

Market Bulletin

LLOYD'S

One Lime Street London EC3M 7HA

FROM: Director, Franchise Performance
LOCATION: 86/GY5
EXTENSION: 6743
DATE: 20 May 2004
REFERENCE: Y3317
SUBJECT: BUSINESS PLAN
ATTACHMENTS: One (Business Plan mock-up)
ACTION POINTS: 1 Note the content of the Business Plan.
2 Note the deadline date for the Business Plan during 2004.
DEADLINE: 24 September 2004 for the Business Plan

The purpose of this bulletin is to provide you with information on the Business Plan for the 2004 and 2005 years of account.

Sign-off

Please note that all Business Plan submissions must be signed off by 2 executive directors.

Background

As previously described in Market bulletin Y3282 "Syndicate Business Forecast ('SBF')" (2 April 2004) the Annual Franchisee Business Plan has been replaced by the Syndicate Business Plan. This will be split into 2 sections, as follows:

- SBF (Section A of the Syndicate Business Plan).
- Business Plan (Section B of the Syndicate Business Plan).

The SBF software will be made available to agents on 28 May. The Business Plan will be an extension of this software (i.e. additional forms) and will therefore be in Access format and will integrate with the 'Core Market Returns' software architecture.

The aim of this approach is to collect data that is 'common' to every syndicate. Data that is 'unique' to syndicates will be collected outside of this general capture process.

This approach will deliver several key benefits:

- The Access approach will provide a more flexible and dynamic user interface.
- The quality and consistency of the data provided will improve through the application of front-end business validation rules.
- This approach will also reduce the number of iterations as experienced last year between Lloyd's and Managing Agents.
- The change to single year of account Business Plans will make the process easier to understand and manage.

Timetable

The Business Plan software is currently being developed and will be delivered to the Market in early August 2004. The deadline for the completion of the Business Plan for the current (2004) and proposed (2005) years of account is 24 September 2004 (midday). This submission will be in conjunction with the SBF (Section A of the Syndicate Business Plan).

A mock-up (in Excel) of the Business Plan is attached - the content can be considered to be final. The 'look and feel' will be slightly different when the software is delivered as it will be built in Access. Agents should review the content and make preparations to enable the requested data to be submitted. **Agents are advised to start to make the necessary arrangements immediately.**

Penalties for Late Submission

The business plan timetable congestion requires all parties to adhere to the deadlines. However, as we believe agents have sufficient notice to ensure that Business Plans can be submitted on time, agents will incur a fixed penalty of £5,000 in the event of late submission, even by one day.

Methodology

Each Business Plan submission will be for a single year of account only, either current or proposed. The Business Plan must be submitted through the Market Returns website. Each Business Plan will be checked by the FPD and will be returned should any data discrepancies be found. The Business Plans will be reviewed and the FPD will revert with questions, where appropriate, as soon as possible thereafter. The approval process for proposed year Syndicate Business Plans (SBF and Business Plan) will conclude on 1 November.

Agents must not make submissions through any other route or mechanism.

Demonstration to all Agents

A demonstration to all agents will be held around the time of the software release. This will be formally announced via the LMA in due course.

If you have any queries about the content of this bulletin please contact Alessandra Walker:

- 020 7327 5643
- alessandra.walker@lloyds.com

Alternatively, please use Lloyds-Businessplans@lloyds.com.

This bulletin has been sent to all Managing Agents and to Members' Agents and Market Associations for information.



