FROM:	Director, Franchise Performance
LOCATION:	86/G5
EXTENSION:	6743
DATE:	4 June 2004
REFERENCE:	Y3326
SUBJECT:	SYNDICATE REINSURANCE PROGRAMMES
SUBJECT AREA(S):	Reinsurance
ATTACHMENTS:	Syndicate Reinsurance Data.xls
ACTION POINTS:	**Complete Excel Spreadsheets and Schematics**
DEADLINE:	**30/06/04**

Purpose

To request Syndicates submit detailed information on their reinsurance programmes in force at 30/06/04.

Background

Syndicates were asked in their 2004 business plan submission to include detailed information on their planned reinsurance programme for the forthcoming year. This information was used as part of the process to review and approve business plans.

As part of an ongoing process to review the information requested by Franchise Performance, and how that information is in turn used, it is proposed to separate out the request for the detailed information provided last year on Reinsurance from the remainder of the Syndicate Business Plan. Franchise Performance have decided to collect this information now in order to shift the emphasis from a Syndicate's proposed reinsurance programme to the programme that has been successfully purchased. This will allow for a thorough analysis and understanding of Lloyd's reinsurance profile at Syndicate, class of business and market level. In this year's (2005) Syndicate Business Plan, Syndicates will be requested to consider details of any proposed or extended material change to the reinsurance programme for the coming year, as was the case in last year's Syndicate Business Plan.

Reinsurance data to be submitted

Syndicates are asked to submit the following information on all their reinsurance programmes in force at 30/06/04:

a) **Core Data** – Syndicates are asked to complete the three worksheets (Core Data, Core (Reinsurer) Data and Core (COB) Data) that accompany this bulletin. An explanation of the required information for both of these worksheets can be found in Appendix I.

   The Core Data worksheet will capture information on the structure of a Syndicate's reinsurance programme, type of reinsurance being purchased, applicable classes of business etc.

   The Core (Reinsurer) Data worksheet supplements the first spreadsheet by requesting information on the reinsurers providing the cover and the placing brokers.

   The Core (COB) Data worksheet requires Syndicates to allocate a specified generic class / classes of business to each reinsurance contract and to approximate the risk weighted proportion of each contract that is applicable to each class of business.

   When completing the worksheets, Syndicates will note that their ability to enter their own data in some fields has been restricted. This has been necessary to ensure that Franchise Performance receive data in a standardised format.

   The request for standardised data should not preclude Syndicates from making additional comments on any aspect of their reinsurance programme either in the appropriate column in Core (Reinsurer) Data or by attaching an additional worksheet / word document. Any additionally supplied information will be in addition to the core data and not instead of the core data.

   If Syndicates have any queries when completing either of these spreadsheets please do not hesitate to call Ian Hoy, Franchise Performance on extension 6722 or email ian.hoy@lloyds.com.

b) **Schematics** showing the reinsurance programme for each class of business and whole account programmes (an example format can be found in Appendix II).

Method of submission

a) **Core Data** – Syndicates are required to complete the spreadsheet that will be issued via the Market Returns website today. Syndicates should not attempt to alter the format of this spreadsheet. Completed spreadsheets, along with any additional spreadsheets / word documents, should be returned via the Lloyd's Market Returns website. Files should be submitted within a zip file using the following naming convention (synd no_Reinsurance Data.zip ie 0001_Reinsurance Data.zip). Core data should only be returned in an electronic format.

b) **Schematic** – Syndicates are also required to submit a schematic showing their programme structure. Appendix II shows a proposed format, however Syndicates are

free to submit a schematic overview of their reinsurance programme in a pre-existing format if such an overview is readily available.

Copies of schematics can be sent to businessplans@lloyds.com or by post to:
Reinsurance Data, Franchise Performance
Lloyd's
One Lime Street
London, EC3M 7HA

Further Information

Please address any queries regarding this bulletin to Ian Hoy, Franchise Performance on ext. 6722. Alternatively, please use the email address:

ian.hoy@lloyds.com

Any queries relating to the downloading or uploading of the return should be referred to the MSU Helpdesk on ext 2200.

This bulletin is being sent to all Compliance Officers. Please ensure that if the initial recipient is not the correct person that this bulletin is passed onto the appropriate person.

