2002	Schedule 9a result - 2003 calendar year movement	Average exchange rate adjustment	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Further technical provisions	Abridged return	Other adjustments	Annual accounting result (full = 12 to 16 + 18; abridged = 17+18)
	1	2	3 (1+2)	4	5	6	7	8	9	10 (e=3 to 9)	11	12 (e=10+11)	12a	13	14	15	16	17	18	19
Gross premiums			0							0		0								0
Reinsurers' share			0							0		0								0
Net premiums (1-2)			0		0					0		0			0	0	0	0	0	0
Gross provision for unearned premium (AA only)			0		0					0		0								0
Reinsurers' share (AA only)			0		0					0		0								0
Net earned premiums (AA only) (3-4+5)			0		0					0		0			0	0	0	0	0	0
Reinsurance to close received - gross			0							0		0								0
Reinsurance to close received - R/I element			0							0		0								0
Reinsurance to close received - net (lines 7a - 7b)			0		0					0		0								0
Reinsurance to close received - net (lines 7a - 7b)			0		0					0		0								0
Run-off reserves received - gross			0		0					0		0								0
Run-off reserves received - R/I element			0		0					0		0								0
Run-off reserves received - net (lines 8a - 8b)			0		0					0		0								0
Run-off reserves received - net (lines 8a - 8b)			0		0					0		0								0
Sub-total (6-7c-8c)			0		0					0		0			0	0	0	0	0	0
Gross claims paid			0							0		0								0
Reinsurers' share of paid amount			0							0		0								0
Net claims paid (10-11)			0		0					0		0								0
Net claims paid (10-11)			0		0					0		0								0
Grossed up claims reserves			0							0		0								0
Grossed up claims reserves			0							0		0								0
Unexpired risk provision (URP)			0							0		0								0
Unexpired risk provision (URP)			0							0		0								0
R/I element of grossing up			0							0		0								0
R/I element of URP			0							0		0								0
R/I element of URP			0							0		0								0
Reinsurance to close paid - gross			0							0		0								0
Reinsurance to close paid - R/I element			0							0		0								0
Reinsurance to close paid - gross			0							0		0								0
Run-off reserves retained - gross			0							0		0								0
Run-off reserves retained - gross			0							0		0								0
Run-off reserves retained - R/I element			0							0		0								0
Run-off reserves retained - R/I element			0							0		0								0
Reinsurance to close paid - net (means only) (15-16)			0		0					0		0								0
Reinsurance to close paid - net (means only) (15-16)			0		0					0		0								0
Run-off reserves retained - net (means only) (17-18)			0		0					0		0								0
Run-off reserves retained - net (means only) (17-18)			0		0					0		0								0
Sub-total (12+13+14+14a+19-20)			0		0					0		0			0	0	0	0	0	0
Claims management costs			0							0		0								0
Claims management costs			0							0		0								0
Profit/loss on exchange			0							0		0								0
Administrative expenses			0							0		0								0
Administrative expenses			0							0		0								0
Commissions			0							0		0								0
Commissions			0							0		0								0
Other acquisition expenses			0							0		0								0
Other acquisition expenses			0							0		0								0
Change in deferred acquisition costs			0							0		0								0
Change in deferred acquisition costs			0							0		0								0
Reinsurers' commissions and profit participations			0		0					0		0			0	0	0	0	0	0
Reinsurers' commissions and profit participations			0		0					0		0			0	0	0	0	0	0
Total operating expenses (24-25-26-26a-27)			0		0					0		0			0	0	0	0	0	0
Total operating expenses (24-25-26-26a-27)			0		0					0		0			0	0	0	0	0	0
Balance on technical account (9-21-22+23-28)			0		0					0		0			0	0	0	0	0	0
Balance on technical account (9-21-22+23-28)			0		0					0		0			0	0	0	0	0	0
Net technical provisions brought forward			0							0		0								0
Net technical provisions brought forward			0							0		0								0
Net technical provisions carried forward			0							0		0								0
Net technical provisions carried forward			0							0		0								0
Technical result/balance (29-30-31)			0		0					0		0								0

UNDERWRITING ACCOUNTING
2002 ACCOUNT IN 2003

Page:

Per syndicate accounts				Schedule 9a adjustments					Annual accounting adjustments					Annual accounting result (full = 12 to 16 + 17 to 18) / averaged = 17 to 18)					
Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/brokerage	Expense accruals	Expense reallocation	Schedule 9a cumulative to 31.12.2003	Schedule 9a cumulative to 31.12.2002	Schedule 9a calendar year movement	Average exchange rate adjustment	Unearned premiums	Deferred acquisition costs	Claims reserves	Further technical provisions	Abridged return	Other adjustments	
1	2	3 (1+2)	4	5	6	7	8	9	10 (1+3 to 9)	11	12 (1+11)	12a	13	14	15	16	17	18	19
1																			
Gross premiums																			
Reinsurers' share																			
2																			
No premiums (1-2)																			
3																			
No premiums (1-2)																			
4																			
Gross provision for unearned premium (AA only)																			
Reinsurers' share (AA only)																			
5																			
No earned premiums (AA only) (3+4+5)																			
6																			
Reinsurance to close received - gross																			
7a																			
Reinsurance to close received - R/I element																			
7b																			
Reinsurance to close received - net (lines 7a - 7b)																			
7c																			
Run-off reserves received - gross																			
8a																			
Run-off reserves received - R/I element																			
8b																			
Run-off reserves received - net (lines 8a - 8b)																			
8c																			
Subs total (6-7c-8c)																			
9																			
													</						

UNDERWRITING ACCOUNTING
2003 ACCOUNT IN 2003

Page:

Per syndicate accounts				Schedule 9a adjustments					Annual accounting adjustments										Annual accounting result (full -12 to 16+ -17-18) abridged = 17-19
Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2003 10 (13 to 9)	Schedule 9a result - cumulative to 31.12.2002 11	Schedule 9a result - calendar year movement 12 (+16-11)	Average exchange rate adjustment 12a	Unearned premiums 13	Deferred acquisition costs 14	Claims reserves reversal 15	Further technical provisions 16	Abridged return 17	Other adjustments 18	19
1	2	3 (1+2)	4	5	6	7	8	9											
Gross premiums		0							0	0	0								0
Reinsurers' share		0							0	0	0								0
Net premiums (1-2)		0		0		0			0	0	0		0	0	0	0	0	0	0
Gross provision for unearned premium (AA only)																			0
Reinsurers' share (AA only)																			0
Net unearned premium (AA only) (3-4-5)		0		0		0			0	0	0		0	0	0	0	0	0	0
Reinsurance to close received - gross		0							0	0	0								0
Reinsurance to close received - R/I element		0							0	0	0								0
Reinsurance to close received - net (lines 7a - 7b)		0							0	0	0		0	0	0	0	0	0	0
Reinsurance to close received - net (lines 7a - 7b)		0							0	0	0		0	0	0	0	0	0	0
Run-off reserves received - gross		0							0	0	0								0
Run-off reserves received - R/I element		0							0	0	0								0
Run-off reserves received - net (lines 8a - 8b)		0							0	0	0								0
Run-off reserves received - net (lines 8a - 8b)		0							0	0	0								0
Sub-total (6-7c-8c)		0		0		0			0	0	0		0	0	0	0	0	0	0
Gross claims paid		0							0	0	0								0
Reinsurers' share of paid amount		0							0	0	0								0
Net claims paid (10-11)		0		0					0	0	0								0
Grossed up claims reserves									0	0	0								0
Unexpired risk provision (URP)																			0
R/I element of grossed up																			0
R/I element of grossing up																			0
R/I element of URP																			0
Reinsurance to close paid - gross																			0
Reinsurance to close paid - R/I element																			0
Run-off reserves retained - gross																			0
Run-off reserves retained - R/I element																			0
Reinsurance to close paid - net (memo only) (15-16)																			0
Run-off reserves retained - net (memo only) (17-18)																			0
Run-off reserves retained - net (memo only) (17-18)																			0
Sub-total (12-13+13a-14-14a-19-20)		0		0		0		0	0	0	0		0	0	0	0	0	0	0
Claims management costs																			0
Profit/loss on exchange		0							0	0	0								0
Administrative expenses																			0
Commission		0							0	0	0								0
Other acquisition expenses																			0
Change in deferred acquisition costs																			0
Reinsurers' commissions and profit participations																			0
Reinsurers' commissions and profit participations		0					0	0	0	0	0		0	0	0	0	0	0	0
Total operating expenses (24-25+26-26a-27)		0		0			0	0	0	0	0		0	0	0	0	0	0	0
Balance on technical account (9-21-22+23-28)		0		0		0	0	0	0	0	0		0	0	0	0	0	0	0
Net technical provisions brought forward																			0
Net technical provisions brought forward																			0
Net technical provisions carried forward																			0
Technical result/balance (29-30-31)		0		0		0	0	0	0	0	0		0	0	0	0	0	0	0

UNDERWRITING ACCOUNTING
RUN-OFF ACCOUNT IN 2003

Page:

	Per syndicate accounts				Schedule 9a adjustments				Annual accounting adjustments						Annual accounting result - 12 to 16 + 17 + 180					
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Accrued premium	Balanceing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - 31.12.2002 (10 (= 1 to 9))	Schedule 9a result - 31.12.2002 (11)	Schedule 9a result - calendar year movement (12 (= 11-10))	Average exchange rate adjustment (12a)	Unearned premiums (13)		Deferred acquisition costs (14)	Claims reserves reversal (15)	Further technical provisions (16)	Abridged technical provisions (17)	Other adjustments (18)
	1	2	3 (1+2)	4	5	6	7	8	9				12a	13	14	15	16	17	18	19
Gross premiums																				
Reinsurers' share																				
Net premiums (1-2)																				
Gross provision for unearned premium (AA only)																				
Reinsurers' share (AA only)																				
Net earned premiums (AA only) (3-4-5)																				
Reinsurance to close received - gross																				
Reinsurance to close received - Rf element																				
Reinsurance to close received - net (lines 7a - 7b)																				
Run-off reserves received - gross																				
Run-off reserves received - Rf element																				
Run-off reserves received - net (lines 8a - 8b)																				
Sub-total (6-7c-8c)																				
Gross claims paid																				
Reinsurers' share of paid amount																				
Net claims paid (10-11)																				
Grossed up claims reserves																				
Unspread risk provision (LRP)																				
Rf element of grossed up																				
Rf element of LRP																				
Reinsurance to close paid - gross																				
Reinsurance to close paid - Rf element																				
Run-off reserves retained - gross																				
Run-off reserves retained - Rf element																				
Reinsurance to close paid - net (memo only) (15-16)																				
Run-off reserves retained - net (memo only) (17-18)																				
Sub-total (12+13+14-14a-19-20)																				
Claims management costs																				
Profit/loss on exchange																				
Administrative expenses																				
Commissions																				
Other acquisition expenses																				
Change in deferred acquisition costs																				
Reinsurers' commissions and profit participations																				
Total operating expenses (24-25+26+26a-27)																				
Balance on technical account (9-21-22+23-28)																				
Net technical provisions brought forward																				
Net technical provisions carried forward																				
Technical result/balance (29+30-31)																				

**BALANCE SHEET
ASSETS - PAGE 1
ALL YEARS**

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

	1	2	3	4	5	6	7
	run-offs	2001	2002	2003	Abridged return	Other adjustments	Annual accounting result (full = 1 to 4 + 6: abridged = 5+6)
Investments	Line						
Equity shares	1						0
Other shares and other variable yield securities	2						0
Holdings in collective investment schemes	3						0
Rights under derivative contracts	4						0
Debt securities and other fixed income securities	5						0
Fixed interest	6						0
Approved securities	7						0
Variable interest	8						0
Participation in investment pools	9						0
Loans secured by mortgages	10						0
Loans to public or local authorities and nationalised industries or undertakings	11						0
Other loans	12						0
Deposits with approved credit institutions and approved financial institutions	13						0
Other	14						0
Deposits with ceding undertakings	15						0
Claims outstanding	16						0
R/I element of URP	17						0
Reinsurers' share of technical provisions	18a						0
Unearned premiums	18b						0
Other	19						0
Total page 1 (lines 1 to 19)	20	0	0	0	0	0	0

**BALANCE SHEET
ASSETS - PAGE 2
ALL YEARS**

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003

Page

	1	2	3	4	5	6	7
	run-off	2001	2002	2003	Abridged return	Other adjustments	Annual accounting result (full = 1 to 4 + 6; abridged = 5+6)
Debtors and other assets	Line						
Debtors arising out of direct insurance operations	Policyholders						0
	Intermediaries						0
Salvage and subrogation recoveries	23						0
Inter- syndicate loans	24						0
Inter- year loans	24a						
	25						0
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business						0
	Gross reinsurance recoverable on paid claims						0
	Due from reinsurers and intermediaries under reinsurance contracts						0
	Bad debt provision thereon						0
	Net reinsurance recoverable on paid claims (26a-26b)						0
	Other insurance debtors (net)						0
	26d						0
	26e						0
Other debtors	Due within 12 months - excl cash calls						0
	Due within 12 months - cash calls						0
	Due after 12 months						0
	Due within 12 months						0
	Due after 12 months						0
Tangible assets	31						0
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities						0
	Cash in hand						0
Other assets	Reinsurance to close premium receivable						0
	Overseas deposits						0
	Other (please provide separate analysis)						0
	Accrued interest and rent						0
Prepayments and accrued income	Other prepayments and accrued income						0
	Deferred acquisition costs						0
Total page 2 (lines 21 to 25 +26e to 38e)	38a	0	0	0	0	0	0
Total page 1 (= line 20)	40	0	0	0	0	0	0
Grand total (= lines 39+40) = AA3 page 3 line 84)	43	0	0	0	0	0	0

**BALANCE SHEET
LIABILITIES - PAGE 3
ALL YEARS**

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

	1	2	3	4	5	6	7
	run-off	2001	2002	2003	Abridged return	Other adjustments	Annual accounting result (full = 1 to 4 + 6; abridged = 5+6)
Line							
Technical provisions (gross amount)							
51							0
Unexpired risk provision							0
51a							0
Unearned premiums							0
54							0
Other							0
55							0
Total (lines 51 to 55)	0	0	0	0	0	0	0
56							0
2003 result before personal expenses per AA1							0
60							0
2002 annual accounting result in 31.12.2002							0
60a							0
2001 annual accounting result in 31.12.2001							0
60b							0
Abridged only - Balance before personal expenses and cash calls at 31.12.2002							0
60c							0
Analysis of amounts due to members							0
Personal expenses paid on account							0
61							0
Cash calls due by 31.12.2003							0
65							0
Amounts overpaid by members							0
68							0
Continuous solvency transfer							0
69							0
Taxation							0
70							0
Other							0
71							0
Deposits received from reinsurers							0
72							0
Arising out of insurance operations							0
73							0
Reinsurance accepted							0
74							0
Reinsurance ceded							0
75							0
Secured							0
76							0
Debtenture loans							0
77							0
Unsecured							0
78							0
Amounts owed to credit institutions							0
79							0
Taxation							0
Other creditors							0
80							0
RTIC premiums payable							0
Other (please provide separate analysis)							0
82							0
Inter-syndicate loans							0
82a							0
Inter-year loans							0
82b							0
Accruals and deferred income							0
83							0
Total (lines 56 + 60 to 83) (= AA3 page 2 line 43)	0	0	0	0	0	0	0
84							0

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

BALANCE SHEET
ASSETS - PAGE 1
2001 YEAR OF ACCOUNT

Page

Per Syndicate accounts			Schedule 9a adjustments					Annual accounting adjustments					Annual accounting result (6 to 11)	
			1	2	3	4	5	6 (= 1 to 5)	7	8	9	10		
Investments	Line		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)	
Financial investments	1	Equity shares					0						0	
	2	Other shares and other variable yield securities					0						0	
	3	Holdings in collective investment schemes					0						0	
	4	Rights under derivative contracts					0						0	
	5	Fixed interest					0						0	
	6	Debt securities and other fixed income securities					0						0	
	7	Variable interest					0						0	
	8	Approved securities					0						0	
	9	Other					0						0	
	10	Participation in investment pools					0						0	
Deposits with ceding undertakings	11	Loans secured by mortgages					0						0	
	12	Loans to public or local authorities and nationalised industries or undertakings					0						0	
	13	Loans secured by policies of insurance issued by the syndicate					0						0	
	14	Other					0						0	
	15	Withdrawal subject to a time restriction of one month or less					0						0	
	16	Withdrawal subject to a time restriction of more than one month					0						0	
	17	Other					0						0	
	18	Deposits with approved credit institutions and approved financial institutions					0						0	
	18a	Claims outstanding					0						0	
	18b	R/I element of URP					0						0	
Reinsurers' share of technical provisions	19	Unearned premiums					0						0	
	20	Other					0						0	
Total page 1 (lines 1 to 19)														

BALANCE SHEET
ASSETS - PAGE 2
2001 YEAR OF ACCOUNT

Page:

			Per Syndicate accounts			Schedule 9a adjustments				Annual accounting adjustments					
			1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11		
Debtors and other assets	Line		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)		
Debtors arising out of direct insurance operations	21	Policyholders						0					0		
	22	Intermediaries						0					0		
Salvage and subrogation recoveries	23							0					0		
	24	Inter-syndicate loans						0					0		
Inter-year loans	24a							0					0		
	25							0					0		
Debtors arising out of reinsurance operations	26a	Due from ceding insurers and intermediaries under reinsurance business						0					0		
	26b	Due from reinsurers and intermediaries under reinsurance contracts						0					0		
	26c	Net reinsurance recoverable on paid claims (26a-26b)						0					0		
	26d	Other insurance debtors (net)						0					0		
	26e	Total (26c+26d)						0					0		
	27	Due within 12 months - excl cash calls						0					0		
Other debtors	27a	Members						0					0		
	28	Due within 12 months - cash calls						0					0		
	29	Due after 12 months						0					0		
	30	Due within 12 months						0					0		
Tangible assets	31	Due after 12 months						0					0		
	32	Due within 12 months						0					0		
Cash at bank and in hand	33	Due after 12 months						0					0		
	34	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions						0					0		
Other assets	35	Cash in hand						0					0		
	36	Reinsurance to close premium receivable						0					0		
	37	Overseas deposits						0					0		
	38	Other (please provide separate analysis)						0					0		
Prepayments and accrued income	39	Accrued interest and rent						0					0		
	40	Other prepayments and accrued income						0					0		
Total page 2 (lines 21 to 25 +25c to 38a)	41	Deferred acquisition costs						0					0		
	42	Total page 2 (lines 21 to 25 +25c to 38a)						0					0		
Total page 1 (= line 20)	43	Total page 2 (lines 21 to 25 +25c to 38a)						0					0		
	44	Total page 1 (= line 20)						0					0		
Grand total (= lines 39+40) = AA3 page 3 line 84)	45	Grand total (= lines 39+40) = AA3 page 3 line 84)						0					0		
	46	Grand total (= lines 39+40) = AA3 page 3 line 84)						0					0		

**BALANCE SHEET
LIABILITIES - PAGE 3
2001 YEAR OF ACCOUNT**

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003

Page

Line	Per-Syndicate accounts			Schedule 9a adjustments			Annual accounting adjustments					
	1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12
		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)
Claims outstanding	51					0						0
Unexpired risk provision	51a					0						0
Unearned premiums	54											0
Other	55											0
Total (lines 51 to 55)	56	0	0	0			0	0	0	0	0	0
Result before personal expenses per AA1	60											0
2002 annual accounting result in 31.12.2002	60a											0
2001 annual accounting result in 31.12.2001	60b					0						0
Analysis of amounts due to members	61											0
Personal expenses paid on account	61											0
Cash calls due by 31.12.2003	65											0
Amounts overpaid by members	68											0
Continuous solvency transfer	69											0
Provision for other risks and charges	70											0
Taxation	70											0
Other	71											0
Deposits received from reinsurers	72					0						0
Direct business	73					0						0
Arising out of insurance operations	74					0						0
Reinsurances accepted	74					0						0
Reinsurances ceded	75					0						0
Secured	76					0						0
Debtenture loans	76					0						0
Unsecured	77					0						0
Creditors	77					0						0
Amounts owed to credit institutions	78					0						0
Taxation	79					0						0
Other creditors	79					0						0
RTTC premiums payable	80					0						0
Other (please provide separate analysis)	82					0						0
Inter-syndicate loans	82a					0						0
Inter-year loans	82b					0						0
Accruals and deferred income	83					0						0
Total (lines 56 + 60 to 83) (= AA3 page 2 line 43)	84	0	0	0	0	0	0	0	0	0	0	0

BALANCE SHEET
ASSETS - PAGE 1
2002 YEAR OF ACCOUNT

		Per-Syndicate accounts		Schedule 9a adjustments				Annual accounting adjustments					Annual accounting result (6 to 11)
		1	2	3	4	5	6 (= 1 to 5)	7	8	9	10		
Investments	Line		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	
Financial investments	1	Equity shares											
	2	Other shares and other variable yield securities											
	3	Holdings in collective investment schemes											
	4	Rights under derivative contracts											
	5	Debt securities and other fixed income securities	Fixed interest										
	6		Other										
	7	Participation in investment pools	Approved securities										
	8		Other										
	9	Loans secured by mortgages											
	10	Loans to public or local authorities and nationalised industries or undertakings											
Deposits with existing undertakings	11	Other loans											
	12	Deposits with approved credit institutions and approved financial institutions	Loans secured by policies of insurance issued by the syndicate										
	13		Other										
	14	Other	Withdrawal subject to a time restriction of one month or less										
	15		Withdrawal subject to a time restriction of more than one month										
	16	Deposits with ceiling undertakings											
	17	Claims outstanding											
	Reinsurers' share of technical provisions	18	R/I element of URP										
18a		Unearned premiums											
18b		Other											
19													
Total page: 1 (lines 1 to 19)													

BALANCE SHEET
ASSETS - PAGE 2
2002 YEAR OF ACCOUNT

Page:

Per Syndicate accounts												
1		2	3	Schedule 9a adjustments		6 (= 1 to 5)	Annual accounting adjustments					
		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)
Debitors and other assets	Policyholders	21										0
	Intermediaries	22										0
Set-off and subrogation recoveries		23										0
Inter-syndicate loans		24										0
Inter-year loans		24a										0
Debitors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25										0
	Gross reinsurance recoverable on paid claims	26a										0
	Due from reinsurers and intermediaries under reinsurance contracts	26b										0
	Bad debt provision thereon	26c										0
	Net reinsurance recoverable on paid claims (26a-26b)	26d										0
	Other insurance debtors (net) from (26c-26d)	26e										0
Other debtors	Due within 12 months - excl cash calls	27										0
	Members	27a										0
	Due within 12 months - cash calls	28										0
	Due after 12 months	29										0
	Due within 12 months	30										0
	Due after 12 months	31										0
Tangible assets	Deposits not subject to time restrictions on redemption or withdrawal, with approved credit institutions and approved financial institutions and local authorities	32										0
	Cash in hand	33										0
Other assets	Reinsurance to close premium receivable	34										0
	Overseas deposits	35										0
Prepayments and accrued income	Other (please provide separate analysis)	36										0
	Accrued interest and rent	37										0
	Other prepayment and accrued income	38										0
Total page 2 (lines 21 to 25 + 26 to 38)	Deferred acquisition costs	38a										0
		39										0
Total page 1 (= line 20)		40										0
Grand total (= lines 39+40) = AA3 page 3 line 84)		43										0

BALANCE SHEET
LIABILITIES - PAGE 3
2002 YEAR OF ACCOUNT

		Per Syndicate accounts			Schedule 9a adjustments				Annual accounting adjustments						
		1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12		
			Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversed	Technical provisions	Other adjustments	Annual accounting result (6 to 11)		
Technical provisions (gross amount)	Claims outstanding	51						0					0		
	Unexpired risk provision	51a						0					0		
	Unearned premiums	54											0		
	Other	55											0		
Total (lines 51 to 55)		56	0	0	0			0	0	0	0	0	0		
Result before personal expenses per AA1		60						0					0		
2002 annual accounting total in 31.12.2002		60a						0					0		
		60b											0		
Analysis of amounts due to members	Personal expenses paid on account	61						0					0		
	Cash calls due by 31.12.2003	65						0					0		
								0					0		
	Amounts overpaid by members	68						0					0		
	Continuous solvency transfer	69						0					0		
Provision for other risks and charges	Taxation	70						0					0		
								0					0		
	Other	71						0					0		
Deposits received from reinsurers		72						0					0		
Arising out of insurance operations	Direct business	73						0					0		
	Reinsurance accepted							0					0		
	Reinsurance ceded	74						0					0		
								0					0		
		75						0					0		
Debiture loans	Secured	76						0					0		
	Unsecured							0					0		
		77						0					0		
	Amounts owed to credit institutions							0					0		
	Taxation	78						0					0		
Other creditors		79						0					0		
	Other creditors							0					0		
	Other (please provide separate analysis)	80						0					0		
		82						0					0		
								0					0		
Inter-syndicate loans		82a						0					0		
Inter-year loans		82b						0					0		
Accruals and deferred income		83						0					0		
Total (lines 56 + 60 to 83) (= AA3 page 2 line 43)		84	0	0	0		0	0	0	0	0	0	0	0	0

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

BALANCE SHEET
ASSETS - PAGE 1
2003 YEAR OF ACCOUNT

Page

Per Syndicate accounts			Schedule 9a adjustments					Annual accounting adjustments						
1			2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12	
Investments			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)
Financial investments	Equity shares	1						0						0
		Other shares and other variable yield securities						0						0
	Holdings in collective investment schemes	2						0						0
		Other shares and other variable yield securities							0					0
	Rights under derivative contracts	3						0						0
		Other shares and other variable yield securities							0					0
	Debt securities and other fixed income securities	4						0						0
		Other shares and other variable yield securities							0					0
	Participation in investment pools	5						0						0
		Other shares and other variable yield securities							0					0
Deposits with ending undertakings	Loans secured by mortgages	6						0						0
		Other shares and other variable yield securities						0						0
	Loans to public or local authorities and nationalised industries or undertakings	7						0						0
		Other shares and other variable yield securities						0						0
	Loans secured by policies of insurance issued by the syndicate	8						0						0
		Other shares and other variable yield securities						0						0
	Deposits with approved credit institutions and approved financial institutions	9						0						0
		Other shares and other variable yield securities						0						0
	Withdrawal subject to a time restriction of more than one month	10						0						0
		Other shares and other variable yield securities						0						0
Reinsurers' share of technical provisions	Deposits with approved credit institutions and approved financial institutions	11						0						0
		Other shares and other variable yield securities						0						0
	Withdrawal subject to a time restriction of more than one month	12						0						0
		Other shares and other variable yield securities						0						0
	Other	13						0						0
		Other shares and other variable yield securities						0						0
	Deposits with ending undertakings	14						0						0
		Other shares and other variable yield securities						0						0
	Claims outstanding	15						0						0
		Other shares and other variable yield securities						0						0
Total page 1 (lines 1 to 19)	R/I element of URP	16						0						0
		Other shares and other variable yield securities						0						0
	Unearned premiums	17						0						0
		Other shares and other variable yield securities						0						0
	Other	18						0						0
		Other shares and other variable yield securities						0						0
	Total page 1 (lines 1 to 19)	19						0						0
		Other shares and other variable yield securities						0						0

BALANCE SHEET
ASSETS - PAGE 2
2003 YEAR OF ACCOUNT

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003

Page:

Per Syndicate accounts		1	Schedule 9a adjustments				6 (= 1 to 5)	Annual accounting adjustments				12
Debtors and other assets		Line	2	3	4	5	Schedule 9a	7	8	9	11	12
			Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual		Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Other adjustments	Annual accounting result (6 to 11)
Debtors arising out of direct insurance operations	Policyholders	21					0					0
	Intermediaries	22					0					0
Set-offs and subrogation recoveries		23					0					0
Inter-syndicate loans		24					0					0
Inter-year loans		24a										
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25					0					
	Gross reinsurance recoverable on paid claims	26a					0					
	Due from reinsurers and intermediaries under reinsurance contracts	26b					0					
	Net reinsurance recoverable on paid claims (26a-26b)	26c	0				0					0
	Due from reinsurers and intermediaries (net)	26d	0				0					0
	Total (26c-26d)	26e	0				0					0
	Due within 12 months - excl cash calls	27					0					0
Other debtors	Members	27a										
	Due within 12 months - cash calls	28					0					0
	Due after 12 months	29					0					0
	Due within 12 months	30					0					0
Tangible assets	Due after 12 months	31					0					0
	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	32					0					0
Other assets	Cash at bank and in hand	33					0					0
	Reinsurance to close premium receivable	34					0					0
	Overseas deposits	35					0					0
	Other (please provide separate analysis)	36					0					0
Prepayments and accrued income	Accrued interest and rent	37					0					0
	Other prepayments and accrued income	38					0					0
	Deferred acquisition costs	38a					0					0
Total page 2 (lines 21 to 25 + 26c to 38b)		39	0	0	0	0	0	0	0	0	0	0
Total page 1 (= line 20)		40	0	0	0	0	0	0	0	0	0	0
Grand total (= lines 39+40) = AA3 page 3 line 54)		43	0	0	0	0	0	0	0	0	0	0

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

BALANCE SHEET
LIABILITIES - PAGE 3
2003 YEAR OF ACCOUNT

Page

Per Syndicate accounts													
Line		1	2	3	4	5	6 (= 1 to 5)	Schedule 9a adjustments				Annual accounting adjustments	
			Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)
Technical provisions (gross amount)	Claims outstanding	51					0			0			0
	Unexpired risk provision	51a					0						0
	Unearned premiums	54											0
	Other	55											0
	Total (lines 51 to 55)	56	0	0	0			0	0	0	0	0	0
	Result before personal expenses per AA1	60											0
		60a											0
		60b											0
	Analysis of amounts due to members	61											0
	Cash calls due by 31.12.2003	65											0
	Amounts overpaid by members	68											0
	Continuous solvency transfer	69											0
	Taxation	70											0
	Other	71											0
	Deposits received from reinsurers	72											0
	Direct business	73											0
	Arising out of insurance operations	74											0
	Reinsurance accepted												0
	Reinsurance ceded												0
	Secured	75											0
Creditors	Debtenture loans	76											0
	Unsecured	77											0
	Amounts owed to credit institutions	78											0
	Taxation	79											0
	Other creditors												0
Inter-syndicate loans	Other (please provide separate analysis)	80											0
		82											0
		82a											0
Inter-year loans		82b											0
		83											0
Accruals and deferred income													0
Total (lines 56 + 60 to 83) (= AA3 page 2 line 43)			0	0	0	0	0	0	0	0	0	0	0

**BALANCE SHEET
ASSETS - PAGE 1
RUN-OFF YEAR OF ACCOUNT**

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003

Page

		Per Syndicate accounts		Schedule 9a adjustments				Annual accounting adjustments					Annual accounting result (6 to 11)
		1	2	3	4	5	6 (= 1 to 5)	7	8	9	10		
Investments	Line		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)
Financial investments	1	Equity shares					0						
	2	Other shares and other variable yield securities					0						
	3	Holdings in collective investment schemes					0						
	4	Rights under derivative contracts					0						
	5	Fixed interest					0						
	6	Debt securities and other fixed income securities					0						
	7	Variable interest					0						
	8	Other					0						
	9	Participation in investment pools					0						
	10	Loans secured by mortgages					0						
	11	Loans to public or local authorities and nationalised industries or undertakings					0						
	12	Loans secured by policies of insurance issued by the syndicate					0						
	13	Other loans					0						
	14	Deposits with approved credit institutions and approved financial institutions					0						
	15	Withdrawal subject to a time restriction of more than one month					0						
	16	Other					0						
	17	Deposits with ceding undertakings					0						
	18	Claims outstanding					0						
	18a	R/I element of URP					0						
	18b	Unearned premiums					0						
Reinsurers' share of technical provisions	19	Other					0						
	20	Total page 1 (lines 1 to 19)	0	0	0	0	0	0	0	0	0	0	0

