

**FROM:** Head, Market Reporting  
**LOCATION:** MR\86\G5  
**EXTENSION:** 5129  
**DATE:** 8 October 2004  
**REFERENCE:** Y3405  
**SUBJECT:** 2004 SYNDICATE RETURNS  
**SUBJECT AREA(S):** None  
**ATTACHMENTS:** None  
**ACTION POINTS:** **Managing agents to complete syndicate returns**  
**DEADLINE:** **Thursday 24 February 2005 (syndicate return)**  
**Thursday 24 February 2005 (supplementary syndicate return)**  
**Thursday 3 March 2005 (annual accounting return)**  
**Thursday 14 April 2005 (solvency and reserving data)**  
**Thursday 21 April 2005 (FSA return)**

The purpose of this bulletin is to advise you of the form of the 2004 syndicate returns. The completion and deadlines for submission of the 2004 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.

The reporting requirements are essentially those as set out in the Market Bulletin 'Market Reporting 31 December 2004: Key Changes to the Syndicate Returns', reference Y3383, dated 3 September 2004.

For the **2005** year end there will be significant changes to the syndicate returns in order to reflect Lloyd's transition to annual accounting and anticipated further FSA reporting requirements as advised in FSA consultation paper CP202. We will provide the draft forms for the 2005 year end to the market in December 2004.

### 2004 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 market 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 24 February 2005)*

The syndicate return is collected in order to obtain the necessary information to be able to prepare the Lloyd's market results in accordance with the requirements of the Lloyd's Sourcebook (LLD), and conduct the members' solvency test as at 31 December 2004. The syndicate return includes an audited and unaudited section.

#### *Supplementary syndicate return (due by 24 February 2005)*

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 2004. The supplementary syndicate return must be audited.

#### *Annual accounting return (due by 3 March 2005)*

The annual accounting return collects data for the 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 market results. The annual accounting return must be audited.

#### *Solvency and reserving data (due by 14 April 2005)*

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 21 April 2005)*

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 2005 for the 31 December 2004 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 12 November 2004. 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 12 November 2004.

### Submission and deadlines

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

Syndicate return	Thursday 24 February 2005
Supplementary syndicate return	Thursday 24 February 2005
Annual accounting return	Thursday 3 March 2005
Solvency and reserving data	Thursday 14 April 2005
FSA return	Thursday 21 April 2005

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

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 2004 to go through the returns in detail (including a worked example) and a review of the major issues. The details of these workshops were issued in the Market Bulletin 'Syndicate Return Workshops' reference Y3397 dated 28 September 2004.

#### Issues to note

##### *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 2004. These rules are being published to the market separately.

##### *Actuarial certification*

The 2004 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 24 February 2005, although the opinion does not form part of the return itself.

The requirements in respect of life actuarial reports are as stated in the 2004 valuation of liabilities rules. The life actuarial reports must be enclosed with the FSA return on 21 April 2005, 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](mailto: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](mailto: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 - 31.12.2004

Form	Description
<b>AUDITED SECTION:</b>	
SR Front	Syndicate return cover sheet
SR1	Profit and Loss Account
SR2	Underwriting Account
SR2A	Underwriting Account - Additional Information (Solvency 1)
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
SR23A(LATF)	Auditor's Report (LATF)

### UNAUDITED SECTION:

SRFrontU	Frontsheet for unaudited section
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 2004
SR32B	Long Term Insurance Business: Mathematical Reserves and Capital at Risk
SR33	Managing Agent's Report

**SYNDICATE RETURN**  
**31 DECEMBER 2004**

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

**DUE FOR SUBMISSION BY 24 FEBRUARY 2005**

**SYNDICATE NO:** .....

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Managing Agent: .....

Contact Name: ..... Telephone No: .....

E Mail Address:.....

Compliance Officer: ..... 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)

Date .....

For Lloyd's use only:

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

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

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **Run-Off**

Page: .....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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												



**PROFIT AND LOSS ACCOUNT**

**2002 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS**

**SYNDICATE NO:** .....

**SYNDICATE RETURN**

**Year ended 31 December 2004**

**Year of Account 2002**

Page: .....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 calendar year movement
		1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	FVS
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												

# **PROFIT AND LOSS ACCOUNT**

## **2003 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS**

**SYNDICATE NO:** .....

**SYNDICATE RETURN**

Year ended 31 December 2004

Year of Account **2003**

Page: .....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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												

# **PROFIT AND LOSS ACCOUNT**

## **2004 ACCOUNT CUMULATIVE BUSINESS AS AT 12 MONTHS**

**SYNDICATE NO:** .....

**SYNDICATE RETURN**

Year ended 31 December 2004

Year of Account **2004**

Page: .....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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												

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

SYNDICATE NO:.....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account Run-Off

Page:.....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 calendar year movement
		1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10-11)
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 (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												
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	30												
Net technical provisions carried forward	31												
Technical result/balance (29+30-31)	32												

**UNDERWRITING ACCOUNT**  
**2002 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS**

SYNDICATE NO:.....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account 2002

Page:.....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 calendar year movement
		1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10-11)
Gross premiums	1												
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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												

**UNDERWRITING ACCOUNT**  
**2003 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS**

SYNDICATE NO:.....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account 2003

Page:.....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 calendar year movement
		1	2	3 (1+2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10-11)
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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												

**UNDERWRITING ACCOUNT**  
**2004 ACCOUNT CUMULATIVE BUSINESS AS AT 12 MONTHS**

SYNDICATE NO:.....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account 2004

Page:.....

		Per syndicate accounts			Schedule 9a adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	Commission/ brokerage	Expense accruals	Expense reallocation	Schedule 9a result - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 calendar year movement
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Net technical provisions brought forward	30												
Net technical provisions carried forward	31												
Technical result/balance (29+30-31)	32												

**UNDERWRITING ACCOUNT - ADDITIONAL INFORMATION (SOLVENCY 1)  
RUN-OFF ACCOUNT**

**LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM**

**SYNDICATE NO:.....**

**SYNDICATE RETURN**

Year ended 31 December 2004

Year of Account **Run-off**

		Liability business (see instructions) 1	Other business 2	Total business # 3 (=1+2)	Column 3 must equal:
Gross premiums in calendar year 2004	1				FSA2 (RO) line 1 column 9
Gross claims paid in calendar year 2004	2				FSA2 (RO) lines 10 + 22 column 9
Gross claims paid in calendar year 2003 #	3				See instructions
Gross claims paid in calendar year 2002 #	4				See instructions
Gross claims outstanding at 31.12.2004	5				FSA5 (RO) lines 1 + 3 + 5, column 7
Gross claims outstanding at 31.12.2003 #	6				See instructions
Gross claims outstanding at 31.12.2002 #	7				See instructions
Gross claims outstanding at 31.12.2001 #	8				See instructions

# Included must be amounts in respect of gross claims paid or outstanding in respect of any syndicate year closed into this syndicate year before 31 December 2004, even where the gross claims paid or outstanding arose before the time of the RITC into the current syndicate year occurred - see instructions for further details.

**SR2A(RO)**



**UNDERWRITING ACCOUNT - ADDITIONAL INFORMATION (SOLVENCY 1)  
2002 ACCOUNT**

**LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM**

**SYNDICATE NO:.....**

**SYNDICATE RETURN**

Year ended 31 December 2004

Year of Account **2002**

		Liability business (see instructions) 1	Other business 2	Total business # 3 (=1+2)	Column 3 must equal:
Gross premiums in calendar year 2004	1				FSA2 (2002) line 1 column 9
Gross claims paid in calendar year 2004	2				FSA2 (2002) lines 10 + 22 column 9
Gross claims paid in calendar year 2003 #	3				See instructions
Gross claims paid in calendar year 2002 #	4				See instructions
Gross claims outstanding at 31.12.2004	5				FSA5 (2002) lines 1 + 3 + 5, column 7
Gross claims outstanding at 31.12.2003 #	6				See instructions
Gross claims outstanding at 31.12.2002 #	7				See instructions
Gross claims outstanding at 31.12.2001 #	8				See instructions

# Included must be amounts in respect of gross claims paid or outstanding in respect of any syndicate year closed into this syndicate year before 31 December 2004, even where the gross claims paid or outstanding arose before the time of the RITC into the current syndicate year occurred - see instructions for further details.

**SR2A(2002)**

**UNDERWRITING ACCOUNT - ADDITIONAL INFORMATION (SOLVENCY 1)  
2003 ACCOUNT**

**LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM**

**SYNDICATE NO:.....**

**SYNDICATE RETURN**

Year ended 31 December 2004

Year of Account **2003**

		Liability business (see instructions) 1	Other business 2	Total business # 3 (=1+2)	Column 3 must equal:
Gross premiums in calendar year 2004	1				FSA2 (2003) line 1 column 9
Gross claims paid in calendar year 2004	2				FSA2 (2003) lines 10 + 22 column 9
Gross claims paid in calendar year 2003 #	3				See instructions
Gross claims paid in calendar year 2002 #	4				See instructions
Gross claims outstanding at 31.12.2004	5				FSA5 (2003) lines 1 + 3 + 5, column 7
Gross claims outstanding at 31.12.2003 #	6				See instructions
Gross claims outstanding at 31.12.2002 #	7				See instructions
Gross claims outstanding at 31.12.2001 #	8				See instructions

# Included must be amounts in respect of gross claims paid or outstanding in respect of any syndicate year closed into this syndicate year before 31 December 2004, even where the gross claims paid or outstanding arose before the time of the RITC into the current syndicate year occurred - see instructions for further details.

**SR2A(2003)**

**UNDERWRITING ACCOUNT - ADDITIONAL INFORMATION (SOLVENCY 1)  
2004 ACCOUNT**

**LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM**

**SYNDICATE NO:.....**

**SYNDICATE RETURN**

Year ended 31 December 2004

Year of Account **2004**

		Liability business (see instructions) 1	Other business 2	Total business # 3 (=1+2)	Column 3 must equal:
Gross premiums in calendar year 2004	1				FSA2 (2004) line 1 column 9
Gross claims paid in calendar year 2004	2				FSA2 (2004) lines 10 + 22 column 9
Gross claims paid in calendar year 2003 #	3				See instructions
Gross claims paid in calendar year 2002 #	4				See instructions
Gross claims outstanding at 31.12.2004	5				FSA5 (2004) lines 1 + 3 + 5, column 7
Gross claims outstanding at 31.12.2003 #	6				See instructions
Gross claims outstanding at 31.12.2002 #	7				See instructions
Gross claims outstanding at 31.12.2001 #	8				See instructions

# Included must be amounts in respect of gross claims paid or outstanding in respect of any syndicate year closed into this syndicate year before 31 December 2004, even where the gross claims paid or outstanding arose before the time of the RITC into the current syndicate year occurred - see instructions for further details.

**SR2A(2004)**

# ANALYSIS OF 2002 YEAR OF ACCOUNT UNDERWRITING RESULT

SYNDICATE NO: .....

Page.....

## SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **2002**

		2002 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			

<b>UNDERWRITING RESULT (LINE 5 -11)</b>	<b>12</b>			
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\* Must equal relevant disclosure on SR2(2002) column 3 PLEASE SEE INSTRUCTIONS

## ANALYSIS OF CALENDAR YEAR PREMIUMS AND CLAIMS PAID

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Year ended 31 December 2004

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### Calendar year premiums

#### GROSS PREMIUM (before reinsurance ceded)

Total gross premium, net of brokerage	1	
---------------------------------------	---	--

#### 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	
---------------------------------	---	--

### Calendar year claims paid

#### CLAIMS PAID (before reinsurance recoverable)

Total claims paid	6	
-------------------	---	--

#### 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	
-------------------------------------	----	--

**ANALYSIS OF CALENDAR YEAR GROSS PREMIUMS AND  
GROSS CLAIMS NOT PROCESSED THROUGH XIS**

**SYNDICATE NO:** .....

**Page** .....

SYNDICATE RETURN  
Year ended 31 December 2004

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<b>TOTAL GROSS PREMIUM NET OF BROKERAGE</b>	1	
---	---	--

<b>GROSS CLAIMS</b>	2	
---------------------	---	--

## PERSONAL EXPENSES

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **Run-off**

			Calendar year movement 1.1.04 to 31.12.04
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 2004

Year of Account **2002**

			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 (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 2004

Year of Account **2003**

			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 (2003) line 7, column 3

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

## PERSONAL EXPENSES

SYNDICATE NO: .....

Page.....

### SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **2004**

			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 (2004) line 7, column 3

\*\* Line 9 must equal SR1 (2004) line 9, column 3

## ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

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 2003		1			
Bad debts written off in previous calendar years		2			
Calendar year 2004:	Bad debts written off	3a			
	Change in bad debt provision	3b			
Charge to underwriting account in <b>calendar year 2004</b> (=3a+3b)		4			
Provision c/f at 31 December 2004 (=1+3b)		5			

# ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

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 2003		1		
Bad debts written off in previous calendar years		2		
Calendar year 2004:	Bad debts written off	3a		
	Change in bad debt provision	3b		
<b>Cumulative</b> charge to underwriting account as at 31 December 2004 (=1+2+3a+3b)		4		
Provision c/f at 31 December 2004 (=1+3b)		5		

# ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

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 2003		1		
Bad debts written off in previous calendar years		2		
Calendar year 2004:	Bad debts written off	3a		
	Change in bad debt provision	3b		
<b>Cumulative</b> charge to underwriting account as at 31 December 2004 (=1+2+3a+3b)		4		
Provision c/f at 31 December 2004 (=1+3b)		5		

# ANALYSIS OF REINSURANCE BAD DEBTS

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **2004**

## 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 2003		1			
Bad debts written off in previous calendar years		2			
Calendar year 2004:	Bad debts written off	3a			
	Change in bad debt provision	3b			
<b>Cumulative</b> charge to underwriting account as at 31 December 2004 (= 3a+3b)		4			
Provision c/f at 31 December 2004 (=3b)		5			

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

SYNDICATE NO: .....

Page: .....

SYNDICATE RETURN  
Year ended 31 December 2004

				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 2004

			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 2004

				Per Syndicate accounts
				1
			Line	
Technical provisions (gross amount)	Claims outstanding for 2002 year of account		51	
	Claims outstanding for open years of account		52	
	Claims outstanding for 2001 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	2002 Account	Result before personal expenses	60	
		Personal expenses	61	
	Balance on open years	Balance before personal expenses	62	
		Cumulative result at 31.12.03 (AA only)	63	
		Personal expenses	64	
	Cash calls due by 31.12.2004 (2002, 2003 and 2004 years only)		65	
	Run off years: 2004 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: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of account: Run Off

				Per Syndicate	Schedule 9a adjustments					
				1	2	3	4	5	6 (= 1 to 5)	
Investments				Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	
Financial investment s	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		11						
		Loans secured by policies of insurance issued by the syndicate		12						
		Other		13						
	Deposits with approved credit institutions and approved financial	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		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  
RUN-OFF YEAR OF ACCOUNT

SYNDICATE NO: \_\_\_\_\_

SYNDICATE RETURN  
Year ended 31 December 2004

Page \_\_\_\_\_

Year of account: Run Off			Per Syndicate accounts	Schedule 9a adjustments				
			1	2	3	4	5	6 (= 1 to 5)
				Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
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  
RUN-OFF YEAR OF ACCOUNT**

Page .....

