

FROM: Rolf Tolle
LOCATION: 86/G5
EXTENSION: 6743
DATE: 13 November 2003
REFERENCE: Y3181
SUBJECT: INCEPTION DATE ALLOCATION ("IDA")
SUBJECT AREA(S): Premium Allocation & Processing
ATTACHMENTS: Standard Explanation Form
ACTION POINTS: **Underwriters, Brokers and Managing Agents to
Note Change in Process**
DEADLINE: **None**

1 Purpose of Bulletin

- 1.1 To advise the market of changes to the process by which exemptions from Lloyd's IDA requirements are granted.

2 Background

- 2.1 Lloyd's IDA requirements specify that decisions relating to premium transfers and annual re-signings, and the premium allocation to each year of account, should be determined at the outset of the risk. It is therefore a Lloyd's requirement that, where annual resigning or premium transfer is required (i.e. for long term contracts), the slip must clearly state the premium allocation to the various years of account. Furthermore, the manner in which the premium is to be allocated to the various years of account must properly reflect the risk which Members on those years are accepting, and must be compliant with the duties and obligations arising both under Lloyd's Syndicate Accounting Byelaw and under Managing Agency Agreements.
- 2.2 Cases where syndicates have requested changes to the allocation decisions made at the time of placing, and/or which do not comply with the principles of IDA, have previously been referred to Lloyd's Market Reporting Department for consideration, following a query by Xchanging ins-sure Services (formerly LPSO). The Franchise Performance Directorate ("FPD") has now assumed responsibility for IDA queries, and has established a new query process.
- 2.3 Further information regarding Lloyd's IDA requirements is provided in Market Bulletin X579 of 1st November 1994, which is available via the following link:

[http://www.bulletins.lloydsolondon.com/bulletins/mktcirc.nsf/mktBulletins/2921/\\$file/2921.pdf](http://www.bulletins.lloydsolondon.com/bulletins/mktcirc.nsf/mktBulletins/2921/$file/2921.pdf)

3 New Query Process

- 3.1 When presented with a slip for re-signing/ re-referencing, Underwriters should give consideration to whether they are making a change to the allocation decision which was made at the time of placing/ previous re-signing. Where this is the case, the Underwriter should complete the Explanation Form attached to this bulletin. This Form requires the applicant syndicate to provide an explanation of the business reasons underlying its request, and to confirm that it has given due consideration to certain key issues.
- 3.2 Please e-mail completed Forms to IDAQueries@lloyds.com together with a copy of the slip, in advance of submission of the slip to Xchanging ins-sure Services. Alternatively, these documents can be sent via the Lloyd's post to Paula Singleton, Franchise Performance, Gallery 5 of the Lloyd's 1986 Building.
- 3.3 If the explanation provided is acceptable, an approval letter will be sent to the underwriter(s). A copy of this letter should be forwarded to the broker for inclusion with the slip submission for processing at Xchanging ins-sure Services. This will avoid subsequent query and delay to the signing.
- 3.4 Where applicable slips are received by Xchanging ins-sure Services without the required approval letter, these will be rejected back to the broker for referral to the underwriters(s).
- 3.5 All enquiries regarding the above process should be addressed in the first instance to:

Paula Singleton
Tel: 020 7327 5685
Fax: 020 7327 5718
E-mail: paula.j.singleton@lloyds.com

This bulletin has been sent to all managing agents, active underwriters, members' agents, recognised auditors, market associations and Lloyd's brokers.

Rolf Tolle
Franchise Performance Director

Inception Date Allocation (IDA): Query Process

Please note:

- This Explanation Form should be completed and sent to IDAqueries@lloyds.com . A copy of the related slip should accompany this, or be sent to:

Paula Singleton
Franchise Performance
86/G5
Lloyd's 1986 Building
 - If the explanation provided via this Form is acceptable, an approval letter will be provided to the underwriter(s). A copy of this letter should be forwarded to the broker for inclusion with the slip submission for processing at Xchanging ins-sure Services.
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Inception Date Allocation: Explanation Form

Syndicate number:				
Contact name				
Policy number(s)				
LPSO signing number and date				
Period of Risk(s)	From:		To:	
Allocation indicated on original slip(s)				

Background and Reasons

(Please continue on an additional sheet if necessary)

Please sign below to confirm that this syndicate has given due consideration to the undermentioned:

- Compliance with the Syndicate Accounting Byelaw and with Managing Agency Agreement
- Ensuring equity between Members
- Ensuring that the allocation of premium to a year of account reflects the risks accepted by that year of account
- Ensuring that the requested reallocation does not conflict with the terms and conditions of the policy
- Ensuring that, where necessary, agreement is sought from the providers of any reinsurance impacted by the requested reallocation

Signed: _____

Date: _____