BALANCE SHEET
ASSETS - PAGE 2
RUN-OFF YEAR OF ACCOUNT

		Per Syndicate accounts		Schedule 9a adjustments			Annual accounting adjustments						
		1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12
Debitors and other assets	Line		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting result (6 to 11)
	21	Policyholders						0					0
	22	Intermediaries											0
Silvage and subrogation recoveries		23						0					0
Inter-syndicate loans		24						0					0
Inter-year loans		24a						0					0
Due from ceding insurers and intermediaries under reinsurance business		25						0					0
Debitors arising out of reinsurance operations	Gross reinsurance recoverable on paid claims	26a						0					0
	Bad debt provision thereon	26b						0					0
	Net reinsurance recoverable on paid claims (26a-26b)	26c	0					0					0
	Other insurance debtors (net)	26d						0					0
	Total (26c+26d)	26e	0					0					0
	Due within 12 months - excl cash calls	27						0					0
Other debtors	Members	27a											0
	Due within 12 months - cash calls	28											0
	Due after 12 months	29											0
	Due within 12 months	30											0
Tangible assets		31											0
	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	32											0
Other assets	Cash at bank and in hand	33											0
	Reinsurance to close premium receivable	34											0
	Overseas deposits	35											0
	Other (please provide separate analysis)	36											0
Prepayments and accrued income	Accrued interest and rent	37											0
	Other prepayments and accrued income	38											0
	Deferred acquisition costs	38a											0
Total page 2 (lines 21 to 25 +26e to 38a)		39	0	0	0	0	0	0	0	0	0	0	0
Total page 1 (= line 20)		40	0	0	0	0	0	0	0	0	0	0	0
Grand total (= lines 39+40) = AA3 page 3 line 84)		43	0	0	0	0	0	0	0	0	0	0	0

BALANCE SHEET
LIABILITIES - PAGE 3
RUN-OFF YEAR OF ACCOUNT

		Per Syndicate accounts			Schedule 9a adjustments				Annual accounting adjustments					Annual accounting adjustments		Annual accounting adjustments	
		1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12	13	14	15	16
			Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Other adjustments	Annual accounting adjustments (= 6 to 11)	17	18	19	20
Technical provisions (gross amount)	Claims outstanding	51						0					0				0
	Unexpired risk provision	51a						0					0				0
	Unearned premiums	54											0				0
	Other	55											0				0
	Total (line 51 to 55)	56						0					0				0
2003 result before personal expenses per AA1		60											0				0
	2002 annual accounting total in 31.12.2002	60a											0				0
	2001 annual accounting total in 31.12.2001	60b											0				0
	Personal expenses paid on account	61											0				0
	Cash calls due by 31.12.2003	65											0				0
Amounts overpaid by members		68											0				0
	Continuous solvency transfer	69											0				0
	Taxation	70											0				0
	Other	71											0				0
	Deposits received from reinsurers	72											0				0
Arising out of insurance operations	Direct business	73											0				0
	Reinsurance accepted	74											0				0
	Reinsurance ceded	75											0				0
	Secured	76											0				0
	Unsecured	77											0				0
Debiture loans	Secured	78											0				0
	Unsecured	79											0				0
	Amounts owed to credit institutions	80											0				0
	Taxation	81											0				0
	Other creditors	82											0				0
Inter-syndicate loans	Other (please provide separate analysis)	83											0				0
	Inter-syndicate loans	84a											0				0
	Inter-year loans	84b											0				0
	Accruals and deferred income	85											0				0
	Total (line 56 + 59 + 60 to 85) (= AA3 page 2 line 43)	86											0				0

SEGMENTAL REPORTING

Analysis of 2003 Annual Accounting Result

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003

	1	2	3	4	5	6	7	8	9 (=1 to 8)	10	11 (= 9+10)
	Accident & Health	Motor (third party liability)	Motor (other classes)	Marine, aviation & transport	Fire and other damage to property	Third-party liability	Life	Other	Total direct	Reinsurance Accepted	Total
Gross premium written	1								0		0
Gross premium earned	2								0		0
Outward reinsurance premiums	3								0		0
Net premiums earned (2-3)	4	0	0	0	0	0	0	0	0	0	0
Gross claims incurred	5								0		0
Reinsurers' share	6								0		0
Net claims incurred (5-6)	7	0	0	0	0	0	0	0	0	0	0
Operating expenses	8								0		0
Net technical result (4-7-8)	9	0	0	0	0	0	0	0	0	0	0
Investment return	10										
Technical account result (9+10)	11										0
Net technical provisions	12								0		0

Reconciliations

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

		col 1			col 2
Provision for claims					
Gross amount				Reinsurers' share	
Opening balance	1			Opening balance	
Movement per technical account	2			Movement per technical account	
	3		0		0
Closing balance	4			Closing balance	
Difference	5		0	Difference	0
Reconciling items					
Exchange difference	6			Exchange difference	
	7				
	8				
	9				
	10		0		0

Unearned premiums					
Gross amount				Reinsurers' share	
Opening balance	11			Opening balance	
Movement per technical account	12			Movement per technical account	
	13		0		0
Closing balance	14			Closing balance	
Difference	15		0	Difference	0
Reconciling items					
Exchange difference	16			Exchange difference	
	17				
	18				
	19				
	20		0		0

Balance due to/(from) members			
Opening balance	21		
Movement per technical account	22		
	23		0
Closing balance	24		
Difference	25		0
Reconciling items			
Exchange difference	26		
Distribution	27		
Cash calls	28		
	29		
	30		0

Deferred acquisition costs			
Opening balance			
Movement per technical account			
			0
Closing balance			
Difference			0
Reconciling items			
Exchange difference			
			0

Pro forma technical account

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003

Page ...

	2003 £000	£000	From AA1(sum) & AA2(sum) lines					
Gross premiums written			1					
Outward reinsurance premiums			2					
Premiums written, net of reinsurance		0						
Change in the gross provision for unearned premiums			4					
Change in provision for unearned premiums, reinsurers' share			5					
Earned premiums, net of reinsurance		0						
Investment return			AA1 lines	2	3	-4	-5	
		0						
Claims paid								
Gross amount			10					
Reinsurers share			11					
		0						
Change in the provision for claims								
Gross amount			13 13a	15	17	-7a	-8a	
Reinsurers share			14 14a	16	18	-7b	-8b	
		0						
Claims incurred net of reinsurance		0						
Acquisition costs			25	26				
Change in deferred acquisition costs			26a					
Administrative expenses			22	24	-27	AA1 lines 7 & 9		
(Profit)/Loss on Exchange			-23					
Net operating expenses		0						
Balance of the technical account for general business		0						

Pro forma balance sheet

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

	2003		From AA3(sum) lines					
	£000	£000	1	2	3			
Financial investments			5	6	7	8		
Shares and other variable yield securities			9					
Debt securities and other fixed income securities			10	11	12	13	14	15
Participation in Investment Pools			17					
Loans and deposits with credit institutions			4	16				
Deposits with ceding undertakings								
Other investments								
Total investments		0						
Reinsurers share of technical provisions			18	18a	58			
Claims outstanding			18b					
Unearned premiums			19					
Other		0						
Debtors			21	22				
Debtors arising out of direct insurance operations			25e	26				
Debtors arising out of reinsurance operations			23	27	27a	28	29	30
Other debtors		0						
Other assets			31					
Tangible assets			32	33				
Cash at bank and in hand			34		-80			
Reinsurance to close premium			35					
Overseas deposits			24	36				
Other		0						
Prepayments and accrued income			37					
Accrued interest and rent			38a					
Deferred acquisition costs			38					
Other prepayments and accrued income		0						
Total assets		0						
Balance due to members			60 to	69				
Technical provisions			54					
Provision for unearned premiums			51	51a	57			
Claims outstanding			55					
Other		0						
Provision for other risks and charges			70	71				
Deposits received from reinsurers			72					
Creditors			73					
Creditors arising out of direct insurance operations			74	75				
Creditors arising out of reinsurance operations			76	77				
Debenture loans			78					
Amounts owed to credit institutions			79	81	82			
Other creditors including taxation		0						
Accruals and deferred income			83					
Total liabilities		0						

Opening balance sheet

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

		1	2	3	4	5 = 1 + 3	6 = 2 + 4
		As reported at 31.12.2002		Adjustments		Restated opening balance sheet	
Shares and other variable yield securities	1						0
Debt securities and other fixed income securities	2						0
Participation in Investment Pools	2a						0
Loans and deposits with credit institutions	3						0
Deposits with ceding undertakings	4						0
Other investments	5						0
Total investments (= 1 to 5)	6		0				0
Reinsurers share of technical provisions	7						
Claims outstanding	8					0	
Unearned premiums	9					0	
Other	10					0	
Sub total (= 8 to 10)	11		0				0
Debtors							
Debtors arising out of direct insurance operations	12					0	
Debtors arising out of reinsurance operations	13					0	
Other debtors	14					0	
Sub-total (=12 to 14)	15		0				0
Other assets							
Tangible assets	16					0	
Cash at bank and in hand	17					0	
Reinsurance to close premium	18					0	
Overseas deposits	19					0	
Other	20					0	
Sub-total (= 16 to 20)	21		0				0
Prepayments and accrued income							
Accrued interest and rent	22					0	
Deferred acquisition costs	23					0	
Other prepayments and accrued income	24					0	
Sub-total (=22 to 25)	25		0				0
Total assets	26		0				0
Balance due to members	27						0
Technical provisions	28						
Provision for unearned premiums	29					0	
Claims outstanding	30					0	
Other	31					0	
Sub total (= 29 to 31)	32		0				0
Provision for other risks and charges	33						0
Deposits received from reinsurers	34						0
Creditors							
Creditors arising out of direct insurance operations	35					0	
Creditors arising out of reinsurance operations	36					0	
Debenture loans	37					0	
Amounts owed to credit institutions	38					0	
Other creditors including taxation	39					0	
Sub total	40		0				0
Accruals and deferred income	41						0
Total liabilities	42		0				0

Analysis of result after all personal expenses

SYNDICATE NO:

Page.....

SYNDICATE RETURN

Year ended 31 December 2003

		2003	Combined Ratio %
Run-offs	1		
2001	2		
2002	3		
2003	4		
Total	5		

Explanation of material movements

BASIS OF PREPARATION

Notes to the AAR for the year ending 31 December 2003

The annual accounting return is prepared in accordance with the instructions set out in the Market Bulletin dated 17 October 2003, entitled ‘2003 Syndicate Returns’.

The annual accounting return presents syndicate financial information for year ending 31 December 2003 on an annual accounting basis similar to the basis on which corporate vehicle UK accounts are prepared under schedule 9a of the Companies Act 1985.

The recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 1998 have been adopted subject to modifications appropriate to Lloyd’s financial reporting.

Underwriting Transactions

Premiums

Gross premiums written represent premiums on business incepting during the year together with adjustments to premiums written in previous accounting periods and estimates for “pipeline” premiums. Gross premiums written are stated before deduction of commissions but net of taxes, duties levied on premiums and other deductions.

Unearned Premiums

The provision for unearned premiums represents that part of gross premiums written and the reinsurers’ share that is estimated to be earned after the balance sheet date.

Deferred Acquisition Costs

Acquisition costs arising from the conclusion of insurance contracts are deferred and amortised over the period in which the premium is earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date. Such costs include brokerage and syndicate expenses deemed to relate to the acquisition of business.

Claims

Claims incurred comprise claims and expenses paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end. Included in the provision is an estimate of the cost of handling the outstanding claims.

Provisions for claims outstanding are based on information available to the managing agent and the eventual outcome may vary from the original assessment.

Unexpired Risk Provisions

A provision for unexpired risks is made when it is anticipated that unearned premiums will be insufficient to meet future claims and claims settlement expenses of business in force at the period end. The provision for unexpired risks is included within technical provisions in the balance sheet.

Profit Commission

Profit commissions due to the managing agent is recognised as earned pro rata to the recognition of underwriting profits on an annual basis.

Exchange Rates

Syndicate assets and liabilities expressed in convertible currencies are translated at the rates of exchange ruling at 31 December. Income and expenditure transactions in 2003 are translated using average exchange rates. Underwriting transactions in other foreign currencies are included in the accounts at historical rates. All differences on the translation of foreign currency amounts in the syndicates are dealt with in the underwriting account.

Investments

Listed investments are shown at market value.

Investment Return

The investment return comprises investment income, investment gains less losses realised and unrealised, and is net of investment expenses and charges. The returns on investments arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

Taxation

No provision has been made for United Kingdom taxation on the result shown in the underwriting account. Under Schedule 20, FA1993, managing agents are not required to deduct basic rate income tax from trading income, including capital appreciation, of the syndicate.

It remains the responsibility of members to agree their personal UK tax liabilities, including any liability to higher rate tax, or in the case of corporate members, their corporation tax liabilities with the Inland Revenue.

Managing Agent's Report

Syndicate

Syndicate Return Year ended 31 December 2003

To the Council of Lloyd's

Managing agent.....

Responsibilities

The Market Bulletin dated 17 October – “2003 Syndicate Returns” requires the managing agent to prepare Forms AAFront to AA11 in respect of syndicates that it manages for the year ended 31 December 2003 in accordance with the instructions and guidance contained therein (“the Instructions”)

In preparing the AAR, the Managing Agent is required to comply with the Instructions including;

- selecting suitable accounting policies which are applied consistently;
- making judgements and estimates that are reasonable and prudent; and
- following applicable accounting standards and the guidance within the ABI SORP (modified in accordance with the Instructions) , subject to any material departures being disclosed and explained in the AAR.

Certificate

We certify that the Annual Accounting Return has been properly prepared in accordance with the Instructions.

Signed _____ Compliance Officer*

Name _____ (BLOCK CAPITALS)

Signed _____ Director/Partner*

Name _____ (BLOCK CAPITALS)

On behalf of _____ Managing Agent

Date _____

* The signatories must be different

**ANNUAL ACCOUNTING RETURN
31 DECEMBER 2003**

Forms AAFront to AA12

Instructions

**Deadline for submission to Lloyd's:
12.00 noon Thursday 4 March 2004**

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1. Overview of return

- 1.1 A separate return must be submitted in respect of each syndicate. In the case of a mirror syndicate (i.e. a syndicate which is identical to another in respect of constitution, shares and members' agents participating therein) both syndicates must be included in one return.
- 1.2 Parallel corporate syndicates must complete and submit a separate syndicate return.
- 1.3 The return must be completed in respect of all open years of account, all run-off years of account, all years of account closing as at 31 December 2003 and those closing during 2003 but before 31 December 2003 (i.e. those where 'mid year closure' has occurred), in order to reflect the total insurance business transacted by underwriting members of Lloyd's.
- 1.4 The annual accounting return (AAR) may be completed on either a full or abridged basis. The abridged basis may be used where the syndicate has already produced annual accounting figures on a basis that will enable the auditors to sign AA12.
- 1.5 In the full return a separate page is to be completed for each year of account for the technical account and balance sheet. When setting up a return on the electronic system, the user will be asked to provide various information concerning the syndicate; eg. the applicable years of account, status of 2001 and prior years (whether they are closed or in run-off at 31 December 2003) and whether the syndicate is non-life or life, etc. You should also state whether the return is to be completed on a full or abridged basis. The system will then generate the forms to be completed, and establish the validation rules to be adhered to, as appropriate to that syndicate's circumstances.
- 1.6 The AAR must be prepared on the basis of information available to the managing agent at the time of submission of the Syndicate Return. If work on the AAR identifies an error in the SR/SSR, then an amended SR/SSR must be submitted.
- 1.7 **Dealing with closure of a year of account at any time in calendar year 2001 other than at 31 December 2003:**
 - 1.7.1 A number of run-off years may close during calendar year 2003, but before 31 December 2003. An AAR is still required from such syndicates, even where the closing date is 1 January 2003. This is necessary because any movement from the reported 31 December 2002 figures must be included in the 2003 Global Annual Accounting Result.
 - 1.7.2 The syndicate return must be prepared using the exchange rates ruling at 31 December 2003 (see paragraph 12, below) except where stated. The converted sterling closed year bottom line result, however, must be reported at the converted sterling amount as determined at the date of closure of the syndicate. The elements comprising the movement in 2003 to determine the closed year result must be reported using the average exchange rates, with the net difference in retranslation of these elements being written off as 'profit/(loss) on currency exchange' in the underwriting account on form SR2.

- 1.7.3 Syndicates accepting the RITC from another syndicate which has closed during 2003 but before 31 December 2003
- 1.7.4 A syndicate that has accepted the RITC from another syndicate that has closed during 2003 but not at 31 December 2003 must reflect the premium receivable for accepting the RITC in the annual accounting return. Depending on the individual circumstances of the transaction, the premium will be accounted for as either RITC received or gross premiums in the recipient syndicate's books. The transactions arising on the reinsured syndicate's liabilities subsequent to the reinsuring syndicate assuming them, up to 31 December 2003, and the value of the assumed liabilities as at that date must also be accounted for in the return.

2 Equitas

- 2.1 This return must be prepared on a basis of recognising the reinsurance to close of all 1992 and prior non-life business into Equitas, effective as at 31 December 1995. In particular, only transactions, assets and liabilities relating to 1993 and post non-life business (and ALL life business) must be reported in the return. Any transactions occurring in 2003 relating to 1992 and prior non-life business must NOT be reported in this return.

3 Electronic reporting

- 3.1 The return **MUST** be completed electronically, to be submitted via the MSU Market Return web-site. The software and manual, which will enable agents to do this, will be provided to the market at the end of November. Managing agents are therefore advised not to reproduce any of the forms relating to the return themselves as the software provided will do this. In addition to the website submission, a single hard copy (including signed managing agent's and auditor's reports) is required.
- 3.2 A return will only be considered valid if it has both a print date and a version date, and that the version date and time agrees with the version date and time which is hard coded in the website submission. The version date is generated when the syndicate return is 'locked' on the system. (Please refer to the software manual, to be provided with the software, for more detailed instructions). If a return is printed from an unlocked pack the system will generate a heading of 'DRAFT'. If a draft return is submitted or if the version date and time is not exactly the same as the version date and time within the electronic file, the return will be invalid and a resubmission will be required.

4 Signing and page numbering of the annual accounting return

- 4.1 Every sheet of paper that is submitted, including additional analysis schedules, must be sequentially numbered.

Managing Agent's Report

- 4.2 The managing agent's report must be signed and dated on behalf of the directors of the managing agent by at least one director and by the compliance officer. The same person must not sign in both capacities. All pages, including additional analysis schedules, must be covered by the managing agent's report and must be included in the page

numbers shown on the form. The standard report is included, but agents can amend the report on screen for additional paragraphs or non standard wordings.

Auditor's Report

- 4.3 Forms AAFront to AA11 must be reviewed by a recognised accountant. The auditor's report (AA12) must be signed and dated on behalf of the recognised accountant by a partner or director. The standard scope and opinion of the auditor's report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.
- 4.4 Both the managing agent's reports and auditor's report may need to be amended as a result of resubmissions of the return.
- 4.5 The scope of the audit opinion covers the proper preparation of the AAR in accordance with the instructions and that the return is free from material misstatement.
- 4.6 The audit report is currently under review and will be provided to the market with the return software.

5 Submission of the annual accounting return

14.1 Deadlines

- 5.1.1 The annual accounting return must be submitted by 12.00 noon on Thursday 4 March 2004. Both the electronic filing and hard copy submission must be made by this time.

5.2 Scope of the returns

- 5.2.1 The return may be completed on a full or abridged basis.

Full return

- 5.2.2 The full return comprises:

- AAFront
- AA1(year)
- AA1(sum)
- AA2(year)
- AA2(sum)
- AA3 pages 1-3(year)
- AA3 pages 1-3 (sum)
- AA4 Segmental reporting
- AA5 Reconciliations
- AA6 Pro forma technical account
- AA7 Pro forma balance sheet
- AA8 Opening balance sheet
- AA9 Movement in prior years' claims incurred
- AA10 Basis of preparation
- AA11 Managing agent's report
- AA12 Auditor's report

The forms are required to be reported by whole account only (except AA4).

Abridged return

5.2.3 The abridged return comprises the same forms as the full return (i.e. AAFront to AA12) except that there are no AA3(year) forms. Syndicates completing the abridged return are required to complete column 17 of the AA1(year) and AA2(year) forms. This is to enable a more complete analysis of the market's annual accounting return by year of account. The balance sheet is not required by year of account hence the abridged return requires the completion of just column 5 of AA3(sum). The forms are required to be reported by whole account only (except AA4).

5.3 Submission

The electronic annual accounting return in respect of each managed syndicate must be submitted by the managing agent via the MSU Market Returns website and the hard copy must be submitted to:

Manager
Market Reporting
Gallery 5, Lloyd's 1986 Building

Late submissions

- 5.4 A resubmission of the return after the deadline will be considered a late submission.
- 5.5 The Market results must be reported as final to Council in early April 2004 and the Press Release of results will follow very shortly thereafter. This timetable is very tight and we are dependent on ALL returns being submitted on time and as final audited returns.
- 5.6 Managing agents will be subject to disciplinary action and fines will be imposed if the return is submitted after the due deadline, in accordance with the following schedule:

Per return per syndicate – flat fine	£5,000
Per return per syndicate – additional fine per working day late	£1,000

Persistent delays will lead to further disciplinary action.

6 Assistance in completing forms

- 6.1 Any queries about the completion of the AAR should be directed by email to Market Reporting at lloyds-MRD-ReturnQueries@lloyds.com. All queries will be responded to by the end of the following working day. Please contact John Parry via e-mail (john.parry@lloyds.com) if a response remains outstanding at that time.

7 Exchange rates

- 7.1 For annual accounting purposes the average rate of exchange is to be used in the technical account (except re RITC, see notes to AA2) and the closing rate of exchange in the balance sheet. Accordingly, the non-sterling settlement currency elements of business transacted must be translated at the exchange rates ruling as at 31 December

2003.

8 Interpretation

- 8.1 The meaning given to expressions used in these instructions and in the AAR is as defined in the Solvency and Reporting Byelaw, the Syndicate Accounting Byelaw or the Lloyd's Sourcebook (LLD) unless otherwise stated.

9 Reporting configuration

- 9.1 All forms are to be completed in £000s.

10 Completion of forms

- 10.1 At the start of the return, there is a 'front sheet' that must be completed. This provides confirmation that the return is complete in all respects.
- 10.2 All amounts on each form must be completed as indicated on the form. Additional guidance is provided in respect of each form in these instructions.

'Other' Items

- 10.3 Where there is a reference on a form to an amount relating to 'other', analysis of material amounts must be provided in the space provided (i.e. a description and details of the material amount must be disclosed). The software will not allow an entry in "other" without including the required analysis. Where such analysis is given the system will generate a sequentially numbered continuation sheet.

11 Accounting Policies and Guidance

11.1 Bases of Accounting

- 11.1.1 The purpose of the annual accounting return is to enable Lloyd's to report an annually accounted market result in accordance with UKGAAP, namely the ABI SORP.
- 11.1.2 As such the returns should be completed in accordance with the accounting policies below which are based upon the ABI SORP where practically possible. The instructions or policies note where there should be an explicit divergence from the ABI SORP or where one may be allowed. In the absence of an accounting policy or an instruction for a particular situation reference should be drawn from the ABI SORP and UKGAAP in general.
- 11.1.3 Agents should note on the returns where they are unable to materially account according to the policies noted below. Where agents have adopted a different accounting policy a description of the policy should be noted in the comments section of the return.

Note

- 11.1.4 It should be noted that annual accounting records for 2003 will form the opening balance sheet for statutory syndicate accounting, which will be on an annual accounted basis from 2005.

Annual accounting Vs Lloyd's three year funded accounting

- 11.1.5 Certain features of syndicate three year funded accounting are not relevant to annual accounting: e.g. signed premium is not relevant but written and earned premium are and RITC must be eliminated in the return.
- 11.1.6 Under Lloyd's funded accounting, results are deferred for future recognition, i.e. as at 36 months of development of a year of account. Under annual accounting there is no such deferral, and full recognition is made of the result for the reporting period. Normally, as at 36 months, the cumulative result for a year of account will be the same under both bases.

Discounting

- 11.1.7 For the purposes of completing the annual accounting return, explicit discounting of reserves is prohibited.

11.2 Premiums

- 11.2.1 Written premiums shall comprise premiums on contracts incepting during the financial year.
- 11.2.2 Premiums shall be disclosed gross of brokerage payable and exclude taxes and duties levied on them.

- 11.2.3 Estimates shall be made for ‘pipeline’ premiums representing accounts due to the syndicate but not yet notified, as well as adjustments made in the year to premiums written in prior period.
- 11.2.4 Inwards underwriting transactions shall be recognised on an earned basis that is apportioned on an appropriate basis over policy periods. This reflects the exposure during each policy period. The AAR will reflect the amounts of earned business during the accounting period and carry forward the unearned element.

Annual accounting Vs Lloyd’s three year funded accounting

- 11.2.5 Under Lloyd’s fund accounting, underwriting transaction accruals are, with a few exceptions, only recognised as at the normal date of closure. Under annual accounting, accruals are recognised as they arise. Where the syndicate is completing the full return these accruals are recognised within columns 4 to 9.

Guidance

- 11.2.6 *In order to distinguish between earned and unearned inwards business, managing agents will need to establish an earnings profile for each class of syndicate premium income. Different profiles apply to different classes of business and syndicates and it is up to the managing agent to establish patterns that are most relevant to the syndicate’s circumstances.*
- 11.2.7 *In the first instance managing agents must establish the level of gross written premiums, which should reflect the estimated ultimate premiums receivable in respect of all risks incepting in the calendar year. It should be noted that the estimated premium income for premium income monitoring purposes will include the whole of gross written premium estimated under a facility (binding authority or lineslip) in the underwriting year in which the facility incepts. For annual accounting, an adjustment should be made for any attachments not incepting in the current calendar year (see 11.2.8 below).*
- 11.2.8 *In developing an appropriate profile for earned premium, regard should be had to, inter alia, the following criteria;*
- *inception dates of the underlying policies,*
 - *periods of cover;*
 - *nature of the business written; and*
 - *distorting factors, e.g., where the risk exposure is not constant throughout the policy period.*
- 11.2.9 *In completing the annual accounting return, managing agents will need to develop earnings profiles for each class of business for all relevant years of account in order to determine the amount earned during calendar year 2003 and the amounts unearned as at 31 December 2003. Profiles which are to be apportioned on a straight line basis over time should be determined on the 365th method or the 24th method, i.e., based on analysing inwards premium on a daily or monthly basis respectively. Any other*

straight line method of apportionment would need to be agreed with the syndicate's auditors.

Binding authorities

- 11.2.10 Premiums on binding authorities should be accounted for with reference to the inception date of the underlying policy.
- 11.2.11 Earning patterns should be established for binding authorities. Patterns should be established with reference to the underlying policies. Where appropriate straight line methods can be applied where the underlying policies earn evenly.
- 11.2.12 Agents should provide an explanatory note in the comments section of the return if they materially depart from this policy.

Guidance

11.2.13 *Binding authorities present specific problems which agents will need to consider:*

- *accurately estimating premiums written under a binding authority, given that the underwriting authority has been delegated to a third party. Premium is not normally recognised as written until the underlying risk incepts, not when the binder incepts; it is common for a significant number of revisions to be applied to the estimated premium figures reported by the brokers,*
- *estimating the earnings pattern applicable to contracts incepting under a binding authority; the normal assumption is that risks incept evenly under the binder and that estimated premiums are earned over a two-year period. Where a syndicate writes a significant amount of business under binding authorities, this assumption must be considered carefully in view of the particular circumstances of the syndicate's business. and*
- *the basis of recognition of inception of business written under binding authorities is different for companies under UK GAAP compared to the Syndicate Accounting Byelaw. Normally, UK companies account for policies signed under a binding authority by reference to the inception date of the underlying policy. Syndicates are required to identify all such policies by reference to the inception date of the binding authority.*

11.2.14 *There are several differing methods currently being used to determine an earnings pattern for binding authority business. These patterns recognise that the inception dates of policies written under the authority are normally spread over the period of that authority. Methods include earning the premiums over a 24 month period, using the 1/144th method, other statistical bases or by reviewing the underlying policy exposures. In the absence of any information that directs the agent to a different treatment, the section on the case study includes an example showing the preferred accounting treatment for inclusion in the AAR.*

Longer-term or multi-year contracts

11.2.15 Premiums on longer term or multi year contracts should be earned over the period of the contract according to the risk profile of the particular policy.

Guidance

11.2.16 *A syndicate will need to undertake detailed work to understand the terms and conditions of these contracts with a view to formulating the appropriate assumptions for estimating the earning period of estimated written premium. The earnings pattern should reflect the following;*

- The length of the policy*
- The risk profile over the period of the policy*
- The contract's sensitivity for adjustment due to loss over the course of the contract.*

Agents should ensure that the key assumptions are reviewed at regular periods, and at least for reporting periods. Care should be taken to make adjustments to assumptions where there have been significant changes in the terms of the contract or the risk profile has changed. Procedures should be sufficient to ensure that changes in the risk profile occur as estimated.

E.g. If a satellite's launch is delayed then the risk profile of the contract should be revised. This could result in the premium being recognised within the next accounting (calendar) year.

Inwards Reinsurance Premiums

Treaty reinsurance

11.2.17 *Where a reinsurance account is written and claims payable under these policies trigger reinstatement premiums receivable, the accounting treatment is to accrue for the expected reinstatements within gross written premiums.*

11.2.18 *When the reinsurance programme is written, an estimate should be made for reinstatements receivable. The reinstatements will be earned in the same pattern as the initial gross premium. As claims are paid and gross technical provisions are established in respect of earned premiums, the estimates for reinstatements written and earned will be reviewed and amended as necessary.*

11.2.19 *When reinstatements are received or become payable through a gross claim provision, this does not create any entries in the technical account, provided the initial estimates remain valid. The only entries are in the balance sheet, as cash receipts reduce the amount due from intermediaries. The gross technical provision will, therefore, be for the full amount payable under the reinsurance policy written with no reduction for the reinstatement receivable.*

11.2.20 *The same treatment applies to all business written, where additional premiums are expected in accordance with the expected claims cost.*

Losses Occurring During(LOD) / Risks Attaching During(RAD) reinsurance

11.2.17 Where a reinsurance policy is written on either a LOD or RAD basis and is projected to be exhausted by claims incurred that are within the technical account, the premium should be treated as fully earned.