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004

Year of account: Run Off

			Per Syndicate accounts	Schedule 9a adjustments				
			1	2	3	4	5	6 (= 1 to 5)
Year of account:Run Off			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
Technical provisions (gross amount)	Claims outstanding for 2002 year of account		51					
	Claims outstanding for open years of account		52					
	Claims outstanding for 2001 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	2002 Account	Result before personal expenses	60					
		Personal expenses	61					
	Balance on open years	Balance before personal expenses	62					
		Cumulative result at 31.12.03 (AA only)	63					
		Personal expenses	64					
	Cash calls due by 31.12.2004 (2002, 2003 and 2004 years only)		65					
	Run off years: 2004 calendar year result		66					
	Run-off years: net undistributed/(uncalled) prior year amounts		67					
	Amounts overpaid by members		68					
	Continuous solvency transfer		69					
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	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**  
**2002 YEAR OF ACCOUNT**

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

				Per Syndicate	Schedule 9a adjustments					
				1	2	3	4	5	6 (= 1 to 5)	
Investments				Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	
Financial investment s	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 securiti	5						
			Other	6						
		Variable interest	Approved securiti	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		11						
		Loans secured by policies of insurance issued by the syndicate		12						
		Other		13						
	Deposits with approved credit institutions and approved financial	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		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  
2002 YEAR OF ACCOUNT

SYNDICATE NO: \_\_\_\_\_

SYNDICATE RETURN  
Year ended 31 December 2004

Page: \_\_\_\_\_

			Per Syndicate accounts	Schedule 9a adjustments				
			1	2	3	4	5	6 (= 1 to 5)
Debitors and other assets			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
Debitors arising out of direct insurance operations	Policyholders		21					
	Intermediaries		22					
Salvage and subrogation recoveries			23					
Inter-syndicate loans			24					
Inter-year loans			24a					
Debitors 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 + 26a to 38)			39					
Total page 1 (= line 20)			40					
Total (= lines 39+40)			41					
Less: deductions under LLD (PSA 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 2004

			Per Syndicate accounts	Schedule 9a adjustments				
			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)	Claims outstanding for 2002 year of account		51					
	Claims outstanding for open years of account		52					
	Claims outstanding for 2001 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	2002 Account	Result before personal expenses	60					
		Personal expenses	61					
	Balance on open years	Balance before personal expenses	62					
		Cumulative result at 31.12.03 (AA only)	63					
		Personal expenses	64					
	Cash calls due by 31.12.2004 (2002, 2003 and 2004 years only)		65					
	Run off years: 2004 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**  
**2003 YEAR OF ACCOUNT**

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

			Per Syndicate	Schedule 9a adjustments				
			1	2	3	4	5	6 (= 1 to 5)
Investments				Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
	Line							
Financial investment s	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 securiti	5				
			Other	6				
		Variable interest	Approved securiti	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	11					
		Loans secured by policies of insurance issued by the syndicate	12					
		Other	13					
	Deposits with approved credit institutions and approved financial	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	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  
2003 YEAR OF ACCOUNT

SYNDICATE NO: \_\_\_\_\_

SYNDICATE RETURN  
Year ended 31 December 2004

Page: \_\_\_\_\_

			Per Syndicate accounts	Schedule 9a adjustments				
			1	2	3	4	5	6 (= 1 to 5)
Debtors and other assets			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
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 + 26a to 38)		39						
Total page 1 (= line 20)		40						
Total (= lines 39+40)		41						
Less: deductions under LLD (PSA 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 2004

			Per Syndicate accounts	Schedule 9a adjustments				
			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)	Claims outstanding for 2002 year of account		51					
	Claims outstanding for open years of account		52					
	Claims outstanding for 2001 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	2002 Account	Result before personal expenses	60					
		Personal expenses	61					
	Balance on open years	Balance before personal expenses	62					
		Cumulative result at 31.12.03 (AA only)	63					
		Personal expenses	64					
	Cash calls due by 31.12.2004 (2002, 2003 and 2004 years only)		65					
	Run off years: 2004 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**  
**2004 YEAR OF ACCOUNT**

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

				Per Syndicate	Schedule 9a adjustments					
				1	2	3	4	5	6 (= 1 to 5)	
Investments				Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	
Financial investment s	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 securiti	5						
			Other	6						
		Variable interest	Approved securiti	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		11						
		Loans secured by policies of insurance issued by the syndicate		12						
		Other		13						
	Deposits with approved credit institutions and approved financial	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		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  
2004 YEAR OF ACCOUNT

SYNDICATE NO: \_\_\_\_\_

SYNDICATE RETURN  
Year ended 31 December 2004

Page: \_\_\_\_\_

			Per Syndicate accounts	Schedule 9a adjustments				
			1	2	3	4	5	6 (= 1 to 5)
Debitors and other assets			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a
Debitors arising out of direct insurance operations	Policyholders		21					
	Intermediaries		22					
Salvage and subrogation recoveries			23					
Inter-syndicate loans			24					
Inter-year loans			24a					
Debitors 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 + 26a to 38)			39					
Total page 1 (= line 20)			40					
Total (= lines 39+40)			41					
Less: deductions under LLD (PSA only)			42					
Grand total (= lines 41+42) (= SR12 page 3 line 84)			43					

**BALANCE SHEET  
LIABILITIES - PAGE 3  
2004 YEAR OF ACCOUNT**

Page .....

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004

			Per Syndicate accounts	Schedule 9a adjustments				
			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)	Claims outstanding for 2002 year of account		51					
	Claims outstanding for open years of account		52					
	Claims outstanding for 2001 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	2002 Account	Result before personal expenses	60					
		Personal expenses	61					
	Balance on open years	Balance before personal expenses	62					
		Cumulative result at 31.12.03 (AA only)	63					
		Personal expenses	64					
	Cash calls due by 31.12.2004 (2002, 2003 and 2004 years only)		65					
	Run off years: 2004 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					

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

**SYNDICATE NO:** .....

**Page:** .....

SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **Run-off**

Account status		Run-Off Account
		Closed/Run-off
<b>TOTAL GLOBAL RESULT ( = SR1(R/O) LINE 8 COLUMN 2)</b>	1	
<b>Items to be deducted to reconcile with solvency result</b>	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	
<b>RESULT BEFORE ADJUSTMENT</b> (line 1 - 7)	8	
<b>Cash calls due in calendar year 2004</b>	9	
<b>Undistributed prior year surplus / (uncalled prior year deficiency) brought forward</b>	10	
<b>RESULT TO BE APPORTIONED</b> (lines 8 + 9 + 10)	11	

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

SYNDICATE NO: .....

Page: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2002**

Account status		2002 Account @ 36 months
		Closed/Run-off
<b>TOTAL GLOBAL RESULT ( = SR1(2002) LINE 8 COLUMN 3)</b>	1	
<b>Items to be deducted to reconcile with solvency result</b>	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	
<b>RESULT BEFORE ADJUSTMENT</b> (line 1 - 7)	8	
<b>Cash calls on the above result (due by 31 December 2004)</b>	9	
<b>Plus any undistributed prior year surplus/ (less any uncalled prior year deficiency)</b>	10	
<b>RESULT TO BE APPORTIONED</b> (lines 8 + 9)	11	

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

SYNDICATE NO: .....

Page: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2003**

Account status		2003 Account @ 24 months
		Open
<b>TOTAL GLOBAL BALANCE (= SR1(2003) LINE 8 COLUMN 3)</b>	1	
<b>Items to be deducted to reconcile with solvency result</b>	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	
<b>RESULT BEFORE ADJUSTMENT</b> (line 1 - 7)	8	
<b>Cash calls on the above result (due by 31 December 2004)</b>	9	
<b>Plus any undistributed prior year surplus/ (less any uncalled prior year deficiency)</b>	10	
<b>RESULT TO BE APPORTIONED</b> (lines 8 + 9)	11	



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

SYNDICATE NO: .....

Page: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2004**

Account status		2004 Account @ 12 months
		Open
<b>TOTAL GLOBAL BALANCE ( = SR1(2004) LINE 8 COLUMN 3)</b>	1	
<b>Items to be deducted to reconcile with solvency result</b>	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	
<b>RESULT BEFORE ADJUSTMENT</b> (line 1 - 7)	8	
<b>Cash calls on the above result (due by 31 December 2004)</b>	9	
<b>Plus any undistributed prior year surplus/ (less any uncalled prior year deficiency)</b>	10	
<b>RESULT TO BE APPORTIONED</b> (lines 8 + 9)	11	

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

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004

Year of Account **Run-off**

		..... Run-off year of account			
		Total reserves			
		Converted £ '000	£ '000	\$ '000	C\$ '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	C\$ '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	C\$ '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) 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 2004

Year of Account **2002**

		2002			
		Total reserves			
		Converted £ '000	£ '000	\$ '000	C\$ '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	C\$ '000
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		Converted £ '000	£ '000	\$ '000	C\$ '000
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**ANALYSIS OF SOLVENCY RESERVES**  
**LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM**

**SYNDICATE NO:** .....

**SYNDICATE RETURN**  
Year ended 31 December 2004

Year of Account **2003**

		2003			
		Total reserves			
		Converted £ '000	£ '000	\$ '000	C\$ '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	C\$ '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	C\$ '000
Net known outstanding claims	19				
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**ANALYSIS OF SOLVENCY RESERVES**  
LIFE SYNDICATES ARE NOT REQUIRED TO COMPLETE THIS FORM

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004

Year of Account **2004**

		2004			
		Total reserves			
		Converted £ '000	£ '000	\$ '000	C\$ '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	C\$ '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	C\$ '000
Net known outstanding claims	19				
Net claims incurred but not reported	20				
Total net reserves (= line 10) (lines 19 + 20)	21*				

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- \* 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 2004

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	
<b>Total assets (lines 1 to 5)</b>	<b>6#</b>	
Profit/(loss) for 2002 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2003 year of account	10	
Balance on 2004 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	
<b>Total liabilities (lines 7 to 15)</b>	<b>16#</b>	
<b>DOLLAR SOLVENCY RESULT</b>		
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 01/01/05 to 24/02/05	21**	
Amount to be transferred into/out of LATF	22	
<b>NYID SOLVENCY RESULT</b>		
(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 2004

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	
<b>Total assets (lines 1 to 5)</b>	<b>6#</b>	
Profit/(loss) for 2002 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2003 year of account	10	
Balance on 2004 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	
<b>Total liabilities (lines 7 to 15)</b>	<b>16#</b>	
<b>DOLLAR SOLVENCY RESULT</b>		
Profit or loss on 2002 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 01/01/05 to 24/02/05	21**	
Amount to be transferred into/out of LATF	22	
<b>NYID SOLVENCY RESULT</b>		
<b>(lines 1+3a+4a+4b+4c+5a-12-14a-18-19)</b>	<b>23</b>	

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 2004

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	
<b>Total assets (lines 1 to 5)</b>	<b>6#</b>	
Profit/(loss) on 2002 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2003 year of account	10	
Balance on 2004 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	
<b>Total liabilities (lines 7 to 15)</b>	<b>16#</b>	
<b>DOLLAR SOLVENCY RESULT</b>		
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	
Transfers In/Out of LATF 01/01/05 to 24/02/05	21**	
Amount to be transferred into/out of LATF	22	
<b>NYID SOLVENCY RESULT</b>		
<b>(lines 1+3a+4a+4b+4c+5a-12-14a-18-19)</b>	<b>23</b>	

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 2004

Year of Account **2004**

		\$ '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	
<b>Total assets (lines 1 to 5)</b>	<b>6#</b>	
Profit/(loss) for 2002 year of account	7	
Calendar result on run-off years	8	
Undistributed surplus/(uncalled losses) on run-off years	9	
Balance on 2003 year of account	10	
Balance on 2004 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	
<b>Total liabilities (lines 7 to 15)</b>	<b>16#</b>	
<b>DOLLAR SOLVENCY RESULT</b>		
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	
Transfers In/Out of LATF 01/01/05 to 24/02/05	21**	
Amount to be transferred into/out of LATF	22	
<b>NYID SOLVENCY RESULT</b>		
<b>(lines 1+3a+4a+4b+4c+5a-12-14a-18-19)</b>	<b>23</b>	

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

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

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

All years combined

**NET OUTSTANDING LIABILITIES (INCLUDING IBNR)**

Please report details of net outstanding liabilities (including IBNR) as at 31 December 2004 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 2004 **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

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004

Page No: .....

Year of account **Run-off**

		PURE YEAR OF ACCOUNT										
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
Estimated gross ultimate claims	1											
Less: gross claims paid	2											
Less: future gross premiums	3											
Gross reserves (including allocated claims expens (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) (lines 11 + 12)	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) (lines 14 + 15)	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 2004

Year of account **2002**

Page No: .....

		PURE YEAR OF ACCOUNT										
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	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) (lines 11 + 12)	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) (lines 14 + 15)	16											

TOTAL column MUST agree to SR16(2002) Column 1 for each line for non-life syndicates

# RECONCILIATION OF REINSURANCE TO CLOSE PREMIUMS

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN  
Year ended 31 December 2004

## PART A

Reinsurance to close paid by 2002 year of account	1	
Reinsurance to close paid by run-off years of account	2	
Reinsurance to close received by 2003 year of account	3	
Reinsurance to close received by 2004 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 2004

Syndicate	Year		Amount
		7a	
		7b	
		7c	
		7d	
		7e	
Total RITC into other Lloyd's syndicates in calendar year 2004 (lines 7a to 7e)		8	

### RITC received from other Lloyd's syndicates in calendar year 2004

Syndicate	Year		Amount
		9a	
		9b	
		9c	
		9d	
		9e	
		9f	
		9g	
		9h	
Total RITC received from other Lloyd's syndicates in calendar year 2004 (lines 9a to 9h)		10	
RITC received by 2003 Year of Account in year 1, ie. in calendar year 2003		11	
RITC received by 2004 Year of Account at 31 December 2003		12	
RITC received by 2005 Year of Account at 31 December 2004		13	
Other (separate analysis required)		14	
<b>TOTAL (lines 6+8-10-11-12+13+14) (line 5)</b>		15	

# Managing Agent's Report

**Syndicate No:**

**Page:**

---

## SYNDICATE RETURN

Year ended 31 December 2004

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 2004, 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 2004, 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 2004, 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 2004, 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 2004 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 2004.

Signed \_\_\_\_\_ Finance Director\*

Name \_\_\_\_\_ (BLOCK CAPITALS)

Signed \_\_\_\_\_ Director / Compliance Officer\*

Name \_\_\_\_\_ (BLOCK CAPITALS)

On behalf of \_\_\_\_\_ Managing Agent

Date \_\_\_\_\_

\* The signatories must be different

**SR22**

**SYNDICATE RETURN**  
**31 DECEMBER 2004**

**UNAUDITED SECTION - FORMS SR24 TO SR33**

**SYNDICATE NO:** .....

**DUE FOR SUBMISSION BY 24 FEBRUARY 2005**

---

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)

Date .....

For Lloyd's use only:

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

## RUN-OFF UNDERWRITER'S/MANAGER'S INFORMATION

SYNDICATE NO: .....

Page .....