Rolf Tolle
Director
Franchise Performance

Appendix I - Notes to accompany Excel Spreadsheet

Core Data

Data Field	Comment
Contract Ref	Insert syndicate's contract reference
Currency	Use Lloyd's currency codes
Limit / Cession	In thousands. Maximum sum covered by the reinsurance contract
Deductible / Retention	In thousands. The maximum amount borne / retained by the ceding company (excluding coinsurance – see below).
Aggregate	In thousands. If applicable please enter the appropriate aggregate deductible.
Syndicate's COB Description	As per Syndicates own class of business descriptions
Type of Cover	Syndicates should select an applicable type of cover from the drop down list containing Lloyd's specified categories. For reference these categories are: • Excess of Loss • Surplus Treaty • Stop Loss • Quota Share • Finite • Semi-Finite • Facultative
Basis of Cover	From the drop down box please specify the basis of cover. The options available are: Risk Attaching (RAD) Losses Occurring (LOD) Other
Coinsurance	Please specify as a percentage of the limit any participation by the syndicate in addition to the deductible / retention information already specified.
Premium Ceded to Contract	In thousands. Please specify the level of premium paid to reinsurers in respect of the contract.

Appendix I (cont)

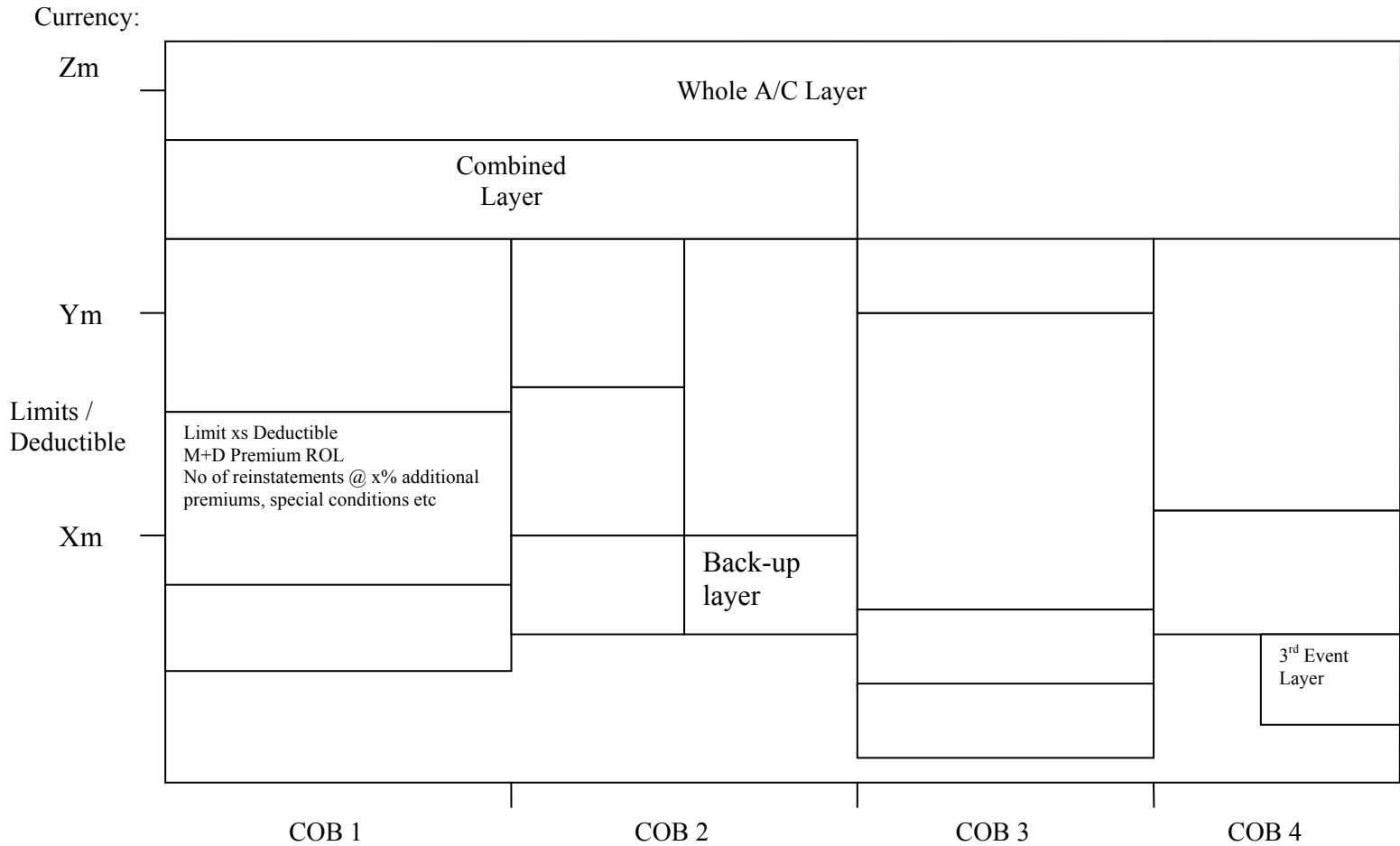| Data Field	Comment
Number of Reinstatements	Please specify the number of reinstatements applicable to the layer of cover.
Reinstatement Premium Terms	As a percentage. Indication of the reinstatement terms as a percentage of the original premium spend. If there is more than one reinstatement then please indicate on the spreadsheet the applicable reinstatement terms for the first reinstatement only. Terms for additional reinstatements should be included in the Special Terms / Comments section of the Core (Reinsurer) Data spreadsheet.
Inception Date	DD/MM/YYYY. Date the contract incepted
Expiry Date	DD/MM/YYYY. Date the contract expires