Example

11.2.18 *A treaty is written providing cover for twelve months from 1 October 2003, offering one limit only and a loss is incurred on 1 November. If the full policy limit is reserved for in the technical account the gross premium should be treated as 100% earned.*

11.3 Deferred acquisition costs

11.3.1 The ABI SORP defines acquisition costs “as costs arising from the conclusion of insurance contracts including direct costs such as acquisition commission or the cost of drawing up the insurance document or including the insurance contract in the portfolio, and indirect costs, such as advertising costs or the administrative expenses connected with the processing of proposals and issuing of policies. Policies renewal commission in the case of long term insurance business should be included under administrative expenses”

11.3.2 As such the following costs should be deferred;

- Brokerage
- Commissions
- A proportion of underwriting staff’s salary representing acquiring and writing insurance business
- The box rent
- A proportion of administration costs representing the processing of proposals and issuing of policies.

11.3.3 The premium levy shall be treated as an acquisition cost. The premium levy should not be deferred in line with the associated gross premiums, rather the levy should be written off in full to match the associated income within the corporation accounts.

11.3.4 The case study includes an example showing the preferred treatment.

11.3.5 Material departures or additional costs deferred should be noted in the comments section of the return.

11.3.6 Acquisition costs should be apportioned in accordance with the related earned and unearned elements of inwards business. The unearned element of costs is carried forward in the financial statements as “deferred acquisition costs”.

11.3.7 The same earnings profiles need to be applied to the acquisition costs applicable to that premium income on a matching basis in order to determine “earned” and “deferred” acquisition costs.

Guidance

11.3.8 *Deferral patterns applied to acquisition costs shall relate to class of business to which the costs attach to. Where different classes of business have distinct earnings patterns,*

the acquisition costs applicable shall earn in relation to each respective class of business. It is not appropriate to establish an overall average level of acquisition costs and apply deferment at whole account level only.

11.4 Reinsurance outward premiums

- 11.4.1 Outward underwriting transactions are recognised on a basis most appropriate to the nature and effect of the arrangements.
- 11.4.2 Where material, eg qualifying quota share contracts, the effect of profit commission and ceding / overriding commission should be accounted for.
- 11.4.3 Proportional reinsurance contracts – premiums under these policies should normally be earned in line with the inward gross premiums to which they relate.
- 11.4.4 Non-proportional reinsurance contracts – premiums under these policies need to be expensed in line with the cover provided. Where a risks attaching contract is purchased the premiums shall be expensed in line with the earnings pattern of the inwards premiums of the business so protected.
- 11.4.5 The accounting treatment for Lloyd’s proportional treaties (e.g. qualifying quota share) is to show the reinsurance premium ceded inclusive of the related acquisition costs. The acquisition costs within the technical account will be reduced commensurately. The same treatment should apply to the unearned premium reserve and deferred acquisition costs in the balance sheet. An example is attached in the case study section of these instructions.
- 11.4.6 The LOD premiums should be earned over the period of cover provided by that policy. This may be on a straight line basis but account should be taken of the general nature of the risk, eg whether it is season, such as windstorm cover.

Reinstatements

- 11.4.7 Where reinsurance recoveries expected against gross claims trigger reinstatement premiums payable, the accounting treatment is to accrue for reinstatements within written reinsurance premiums.
- 11.4.8 When the reinsurance programme is placed, an estimate should be made for reinstatements payable. The reinstatements will be earned in the same pattern as the initial reinsurance premium paid.

Guidance

- 11.4.9 *As claims are paid and gross technical provisions are established in respect of earned premiums, the estimates for reinstatements written and earned will be reviewed and amended as necessary. When reinstatements are paid or incurred, this does not create any entries in the technical account, provided the initial estimates remain valid. The only entries are in the balance sheet, as cash payments reduce the amount due to intermediaries. The reinsurance recovery credited within technical provisions will, therefore, be for the full recovery with no reduction for the reinstatement payable.*

LOD / RAD

- 11.4.7 Where a reinsurance policy purchased on either a LOD or RAD basis is projected to be exhausted by claims incurred that are within the technical account, the reinsurance premium should be treated as fully earned.

Example

A cover is purchased for twelve months from 1 October 2003, offering one limit only and a loss is incurred on 1 November. If the full policy limit is taken credit for in the technical account the reinsurance premium should be treated as 100% earned.

11.5 Claims provisions

- 11.5.1 Claims provisions, are recognised in respect of the earned inwards business in the period (i.e. not the full written amount) together with any adjustments to ultimates in respect of prior years' reserves established at the end of the previous accounting period
- 11.5.2 No claims provisions are recognised in respect of unearned inwards business carried forward except where, as at the balance sheet date, such business is considered to be loss making, in which case an unexpired risk provision ("URP") must be made for that loss in respect of the unearned premiums carried forward (see 11.7 below).

11.6 Ultimate loss ratios

- 11.6.1 Ultimate loss ratios should be developed on an accident year basis as annual accounting recognises underwriting transactions on the basis of amounts earned and incurred during the reporting entities' accounting periods.
- 11.6.2 These differing loss ratios may be determined by maintaining development statistics on both an underwriting year and an accident year basis.
- 11.6.3 If it is not practical to derive loss ratios on both an underwriting year basis and on accident year basis, then annualised ultimate loss ratios should be developed by analysing premiums earned in the accounting period by the underwriting years from which they derive and applying the ultimate loss ratios of each underwriting year to the relevant element.

Guidance

11.6.4 *In applying this methodology, managing agents will need to consider:*

- *whether there are any additional factors (including the effect of the seasonality of losses) which should be taken into account in determining loss ratios (for example, the absence of material losses at the accounting date on an annual accounting basis than might otherwise be expected on the underwriting year basis);*
- *whether the gross and net loss ratios developed for the open years of account have been determined on a basis which is appropriate for preparing the annual accounting return (ratios established purely to satisfy annual solvency test requirements in respect of open years of account may not meet this criteria); and*
- *the potential effect of adjustable features of primary policies and reinsurance contracts (as regards recoveries, additional premiums, profit commissions, etc) when developing loss ratios on an earned basis.*

Post balance sheet events

- 11.6.5 Where a post balance sheet event occurs, which provides better reserving information (e.g. major failure of a reinsurer) in respect of loss events occurring prior to the year end, the technical provisions should be adjusted.
- 11.6.6 Where an event occurs after the audited syndicate return has been submitted (deadline 26 February 2004) which relates to losses occurring prior to 31 December 2003 no adjustment should be made in respect of this event to the technical provisions within the AAR. **The AAR must be prepared on the basis of information available to the managing agent at the time of submission of the Syndicate Return.**

Note

- 11.6.7 *It should be noted that while syndicate funded loss ratios for solvency need to be adjusted for losses arising post balance sheet, such adjustments are prohibited under the current ABI SORP. This includes the situation where such an event would result in the expected loss ratio on unearned premium to exceed 100%, still no URP should be set up.*

11.7 Unexpired risk provisions (URP)

- 11.7.1 A URP should be provided where the expected value of claims and claims management expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premiums provision in relation to such policies after deduction of any acquisition costs deferred.
- 11.7.2 An assessment of whether a URP is necessary should be made for each grouping of business which is managed together with any unexpired risks surpluses and deficits within that grouping being offset.
- 11.7.3 The preferred policy for constructing risk groups would be to do so on segmental class codes. If another basis is used, such as whole account, please note this in the comments section of the return.
- 11.7.4 Further guidance on the definition of “managed together” is given in paragraph 99 of the ABI SORP.
- 11.7.5 The potential requirement for a URP should be assessed on the basis of information available as at the balance sheet date. Claims events occurring after the balance sheet date in relation to the unexpired period of policies in force at that time should not therefore be taken into account in assessing the need for a URP if they were not capable of prediction at the balance sheet date.
- 11.7.6 In calculating the URP, the future investment return arising on investments supporting the unearned premiums provision and the unexpired risks provision must not be taken into account.
- 11.7.7 Deferred acquisition costs should not be written off in whole or in part to the profit and loss account as being irrecoverable for the purpose of reducing or eliminating the need for a URP.

11.8 Investment Return and Syndicate Expenses

- 11.8.1 Earning profile adjustments should not be applied to investment return figures.
- 11.8.2 The investment return in the accounting period should agree to the calendar year investment return for all open years of account in aggregate, subject to exchange rate adjustments.
- 11.8.3 In the case of syndicate expenses, however, a portion of other expenses shall be deferred, in relation to the acquisition of business.
- 11.8.4 The acquisition cost element of syndicate expenses should be first identified and reclassified and then deferred according to the appropriate earnings profile of the class of business to which it relates (refer to 11.4).

11.9 Personal expenses

- 11.9.1 For the purposes of this return, the accounting treatment is to account for these as fixed costs and expensed in the calendar year in which they are paid (but see 11.9.3 below). These costs should not be treated as acquisition costs and should not be deferred except where a single managing agency fee is charged, which covers all costs normally charged as syndicate expenses, then the element relating to acquisition costs should be identified and allocated to acquisition costs (see 11.8.4).
- 11.9.2 The personal expenses relating to Lloyd's subscriptions and central fund contributions will be eliminated on "consolidation" with Lloyd's central assets and income.
- 11.9.3 With respect to agent's profit commission, this will not be recognised in syndicate accounts until the result is declared, usually at the end of 36 months of development. However, under the annual accounting basis, such commission, if any, must be recognised as earned pro rata to the recognition of results on an annualised basis, having regard to the impact of deficit clauses.

11.10 Profit commission on outward reinsurance

- 11.10.1 Profit commission received on outwards reinsurance shall be reclassified if currently netted off against reinsurance paid and included in RI commissions and profit participations (line 27).

11.11 Foreign Exchange

- 11.11.11 Syndicate assets and liabilities expressed in convertible currencies are to be translated at the rate of exchange ruling at 31 December 2003.
- 11.11.12 Income and expenditure transactions in 2003 are translated using the average rate of exchange over the 12 month period, except in relation to RITC (see notes to AA2). Managing agents will be advised of the average rates of exchange to be used by a market bulletin issued early in January 2004.

Completion of the return

Full or abridged basis

Forms AA1, AA2 and AA3 may be completed on a full or abridged basis. The abridged basis requires the completion of just one column in each of these forms. All other forms in the return must be completed in full.

AA0 Front sheet

AA0.1 This asks the managing agent to confirm that the return is complete and the pages of the return have been numbered correctly. The return must have both a print date and time, and a version date and time. The latter must match the version date and time encoded within the electronic submission via the market returns web site. This is to ensure that data in the electronic submission is the same as the data that has been signed off by the managing agent.

AA1 AA1(year) – Profit and loss account

SR download

AA1.0 Lines 2 to 9, columns 1 to 12 may be downloaded from the Syndicate Return (“SR”). The SR does not need to be locked for this exercise but syndicates should ensure that the figures used are to be the final figures reported in the submitted SR. The system allows unlocked SR figures to be entered so that agents may work on the AAR before the SR is finalised.

All lines – average exchange rates

AA1.1 The effect of retranslating profit and loss account items to average rates of exchange as required for the AAR, should be entered in column 12a.

Lines 2 to 5 - Investment return

AA1.2 Syndicate accounting includes all investment gains and losses, whether realised or unrealised within the underwriting account. For the purpose of preparing this return, all gains and losses will be treated as realised.

AA1.3 It is anticipated that the investment return figures for the annual accounting return will not be adjusted from those reported in the SR and SSR. Columns 13 to 16 have therefore been closed. If an adjustment is required this should be included in column 18 with an explanation of why the adjustment is required.

Lines 7 and 9 - Personal expenses

AA1.4 Where a proportion of personal expenses are to be treated as acquisition costs and deferred (this should only occur where a single managing agent fee is charged in lieu of normal syndicate expenses) the adjustment should be entered in line 7 of column 14 (see para 11.9 in previous section).

AA1.5 Adjustments to recognise managing agent profit commission in line with annual accounting results should be entered in line 7 column 18.

Abridged return

AA1.6 Where the abridged return is being completed, the figures should be entered in column 17. The figures to be entered will normally be as per column 2 of the syndicate's SR but adjusted to report purely the amount for the 2003 calendar year, translated at average rates of exchange.

AA1.7 Furthermore, on personal expenses the figures entered in column 17 should be the annualised charge for personal expenses, ie after any adjustment for transfers to acquisition costs (where a single managing agent fee is charged in lieu of normal syndicate expenses) and managing agent profit commission.

AA1(sum) – Profit and loss account

AA1.8 The software will derive the figures for AA1(sum) from AA1(year). If any further adjustments are required these may be entered in column 5, an explanation is required of any such adjustments.

Abridged return

AA1(sum) is completed in the same way as for the full return.

AA2 General Insurance Business (year)All lines - SR download

AA2.0 Lines 1 to 32, columns 1 to 12, may be downloaded from the Syndicate Return ("SR"). The SR does not need to be locked for this exercise but syndicates should ensure that the figures used are to be the final figures reported in the submitted SR. The data for the 2001 year of account will include that of all previous years reinsured into it.

All lines – Exchange Adjustments

AA2.1 The effect of retranslating profit and loss account items to use average rates of exchange, as required for the AAR, should be entered in column 12a. Please note however, that no entries should be made in column 12a for the exchange adjustment on lines 13 to 14a due to the claims reversal in column 15. The adjustments to average rates of exchange will be made in column 16 lines 13 to 14a and line 23. The exchange adjustment for run-off reserves (lines 17 and 18) should also be made within the figures in column 16 rather than in column 12a. This will facilitate the completion of the reconciliation schedules in Form AA5.

Lines 4 and 5 - Unearned premium

AA2.2 Enter into line 4, column 13, the change in the gross provision for unearned premium. The amount to be reported is net of brokerage (see 5.4). The figure for the 2003 year of account will be the closing unearned premium reserve shown in the balance sheet in AA3(2003). The change in the reinsurers' share must be entered into line 5 of column 13. If the unearned premium reserve has increased, then enter as a positive figure for both gross and reinsurers' share.

AA2.3 Enter into line 4 of column 14 the brokerage element of the change in unearned premium figure. The opposite entry will be at line 26a of column 14. There would not normally be an entry in line 5 of column 14 unless an adjustment is to be made in respect of reinsurers' commissions and profit participations (with the opposite entry being made at line 27).

AA2.4 The exchange difference that arises on the provision for unearned premium should be included in line 23, profit/(loss) on exchange (see example of exchange difference calculation in the last section of this document).

Lines 7a and 7b – RITC received

AA2.5 As a technical account item the RITC received would normally be stated at average exchange rates, ie there would have to be an adjustment in column 12a to the figure reported in column 3. However, for annual accounting purposes the RITC received will be eliminated in AA2(sum) against the RITC paid by the closing year. There is therefore no requirement to make the equal and opposite average rate adjustments to the figures in lines 7a & 7b and 15 & 16, as they will be negated in AA2(sum).

Lines 13 to 14a – Claims reserves

AA2.6 Where Schedule 9a adjustments have been made the software automatically makes the adjustment to reverse the gross claims reserve figure in line 13 and the reinsurers' share thereof in line 14.

AA2.7 The movement in the gross claims reserve figure, excluding gross unexpired risk provision (URP), is entered at line 13. At line 13a enter the movement in the URP. The movement in the reinsurers' share of these figures are to be entered at lines 14 and 14a.

AA2.8 The exchange movement that arises on the claims reserves to bring the technical account figures to average rates of exchange should be included in line 23, profit/(loss) on exchange (see example of exchange difference calculation in the last section of this document). No entries should be made in column 12a for lines 13 to 14a.

Lines 15 and 16 – RITC paid

AA2.9 See note above re RITC received (para AA2.5) and exchange movements.

Line 23 – profit/(loss) on exchange

AA2.10 Any profit or loss on exchange that arises on the re-translation of annual accounting adjustment provisions brought forward from 31 December 2002, and/or between period end rates and average rates, should be entered in the relevant column in line 23. This profit/loss will form part of the reconciliations on AA5 (see example of exchange difference calculation in the last section of this document).

Lines 24, 26 & 26a – administrative expenses, other acquisition costs and change in deferred acquisition costs.

AA2.11 Where an element of administrative expenses is to be transferred to “other acquisition expenses” the adjustment in and out should be made in column 18 of lines 24 and 26. The movement in the provision for deferred acquisition costs is to be entered in line 26a, column 14.

Line 27 – Reinsurers’ commissions and profit participations

AA2.10 Profit commission received on outwards reinsurance should be reclassified if currently netted off against reinsurance paid and included in RI commissions and profit participations.

Abridged return

AA2.11 Where the abridged return is being completed, the figures should be entered in column 17. Consideration must be given to the disclosure requirements outlined above in AA2.0 to AA2.10, eg the need to separately identify other acquisition costs from administrative expenses and the fact that amounts are to be at average rates of exchange, not period end.

Adjustments

AA2.12 The “other adjustments” column is to be used for any other adjustments that the syndicate needs to make to convert its year of account figures to an annual accounting basis. Any entry must include a description of the adjustment in the additional analysis schedule. The description should explain the nature of the adjustment and why it has been made.

General insurance business, all years (sum)

AA2.12 The figures from AA2(year) feed through to AA2(sum). If any further adjustments are required these may be entered in column 5, an explanation is required of any such adjustments.

AA2.13 One set of transactions that will need further adjustment are the payment and receipt of the reinsurance to close. Where a syndicate closes 2001, or an earlier year of the same syndicate, into the 2002 year as at 31 December 2003, the RITC paid will appear in the 2001 column of lines 15 and 16 while the RITC received will appear in lines 7a and 7b of the 2002 column. These entries must be eliminated by reversing entries in column 5 (the entries in column 5 will normally be entered as negative, for gross and reinsurance figures).

AA2.14 Where a syndicate (A) closes into another syndicate (B) then no adjustment should be made in column 5 to lines 15 and 16 of the AA2(sum) of syndicate (A). In the AA2(sum) of the syndicate (B), there will normally be an adjustment for the closure of (B)’s own 2001 year of account but this will leave a balance representing the RITC received from syndicate (A) which will be reported in column 6 of lines 7a and 7b. The corresponding RITC paid and reported by (A) and RITC received and reported by (B) will be eliminated centrally on

“consolidation”.

Abridged return

AA2.15 AA2(sum) is completed in the same way as for the full return, ie as per AA2.12 to AA2.14.

AA3 Balance Sheet

AA3.a Balance sheet – assets - (year)(page 1)

Summary

AA3.0 Syndicates completing the full annual accounting return must complete the year of account version of this form and column 6 of the summary version as appropriate. Syndicates completing the abridged return should only complete columns 5 (and 6 if needed) of AA3(sum) page 1, having due regard for the disclosure requirements noted for the full return, in particular that the disclosure of investments should not be adjusted from that used in the Syndicate Return.

All lines – SR download

AA3.1 Lines 1 to 19, columns 1 to 6, may be downloaded from the Syndicate Return. The SR does not need to be locked for this exercise but syndicates should ensure that the figures used are to be the final figures reported in the submitted SR.

Lines 1 to 17 - Investments

AA3.2 There should be no need to adjust the syndicate’s investment figures for annual accounting purposes, other than the Schedule 9a adjustment made at line 14. If an adjustment is to be made in column 11 for lines 1 to 17 then a meaningful explanation should be given in the analysis schedule for the change (“adjustment to ...” would not be sufficient).

Lines 18 to 19 - Reinsurers’ share of technical provisions

AA3.3 At line 18, the reinsurers’ share of claims outstanding, the software will automatically reverse (for the 2002 and 2003 years of account), in column 9, the Schedule 9a calculated figure in column 6. The actual 31.12.03 provision, excluding unexpired risk provision (URP), must then be entered in column 10. The reinsurers’ share of URP must be entered in line 18a of column 10. For the 2003 year of account they should agree to the figures reported in lines 14 and 14a of column 16 of AA2(2003) but adjusted to period end rates. For 2002 the balance sheet figures will be the movements as reported in AA2(year) aggregated with the opening balances as at 1.1.03, with an adjustment for exchange rate movements if appropriate (see example in final section of these instructions). For a closing year of account the provision in column 1 will normally flow through to column 12 without adjustment (but see note on AA3(sum) re adjustment required for RITC).

AA3.4 The reinsurers’ share of unearned premiums must be entered at line 18b. For the 2003 year of account this should agree to the figure reported in line 5, column 13 of AA2(2003) but adjusted from average rates to period end rates. For other years the balance sheet figure will be the movement as reported in AA2(year) aggregated with the opening balance as at 1.1.03, with an exchange adjustment if appropriate (see example in the final section of these instructions).

Other adjustments

AA3.5 This column can be used to make any additional adjustments to the figures: any such adjustment must be fully described in the analysis schedule.

Abridged return

AA3.6 This form is not to be completed for the abridged return.

AA3.b Balance sheet - assets(year)(page 2)

Summary

AA3.7 Syndicates completing the full annual accounting return must complete the year of account version of this form and column 6 of the summary version as appropriate. Syndicates completing the abridged return should only complete columns 5 (and 6 if needed) of AA3(sum) page 2.

All lines – SR download

AA3.8 Lines 21 to 43, columns 1 to 6 may be downloaded from the Syndicate Return. The SR does not need to be locked for this exercise but syndicates should ensure that the figures used are to be the final figures reported in the submitted SR.

Lines 26a to 26e – Due from reinsurers and intermediaries under reinsurance contracts ceded

AA3.9 These lines have been included to report the gross reinsurance recoverable on paid claims, the bad debt provision thereon and the net recoverable. The figures should be entered **net of** reinstatement premiums so that they tie in to the 31 December 2003 reinsurance debtor return.

Lines 27 and 27a – Amounts due from members within 12 months

AA3.10 The annual accounting return includes an additional line, (27a). Cash calls due and unpaid should be reported on this line, separated out from other amounts due from members within 12 months. Where “Other debtors – members ” includes an amount for cash calls then an adjustment will be needed in column 11 from line 27 to line 27a for the amount due in respect of unpaid cash calls separated from uncalled losses. This will enable a central reconciliation of cash calls made, paid and still outstanding.

Line 33 - Cash in hand

AA3.11 This line should only be used to report actual cash held in notes and coins. This excludes cash at bank.

Line 36 - Other assets, other

AA3.12 The total of asset columns 7 to 12 must agree to the equivalent columns of AA3(year) page 3. This should be achieved without requiring an entry at line 36. However, if an entry is required in a specific column but cannot be made on the relevant row, then it may be included on line 36 provided an explanation is given in the analysis schedule of why the adjustment is necessary.

Line 38a – Deferred acquisition costs

AA3.13 This is an additional line for annual accounting purposes. The year end balance for deferred acquisition costs should be entered in column 8.

Other adjustments

AA3.14 If it is necessary to enter one or more figures in this column then an explanation of the entry must be given in the additional analysis schedule of the appropriate cell.

Abridged return

This form is not completed for the abridged return.

AA3.c Balance sheet - liabilities(year)(page 3)

Summary

AA3.15 Syndicates completing the full annual accounting return should complete the year of account version of this form and column 6 of the summary version as appropriate. Syndicates completing the abridged return should only complete columns 5 (and 6 if needed) of AA3(sum) page 3 having due regard for the disclosure requirements noted for the full return, eg the disclosure of unexpired risk provision at line 51a (see para AA3.19).

All lines – SR download

AA3.16 Lines 51 to 83, columns 1 to 6 may be downloaded from the SR12(year) of the Syndicate Return. The SR does not need to be locked for this exercise but syndicates should ensure that the figures used are to be the final figures reported in the submitted SR. However, there are a number of line changes between SR12(year) and AA3(year) and these entail changes to the way figures are downloaded as detailed below.

Line 51 - Gross claims provision

AA3.17 The AA return has just one line for the gross claims provision, 51. For columns 1 to 6, figures in SR12 lines 52 and 53 will be automatically entered into AA3 line 51.

AA3.18 In addition, columns 2 and 3 of line 51 have been opened in the annual accounting return. The entries for these cells are the grossed up claims reserve figures from line 13, columns 5 and 6 of the AA2(2002 & 2003). For the 2003 year of account the figures in AA2(2003) will be those to be entered in AA3, line 51. These entries are necessary to ensure that the total of the liability columns 2 and 3 agree with the total of the asset columns 2 and 3.

AA3.19 In column 9, the software will automatically reverse the Schedule 9A balance in column 6 for the 2002 and 2003 years of account. The year end technical provision amounts must then be entered at column 10 of line 51 and 51a (ie the claims outstanding figure is exclusive of the Unexpired Risk Provision reported at line 51a), irrespective of the status of the year of account.

AA3.20 Where a 2001 or earlier year of account is closed then no entry should be made in column 10 of line 51 for that year. The gross claims outstanding in column 1 will go straight to column 12 with the eliminating adjustment being made in

AA3(sum). Where a 2001 year of account goes into run-off then the reversing adjustment will be made in column 9 of line 51 of AA3(2001) and the gross provision must be entered in column 10 with any Unexpired Risk Provision included at line 51a of AA3(2001).

Line 54 - Unearned premium

AA3.21 The closing balance of the gross unearned premiums should be entered at line 54, columns 7 (the amount excluding brokerage) and 8 (the brokerage element). The gross amount of unearned premiums is one of the categories included in the reconciliation tables.

Lines 60 to 69 - Amounts due to members

SR download

AA3.22 For the results due to members there are three lines splitting the annual accounting result between calendar years 2001, 2002 and 2003. Line 60, the result in calendar year 2003, is derived directly from line 6 of AA1(year).

AA3(2003)page 3

AA3.23 For the 2003 year of account, the amount derived from AA1(2003), line 6 will produce the balance sheet result before personal expenses for column 12 without further adjustment.

AA3(2002)page 3

AA3.24 For the 2002 year of account line 60 of AA3 will include, at column 11, a deduction for the Schedule 9a result, cumulative to 31 December 2002 as per line 6, column 11 of AA1(2002). Line 60, column 12, of AA3 will then report the balance sheet result before personal expenses. The balance as at 31 December 2002 must then be reported on line 60a of AA3. The reverse entry to line 60, column 11, must be entered at line 60a, column 11. Columns 7 to 10 of line 60a should then be completed using the entries for the result before personal expenses in the 31 December 2002 return.

AA3(2001)page 3

AA3.25 For the 2001 year of account line 60 of AA3 will include, at column 11, a deduction for the Schedule 9a result, cumulative to 31 December 2002 as per line 6, column 11 of AA1(2001). Line 60, column 12, of AA3 will then report the balance sheet result before personal expenses. The balance as at 31 December 2002 must then be reported on lines 60a and 60b of AA3. The reverse entry to line 60, column 11, must be entered at lines 60a and 60b, column 11, split as per the balances at the respective year ends. Columns 7 to 10 of line 60a should then be completed using the entries for the result before personal expenses in the 31 December 2002 return. Columns 7 to 10 of line 60b should then be completed using the entries for the result before personal expenses that would have been in the 31 December 2001 return.

AA3(run-off)page 3

AA3.26 For a run-off year of account, the cumulative cash calls to 31 December 2003 must be entered at line 65, column 1. The reason for this is that line 60, col 1, of

AA3 picks up the cumulative amount from AA1 (line 6, col 3), not the uncalled amount as reported in SR12, col 1.

AA3.27 Line 60 of AA3(run-off), the calendar year result before personal expenses per AA1, will include, at column 11, a deduction for the Schedule 9a result, cumulative to 31 December 2002 as per line 6, column 11 of AA1(run-off). Column 12 of line 60 of AA3 then reports the 2003 result before personal expenses for the run-off year of account.

AA3.28 The calendar year result for 2002 is to be reported at line 60a. The relevant figure will be the calendar year result reported in the 31 December 2002 return. The amount must be entered in column 11 of line 60a.

AA3.29 The balance of the result before personal expenses, ie the amount as at 31 December 2001, must then be reported at line 60b. The amount must be entered in column 11. The aggregate of the amounts entered at lines 60a and 60b in column 11 should be equal to and opposite that included at line 60, column 11.

AA3.30 Columns 7 to 10 of lines 60a and 60b should be completed, if appropriate, using the entries for the result before personal expenses that would have been in the 31 December 2002 and 2001 returns.

Lines 61 and 65 - Cash calls and other expenses

AA3.31 Personal expenses and cash calls are reported on these lines. There should be no need to adjust the cash call figure per column 1. However, the personal expenses figure may need to be adjusted for profit commission on the cumulative annual accounting result to date.

Line 69 – Continuous solvency transfer

AA3.32 This line is only open for the 2002 year of account. It is to be used to report, if applicable, the transfer made in 2003 for the 2002 year of account.

Line 80 – Reinsurance to close payable

AA3.33 Line 80 of the AA3(year) form has been blocked. Any figure in this line will be entered in AA3(year) page 2, line 34, as a negative figure. This is to facilitate the elimination of the RITC receivable/payable.

Line 82 – Other creditors, other

AA3.34 The total of liability columns 7 to 12 must agree to the equivalent columns of AA3 page 2. If an entry is required in a specific column but cannot be made on the relevant row, then it may be included on line 82 but with an explanation in the analysis schedule of why the adjustment is necessary.

Other adjustments

AA3.35 If it is necessary to enter one or more figures in this column then an explanation of the entry must be given in the additional analysis schedule of the appropriate cell.

Abridged return

AA3.36 This form is not completed for the abridged return.

AA3.d AA3(sum) – Balance sheet – all years

Full return

AA3.37 For syndicates completing the full return AA3(sum) picks up the year of account balance sheet information. Any further adjustments may be entered in column 6 if required.

AA3.38 One set of adjustments that will be required is in relation to a syndicate closing one year into another. The gross and net figures behind the RITC will be reported by both the closing year and the year accepting the RITC. To eliminate this double count adjustments must be made in column 6 at lines 18, 34 and 51. Line 34, RITC received, will therefore normally balance to zero. If line 34 does not balance to zero the validation routine provides a warning. It is recognised that there may be circumstances where there will be a figure in line 34 hence this is only a warning message and not a validation error. There is a similar warning for line 31, tangible assets. If the syndicate reports inter-year loans, another set of adjustments are needed at lines 24 AA3sum(page 2) and line 82b AA3sum(page 3).

Abridged return

AA3.39 For syndicates completing the abridged return, the syndicate balance sheet information should be input into column 5 of AA3(sum) but having regard for the disclosure requirements for AA3(year) set out in sections 7 to 9 above and summarised below.

AA3(sum)page 1

AA3.40 There should be no need to adjust the investment figures per the syndicate return. If adjustments are required, the figures to be entered in column 5 are those per the SR with the adjustments being made, and explained, in column 6.

AA3.41 The reinsurers' share of technical provisions must be split between claims outstanding, exclusive of unexpired risk provision (URP (line 18)), reinsurers' share of URP (line 18a) and unearned premiums (line 18b).

AA3(sum)page 2

AA3.42 Inter-syndicate loans made to another syndicate must be reported on line 24. Any figure entered here must be the same as entered in line 24 of SR12 of the Syndicate Return.

AA3.43 Inter-year loans made by a syndicate would be reported on line 24a with a creditor on line 82b of the receiving year. The debtor and creditor should be eliminated for the purposes of the AA return.

AA3.44 The amounts due from members within 12 months must be split between that for

cash calls due but unpaid (line 27a) and other (line 27).

AA3.45 Deferred acquisition costs are to be entered at line 38a.

AA3(sum)page 3

AA3.46 The balance on gross claims outstanding is to be reported at line 51 (the split by year of account status in the SR has been deleted for the AAR). The figure to be entered is exclusive of the provision for unexpired risk provision which should be entered at line 51a.

AA3.47 The gross provision for unearned premium is to be entered at line 54.