### SYNDICATE RETURN

Year ended 31 December 2004

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

---

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

### DETAILS

DETAILS		Run-off Underwriter or Run-off Manager as at 31.12.04.
Surname	1	
Initials	2	
Date of birth	3	
Date appointed	4	
Relevant academic qualifications	5*	

\* Maximum of 10 characters including spaces



## UNDERWRITER'S INFORMATION

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

---

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

### DETAILS

		Underwriter as at 31.12.04.	Underwriter for 2005
		1	2
Surname	1		
Initials	2		
Date of birth	3		
Date appointed	4		
Relevant academic qualifications	5*		

\* Maximum 10 characters including spaces

# CATEGORIES OF BUSINESS PREMIUM INCOME

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **2002**

Gross and Net PI by Risk Category (Net of Brokerage)		Year of Account 2002 @ 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		
<b>Total</b> (lines 1 to 17)	18		

**The allocations to individual risk categories MUST follow original XIS coding**

# CATEGORIES OF BUSINESS PREMIUM INCOME

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **2003**

Gross and Net PI by Risk Category (Net of Brokerage)		Year of Account 2003 @ 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		
<b>Total</b> (lines 1 to 17)	18		

**The allocations to individual risk categories MUST follow original XIS coding**

# CATEGORIES OF BUSINESS PREMIUM INCOME

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **2004**

Gross and Net PI by Risk Category (Net of Brokerage)		Year of Account 2004 @ 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		
<b>Total</b> (lines 1 to 17)	18		

**The allocations to individual risk categories MUST follow original XIS coding**

## UK PERSONAL LINES BUSINESS / INFORMATION FOR FSCS

SYNDICATE NO: .....

Page .....

### SYNDICATE RETURN

Year ended 31 December 2004

---

Please refer to the relevant instructions before completing this form.

£'000s

Gross premiums relating to UK Personal Lines business for the purposes of the Insurance Ombudsman	1	
---	---	--

'Relevant net premium income' for the purposes of the Financial Services Compensation Scheme	2	
--	---	--

**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 2004

### 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		
<b>TOTAL (lines 1 to 12)</b>		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	##
<b>TOTAL (lines 14 to 20)</b>	21	

### 3. CURRENCY ANALYSIS

		Market Value £'000s
Sterling	22	
US Dollars	23	
Canadian Dollars	24	
<b>TOTAL (lines 22 to 24)</b>	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 2004

---

### 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	<b>TOTAL (Lines 1 to 10)</b>	

\* 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 2004

---

### CURRENCY CONTRACTS ANALYSIS

'000s

Currency	Currency units	Additions to exposure	Reductions in exposure	Total
		1	2	3
Sterling	GBP			
US Dollar	USD			
Canadian Dollar	CAN			
Euro	EUR			
Japanese Yen	JPY			
Swiss Franc	CHF			
Australian Dollar	AUD			
South African Rand	ZAR			
Norwegian Krone	NOK			
Danish Krone	DKK			
Hong Kong Dollar	HKD			
Swedish Krona	SEK			
Singapore Dollar	SGD			
Taiwan Dollar	TWD			
Other				



## LIQUIDITY REPORTING

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Year ended 31 December 2004

### Current/Normal Liability Development for all years of account

<b>A. <u>Forecast Assumptions</u></b>		Actual 2004 calendar year	Forecast 2005 calendar year
- Does the syndicate have an active YOA (Y/N)*?	1	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Do you undertake inter-syndicate borrowing (Y/N)?	2	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- % of Gross Premium Income			
- Sterling/European/Rest of World	3	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Canadian	4	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Situs US	5	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Other USD	6	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Total (= lines 3 to 6) (must equal 100%)	7	<input style="width: 80px;" type="text" value="0%"/>	<input style="width: 80px;" type="text" value="0%"/>
- Deferred Premium Days**	8	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Gross Claims Paid/ Gross Premium Received (%)	9	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Reinsurance Premium/Gross Premium Received (%)	10	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Reinsurance Recoveries/Gross Premium Received (%)	11	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Cash Investment Income/Gross Premium Received (%)	12	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
- Cash Surplus/Deficit from Underwriting as % = 100% - (lines 9 + 10 - 11 - 12)	13	<input style="width: 80px;" type="text" value="100%"/>	<input style="width: 80px;" type="text" value="100%"/>

  

<b>B. <u>Cashflow Forecast Under Normal Claims Expectations</u></b>						
- Please input cashflow profile - Please input all cash deficits as negative						
	Actual	Forecast				
	31/12/2004	31/03/2005	30/06/2005	30/09/2005	31/12/2005	31/03/2006
	£m	£m	£m	£m	£m	£m
1) Sterling (in GBP)	14	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
2) LDTF (in GBP)	15	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
3) Canadian PTF*** (in GBP)	16	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
4) Total "Free Funds" (in GBP)	17	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" 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 2004

## 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 28.37)
- Both part 1 and 2 should be completed in sterling values

Actual	Forecast				
31/12/2004	31/03/2005	30/06/2005	30/09/2005	31/12/2005	31/03/2006
£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)

1						
2						
3						
4						
5						
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27						

## LIQUIDITY REPORTING

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN  
Year ended 31 December 2004

### **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 2004**

		Utilised £m	Un-utilised £m	Total £m
<b>Committed facilities:</b>				
- 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			
<b>Total committed facilities (lines 1 + 2 + 4 + 5 + 6)</b>	7			
<b>Uncommitted facilities, including:</b>				
- 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			
<b>Total uncommitted facilities (lines 8 + 10 + 11)</b>	12			
<b>TOTAL (lines 7 +12)</b>	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

## LIQUIDITY REPORTING

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Year ended 31 December 2004

### E. Cashflow Forecast

- Please input all cash deficits as negative

	Forecast				
	31/03/2005 £m	30/06/2005 £m	30/09/2005 £m	31/12/2005 £m	31/03/2006 £m
<b>Opening Non-Regulated Cash/Investments</b>	<b>1</b>	0	0	0	0
<b><u>Underwriting Cashflows</u></b>					
Premium Income/(Claims Paid)	<b>2</b>				
Reinsurance Recoveries/(Premiums)	<b>3</b>				
US Situs Reimbursement/(Funding)	<b>4</b>				
Other Trust Funds Inflow/(Outflow)	<b>5</b>				
(Syndicate Expenses)	<b>6</b>				
(Lloyd's Charges/Levy)	<b>7</b>				
Other	<b>8</b>				
<b>Net Cash Flow</b>	<b>9</b>	0	0	0	0
Intersyndicate loan received/(repayment)	<b>10</b>				
Utilisation of Bank Facilities/Parent Support	<b>11</b>				
Cash Call Receipts	<b>12</b>				
<b>Total Cash Flow</b>	<b>13</b>	0	0	0	0
<b>Closing "Free Funds"*</b>	<b>14</b>	0	0	0	0

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

## LIQUIDITY REPORTING

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Year ended 31 December 2004

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

<p><b><u>Working Capital Adequacy Statement</u></b></p> <p>We have prepared cash-flow forecasts for the above syndicate under normal and RDS scenarios for the period 1st January 2005 to 31st March 2006.</p> <p>These forecasts have been reviewed and approved by the Board on <span style="border: 1px solid black; padding: 0 20px;">...../...../.....</span></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: 100px;"></td> <td style="border: 1px solid black; width: 100px;"></td> <td style="text-align: center; border: 1px solid black;"><b>2</b></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;"><b>3</b></td> </tr> <tr> <td style="text-align: right;">LATF (£m)</td> <td style="border: 1px solid black;"></td> <td style="background-color: black; width: 100px;"></td> <td style="text-align: center; border: 1px solid black;"><b>4</b></td> </tr> <tr> <td style="text-align: right;">Canadian PTF (£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;"><b>5</b></td> </tr> </tbody> </table> <p>We are currently investigating the following means to cover the shortfall (please complete where applicable):</p> <p>i. <span style="border: 1px solid black; display: inline-block; width: 500px; height: 15px;"></span></p> <p>ii. <span style="border: 1px solid black; display: inline-block; width: 500px; height: 15px;"></span></p> <p>iii. <span style="border: 1px solid black; display: inline-block; width: 500px; height: 15px;"></span></p> <p>iv. <span style="border: 1px solid black; display: inline-block; width: 500px; height: 15px;"></span></p> <p>3) the syndicate has reinsured to close into syndicate <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span></p> <p style="margin-left: 20px;">All cashflows are included in the return for the assuming syndicate.</p>				Normal	RDS		PTF (£m)			<b>2</b>	LDTF (£m)			<b>3</b>	LATF (£m)			<b>4</b>	Canadian PTF (£m)			<b>5</b>	<b>10</b>
	Normal	RDS																					
PTF (£m)			<b>2</b>																				
LDTF (£m)			<b>3</b>																				
LATF (£m)			<b>4</b>																				
Canadian PTF (£m)			<b>5</b>																				

## CASHFLOW ANALYSIS

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN  
Year ended 31 December 2004  
All years combined

---

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

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

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

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

\* 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 2003 return)

# FORECAST SYNDICATE RESULTS - 2003 YEAR OF ACCOUNT

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Year ended 31 December 2004

Year of account 2003

Global result as at 36 months

2003 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 - 2004 YEAR OF ACCOUNT

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account 2004

Global result as at 36 months

2004 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

## 2003 YEAR OF ACCOUNT

SYNDICATE NO: .....

Page.....

### SYNDICATE RETURN

Year ended 31 December 2004

Year of Account 2003

Solvency result before adjustments ( = SR15(2003) Line8)	1	
Adjustments to underwriting result:		
- Loading for solvency test purposes ( = SR15(2003) Line 4)	2	
- Non-admissible assets for solvency ( = SR15(2003) 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 ( = SR15(2003) Line 6a)	6a	
Estimated movement on non-underwriting items in third year of account	6b	
Forecast syndicate result (5 + 6a + 6b) ( = SR29(2003) Line 7)	7	

# RECONCILIATION OF FORECAST SYNDICATE RESULT WITH SOLVENCY RESULT

## 2004 YEAR OF ACCOUNT

SYNDICATE NO: .....

Page.....

### SYNDICATE RETURN

Year ended 31 December 2004

Year of Account 2004

Solvency result before adjustments (=SR15(2004) Line 8)	1	<input type="text"/>
Adjustments to underwriting result:		
- Loading for solvency test purposes (=SR15(2004) Line 4)	2	<input type="text"/>
- Non-admissible assets for solvency (=SR15(2004) Line5 + 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(2004) Line 7)	7	<input type="text"/>

## CASH CALLS

**SYNDICATE NO:** .....

**Page:** .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of account		1997 RO	1998 RO	1999 RO	2000 RO	2001 RO	2002	2003	2004
Result									
Forecast result (SR29 line 7)	1								
2002 year of account result (SR15 line 1)	2								
RO year result (SR15 RO lines 1 + 10)	3								
Cash called so far, less CST (SR15 lines 9 - 6a)	4								
<b>Net amount to call (lines 1+2+3+4)</b>	5								
If line 5 is a loss, it will be called:									
As part of distribution or otherwise by 30 June 2005	6								
Second half of 2005	7								
2006: first half (including as part of distribution)	8								
2006: second half	9								
2007: first half (including as part of distribution)	10								
2007: second half	11								
2008 and later	12								
<b>Total (lines 6 to 12, must = line 5 if negative)</b>	13								

**SR31**

**SUMMARY AND VALUATION REPORT**  
**Long-Term Business as at 31 December 2004**

**SYNDICATE NO:** .....

**Page** .....

SYNDICATE RETURN  
Year ended 31 December 2004  
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
<b>Direct Business and Reinsurance Accepted</b>							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
<b>TOTAL (lines 1 + 2 + 3 + 4)</b>	<b>5</b>						
<b>Reinsurance ceded</b>							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
<b>TOTAL (lines 6 + 7 + 8)</b>	<b>9</b>						
<b>NET AMOUNT OF INSURANCE</b> (line 5 minus line 9)	<b>10</b>						
ADJUSTMENTS (please provide details)	11						
<b>TOTAL (lines 10 + 11)</b>	<b>12</b>						

**SUMMARY AND VALUATION REPORT**  
**Long-Term Business as at 31 December 2004**

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Year ended 31 December 2004  
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
<b>Direct Business and Reinsurance Accepted</b>							
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						
<b>Reinsurance ceded</b>							
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 2004**

**SYNDICATE NO:** .....

**Page** .....

SYNDICATE RETURN  
Year ended 31 December 2004  
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
<b>Direct Business and Reinsurance Accepted</b>							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
<b>TOTAL (lines 1 + 2 + 3 + 4)</b>	<b>5</b>						
<b>Reinsurance ceded</b>							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
<b>TOTAL (lines 6 + 7 + 8)</b>	<b>9</b>						
<b>NET AMOUNT OF INSURANCE</b> (line 5 minus line 9)	<b>10</b>						
ADJUSTMENTS (please provide details)	11						
<b>TOTAL (lines 10 + 11)</b>	<b>12</b>						

**SUMMARY AND VALUATION REPORT**  
**Long-Term Business as at 31 December 2004**

**SYNDICATE NO:** .....

**Page** .....

SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2004**

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
<b>Direct Business and Reinsurance Accepted</b>							
TERM ASSURANCE							
(i) by single premium	1						
(ii) by annual premium	2						
GROUP LIFE ASSURANCE	3						
OTHER RESERVES	4						
<b>TOTAL (lines 1 + 2 + 3 + 4)</b>	<b>5</b>						
<b>Reinsurance ceded</b>							
TERM ASSURANCE							
(i) by single premium	6						
(ii) by annual premium	7						
GROUP LIFE ASSURANCE	8						
<b>TOTAL (lines 6 + 7 + 8)</b>	<b>9</b>						
<b>NET AMOUNT OF INSURANCE</b> (line 5 minus line 9)	<b>10</b>						
ADJUSTMENTS (please provide details)	11						
<b>TOTAL (lines 10 + 11)</b>	<b>12</b>						

**SUMMARY AND VALUATION REPORT**  
**Long-Term Business as at 31 December 2004**

**SYNDICATE NO:** .....

**Page** .....

SYNDICATE RETURN  
Year ended 31 December 2004  
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
<b>Direct Business and Reinsurance Accepted</b>							
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						
<b>Reinsurance ceded</b>							
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 2004

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			

**LONG TERM INSURANCE BUSINESS: MATHEMATICAL RESERVES AND CAPITAL AT RISK**

**SYNDICATE NO:** .....

**Page** .....

SYNDICATE RETURN

Year ended 31 December 2004

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 2004

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 2004

Year of account **2004**

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 2004

**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			

## MANAGING AGENT'S REPORT

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

---

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 2004 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.....Finance Director\*

Name.....(Block Capitals)

Signed.....Director / Compliance Officer\*

Name.....(Block Capitals)

On behalf of .....(Managing Agent)

Date.....