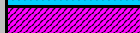
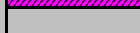
Rolf Tolle
Director, Franchise Performance

Module B - Version 1.8
(Section B of the Syndicate Business Plan)

Content

Section	Topic
	Underwriting Account
	Investment
	Cashflow
	Geographical Split
	Rating Forecast
	Underwriting Controls
	Catastrophe Exposure
	Comments

Key

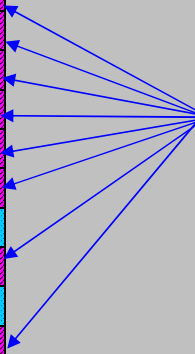
	User keyed
	Automatic calculation
	Information cross-referenced from elsewhere in the SBF
	For user information only

UNDERWRITING ACCOUNT

**SYNDICATE
YOA**

Capacity (CNV £000's)	A1		
Gross Gross Premium (CNV £000's)	A		
Commissions (CNV £000's)	B		
Commissions Paid to Service Company's (CNV £000's)	C		
Brokerage (CNV £000's)	D		
Business Agreement Fees (CNV £000's)	E		
Total Gross Premium (CNV £000's)	F=A-B-C-D-E		
Premium Ceded to QQS (CNV £000's)	G		
Syndicate Gross Premium (CNV £000's)	H=F-G		
RI Premium Ceded (CNV £000's)	I		
Syndicate Net Premium (CNV £000's)	J=H-I		
Gross Claims (CNV £000's)	K		
Claims Recoverable from QQS (CNV £000's)	L		
Claims Recoverable from RI (CNV £000's)	M		
Net Claims (CNV £000's)	N=K-L-M		
Initial Forecast Pure Year Underwriting Result (CNV £000's)	O		
Original Forecast Pure Year Underwriting Result (CNV £000's)	P		
Capacity Utilisation (%)	Q=F/A1		
Gross ULR (%)	R=K/F		
Net ULR (%)	S=N/J		
Gross Premium Growth Rate (%)	T=F-(2003TGP)		
Net Premium Growth Rate (%)	U=J-(2003NP)		
Reinsurance Spend (%)	V=I/H		
Acquisition Cost Ratio (%)	W=(B+C+D+E)/A		
Pure Year Underwriting Return on Capacity (%)	X=O/A1		

From SBF



INVESTMENT

SYNDICATE
YOA

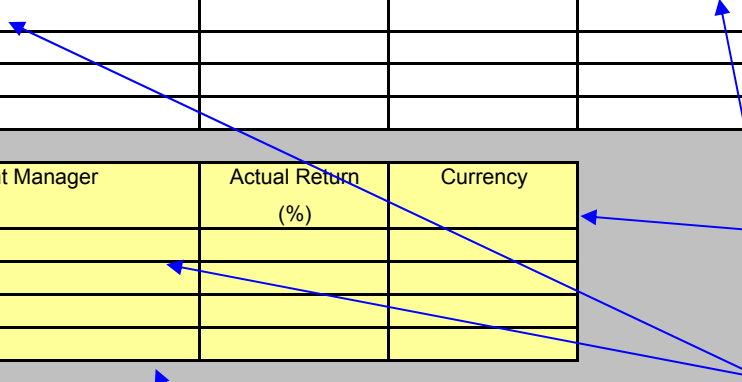
Investment Manager	Return Range		Currency
	From (%)	To (%)	

Investment Manager	Actual Return (%)	Currency

Drop down menu

Free text

Only to appear when current year software is activated



CASH FLOW SUMMARY

SYNDICATE
CALENDAR YEAR

Q1	Q2	Q3	Q4	Full Calendar Year
(CNV £000's)	(CNV £000's)	(CNV £000's)	(CNV £000's)	(CNV £000's)

Opening Free Funds

A					
---	--	--	--	--	--

Operating Cashflows

Premium income

B					
---	--	--	--	--	--

Reinsurance recoveries

C					
---	--	--	--	--	--

Other Trust fund inflows/(outflows)

D					
---	--	--	--	--	--

Other income

E					
---	--	--	--	--	--

Claims paid

F					
---	--	--	--	--	--

Reinsurance premiums

G					
---	--	--	--	--	--

Syndicate & personal expenses

H					
---	--	--	--	--	--

Net Cash Flow

$I=(B+C+D+E)-(F+G+H)$					
-----------------------	--	--	--	--	--

Inter-syndicate loan received/(repaid)

J					
---	--	--	--	--	--

Bank facility/(repaid)