AA3.48 In the analysis of amounts due to members, line 60 must agree with line 6 of column 6 of AA1(sum), ie the calendar year result before personal expenses. The balance as at 31 December 2002 of the annual accounted result of 2002, 2001 and any run-off years is to be reported as a single figure at line 60c of AA3(sum).

AA3.49 Personal expenses and cash calls are reported in lines 61 and 65. Line 69 should be used to report only the early release for the 2002 year of account.

Other adjustments

AA3.50 Column 6 may be used for any adjustments that may be required to the figures in column 5.

AA4 Segmental reporting

Introduction

AA4.0 This form replicates the disclosure, under UK GAAP, of a UK authorised insurer. This form must be completed for both the full and abridged returns. The figures are for all years of account combined.

AA4.1 For the split by business type, facultative reinsurance must be included as part of reinsurance acceptances.

AA4.2 The geographical breakdown of gross premium written is not being collected this year as, at the market level, the proportion of business completed outside the UK is immaterial.

Line 1 – Gross premium written

AA4.3 The total at line 1, column 11 must agree to the total of gross premium written in AA6, the pro-forma technical account.

Line 2-4 - Net premium earned

AA4.4 Line 2, column 11 must agree with gross premium earned in AA6, the pro-forma technical account (ie gross premium written less change in the gross provision for unearned premium). Line 3, column 11 must agree with outward reinsurance premiums earned in AA6 (ie outward reinsurance premiums less change in the provision for unearned premium, reinsurers' share).

Line 5 – 7- Net claims incurred

AA4.5 Line 5, column 11, must agree with the aggregate of the amounts for gross claims paid plus the change in the gross claims provision amount in AA6. Line 6, column 11, must agree with the aggregate of reinsurers' share of claims paid plus the change in the gross claims provision, reinsurers' share.

Line 8 - Operating expenses

AA4.6 Line 8, column 11 must agree with net operating expenses in AA6, the pro-forma technical account (AA2(sum) lines 22-23+24+25+26+26a-27+AA1(sum) lines 7+9).

Lines 9 - 11 – Net technical result

AA4.7 The investment return will be derived by the software from AA6 and reported in line 10, column 11. Line 11, column will then report the aggregate of the net technical result in line 9 of column 11, and the investment return to give the syndicate's annual accounting result. That result must agree with the result reported on AA6.

Line 12 – Net technical provisions

AA4.8 Line 12, column 11 must agree with total technical provisions less total reinsurers' share of technical provisions in AA8, the pro-forma balance sheet (AA3(sum) lines 51+51a+54+55+57-18-18a-18b-19-58).

Abridged return

AA4.9 AA4 is completed in the same way as for the full return, ie as per AA4.0 to AA4.7.

AA5 Reconciliations

AA5.0 There are six reconciliations to be completed:

- Gross provision for claims
- Gross provision for claims, reinsurers' share
- Unearned premiums
- Unearned premiums, reinsurers' share
- Balance due to/(from) members
- Deferred acquisition costs

AA5.1 For each of these reconciliations the software derives the movement in period and period end balance as per the technical account in AA6 and the balance sheet in AA7. The specific lines from AA1, AA2 and AA3 that make up these balances are shown in AA6 and AA7. The opening balances are derived from columns 5 and 6 of the opening balance sheet, AA8.

AA5.2 Where a difference is reported on the reconciliation the reconciling items should be analysed in the additional rows at the end of each table. One reconciling item, exchange adjustment, is expected and has already been included in all the tables and must be used where appropriate.

AA5.3 In the table for “balance due to/(from) members” there are two additional reconciling items. The amount to be reported under “Distribution” is the RX04 amount (at 31 December 2002 rates of exchange) in the DD files submitted to MSU in March 2003. The amount to be reported under “cash calls” is the total of any cash calls made for the syndicate with a due date in calendar year 2003.

AA5.4 If any other reconciling items are required then an explanation should be provided in the first column of the relevant table. If the difference cannot be reconciled please e-mail Market Reporting

lloyds-MRD-ReturnQueries@lloyds.com

to agree how the return should be submitted. A return must not be submitted with an unreconciled balance.

Abridged return

AA5.5 AA5 is completed in the same way as for the full return, ie as per AA5.0 to AA5.4.

AA6 Pro-forma technical account

AA7 Pro-forma Balance sheet

AA7.0 These forms are entirely derived from the data input to the return. Their purpose is to report the syndicate figures on the same disclosure basis as used in the 31 December 2003 Global annual accounts and to assist in your review of the data. If a syndicate wishes to include in its Syndicate Accounts its contribution to the Global market annual accounting result, this is the format to use.

Abridged return

AA7.1 AA6 and AA7 are completed in the same way as for the full return, ie as per AA7.1.

AA8 Opening balance sheet

AA8.0 The purpose of this form is to ensure that there is full audit trail from the opening balance sheet, through the technical account to the closing balance sheet.

AA8.1 The figures reported in columns 1 and 2 are to be downloaded from those that were submitted to Lloyd's as the final figures for the 31 December 2002 exercise. The software instructions will tell you how to extract the data from the final locked version of the 31 December 2002 pack and the figures will be locked into columns 1 and 2. No other entries are to be made on this form, ie no adjustments are to be made to the figures in columns 1 and 2 or in any of the other columns.

AA8.2 Columns 3 and 4 have been blocked. If a figure in column 1 or 2 relating to one of the reconciliation tables in Form 5 is incorrect then the error must either be corrected through the 2003 technical account or appear as a reconciling item in Form 5.

Abridged return

AA8.3 AA8 is completed in the same way as for the full return, ie as per AA8.1 to AA8.2.

AA9 Analysis of result after all personal expenses

AA9.0 The purpose of this form is to provide information on any material factors contributing to the 2003 annual accounting result, ie the focus is narrative explanation, not figures. The form therefore automatically populates the number cells and combined ratio on the overall result. Agents should then use the narrative box to provide explanations of any material factors in the year of account results. The form must be completed, even if it is only to say that there are no material factors contributing to the result.

Abridged return

AA9.1 AA9 is completed in the same way as for the full return, ie as per AA9.0.

AA10 Basis of preparation

AA10.0 This provides standard paragraphs for the basis of preparation. Where an agent uses one or more different bases the standard paragraphs can be deleted and appropriate paragraphs provided on a continuation sheet on a similar basis as the Syndicate Return System.

Abridged return

AA10.1 AA10 is completed in the same way as for the full return, ie as per AA10.0.

AA11 Managing Agent's Report

AA11.0 A managing agent's report needs to be completed for the return.

AA11.1 Non-standard paragraphs can be entered through the software if required.

AA11.2 Each report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by at least one director and by the compliance officer. The same person must not sign in both capacities.

AA11.3 The syndicate number and page numbers must be entered. The page numbers entered in the managing agent's report must include all forms in the return and any additional pages of analysis.

Abridged return

AA11.4 AA11 is completed in the same way as for the full return, ie as per AA11.0 to AA11.3.

AA12 Auditors' report

AA12.0 Each report must be signed and dated on behalf of the recognised accountant by a partner or director.

AA12.1 The standard scope and opinion of the auditor's report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

Abridged return

AA12.2 AA12 is completed in the same way as for the full return, ie as per AA12.0 to AA12.1.

Annual Accounting Case Study

1 Background

- 1.1 A case study will be available from 30 November 2003. The case study will be walked through in the workshops in December.
- 1.2 The figures used in the case study are for illustrative purposes and are not intended to represent actual/expected amounts to be reported by syndicates in their 31 December 2003 annual accounting return.
- 1.3 The following are specific examples extracted from the case study.

2 Calculation of written, earned and unearned premium under a binding authority

Assumptions

- 2.1 Premium income written through binding authorities etc, should be allocated to the date of inception of the underlying policies issued under that authority.

Details

- 2.2 The binding authority has an Expected Premium Income of £120k and was written on, and commenced on, 1 July 2003. The syndicate expects the income to accrue evenly over the period of the binder, and exposure is constant over the 12 month life of each declaration.

Written premium

- 2.3 For annual accounting purposes the written premium income is half of the £120k, i.e. £60k. The remaining £60k is deemed not to be written in 2003 and therefore does not form part of the accounts.

Earned premium

- 2.4 Using the 24th method:

	Written		Earned
	Monthly	24 th share	£000
July 2003	£10k *	11/24	4.583
August 2003	£10k *	9/24	3.750
September 2003	£10k *	7/24	2.917
October 2003	£10k *	5/24	2.083
November 2003	£10k *	3/24	1.250
December 2003	£10k *	1/24	0.417
Total	£60k		15.000

3 Accounting for an inwards reinsurance contract with reinstatement

Assumptions

- 3.1 The syndicate writes a £1m reinsurance account, with an average rate on line of 20%.

Details

- 3.2 The Initial Expected Loss ratio is 70%. All policies incept 1 July 2003 for 12 months, offer one reinstatement @ 100. Brokerage of 10% on the initial premium. Claims paid at year end of £100,000.

- 3.3 Expected outcome

	£000	Notes
Gross premium	1,000	
Claims	700	
Reinstatements receivable	140	Being 20% of 700
Claims	98	Being 70% of 140

- 3.4 Technical account

	£000	Notes
Gross written premiums	1,140	
Provision for unearned premiums	570	Being 50% of 1,140
Earned premiums	570	
Gross claims paid	100	
Gross claims provision	299	
Gross claims incurred	399	Being 70% of 570
Acquisition costs	50	
Profit in technical account	121	

- 3.5 Balance sheet

	£000	£000
Cash		
Premiums	1,000	
Less brokerage	100	
Claims paid	100	
Plus reinstatements in	20	
		820
Amount due from intermediaries (being further reinstatements)		120
Deferred acquisition costs		50
Gross claims provision		(299)
Unearned premium reserve		(570)
Amount due to members		(121)
		0

4 Accounting for an outwards reinsurance contract with reinstatement

Assumptions

- 4.1 The syndicate buys a £1m reinsurance account, with an average rate on line of 20%.

Details

The expected recoveries are 70%. All policies incept 1 July 2003 for 12 months, offer one reinstatement @ 100. Reinsurance recoveries paid at year end £100,000.

4.3 Expected outcome

	£000	Notes
Reinsurance premium	1,000	
Recoveries	700	
Reinstatements payable	140	Being 20% of 700
Further recoveries	98	Being 70% of 140

4.4 Technical account

	£000	Notes
Written reinsurance premiums	1,140	
Provision for unearned premiums	570	Includes 70 of the reinstatement
Earned reinsurance premiums	570	
Reinsurers' share of claims paid	100	
Reinsurers' share of technical provisions	299	
Reinsurers' share of claims incurred	399	Being 70% of earned premiums of 570
Loss on the technical account	(171)	

4.5 Balance sheet

	£000	£000
Cash		
Premiums paid	(1,000)	
Recoveries received	100	
Reinstatements paid	(20)	
		(920)
Reinsurers' share of technical provisions		299
Reinsurers' share of unearned premium reserve		570
Amount due to intermediaries (being further reinstatements)		(120)
Amount due from members		171
		0

5 Accounting for an outwards qualifying quota share

Assumptions

5.1 The syndicate writes £1m gross premium with a 40% quota share.

Details

5.2 The average brokerage deducted is 20%. All policies incept 1 July 2003 for 12 months.

5.3 Technical account

	£000	Notes
Gross written premiums	1,000	
Reinsurers' share	400	Being 40% of £1m not 40% of the net premium of £800k
Provision for gross unearned premiums	500	
Reinsurers' share	<u>200</u>	
Net earned premiums	300	
Acquisition costs	<u>60</u>	Being 20% of the net retained, not 20% of gross earned premiums of £500k
Profit in technical account	240	

5.4 Balance sheet

	£000	£000	
Cash			
Premium received	1,000		
Less brokerage	200		
Reinsurance premiums paid	320		
		480	
Deferred acquisition costs		60	Being 20% of the net deferred premiums, not 20% of gross unearned premiums
Reinsurers' share of unearned premium reserve		200	Being 40% of £500k gross unearned premium before brokerage
Unearned premium reserve		(500)	
Amount due to members		(240)	
		0	

6 Calculation of acquisition costs and deferred acquisition costs

- 6.2 In deferring acquisition costs, it is necessary to have regard to not only the proportion of the grossing up of premiums written which relates to the unearned portion but also the proportion of syndicate expenses (eg underwriter's salary and Lloyd's charges) which have been identified as relating to acquisition of the business.

Assumptions

- 6.2.1 For the 2003 year of account syndicate expenses (including accruals of £500k) comprise (all at average rates of exchange):

	£000
--	------

Salaries of underwriting staff	500
Other staff remuneration	200
Cost of accommodation	360
Lloyd's charges	190
Premium levy	630
Auditors' remuneration	30
Computer costs	260
Motor expenses	17
Entertaining	11
Sundry expenses	6
	2,204

6.2.2 £400k of salaries of underwriting staff relate to acquisition costs of new and renewal business. 50% of computer costs, Lloyd's charges and costs of accommodation relate to new and renewal business. The premium levy is charged on the 2002 and 2003 year of account at 2%. All other expenses are deemed to relate to activities not associated with acquisition business.

6.2.3 The average unearned gross premium for all business is 40%.

6.3 Calculation

	£000	Acquisition costs £000	DAC £000
2003 year of account			
Underwriting staff salaries		400	400
Computer costs	260		
Lloyd's charges	190		
Cost of accommodation	360		
	<u>810</u>		
Acquisition element	@ 50%	405	<u>405</u>
			<u>805</u>
40% relating to unearned premiums			322
2003 element (32,915 – 4,845)*	<u>28,070</u>		
Levy thereon at 2% deemed "earned"	561		
Actual charge (per 6.2.1)	<u>630</u>	630	
Unearned element			<u>69</u>
Deferred acquisition costs			391
Expenses to be transferred to acquisition costs		<u>1,435</u>	
Add: deferred commissions#			<u>1,977</u>
Total DAC c/fwd at 31.12.2003			<u>2,368</u>

*these figures are taken from line 1, cols 19 (gross premium) and 7 (commission thereon) of AA2(2003) of the case study.

this figure is taken from line 4, col 14 of the case study.

6.4 The entries for these figures can be seen in AA(2003) of the case study (available from 30 November):

- a) line 5, column 14 – deferred commission of £1,977

- b) line 24, column 18, transfer to other acquisition expenses (£1,435)
- c) line 26, column 18, transfer from administrative expenses of £1,435; and
- d) line 26a, column 14 – movement in deferred acquisition costs of £2,368.

7 Calculation of exchange rate movements using average rates

7.1 Assumptions

For the purpose of the model the following US\$ rates of exchange have been used. These rates are not the ones to be used in the actual return.

31 December 2002	1.61
31 December 2003	1.68
Average rate	1.63

7.2 Calculation of exchange differences

Unearned premiums	Total	£ element	US\$ element in £	US\$ element in \$	Rate
B/f @ 1.1.03	7,941	5,559	2,382	3,835	1.61 (31.12.02)
earned in period	4,607	3,543	1,064	1,735	1.63 (av rate)
C/f @ 31.12.03	3,266	2,016	1,250	2,100	1.68 (31.12.03)
Exchange difference	68		68		

- 7.3 For the unearned premiums the amount earned in 2003, calculated using average rates for the period, of £4,607k is entered at column 13 of line 4 of AA2(2002). The premiums remaining unearned are translated at the period end rate, £3,266k, and entered in column 7 of line 54 in form AA3(page 3) (2002). The exchange difference arising from both these amounts, £68k is entered at column 13 of line 23 on AA2(2002). However, this last figure has been netted off against the £6k exchange difference from the movement on reinsurers' share of unearned premiums to give an overall exchange movement of £62k.

R/I element of unearned premiums	Total	£ element	US\$ element in £	US\$ element in \$	Rate
B/f @ 1.1.03	937	656	281	452	1.61 (31.12.02)
Earned in period	666	456	210	342	1.63 (av rate)
C/f @ 31.12.03	265	200	65	110	1.68 (31.12.03)
Exchange difference	6		6		

- 7.4 The movement on the reinsurers' share of unearned premiums in 2003, is calculated using average rates for the period, £666k, and is entered at column 13 of line 5 of AA2(2002). The premiums remaining unearned are translated at the period end rate, £265k, and entered in column 7 of line 18b in form AA3(page 1) (2002). The exchange difference arising from these amount is entered at column 13 of line 23 of AA2(2002) as noted in paragraph 7.3.

DAC	Total	£ element	US\$ element in £	US\$ element in \$	Rate
B/f @ 1.1.03	1,401	981	420	676	1.61 (31.12.02)
Earned in period	740	456	284	462	1.63 (av rate)
C/f @ 31.12.03	652	525	127	214	1.68 (31.12.03)
Exchange difference	9		9		

- 7.5 The DAC element of the movement on unearned premiums is calculated using average rates for the period, £740k, and entered at column 14 of line 4 of AA2(2002). The DAC on the unearned premiums carried forward are translated at the period end rate, £652k, and entered in column 8 of line 54 in form AA3(page 3) (2002). The exchange difference arising from both these amounts, £9k would be entered at column 14 of line 23 on AA2(2002). However, this last figure has to be aggregated with the equal and opposite £9k exchange difference that arises from the movement on DAC at column 14, line 26a of the AA2(2002).

Grossed up claims reserves	Total	£ element	US\$ element in £	US\$ element in \$	Rate
B/f @ 1.1.03	1,501	1,051	450	725	1.61 (31.12.02)
Earned in period	293	226	67	110	1.63 (av rate)
C/f @ 31.12.03	1,191	825	366	615	1.68 (31.12.03)
Exchange difference	17		17		

- 7.6 On grossed up claims reserves (line 13 of AA2(2002)), the exchange difference only relates to the figures to be entered in column 16 as any previous entries in that row are automatically eliminated in column 15. The movement in the year is calculated using the average rate of exchange and is entered in column 16, row 13, as a negative (ie the provision at 31.12.02 is being reduced by £293k).
- 7.7 The figure actually entered in that cell is a positive £6,579. This is because the 2002 reserve at 31.12.03 also includes the provisions for the 2001 YOA transferred with the RITC. The gross provision is £6,872 which, with the £293 deduction, gives an overall movement in the provision of £6,579.
- 7.8 The claims reserve carried forward is calculated using the period end exchange rate and entered in AA3(page 3) (2002) column 10 of lines 51 and 52a as appropriate. This figure would be £1,191k. However, the provision has been increased by the RITC and so is £1,191k + £6,872k = £8,063k.
- 7.9 The exchange differences on the movement and the period end balance are entered in AA2(2002) column 16, row 23. However, the movement of £17k is netted off against the £4k movement from the reinsurers' share of grossing up to give a net movement of £13k. There is no exchange difference arising on the RITC as noted in AA2.5.

R/I element of grossing up	Total	£ element	US\$ element in £	US\$ element in \$	Rate
B/f @ 1.1.03	396	277	119	192	1.61 (31.12.02)
earned in period	78	60	18	29	1.63 (av rate)
C/f @ 31.12.03	314	217	97	163	1.68 (31.12.03)
Exchange difference	4		4		

- 7.10 The calculations for the reinsurers' share of grossing up are made on a similar basis to those for the grossed up claims reserves. The movement is entered at AA2(2002) column 16, line 14 and the reserve carried forward reported in AA3(page 1) (2002) column 10, line 18.
- 7.11 Again the figures actually entered include the adjustment for the RITC received from the 2001 year of account. The reinsurers's share of the RITC is £1,813k. The movement in the provision entered at AA2(2002) column 16 of line 14 is therefore £1,813k less £78k = £1,735k. Similarly the provision carried forward in AA3(page 1)(2002) column 10 of line 18 is £1,813k plus the £314k from above = £2,127k.
- 7.12 As noted above, the exchange movement is netted off against that arising from the grossed up claims reserves figures and entered at AA2(2002) column 16, line 23.

SYNDICATE RETURN - 31.12.2003
Part 2 - Solvency and Reserving Data

Form	Description
SRDFront	Frontsheet for SRD section
SRD1	Premiums and Claims Data - 2000 and Prior Years of Account
SRD2	Premiums and Claims Data - 2001 and Post Years of Account
SRD3	Reserves
SRD4	Managing Agent's Report

SYNDICATE RETURN
31 DECEMBER 2003

SOLVENCY AND RESERVING DATA SECTION - FORMS SRD1 TO SRD4

SYNDICATE NO:

DUE FOR SUBMISSION BY 15 April 2004

Managing Agent:

Contact Name:

Telephone No:

E Mail Address:

I confirm that all SRD data which is applicable to this syndicate is included in this return as contained in the file sent to Lloyd's via the Market Returns web-site

Signed

Compliance Officer

Name

(Block capitals)

For Lloyd's use only:

Date received:

No. of days late:

Byelaw Breach:	Yes/No
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PREMIUMS AND CLAIMS DATA - 2000 AND PRIOR YEARS OF ACCOUNT

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Please complete in respect of 2000 and prior pure years of account only

Analysis must be provided in the required electronic format only of transactions relating to each pure year of account, risk code and currency:
--

Pure year	Risk code	Currency	Gross premiums* in calendar year	Net premiums* in calendar year	Gross claims in calendar year	Net claims in calendar year
1	2	3	4	5	6	7

*Net of Brokerage

PREMIUMS AND CLAIMS DATA - 2001 AND POST YEARS OF ACCOUNT

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Please complete in respect of 2001 and post pure years of account only

Analysis must be provided in the required electronic format **only** of transactions relating to each pure year of account, risk code and currency:

Pure year	Risk code	Currency	Cumulative gross premiums*	Cumulative net premiums*	Cumulative gross claims	Cumulative net claims
1	2	3	4	5	6	7

* Net of Brokerage

RESERVES - ALL YEARS

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

Please complete in respect of all pure years of account

Analysis must be provided in the required electronic format only of transactions relating to each pure year of account, risk code and currency:
--

Pure year	Risk code	Currency	Gross outstanding claims	Gross total reserves	Gross future premiums*	Net outstanding claims	Net total reserves	Net future premiums*
1	2	3	4	5	6	7	8	9

* Net of Brokerage

MANAGING AGENT'S REPORT

SYNDICATE NO:

Page

SYNDICATE RETURN
Year ended 31 December 2003

To the Council of Lloyd's

We confirm that the information set out on Forms SRD1 to SRD3 of the attached syndicate return as provided in the required electronic format in respect of the above syndicate for the year ended 31 December 2003 is accurate and complete and has been prepared in accordance with the provisions of the Solvency and Reporting Byelaw (No. 13 of 1990) and the conditions and requirements prescribed thereunder and includes all transactions of the syndicate for the year ended on that date.

Signed.....Compliance Officer*

Name.....(Block Capitals)

Signed.....Director*

Name.....(Block Capitals)

On behalf of(Managing Agent)

Date.....

*** The signatories must be different**

Syndicate return: 31 December 2003

Solvency and Reserving Data

Forms SRDFront to SRD4

Instructions

**Deadline for submission to Lloyd's:
12.00 noon Thursday 15 April 2004**

Index to Forms

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Introduction		3
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SRD1	Premiums and Claims Data – 2000 and Prior Years of Account	9
SRD2	Premiums and Claims Data – 2001 and Post Years of Account	9
SRD3	Reserves	11
SRD4	Managing Agent's Report	12

Introduction

1 Solvency and Reserving Data

- 1.1 This return collects the solvency and reserving data (SRD) and is known as the SRD return. The SRD is one of the key data sources used to set the Risk Based Capital (RBC) model parameters for each year of account. The data is also used in development work to test potential improvements to the RBC process. The SRD is a vital source of information for the Franchise and is a key input to the line of business and whole account benchmarking process. Furthermore, Lloyd's uses the SRD to produce market settlement statistics and in the monitoring of the market's reserves and results.
- 1.2 The SRD return has been prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended. It must be completed by the managing agent but does **not** need to be audited.
- 1.3 There are a number of cross-validations between the SRD return and the syndicate return; these are set out in the instructions for the relevant form.

2 Overview of return

- 2.1 A separate return must be submitted in respect of each syndicate. In the case of a mirror syndicate (ie a syndicate which is identical to another in respect of constitution, shares and members' agents participating therein) both syndicates must be included in one return.
- 2.2 Parallel corporate syndicates must complete and submit a separate syndicate return.
- 2.3 The returns must be completed in respect of all open years of account, all run-off years of account, all years of account closing as at 31 December 2003 and those closing during 2003 but before 31 December 2003 (ie. those where 'mid year closure' has occurred), in order to reflect the total insurance business transacted by underwriting members of Lloyd's.
- 2.4 Completion of the return is by reference to original pure year of account (for each 1993 and post year), risk code, and currency (US\$, Can\$ and converted £ (all other business)), in order for Lloyd's to be able to maintain and extend the market settlement triangulations on that basis.
- 2.5 This return is NOT required in respect of life syndicates.

3 Dealing with closure of a year of account at any time other than 31 December 2003

- 3.1 A number of orphan run-off years may close during calendar year 2003, but before 31 December 2003. A syndicate return is still required from such syndicates, even where the closing date is 1 January 2003.

- 3.2 If the syndicate in respect of which this return is made has closed during 2003 but before 31 December 2003:
- i) the premiums and claims information reported (SRD1 and SRD2) must relate only to the period during 2003 in which the year was open; and
 - ii) details of reserves retained (SRD3) must relate to those retained at the date of closure of the year of account.
- 3.3 A syndicate which has accepted the RITC from another syndicate which has closed during 2003 but not at 31 December 2003 must reflect the premium receivable for accepting the RITC in this return. The transactions arising on the reinsured liabilities subsequent to the reinsuring syndicate assuming them, up to 31 December 2003, and the value of the assumed liabilities as at that date must also be accounted for in the return. The transactions must be reported by reference to the year of account of the original business **NOT** the year of account accepting the RITC.

4 Equitas

- 4.1 This return must be prepared on a basis of recognising the reinsurance of all 1992 and prior non-life business into Equitas, effective as at 31 December 1995. Only underwriting transactions and reserves relating to 1993 and post non-life business must be reported in the return.

5 Electronic reporting

- 5.1 The return must be completed electronically, to be submitted via the MSU market returns website. The software and manual which will enable agents to do this will be provided to the market by 14 November. Managing agents are therefore advised not to reproduce any of the forms relating to the 2003 SRD return themselves as the software provided will do this. A hard copy submission is not required, except that a validation report generated from the system, SRDFront and a signed managing agent's report (SRD4) must be submitted.
- 5.2 A return will only be considered valid if it has both a print date and a version date, and that the version date and time agrees with the version date and time which is hard coded in the electronic submission. The version date is generated when the SRD return is 'locked' on the system. (Please refer to the software manual, to be provided with the software, for more detailed instructions). If a return is printed from an unlocked pack the system will generate a heading of 'DRAFT'. If a draft return is submitted or if the version date and time is not exactly the same as the version date and time within the electronic file, the return will be invalid and a resubmission will be required.
- 5.3 The software package for the SRD return incorporates validations with certain figures appearing in the syndicate return (see detailed instructions).

6 Signing of SRD return

- 6.1 The SRD return is required to be submitted electronically only, but in addition a hard copy validation report, SRDFront sheet and managing agent's report must be submitted.

- 6.2 The managing agent's report (SRD4) must be signed and dated on behalf of the directors of the managing agent by at least one director and by the compliance officer. The same person must not sign in both capacities.

The managing agent's report may need to be amended as a result of resubmissions of the return.

7 Submission of SRD return

7.1 Deadline

The SRD return must be submitted by 12.00 noon on Thursday 15 April 2004. Both the electronic filing and hard copy submission must be made by this time.

7.2 Submission

The electronic return in respect of each managed syndicate must be submitted by the managing agent via the MSU Market Returns website and the hard copy (validation report, SRDFront and SRD4 only) to:

Manager
Market Reporting
Gallery 5, Lloyd's 1986 Building

Failure to submit the return by the due deadline will be considered a breach of the Solvency and Reporting Byelaw (No. 13 of 1990), as amended. A resubmission of the return after the deadline will be considered a late submission.

Managing agents will be subject to disciplinary action and fines will be imposed if the return is submitted after the due deadline, in accordance with the following schedule:

Per return per syndicate – flat fine	£5,000
Per return per syndicate – additional fine per working day late	£1,000

Persistent delays will lead to further disciplinary action.

8 Assistance in completing the return

- 8.1 Any queries about the completion of the SRD return should be directed by email to Market Reporting at lloyds-MRD-ReturnQueries@lloyds.com. All queries will be responded to by the end of the following working day. Please contact John Parry via e-mail (john.parry@lloyds.com) if a response remains outstanding at that time.

9 Exchange rates

- 9.1 The data in the return must be reported in US dollars, Canadian dollars, and converted sterling (covering all other business) separately. Non-sterling settlement currency (other than US or Canadian dollar) elements of business transacted must be translated into sterling at the exchange rates ruling as at 31 December 2003. These rates will be advised in a market bulletin early in the New Year.

10 Reporting configuration

- 10.1 **All forms are to be completed in '000s - £ sterling, US dollars or Canadian dollars as applicable - not whole units.**
- 10.2 Great care must be taken over the use of negatives. Both premiums and claims should normally be entered as positive amounts. Negative amounts should be entered only where the position is the opposite to the expected outcome, eg only report negative gross premiums if return premiums paid exceed return premiums received.
- 10.3 For the purposes of this return, risk code SR is an **inwards** code.

11 Completion of forms

- 11.1 At the start of each section of the return, there is a 'front sheet' which must be completed. This provides confirmation that the return is complete in all respects.
- 11.2 Certain figures disclosed on some forms in the SRD return must agree or relate to figures on forms in the syndicate return. Where such cross-references apply to a particular form, the cross-references are set out in the instructions for that form.

12 Data entry and review

- 12.1 Full details of the methods available for data entry are set out in the manual which accompanies the return software. In summary, however, data may be entered in two ways. It can either be entered directly onto the screen, or imported from CSV files. The data can also be exported to CSV files.
- 12.2 A list of risk codes has been pre-encoded in the software. The currency codes (£, US\$ and Can\$) are also pre-encoded.
- 12.3 A hard copy may be made (although is not required for submission), which shows SRD1, SRD2 and SRD3 amounts summarised by year of account and currency, including overall converted sterling totals. Printouts at risk code level are also available.

13 Completion of the SRD return

- 13.1 Please complete the SRD return carefully in accordance with the instructions. Failure in doing so will result in the return being invalidated and returned to the managing agent for resubmission. Any resubmitted return, received after the deadline date, may be considered a late return and a breach of the Solvency and Reporting Byelaw.
- 13.2 The SRD is a vital source of information for the Franchise and is a key input to the line of business and whole account benchmarking process. After receipt of the data at the last year end we have become concerned at the number of anomalies within the data set. These include:
- negative cumulative gross premium

- cumulative net premium greater than cumulative gross
- paid and/or incurred claims with zero corresponding premium
- total return claims being greater than original cumulative claims, gross and net
- cumulative net claims greater than cumulative gross

Therefore you are asked to take particular care with regard to the preparation and review of the data provided in the SRD return.

Basis of Preparation

1 Data collection

- 1.1 As in previous years, Lloyd's is collecting solvency and reserving data ('SRD') from syndicates for years 1993 to 2003 inclusive. This data collection is important because it is used by the Market Analysis Department for its reserve benchmarking model and by the Market Risk and Reserving Unit for the assessment of Risk Based Capital.
- 1.2 The return collects settlements, premiums, paid and outstanding claims, reserves, and future premiums, by pure year of account, risk code and currency (\$US, \$Can and £). Managing agents are reminded that Lloyd's places considerable reliance on the allocation of IBNR across risk codes, and are asked to ensure that this is performed as realistically as possible.
- 1.3 Certain of the aggregate figures in the return must agree to figures shown in the syndicate return; full details of these are provided in the instructions.