**\* The signatories must be different**

**Syndicate return:  
31 December 2004**

**Forms SRFront to SR33**

**Instructions**

**Deadline for submission to Lloyd's:  
12.00 noon Thursday 24 February 2005**

**Index to Forms**

	<b>Page</b>
<b>GENERAL</b>	<b>3</b>
<b>AUDITED SECTION</b>	
SR Front	Front sheet – audited section
SR1	Profit and Loss Account
SR2	Underwriting Account (all business)
SR2A	Underwriting Account – Additional Information (Solvency 1)
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
SR23A	LATF Surplus or Deficit
<b>UNAUDITED SECTION:</b>	
SRFront U	Front sheet - unaudited section
SR24	Not used
SR25	Underwriter's Information
SR26	Categories of Business Premium Income
SR27	UK Personal Lines Business/Information for FSCS
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 2004
SR32B	Long Term Insurance Business: Mathematical Reserves and Capital at Risk



SR33	Managing Agent's Report	49
Annex 1	Example of completion of SR1/SR2 Run-off for 2001 Account	

## **General instructions**

### **1 Syndicate return**

- 1.1 The syndicate return provides the information needed to enable Lloyd's to produce the Lloyd's market 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 2004 reporting exercise. These include the annual accounting return (deadline 3 March 2005); solvency and reserving data (deadline 14 April 2005) and FSA return (deadline 21 April 2005). Separate instructions are provided for each of these returns.

### **4 Main changes to the syndicate return**

#### **4.1 SR2A**

This is a new form and collects additional information, being the allocation of gross premiums, claims paid and claims outstanding between 'liability' and 'other' business so that we may work out the member's margin for the solvency test in accordance with Solvency 1.

**4.2 SR24**

This form is no longer required and is deleted.

**4.3 SR25**

Lines 6 to 13 regarding underwriters' remuneration and participation on the syndicate are no longer required and are deleted.

**4.4 SR26**

The currency split of premiums, shown on lines 19 to 22, is no longer required and is deleted.

**4.5 SR27**

This form is expanded to collect premiums information for the purpose of determining:

- Lloyd's membership subscription payable to the Insurance Ombudsman Bureau; and
- Lloyd's fees payable to the Financial Services Compensation Scheme (FSCS).

**4.6 SR31**

The analysis on this form has been expanded to break down the projected cash calls in 2006 and 2007 into the first and second halves of each year.

**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 2004 and those closing during 2004 but before 31 December 2004 (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 2002 and prior years (whether they are closed or in run-off at 31 December 2004) 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 2004**

6.1 A number of run-off years may close during calendar year 2004, but before 31 December 2004. A syndicate return is still required from such syndicates, even where the closing date is 1 January 2004. This is necessary because any movement from the reported 31 December 2003 figures must be included in the 2004 Market 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 2004 (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 2004 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 2004, but before 31 December 2004 must reflect the premium receivable for accepting the RITC in the syndicate return as at 31 December 2004 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 2004, 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 2004 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 12 November 2004. Managing agents are therefore advised not to reproduce any of the forms relating to the 2004 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.

8.3 A hard copy validation report with the correct version date and time and showing no errors must

be submitted with the hard copy return.

- 8.4 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 by the finance director and by the compliance officer or another director of the managing agent. 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 24 February 2005. 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.

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](mailto: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](mailto: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 2004 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 2004 must be prepared using 31 December 2004 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 (SR16, SR17, SR19, SR28C, SR28D, SR28E and SR28F).

## 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 2003 (at 31 December 2003 exchange rates) in column 1, and at 31 December 2004 (at 31 December 2004 exchange rates) in column 3. The movement in calendar year 2004 will appear in column 2 and is generated by the software.
- 1.5 For 2001 and prior run-off years, column 1 will show the amounts reported in the 31 December 2003 syndicate return (at 31 December 2003 exchange rates). Column 3 must be prepared by adding the 2004 calendar year movements, using 31 December 2004 exchange rates, to the amounts reported at 31 December 2003. 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 2003, even if the year of account closed during 2004.
- 1.7 Data for the 2002 year of account must be reported on SR1 (2002) even if it is not closing as at 31 December 2004.

- 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 (2002) line 6 column 3  
 SR1 (2002) lines 7 + 9 column 3

Other form reference

SR2 line 32 for each column\*  
 SR12 (2002) line 60 column 1  
 - SR12 (2002) line 61 column 1



SR1 (2003) line 6 column 3	SR12 (2003) line 62 column 1
SR1 (2003) lines 7 + 9 column 3	- SR12 (2003) line 64 column 1
SR1 (2004) line 6 column 3	SR12 (2004) line 62 column 1
SR1 (2004) lines 7 + 9 column 3	- SR12 (2004) line 64 column 1
SR1 (RO) line 10 column 2*	SR12 (RO) line 66 column 1*
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 (2004) line 7 column 3	SR10 (2004) line 8
SR1 (2004) line 9 column 3	SR10 (2004) 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 (2002) line 8 column 3	SR15 (2002) line 1
SR1 (2003) line 8 column 3	SR15 (2003) line 1
SR1 (2004) line 8 column 3	SR15 (2004) 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 2003 (at 31 December 2003 exchange rates) in column 1, and at 31 December 2004 (at 31 December 2004 exchange rates) in column 3. The movement in calendar year 2004 will appear in column 2 and is generated by the software. Special arrangements apply for the completion of column 2 for 2001 and prior run-off years (see 2.16 to 2.21 below).
- 2.5 For 2001 and prior run-off years, column 1 will show the amounts reported in the 31 December 2003 syndicate return. Column 3 must be prepared by adding the 2004 calendar year movements, using 31 December 2004 exchange rates, to the amounts reported at 31 December 2003.

- 2.6 An SR2 must be completed for each year of account, which was in run-off as at 31 December 2003, even if the year of account closed during 2004.
- 2.7 Data for the 2002 year of account must be reported on SR2 (2002) even if it is not closing as at 31 December 2004.
- 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 2004 must be restated at the relevant 31 December 2004 exchange rates in column 3 (except for RITC received in respect of 2001 and prior run-off years on or before 31 December 2003, the value of which is fixed at the amounts reported in the 2003 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 1 – 2001 and prior run-off years

- 2.16 For the 2002, 2003 and 2004 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 2001 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 2004.

- 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 2004, but shown at 31 December 2004 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 2004 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 2004 exchange rates, compared with the amount reported on line 20 column 1, at 31 December 2003 exchange rates is included in the amount reported in **column 3**.
- 2.21 Column 2 in respect of 2001 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 (2002) line 1 column 3	SR3 line 1 column 3
SR2 (2002) line 2 column 3	SR3 line 2 column 3
SR2 (2002) line 3 column 3	SR3 line 3 column 3
SR2 (2002) line 7c column 3	SR3 line 4 column 3
SR2 (2002) line 9 column 3	SR3 line 5 column 3
SR2 (2002) line 10 column 3	SR3 line 6 column 3
SR2 (2002) line 11 column 3	SR3 line 7 column 3
SR2 (2002) line 12 column 3	SR3 line 8 column 3
SR2 (2002) line 19 column 3	SR3 line 9 column 3
SR2 (2002) line 20 column 3	SR3 line 10 column 3
SR2 (2002) line 21 column 3	SR3 line 11 column 3
SR2 (2002) lines 19+20 column 3	SR12 (2002) lines 51–18 column 1
SR2 (RO) lines 19+20 column 3*	SR12 (RO) lines 53–18+80 column 1*
SR2 (2003) line 7c column 3***	SR15 (2003) line 3***
SR2 (2004) line 7c column 3***	SR15 (2004) line 3***
SR2 (2002) line 19 column 3	SR21 line 1
SR2 (2003) line 7c column 3	SR21 line 3
SR2 (2004) line 7c column 3	SR21 line 4
SR2 (RO) (in aggregate) line 19 column 3	SR21 line 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 (2004) line 1 column 3	SR26 (2004) line 18 column 1
SR2 (2004) line 3 column 3	SR26 (2004) line 18 column 2
SR2 (in aggregate) lines (3-12-28)/1000 column 2	SR28F line 1

In addition:

SR15 (2002) line 4 + SR2 (2002) lines 19+20, column 3**	SR16 (2002) line 12**
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SR15 (RO) line 4 + SR2 (RO) lines 19+20, column 3**	SR16 (RO) line 12**
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\* 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 2003 whereby the difference will relate to the amount of such RITC valued at 31 December 2004 exchange rates

## **2a SR2A: Underwriting Account – Additional Information (Solvency 1)**

### *Background*

- 2a.1 This is a new form and collects additional information, being the allocation of gross premiums, claims paid and claims outstanding between ‘liability’ and ‘other’ business so that we may work out the member’s margin for the solvency test in accordance with Solvency 1.

### *Basis of collection*

- 2a.2 This form must be reported in respect of each underwriting year of account open during 2004. The data is required on an FSA basis, ie premiums reported gross of acquisition costs and the breakdown of business dependent on the accounting class analysis reported in the FSA return. This data needs to be collected within the syndicate return because we need it to calculate the member’s margin to appear on members’ solvency statements. The figures reported on this form will thus be required to agree to certain entries on the FSA return (see 2a.9 and 2a.10 below). For this year end only, it will be necessary to report historic information relating to claims paid in 2003 and 2002, and claims outstanding at 31 December 2003, 2002 and 2001 (see 2a.5 below).
- 2a.3 You are asked to report information on: gross (of acquisition costs) premiums for calendar year 2004 on line 1; gross claims paid (including claims management costs) in calendar years 2004, 2003 and 2002 (lines 2, 3 and 4 respectively); and gross claims outstanding and IBNR (including claims management costs) at 31 December 2004, 2003, 2002 and 2001 (lines 5, 6, 7 and 8 respectively).
- 2a.4 Each amount must be split between ‘liability’ business and ‘other’ business. ‘Liability’ business is defined as all business reported under the third party liability class in the FSA return, plus the

liability content of the marine and aviation accounting classes. This includes all business whether classified as direct and facultative or treaty reinsurance. You must allocate business between 'liability' and other in accordance with Annex 3 of the FSA return instructions, which defines each risk code as to whether it is 'liability' or not for the purpose of Solvency 1. 'Liability' amounts are reported in column 1, other business in column 2, and total business in column 3, which is generated by the software as columns 1 + 2.

- 2a.5 Solvency 1 requires the determination of claims incurred over the last three years. So, for this year end only, we need to collect some historic information in respect of gross claims paid in calendar years 2003 and 2002, and gross outstanding claims (including INBR and ULAE) at each of 31 December 2003, 2002 and 2001. This information will be used in the Solvency 1 calculations for this and subsequent year ends.

*Example – reflecting transactions in respect of previously closed syndicate years*

- 2a.6 When reporting the historic information in respect of 2003 and earlier periods, it is necessary to include amounts relating to earlier syndicate years – either from the same or another syndicate - which had been closed into the current syndicate year before 31 December 2004 even if those transactions arose before the earlier syndicate years had closed into the current syndicate year. This is necessary to capture the totality of claims paid and outstanding within the market for the relevant time period.
- 2a.7 As an example, Syndicate A has a 2002, 2003 and 2004 year of account. The 2002 year of account accepted the RITC from the 2001 year of account at 31 December 2003. In turn, the 2001 year of account accepted the RITC of the 2000 year of account at 31 December 2002. The syndicate started trading in 2000. In addition the 2003 year of account accepted the RITC of the 1999 run-off year of Syndicate B at 31 December 2003. Syndicate B's 1999 year of account had no earlier years closed therein. The SR2A for Syndicate A is completed as follows:

#### 2004 year of account

In this example the 2004 year of account has had no previous years of account closed into it. You report:

- gross premiums in calendar year 2004 in respect of the 2004 year of account
- gross claims paid in calendar year 2004 in respect of the 2004 year of account
- gross outstanding claims at 31 December 2004 in respect of the 2004 year of account
- nothing in respect of gross claims paid in calendar year 2003 and 2002, and gross outstanding claims as at 31 December 2003, 2002 and 2001.

#### 2003 year of account

In this example the 2003 year of account had accepted the RITC of another syndicate at 31 December 2003. You report:

- gross premiums in calendar year 2004 in respect of the 2003 year of account (including those arising on the previously closed 1999 run-off year of Syndicate B) during 2004
- gross claims paid in calendar year 2004 in respect of the 2003 year of account (including those arising on the previously closed 1999 run-off year of Syndicate B) during 2004
- gross claims paid in calendar year 2003 must include those in respect of the 2003 underwriting year plus those in relation to the 1999 run-off year of Syndicate B during

2003 even though it had not been closed into Syndicate A's 2003 year of account at the time.

- gross claims paid in calendar year 2002 will be those in relation to the 1999 run-off year of Syndicate B during 2002
- gross claims outstanding at 31 December 2004 in respect of the 2003 year of account (including reserves relating to on the previously closed 1999 run-off year of Syndicate B)
- gross claims outstanding at 31 December 2003 must include those in respect of the 2003 underwriting year plus those in relation to the 1999 run-off year of Syndicate B at 31 December 2003
- gross claims outstanding at 31 December 2002 must include those in respect of the 1999 run-off year of Syndicate B at 31 December 2002
- gross claims outstanding at 31 December 2001 must include those in respect of the 1999 run-off year of Syndicate B at 31 December 2001
- **nothing** is reported in respect of the 2002 and prior years of Syndicate A, closed into the 2003 year of account at 31 December 2004. This is dealt with on the 2002 year of account form (see below).

#### 2002 year of account

In this example the 2002 year of account has accepted the RITC of the 2001 and prior years of account at 31 December 2003. You report:

- gross premiums in calendar year 2004 in respect of the 2002 year of account (including those arising on the previously closed 2001 and 2000 years) during 2004
- gross claims paid in calendar year 2004 in respect of the 2002 year of account (including those arising on the previously closed 2001 and 2000 years) during 2004
- gross claims paid in calendar year 2003 must include those in respect of the 2002 underwriting year plus those in relation to the 2001 year and the previously closed 2000 year, during 2003
- gross claims paid in calendar year 2002 will be those in relation to the 2002, 2001 and 2000 years of account during 2002
- gross claims outstanding at 31 December 2004 in respect of the 2002 year of account (including reserves relating to on the previously closed 2001 and 2000 years)
- gross claims outstanding at 31 December 2003 must include those in respect of the 2002 underwriting year plus those in relation to the 2001 year (including those relating to the previously closed 2000 year at 31 December 2003)
- gross claims outstanding at 31 December 2002 must include those in respect of the 2002, 2001 and 2000 years of account at 31 December 2002
- gross claims outstanding at 31 December 2001 must include those in respect of the 2001 and 2000 years of account at 31 December 2001

If you need any guidance as to which previously closed years need to be taken into account in the data to be reported on SR2A, please contact Market Reporting at [lloyds-MRD-ReturnQueries@lloyds.com](mailto:lloyds-MRD-ReturnQueries@lloyds.com).

#### *Exchange rates*

- 2a.8 Items reported as at 31 December 2004 and calendar year 2004 are reported at 31 December 2004 exchange rates. Items reported at 31 December 2003 or for earlier periods must be reported using the following exchange rates:

<u>Item</u>	<u>Exchange rates</u>
Gross claims paid in calendar year 2003	31 December 2003
Gross claims paid in calendar year 2002	31 December 2002
Gross claims outstanding at 31 December 2003	31 December 2003
Gross claims outstanding at 31 December 2002	31 December 2002
Gross claims outstanding at 31 December 2001	31 December 2001

*Validation with the FSA return*

- 2a.9 The following validations apply between FSA2A and the FSA return, in respect of information reported at 31 December 2004 and calendar year 2004:

<u>SR2A reference</u>	<u>FSA return</u>
Line 1 column 3*	FSA2 line 1 column 9*
Line 2 column 3*	FSA2 lines 10+22 column 9*
Line 5 column 3*	FSA5 lines 1+3+5 column 7*

*In addition:*

Line 1 column 1 must not exceed**	FSA2 line 1 column 9**
Line 2 column 1 must not exceed**	FSA2 lines 10+22 column 9**
Line 5 column 1 must not exceed**	FSA5 lines 1+3+5 column 7**

\* For each underwriting year of account separately

\*\* For each underwriting year of account separately, only in respect of the aggregate of the aviation, marine and third party liability accounting classes, reported either as direct and facultative or treaty business

- 2a.10 The following validations apply between FSA2A and earlier syndicate/FSA returns, in respect of information reported at 31 December 2003 and earlier periods:

Total gross claims paid during calendar year 2003 (line 3 column 3) must agree to FSA2 (31.12.2003) lines 10 + 22 column 9 for the year of account plus the amount in respect of any other syndicate year closed into this syndicate year before 31 December 2004.

