

FROM: Manager, Overseas Reporting, Market Reporting
LOCATION: Gallery 5, 1986 Building
EXTENSION: 5490
DATE: 30 December 2003
REFERENCE: Y3230
SUBJECT: NON-XIS OVERSEAS MOTOR BUSINESS
SUBJECT AREAS:

- Australia
- South Africa
- Hong Kong

ATTACHMENTS: Forms and Instructions
ACTION POINTS: (*For relevant Syndicates only**) Submission of Returns
DEADLINE: Thursday 15 January 2004

LLOYD'S TRADING ARRANGEMENTS IN AUSTRALIA, SOUTH AFRICA AND HONG KONG: MOTOR SYNDICATES CONDUCTING BUSINESS NOT PROCESSED THROUGH XIS CENTRAL ACCOUNTING

Please copy this bulletin to those within your organisation who are responsible for completing and reviewing the returns for non-XIS overseas motor business.

***Relevant Syndicates**

This bulletin is only for the attention of syndicates conducting motor business in Australia, South Africa or Hong Kong not processed through Central Accounting. No action is required in respect of those syndicates not transacting non-XIS motor business in Australia, South Africa or Hong Kong.

Recalculation of Lloyd's Australian Trust Fund and Lloyd's South Africa Trust Fund – 31 December 2003

The funding requirements in respect of the Lloyd's Australian Trust Fund (LAusTF) and the Lloyd's South Africa Trust Fund (LSATF) are due to be recalculated as at 31 December 2003. In connection with this, information is required in respect of relevant Australian and

South African motor business not processed through XIS. Further information in respect of the requirements relating to Lloyd's trading arrangements in Australia and South Africa is set out in Market Bulletins Y2325, dated 19 June 2000 (Australia) and Y2220, dated 17 September 2000 (South Africa).

Lloyd's Quarterly Statistical Return to Hong Kong Insurance Authority (HKIA)

Lloyd's must make a quarterly statistical return to HKIA in respect of Hong Kong coverholder business. Information is required from syndicates transacting Hong Kong motor business not processed through XIS, to ensure that the return is complete in respect of all Hong Kong coverholder business transacted at Lloyd's.

Data Required from Relevant Motor Syndicates

The forms attached at Appendix 1 must be completed by relevant syndicates in accordance with the instructions attached at Appendix 2. The returns do **not** need to be audited and may be submitted electronically via the e-market system (mail to stella.farrar@lloyds.com).

The date for submission of this return, published in the Lloyd's Business Timetable on L-Net, is Thursday 15 January 2004.

Please contact either Stella Farrar on Lloyd's extension 6734 or me on the number above if you have any queries.

Nil returns are only required if you submitted figures last quarter and now have no data to report. General queries relating to Lloyd's trading arrangements in Australia, South Africa and Hong Kong should be addressed to Maxine Hooper, Worldwide Markets on Lloyd's extension 6291.

This market bulletin is being sent to all managing agents. An electronic copy is also being e-mailed directly to the compliance officers of all specialist motor syndicates and composite syndicates where we are aware that they have taken over the business previously written by a specialist motor syndicate with at least one open year of account as at 31 December 2003.

Leslie Redmond

AUSTRALIAN BUSINESS - NEW BUSINESS TRUST FUND (LAusTF)
Gross paid and gross known outstanding claims (excluding IBNR)
 In respect of business **incepting on or after 1 July 1998 ('new' definition)**
 (Excluding business transacted via XIS)

AS AT 31 DECEMBER 2003

Syndicate No.

Page No.

Current open year of account

	Original synd	Original year of account	Risk code	Original currency name	Original currency amount
					WHOLE UNITS
Gross calendar year paid claims					
Gross known outstanding claims					

LAusTF2

Lloyd's New Trading Arrangements in Australia
Trust fund calculations - non XIS business
Managing agent's report

Syndicate No.

Page No.

NIL RETURNS

If you have submitted figures last quarter and now have no data to report, a nil turn is required.