2 Risk codes

- 2.1 Data must be reported at risk code level in this return.
- 2.2 Reference should be made to the Risk Coding Guidance Notes produced by LPSO for the list of valid risk codes and solvency categories.
- 2.3 Medical Malpractice

All settlements in this category should be coded with risk code GP in order that the integrity of data relating to this class of business is maintained.
- 2.4 UK Motor

Although it is recognised that most of this business is not signed through LPSO, figures are required on a risk code basis.
- 2.5 Third Party Reinsurance to close

Business coded to the TC risk code must be analysed by **underlying risk codes** for the purposes of completing this return, and into the year of account of the original policy not the year of account accepting the RITC.

Instructions

SRD Front sheet

This asks the managing agent to confirm that the SRD return is complete and the pages of the return have been numbered correctly. The return must have both a print date and time, and a version date and time. The latter must match the version date and time encoded within the electronic submission. This is to ensure that data in the electronic submission is exactly the same as the data on the hard copy which has been reported on by the managing agent. A front sheet must be completed for the submission of each stage of the return. Managing agents are asked to complete each field to facilitate the resolution of queries, etc after the return has been received.

1 SRD1: Premiums and Claims Data – 2000 and Prior Years of Account SRD2: Premiums and Claims Data – 2001 and Post Years of Account

- 1.1 These forms collect details of premiums received and claims paid by pure year of account, risk code and currency.
- 1.2 Amounts must be reported in respect of each pure year of account from 1993 to 2003 inclusive, where applicable.
- 1.3 Amounts reported in respect of the **2000 and prior** pure years of account must be reported on **SRD1** and must be the **calendar year** transactions in respect of each year of account during 2003.
- 1.4 Amounts reported in respect of the **2001, 2002 and 2003** pure years of account must be reported on **SRD2** and must be the **cumulative** transactions in respect of each year of account up to 31 December 2003.

Gross and net premiums (columns 4 and 5)

- 1.5 Gross premiums are gross premiums received less:

- i) brokerage, taxes, levies and commissions, and
- ii) returned premiums,

excluding premiums received in respect of a reinsurance to close any earlier year of account.

It is emphasised that all gross premium amounts must be pure for each year of account.

- 1.6 Net premiums are gross premiums received less reinsurance ceded. Similarly, the net premium amounts must be pure for each year of account.

Gross and net settlements made on 2000 and prior years of account in 2003 (SRD1 columns 6 and 7)

- 1.7 Gross settlements are the claims settlements made in 2003 on the 1993 to 2000 years of account, gross of reinsurance recoveries. It should be noted that gross premiums received in the year are not to be deducted from these figures but must be reported in column 4 instead.
- 1.8 The calendar year net settlements are the claims settlements made in 2003 on the 1993 to 2000 years of account, net of reinsurance recoveries. Again, net premiums received in the year are not to be deducted from these figures but must be reported in column 5.
- 1.9 Net settlements must be reported inclusive of accruals. Accruals must be reported net of bad debt.

Cumulative gross and net claims for 2001 to 2003 years of account (SRD2 columns 6 and 7)

- 1.10 Cumulative gross claims must exclude any claims payments relating to earlier years of account.
- 1.11 Cumulative net claims should be cumulative gross claims net of reinsurance recoveries. Net claims relating to earlier years of account and any undrawn letters of credit which have been issued must be excluded.

Validation with the syndicate return

- 1.12 The following items, when reported in converted sterling for all years of account, risk codes and currencies for SRD1 and SRD2 **in aggregate** (ie the whole business of the syndicate) must agree to the following items in the syndicate return:
- | | | | |
|------|---------------------------|---|--|
| i) | Gross premiums (column 4) | = | SR2 (2001) column 3 line 1 +
SR2 (2002) column 3 line 1 +
SR2 (2003) column 3 line 1 +
all SR2 (Run-off) column 2 line 1. |
| ii) | Net premiums (column 5) | = | SR2 (2001) column 3 line 3 +
SR2 (2002) column 3 line 3 +
SR2 (2003) column 3 line 3 +
all SR2 (Run-off) column 2 line 3. |
| iii) | Gross claims (column 6) | = | SR2 (2001) column 3 line 10 +
SR2 (2002) column 3 line 10 +
SR2 (2003) column 3 line 10 +
all SR2 (Run-off) column 2 line 10. |
| iv) | Net claims (column 7) | = | SR2 (2001) column 3 line 12 +
SR2 (2002) column 3 line 12 +
SR2 (2003) column 3 line 12 +
all SR2 (Run-off) column 2 line 12. |

- 1.13 These validations may not work if the syndicate has accepted the RITC of an earlier year of account either into its 2001 year of account before 31 December 2002, or into its 2002 year of account at 31 December 2001.
- 1.14 In such a circumstance, the validation errors reported on the validation report will be acceptable so long as an appropriate explanation is provided by the managing agent in respect of these differences.

2 **SRD3: Reserves**

- 2.1 These forms collect details of outstanding claims, total reserves and future premiums by pure year of account, risk code and currency.
- 2.2 Amounts must be reported in respect of each pure year of account from 1993 to 2003 inclusive, as applicable.
- 2.3 Gross total reserves (column 5) are gross outstanding claims (column 4) plus gross IBNR. Please take particular care when apportioning IBNR across relevant risk codes. The apportionment must be appropriate to the amounts shown for outstanding claims.
- 2.4 Net total reserves (column 8) are determined after apportionment of both specific and general reinsurance protection.
- 2.5 The reserve figures must be stated net of future expected premiums, but the amounts for gross and net future premiums (at columns 6 and 9 respectively) must also be shown separately, again by risk code and settlement currency. This information is used to calculate estimated ultimate claims and premiums figures for the market.
- 2.6 Both allocated **and unallocated** claims handling costs must be included in reserves.

Validation with the syndicate return

- 2.7 The following items, when reported in converted sterling for all years of account, risk codes and currencies for SRD3 **in aggregate** (ie the whole business of the syndicate) must agree to the following items in the syndicate return:
- i) Gross outstanding claims (column 4) = SR16 (2001) column 1 line 16 +
SR16 (2002) column 1 line 16 +
SR16 (2003) column 1 line 16 +
all SR16 (Run-off) column 1 line 16.
 - ii) Gross total reserves (column 5) = SR16 (2001) column 1 line 6 +
SR16 (2002) column 1 line 6 +
SR16 (2003) column 1 line 6 +
all SR16 (Run-off) column 1 line 6.

- iii) Gross future premiums (column 6) = SR16 (2001) column 1 line 3 +
SR16 (2002) column 1 line 3 +
SR16 (2003) column 1 line 3 +
all SR16 (Run-off) column 1 line 3.
- iv) Net outstanding claims (column 7) = SR16 (2001) column 1 line 19 +
SR16 (2002) column 1 line 19 +
SR16 (2003) column 1 line 19 +
all SR16 (Run-off) column 1 line 19.
- v) Net total reserves (column 8) = SR16 (2001) column 1 line 10 +
SR16 (2002) column 1 line 10 +
SR16 (2003) column 1 line 10 +
all SR16 (Run-off) column 1 line 10.

3 SRD4: Managing Agent's Report

- 3.1 This report must be approved, **signed and dated**, on behalf of the directors of the underwriting agent, by at least one director and by the compliance officer. The same person must not sign in both capacities.

INDEX TO FORMS

FSA RETURN - 31.12.2003

Form	Description
FSA Front	FSA return cover sheet
FSA 1	Profit and Loss Account
FSA 2	Underwriting Account
FSA 2 (Summary)	Underwriting Account - summary of FSA technical account
FSA 4	Underwriting: Summary of Underwriting Movements
FSA 5	Analysis of Technical Provisions
FSA 5 (Summary)	Analysis of Technical Provisions - summary of FSA technical provisions
FSA 6	Analysis of Gross Claims and Premiums By Risk Group for Direct Insurance and Facultative Reinsurance
FSA 12	Balance Sheet
FSA 13	Analysis of Derivative Contracts
FSA 14A	Statement of Major Facultative Reinsurers
FSA 14B	Statement of Major Treaty Reinsurers
FSA 14C	Statement of Major Reinsurance Cedants
FSA 18A	Long Term Insurance Business: Analysis of Premiums and Expenses
FSA 18B	Long Term Insurance Business: Analysis of Claims
FSA 22	Managing Agent's Report
FSA 23	Auditor's Report

**SYNDICATE RETURN
31 DECEMBER 2003**

**AUDITED SECTION - FORMS FSA1 TO FSA23
RETURN WITH FSA INFORMATION**

DUE FOR SUBMISSION BY 29 APRIL 2004

SYNDICATE NO:

Managing Agent:

Contact Name: Telephone No:

E Mail Address:.....

Auditors:

I confirm that all forms which are applicable to this syndicate have been included in this return. The electronic version of this return has been submitted to Lloyd's via the MSU web-site on

Signed

Compliance Officer

Name

(Block capitals)

For Lloyd's use only:

Date received:	
No. of days late:	
Byelaw Breach:	Yes/No

**PROFIT AND LOSS ACCOUNT
RUN-OFF ACCOUNT - 2003 CALENDAR YEAR MOVEMENT**

SYNDICATE NO:
SYNDICATE RETURN
 Year ended 31 December 2003
 Year of account: **Run-off**

Page:

Line	Per Syndicate accounts			FSA adjustments					TOTAL FSA RESULT
	1	2	3 (1 + 2)	4	5	6	7	8	9 2+(4 to 8)
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	
1	Result / Balance from technical account (FSA2 Line 32)								
2	Gross investment income								
3	Gross investment gains								
4	Gross investment losses								
5	Gross investment expenses								
6	Result / Balance before personal expenses (1+2+3-4-5)								
7	'Standard' personal expenses (see instructions)								
8	Result / Balance after 'Standard' personal expenses (6-7)								
9	'Other' personal expenses (see instructions)								
10	Result / Balance after all personal expenses (8 - 9)								

PROFIT AND LOSS ACCOUNT
2001 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS

SYNDICATE NO:
SYNDICATE RETURN
 Year ended 31 December 2003
 Year of Account **2001**

Page:

Line	Per Syndicate accounts			FSA adjustments					TOTAL FSA RESULT
	1	2	3	4	5	6	7	8	
			(1 + 2)						
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	
Result / Balance from technical account (FSA2 Line 32)									
Gross investment income									
Gross investment gains									
Gross investment losses									
Gross investment expenses									
Result / Balance before personal expenses (1+2+3-4-5)									
'Standard' personal expenses (see instructions)									
Result / Balance after 'Standard' personal expenses (6-7)									
'Other' personal expenses (see instructions)									
Result / Balance after all personal expenses (8 - 9)									

PROFIT AND LOSS ACCOUNT
2002 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS

SYNDICATE NO:
SYNDICATE RETURN
 Year ended 31 December 2003
 Year of Account **2002**

Page:

Line	Per Syndicate accounts			FSA adjustments					TOTAL FSA RESULT
	1	2	3 (1+2)	4	5	6	7	8	9 2+(4 to 8)
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	
1	Result / Balance from technical account (FSA2 Line 32)								
2	Gross investment income								
3	Gross investment gains								
4	Gross investment losses								
5	Gross investment expenses								
6	Result / Balance before personal expenses (1+2+3-4+5)								
7	'Standard' personal expenses (see instructions)								
8	Result / Balance after 'Standard' personal expenses (6-7)								
9	'Other' personal expenses (see instructions)								
10	Result / Balance after all personal expenses (8 - 9)								

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2003**

PROFIT AND LOSS ACCOUNT
2003 ACCOUNT CUMULATIVE BUSINESS AS AT 12 MONTHS

Page:

Line	Per Syndicate accounts			FSA adjustments					TOTAL FSA RESULT
	1	2	3	4	5	6	7	8	
			(1 + 2)						2+(4 to 8)
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	
1									
Result / Balance from technical account (FSA2 Line 32)									
2									
Gross investment income									
3									
Gross investment gains									
4									
Gross investment losses									
5									
Gross investment expenses									
6									
Result / Balance before personal expenses (1+2+3-4-5)									
7									
'Standard' personal expenses (see instructions)									
8									
Result / Balance after 'Standard' personal expenses (6-7)									
9									
'Other' personal expenses (see instructions)									
10									
Result / Balance after all personal expenses (8 - 9)									

TECHNICAL ACCOUNT SUMMARY
Summary of FSAI Column 9 - Technical account in FSA format

SYNDICATE NO.:-----
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **Run-off**

Page: ----

Accounting Class (Insurance Category)												
Pure year of account												
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total	
											12 = (1 to 11)	
1	2	3	4	5	6	7	8	9	10	11		
Gross premiums												
Reinsurers' share												
Net premiums (1-2)												
Reinsurers' share (AA only)												
Gross provision for assumed premium (AA only)												
Net carried premiums (AA only) (3-4+5)												
Reinsurance to those received - gross												
Reinsurance to those received - RI element												
Reinsurance to those received - net (7b-7b)												
Run-off reserves received - gross												
Run-off reserves received - RI element												
Run-off reserves received - net (8a-8b)												
Subs total (6+7+8c)												
10												
Gross claims paid												
Reinsurers' share of paid amount												
Net claims paid (10-11)												
Grossed up claims reserves												
RI element of grossing up												
Reinsurance to those paid - gross												
Reinsurance to those paid - RI element												
Run-off reserves required - gross												
Run-off reserves required - RI element												
Reinsurance to those paid - net (items only) (15-16)												
Run-off reserves required - net (items only) (17-18)												
Subs total (12+13+14+19+20)												
21												
22												
Claims management costs												
Profit/loss on exchange												
23												
Administrative expenses												
Commissions												
Other acquisition expenses												
Reinsurers' commissions and profit participations												
Total operating expenses (24+25+26+27)												
28												
Balance on technical account (9-21+22+23-28)												
29												
Net technical provisions brought forward												
Net technical provisions eliminated												
Net technical provisions carried forward												
30a												
30b												
31												
Technical final balance (29-30a-30b-31)												
32												

TECHNICAL ACCOUNT SUMMARY
Summary of FSA2 Column 9 - Technical account in FSA format

	Pure year of account												Accounting Class Business Category
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total 12 = (1 to 11)	
Gross premiums	1												
Reinsurers' share	2												
Net premiums (1-2)	3												
Gross provisions for unearned premium (AA only)	4												
Reinsurers' share (AA only)	5												
Net earned premiums (AA only) (3-4+5)	6												
Reinsurance to close received - gross	7a												
Reinsurance to close received - R/I element	7b												
Reinsurance to close received - net (7a-7b)	7c												
Run-off reserves received - gross	8a												
Run-off reserves received - R/I element	8b												
Run-off reserves received - net (8a-8b)	8c												
Subs-total (6c+7c+8c)	9												
Gross claims paid	10												
Reinsurers' share of paid amount	11												
Net claims paid (10-11)	12												
Grossed up claims reserves	13												
R/I element of grossing up	14												
Reinsurance to close paid - gross	15												
Reinsurance to close paid - R/I element	16												
Run-off reserves retained - gross	17												
Run-off reserves retained - R/I element	18												
Reinsurance to close paid - net (memo only) (15-16)	19												
Run-off reserves retained - net (memo only) (17-18)	20												
Subs-total (12+13+14+19-20)	21												
Claims management costs	22												
Provision on exchange	23												
Administrative expenses	24												
Commissions	25												
Other acquisition expenses	26												
Reinsurers' commission and profit participations	27												
Total spending expenses (24+25+26+27)	28												
Balance on technical account (9-21-22+23-28)	29												
Net technical provision brought forward	30a												
Net technical provisions eliminated	30b												
Net technical provisions carried forward	31												
Technical result/balance (29-30a-30b+31)	32												

TECHNICAL ACCOUNT SUMMARY
Summary of FSA2 Column 9 - Technical account in FSA format

Page:

	Pure year of account												Accounting Class Business Category
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total	
	1	2	3	4	5	6	7	8	9	10	11	12 = (1 to 11)	
Gross premiums	1												
Reinsurers' share	2												
Net premiums (1-2)	3												
Gross provisions for unearned premium (AA only)	4												
Reinsurers' share (AA only)	5												
Net earned premiums (AA only) (3-4+5)	6												
Reinsurance to close received - gross	7a												
Reinsurance to close received - R/I element	7b												
Reinsurance to close received - net (7a-7b)	7c												
Run-off reserves received - gross	8a												
Run-off reserves received - R/I element	8b												
Run-off reserves received - net (8a-8b)	8c												
Subs-total (6c-7c-8c)	9												
Gross claims paid	10												
Reinsurers' share of paid amount	11												
Net claims paid (10-11)	12												
Grossed up claims reserves	13												
R/I element of grossing up	14												
Reinsurance to close paid - gross	15												
Reinsurance to close paid - R/I element	16												
Run-off reserves retained - gross	17												
Run-off reserves retained - R/I element	18												
Reinsurance to close paid - net (memo only) (15-16)	19												
Run-off reserves retained - net (memo only) (17-18)	20												
Subs-total (12+13+14+19-20)	21												
Claims management costs	22												
Profit/loss on exchange	23												
Administrative expenses	24												
Commissions	25												
Other acquisition expenses	26												
Reinsurers' commission and profit participations	27												
Total spending expenses (24+25+26+27)	28												
Balance on technical account (9-21-22+23-28)	29												
Net technical provisions brought forward	30a												
Net technical provisions eliminated	30b												
Net technical provisions carried forward	31												
Technical result/balance (29-30a-30b-31)	32												

TECHNICAL ACCOUNT SUMMARY
Summary of FSA2 Column 9 - Technical account in FSA format

		Pure year of account												Accounting Class		Business Category	
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total				
		1	2	3	4	5	6	7	8	9	10	11	12 = (1 to 11)				
Gross premiums	1																
Reinsurers' share	2																
Net premiums (1-2)	3																
Gross provision for unearned premium (AA only)	4																
Reinsurers' share (AA only)	5																
Net earned premiums (AA only) (3+4+5)	6																
Reinsurance to close received - gross	7a																
Reinsurance to close received - R/I element	7b																
Reinsurance to close received - net (7a-7b)	7c																
Run-off reserves received - gross	8a																
Run-off reserves received - R/I element	8b																
Run-off reserves received - net (8a-8b)	8c																
Sub-total (6+7c-8c)	9																
Gross claims paid	10																
Reinsurers' share of paid amount	11																
Net claims paid (10-11)	12																
Grossed up claims reserves	13																
R/I element of grossing up	14																
Reinsurance to close paid - gross	15																
Reinsurance to close paid - R/I element	16																
Run-off reserves retained - gross	17																
Run-off reserves retained - R/I element	18																
Reinsurance to close paid - net (memo only) (15-16)	19																
Run-off reserves retained - net (memo only) (17-18)	20																
Sub-total (12+13+14+19+20)	21																
Claims management costs	22																
Profit/(loss) on exchange	23																
Administrative expenses	24																
Commissions	25																
Other acquisition expenses	26																
Reinsurers' commissions and profit participations	27																
Total operating expenses (24+25+26+27)	28																
Balance on technical account (9-21+22+23-28)	29																
Net technical provisions brought forward	30a																
Net technical provisions eliminated	30b																
Net technical provisions carried forward	31																
Technical result/balance (29-30a-30b+31)	32																

UNDERWRITING ACCOUNT
RUN-OFF ACCOUNT - 2003 CALENDAR YEAR MOVEMENT

Per Syndicate accounts												Accounting Class		Business Category			
1		2		3		4		5		6		7		8		9	
Cumulative to 31.12.2002		Movement in 2003		Cumulative to 31.12.2003		Exchange adjustments		Claims management costs		Acquisition costs		RI Commissions		Technical provisions		TOTAL FSA RESULT	
Line																	
1	Gross premiums																
2	Reinsurers' share																
3	Net premiums (1-2)																
4	Gross provision (or assumed premium) (AA only)																
5	Reinsurers' share (AA only)																
6	Net earned premium (AA only) (4-5)																
7a	Reinsurance to close received - gross																
7b	Reinsurance to close received - RI element																
7c	Reinsurance to close received - net (7a-7b)																
8a	Run-off reserves received - gross																
8b	Run-off reserves received - RI element																
8c	Run-off reserves received - net (8a-8b)																
9	Sub-total (6+7c+8c)																
10	Gross claims paid																
11	Reinsurers' share of paid amount																
12	Net claims paid (10-11)																
13	Grossed up claims reserves																
14	RI element of grossing up																
15	Reinsurance to close paid - gross																
16	Reinsurance to close paid - RI element																
17	Run-off reserves retained - gross																
18	Run-off reserves retained - RI element																
19	Reinsurance to close paid - net (reins only) (15-16)																
20	Run-off reserves retained - net (reins only) (17-18)																
21	Sub-total (12+13-14+19+20)																
22	Claims management costs																
23	Profit/(loss) on re-charge																
24	Administrative expenses																
25	Commissions																
26	Other acquisition expenses																
27	Reinsurers' commissions and profit participations																
28	Total operating expenses (24+25+26+27)																
29	Balance on technical account (9-21-28+20-28)																
30a	Net technical provisions brought forward																
30b	Net technical provisions eliminated																
31	Net technical provisions carried forward																
32	Technical result/balance (29+30a-30b-31)																

UNDERWRITING ACCOUNT
2001 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS

Accounting Class										Business Category
Per Syndicate account										FSAs adjustment (to column 2)
Line	1	2	3	4	5	6	7	8		
	Cumulative to 31.12.2002	Movement in 2003	1+2	Exchange adjustments	Claims management costs	Acquisition costs	RI Commissions	Technical provisions		
									2+(4 to 8)	
										TOTAL FSA RESULT

UNDERWRITING ACCOUNT
2002 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS

Page: -----

Line	Per Syndicate accounts				FSA adjustments (to column 2)				Accounting Class Business Category
	1	2	3	4	5	6	7	8	
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Claims management costs	Acquisition costs	RI Commissions	Technical provisions	
Gross premiums									9
Reinsurers' share									2-(4+6+8)
Net premiums (1-2)									TOTAL FSA RESULT
Gross provision for unearned premium (AA only)									
Reinsurers' share (AA only)									
Net carried premium (AA only) (3-4+5)									
Reinsurance to close received - gross									
Reinsurance to close received - RI element									
Reinsurance to close received - net (7a-7b)									
Run-off reserves received - gross									
Run-off reserves received - RI element									
Run-off reserves received - net (8a-8b)									
Subs-total (6+7c-8c)									
Gross claims paid									
Reinsurers' share of paid amount									
Net claims paid (10-11)									
Grossed up claims reserves									
RI element of grossing up									
Reinsurance to close paid - gross									
Reinsurance to close paid - RI element									
Run-off reserves retained - gross									
Run-off reserves retained - RI element									
Reinsurance to close paid - net (memo only) (15-16)									
Run-off reserves retained - net (memo only) (17-18)									
Subs-total (12+13-14+19-20)									
Claims management costs									
Profit(loss) on reinsurance									
Administrative expenses									
Commissions									
Other acquisition expenses									
Reinsurers' commissions and profit participations									
Total operating expenses (24+25+26+27)									
Balance on technical account (9-21-22+23-28)									
Net technical provisions brought forward									
Net technical provisions eliminated									
Net technical provisions carried forward									
Technical result/balance (29-30c-30b-31)									

UNDERWRITING: SUMMARY OF UNDERWRITING MOVEMENTS

SYNDICATE NO:

Page

SYNDICATE RETURN

Year ended 31 December 2003

	Line	Run-off years of account	2001 Account	2002 Account	2003 Account
PART 1					
Accounting class: movement in financial year					
Accident and health	1				
Motor vehicle	2				
Aviation	3				
Marine	4				
Transport	5				
Property damage	6				
Third party liability	7				
Miscellaneous and pecuniary loss	8				
Non Proportional treaty reinsurance	9				
Proportional treaty reinsurance	10				
Marine, aviation and transport reinsurance	11				
General insurance business (Lines 1 to 11)	12				
Life business	13				
Total business (lines 12 + 13)	14				

PART 2

Reconciliation of movement in financial year with declared result for financial year

This financial year	15				
Preceding financial year	16				
Previous financial year	17				
Sub total (15 to 17)	18				
Other surpluses and deficiencies	19				
Other adjustments (particulars to be specified by way of a supplementary note)	20				
Declared result (18 to 20)	21				

SUMMARY OF TECHNICAL PROVISIONS
Summary of FSAs Column 7 - Reserves in FSA format

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
Year of Account 2001

		Pure year of account										Accounting Class category		Page
												Business category		
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total	
		1	2	3	4	5	6	7	8	9	10	11	12	Columns 1 to 11
Reported claims outstanding	Gross amount													
	Reinsurers' share													
Claims incurred but not reported	Gross amount													
	Reinsurers' share													
Claims management costs														
Subtotal (1+2+3+4+5)														
Other technical provisions														
Total (6+7)														

SUMMARY OF TECHNICAL PROVISIONS
Summary of FSA5 Column 7 - Reserves in FSA format

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account 2002

Page

		Pure year of account											Accounting Class category	Business category	
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total		
		1	2	3	4	5	6	7	8	9	10	11	12	Columns 1 to 11	
Reported claims outstanding	Gross amount	1													
	Reinsurers' share	2													
Claims incurred but not reported	Gross amount	3													
	Reinsurers' share	4													
Claims management costs		5													
Subtotal (1-2+3-4+5)		6													
Other technical provisions		7													
Total (6 + 7)		8													

SUMMARY OF TECHNICAL PROVISIONS
Summary of FSA5 Column 7 - Reserves in FSA format

SYNDICATE NO:
 SYNDICATE RETURN
 Year ended 31 December 2003
 Year of Account **2003**

Page

		Accounting Class category	Business category	Pure year of account										Total	
				1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
				1	2	3	4	5	6	7	8	9	10	11	12
															Columns 1 to 11
Reported claims outstanding	Gross amount														
	Reinsurers' share														
Claims incurred but not reported	Gross amount														
	Reinsurers' share														
Claims management costs															
Subtotal (1-2+3-4+5)															
Other technical provisions															
Total (6 + 7)															

**ANALYSIS OF TECHNICAL PROVISIONS
RUN-OFF ACCOUNT**

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **Run-off**

Pure year

Page

Accounting Class category	
Business category	

			Per Syndicate accounts	FSA adjustments					
			1	2	3	4	5	6	7
									1 + (2 to 6)
			As at the end of this financial year	Exchange adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	TOTAL
Line									
Reported claims outstanding	Gross amount	1							
	Reinsurers' share	2							
Claims incurred but not reported	Gross amount	3							
	Reinsurers' share	4							
Claims management costs			5						
Subtotal (1-2+3-4+5)			6						
Other technical provisions			7						
Total (6 + 7)			8						

**ANALYSIS OF TECHNICAL PROVISIONS
2001 ACCOUNT**

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2001**
Pure year

Page

Accounting Class category	
Business category	

			Per Syndicate accounts	FSA adjustments					
			1	2	3	4	5	6	7
									1 + (2 to 6)
			As at the end of this financial year	Exchange adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	TOTAL
Line									
Reported claims outstanding	Gross amount	1							
	Reinsurers' share	2							
Claims incurred but not reported	Gross amount	3							
	Reinsurers' share	4							
Claims management costs			5						
Subtotal (1-2+3-4+5)			6						
Other technical provisions			7						
Total (6 + 7)			8						

**ANALYSIS OF TECHNICAL PROVISIONS
2002 ACCOUNT**

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2002**
Pure year

Page

Accounting Class category	
Business category	

			Per Syndicate accounts	FSA adjustments					
			1	2	3	4	5	6	7
									1+(2 to 6)
			As at the end of this financial year	Exchange Adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	TOTAL
Line									
Reported claims outstanding	Gross amount	1							
	Reinsurers' share	2							
Claims incurred but not reported	Gross amount	3							
	Reinsurers' share	4							
Claims management costs		5							
Subtotal (1-2+3-4+5)		6							
Other technical provisions		7							
Total (6 + 7)		8							

ANALYSIS OF TECHNICAL PROVISIONS
2003 ACCOUNT

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003
Year of Account **2003**
Pure year

Page

Accounting Class category	
Business category	

			Per Syndicate accounts	FSA adjustments					
			1	2	3	4	5	6	7
									1+(2 to 6)
			As at the end of this financial year	Exchange Adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	TOTAL
Line									
Reported claims outstanding	Gross amount	1							
	Reinsurers' share	2							
Claims incurred but not reported	Gross amount	3							
	Reinsurers' share	4							
Claims management costs		5							
Subtotal (1-2+3-4+5)		6							
Other technical provisions		7							
Total (6 + 7)		8							

ANALYSIS OF GROSS CLAIMS AND PREMIUMS BY RISK GROUP FOR DIRECT INSURANCE AND FACULTATIVE REINSURANCE

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Page

		Currency	Accounting class		Risk group				
		Gross claims carried forward		Gross claims outstanding brought forward		Balance on each underwriting year (2+3+4-5-6)	Cumulative gross premiums	Claims ratio %	
		Reported	In this financial year	Reported	In this financial year				
Pure Year of Account	1	2	3	4	5	6	7	8	9
2003									
2002									
2001									
2000									
1999									
1998									
1997									
1996									
1995									
1994									
1993									
Total									

SYNDICATE NO:
SYNDICATE RETURN
Year ended 31 December 2003
All years combined

BALANCE SHEET
ASSETS - PAGE 1

Page

		Currency/code			
			1	2	3
			Per Syndicate accounts	FSA adjustments	4
					1+2+3
			As at the end of this financial year	Other adjustments	TOTAL
		Line	Restriction re concentration limits		
Investments	Equity shares	1			
	Other shares and other variable yield securities	2			
	Holdings in collective investment schemes	3			
	Rights under derivative contracts	4			
	Debt securities and other fixed income securities	5			
	Approved securities	6			
	Other	7			
	Approved securities	8			
	Other	9			
	Participation in investment pools	10			
Financial investments	Loans secured by mortgages	11			
	Loans to public or local authorities and nationalised industries or undertakings	12			
	Loans secured by policies of insurance issued by the syndicate	13			
	Other	14			
	Deposits with approved credit institutions and approved financial institutions	15			
	Withdrawal subject to a time restriction of one month or less	16			
	Withdrawal subject to a time restriction of more than one month	17			
	Other	18			
	Deposits with ceding undertakings	19			
	Other	20			
Reinsurers' share of technical provisions					
Claims outstanding					
Other					
Total page 1 (lines 1 to 19)					

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

All years combined

BALANCE SHEET
ASSETS - PAGE 2

		Currency code		Page	
		1	2	3	4
Per Syndicate accounts		As at the end of this financial year	Restriction re concentration limits	Other adjustments	TOTAL
Line					
Debtors and other assets					
Debtors arising out of direct insurance operations	Policyholders	21			
	Intermediaries	22			
Salvage and subrogation recoveries		23			
Inter-syndicate loans		24			
Inter-year loans		24a			
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25			
	Gross reinsurance recoverable on paid claims	26a			
	Bad debt provision thereon	26b			
	Due from reinsurers and intermediaries under reinsurance contracts ceded	26c			
	Net reinsurance recoverable on paid claims (26a-26b)	26d			
	Other insurance debtors (net)	26e			
	Total (26c+26d)	26f			
Other debtors	Members	27			
	Due within 12 months	28			
	Due after 12 months	29			
	Other				
Due within 12 months					
	Due after 12 months				
Tangible assets		30			
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	31			
	Cash in hand	32			
		33			
	Reinsurance to close premium receivable	34			
Other assets	Oversens deposits	35			
	Other (please provide separate analysis)	36			
Prepayments and accrued income	Accrued interest and rent	37			
	Other prepayments and accrued income	38			
Total page 2 (lines 21 to 25 + 26e to 38)		39			
Total page 1 (= line 20)		40			
Total (= lines 39+40)		41			
Less: deductions under LLD (FSA only)		42			
Grand total (= lines 41+42) (= FSA 12 page 3 line 84)		43			

**BALANCE SHEET
LIABILITIES - PAGE 3**

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003
All years combined

		Currency/code		Page	

SYNDICATE NO:

SYNDICATE RETURN
Year ended 31 December 2003
All years combined

BALANCE SHEET
ASSETS - PAGE 1

Page

		Currency/code	
Per Syndicate accounts		2	3
1		4	5
As at the end of this financial year		6	7
Restriction re concentration limits		8	9
Other adjustments		10	11
TOTAL		12	13
Line		14	15
Investments	Equity shares	1	2
	Other shares and other variable yield securities	3	4
	Holdings in collective investment schemes	5	6
	Rights under derivative contracts	7	8
	Debt securities and other fixed income securities	9	10
	Approved securities	11	12
	Other	13	14
	Variable interest	15	16
	Other	17	18
	Participation in investment pools	19	20
Financial investments	Loans secured by mortgages	21	22
	Loans to public or local authorities and nationalised industries or undertakings	23	24
	Loans secured by policies of insurance issued by the syndicate	25	26
	Other	27	28
	Deposits with approved credit institutions and approved financial institutions	29	30
	Withdrawal subject to a time restriction of one month or less	31	32
	Withdrawal subject to a time restriction of more than one month	33	34
	Other	35	36
	Deposits with ceiling undertakings	37	38
	Reinsurers' share of technical provisions	39	40
Claims outstanding		41	42
Other		43	44
Total page 1 (lines 1 to 19)		45	46

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

All years combined

BALANCE SHEET
ASSETS - PAGE 2

Page:.....