Total gross claims paid during calendar year 2002 (line 4 column 3) must agree to FSA2 (31.12.2002) lines 10 + 22 column 9 for the year of account plus the amount in respect of any other syndicate year closed into this syndicate year before 31 December 2004.

Total gross claims outstanding as at 31 December 2003 (line 6 column 3) must agree to FSA5 (31.12.2003) lines 1 + 3 + 5 column 7 for the year of account plus the amount in respect of any other syndicate year closed into this syndicate year before 31 December 2004.

Total gross claims outstanding as at 31 December 2002 (line 7 column 3) must agree to FSA5 (31.12.2002) lines 1 + 3 + 5 column 7 for the year of account plus the amount in respect of any other syndicate year closed into this syndicate year before 31 December 2004.

Total gross claims outstanding as at 31 December 2001 (line 8 column 3) must agree to SR16 (31.12.2001) line 6 column 1 for the year of account plus the amount in respect of any other syndicate year closed into this syndicate year before 31 December 2004.

2a.11 This form is not required to be completed in respect of life syndicates.

### **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 2002 year of account in the market results. The form must be completed whether the 2002 year of account closes at 31 December 2004 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 2002 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:

<u>SR3 reference</u>	<u>Other form reference</u>
SR3 line 1 column 3	SR2 (2002) line 1 column 3
SR3 line 2 column 3	SR2 (2002) line 2 column 3
SR3 line 3 column 3	SR2 (2002) line 3 column 3
SR3 line 4 column 3	SR2 (2002) line 7c column 3
SR3 line 5 column 3	SR2 (2002) line 9 column 3
SR3 line 6 column 3	SR2 (2002) line 10 column 3
SR3 line 7 column 3	SR2 (2002) line 11 column 3
SR3 line 8 column 3	SR2 (2002) line 12 column 3
SR3 line 9 column 3	SR2 (2002) line 19 column 3
SR3 line 10 column 3	SR2 (2002) line 20 column 3
SR3 line 11 column 3	SR2 (2002) 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 2004 calendar year premium income received and accrued for 2004 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 2004 rates of exchange so accrual balances brought forward must be restated at year end 2004 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 2004 calendar year gross and net claims paid. The figure for the year must be reported at 31 December 2004 rates of exchange so accrual balances brought forward must be restated at year end 2004 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 2004 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 2002, 2003 and 2004 years of account must show the cumulative personal expenses charged since commencement of the year of account up to 31 December 2004. A separate SR10 must be completed for each 2001 and prior year of account in run-off at 31 December 2003, showing a detailed analysis of the 2004 calendar year movement in personal expenses in calendar year 2004, 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 2004, 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 2001 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 (2002) line 8  
 SR10 (2002) line 9  
 SR10 (2003) line 8

##### Other form reference

SR1 (2002) line 7 column 3  
 SR1 (2002) line 9 column 3  
 SR1 (2003) line 7 column 3

SR10 (2003) line 9	SR1 (2003) line 9 column 3
SR10 (2004) line 8	SR1 (2004) line 7 column 3
SR10 (2004) line 9	SR1 (2004) line 9 column 3
SR10 (RO) line 8*	SR1 (RO) line 7 column 2*
SR10 (RO) line 9*	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 2003 exchange rates. The effect of the retranslation of these items using 31 December 2004 exchange rates will be reflected within the figures reported on line 3b.
- 11.4 The provision at 31 December 2004 in column 2 line 5 for all years of account in aggregate must agree to the figure reported on Form 8 of the QMR at 31 December 2004.
- 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:

<u>SR11 reference</u>	<u>Other form reference</u>
SR11 line 5 column 2*	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 2004 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 2004, 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. Your attention is drawn to paragraph 12.17 below regarding the treatment of assets held in the US situs trust funds.
- 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 2002 and prior years of account only. Reinsurers' share of technical provisions in respect of the 2003 and 2004 years of account are not to be reported here. In addition, the reinsurers' share in respect of RITC paid during 2004 but before 31 December 2004 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 31 December 2004 must be entered on this line. This includes unpaid cash calls made on all years of account, which were due by 31 December 2004, and any interest or other amount arising on the unpaid debts. Amounts in relation to continuous solvency transfers 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 2004 (but not at 31 December 2003 or prior) must be reported here. This includes RITC receivable as at 31 December 2004 from an earlier year of the same syndicate or another syndicate. In addition, any RITC receivable during 2004 but before 31 December 2004, reported as at 31 December 2004 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 2002 year of account: the gross reinsurance to close paid or run-off reserves retained for the 2002 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 2001 and prior run-off years of account: the gross reinsurance to close paid or run-off reserves retained for each 2001 and prior run-off year of account must be entered on this line. However, the gross RITC in respect of RITC occurring during 2004 but before 31 December 2004 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 2002 year of account and will be entered by the software from SR1 (2002) line 6 column 3.
- 12.24 Line 61: this is the cumulative personal expenses for the 2002 year of account and will be entered by the software from SR1 (2002) line 7+9 column 3.
- 12.25 Line 62: this is the balance before personal expenses for the 2003 and 2004 years of account and will be entered by the software from SR1 (2003) line 6 column 3 or SR1 (2004) line 6 column 3 as appropriate.
- 12.26 Line 64: this is the cumulative personal expenses for the 2003 and 2004 years of account and will be entered by the software from SR1 (2003) line 7+9 column 3 or SR1 (2004) lines 7+9 column 3 as appropriate.
- 12.27 Line 65: this is applicable for the 2002, 2003 and 2004 years of account only. The cumulative amount of all cash calls made and payable by 31 December 2004 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 2004 calendar year result for each 2001 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 2001 and prior run-off year, as at 31 December 2003; plus
- any cash call due for payment in calendar year 2004 (including amounts called through the distribution process).

#### Example

A 2001 run-off year had an uncalled cumulative loss as at 31 December 2003 amounting to £2,000,000. During 2004, it made a cash call of £500,000, due by 30 June 2004:

	£'000
Balance at 31 December 2003	(2,000)
Cash calls due in 2004	500
	-----
Line 67	(1,500)
	=====

- \* the actual 2004 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 31 December 2004 must be entered on this line. This includes overpaid cash calls made on all years of account, which were due by 31 December 2004, and any other overpayment or amount arising thereon.

12.31 Line 69 – Continuous solvency transfer: the amount of the cumulative continuous solvency transfers made in respect of the 2002 and 2003 years of account must be entered here, at 31 December 2004 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 2001 and prior run-off year which has closed during 2004 but before 31 December 2004.
- 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 2004 (including RITC transacted during 2004 but before 31 December 2004)

- 12.38 In general, RITC payable is treated in SR12 as still to be paid by the ceding syndicate year as at 31 December 2004 (even in the case where the RITC occurred during 2004 but before 31 December 2004). The amount of the RITC payable will be reflected in reserves reported on lines 51 – 18 (2002 year of account), lines 53 – 18 (2001 or prior run-off year of account closing at 31 December 2004) or line 80 (2001 or prior run-off year of account closing in 2004 but before 31 December 2004).
- 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 2004 – ie at 31 December 2004 or earlier in 2004 – 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 2002 year of account closing or going into run-off at 31 December 2004, the gross reserves must be reported at line 51 of SR12 (2002) with the reinsurance recoverable element on line 18. Nothing is to be entered on line 80.



- 12.42 In respect of a 2001 or prior run-off year of account closing **on** 31 December 2004 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 2001 or prior run-off year of account closing during 2004 but before 31 December 2004, the net RITC premium – restated at 31 December 2004 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 2003 year of account during 2004 – typically from the 2002 year of account at 31 December 2004 but perhaps on or before 31 December 2004 from another syndicate, either in respect of the 2002 year of account or a 2001 and prior run-off year closing during 2004 – must be entered on line 34 of SR12 (2003). Amounts of RITC received on or before 31 December 2003 must not be reported here.
- 12.45 The net amount of RITC received by a 2004 year of account during 2004 – typically from the 2002 year of account at 31 December 2004 but perhaps on or before 31 December 2004 from another syndicate either in respect of the 2002 year of account or a 2001 and prior run-off year closing during 2004 – must be entered on line 34 of SR12 (2004). Amounts of RITC received on 31 December 2003 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 2003 and 2004 years of account. These lines are blanked out.
- 12.47 For a ‘normal’ syndicate with a 2002, 2003 and 2004 year of account, where the 2002 year of account has closed into 2003 and where the syndicate has not ceded or accepted RITC to/from another syndicate during 2004, the amount reported on SR12 (2002) column 1 lines 51 – 18 will equal SR12 (2003) 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:

SR12 reference

SR12 (2002) line 60 column 1  
 SR12 (2002) line 61 column 1  
 SR12 (2003) line 62 column 1  
 SR12 (2003) line 64 column 1  
 SR12 (2004) line 62 column 1  
 SR12 (2004) line 64 column 1  
 SR12 (RO) line 66 column 1\*  
 SR12 (2002) lines 51–18 column 1

Other form reference

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  
 SR1 (2004) line 6 column 3  
 - SR1 (2004) lines 7+9 column 3  
 SR1 (RO) line 10 column 2\*  
 SR2 (2002) lines 19+20 column 3

SR12 (RO) lines 53–18+80 column 1*	SR2 (RO) lines 19+20 column 3*
SR12 (2002) line 65 column 1	SR15 (2002) line 9
SR12 (2003) line 65 column 1	SR15 (2003) line 9
SR12 (2004) line 65 column 1	SR15 (2004) line 9
SR12 (2002) line 69 column 1	SR15 (2002) line 6a
SR12 (2003) line 69 column 1	SR15 (2003) 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.
- 15.2 A separate SR15 must be completed for each underwriting year of account.
- 15.3 The surplus/(deficiency) for each year of account that was in run-off as at 31 December 2003 must be reported (by year of account) on SR15 Run-off even if the year of account closed during 2004. The result for the 2002 year of account must be reported on SR15 (2002) even if it is not closing as at 31 December 2004.
- 15.4 Line 1: Global result/balance for the 2002, 2003 and 2004 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 2001 and prior year of account in run-off at 31 December 2003 line 1 must agree to SR1 column 2 line 8 (2004 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 (2003 and 2004 years of account only): this must be calculated in accordance with the rules relating to the valuation of liabilities as at 31 December 2004 for this purpose.

The amounts to be disclosed must exclude all liabilities in respect of reinsurance to close effected during calendar year 2004 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 2003 year of account, or as at 31 December 2003 in respect of the 2004 year of account.

- 15.7 Line 3 - reinsurance to close an earlier year of account: the amounts received during calendar year

2004, by either the 2003 or 2004 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 2003 year of account, or into the 2004 year of account at 31 December 2003, this must not be entered on line 3, rather the revised liabilities as estimated at 31 December 2004 attaching to the reinsured years should be included with the pure year liabilities on line 2. The amount entered on line 3 of SR15 (2003) and SR15 (2004) must equal the figure shown on line 7c column 3 of SR2 (2003) and SR2 (2004) respectively unless the year of account in question had accepted RITC on or before 31 December 2003, whereby the difference will reflect that RITC transaction, restated at 31 December 2004 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 2004, 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. If the disallowance arises in respect of the assets of a year closing at 31 December 2004, the disallowance must be allocated to the SR15 in respect of the syndicate year accepting the RITC.
- 15.10 Line 6a – continuous solvency transfer: this line is applicable to the 2002 and 2003 years of account only and must report the amount of the cumulative continuous solvency transfers made in 2003 and 2004, valued at 31 December 2004 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. If the disallowance arises in respect of the assets of a year closing at 31 December 2004, the disallowance must be allocated to the SR15 in respect of the syndicate year accepting the RITC.
- 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. Aged reinsurance debt and asset concentration disallowances must not be reported here but on lines 5 and 6b respectively. 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 2005, 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 2004: For the 2002, 2003 and 2004 years of account, the total cumulative cash calls made since commencement of the year of account to 31 December 2004 must be entered on this line. In respect of each 2001 and prior run-off year of account, only cash calls made in calendar year 2004 (including amounts called in 2004 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 2001 and prior run-off years only and is defined as the cumulative accounting result (per the syndicate annual report) to 31 December 2003, plus any cash calls due by that date. This is the same result as was reported in the SR15 (RO/2001) form at 31 December 2003, lines 1+9+10. Any deficiencies must be entered as **negative**.

#### Example

A 2001 run-off year had a cumulative loss as at 31 December 2003 amounting to £5,000,000, but had called £3,000,000, due by 31 December 2003, leaving an uncalled balance of £2,000,000 as at that date. In 2004 a further cash call of £1,500,000 was made, due for payment in 2004.

The amount to be reported on line 9 is the cash call made in calendar year 2004, ie £1,500,000 (positive). The amount to be reported on line 10 is the balance carried forward at 31 December 2003, 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 2002, 2003 and 2004 years of account, the solvency result as adjusted for cash calls due by 31 December 2004. For each 2001 and prior run-off year, it will reflect the 2004 calendar year solvency result and any undistributed/(uncalled) balance at 31 December 2003, adjusted for cash calls due in calendar year 2004. 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:

##### SR15 reference

SR15 (2002) line 1  
 SR15 (2003) line 1  
 SR15 (2004) line 1  
 SR15 (RO) line 1\*

##### Other form reference

SR1 (2002) line 8 column 3  
 SR1 (2003) line 8 column 3  
 SR1 (2004) line 8 column 3  
 SR1 (RO) line 8 column 2\*

SR15 (2003) line 3**	SR2 (2003) line 7c column 3**
SR15 (2004) line 3**	SR2 (2004) line 7c column 3**
SR15 (2003) lines (2+4)***	SR16 (2003) line 12***
SR15 (2004) lines (2+4)***	SR16 (2004) line 12***
SR15 (2003) line 4	SR30 (2003) line 2
SR15 (2004) line 4	SR30 (2004) line 2
SR15 (2003) line 5 + 6b	SR30 (2003) line 3
SR15 (2004) line 5 + 6b	SR30 (2004) line 3
SR15 (2002) line 6a	SR12 (2002) line 69
SR15 (2003) line 6a	SR12 (2003) line 69
SR15 (2003) line 6a	SR30 (2003) line 6a
SR15 (2003) line 8	SR30 (2003) line 1
SR15 (2004) line 8	SR30 (2004) line 1

In addition:

SR15 (2002) line 4 +	SR16 (2002) line 12***
SR2 (2002) 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 2003
- \*\*\* 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 2004 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 actuary is no longer required to opine on the LCTF reserves (see 16.15). 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 2004.
- 16.7 Line 3: this is expected additional gross premiums still to be received for the year of account after 31 December 2004. This includes all future premiums on binding authorities or on risks to be declared to binders/lineslips where the individual declaration incepts after 31 December 2004, 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 2004. 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 incepts after 31 December 2004, 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 2004 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 2004 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) on which the actuary has opined. The actuary is no longer required to opine on LCTF net reserves.
- 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 2004 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 2002 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 2003 and 2004 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:

<u>SR16 reference</u>	<u>Other form reference</u>
SR16 line 9 column 1*	SR11 line 5 column 2*
SR16 (RO) line 12 column 1*	SR2 (RO) lines 19+20 column 3 + SR15 (RO) line 4*
SR16 (2002) line 12 column 1	SR2 (2002) lines 19+20 column 3 + SR15 (2002) line 4
SR16 (2003) line 12 column 1	SR15 (2003) lines 2+4
SR16 (2004) line 12 column 1	SR15 (2004) lines 2+4
SR16 (2002) lines 1 to 16 column 1**	SR20 (2002) lines 1 to 16 'total'**
SR16 (RO) lines 1 to 16 column 1***	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. An SR17 is only required to be completed where there is relevant LATF information to be reported per the instructions.
- 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 2004 (including 2003/2004 years accepting the RITC of closing years as at 31 December 2004) to members' LATF solvency statements.
- 17.4 SR17 includes information relating to transfers made into or out of the LATF after 31 December 2004, up to and including 24 February 2005 (the deadline date for the submission of this return). 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 24 February 2005.
- 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 2004 - 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 2003 (or 2004) year of account of the same syndicate, the value of the RITC must be deducted at line 18.
- 17.13 Where a syndicate's 2003 and/or 2004 year of account accepted the RITC of a prior year as at 31 December 2003 the revised liabilities as at 31 December 2004 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 2005 to 24 February 2005. This line is normally only applicable to the 2002 and prior years of account (but see 17.17 below). 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 24 February 2005. This line is normally only applicable to the 2002 and prior years of account (but see 17.17 below) and is lines 20 + 21.