If there is no relevant information to report in respect of any years of account of this syndicate, please indicate in the box set out below:

Nil return in respect of:

Australian New Trust Funds (LAusTF) - Forms LAusTF1 and LAusTF2

MANAGING AGENT'S REPORT

I confirm that the attached forms LAusTF1 and LAusTF2, attached on pages to, and/or notification of nil returns in this respect as advised above, have been prepared in accordance with the instructions for completing this return of underwriting data not processed through XIS, in relation to the new trading arrangements in Australia, as attached to the letter from the Manager, Overseas Reporting, Market Reporting, dated 30 December 2003.

Signed: _____

Name: _____

Position: _____

Date: _____

MAN/AG - AUSTRALIA

**SOUTH AFRICAN BUSINESS
'NEW' DEFINITION**
(Excluding business transacted via XIS)

AS AT 31 DECEMBER 2003

Syndicate No.

Page No.

Current open year of account

1. Premiums (net of brokerage and gross of reinsurance ceded), written DURING THE LAST 12 MONTHS, ie from 1 January 2003 to 31 December 2003.

Settlement currency name	Settlement currency amount
	WHOLE UNITS

2. Gross known outstanding claims (EXCLUDING IBNR) as at 31 December 2003

Original currency name	Original currency amount
	WHOLE UNITS

SA1

**Lloyd's Trading Arrangements in South Africa
Trust fund calculations - non XIS business
Managing agent's report**

Syndicate No.

Page No.

NIL RETURNS

If you submitted figures last quarter and now have no data to report, a nil return is required.

If there is no relevant information to report in respect of any years of account of this syndicate, please indicate in the boxes set out below:

Nil return in respect of:

South Africa Trust Fund (LSATF) - Form SA1

MANAGING AGENT'S REPORT

I confirm that the attached form SA1, attached on page....., / notification of nil return in this respect as advised above, has been prepared in accordance with the instructions for completing this return of underwriting data not processed through XIS, in relation to Lloyd's trading arrangements in South Africa, as attached to the letter from the Manager, Overseas Reporting, Market Reporting, dated 30 December 2003.

Signed: _____

Name: _____

Position: _____

Date: _____

MAN/AG - SOUTH AFRICA

Hong Kong motor business not processed through XIS

31 December 2003

Syndicate No.

Please report details only in respect of Hong Kong motor business **NOT** processed through XIS:

Year of account (pure year)											
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$	Hong Kong \$

Premiums - 2003 calendar year premiums to 31 December 2003

- Before deduction of brokerage and before reinsurance ceded

- After deduction of brokerage but before reinsurance ceded

Claims - 2003 calendar year gross claims paid to 31 December 2003

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Gross known outstanding claims (excluding IBNR) at 31 December 2003

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Please return this form by no later than **Thursday 15 January 2004** to:

Manager, Overseas Reporting
 Market Reporting
 Gallery 5
 Lloyd's 1986 Building

The form may be faxed on 020 7327 6178 or 020 7327 5686.

**Lloyd's trading arrangements in Australia and South Africa:
Collection of information relating to relevant Australian and South African motor
business not processed through XIS**

Return as at 31 December 2003 - Instructions

General

- 1 Motor syndicates must report details in respect of relevant Australian and South African motor business **not** processed through XIS. This is so that Lloyd's is able to recalculate the funding requirements for the Lloyd's Australian Trust Fund and the Lloyd's South Africa Trust Fund as at 31 December 2003.
- 2 Details of the information specifically required in respect of Australian and South African business are set out later in the instructions.
- 3 The managing agent's report included with the return must be completed, **but the return does not need to be audited.**
- 4 The return may be submitted electronically via the e-market system (to stella.farrar@lloyds.com)
- 5 **The date for submission of this return, published in the Lloyd's Business Timetable on L-Net, is Thursday 15 January 2004.**

Australia

- 1 The funding requirement in respect of the Lloyd's Australian Trust Fund (LAusTF), applicable in respect of relevant Australian business incepting on or after 1 July 1998, is due to be recalculated as at 31 December 2003. A detailed explanation of the trading arrangements in Australia is contained within market bulletin Y2325, dated 19 June 2000.
- 2 In connection with this, you are asked to report the following information on Forms LAusTF1 (premiums) and LAusTF2 (outstanding claims):