		Currency code				
			1	2	3	4
			Per Syndicate accounts	FSA adjustments		
			As at the end of this financial year	Restriction re concentration limits	Other adjustments	TOTAL
Debtors and other assets		Line				
Debtors arising out of direct insurance operations	Policyholders	21				
	Intermediaries	22				
Salvage and subrogation recoveries		23				
Inter-syndicate loans		24				
Inter-year loans		24a				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25				
		26a				
	Due from reinsurers and intermediaries under reinsurance contracts ceded	26b				
		26c				
		26d				
		26e				
Other debtors	Members	27				
		28				
	Other	29				
		30				
	Tangible assets	31				
Cash at bank and in hand	Deposits not subject to time restrictions on withdrawal, with approved credit institutions and approved financial institutions and local authorities	32				
		33				
Other assets	Reinsurance to close premium receivable	34				
	Overseas deposits	35				
	Other (please provide separate analysis)	36				
	Accrued interest and rent	37				
Prepayments and accrued income	Other prepayments and accrued income	38				
	Total page 2 (lines 21 to 25 + 26e to 38)	39				
Total page 1 (= line 20)		40				
Total (= lines 39+40)		41				
Less: deductions under LLD (FSA only)		42				
Grand total (= lines 41+42) (= FSA 12 page 3 line 84)		43				

ANALYSIS OF DERIVATIVE CONTRACTS

SYNDICATE NO:

Page.....

SYNDICATE RETURN
Year ended 31 December 2003

			Assets	Liabilities
			1	2
Futures contracts	Fixed-interest securities	1		
	Equity shares	2		
	Land	3		
	Currencies	4		
	Other	5		
Options	Fixed-interest securities	6		
	Equity shares	7		
	Land	8		
	Currencies	9		
	Other	10		
Contracts for differences	Fixed-interest securities	11		
	Equity shares	12		
	Land	13		
	Currencies	14		
	Other	15		
Adjustments for variation margin		16		
Total (1 to 16)		17		

STATEMENT OF MAJOR FACULTATIVE REINSURERS

SYNDICATE NO
SYNDICATE RETURN
Year ended 31 December 2003

Page No.....

LORS Code	Name of Major Reinsurer	Amount of reinsurance premiums payable in the financial year	Amount of debt included in FSA12 line 26e col 4	Amount of deposit received included at FSA12 line 72 col 4	Share of technical provisions (as defined per instructions)
Total					

STATEMENT OF MAJOR TREATY REINSURERS

SYNDICATE NO

Page No.....

SYNDICATE RETURN
Year ended 31 December 2003

LORS Code	Name of Major Reinsurer	Amount of reinsurance premiums payable in the financial year	Amount of debt included in FSA12 line 26e col 4	Amount of deposit received included at FSA12 line 72 col 4	Share of technical provisions (as defined per instructions)
Total					

STATEMENT OF MAJOR REINSURANCE CEDANTS

SYNDICATE NO

Page No.....

SYNDICATE RETURN
Year ended 31 December 2003

LORS Code	Name of Major Cedant	Amount of reinsurance premiums receivable in the financial year	Amount of debt included at FSA12 line 25 col 4	Amount of deposit paid as included at FSA12 line 17 col 4	Share of technical provisions (as defined per instructions)
Total					

LONG TERM INSURANCE BUSINESS: ANALYSIS OF PREMIUMS AND EXPENSES

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **Run-off**

Page

Calendar year 2003			Line	Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)
				1	2	3
Earned premiums in the financial year	Life assurance and permanent health contracts	Single premium	1			
		Regular premium	2			
	Total		3			

Expenses payable in the financial year	Commission payable in connection with acquisition of business		4			
	Other commission payable		5			
	Management expenses in connection with acquisition of business		6			
	Management expenses in connection with maintenance of business		7			
	Other management expenses		8			
	Total expenses (Lines 4 to 8)		9			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF PREMIUMS AND EXPENSES

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

Page

Calendar year 2003			Line	Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)
				1	2	3
Earned premiums in the financial year	Life assurance and permanent health contracts	Single premium	1			
		Regular premium	2			
	Total		3			

Expenses payable in the financial year	Commission payable in connection with acquisition of business		4			
	Other commission payable		5			
	Management expenses in connection with acquisition of business		6			
	Management expenses in connection with maintenance of business		7			
	Other management expenses		8			
	Total expenses (Lines 4 to 8)		9			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF PREMIUMS AND EXPENSES

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2002**

Page

Calendar year 2003			Line	Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)
				1	2	3
Earned premiums in the financial year	Life assurance and permanent health contracts	Single premium	1			
		Regular premium	2			
	Total		3			

Expenses payable in the financial year	Commission payable in connection with acquisition of business		4			
	Other commission payable		5			
	Management expenses in connection with acquisition of business		6			
	Management expenses in connection with maintenance of business		7			
	Other management expenses		8			
	Total expenses (Lines 4 to 8)		9			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF PREMIUMS AND EXPENSES

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2003**

Page

Calendar year 2003			Line	Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)
				1	2	3
Earned premiums in the financial year	Life assurance and permanent health contracts	Single premium	1			
		Regular premium	2			
	Total premiums		3			

Expenses payable in the financial year	Commission payable in connection with acquisition of business		4			
	Other commission payable		5			
	Management expenses in connection with acquisition of business		6			
	Management expenses in connection with maintenance of business		7			
	Other management expenses		8			
	Total expenses (Lines 4 to 8)		9			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF PREMIUMS AND EXPENSES

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Page

All Years combined

Calendar year 2003			Line	Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)
				1	2	3
Earned premiums in the financial year	Life assurance and permanent health contracts	Single premium	1			
		Regular premium	2			
	Total		3			
Expenses payable in the financial year	Commission payable in connection with acquisition of business		4			
	Other commission payable		5			
	Management expenses in connection with acquisition of business		6			
	Management expenses in connection with maintenance of business		7			
	Other management expenses		8			
	Total expenses (Lines 4 to 8)		9			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF CLAIMS

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **Run-off**

Page

Claims incurred in the financial year		Line	Gross	Recoverable from reinsurers	Net of reinsurance (1-2)
			1	2	3
Life assurance and permanent health contracts	On death	1			
	By way of payments arising from other insured events	2			
	Total life assurance claims (1+2)	3			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF CLAIMS

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2001**

Page

Claims incurred in the financial year		Line	Gross	Recoverable from reinsurers	Net of reinsurance (1-2)
			1	2	3
Life assurance and permanent health contracts	On death	1			
	By way of payments arising from other insured events	2			
	Total life assurance claims (1+2)	3			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF CLAIMS

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2002**

Page

Claims incurred in the financial year		Line	Gross	Recoverable from reinsurers	Net of reinsurance (1-2)
			1	2	3
Life assurance and permanent health contracts	On death	1			
	By way of payments arising from other insured events	2			
	Total life assurance claims (1+2)	3			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF CLAIMS

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account **2003**

Page

Claims incurred in the financial year		Line	Gross	Recoverable from reinsurers	Net of reinsurance (1-2)
			1	2	3
Life assurance and permanent health contracts	On death	1			
	By way of payments arising from other insured events	2			
	Total life assurance claims (1+2)	3			

LONG TERM INSURANCE BUSINESS: ANALYSIS OF CLAIMS

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

All years combined

Page

Claims incurred in the financial year		Line	Gross	Recoverable from reinsurers	Net of reinsurance (1-2)
			1	2	3
Life assurance and permanent health contracts	On death	1			
	By way of payments arising from other insured events	2			
	Total life assurance claims (1+2)	3			

Managing Agent's Report

Syndicate No:

Page:

FSA return - year ended 31 December 2003

Syndicate No. _____

To the Council of Lloyd's

Responsibilities

The Market Bulletin TBA dated 17 October 2003 – “2003 Syndicate Returns” - requires the managing agent to prepare forms FSAFront to FSA22 (including supplementary notes) in respect of syndicates that it manages for the year ended 31 December 2003 in accordance with the instructions and guidance contained therein (“the Instructions”).

Certificate

We certify:

- i. that the FSA return has been prepared in accordance with the Instructions
- ii. that proper accounting records have been maintained and adequate information has been obtained by the managing agent; and
- iii. an appropriate system of control has been established and maintained by the managing agent over the syndicate's transactions and records.

Director: _____ *

Chief Executive Officer: _____ *

Compliance Officer: _____ *

On behalf of _____ (managing agent)

Date: _____

* The same person must not sign in more than one capacity.

**Syndicate return:
31 December 2003**

FSA return

Forms FSAFront to FSA23

Instructions

**Deadline for submission to Lloyd's:
12:00 noon Thursday 29 April 2004**

Index to Forms

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General		3
Key principles		10
FSAFront	FSA front sheet	12
FSA1	Profit and loss account	12
FSA2	Underwriting account	14
FSA2 (class)	Underwriting account – summary of FSA technical account	
FSA4	Underwriting - summary of underwriting movements	26
FSA5	Analysis of technical provisions	28
FSA5 (class)	Analysis of technical provisions – summary of FSA technical provisions	
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Annex 1	Chart showing reporting requirements for FSA2 and FSA5	
Annex 2	Illustration of how to report technical reserve adjustments on FSA2	
Annex 3	Analysis of risk codes by accounting class, business category and risk group	

General instructions

1 FSA return

- 1.1 The FSA return provides the information needed to enable Lloyd's to produce the Lloyd's Return, which is the statutory filing made on behalf of the Lloyd's market to the Financial Services Authority. The Lloyd's Return, which has to be filed with the FSA within six months after the year end, ie by 30 June 2004 for the 31 December 2003 return, is required under the Lloyd's Sourcebook (LLD), legislated for by the Financial Services and Markets Act 2000. The Lloyd's Return is prepared from an aggregation of the FSA returns made to Lloyd's together with the inclusion of members' assets and central data relating to the Society's central assets and liabilities.
- 1.2 The only submission to the FSA is an aggregate return, which is a document of public record. The FSA, however, have advised that they intend to 'drill down' to syndicate level during their review process. Consequently, agents should be aware that the syndicate level returns may be reviewed by the FSA who will expect the same standard of return at syndicate level as that of any other insurer.
- 1.3 The FSA return is prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended.
- 1.4 The managing agent must complete all of the FSA return and a recognised accountant must audit it.

2 Syndicate Return

- 2.1 A number of the forms contained within the FSA return use the data reported in the 'main' syndicate return as the starting point. This aspect, which affects FSA1, FSA2 and FSA12, is dealt with further in the instructions to those forms.

3 Main changes to the FSA return

- 3.1 The main changes to the FSA return compared with last year's return are summarised as follows:
- 3.2 FSA2/FSA5: Treaty reinsurance is now required to be analysed between proportional treaty and non-proportional treaty only (then further divided into the eight underlying business categories within each class). The separate analysis of MAT treaty has been discontinued. This is because we need all treaty business allocated to either proportional treaty or non-proportional treaty for the purpose of being able to determine Lloyd's requirements under the Enhanced Capital Requirements being introduced by FSA. This means that we require you to re-analyse the balances brought forward on FSA2, previously analysed as MAT treaty business, into its proportional and non-proportional elements. Instructions on how this is to be done are set out in the instructions for the completion of FSA2.
- 3.3 FSA2: reporting of over-riders in column 7: line 24 of column 7 has now been unblocked to allow the re-allocation of over-riders between lines 24 and 27, rather than having to perform this allocation via columns 6 and 7.

- 3.4 FSA2: technical reserves brought forward and eliminated (line 30): this line has now been split into two: line 30a to report technical reserves brought forward at 1 January 2003; and line 30b to report the elimination of technical reserves reported elsewhere on FSA2, which is necessary in certain cases so that the correct data is reported in column 9 of FSA2. The instructions regarding this line have also been reviewed.
- 3.5 FSA2/FSA5 for direct and facultative business: a summary report for all direct and facultative business only has been introduced to facilitate easier validation with FSA6. This report will be generated by the software.
- 3.6 FSA6: this form is still required by risk group but now in converted sterling only; ie a split by currency is not required.
- 3.7 FSA6: additional validations have been included between FSA6 and FSA2/FSA5. Included within these is a requirement to reconcile items from FSA6 to FSA2/5 by accounting class. To assist you with this, the software will produce summary FSA6s by accounting class from the underlying risk group analysis, based on the mapping of risk groups to accounting classes per Annex 3 of these instructions.
- 3.8 FSA7: this form has now been deleted.
- 3.9 FSA12: when completing the breakdown of assets by trust fund code, the value of all reinsurance recoverables is now to be allocated to code 101 'Sterling PTFs'.
- 3.10 FSA14A/FSA14B: analysis by reinsurer is now only required in respect of a shortened list of reinsurers, which are listed in the instructions. There is now no requirement to include a balancing figure in respect of 'other' reinsurers.
- 3.11 FSA14C: analysis by cedant is now only required in respect of a shortened list of cedants, which are listed in the instructions. There is now no requirement to include a balancing figure in respect of 'other' cedants.

4 Overview of return

- 4.1 A separate return must be submitted in respect of each syndicate. In the case of a mirror syndicate (ie a syndicate which is identical to another in respect of constitution, shares and members' agents participating therein) both syndicates must be included in one return.
- 4.2 Parallel corporate syndicates must complete and submit a separate syndicate return.
- 4.3 The return must be completed in respect of all open years of account, all run-off years of account, all years of account closing as at 31 December 2003 and those closing during 2003 but before 31 December 2003 (ie those where 'mid year closure' has occurred), in order to reflect the total insurance business transacted by underwriting members of Lloyd's. When setting up a return on the electronic system, the user will be asked to provide various information concerning the syndicate; eg the applicable years of account, status of 2001 and prior years (whether they are closed or in run-off at 31 December 2003) and whether the syndicate is non-life or life, etc. The system will then generate the forms to be completed, and establish the validation rules to be adhered to, as appropriate to that syndicate's circumstances.

4.4 The FSA return must be prepared in accordance with the key principles which are set out on pages 10 and 11 and which form part of the instructions for completion of the return.

4.5 The starting point for forms FSA1, FSA2 and FSA12 is the syndicate return, due to be submitted by 26 February 2004. Where an event occurs after the syndicate return has been submitted, no adjustment should be made in respect of this event. **In other words, the FSA return must be prepared on the basis of information available to the managing agent at the time of submission of the syndicate return (ie there must be no changes to the information reported in the syndicate return).**

5 Closure of a year of account at any time during calendar year 2003 other than 31 December 2003

5.1 A number of run-off years may close during calendar year 2003, but before 31 December 2003. A syndicate return is still required from such syndicates, even where the closing date is 1 January 2003. This is necessary because any movement from the reported 31 December 2002 figures must be included in the 2003 Lloyd's Return. The amount of RITC payable must be included on FSA12 line 80, at 31 December 2003 exchange rates.

5.2 Exchange rates

The FSA return must be prepared using the exchange rates ruling at 31 December 2003 (see paragraph 11, below). The converted sterling closed year result, however, must be reported at the converted sterling amount as determined at the date of closure of the syndicate, however. The elements comprising the closed year result must be reported using the year end rates, with the net difference in retranslation of these elements being written off as 'profit/(loss) on currency exchange' in the underwriting account on form FSA2.

5.3 Reinsuring syndicates

Syndicates accepting the RITC from another syndicate which has closed during 2003 but before 31 December 2003 must reflect the premium receivable for accepting the RITC

in

the FSA return. Depending on the individual circumstances of the transaction, the premium will be accounted for as either RITC received or gross premiums in the recipient syndicate's books. The transactions arising on the reinsured liabilities subsequent to the reinsuring syndicate assuming them, up to 31 December 2003, and the value of the assumed liabilities as at that date must also be accounted for in the return. The amount of RITC receivable in such circumstances must be included on FSA12 line 34, shown at 31 December 2003 exchange rates.

6 Equitas

6.1 This return must be prepared on a basis of recognising the reinsurance to close of all 1992 and prior non-life business into Equitas, effective as at 31 December 1995. In particular, only transactions, assets and liabilities relating to 1993 and post non-life business (and ALL life business) must be reported in the return. Any transactions occurring in 2003 relating to 1992 and prior non-life business must NOT be reported in this return.

7 Electronic reporting

- 7.1 The return must be completed electronically, to be submitted via the MSU Market returns website. The software and manual which will enable agents to do this will be provided to the market by 14 November. Managing agents are therefore advised not to reproduce any of the forms relating to the 2003 FSA return themselves as the software provided will do this. In addition to the website submission, a single hard copy (including signed managing agent's and auditor's reports) is required.
- 7.2 A return will only be considered valid if it has both a print date and a version date, and that the version date and time agrees with the version date and time which is hard coded in the website submission. The version date is generated when the syndicate return is 'locked' on the system. (Please refer to the software manual, to be provided with the software, for more detailed instructions). If a return is printed from an unlocked pack the system will generate a heading of 'DRAFT'. If a draft return is submitted or if the version date and time is not exactly the same as the version date and time within the electronic file, the return will be invalid and a resubmission will be required.

8 Signing and page numbering of FSA return

Every sheet of paper that is submitted, including additional analysis schedules, must be sequentially numbered.

8.1 Managing Agent's Report

The managing agent's report (FSA22) must be signed and dated on behalf of the directors of the managing agent by the chief executive, a second director and by the compliance officer. The same person must not sign in two capacities. All pages, including additional analysis schedules, must be covered by the managing agent's report and must be included in the page numbers shown on the form. The standard report is included, but agents can amend the report on screen for additional paragraphs or non standard wordings.

8.2 Auditor's Report

The return must be audited by a recognised accountant. The report (FSA23) must be signed and dated on behalf of the recognised accountant by a partner or director. The scope of the audit report must cover the managing agent's report and any additional analysis sheets. The standard scope and opinion of the auditor's report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

The audit report is currently under review and will be provided to the market with the return software.

The managing agent's report and auditor's report may need to be amended as a result of resubmissions of the return.

9 Submission of FSA return

9.1 Deadline

The FSA return must be submitted by 12.00 noon on Thursday 29 April 2004. Both the electronic filing and hard copy submission must be made by this time.

9.2 Submission

The electronic return in respect of each managed syndicate must be submitted by the managing agent via the MSU Market Returns website and the hard copy to:

Manager
Market Reporting
Gallery 5, Lloyd's 1986 Building

- 9.3 Failure to submit the return by the due deadline will be considered a breach of the Solvency and Reporting Byelaw (No. 13 of 1990), as amended. A resubmission of the return after the deadline will be considered a late submission.

- 9.4 Managing agents will be subject to disciplinary action and fines will be imposed if the return is submitted after the due deadline, in accordance with the following schedule:

Per return per syndicate – flat fine	£5,000
Per return per syndicate – additional fine per working day late	£1,000

Persistent delays will lead to further disciplinary action.

10 Assistance in completing forms

- 10.1 Any queries about the completion of the FSA return should be directed by email to Market Reporting (lloyds-MRD-ReturnQueries@lloyds.com). All queries will be responded to by the end of the following working day. Please contact John Parry via e-mail (john.parry@lloyds.com) if a response remains outstanding at that time.

11 Exchange rates

- 11.1 The US and Canadian dollar, and other non-sterling settlement currency, elements of business transacted must be translated at the exchange rates ruling as at 31 December 2003. These rates will be advised in a market bulletin early in the New Year. As noted in paragraph 5.2 above, the syndicate return in respect of syndicates which close before 31 December 2003 must be prepared using 31 December 2003 exchange rates.

12 Interpretation

- 12.1 The return must be compiled in accordance with the approved accounting procedures and policies as laid down in the Syndicate Accounting Byelaw (No. 18 of 1994) as amended, or within the Lloyd's Sourcebook (LLD) as appropriate in accordance with the instructions for completion. The meaning given to expressions used in these instructions and in the FSA return is as defined in the Solvency and Reporting Byelaw, the Syndicate Accounting Byelaw or the LLD unless otherwise stated.

13 Reporting configuration

- 13.1 All forms are to be completed in £000's.

- 13.2 All figures are normally to be entered as positive figures but please refer to the specific instructions for each form.

14 Completion of forms

- 14.1 At the start of the return, there is a 'front sheet' which must be completed. This provides confirmation that the return is complete in all respects.
- 14.2 All amounts on each form must be completed as indicated on the form. If there is no amount, please insert '0'. Additional guidance is provided in respect of each form in these instructions.
- 14.3 Certain figures disclosed on some forms in the FSA return must agree or relate to figures on other forms. These cross-references are set out in the instructions.
- 14.4 Certain figures on the FSA return forms must cross-refer to certain figures in the syndicate return (see paragraph 2). Further details are set out in the instructions.
- 14.5 FSA2 must be completed **first**, as this provides the starting point from which FSA1 may be completed.

15 Analysis by accounting class, business category and risk group

- 15.1 FSA2 and FSA5 are to be completed by accounting class for all business and by business category for each treaty reinsurance accounting class. FSA6 is required to be completed by risk group for direct and facultative business only. Full details are provided in the instructions. This analysis is to be prepared based on the analysis of each risk code by accounting class, business category and risk group as set out in Annex 3 to these instructions.
- 15.2 In order for the Lloyd's Return to be aggregated on a consistent basis these risk code mappings must be used in completing FSA2, FSA5 and FSA6. Managing agents may not use their own lines of business categorisation as they obviously vary syndicate by syndicate.

16 Reporting requirements in respect of long term business (ie life syndicates)

- 16.1 The reporting requirements in respect of life syndicates vary from those writing general (ie non-life) business. The varying requirements for each form are set out in the instructions but are summarised below:
- 16.2 FSA2: life syndicates are required to complete this by underwriting year of account only and in respect of 'long term business' as a single class by underwriting year of account only (which will show the same figures for each underwriting year of account). Analysis by pure year of account and method of acceptance is not required.
- 16.3 FSA5: life syndicates are required to complete this by underwriting year of account only and in respect of 'long term business' as a single class by underwriting year of account only (which will show the same figures for each underwriting year of account). Analysis by pure year of account and method of acceptance is not required.

16.4 FSA6: life syndicates are not required to complete this form.

16.5 FSA12: life syndicates are required to prepare a balance sheet only for the whole business of the syndicate and for all PTF funds combined (code 201) which will show the same figures.

16.6 FSA14A, B and C: life syndicates are not required to complete these forms.

16.7 FSA18A and FSA18B: **only** life syndicates have to complete these forms.

17 'Other' items

17.1 Where there is a reference on a form to an amount relating to 'other', analysis of material amounts must be provided in the space provided (ie a description and details of the material amount must be disclosed). For 'other' items, the system will generate a sequentially numbered continuation sheet. Where we have identified common reasons for an "other" entry, please use the suggested description in the analysis section.

Key principles

1 Background

- 1.1 Full details of how to complete the FSA return are set out in the instructions which follow for the completion of each form. This includes all definitions required as appropriate. However, two aspects of this return:
- i) the need to differentiate between underwriting years of account and pure original year of account when completing certain forms; and
 - ii) the differing treatment of reporting insurance business, based on whether the business has been written as either direct insurance/facultative reinsurance, or treaty reinsurance

need particular emphasis, and thus are dealt with in this part of the instructions.

2 Underwriting year of account v pure original year of account

- 2.1 The basis of preparation of the FSA return is a mix of 'traditional' underwriting year of account, as used for syndicate reporting under the Syndicate Accounting Byelaw (No 18 of 1994), and analysis by pure original underwriting year of account. The specific requirements in respect of each form are set out in the instructions, but these terms are defined as the below:
- 2.2 Underwriting year of account is the 'traditional' Lloyd's method of identifying years of account and means each year of account upon which members had a participation during 2003. This will be for either the 2001, 2002 or 2003 years of account during 2003 and also various 2000 and prior run-off years of account which had not been reinsured to close as at 31 December 2002. When reporting on the transactions for an underwriting year of account, it is necessary to include the movements on any earlier years of account previously closed into that underwriting year of account.
- 2.3 Pure original year of account relates to the year of account in which the business was originally written and to which the original premiums and all subsequent transactions are signed. The pure original year of account may still be open, or subsequently reinsured to close into another year of account. For general (non-life) business the pure original year may be from the 1993 to the 2003 year of account, all liabilities in respect of 1992 and prior years having been reinsured into Equitas effective at 31 December 1995. When reporting on the transactions for a pure original year of account, only the transactions relating specifically to that pure year of account must be reported. A syndicate which started in 1993 or prior, which has a 2003 year of account and which has closed forward from the 1993 year of account 'normally' ie through each succeeding RITC into the 2001 year of account at 31 December 2002, will have to prepare forms for each of the pure years 1993 to 2003 when completing FSA2, FSA5 and FSA6.
- 2.4 Syndicates which have accepted the RITC of 'orphan' syndicates or other third party RITC, treated in their books as either RITC received or gross premiums received (unless the RITC has been received at 31 December 2003), must provide the full breakdown of the business accepted by pure year of account, within the FSA2s and FSA5s prepared for the reinsuring

syndicate year. This may require separate analysis of the pure 1993 year for both the 2001 underwriting year of account (for normal closure forward) and, say, the 2003 underwriting year of account which has accepted the closure of an orphan 1996 run-off year.

- 2.5 In the case where the RITC has been received **as at** 31 December 2003 then this analysis is **not** required as this will already have been done in respect of the FSA2 forms in respect of the 2001 or earlier year of account (either in respect of the same syndicate, or another syndicate being reinsured to close), now reinsured into 2002 or 2003.

3 Reporting by accounting class and business category

- 3.1 FSA2 and FSA5 require the analysis of business by accounting class. There are eight direct and facultative reinsurance accounting classes and two treaty reinsurance accounting classes. Business in respect of treaty reinsurance accepted must be sub-divided further, by business categories. There are eight business categories which mirror the descriptions of business used in the accounting class breakdown for direct and facultative reinsurance. Full details on the approach required is set out in the instructions for FSA2 and FSA5.
- 3.2 'Facultative' reinsurance is defined as where the primary insurer negotiates a separate contract with the reinsurer for each policy it wishes to reinsure. In facultative reinsurance, the ceding company retains the right to purchase or not to purchase reinsurance on an individual risk and the reinsurer retains the right to provide or not to provide reinsurance on any risk. The terms of each individual facultative reinsurance agreement are negotiable between the two parties as to amounts of insurance or loss ceded, premiums and commissions.

Instructions

FSAFront: Front Sheet

This asks the managing agent to confirm that the FSA return is complete. The return must have both a print date and time, and a version date and time. The latter must match the version date and time encoded within the electronic submission. This is to ensure that data in the electronic submission is exactly the same as the data on the hard copy which has been reported on by the managing agent and auditor. Managing agents are asked to complete each field to facilitate the resolution of queries, etc after the return has been received.

1 FSA1 – Profit and loss account

- 1.1 This form reports the details of the underwriting account from the technical balance onwards, down to the result after personal expenses. This form reports by whole account only, by underwriting year of account.

Basis of completion

- 1.2 This form is required to be completed in respect of each underwriting year of account which was open during 2003, in other words any 2001, 2002 or 2003 year of account plus each 2000 and prior run-off year of the syndicate which had been left open as at 31 December 2002.
- 1.3 The starting point for the completion of this form is the balance on technical account (line 1) which is derived from line 32 of FSA2 for the relevant year of account. Hence you **must** complete FSA2 first, before attempting to complete FSA1.

Columns 1 to 3

- 1.4 These columns set out the starting point, based on traditional Lloyd's syndicate accounting, as reported in the syndicate return.

1.5 2001, 2002 and 2003 years of account

The cumulative transactions since commencement of the year of account up to 31 December 2002, calendar year transactions during calendar year 2003 and cumulative transactions to 31 December 2003 must be reported in columns 1, 2 and 3 respectively. The column 2 figures are derived by the software as columns 3 – 1. The amount reported in each line and column of columns 1, 2 and 3 must equal the disclosure contained within SR1. The items reported therein will include any movements in earlier years of account reinsured to close therein.

1.6 2000 and prior run-off years of account

Only the transactions arising in **calendar year 2003** (including the reserves retained as at 1 January 2003) are to be reported in respect of each 2000 and prior run-off year. Nothing is to be entered in column 1 or column 3. The calendar year movements must be entered in column 2 and must equal the disclosure contained within SR1 column 2 for each line for the relevant year of account.

Columns 4 to 9

- 1.7 Columns 4 to 9 set out the adjustments required to arrive at the FSA result. Please remember that these adjustments are to be made in respect of the 2003 calendar year position reported in **column 2**. The aggregate of column 2 plus the adjustments reported in columns 4 to 8 will equal the FSA result in column 9.
- 1.8 Column 4 - exchange adjustment: under FSA accounting rules the profit and loss account must be stated showing all of the calendar year 2003 movements at 31 December 2003 exchange rates. In the case of the 2001 and 2002 years of account, the amounts in column 2 will include the effect of the retranslation of items reported using 31 December 2002 exchange rates in column 1. In order that the amounts shown in column 1 are now restated at 31 December 2003 exchange rates as part of the amounts shown in column 3, the retranslation must be reversed out in column 4, and the net exchange gain or loss also reported on line 23 of FSA2. This adjustment will not be applicable to the 2003 year of account or to the 2003 calendar year transactions reported in respect of 2000 and prior run-off years, all of which will show transactions at 31 December 2003 exchange rates.
- 1.9 Columns 5 to 8: these items are not relevant to FSA1 and have been blanked out throughout.
- 1.10 Column 9: this column shows the FSA result for the 2003 calendar year. This is column 2 plus columns 4 to 8. This column is completed automatically by the software.