Where the 2002 or prior year remains in run-off at 31 December 2004, line 22 must not be greater than 0. Hence, if line 20 is greater than 0, an appropriate entry must be made on line 21 to ensure the balance on line 22 is 0. This must be described as 'Surplus on run-off year retained' when completing the analysis using the software.

- 17.17 There will be occasions where it will be necessary to report post year end transactions in respect of the LATF for the 2003 and 2004 years of account. For instance, members of a syndicate year of account that accepts the reinsurance to close of another year that includes LATF business, will have an LATF result apportioned to them. Normally the result at line 20 of the SR17 form will be zero as the LATF assets should equate to the LATF liabilities. If, however, there is a negative result at line 20 this may have a detrimental impact on the LATF profits that can be transferred to members of that syndicate. If additional LATF assets are provided to mitigate a negative result this should be reported on line 21 so that members will have the amended result apportioned to them.
- 17.18 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 24 February 2005 if the transfer of LATF \$ profits to the sterling PRFs of its members is not to be prejudiced.
- 17.19 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 2004. If there are no reserves to report a note confirming this fact, and setting out why, must be included in the return.
- 17.20 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.
- 17.21 If it is intended to close a year of account into the 2005 year please email Market Reporting at [lloyds-MRD-ReturnQueries@lloyds.com](mailto:lloyds-MRD-ReturnQueries@lloyds.com) and Lloyd's will advise how this transaction should be reflected in the LATF solvency process.
- 17.22 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 24 February 2005; it will not be sufficient to report an intention to transfer assets to the LATF.
- 17.23 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.
- 17.24 USFIT debtor is a valid asset for the purpose of the LATF solvency test and distribution of 2002 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 (2002) lines 19+20 column 3 +  
 SR2 (RO) (all) lines 19+20 column 3 +  
 SR15 (RO) (all) line 4 +  
 SR15 (2002) line 4 +  
 SR15 (2003) lines 2+4 +  
 SR15 (2004) lines 2+4.

SR19 line 10, column 1

SR1 (2003) line 10 column 3 +  
 SR1 (2004) line 10 column 3 +  
 SR2 (2002) 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 2004 by originating pure year of account, for all business only. This form must be completed separately for the 2002 year of account and separately for each 2001 or prior year of account in run-off at 31 December 2003. 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 equivalent line.

**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 2002 and prior years of account at 31 December 2004 against the reinsurance to close premiums receivable by the 2003 and 2004 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 2005 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 the finance director and by the compliance officer or another director of the managing agent. 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 12 November.

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

## **23A LATF surplus or deficit**

- 23a.1 A report must be provided by the managing agent in respect of the result reported on SR17 line 22. This report is required in respect of each year of account where an SR17 is reported. Where the result on line 22 is a surplus, an SR23 LATF surplus must be completed; where the result on line 22 is a deficit, an SR23 LATF deficit must be completed. Each SR23 LATF report contains

both a managing agent's report and audit report. The report forms part of the syndicate return but comes after SR23, the 'main' audit report on the syndicate return.

The report is currently under review and will be provided to the market with the return software on 12 November.

## 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: Not used

This form has now been removed.

### 25 SR25: Underwriter's Information

25.1 One SR25 is required for each syndicate, but a separate SR25 must be provided in respect of each 2001 and prior year of account in run-off at 31 December 2003. Please complete as indicated on the form.

25.2 If there is more than one underwriter, please complete a separate form for each underwriter.

### 26 SR26: Categories of Business Premium Income

26.1 This form must be completed for each underwriting year of account for the 2002 to 2004 years only. Please complete as indicated on the form.

26.2 This gives a description of the business underwritten for the 2002, 2003 and 2004 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 Xchanging Ins-Sure Services (XIS). Premiums must be reported net of brokerage.

#### Relationship with other forms

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

#### SR26 reference

SR26 (2002) line 18 column 1  
SR26 (2002) line 18 column 2  
SR26 (2003) line 18 column 1  
SR26 (2003) line 18 column 2  
SR26 (2004) line 18 column 1  
SR26 (2004) line 18 column 2

#### Other form reference

SR2 (2002) line 1 column 3  
SR2 (2002) line 3 column 3  
SR2 (2003) line 1 column 3  
SR2 (2003) line 3 column 3  
SR2 (2004) line 1 column 3  
SR2 (2004) line 3 column 3

### 27 SR27: UK Personal Lines Business/Information for FSCS

#### *Line 1 – 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 2004 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 line 1. 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**.

*Line 2 – Information for FSCS*

- 27.9 On 1 January 2004 Lloyd's became a member of the Financial Services Compensation Scheme (FSCS) which provides a fund of last resort for personal lines policy holders usually arising from default by industry firms.
- 27.10 The FSCS levies members each year with a management charge to meet the operating costs of the scheme and, if appropriate, a compensation levy based upon the volume of business transacted in each contribution group. Lloyd's underwrites business in two groups: general insurance, of which the personal lines market is most affected and long term ie life insurance.

- 27.11 Further details are provided in the Market Bulletin entitled 'Financial Services Compensation Scheme', which will be issued separately.
- 27.12 Lloyd's participation in the Scheme requires the collection of premium information for both general insurance and term life business. This information is subsequently used to allocate the compensation levy and direct costs associated with claims between participating members in the industry, based upon the level of their activity in each contribution group. In addition, management charges are chargeable: these are allocated in proportion to general FSA fees payable by Scheme members.
- 27.13 The amount of 'relevant net premium income' must be reported on line 2 in accordance with the instructions provided in the Market Bulletin entitled 'Financial Services Compensation Scheme', which will be issued separately.
- 27.14 A 'nil' amount if appropriate 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 Joint Asset Trust Funds, Illinois Advance, Kentucky 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 2003.
- 28.27 Syndicates which 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 'Deferred premium days' is defined 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 Risk Management 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 2005. 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 are not viewed as "true deficits" as Lloyd's 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](mailto:lloyds-MRD-ReturnQueries@lloyds.com) before using this line or any value here will not be considered by Lloyd's.

- 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 2005.
- 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 2004. Net Surplus/Deficit (line 10) must reconcile to the movement in cash and investments between 31 December 2003 and 31 December 2004.
- 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 2003 and 2004 years of account, showing the latest projected result for the 2003 and 2004 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 2003 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 (2003) line 7	SR30 (2003) line 7
SR29 (2004) line 7	SR30 (2004) 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 2004, with the forecast result as at 36 months, for the 2003 and 2004 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 2003 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 (2003) line 1	SR15 (2003) line 8
SR30 (2004) line 1	SR15 (2004) line 8
SR30 (2003) line 2	SR15 (2003) line 4
SR30 (2004) line 2	SR15 (2004) line 4
SR30 (2003) line 3	SR15 (2003) line 5+6b
SR30 (2004) line 3	SR15 (2004) line 5+6b
SR30 (2003) line 6a	SR15 (2003) line 6a
SR30 (2003) line 7	SR29 (2003) line 7
SR30 (2004) line 7	SR29 (2004) line 7

### **31 SR31: Cash Calls**

- 31.1 This form provides Lloyd's with additional information regarding the expected calling of losses still to be called after 31 December 2004.
- 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 2004. For the 2003 and 2004 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 2004 on line 5. In respect of the 2002 and 2003 years of account, the continuous solvency transfer is treated as a negative cash call and thus line 4 = SR15 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 12 must be completed per the form. Amounts forecast to be called in the first half of 2005, 2006 and 2007 include amounts which would be called as part of the distribution process. Line 13 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. Column 1 is to be completed in whole units.
- 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 24 February 2005 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\*  
 SR32A line 10 column 2\*  
 SR32A line 10 column 6\*

Other form reference

SR32B line 6 column 4\*  
 SR32B line 1 column 4\*  
 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 The report must be approved, **signed and dated**, on behalf of the directors of the underwriting agent, by the finance director and by the compliance officer or another director of the managing agent. 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 2001 Account

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

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **2001**

		Per syndicate accounts		
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004
		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 31.12.2003, at 31.12.2003 exchange rates.
- 2 Column 3 is entered showing the cumulative position at 31.12.2004, compiled by freezing the transactions at 31.12.2003 as previously reported and reporting the calendar year movements during 2004 at 31.12.2004 exchange rates in column 2, in accordance with normal syndicate accounting practice.

## Example of completion of SR2 Run-off for 2001 Account

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

SYNDICATE NO:.....  
 SYNDICATE RETURN  
 Year ended 31 December 2004  
 Year of Account 2001

	Per syndicate accounts		
	Cumulative to 31.12.2003 (note 1)	Movement in 2004	Cumulative to 31.12.2004 (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 31.12.2003, at 31.12.2003 exchange rates.
- Column 3 is entered showing the cumulative position at 31.12.2004, compiled by freezing the transactions at 31.12.2003 as previously reported and reporting the calendar year movements during 2004 at 31.12.2004 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 2004.
- The run-off reserves retained at 31.12.2003 but restated at 31.12.2004 exchange rates must be entered on lines 8a and 8b column 2.
- The net run-off reserves retained at 31.12.2003, restated at 31.12.2004 exchange rates, shown on line 8c column 2, amounts to £103. This represents an £8 gain on the value reported at 31.12.2003 in line 20 column 1. This exchange gain must be reflected on line 23 **column 3** (see Note 8 below).
- The reserves retained at 31.12.2004 (lines 15 to 20) are entered in column 3 and flow through to column 2 automatically.
- The 2004 calendar year profit/(loss) on exchange to be entered on line 23 column 2 is the 'normal' 2004 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 31.12.2003 (column 1) + the 2004 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 31.12.2003 (column 1)	10
2004 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 - 31.12.2004**

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 2004**  
**SCHEDULE 9A INFORMATION - SSR1 TO SSR6**

SYNDICATE NO: .....

**DUE FOR SUBMISSION BY 24 FEBRUARY 2005**

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:

1997	
1998	
1999	
2000	
2001	
2002	
2003	
2004	

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 (2003 year of account only) of the 31 December 2004 syndicate return to corporate members of this syndicate for the purpose of Schedule 9a reporting.

Signed .....

Compliance Officer

Name .....

(Block capitals)

Date .....

For Lloyd's use only:

Date received:

No. of days late:

Byelaw Breach: Yes/No

**UNDERWRITING ACCOUNT**  
**Cumulative to 96 Months**  
**1997 Run-off year of account**

SYNDICATE NO.....

Page No.....

**SUPPLEMENTARY SYNDICATE RETURN**

Year ended 31 December 2004

		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										Reinsurer's 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 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**  
**1998 Run-off year of account**

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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										Reinsurer's 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 before personal expenses	23										
Personal Expenses	24										
Balance/Result on year of account after personal expenses	25										

**UNDERWRITING ACCOUNT**  
Cumulative to 72 Months  
1999 Run-off year of account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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										Reinsurer's 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 year	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 60 months  
2000 Run-off Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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										Reinsurer's 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 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**  
**2001 Run-off Year of Account**

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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										Reinsurer's 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 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  
2002 Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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										Reinsurer's 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 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  
2003 Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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										Reinsurer's 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 *
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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										
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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  
2004 Year of Account

SYNDICATE NO.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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										Reinsurer's 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 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**

SYNDICATE NO: .....

Page No .....

SUPPLEMENTARY SYNDICATE RETURN

Year ended 31 December 2004

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

		1997 account at 96 months	1998 account at 84 months	1999 account at 72 months	2000 account at 60 months	2001 account at 48 months	2002 account at 36 months	2003 account at 24 months	2004 account at 12 months
		1	2	3	4	5	6	7	8
		£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
<b>Received from same syndicate</b>									
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								
2002 year of account	10								
<b>Received from other syndicate(s)</b>	11								
<b>Total RITC received (1 to 11)</b>	12								

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

<b>RITC reinsured into:</b>		1997 account at 96 months		1998 account at 84 months		1999 account at 72 months		2000 account at 60 months		2001 account at 48 months		2002 account at 36 months	
		Gross 1	R/I Element 2	Gross 3	R/I Element 4	Gross 5	R/I Element 6	Gross 7	R/I Element 8	Gross 9	R/I Element 10	Gross 11	R/I Element 12
		£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
1997 year of account	13												
1998 year of account	14												
1999 year of account	15												
2000 year of account	16												
2001 year of account	17												
2002 year of account	18												
2003 year of account	19												
2004 year of account	20												
Other syndicate(s)	21												
<b>Total RITC paid (13 to 21)</b>	22												

The information on RITC received and paid by the 2001 and earlier years of account only needs to be completed if the year(s) remained open at 31 December 2003 and are closing at 31 December 2004.

**SEGMENTAL ANALYSIS**  
**Cumulative to 96 months**  
**1997 Run-off year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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**  
**1998 Run-off year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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**  
**1999 Run-off year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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**  
**2000 Run-off year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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.

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**SEGMENTAL ANALYSIS**  
**Cumulative to 48 months**  
**2001 Run-Off Year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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**  
**2002 Year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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**  
**2003 Year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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 12 months**  
**2004 Year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

**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									
<i>Reinsurance business</i>										
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.