In respect of business incepting on or after 1 July 1998 only, **but including earlier business which has been reinsured to close into a 1998 or later year of account**, only as covered by the definition in paragraph 3 below, and only in respect of business **not** processed through central accounting:

- (i) **For the 2001 and subsequent years of account only: cumulative** premiums, net of brokerage and gross of reinsurance ceded, as at 31 December 2003 but only in relation to business **incepting on or after 1 July 1998**, analysed by:
 - originating syndicate year
 - risk code
 - settlement currency
 - (ii) **For all years of account:** calendar year gross paid and gross known outstanding claims (excluding IBNR) as at 31 December 2003 but only in relation to business **incepting on or after 1 July 1998**, analysed by:
 - originating syndicate year
 - risk code
 - original currency of claim
- 3 Information must only be reported in respect of Australian business covered by the following definition (ie that of 'new' Australian business), as extracted from paragraph 2.1.2 of the Guide to the Australian Trust Fund Processing and Reporting Arrangements attached to market bulletin Y2325:

Any contract or policy of insurance or reinsurance incepting on or after 1 July 1998 (excluding any contract or policy underwritten on or after that date under a binding authority commencing before that date) in respect of:

- a) real property, fixtures or buildings located in Australia;
- b) any other property of any kind (including but not limited to ships, aircraft, yachts and other moveable property) and any other risk of any kind where:
 - i) in the case of an insured which is a body corporate, that body corporate has a registered office or principal place of business in Australia, and,
 - ii) in any other case, the insured has a residential address or place of business in Australia

or

- c) in the case of any contract of reinsurance:
 - i) where the registered office of the ceding company which has reinsured with the Lloyd's underwriter is in Australia; or,
 - ii) in the case of such a contract made with or through a branch office in Australia of the ceding company which has reinsured with the Lloyd's underwriter, where the ceding company is incorporated out of Australia

where the currency in which the contract or policy is expressed and in which the premium is paid is Australian.

The LAusTF will also cover liabilities originally covered by the LAusJATF(1) but which are reinsured to close into a 1998 or subsequent year of account on or after 1 July 1998.

However, the following are excluded from the reserving requirements for this trust fund:

- (a) 1992 and prior business and any later business which has been reinsured by Equitas; and
- (b) policies in respect of which the premiums are or were paid or payable in US dollars.

Please note that the reference to binding authority also extends to include business written under lineslips, covers and any other form of bulk accounting contract.

Further notes on how to interpret this definition and apply it to individual risks are in Section 1 of the Australian Procedures Manual. Bulletin Y2566 dated 25 June 2001 gives details of how the manual may be accessed via the Lloyd's website.

South Africa

1 The funding requirement for the Lloyd's South African Trust Fund, applicable in respect of relevant South African business incepting on or after 1 January 1999, is due to be recalculated as at 31 December 2003. Further information regarding Lloyd's trading arrangements in South Africa is set out in Market Bulletin Y2220 dated 17 January 2000.

2 In connection with the above, you are asked to report the following information on **Form SA1**:

In respect of business incepting on or after 1 January 1999 only, but separately by year of account (ie 2001, 2002, 2003 or earlier years in run-off), only as covered by the definition in paragraph 3 below, and only in respect of business not processed through central accounting:

- (i) Gross known outstanding claims (excluding IBNR) **as at 31 December 2003 (including claims relating to 1998 and earlier years of account now closed into 1999 or later)**, analysed by original currency of outstanding claim; and
- (ii) Premiums, net of brokerage and gross of reinsurance ceded, **written during the 12 month period 1 January 2002 to 31 December 2003**, analysed by settlement currency.

Analysis at risk code level is NOT required.

3 Information must only be reported in respect of South African business covered by the following definition:

- a) a contract of insurance which relates to:
 - i) risks in respect of immovable property, including buildings, fixtures and other fixed improvements, located in South Africa; or
 - ii) any other risks where –
 - a) the insured is a natural person resident in South Africa; or
 - b) in any other case, the insured has its registered office or principal office or principal place of business in South Africa; and
- b) a reinsurance contract where the reinsured has its registered office in South Africa.

Further notes on how to interpret this definition and apply it to individual risks are set out in the attachment to the Market Bulletin reference Y1035 dated 6 December 1998.