Validations within FSA1

- 1.11 Column calculations:
 Columns $3 - 1 =$ column 2;
 Columns $2 + 4 + 5 + 6 + 7 + 8 =$ column 9.
- 1.12 Line calculations:
 Lines $1 + 2 + 3 - 4 - 5 =$ line 6
 Lines $6 - 7 =$ line 8
 Line $8 - 9 =$ Line 10.

All of the above calculations are performed by the software.

- 1.13 Line 10, columns 4, 5, 6 and 7 must = 0.

Relationships with other forms

- 1.14 The following entries on FSA1 must agree to other forms in the FSA return as follows:

FSA1

FSA1 line 1, each column*
 FSA1 (2001) line 10 column 9
 FSA1 (2002) line 10 column 9
 FSA1 (2003) line 10 column 9
 FSA1 (RO) line 10 column 9**
 FSA1 (2001) line 6 column 3

Other form

FSA2, line 32, each column*
 FSA4 line 15 column 2
 FSA4 line 15 column 3
 FSA4 line 15 column 4
 FSA4 line 15 column 1
 FSA12 line 60 column 1

FSA1 (2001) lines 7 + 9 column 3	- FSA12 line 61 column 1
FSA1 (2002) line 6 column 3 +	FSA12 line 62 column 1
FSA1 (2003) line 6 column 3	
FSA1 (2002) lines 7 + 9 column 3 +	- FSA12 line 64 column 1
FSA1 (2003) lines 7 + 9 column 3	
FSA1 (RO) line 10 column 2**	FSA12 (RO) line 66 column 1**

* must agree for each year of account separately

** for all run-off years in aggregate

Relationship with the syndicate return

1.15 FSA1 must agree with SR1 as set out below:

For FSA1 (2001), (2002) and (2003), the figure disclosed on each line must agree to that disclosed on SR1 (2001), SR1 (2002) and SR1 (2003) respectively for columns 1, 2 and 3.

For each of FSA1 (RO) the figure disclosed on each line must agree to that disclosed on SR1 (RO) for the relevant year of account for column 2.

The need to make exchange adjustments to the figures shown in column 2, in column 4, to meet FSA reporting requirements, is set out in 1.8 above.

2 FSA2 and FSA2 (class): underwriting account

2.1 This form collects information relating to the technical account, ie premiums, claims and expenses.

Basis of completion

2.2 The level of information to be reported on this form varies by reference to the type of syndicate – life or non-life – and the basis of acceptance of the business written.

2.3 Life syndicates

For life syndicates, a single FSA2 is required to be completed in respect of each underwriting year of account of the syndicate. Analysis by pure original year of account and by basis of acceptance is not required.

2.4 Non-life syndicates

For non-life syndicates, FSA2 must be prepared for ‘all business’ in respect of each underwriting year of account of the syndicate. However, in addition further analysis is required as follows:

2.5 Analysis by pure original year of account

The information reported in respect of each underwriting year of account must be analysed by pure original year of account. Thus, for each underwriting year of account, FSA2s for ‘all business’ will need to be prepared for that account’s pure year and each of the earlier pure years closed therein.

2.6 Analysis by accounting class

Analysis is required to be completed by accounting class in respect of each pure year of each underwriting year of account as follows for the following accounting classes:

For direct insurance and facultative reinsurance only:

- 1 Accident and health
- 2 Motor
- 3 Aviation
- 4 Marine
- 5 Transport
- 6 Property
- 7 Third party liability
- 8 Miscellaneous and pecuniary loss

For treaty reinsurance only:

- 9 Non proportional treaty
- 10 Proportional treaty

The allocation of risk codes to each accounting class is set out in Annex 3 to these instructions.

2.7 Analysis by business category for treaty reinsurance

In respect of each of the two classes of treaty reinsurance, further analysis is required by business category (in respect of the treaty reinsurance class for the pure year for the underwriting year of account) as set out below:

- 1 Accident and health
- 2 Motor
- 3 Aviation
- 4 Marine
- 5 Transport
- 6 Property
- 7 Third party liability
- 8 Miscellaneous and pecuniary loss.

The analysis separate analysis of MAT treaty reinsurance is now discontinued and thus business previously analysed as MAT treaty reinsurance is now to be analysed as either proportional or non-proportional treaty reinsurance. Instructions on how to re-analyse the MAT treaty reserves brought forward at 1 January 2003 into proportional and non-proportional treaty are set out below.

With respect to whole account treaty reinsurance, it is not appropriate to solely allocate this to a business category based on the single risk code under which the gross premium is processed. Managing agents should consider the underlying business categories covered by the policy and allocate gross premiums, gross paid claims and technical provisions accordingly.

Furthermore, the same approach must be taken in allocating outwards reinsurance protection acquired by a whole account treaty.

2.8 Accordingly:

In respect of each field, the sum of the FSA2s by business category for a class of treaty reinsurance for a pure year of an underwriting year of account must agree to the FSA2 for that class of treaty reinsurance for the pure year of the relevant underwriting year of account.

In respect of each field, the sum of the FSA2s by accounting class for a pure year of an underwriting year of account must agree to the FSA2 'all business' for the pure year of the underwriting year of account in question.

In respect of each field, the sum of the 'all business' FSA2s by pure year of an underwriting year of account must agree to the FSA2 for the underwriting year of account in question.

In practice the software will only require entry of data at the lowest level – which will be by accounting class for direct and facultative business and by business category for treaty reinsurance – and the summary forms moving up the pyramid will be generated automatically.

2.9 Please refer to Annex 1 to these instructions for a graphical illustration of the reporting requirements in respect of FSA2.

2.10 On the grounds of materiality, the accounting classes of proportional treaty and non-proportional treaty may be allocated in each case to the single largest business category within that class provided that the cumulative total gross premiums (gross of acquisition costs) for that class of business are less than £1m per underwriting year of account. The largest business category is the category with the largest cumulative gross premium income (gross of acquisition costs) for that year of account.

For run-off years of account the £1m materiality level applies to gross run-off reserves received.

Reporting in the FSA return – FSA2 and FSA2 (class)

2.11 Out of the various analysis referred to above, only the FSA2s by underwriting year of account are to be submitted as part of the FSA return. The supporting entry FSA2s do not form part of the FSA return but may be printed off as 'working' papers.

2.12 The software will generate forms **FSA2 (class)** from the FSA2 data entry forms. The FSA2 (class) forms show for each underwriting year of account, the 2003 calendar year transactions in column 9 as follows:

- i) summary (all business) level;
- ii) by accounting class; and
- iii) by business category for each treaty reinsurance accounting class.

The FSA2 (class) reports form part of the return and will follow FSA2 in the printed pack.

2.13 Hence, there will be two FSA2 forms in the return pack per underwriting year of account. One will be in the format of the data entry FSA2s showing the workings by column from the

syndicate return to the FSA figures, and the other will be in the format of FSA2 (class) showing the FSA2 column 9 figures only by pure year.

2.14 Column 11 of each FSA2 (class) at underwriting year of account summary level must agree to column 9 of FSA2 by underwriting year of account for each line and in respect of each underwriting year of account.

2.15 To assist with validation of FSA2 data with that on FSA6, a new summary report showing FSA2 transactions for all direct and facultative business only, by underwriting year of account, is generated by the software.

2.16 Example

2.16.1 Syndicate A commenced in 1993 and has a 1999 run-off, 2001, 2002 and 2003 years of account open in 2003.

The 2003 year of account accepted the RITC of the 1996 run-off year of account of syndicate B as at 1 January 2003.

The 2003 year of account accepted the RITC of the 2000 run-off year of account of syndicate C as at 31 December 2003.

Syndicate A has always written direct hull business under risk code T and proportional treaty business under risk codes XT and XY.

Syndicate B wrote non proportional treaty business under risk code XP.

2.16.2 FSA2 Entry Forms to complete for Syndicate A:

For the 1999 run-off year:

Pure years 1993, 1994...1999 Accounting class marine – 7 pages

Pure years 1993, 1994...1999 Accounting class proportional treaty, business categories marine and aviation – 14 pages

For the 2001 year:

Pure years 2000 and 2001 Accounting class marine – 2 pages

Pure years 2000 and 2001 Accounting class proportional treaty, business categories marine and aviation – 4 pages

For the 2002 year:

Pure year 2002 Accounting class marine – 1 page

Pure years 2002 Accounting class proportional treaty, business categories marine and aviation 2 pages

For the 2003 year

Pure year 2003 Accounting class marine – 1 page

Pure years 2003 Accounting class proportional treaty, business categories marine and aviation – 2 pages

Pure year 1993 Accounting class non proportional treaty, business category property – 1 page

NO entries in respect of Syndicate C

2.16.3 Forms included in FSA Return:

FSA2:

1999 run-off year

FSA2 for all classes all pure years combined showing movement from SR figures (columns 1-3) to FSA figures (column 9) – 1 page

2001 year

FSA2 for all classes all pure years combined showing movement from SR figures (columns 1-3) to FSA figures (column 9) – 1 page

2002 year

FSA2 for all classes all pure years combined showing movement from SR figures (columns 1-3) to FSA figures (column 9) – 1 page

2003 year

FSA2 for all classes all pure years combined showing movement from SR figures (columns 1-3) to FSA figures (column 9) – 1 page

FSA2 (Class):

For the 1999 run-off year

All classes combined showing pure years – 1 page

Accounting classes marine and proportional treaty – 2 pages

Accounting class proportional treaty, business categories marine and aviation – 2 pages

For the 2001 year

All classes combined showing pure years – 1 page

Accounting classes marine and proportional treaty – 2 pages

Accounting class proportional treaty, business categories marine and aviation – 2 pages

For the 2002 year

All classes combined showing pure years – 1 page

Accounting classes marine and proportional treaty – 2 pages

Accounting class proportional treaty, business categories marine and aviation – 2 pages

For the 2003 year

All classes combined showing pure years – 1 page

Accounting classes marine, proportional treaty and non-proportional treaty – 3 pages

Accounting class proportional treaty, business categories marine and aviation – 2 pages

Accounting class non proportional treaty, business category property – 1 page

FSA2 (direct and facultative business only summary):

For the 1999 run-off year – 1 page

For the 2001 year – 1 page

For the 2002 year – 1 page

For the 2003 year – 1 page

Treatment for 2002 and 2003 underwriting years of account

- 2.17 In the case where either the 2002 or 2003 year of account has accepted liabilities by RITC or otherwise from 2001 and earlier years of account **prior to** 31 December 2003, the forms must include an analysis of the components of the prior year reserves received from 2001 and earlier years of account. In the case where the RITC has been received **as at** 31 December 2003 then this analysis is **not** required as this will already have been done in respect of the FSA2 forms in respect of the 2001 or earlier year of account now reinsured into 2002 or 2003.

Amounts reported in the 31 December 2002 FSA return

- 2.18 Any amounts reported on FSA2 which are dependent on items brought forward at 31 December 2002 must be reported in a basis consistent – by accounting class, business category and pure year - with that which was reported in the 31 December 2002 FSA return.
- 2.19 As previously advised, business which was previously reported as MAT treaty business now must be reported as either proportional or non-proportional treaty business. This change is required so that Lloyd's may comply with the Enhanced Capital Requirements rules which will be introduced by the FSA. The ECR rules apply to technical reserves carried forward and premiums written. Hence, to the extent that this change affects amounts brought forward from the 31 December 2002 FSA return, agents may use a reasonable basis of re-allocation of these items between proportional treaty and non-proportional treaty business.

Reporting by currency

- 2.20 FSA2 is required to be completed in converted sterling only.

Completion of the form

Columns 1 to 3

- 2.21 These columns set out the starting point, based on traditional Lloyd's syndicate accounting, and are prepared on the same basis as reported in the syndicate return.
- 2.22 2001, 2002 and 2003 years of account
The cumulative transactions since commencement of the year of account up to 31 December 2002, calendar year transactions during calendar year 2003 and cumulative transactions to 31 December 2003 must be reported in columns 1, 2 and 3 respectively. The column 2 figures are derived by the software as columns 3 – 1. The amount reported in each line of columns 1, 2 and 3 for FSA2 at underwriting year of account level must equal the disclosure contained within SR2.
- 2.23 2000 and prior run-off years of account
Only the transactions arising in **calendar year 2003** (including the reserves retained as at 1 January 2003) are to be reported in respect of each 2000 and prior run-off year. Nothing is to be entered in column 1 or column 3. The calendar year movements must be entered in column 2. The amount reported in each line of column 2 for FSA2 at underwriting year of account level must equal the disclosure contained within SR2 for the relevant year of account.

Allocation of items from SR2 by underwriting year of account into FSA2 at pure year, class of business and business category level

- 2.24 The various items reported in columns 1, 2 and 3 (in respect of the 2001, 2002 and 2003 years of account) and column 2 (in respect of each 2000 and prior run-off year of account) reported at whole syndicate year of account level in SR2 must be allocated by pure year,

accounting class and business category as appropriate in accordance with the instructions, for FSA2.

- 2.25 Underwriting items – premiums, claims and reserves brought forward and carried forward must be allocated using the allocation of risk codes to accounting classes as set out in Annex 3 to these instructions.
- 2.26 In order for the Lloyd's Return to be aggregated on a consistent basis these risk code mappings must be used in completing FSA2. Managing agents may not use their own lines of business categorisation as they obviously vary syndicate by syndicate.

Non-underwriting items

- 2.27 Syndicate operating expenses and profit/(loss) on exchange may be allocated using a reasonable basis of apportionment as agreed with your auditors. Included within the software is an FSA2 (memo) form which can be used to allocate non-underwriting items automatically. This form does not form part of the return pack but may be printed off as a working.

Columns 4 to 9

- 2.28 Columns 4 to 8 set out the adjustments required in order to arrive at the calendar year 2003 FSA result reported in column 9. **The adjustments required must relate to the calendar year 2003 figures reported in column 2 for all years of account.**

Column 4 – exchange adjustment

- 2.29 Under FSA accounting rules the profit and loss account must be stated showing all of the calendar year 2003 movements at 31 December 2003 exchange rates. In the case of the 2001 and 2002 years of account, the amounts in column 2 will include the effect of the retranslation of items reported using 31 December 2002 exchange rates in column 1. In order that the amounts shown in column 1 are now restated at 31 December 2003 exchange rates as part of the amounts shown in column 3, the re-translation must be reversed out in column 4, and the net exchange gain or loss also reported on line 23 of FSA2. This adjustment will not be applicable to the 2003 year of account or to the 2003 calendar year transactions reported in respect of 2000 and prior run-off years, all of which will show transactions at 31 December 2003 exchange rates.

Column 5 – claims management costs

- 2.30 Under syndicate accounting rules claims management costs in respect of claims paid must be reported as part of claims paid. For FSA reporting purposes, these amounts must be removed from claims paid and shown separately as claims management costs. Any claims management costs included on lines 10 and 11 of FSA2 must be transferred to line 22 in column 5. There is no difference in the definition of claims management expenses within syndicate accounting and the FSA return. Accordingly, there should be no requirement to transfer further costs from administrative expenses to claims management expenses. Claims management costs are defined as both allocated and unallocated claims handling costs. The adjustments reported in column 5 must net out to zero and thus line 32 of column 5 must = 0.

- 2.31 Claims management costs in respect of claims processed through Xchanging Ins-sure Services (XIS) will be adjusted for centrally. Hence, please do not adjust these items out of claims paid. Only enter the amounts in respect of claims not processed through XIS, and internal claims management costs.
- 2.32 Claims management costs in respect of reinsurance to close paid, run-off reserves retained and technical provisions on open years are not transferred from these amounts in FSA2 but dealt with on FSA5 (see below).

Column 6 – acquisition costs

- 2.33 Amounts payable to brokers and other intermediaries must be entered on line 25. Other acquisition costs must be entered on line 26. Any acquisition costs previously appearing in administrative expenses on line 24 must be re-allocated as appropriate to lines 25 and 26. The acquisition costs must be reflected in the grossing-up of gross premiums received and reinsurance ceded on lines 1 and 2 respectively.
- 2.34 In respect of business processed through XIS, a report will be provided to you by 31 January 2004 showing total premiums (including all acquisition costs). The difference between this amount and premiums net of brokerage is to be entered on line 25.
- 2.35 Lloyd's requires these figures to be reported on by managing agents and auditors at syndicate level as the gross premium figures are fundamental to completion of the return. Lloyd's requires managing agents to review these figures to ensure that they are reasonable compared to the signed premium data and any other information held in respect of original gross premiums.
- 2.36 The XIS report will not show the amounts of deductions and the balancing (net) signed premiums figures. This should avoid unnecessary and detailed reconciliation work at individual pure year and accounting class level.
- 2.37 To the extent that total deductions relate to other acquisition costs rather than brokerage, this will be adjusted for centrally by Lloyd's. Therefore, line 26 will only apply to other acquisition costs relating to business not processed through XIS or to other costs allocable from administration expenses.
- 2.38 Certain administrative expenses will need to be reallocated to acquisition costs, where the expenses relates to the acquiring business, eg underwriters' salary, accommodation and computer costs. This treatment is similar to the guidance issued within the annual accounting return instructions, but no distinction is drawn between earned and unearned premium in the FSA return.
- 2.39 Similarly, where a single managing agent fee is charged in lieu of "normal" syndicate expenses, the elements relating to acquisition costs should be allocated to acquisition costs. To maintain the integrity of the forms and validations, please enter the re-allocation against administrative costs, even where this would create a negative balance.
- 2.40 The adjustments reported in column 6 must net out to zero and thus line 32 of column 6 must = 0.

Column 7 – reinsurance commissions

- 2.41 Any commission receivable from a reinsurer arising from a contract of outward reinsurance – eg over riders – must be disclosed separately for FSA reporting purposes. The normal effect will be to increase reinsurance premiums payable with the amount of over rider deducted shown separately. The relevant adjustment must be made on lines 2 and 11 as appropriate with the other side of the adjustment on line 27. There may be circumstances where the commission has been previously allocated as a credit to administrative expenses (line 24) in which case it must be re-allocated to line 27.
- 2.42 The adjustments reported in column 7 must net out to zero and thus line 32 of column 7 must = 0.

Column 8 – technical provisions

- 2.43 Traditional Lloyd's syndicate accounting requires the disclosure of technical provisions only in respect of an underwriting year of account which has reached the three years stage and beyond. For FSA purposes, it is necessary to report the technical reserves set aside in respect of all years of account. These amounts must be reported in column 8 in accordance with the instructions set out below. All figures must agree to the solvency reserves established for all years of account.
- 2.44 Line 30 in last year's FSA return, has now been split into two to make the completion of the return easier and to assist in the identification of the various elements previously aggregated on line 30.
- 2.45 Technical reserves brought forward (line 30a column 8): the technical reserves retained in respect of each underwriting year of account as at 31 December 2002 must be reported here, **as at 31 December 2002 exchange rates**. These are to be consistent with the amounts reported on FSA2 line 31 in the 31 December 2002 FSA return.
- 2.46 Specifically the amounts to be reported on line 30a are as follows:

2000 and prior run-off years

This only shows any solvency loading on the reserves for the run-off year as at 31 December 2002 and agrees to SR15 (31.12.2002) line 4 **ie at 31 December 2002 exchange rates**

2001 year of account

This shows the solvency reserves as at 31 December 2002 and agrees to SR15 (31.12.2002) lines 2 + 3 + 4 **ie at 31 December 2002 exchange rates**.

2002 year of account

This is the solvency reserves as at 31 December 2002, and agrees to SR15 (31.12.2002) lines 2+3+4, **ie at 31 December 2002 exchange rates**.

2003 year of account

This is 0.

2.47 Technical reserves eliminated (line 30b column 8): In addition, where the underwriting year of account has accepted liabilities from earlier years of account via the reinsurance to close mechanism or otherwise during calendar year 2003 (but not as at 31 December 2002 or previously) then such amounts must be entered in this field; this will enable column 9 to report the 'pure' 2003 calendar year result. This would normally only affect the 2002 and 2003 underwriting years of account. As such, the entries made on line 30b allow the correct reserves at the year end to be reported on lines 19, 20 and 31 in aggregate, and the correct calendar year FSA technical result to be reported on line 32, in column 9.

2.48 Accordingly the amount to be reported on line 30b is the amount shown in line 7c, column 9 of FSA2.

2.49 Technical reserves carried forward (line 31 column 8)

- i) 2000 and prior run-off underwriting years of account: the amount to be reported here is any loading for solvency as reported on SR15 line 4. This situation will only arise where the run-off year of account remains open and the loading must be allocated to each pure year comprising the run-off underwriting year of account. The accounting RITC paid or run-off reserves retained will appear on lines 19 and 20 respectively.
- ii) 2001 underwriting year of account: the only amount to be reported here is any loading for solvency as reported on SR15 line 4. This situation will only arise where the 2001 year of account remains open and the loading must be allocated to each pure year comprising the 2001 underwriting year of account. The accounting RITC paid or run-off reserves retained will appear on lines 19 and 20 respectively.
- iii) 2002 and 2003 underwriting years of account: the amount to be reported here is the net solvency reserves. These must be for the pure years of account only, unless the year of account has accepted a RITC **prior to** 31 December 2003. Where the year has accepted a RITC prior to 31 December 2003, the prior years reinsured therein must be analysed by pure year. It will, however, include any solvency loading arising either on the pure year on the reinsurance to close of an earlier year of account. Hence the figure will equate to SR15 lines 2 + 4 for the relevant year of account.

An example of how the adjustments in lines 30a, 30b and 31, column 8 work is attached at Annex 2 to the instructions.

Column 9 – FSA result

2.50 This is calculated by the software and is the result on the FSA basis for calendar year 2003.

Validations within FSA2

2.51 Column calculations:

Columns 3 – 1 = column 2;
 Columns 2 + 4 + 5 + 6 + 7 + 8 = column 9.

- 2.52 Line calculations:
 Lines 1 - 2 = line 3
 Line 3 = line 6
 Lines 7a – 7b = line 7c
 Lines 8a – 8b = line 8c
 Lines 6 + 7c + 8c = line 9
 Lines 10 – 11 = line 12
 Lines 15 – 16 = line 19
 Lines 17 – 18 = line 20
 Lines 12 + 19 + 20 = line 21
 Lines 24 + 25 + 26 – 27 = line 28
 Lines 9 – 21 – 22 + 23 – 28 = line 29
 Lines 29 + 30a - 30b – 31 = line 32

All of the above calculations are performed by the software.

- 2.53 Line 32 of columns 5, 6 and 7 must = 0.
- 2.54 FSA2 for an underwriting year of account must equal the sum of FSA2s for the constituent pure original years of account for each field.
- 2.55 FSA2 for a pure original year of account must equal the sum of FSA2s for the constituent accounting classes for each field.
- 2.56 FSA2 for a treaty reinsurance accounting class must equal the sum of FSA2s for the constituent business categories for each field.
- 2.57 In practice the summary FSA2 reports referred to in 2.54 to 2.56 are generated by the software.

Relationships with other forms

- 2.58 The following entries on FSA2 (at underwriting year of account level only) must agree to other forms in the FSA return as follows:

<u>FSA2</u>	<u>Other form</u>
FSA2 line 32 each column*	FSA1 line 1 each column*
FSA2 line 32 column 9**	FSA4**
FSA2 lines 19+20+31, column 3*	FSA5 line 8 column 1*
FSA2 lines 19+20+31, column 4*	FSA5 line 8 column 2*
FSA2 lines 19+20+31, column 5*	FSA5 line 8 column 3*
FSA2 lines 19+20+31, column 6*	FSA5 line 8 column 4*
FSA2 lines 19+20+31, column 7*	FSA5 line 8 column 5*
FSA2 lines 19+20+31, column 8*	FSA5 line 8 column 6*
FSA2 lines 19+20+31, column 9*	FSA5 line 8 column 7*
(FSA2 (RO) column 9 lines 19+20+31 + FSA2 (2001) column 9 lines 19+20+31 +	(FSA12 column 4 lines 51+52+53-18 + FSA12 column 2 line 18)

FSA2 (2002) column 9 lines 19+20+31 +	
FSA2 (2003) column 9 lines 19+20+31)	
FSA2 line 1 column 9***	FSA18A line 3 column 1***
FSA2 line 2 column 9***	FSA18A line 3 column 2***
FSA2 line 3 column 9***	FSA18A line 3 column 3***
FSA2 lines 22 + 28 column 9***	FSA18A line 9 column 3***
FSA2 line 10 column 9***	FSA18B line 3 column 1***
FSA2 line 11 column 9***	FSA18B line 3 column 2***
FSA2 line 12 column 9***	FSA18B line 3 column 3***

- * for each relevant year of account
 ** for each relevant year of account and underwriting class. The field reference on FSA4 varies by year of account and underwriting class.
 *** for each relevant year of account. Applicable to life syndicates only.

FSA2 (direct and facultative business only) must agree to FSA6 (summary) as set out below):

<u>FSA2 (direct and facultative summary)</u>	<u>FSA6 (summary)</u>
FSA2 (2003) line 1 column 9	FSA6 '2003' line column 8
FSA2 (all years) line 10 column 9	FSA6 'total' line column 2

Relationship with the syndicate return

- 2.59 FSA2 (at underwriting year of account level only) must agree with SR2 as set out below:

For FSA2 (2001), (2002) and (2003), the figure disclosed on each line must agree to that disclosed on SR2 (2001), SR2 (2002) and SR2 (2003) respectively for columns 1, 2 and 3.

For each of FSA2 (RO) the figure disclosed on each line and column must agree to that disclosed on SR2 (RO) for the relevant year of account for column 2.

- 2.60 In addition, FSA2 (at underwriting year of account level only) must agree with the syndicate return as set out below:

<u>FSA2</u>	<u>Syndicate return</u>
FSA2 (RO) line 31 column 9*	SR15 (RO) line 4*
FSA2 (2001) line 31 column 9	SR15 (2001) line 4
FSA2 (2002) line 31 column 9	SR15 (2002) lines 2 + 4
FSA2 (2003) line 31 column 9	SR15 (2003) lines 2 + 4

- * for each run-off year of account separately

The need to make exchange adjustments to the figures shown in column 2, in column 4, to meet FSA reporting requirements, is set out in 2.29 above.

3 There is no form FSA3

4 FSA4: Underwriting – summary of underwriting movements

Although the instructions require all of the FSA return to be appropriately reviewed by senior management of the managing agent, your attention is drawn to this form in particular as being a key form in the return.

Part 1 (lines 1 to 14)

- 4.1 This part of the return summarises the calendar year movements in the underwriting account by underwriting year of account and accounting class (FSA2 line 32 column 9). This part of the form will be completed automatically by the software. No entries are required by the managing agent. This part of the form is distinct from Part 2 and there is no reconciliation between the two.

Part 2 (line 15 to 21)

- 4.2 This part of the form reconciles the calendar year result after personal expenses per FSA1 with the cumulative result declared after personal expenses in the syndicate return. This part of the form is distinct from Part 1 and there is no reconciliation between the two.

- 4.3 Line 15 is the movement in 2003 calendar year and is completed automatically by the software, as follows:

FSA 4

Line 15, 'Run off Account' column
Line 15, '2001 Account' column
Line 15, '2002 Account' column
Line 15, '2003 Account' column

FSA 1

Sum of FSA1 (RO) line 10 column 9
FSA1 (2001) line 10 column 9
FSA1 (2002) line 10 column 9
FSA1 (2003) line 10 column 9

- 4.4 Line 16: the 2002 calendar year movement as calculated on the FSA basis (ie the equivalent of the 2002 calendar year movement on FSA1 line 10 column 9) must be entered for the 2001 and 2002 years of account as appropriate. The amount here must be consistent with that reported on FSA4 line 15 in the 31 December 2002 FSA return **and thus be reported at 31 December 2002 exchange rates.**

- 4.5 Line 17: the 2001 calendar year movement as calculated on the FSA basis (ie the equivalent of the 2001 calendar year movement on FSA1 line 10 column 9) must be entered for the 2001 year of account. The amount here must be consistent with that reported on FSA4 line 16 in the 31 December 2002 FSA return **and thus be reported at 31 December 2001 exchange rates.**

- 4.6 Line 18 is lines 15 to 17 and is calculated by the software. This figure reconciles to the disclosures made in the syndicate return. The result reported for the 2001 year of account and calendar year movement on run-off years must reconcile to the result (after 'non-standard' personal expenses), as adjusted for solvency loadings. The result shown for the 2002 and 2003 years of account reconciles to the balance per the syndicate return (after 'non-standard' personal expenses) less reserves – in respect of both the pure year and years reinsured therein - as reported on SR15. Specifically, the validations are as follows:

FSA4

Run-off accounts*

Syndicate return

SR1 (RO) line 10 column 2 -

SR15 (RO) line 4*

2001 Account

SR1 (2001) line 10 column 3 -
SR15 (2001) line 4

2002 Account

SR1 (2002) line 10 column 3 -
SR15 (2002) lines (2 + 3 + 4)

2003 Account

SR1 (2003) line 10 column 3 -
SR15 (2003) lines (2 + 3 + 4)

* for all run-off years in aggregate

4.7 Line 19 is to be left blank and has been blanked out in the software.

4.8 Line 20: this reports the various adjustments which are necessary to move from the result reported on line 18 to the 'declared result' on line 21. The 'declared result' on line 21 in respect of the 2001 year of account and 2000 and run-off years of account is the result after 'standard' personal expenses; for the 2002 and 2003 years of account it is the solvency result after 'standard' personal expenses and after deducting reserves retained for both the pure year and in respect of years of account closed therein (including solvency loadings).

Run-off accounts: the only amounts to be reported here are non-standard personal expenses (FSA1 (RO) line 9 column 2) and any solvency loadings (SR15 (RO) line 4). These are entered as positive entries.

2001 Account: the only amounts to be reported here are non-standard personal expenses (FSA1 (2001) line 9 column 3) and any solvency loadings (SR15 (2001) line 4). These are entered as positive entries.

2002 Account: the only amounts to be reported here are non-standard personal expenses (FSA1 (2002) line 9 column 3). These are entered as positive entries.

2003 Account: the only amounts to be reported here are non-standard personal expenses (FSA1 (2003) line 9 column 3). These are entered as positive entries.

4.9 Line 21: for the 2001 year of account and run-off years of account this is the global result as reported in the syndicate return. For the 2002 and 2003 years of account this is the solvency result as at 31 December 2003 (but before disallowances in respect of assets).

4.10 Line 21 must agree to the syndicate return as follows:

FSA4 line 21Syndicate return

Run-off years of account*

SR1 (RO) line 8 column 2*

2001 Account

SR1 (2001) line 8 column 3

2002 Account

SR15 (2002) lines 1 – 2 – 3 – 4

2003 Account

SR15 (2003) lines 1 – 2 – 3 – 4

* for all run-off years of account in aggregate

5 FSA5 and FSA5 (class): analysis of technical provisions

- 5.1 This form analyses the technical reserves held as at 31 December 2003 as reported on FSA2.

Basis of completion

- 5.2 This form must be completed on the same basis as FSA2. For every FSA2 there must be an FSA5. The software will automatically set up an FSA5 for each FSA2. Please see paragraphs 2.2 to 2.10 above and also Annex 1 to these instructions.