**PERSONAL EXPENSES**  
**Cumulative to 96 months**  
**1997 Run-off Year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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													
2													
3													
4													
5													
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14													
15													
Page Total													
Grand Total													

**PERSONAL EXPENSES**  
**Cumulative to 84 months**  
**1998 Run-off Year of Account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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 72 months**  
**1999 Run-off year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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 60 months**  
**2000 Run-off year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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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Page Total													
Grand Total													

**PERSONAL EXPENSES**  
**Cumulative to 48 months**  
**2001 Run-off year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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			<b>Total</b>
		<b>1</b> £	<b>2</b> £	<b>3</b> £	<b>4</b> £	<b>5</b> £	<b>6</b> £	<b>7</b> £	<b>8</b> £	<b>9</b> £	<b>10</b> £	<b>11</b> £	<b>12</b> £
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Page Total													
Grand Total													

**PERSONAL EXPENSES**  
**Cumulative to 36 months**  
**2002 year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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 £
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Page Total													
Grand Total													

**PERSONAL EXPENSES**  
**Cumulative to 24 months**  
**2003 year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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
		<b>1</b> £	<b>2</b> £	<b>3</b> £	<b>4</b> £	<b>5</b> £	<b>6</b> £	<b>7</b> £	<b>8</b> £	<b>9</b> £	<b>10</b> £	<b>11</b> £	<b>12</b> £
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14													
15													
Page Total													
Grand Total													

**PERSONAL EXPENSES**  
**Cumulative to 12 months**  
**2004 year of account**

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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
		<b>1</b> £	<b>2</b> £	<b>3</b> £	<b>4</b> £	<b>5</b> £	<b>6</b> £	<b>7</b> £	<b>8</b> £	<b>9</b> £	<b>10</b> £	<b>11</b> £	<b>12</b> £
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15													
Page Total													
Grand Total													

**BALANCE SHEET**  
Cumulative to 96 months  
1997 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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	
<b>Assets</b>									
<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
<b>Debtors</b>									
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
<b>Other assets</b>									
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
<b>Total Assets</b>	20								
<b>Liabilities</b>									
<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
<b>Balances on open years</b>									
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
<b>Creditors</b>									
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
<b>Total liabilities</b>	35								

**BALANCE SHEET**  
Cumulative to 84 months  
1998 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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	
<b>Assets</b>									<b>Assets</b>
<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
<b>Total Assets</b>	20								
<b>Liabilities</b>									<b>Liabilities</b>
<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
<b>Total liabilities</b>	35								

**BALANCE SHEET**  
Cumulative to 72 months  
1999 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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	
<b>Assets</b>									<b>Assets</b>
<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
<b>Total Assets</b>	20								
<b>Liabilities</b>									<b>Liabilities</b>
<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
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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
<b>Total liabilities</b>	35								



**BALANCE SHEET**  
Cumulative to 60 months  
2000 Year of Account (Run-off)

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

	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	
<b>Assets</b>								<b>Assets</b>
<i>Financial Investments</i>								<i>Financial Investments</i>
Shares and other variable yield securities	1							Shares and other variable yield securities
Debt securities and other fixed income securities	2							Debt securities and other fixed income securities
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 provisions Claims outstanding
<i>Debtors</i>								<i>Debtors</i>
Arising out of direct insurance operations	10							Arising out of direct insurance 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
<b>Total Assets</b>	20							
<b>Liabilities</b>								<b>Liabilities</b>
<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 years
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 insurance operations	30							Arising out of direct insurance 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
<b>Total liabilities</b>	35							

**BALANCE SHEET**  
Cumulative to 48 months  
2001 Year of Account Run-off

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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	
<b>Assets</b>									<b>Assets</b>
<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
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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
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Other	18								Other
Prepayments and accrued income	19								Prepayments and accrued income
<b>Total Assets</b>	20								
<b>Liabilities</b>									<b>Liabilities</b>
<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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	28								
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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
<b>Total liabilities</b>	35								

**BALANCE SHEET**  
Cumulative to 36 months  
2002 year of account

Page No.....

Syndicate No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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	
<b>Assets</b>									
<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
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Deposits with ceding undertakings	8								Deposits with ceding undertakings
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<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
<b>Total Assets</b>	20								
<b>Liabilities</b>									
<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
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
<b>Total liabilities</b>	35								

**BALANCE SHEET**  
Cumulative to 24 months  
2003 year of account

Page No.....

Syndicate No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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	
<b>Assets</b>									
<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
<b>Total Assets</b>	20								
<b>Liabilities</b>									
<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
<b>Total liabilities</b>	35								

**BALANCE SHEET**  
Cumulative to 12 months  
2004 year of account

Page No.....

Syndicate No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		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	
<b>Assets</b>									
<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
<b>Total Assets</b>	20								
<b>Liabilities</b>									
<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
<b>Total liabilities</b>	35								

**BALANCE SHEET SUPPLEMENTARY INFORMATION**  
Investments analysis

Syndicate No.....

Page No.....

SUPPLEMENTARY SYNDICATE RETURN  
Year ended 31 December 2004

		At 31 December 2004							
		1997 account at 96 months	1998 account at 84 months	1999 account at 72 months	2000 account at 60 months	2001 account at 48 months	2002 account at 36 months	2003 account at 24 months	2004 account at 12 months
<b>Market value</b>		<b>1</b> <b>£ '000</b>	<b>2</b> <b>£ '000</b>	<b>3</b> <b>£ '000</b>	<b>4</b> <b>£ '000</b>	<b>5</b> <b>£ '000</b>	<b>6</b> <b>£ '000</b>	<b>7</b> <b>£ '000</b>	<b>8</b> <b>£ '000</b>
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 2004

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

Managing Agent.....

### Responsibilities

**The market bulletin dated 8 October 2004 entitled '2004 Syndicate Returns' requires the managing agent to return Forms SSR1 to SSR4A in respect of syndicates that it manages for the year ended 31 December 2004 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 8 October 2004 entitled '2004 Syndicate Returns'.

Signed .....

Finance Director \*

Name .....

(BLOCK CAPITALS)

Signed .....

Director / Compliance Officer \*

Name .....

(BLOCK CAPITALS)

On behalf of .....

Managing Agent

Date .....

**\* The signatories must be different**

**Supplementary syndicate return:  
31 December 2004**

**Forms SSRFront to SSR6**

**Instructions**

**Deadline for submission to Lloyd's:  
12.00 noon on Thursday 24 February 2005**



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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 2004 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 2003 year of account only) of the 31 December 2004 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 (2003) 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 2004 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 and 10.

#### **5 Accounting for 'mid year' closure, ie. closure of a year before 31 December 2004**

##### Syndicates closing 'mid year'

- 5.1 For any 2001 or prior run-off year that has closed on or after 1 January 2004, but before 31 December 2004, 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 1997, 1998, 1999, 2000 or 2001 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 2004 but prior to 31 December 2004, will need to reflect the premium receivable for accepting the RITC in the return, at 31 December 2004 exchange rates. The transactions arising on the reinsured liabilities subsequent to the reinsuring syndicate assuming them, up to 31 December 2004, 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 12 November. Managing agents are therefore advised not to reproduce any of the forms relating to the 2004 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 A hard copy validation report with the correct version date and time and showing no errors must be submitted with the hard copy return.
- 6.4 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 the Finance Director and either the compliance officer or another director. 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 24 February 2005. 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](mailto: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](mailto: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 2004. These will be advised to the market in a bulletin at the beginning of January 2005.

## **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 2004 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 and continuous solvency transfers**

- 5.1 Advance cash calls and continuous solvency transfers 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.

### **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.

## **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 Foreign exchange**

- 14.1 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 2004 and also a balance sheet in the appropriate format at 31 December 2004. For the revenue and expense information (SSR1 to SSR3), the data collected in the 31 December 2003 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:

1997 Run-off Account after 96 months;  
1998 Run-off Account after 84 months;  
1999 Run-off Account after 72 months;  
2000 Run-off Account after 60 months;  
2001 Run-off Account after 48 months;  
2002 Account after 36 months;  
2003 Account after 24 months; and  
2004 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 2003** must be entered in **column 11** on the 31 December 2004 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 2002 year of account and any 1997, 1998, 1999, 2000 and 2001 year of account in run-off during 2004, the exchange rate adjustments as reported in column 4 of SR1 must include the cumulative adjustments made for the year of account in the 1997, 1998, 1999, 2000, 2001, 2002 and 2003 SSR1s. The exchange rate adjustments shown in column 4 at 31 December 2004 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 2003.
- 1.12 Column 12: this is columns 10 – 11 and is calculated by the software. This shows the Schedule 9a result for calendar year 2004 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 (2002) line 10 columns 4 to 9 and 11 must each equal 0;
  - SR1 (2003) line 10 columns 4, 5, 7, 8, 9, 10, 11 and 12 must each equal 0;
  - SR1 (2004) 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 (2002) 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 2003** must be entered in **column 11** on the 31 December 2004 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 2002 year of account and any 1997, 1998, 1999, 2000 and 2001 year of account in run-off during 2004, the exchange rate adjustments as reported in column 4 of SR2 must include the cumulative adjustments made for the year of account in the 1997, 1998, 1999, 2000, 2001, 2002 and 2003 supplementary syndicate returns on SSR1. The exchange rate adjustments shown in column 4 at 31 December 2004 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 2003, however, the adjustment should be left unchanged at 31 December 2004. In year 3, ie for the 2002 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 1 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 (2003 and 2004 years of account), lines 15 and 16 (2002 and prior years closing at 31 December 2004) or lines 17 and 18 (2002 and prior years staying open at 31 December 2004) as appropriate.
- 1.31 Line 32, column 5 must equal 0.

Column 6 - balancing adjustment to claims incurred

- 1.32 2003 and 2004 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 all personal expenses, ie SR1 line 10 column 10 balance for the 2003 and 2004 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 2002 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 2004: unlike the premium accrual, expenses must not be accrued up to the 36 months stage of the year of account for the 2003 and 2004 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 2003 and 2004 years of account), lines 15 and 16 (for any 2002 or prior year of account closing at 31 December 2004) or lines 17 and 18 (for any 2002 or prior year of account stating open at 31 December 2004), 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 2003.
- 1.49 Column 12: this is columns 10 – 11 and is calculated by the software. This shows the Schedule 9a result for calendar year 2004 which can be used in the preparation of the annual accounting return.

#### Validations within SR2

- 1.50 The following validations apply within SR2:
- SR2 (2002) line 13 column 4 + line 13 column 6 = 0;
  - SR2 (2002) line 14 column 4 + line 14 column 6 = 0;
  - SR2 (RO) line 32 columns 5 to 9 must each equal 0;
  - SR2 (2002) line 32 columns 5 to 9 must each equal 0;
  - SR2 (2003) line 32 columns 5, 7, 8 and 9 must each equal 0; and
  - SR2 (2004) 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:

##### SR2 reference

SR2 line 32 for each column\*  
 SR2 line 1 column 5\*  
 SR2 line 2 column 5\*  
 SR2 line 14 column 6\*  
 SR2 line 24 column 8\*

##### Other form reference

SR1 line 1 each column\*  
 SR12 line 43 column 2\*  
 SR12 lines 73+74+75 column 2\*  
 SR12 line 18 column 3\*  
 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 1997 Account as at 96 months, the 1998 Account as at 84 months, the 1999 Account as at 72 months, the 2000 Account as at 60 months, the 2001 Account as at 48 months and the 2002 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:

SSR1 reference

Line 4, column 9

Line 10, column 9

Line 11a, column 9

SSR1A reference

Line 12

Line 22, column 1, 3, 5, 7, 9 or 11 as appropriate

Line 22, 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 (1997, 1998, 1999, 2000, 2001 or 2002 year closing at 31.12.2004)
	Column 3, line 23	Column 1, line 25b (1997, 1998, 1999, 2000, 2001 or 2002 run-off year, 2003 or 2004)

**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 2004. 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 12	Line 4, column 9
Line 22, column 1, 3, 5, 7, 9 or 11 as appropriate	Line 10, column 9
Line 22, 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 Xchanging Ins-sure Services (XIS) 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 XIS 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 XIS 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 2002 year of account at the 36 months stage, columns 5 and 7 must show claims incurred and reinsurance in respect of 2001 and prior business assumed, taking account of adjustments resulting from the reassessment of reserves, claims paid etc at the 31 December 2004 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:

SSR2 reference  
(line 15 unless otherwise stated)

Column 4, line 13  
 Column 4  
 Column 5  
 Column 8

SSR1 reference (column 9)

Line 4  
 Lines 1 + 4  
 Lines 6 + 8 + 10 + 11b  
 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 2001 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 2004 syndicate return

- 3.15 The grand totals for columns 1, 2, 3, 4 and 6 for the 2002, 2003 and 2004 years of account must (when rounded to the nearest £'000) agree to the corporate members' totals shown on Form SR10 of the 2004 syndicate return, as set out below:

<u>Year of account and duration</u>	<u>SR10 references</u>
2002 Account at 36 months	SR10 (2002)
2003 Account at 24 months	SR10 (2003)
2004 Account at 12 months	SR10 (2004)

<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 2001 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 2003 and 2004 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 2002 year of account, line 53 for any 2001 and prior run-off year and line 62 for the 2003 and 2004 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 (2002) line 21	SR12 (2002) line 60 if closing
SSR4 (RO) line 21	SR12 (RO) line 66 if closing
SSR4 (2002) line 22	SR12 (2002) line 61 if closing
SSR4 (2002) line 23	SR12 (2002) line 65 if closing
SSR4 (RO) line 23	SR12 (RO) line 67 if closing
SSR4 (2002) line 24	SR12 (2002) line 51 if closing
SSR4 (RO) line 24	SR12 (RO) line 53 if closing
SSR4 (2002) line 25a	SR12 (2002) line 51 if RO
SSR4 (2002) line 25b	SR12 (2002) line 60 if RO
SSR4 (2002) line 26	SR12 (2002) line 61 if RO
SSR4 (2002) line 27	SR12 (2002) 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 (2003, 2004) line 25b	SR12 (2003, 2004) line 62
SSR4 (2003, 2004) line 26	SR12 (2003, 2004) line 64
SSR4 (2003, 2004) line 27	SR12 (2003, 2004) 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 (1997, 1998, 1999, 2000, 2001 or 2002 year closing at 31.12.2004)	Column 3, line 23
	Column 1, line 25b (1997, 1998, 1999, 2000, 2001 or 2002 run-off year, 2003, 2004)	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 2004. 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 the Finance Director and either the compliance officer or another director. 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 2002 year of account at 36 months at 31.12.2004, accounting for the exchange adjustments already arising after 24 months as at 31.12.2003.

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: 31.12.2002 £ = \$US 1.61, 31.12.2003 £ = \$US 1.79, 31.12.2003 £ = \$US 1.70 (for example).