K					
---	--	--	--	--	--

Parent support utilisation/(repaid)

L					
---	--	--	--	--	--

Cash call receipts/(Distribution)

M					
---	--	--	--	--	--

Total Cash Flow

$N=I+(J+K+L+M)$					
-----------------	--	--	--	--	--

Closing "FreeFunds"

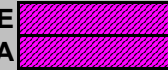
$O=A+N$					
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Change in "Free Funds"

$P=A-O$					
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GEOGRAPHICAL SPLIT OF BUSINESS

SYNDICATE
YOA



Region	Total Gross Premium (CNV £000's)	% of Capacity (%)
UK	10000	10
EU Europe (exc. UK)	15000	15
Non EU Europe and Russia	0	0
USA	0	0
Canada	0	0
Australia	0	0
Asia (exc. China and Japan)	0	0
China	0	0
Japan	0	0
Central America	0	0
South America	20000	20
Caribbean	50000	50
Africa	0	0
Middle East (exc. Israel)	0	0
Israel	0	0
Other	5000	5
Total	100000	100

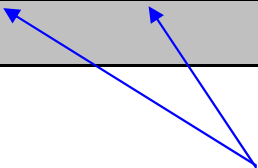
Capacity figure from "UWAccount"A1

To validate against "UWAccount"F

UNDERWRITING RATING INDEX

SYNDICATE
YOA

Class of Business Number	Class of Business Description	Rating Index
A	A1	C
1		121
8		476
21		234
21		258
22		132
26		333
28		333



Pre-populated from SBF

UNDERWRITING CONTROLS

SYNDICATE
YOA

Class of Business Number	Class of Business Description	Limit Type	Currency	Unlimited Line Size	Absolute Maximum Gross Line (000's)	% of Capacity (%) $F = E / ("UWAccount" * A1)$	Normal Maximum Gross Line (000's)	% of Absolute Max Gross (%) $H = G / E$	Net retained line (000's)	% of Absolute Maximum Gross (%) $J = I / E$	Class Underwriter
A	B	C	D		E		G	H=G/E	I	J=I/E	K
				<input checked="" type="checkbox"/>							

Drop down populated from the SBF

Drop down menu - EEL etc.

Drop down menu - CAD, USD etc.

Tick box

Free text

REALISTIC DISASTER SCENARIOS

SYNDICATE
YOA



RDS Event	Gross Loss (CNV £000's)	% of Capacity (%)	Net Loss (CNV £000's)	% of Capacity (%)	Final Net Loss (CNV £000's)	% of Capacity (%)
	A	B=A/("UWAccount"A1)	C	D=C/("UWAccount"A1)	E	F=E/("UWAccount"A1)
Second Event						
Florida Windstorm: Miami-Dade Hurricane Event						
Florida Windstorm: Pinellas Hurricane Event						
California Earthquake: Los Angeles Earthquake Event						
California Earthquake: San Francisco Earthquake Event						
New Madrid Earthquake						
European Windstorm						
Japanese Earthquake						
Terrorism						
USA Windstorm						
Marine Event: Marine Collision in Prince William Sound						
Marine Event: Major Cruise Vessel Incident						
North Sea - Loss of Major Complex						
Aviation Collision						
Major Risk Loss						
Satellite Risks: Proton Flare						
Satellite Risks: Generic Defect						
Satellite Risks: Launch Failure						
Liability Risks						
Political Risks						
Alternative RDS: A						
Alternative RDS: B						



Compulsory

COMMENTS

SYNDICATE
YOA



Section	Comment

STRATEGY

Please indicate that you have submitted your strategic document to our mailbox

RELATED PARTIES

Please indicate that you have submitted information regarding related party transactions for your syndicate to our mailbox

CLAIMS

Please indicate that you have submitted information regarding claims needed to support your business plan to our mailbox

SUPPLEMENTARY INFORMATION

Please indicate that you have submitted any supplementary information needed to support your business plan to our mailbox