Reporting in the FSA return – FSA5 and FSA5 (class)

- 5.3 Out of the various analysis referred to above, only the FSA5s by underwriting year of account are to be submitted as part of the FSA return. The supporting entry FSA5s do not form part of the FSA return but may be printed off as ‘working’ papers.
- 5.4 In addition, the software will generate forms **FSA5 (class)** showing the transactions reported at underwriting year of account level, reporting the position as at 31 December 2003 in column 7 of the underlying analysis at:
- i) summary (all business) level;
 - ii) by accounting class; and
 - iii) by business category for each treaty reinsurance accounting class.

The FSA5 (class) reports form part of the return and will follow FSA5 in the printed pack.

- 5.5 Hence, there will be two FSA5 forms in the return pack per underwriting year of account. One will be in the format of the data entry FSA5s showing the workings by column from the syndicate return to the FSA figures, and the other will be in the format of FSA5 (class) showing the FSA5 column 7 figures only by pure year.
- 5.6 Column 11 of each FSA5 (class) at underwriting year of account summary level must agree to column 7 of FSA5 by underwriting year of account for each line and in respect of each underwriting year of account.
- 5.7 In addition, to assist with validation of FSA5 data with that on FSA6, a new summary report showing FSA5 transactions for all direct and facultative business only, by underwriting year of account, is generated by the software.

Reporting by currency

- 5.8 FSA5 is required to be completed in converted sterling only.

Completing the form

- 5.9 FSA5 reports an analysis of the net technical reserves reported on FSA2, lines 19 + 20 + 31. Analysis is required of reserves retained in respect of outstanding claims and IBNR claims. Adjustments are also required in respect of claims management costs (see below). Lines 1 – 2 + 3 – 4 + 5 = line 6, generated by the software. Lines 6 + 7 = line 8.
- 5.10 Future gross premiums must be deducted in arriving at the gross IBNR on line 3.
- 5.11 Future cost of reinsurance protections must be deducted from reinsurers' share of IBNR on line 4. Bad debt provisions must be deducted from reinsurers' share of notified claims on line 2 and on IBNR on line 4 as applicable.
- 5.12 Line 8 of each FSA5 must agree to lines 19 + 20 + 31 of the equivalent FSA2 as follows:

<u>FSA5</u>	<u>FSA2</u>
Column 1	Column 3
Column 2	Column 4
Column 3	Column 5
Column 4	Column 6
Column 5	Column 7
Column 6	Column 8
Column 7	Column 9

- 5.13 Column 1 – reserves per syndicate accounts: this must be prepared in accordance with syndicate accounting rules.
- 5.14 Column 2 – exchange adjustments: this is not applicable and is blacked out.
- 5.15 Column 3 – claims management costs: to the extent that claims management costs are included within the amounts reported in lines 1 to 4 of column 5, these must be transferred from these lines and reported on line 5 in this column. These items exclude the amounts to be reported by XIS to Lloyd's, which will be entered centrally. Line 8 of column 3 must equal 0.
- 5.16 Column 4 – acquisition costs: this is not applicable and is blacked out.
- 5.17 Column 5 – reinsurance commissions: this is not applicable and has been blacked out.
- 5.18 Column 6 – technical reserves: this analyses the technical provisions reported on line 31 column 8 of FSA2. The component parts must be analysed out on lines 1 to 5 of column 6. Claims management costs must be reported on line 5.
- 5.19 Loadings for solvency must be analysed out between the constituent parts on lines 1 to 5.
- 5.20 Line 7 – other technical provisions: this should be left blank.

Relationships with other forms

- 5.21 FSA5 line 8 must agree to FSA2 as set out in paragraph 5.12 above.
- 5.22 FSA5 (direct and facultative business only) must agree to FSA6 (summary) as set out

below):

<u>FSA5 (direct and facultative summary)</u>	<u>FSA6 (summary)</u>
FSA5 (all years) line 1 column 7	FSA6 'total' line column 3
FSA5 (all years) line 3 column 7	FSA6 'total' line column 4

6 FSA6: Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

- 6.1 This form requires the analysis of business by pure year of account in detailed groupings called risk groups.

The form only collects information in respect of direct insurance and facultative reinsurance. All facultative reinsurance business must be combined with direct business into the relevant risk group. Treaty reinsurance business is not to be reported on this form.

- 6.2 This form is to be completed in respect of each of the risk groups set out in Annex 3, **in converted £ only**. A summary FSA6, reporting all business, will be generated by the software. In addition, summary FSA6s by accounting class will be produced. You will need these to ensure that certain disclosures on FSA6 agree with those on FSA2/FSA5 by accounting class (please see 6.12 below).
- 6.3 In order for the Lloyd's Return to be aggregated on a consistent basis the risk code mappings set out in Annex 3 must be used in completing FSA6. Managing agents may not use their own lines of business categorisation as they obviously vary syndicate by syndicate.

Amounts reported in the 31 December 2002 FSA return

- 6.4 Any amounts reported on FSA6 which are dependent on items brought forward at 31 December 2002 must be reported in a basis consistent – by risk group and pure year - with that which was reported in the 31 December 2002 FSA return. These items are reported at the 31 December 2002 exchange rates used in that return.
- 6.5 This form is not applicable to life syndicates.

Completion of the form

- 6.6 Analysis is required in respect of each pure year of account from 1993 to 2003. One form is required per specified risk group; the form is not required to be completed separately for each underwriting year of account.
- 6.7 Amounts reported in respect of gross claims paid and outstanding must exclude claims management costs. The report provided to Lloyd's by XIS will enable Lloyd's to exclude centrally the external claims management costs within amounts advised by XCS.
- 6.8 Future gross premiums must be deducted in arriving at the gross IBNR in columns 4 and 6.
- 6.9 Amounts reported in respect of premiums must be gross of brokerage, commission and acquisition costs (as defined for the purpose of reporting column 9 of FSA2).

6.10 Column 9 – claims ratio as calculated as: (lines 1 + 2 + 3 + 4)/8.

Relationships with other forms

6.11 FSA6 summary must agree with the FSA2 and FSA5 direct and facultative summary reports as follows:

<u>FSA6 summary</u>	<u>FSA2/FSA5 direct and facultative summary</u>
Total column 2	FSA2 (all years) line 10 column 9
Total column 3	FSA5 (all years) line 1 column 7
Total column 4	FSA5 (all years) line 3 column 7
'2003' line column 8	FSA2 (2003) line 1 column 9

6.12 In addition the sum of FSA6s for all risk groups for each accounting class as set out in Annex 3B to these instructions must agree to the aggregate of all FSA2s/FSA5s for that accounting class per the schedule set out below:

<u>FSA6</u>	<u>FSA2/FSA5</u>
Total column 2	FSA2 (all years) line 10 column 9
Total column 3	FSA5 (all years) line 1 column 7
Total column 4	FSA5 (all years) line 3 column 7
'2003' line column 8	FSA2 (2003) line 1 column 9

7 to 11 There are no forms FSA7 to FSA11

12 Balance sheet

12.1 This form collects the balance sheet of the syndicate, as a whole and analysed by trust fund.

Scope of completion

12.2 The balance sheet must be completed by whole account and by trust fund in accordance with the following coding:

Asset group	General business code	Long term business code (see 12.8)
All premiums trust fund assets (whole account)	100	200
Sub-analysis:		
Lloyd's American Trust Fund (LATF) (in \$US'000)	102	
Lloyd's Dollar Trust Fund (LDTF) (in \$US'000)	103	

- | | | |
|---|-----|-----|
| Lloyd's Canadian Trust Fund (LCTF) (in \$Can'000) | 104 | |
| Surplus Lines Trust Fund (SLTF) (in \$US'000) | 105 | |
| Credit for Reinsurance Trust Fund (CRTF) (in \$US'000) | 106 | |
| Other overseas regulated trust funds (aggregate) (in £'000) | 107 | |
| Remaining premiums trust funds (in £'000) | 101 | 201 |
- 12.3 The amount reported under LCTF is to include the \$US element of the regulated Canadian fund, and the Canadian Margin Fund. All items are to be reported in \$Can. Any non-regulated Canadian funds must be included within code 101 (remaining PTFs) (reported in £ sterling).
- 12.4 The amount reported under SLTF and CRTF must include the relevant share of the Joint Asset Trust Fund, as appropriate.
- 12.5 'Other overseas regulated trust funds' are defined as the aggregate of:
- Illinois Trust Fund
 - Kentucky Trust Fund
 - Australia Trust Fund
 - South Africa Trust Fund
 - Hong Kong deposit
 - Any ASL-administered deposit not covered by any of the foregoing.
- 12.6 Separate FSA12s by year of account are not required.
- 12.7 For life syndicates only, the analysis of the balance sheet by trust fund is required to be completed for code 201 'remaining premiums trust funds' which in this case will be the whole assets and liabilities for the syndicate.
- 12.8 For non-life syndicates only, all of the items on SR12 page 3 'liabilities' must be allocated to code 101 'remaining premiums trust funds'. In order to allow the balance sheets coded at 102 to 107 to balance, the net assets figure reported for each of these codes on line 43, columns 1, 2 and 3 must be entered on line 71, columns 1, 2 and 3, with the balancing adjustment being made to line 71, columns 1, 2 and 3 of code 101.
- 12.9 In addition, for non-life syndicates only, all reinsurers' share of technical provisions (line 18) must be allocated to code 101 only.

Completing the form

Column 1

- 12.10 Column 1 requires amounts to be reported in accordance with syndicate accounting rules. The amounts reported by code must be determined. Each line of FSA12 column 1 for the syndicate as a whole must agree to SR12 column 1.

Column 2

- 12.11 The Lloyd's Return requires amounts to be reported in the balance sheet after deductions made in respect of concentration restrictions, as set out in the eligible asset rules, being

issued separately (and reported on SR15 line 6b). The deduction from asset values shown in lines 1 to 38 as required by these rules must be reported as a negative adjustment in respect of each asset, in column 2. The other side of the entry must be allocated to the year of account concerned and be reported on line 60 (2001 year of account), line 62 (2002 and 2003 years of account) and line 66 (2000 and prior run-off years of account). These will also be negative entries.

- 12.12 The figure reported on line 43 column 2 must equal line 84 column 2 and will equal the total restrictions in respect of the concentration limits for the syndicate as a whole.
- 12.13 Adjustments in this column are only to be reported in respect of the concentration rules and **not** in respect of solvency disallowances on aged reinsurance debt. Specifically this relates to amounts reported on line 6b of SR15.

Column 3

- 12.14 The Lloyd's Return requires the reporting of technical and solvency reserves in respect of open years in the balance sheet.

2000 and prior run-off years

The accounting reserves in respect of these years are already reported in lines 53 (gross) and 18 (reinsurance recoverable). Any loading for solvency arising in respect of the 2000 and prior run-off years of account must be entered in column 3. The gross loading is to be entered on line 53, any reinsurance recoverable element on line 18 and the net loading on line 66. The entry on line 66 will be negative. Line 66 column 3 must agree to - SR15 (RO) line 4. Where the run-off year of account was reinsured to close during 2003 but not at 31 December 2003, the RITC paid does not appear on lines 53 and 18 but on line 80 of column 1 (see instructions for the syndicate return). Such amounts do not form part of technical provisions as at 31 December.

2001 year of account

The accounting reserves in respect of the 2001 year of account are already reported in lines 51 (gross) and 18 (reinsurance recoverable). Any loading for solvency arising in respect of a 2001 year of account going into run-off must be entered in column 3. The gross loading is to be entered on line 51, any reinsurance recoverable element on line 18 and the net loading on line 60. The entry on line 60 will be negative. Line 60 column 3 must agree to - SR15 (2001) line 4.

2002 and 2003 year of accounts

The estimated future liabilities (including solvency loadings either on the pure year or years of account reinsured therein) in respect of the 2002 and 2003 years of account must be reported in column 3. Amounts in relation to 2001 and prior years of account closed therein **on** 31 December 2003 (except for solvency loadings) must **not** be reported as these have already been reflected in the 2001 and prior years of account. However, amounts relating to 2000 and prior years of account closed therein **before** 31 December 2003 **must** be included. The gross reserves are to be entered on line 52, any reinsurance recoverable element on line 18 and the net reserve on line 62. The entry on line 62 will be negative.

However, any RITC received in relation to 2001 and prior years of account **on** 31 December 2003, thus affecting the balance on the 2002 and 2003 open years shown in line 62, column

1, must be eliminated by making a negative adjustment in line 62 column 3, to be balanced by a positive adjustment on line 55 column 3.

Hence line 62 column 3 must agree to the aggregate of – (SR15 (2002) lines 2 + 3 + 4 and SR15 (2003) lines 2 + 3 + 4).

Validation within the form

12.15 For each line:
Column 4 = columns 1 + 2 + 3

12.16 For each column:
Lines 1 to 19 = line 20
Lines 21 to 38 = line 39
Line 20 = line 40
Lines 39 + 40 = line 41
Line 41 = line 43
Lines 51 to 55 = line 56
Lines 56 + 60 to 83 = line 84

12.17 Line 43 must = line 84 for each column for each FSA12.

12.18 FSA12 in aggregate must agree to the sum of FSA12 by trust code when converted into sterling for each field.

Relationship with other forms

12.19 FSA12 in aggregate must agree to other forms in the FSA return as set out below:

FSA12 reference

FSA12 line 60 column 1
FSA12 line 61 column 1
FSA12 line 62 column 1

FSA12 line 64 column 1

FSA12 (RO) line 66 column 1*
(FSA12 column 4 lines 51+52+53-18 +
FSA12 column 2 line 18)

Other form reference

FSA1 (2001) line 6 column 3
- FSA1 (2001) lines 7 + 9 column 3
FSA1 (2002) line 6 column 3 +
FSA1 (2003) line 6 column 3
- (FSA1 (2002) lines 7 + 9 column 3 +
FSA1 (2003) lines 7 + 9 column 3)
FSA1 (RO) line 10 column 2*
(FSA2 (RO) column 9 lines 19+20+31 +
FSA2 (2001) column 9 lines 19+20+31 +
FSA2 (2002) column 9 lines 19+20+31 +
FSA2 (2003) column 9 lines 19+20+31)

* for all run-off years in aggregate

Relationship with the syndicate return

12.20 FSA12 in aggregate must agree to SR12 for each line in column 1.

12.21 In addition, FSA12 in aggregate must agree to disclosures made in the syndicate return as follows:

FSA12 reference

FSA12 column 2 line 60

FSA12 column 2 line 62

FSA12 column 2 line 66*

FSA12 column 3 line 60

FSA12 column 3 line 62

FSA12 column 3 line 66*

Syndicate return reference

- SR15 (2001) line 6b

- (SR15 (2002) line 6b + SR15 (2003) line 6b)

- SR15 (RO) line 6b*

- SR15 (2001) line 4

- (SR15 (2002) lines 2 + 3 + 4 + SR15 (2003) lines 2 + 3 + 4)

- SR15 (RO) line 4*

* for all run-off years in aggregate

13 FSA13: analysis of derivative contracts

13.1 Please complete as indicated on the form.

14 FSA14A: Statement of Major Facultative Reinsurers**FSA14B: Statement of Major Treaty Reinsurers****FSA14C: Statement of Major Cedants**

14.1 The forms collect details relating to major reinsurers (FSA14A and B) and cedants (FSA14C).

14.2 FSA14 is to be completed only in respect of the following list of major reinsurers (FSA14A/B) and cedants (FSA14C). All relevant amounts in respect of each of these insurers must be reported by all syndicates.

14.3 The list of major reinsurers/cedants is set out below:

- Other Lloyd's syndicates (in aggregate)
- Munich Re
- AXA
- Berkshire Hathaway
- GE Global Insurance Group
- Swiss Re
- Hannover Re
- XL Group
- Max Re
- Gerling Group
- AIG

14.4 Please complete as indicated on the form.

14.5 The 'share of technical provisions' as set out on FSA14A and FSA14B relates to the reinsurers' share of technical provisions shown on FSA12 line 18 column 4, except that in

respect of claims incurred but not reported, such recoveries need only be included to the extent that they are in respect of specific occurrences for which provisions have been allocated. In other words, please only report an item here where a reinsurance recovery can be specifically identified relating to a particular loss (ie not in respect of a general IBNR provision).

- 14.6 The 'share of technical provisions' as set out on FSA14C relates to the gross technical provisions due to the reinsured shown on FSA12 lines 51 + 52 + 53 column 4, except that in respect of claims incurred but not reported, such recoveries need only be included to the extent that they are in respect of specific occurrences for which provisions have been allocated. In other words, please only report an item here where an amount due to the reinsured can be specifically identified relating to a particular loss (ie not in respect of a general IBNR provision).

Relationship with other forms

- 14.7 FSA14 'total' **must not exceed** the relevant figure shown on other forms in the FSA return as set out below:

<u>FSA14 'total' reference</u>	<u>Other form reference</u>
FSA14A+B amount of reinsurance premiums payable	FSA2 all years column 9 line 2
FSA14A+B amount of debt	FSA12 line 26e column 4
FSA14A+B amount of deposit received	FSA12 line 72 column 4
FSA14C amount of debt	FSA12 line 25 column 4
FSA14C amount of deposit paid	FSA12 line 17 column 4

15/17 There are no forms FSA15 to 17

18 FSA18A: Long Term Insurance Business: Analysis of Premiums and Expenses FSA18B: Long Term Insurance Business: Analysis of Claims

- 18.1 These forms are applicable to life syndicates only.
- 18.2 Each form must be completed by underwriting year of account and for all years of account in aggregate.
- 18.3 Please complete as indicated on the form.
- 18.4 SR18A lines 1 to 3: Premiums are to be reported gross of acquisition costs.
- 18.5 SR18B: 'claims incurred' means claims paid.

Validations within FSA18A

- 18.6 For each line:
Columns 1 – 2 = column 3.

- 18.7 For each column:
 Lines 1 + 2 = line 3
 Lines 4 to 8 = line 9

- 18.8 FSA18A for all business of the syndicate must equal the sum of FSA18A by year of account for each field.

Validations within FSA18B

- 18.9 For each line:
 Columns 1 – 2 = column 3.

- 18.10 For each column:
 Lines 1 + 2 = line 3

- 18.11 FSA18B for all business of the syndicate must equal the sum of FSA18B by year of account for each field.

Relationship between FSA18A, FSA18B and FSA2

- 18.12 FSA18A and FSA18B must agree with FSA2 by underwriting year of account level as set out below:

FSA18A/B reference

FSA18A line 3 column 1
 FSA18A line 3 column 2
 FSA18A line 3 column 3
 FSA18A line 9 column 3
 FSA18B line 3 column 1
 FSA18B line 3 column 2
 FSA18B line 3 column 3

FSA2 reference

FSA2 line 1 column 9
 FSA2 line 2 column 9
 FSA2 line 3 column 9
 FSA2 lines 22 + 28 column 9
 FSA2 line 10 column 9
 FSA2 line 11 column 9
 FSA2 line 12 column 9

19-21 There are no forms FSA19 to FSA21

22 FSA22: Managing agent's report

- 22.1 The FSA return is prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended.
- 22.2 The statement of managing agent responsibilities and declaration on behalf of the directors of the managing agent has been expanded to emphasise the importance of this statutory return to the FSA.
- 22.3 The report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by the chief executive officer, the compliance officer and another director. The same person must not sign in two capacities.
- 22.4 The syndicate number and page numbers must be entered. The page numbers entered in the managing agent's report must include all forms in the return and any additional pages of analysis. The standard scope and opinion of the managing agent's report will be included

within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

23 FSA23: Auditor's Report

- 23.1 Each report must be signed and dated on behalf of the recognised accountant by a partner or director.
- 23.2 The syndicate number must be entered. The scope of the auditor's report must include all forms in the return including the managing agent's report and any additional pages of analysis. The standard scope and opinion of the auditor's report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission.

The audit report is currently under review and will be provided to the market with the return software.

Preparation of FSA2 and FSA5

Illustrative chart

Level	Comment
Underwriting year of account	Sum of original pure year forms for the underwriting year of account - columns 1, 2 and 3 agree to SR2 (column 2 only for 2000 and prior run-off years)
<i>analysed by</i>	
Original pure year	Sum of accounting class forms for the original pure year
<i>analysed by</i>	
Accounting class: For direct insurance and facultative reinsurance only : 1 Accident and health 2 Motor 3 Aviation 4 Marine 5 Transport 6 Property 7 Third party liability 8 Miscellaneous and pecuniary loss For treaty reinsurance only : 9 Non proportional treaty 10 Proportional treaty	Direct insurance and facultative reinsurance: completed by direct data entry Each class of treaty reinsurance: sum of business category forms for the accounting class
<i>analysed by</i>	
Business category: For each class of treaty reinsurance only : 1 Accident and health 2 Motor 3 Aviation 4 Marine 5 Transport 6 Property 7 Third party liability 8 Miscellaneous and pecuniary loss	Only applicable in respect of treaty reinsurance. Completed by direct data entry.
Not applicable to life syndicates	

SYNDICATE NO:

SYNDICATE RETURN

Year ended 31 December 2003

Year of Account 2002

UNDERSWRITING ACCOUNT
2002 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS

Page:

Line	Per Syndicate accounts				Summary			
	1	2	3	4	5	6	7	8
	Cumulative to 31.12.2002	Movement in 2003	Cumulative to 31.12.2003	Exchange adjustments	Claims management costs	Acquisition costs	RI Commissions	Technical provisions
1			1+2					
2								
3								
4								
5								
6								
7a								
7b								
7c								
8a								
8b								
8c								
9								
10								
11								
12								
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14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30a								
30b								
31								
32								

- Notes
- This example relates to the 2002 underwriting year of account which has accepted the RTTC of the 2001 and prior years of account at 31.12.2003. For the purpose of this illustration we are looking at the FSA2 (2002) summary for the underwriting year of account.
 - The amount of the net solvency reserves established for the 2002 pure year of account at 31.12.2002, at 31.12.2002 exchange rates, is £90,000,000. This is reported on line 30a column 8.
 - The value of the net RTTC received from 2001 and prior years as at 31 December 2003 is £170,000,000. This is shown at line 7c column 2. This must be entered on line 30b column 8.
 - The value of the net solvency reserves for the 2002 year of account at 31.12.2003 (SR15 (2002) line 2) is £60,000,000. In addition, there is a solvency loading of £5,000,000 (SR15 (2002) line 4). The amount to be reported on line 31 column 8 is £60,000,000 + £5,000,000 = £65,000,000.

Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)
A	B	C
1	Aviation Liability	Aviation
2	Aviation Liability	Aviation
3	Aviation Liability	Aviation
4	Aviation Liability	Aviation
5	Aviation Liability	Aviation
6	Aviation Hull	Aviation
7	Aviation Hull	Aviation
8	Aviation Hull	Aviation
9	Aviation Hull	Aviation
A	General Liability	Third Party Liability
A1	General Liability	Third Party Liability
A2	General Liability	Third Party Liability
A3	General Liability	Third Party Liability
AG	Property	Property
AO	Aviation Liability	Aviation
AP	Aviation Product	Aviation
AR	Aviation Liability	Aviation
AS	General Liability	Third Party Liability
AW	Aviation Hull	Aviation
AX	Aviation Liability	Aviation
B	Marine Hull	Marine
BB	Bankers Bond	Third Party Liability
BD	Property	Property
BS	Pecuniary Loss	Miscellaneous & Pecuniary Loss
CA	Engineering	Property
CF	Political Risk	Miscellaneous & Pecuniary Loss
CMP	UK Motor Comprehensive	Motor
CN	Pecuniary Loss	Miscellaneous & Pecuniary Loss
COMP	UK Motor Comprehensive	Motor
CP	Political Risk	Miscellaneous & Pecuniary Loss
CR	Pecuniary Loss	Miscellaneous & Pecuniary Loss
CT	Non-Marine Cargo	Transport
CX	Space	Aviation
DC	Property	Property
DM	DO	Third Party Liability
DO	DO	Third Party Liability
DX	Personal Accident	Accident & Health
EA	Energy Onshore Liability	Third Party Liability
EB	Energy Onshore Liability	Third Party Liability
EF	Energy Onshore PD	Property
EG	Energy Offshore Liability	Marine
EH	Energy Offshore Liability	Marine
EP	Property	Property
ET	Energy Offshore PD	Marine
EW	Energy Offshore PD	Marine
F	Property	Property
FA	Specie	Property
FC	Pecuniary Loss	Miscellaneous & Pecuniary Loss
FG	Pecuniary Loss	Miscellaneous & Pecuniary Loss

Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)
A	B	C
FM	Pecuniary Loss	Miscellaneous & Pecuniary Loss
FR	Property	Property
FS	Pecuniary Loss	Miscellaneous & Pecuniary Loss
G	Marine Liability	Marine
GC	Marine Liability	Marine
GP	Professional Indemnity	Third Party Liability
GS	Specie	Property
GX	Marine Liability	Marine
H	Aviation Hull	Aviation
HA	Property	Property
HH	Personal Accident	Accident & Health
HP	Household	Property
HX	Aviation Hull	Aviation
JB	Specie	Property
K	Personal Accident	Accident & Health
KA	Personal Accident	Accident & Health
KC	Personal Accident	Accident & Health
KD	Personal Accident	Accident & Health
KK	Personal Accident	Accident & Health
KL	Personal Accident	Accident & Health
KM	Personal Accident	Accident & Health
KX	Personal Accident	Accident & Health
L	Aviation Liability	Aviation
LE	Pecuniary Loss	Miscellaneous & Pecuniary Loss
LJ	Property	Property
LX	Aviation Liability	Aviation
M	UK Motor Non-Comprehensive	Motor
MA	UK Motor Comprehensive	Motor
MB	UK Motor Non-Comprehensive	Motor
MC	UK Motor Comprehensive	Motor
MD	Direct Overseas Motor	Motor
ME	Direct Overseas Motor	Motor
MF	Direct Overseas Motor	Motor
MG	Direct Overseas Motor	Motor
MH	Direct Overseas Motor	Motor
MI	Direct Overseas Motor	Motor
MK	UK Motor Comprehensive	Motor
ML	UK Motor Non-Comprehensive	Motor
MM	Direct Overseas Motor	Motor
MN	Direct Overseas Motor	Motor
MP	Direct Overseas Motor	Motor
N	Livestock	Property
NA	General Liability	Third Party Liability
NB	Livestock	Property
NC	General Liability	Third Party Liability
NCP	UK Motor Non-Comprehensive	Motor
NL	General Liability	Third Party Liability
NP	Property	Property
NX	Livestock	Property

Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)
A	B	C
O	Yacht	Marine
OVM	Direct Overseas Motor	Motor
OX	Yacht	Marine
P	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PB	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PC	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PD	Property	Property
PE	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PF	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PI	Professional Indemnity	Third Party Liability
PL	General Liability	Third Party Liability
PM	Professional Indemnity	Third Party Liability
PN	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PO	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PP	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PQ	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PR	Political Risk	Miscellaneous & Pecuniary Loss
PS	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PU	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PW	Pecuniary Loss	Miscellaneous & Pecuniary Loss
PX	Aviation Product	Aviation
PZ	Pecuniary Loss	Miscellaneous & Pecuniary Loss
Q	Marine Cargo	Transport
QL	Marine Cargo	Transport
QX	Marine Cargo	Transport
RX	Aviation Hull	Aviation
SB	Pecuniary Loss	Miscellaneous & Pecuniary Loss
SC	Space	Aviation
SL	Space	Aviation
SO	Space	Aviation
SR	Marine whole account XOL	Marine
SX	Space	Aviation
T	Marine Hull	Marine
TC	Third Party RITC	NA
TE	Property	Property
TL	Temp Life	Accident & Health
TO	Property	Property
TR	Property	Property
TU	Property	Property
TX	Marine Hull	Marine
UA	General Liability	Third Party Liability
UC	General Liability	Third Party Liability
UKM	UK Motor Non-Comprehensive	Motor
V	Marine Cargo	Transport
VL	Marine Cargo	Transport
VX	Marine Cargo	Transport
W	Marine Hull	Marine
WA	Extended Warranty	Miscellaneous & Pecuniary Loss
WC	Employers Liability	Third Party Liability

Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)
A	B	C
WL	Non Marine War	Property
WS	Pecuniary Loss	Miscellaneous & Pecuniary Loss
WX	Marine Hull	Marine
X1	Aviation Liability	Aviation
X2	Marine whole account XOL	Marine
X3	Property	Property
X4	General Liability	Third Party Liability
X5	Marine whole account XOL	Marine
XC	Property	Property
XD	Professional Indemnity	Third Party Liability
XE	Marine whole account XOL	Marine
XL	General Liability	Third Party Liability
XM	Motor Other	Motor
XP	Property	Property
XT	Marine whole account XOL	Marine
XX	Property	Property
XY	Aviation Liability	Aviation
XZ	Aviation Liability	Aviation
Y	Aviation Liability	Aviation
Y1	Aviation Liability	Aviation
Y2	Aviation Liability	Aviation
Y3	Aviation Liability	Aviation
Y4	Aviation Liability	Aviation
Y5	Aviation Liability	Aviation
Y6	Aviation Hull	Aviation
Y7	Aviation Hull	Aviation
Y8	Aviation Hull	Aviation
Y9	Aviation Hull	Aviation
ZX	Space	Aviation
1E	Energy Offshore PD	Marine
1T	Personal Accident	Accident & health
2E	Energy Offshore Liability	Marine
2T	Aviation Hull	Aviation
3E	Energy Onshore PD	Property
3T	Marine Hull	Marine
4E	Energy Onshore Liability	Third Party Liability
4T	Pecuniary Loss	Miscellaneous & Pecuniary Loss
5T	Direct Overseas Motor	Motor
6T	Property	Property
7T	General Liability	Third Party Liability
8T	Non Marine Cargo	Transport
Note: Accounting classes/business categories (column C)		
If the business is direct insurance or facultative reinsurance it can be directly allocated to one of the accounting classes shown in column C above. If it is treaty reinsurance , it must firstly be assigned to either the proportional treaty or non-proportional treaty accounting class, and then allocated to one of the business categories shown in column C above.		

Risk groups for the FSA return (FSA6) (for Direct & Facultative business)	Accounting classes (FSA2 and FSA5)
Personal Accident	Accident & health
Temporary Life	Accident & health
Aviation Hull	Aviation
Aviation Liability	Aviation
Aviation Product	Aviation
Space	Aviation
Energy Offshore Liability	Marine
Energy Offshore PD	Marine
Marine Hull	Marine
Marine Liability	Marine
Yacht	Marine
Extended Warranty	Miscellaneous & pecuniary loss
Pecuniary Loss	Miscellaneous & pecuniary loss
Political Risks	Miscellaneous & pecuniary loss
Motor - private hire	Motor
Motor - private comprehensive	Motor
Motor - private non-comprehensive	Motor
Motor - Commercial	Motor
Motor - Motorcycles	Motor
Motor - Motor trade	Motor
Motor - Fleet	Motor
Motor - Direct overseas	Motor
Energy Onshore PD	Property
Engineering	Property
Household	Property
Livestock	Property
Property	Property
Non Marine War	Property
Specie	Property
Directors & Officers	Third Party Liability
Bankers Bond	Third Party Liability
Employers Liability	Third Party Liability
Energy Onshore Liability	Third Party Liability
General Liability	Third Party Liability
Professional Indemnity	Third Party Liability
Marine Cargo	Transport
Non Marine Cargo	Transport