Appendix I (cont)

Core (Reinsurer) Data

Data Field	Comment
Contract Reference	Insert syndicate's contract reference
Broker Reference	As allocated to each broker using Lloyd's standard code, where appropriate
Broker Name	As per the syndicate's own records
LORS Code	Lloyd's Outward Reinsurance Scheme (LORS) code, as allocated to each reinsurance company
Reinsurer Name	As per the syndicate's own records
Special Terms / Comments	Franchise Performance recognises that the nature of the information requested within this bulletin requires Syndicates to populate data fields using pre-determined parameters. In this column Syndicates should advise Franchise Performance of any particular terms that apply to a contract or add any further comments.

Appendix I (cont)

Core (COB) Data

Data Field	Comment
Contract Reference	Insert syndicate's contract reference
Lloyd's Class of Business Description	In order to allow Franchise Performance to undertake thorough analysis by class of business, Syndicates are requested to select a generic class, or classes, of business from the drop down box that best reflects the type of business written. Under no circumstances should Syndicates enter a class of business that does not appear in the drop down box. For reference the Lloyd's specified generic classes of business are: • Accident & Health • Aviation • Casualty • Casualty Treaty • Energy • Marine • Overseas Motor • Property (D&F) • Property Treaty • UK Motor • Miscellaneous
Risk Weighted Percentage of Class of Business	Franchise Performance recognises that Syndicates will have reinsurance programmes that apply to more than one class of business. To facilitate further analysis Syndicates are requested to indicate the likely proportion that is applicable to each class of business, i.e. a best estimate of the prospective relative economic value of each contract to each line of business covered in a normalised loss year. The 'Miscellaneous' class of business is intended as catch-all for reinsurance which cannot be allocated to one of the other generic classes identified. Managing agents are requested to avoid allocating reinsurance cost to 'Miscellaneous' if it can reasonably be allocated to a generic class.

Appendix II – Sample Schematic

Currency:

Zm —

Whole A/C Layer

Combined Layer

Ym —

Limits / Deductible

Limit xs Deductible
M+D Premium ROL
No of reinstatements @ x% additional premiums, special conditions etc

Xm —

Back-up layer

3rd Event Layer

COB 1   COB 2   COB 3   COB 4

Syndicate Number	Contract Ref	Currency Code	Limit / Cession **Whole Numbers Only (000s)**	Deductible / Retention **Whole Numbers Only (000s)**	Aggregate **Whole Numbers Only (000s)**	Syndicate's COB Description	Type of Cover	Basis of Cover **LOD / RAD**	Coinsurance	Premium ceded to Contract **Whole Numbers Only (000s)**	Number of Reinstate-ments	Reinstatement Premium Terms	Inception Date **DD / MM / YYYY**	Expiry Date **DD / MM / YYYY**

Syndicate Number	Contract Ref	Broker Unique Reference	Broker Name	LORS Code	Reinsurer Name	Reinsurer Percentage Share	Special Terms / Comments

Syndicate Number	Contract Ref	Lloyd's COB Description	Risk Weighted Percentage of Reinsurance Spend
			Must sum to 100% for each contract reference

Lloyd's Class of Business	Type of Cover	Basis of Cover	Number of Reinstatements
Accident & Health	Excess of Loss	RAD	1
Aviation	Surplus Treaty	LOD	2
Casualty	Stop Loss	Other	3
Casualty Treaty	Quota Share		4
Energy	Finite		5
Marine	Semi-Finite		6
Overseas Motor	Facultative		7
Property (D&F)			8
Property Treaty			9
UK Motor			10
Miscellaneous		10+	
		Unlimited	
		Free	
		Other	

This spreadsheet is a reference spreadsheet for the other spreadsheets and is password protected. Syndicates are not required to enter any data in this spreadsheet.