**STEP 1 : CALCULATE EXCHANGE ADJUSTMENT ON LAST YEAR'S SCHEDULE 9A REVENUE ACCOUNT (SSR1)**

	Exchange adjustment factor (31.12.03 to 31.12.04)	Schedule 9A revenue account at 31.12.03 £	Schedule 9A revenue account at 31.12.03 retranslated at 2004 rates £	Reversal of exchange adjustments this year <b>A</b> £
Net premiums received	1.79/1.70	10,000	10,529	(529)
RITC received	1.79/1.70	5,000	5,265	(265)
<b>Total premiums</b>		15,000	15,794	(794)
Net claims paid	1.79/1.70	(7,000)	(7,371)	371
Net fund (SSR1, lines 8 + 9)	1.79/1.70	(5,000)	(5,159)	159
			Apply exchange adjustment to outstanding claims only - say £3,000	
<b>Underwriting balance</b>		3,000	3,264	(264)
Syndicate expenses	None	(2,000)	(2,000)	0
Investment income and gains	1.79/1.70 x 50%	1,500	1,540	(40)
Personal expenses	None	(2,000)	(2,000)	0
<b>Exchange adjustment</b>		(500)	(804)	304
			Balance of adjustments	
<b>Balance / result</b>		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 31.12.2004 SSR1**

Exchange adjustments at 31.12.2003	Exchange adjustment factor (31.12.02 to 31.12.03)	Schedule 9a revenue account at 31.12.03 £	Schedule 9a revenue account at 31.12.02 £	Exchange adjustment in 31.12.2003 return (col 2) <b>B</b> £
Net premiums received	1.61/1.79	10,000	11,118	1,118
RITC received	1.61/1.79	5,000	0	0
<b>Total premiums</b>		15,000	11,118	1,118
Net claims paid	1.61/1.79	(7,000)	(4,000)	(402)
Net fund (SR1, lines 8 + 9)	1.61/1.79	(5,000)	(5,918)	(302)
			Apply exchange adjustment to outstanding claims only - say £3,000	
<b>Underwriting balance</b>		3,000	1,200	414
Syndicate expenses	None	(2,000)	(1,000)	0
Investment income and gains	1.61/1.79 x 50%	1,500	800	40
Personal expenses	None	(2,000)	(1,000)	0
<b>Exchange adjustment</b>		(500)	0	(454)
<b>Balance / result</b>		0	0	0

**Cumulative exchange adjustments at 31.12.2004**

	Reversal of exchange adjustments 2004 cal year <b>A</b> £	Reversal of exchange adjustments in 31.12.2003 return <b>B</b> £	Total exchange adj to report in column 2 SSR1 31.12.2004 <b>A + B</b> £
Net premiums received	(529)	1,118	589
RITC received	(265)	0	(265)
<b>Total premiums</b>	(794)	1,118	324
Net claims paid	371	(402)	(31)
Net fund (SSR1, lines 8 + 9)	159	(302)	(143)
<b>Underwriting balance</b>	(264)	414	150
Syndicate expenses	0	0	0
Investment income and gains	(40)	40	0
Personal expenses	0	0	0
<b>Exchange adjustment</b>	304	(454)	(150)
<b>Balance / result</b>	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.

<b>Risk Categories per EC Directive</b>	<b>Risk Categories previously used by Underwriters</b>
<b>Accident and Health</b>	Accident and Health
<b>Motor (third party liability) Motor (other classes)</b>	Motor
<b>Marine , Aviation and Transport</b>	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
<b>Fire and Other Damage to Property</b>	Non-Marine Property Loss or Damage except All Risks of Physical Loss or Damage – Direct Proportional Reinsurance Energy Onshore
<b>Third Party Liability</b>	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
<b>Credit and Suretyship Legal Expenses Assistance Miscellaneous</b>	Pecuniary Loss
<b>Reinsurance Acceptances</b>	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 - 31.12.2004

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	Cash flow statement and notes
AA9	Opening balance sheet
AA10	Analysis of result after all personal expenses
AA11	Reconciliation of syndicate result/forecast with AA result
AA12	Reconciliation of RITC
AA13	Basis of preparation
AA14	Managing Agent's Report
AA15	Auditor's Report

**ANNUAL ACCOUNTING RETURN**  
**31 December 2004**  
**FORMS AA1 TO AA15**

**DUE FOR SUBMISSION BY 3 March 2005**

**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**

Period ended 31 December 2004

Year of account aggregation

Page: .....

		1	2	3	4	5	6
		Run-Offs	2002	2003	2004	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

PROFIT AND LOSS ACCOUNT  
2002 ACCOUNT IN 2004

SYNDICATE NO: .....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of account: 2002

Page: .....

		Per Syndicate accounts			Schedule 9a adjustments									Annual accounting adjustments							
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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 (=3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	19
Result/balance from technical account																					
	1		0								0		0								0
Gross investment income																					
	2		0								0		0								0
Gross investment gains																					
	3		0								0		0								0
Gross investment losses																					
	4		0								0		0								0
Gross investment expenses																					
	5		0								0		0								0
Result/balance before personal expenses (1+2+3-4-5)																					
	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
"Standard" personal expenses (see instructions)																					
	7		0								0		0								0
Result/balance after standard personal expenses (6-7)																					
	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other' personal expenses (see instructions)																					
	9		0								0		0								0
Result/balance after all personal expenses (8-9)																					
	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**PROFIT AND LOSS ACCOUNT  
2003 ACCOUNT IN 2004**

SYNDICATE NO: .....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of account: 2003

Page: .....

		Per Syndicate accounts			Schedule 9a adjustments									Annual accounting adjustments							Annual accounting result (full = 12 to 16 + 18; abridged = 17+18))
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 calendar year movement	Average exchange rate adjustment	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	
		1	2	3 (1 + 2)	4	5	6	7	8	9	10 (=3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	
Result/balance from technical account																					
	1		0								0		0								0
Gross investment income																					
	2		0								0		0								0
Gross investment gains																					
	3		0								0		0								0
Gross investment losses																					
	4		0								0		0								0
Gross investment expenses																					
	5		0								0		0								0
Result/balance before personal expenses (1+2+3-4-5)																					
	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
"Standard" personal expenses (see instructions)																					
	7		0								0		0								0
Result/balance after standard personal expenses (6-7)																					
	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other' personal expenses (see instructions)																					
	9		0								0		0								0
Result/balance after all personal expenses (8-9)																					
	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**PROFIT AND LOSS ACCOUNT  
2004 ACCOUNT IN 2004**

SYNDICATE NO: .....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of account: 2004

Page: .....

		Per Syndicate accounts			Schedule 9a adjustments									Annual accounting adjustments							
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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 (=3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	19
Result/balance from technical account	1		0								0		0								0
Gross investment income	2		0								0		0								0
Gross investment gains	3		0								0		0								0
Gross investment losses	4		0								0		0								0
Gross investment expenses	5		0								0		0								0
Result/balance before personal expenses (1+2+3-4-5)	6		0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
"Standard" personal expenses (see instructions)	7		0								0		0								0
Result/balance after standard personal expenses (6-7)	8		0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other' personal expenses (see instructions)	9		0								0		0								0
Result/balance after all personal expenses (8-9)	10		0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**PROFIT AND LOSS ACCOUNT  
RUN-OFF ACCOUNT IN 2004**

SYNDICATE NO: .....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of account: Run-Off

Page: .....

		Per Syndicate accounts			Schedule 9a adjustments									Annual accounting adjustments							
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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 (=3 to 9)	11	12 (=10 - 11)	12a	13	14	15	16	17	18	19
Result/balance from technical account	1		0								0		0								0
Gross investment income	2		0								0		0								0
Gross investment gains	3		0								0		0								0
Gross investment losses	4		0								0		0								0
Gross investment expenses	5		0								0		0								0
Result/balance before personal expenses (1+2+3-4-5)	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
"Standard" personal expenses (see instructions)	7		0								0		0								0
Result/balance after standard personal expenses (6-7)	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other' personal expenses (see instructions)	9		0								0		0								0
Result/balance after all personal expenses (8-9)	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

# UNDERWRITING ACCOUNTING

SYNDICATE NO:.....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of Account Aggregation

Page: .....

		Run-offs	2002	2003	2004	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

**UNDERWRITING ACCOUNTING**  
**2002 ACCOUNT IN 2004**

SYNDICATE NO:.....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of Account 2002

Page: .....

		Per syndicate accounts			Schedule 9a adjustments										Annual accounting adjustments									
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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 (=3 to 9)	11	12 (=10-11)	12a	13	14	15	16	17	18	19			
Gross premiums	1		0								0		0								0			
Reinsurers' share	2		0								0		0								0			
Net premiums (1-2)	3	0	0	0	0	0		0			0	0	0	0	0	0	0	0	0	0	0			
Gross provision for unearned premium (AA only)	4																							
Reinsurers' share (AA only)	5																							
Net earned premiums (AA only) (3-4+5)	6	0	0	0	0	0		0			0	0	0	0	0	0	0	0	0	0	0			
Reinsurance to close received - gross	7a		0								0		0											
Reinsurance to close received - R/I element	7b		0								0		0											
Reinsurance to close received - net (lines 7a - 7b)	7c	0	0	0	0	0					0	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			0	0	0	0	0	0	0	0	0	0	0			
Gross claims paid	10		0								0		0								0			
Reinsurers' share of paid amount	11		0								0		0								0			
Net claims paid (10-11)	12	0	0	0	0	0				0	0	0	0	0					0	0	0			
Grossed up claims reserves	13												0											
Unexpired risk provision (URP)	13a																							
R/I element of grossing up	14												0											
R/I element of URP	14a																							
Reinsurance to close paid - gross	15		0								0		0											
Reinsurance to close paid - R/I element	16		0								0		0											
Run-off reserves retained - gross	17		0								0		0											
Run-off reserves retained - R/I element	18		0								0		0											
Reinsurance to close paid - net (memo only) (15-16)	19		0	0		0	0	0	0	0	0		0	0		0	0	0	0	0	0			
Run-off reserves retained - net (memo only) (17-18)	20		0	0		0	0	0	0	0	0		0	0		0	0	0	0	0	0			
Sub-total (12+13+13a-14-14a+19+20)	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Claims management costs	22																							
Profit/loss on exchange	23		0								0		0								0			
Administrative expenses	24		0								0		0								0			
Commissions	25										0		0								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	0	0	0	0	0	0	0	0	0	0	0	0	0			
Balance on technical account (9-21-22+23-28)	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0			

**UNDERWRITING ACCOUNTING**  
**2003 ACCOUNT IN 2004**

SYNDICATE NO:.....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of Account 2003

Page: .....

		Per syndicate accounts			Schedule 9a adjustments										Annual accounting adjustments						
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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 (=3 to 9)	11	12 (=10-11)	12a	13	14	15	16	17	18	19
Gross premiums	1		0								0		0								0
Reinsurers' share	2										0		0								0
Net premiums (1-2)	3	0	0	0	0	0		0			0	0	0	0	0	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			0	0	0	0	0	0	0	0	0	0	0
Reinsurance to close received - gross	7a		0								0		0								0
Reinsurance to close received - R/I element	7b										0		0								0
Reinsurance to close received - net (lines 7a - 7b)	7c	0	0	0	0	0					0	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			0	0	0	0	0	0	0	0	0	0	0
Gross claims paid	10		0								0		0								0
Reinsurers' share of paid amount	11										0		0								0
Net claims paid (10-11)	12	0	0	0	0	0					0	0	0	0	0				0	0	0
Grossed up claims reserves	13										0		0				0				0
Unexpired risk provision (URP)	13a																				0
R/I element of grossing up	14										0		0				0				0
R/I element of URP	14a																				
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
Run-off reserves retained - net (memo only) (17-18)	20													0							0
Sub-total (12+13+13a-14-14a+19+20)	21	0	0	0	0	0	0		0	0	0	0	0	0			0	0	0	0	0
Claims management costs	22																				
Profit/(loss) on exchange	23		0								0		0								0
Administrative expenses	24		0								0		0								0
Commissions	25										0		0								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	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance on technical account (9-21-22+23-28)	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0



**UNDERWRITING ACCOUNTING**  
**2004 ACCOUNT IN 2004**

SYNDICATE NO:.....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of Account 2004

Page: .....

		Per syndicate accounts			Schedule 9a adjustments									Annual accounting adjustments								
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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 (=3 to 9)	11	12 (=10-11)	12a	13	14	15	16	17	18	19	
Gross premiums	1		0								0		0								0	
Reinsurers' share	2		0								0		0								0	
Net premiums (1-2)	3		0	0		0		0			0		0		0	0	0	0	0	0	0	
Gross provision for unearned premium (AA only)	4																					
Reinsurers' share (AA only)	5																					
Net earned premiums (AA only) (3-4+5)	6		0	0		0		0			0		0	0	0	0	0	0	0	0	0	
Reinsurance to close received - gross	7a		0								0		0									
Reinsurance to close received - R/I element	7b		0								0		0									
Reinsurance to close received - net (lines 7a - 7b)	7c		0	0							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	0	0	0	0	0	0	0	0	
Gross claims paid	10		0								0		0								0	
Reinsurers' share of paid amount	11		0								0		0								0	
Net claims paid (10-11)	12		0	0						0	0		0	0					0	0	0	
Grossed up claims reserves	13										0		0				0				0	
Unexpired risk provision (URP)	13a										0		0								0	
R/I element of grossing up	14										0		0				0				0	
R/I element of URP	14a										0		0								0	
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												0								0	
Run-off reserves retained - net (memo only) (17-18)	20												0								0	
Sub-total (12+13+13a-14-14a+19+20)	21		0	0		0	0		0	0	0		0	0			0	0	0	0	0	
Claims management costs	22																					
Profit/(loss) on exchange	23		0								0		0								0	
Administrative expenses	24		0								0		0								0	
Commissions	25										0		0								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		0	0	0	0	0	0	0	0	0	
Balance on technical account (9-21-22+23-28)	29		0	0		0	0	0	0	0	0		0	0	0	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	0	0		0	0	0	0	0	0	0	0	0	

**UNDERWRITING ACCOUNTING**  
**RUN-OFF ACCOUNT IN 2004**

SYNDICATE NO:.....  
SYNDICATE RETURN  
Period ended 31 December 2004  
Year of Account Run-Off

Page: .....

		Per syndicate accounts					Schedule 9a adjustments							Annual accounting adjustments									
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Accrued premium	Balancing adjustment to claims incurred	commission / brokerage	Expense accruals	Expense reallocation	Schedule 9a return - cumulative to 31.12.2004	Schedule 9a result - cumulative to 31.12.2003	Schedule 9a result - 2004 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 (=3 to 9)	11	12 (=10-11)	12a	13	14	15	16	17	18	19		
Gross premiums	1		0								0		0								0		
Reinsurers' share	2		0								0		0								0		
Net premiums (1-2)	3	0	0	0	0	0		0			0	0	0	0	0	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			0	0	0	0	0	0	0	0	0	0	0		
Reinsurance to close received - gross	7a		0								0		0								0		
Reinsurance to close received - R/I element	7b		0								0		0								0		
Reinsurance to close received - net (lines 7a - 7b)	7c	0	0	0	0	0					0	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		0																				
Sub-total (6+7c+8c)	9	0	0	0	0	0		0			0	0	0	0	0	0	0	0	0	0	0		
Gross claims paid	10		0								0		0								0		
Reinsurers' share of paid amount	11		0								0		0								0		
Net claims paid (10-11)	12	0	0	0	0	0					0	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								0		0								0		
Reinsurance to close paid - R/I element	16		0								0		0								0		
Run-off reserves retained - gross	17		0								0		0								0		
Run-off reserves retained - R/I element	18		0								0		0								0		
Reinsurance to close paid - net (memo only) (15-16)	19		0	0	0	0	0	0	0	0	0	0	0						0	0	0		
Run-off reserves retained - net (memo only) (17-18)	20	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0		
Sub-total (12+13+13a-14-14a+19+20)	21	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0		
Claims management costs	22																						
Profit/(loss) on exchange	23		0								0		0								0		
Administrative expenses	24		0								0		0								0		
Commissions	25										0		0								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	0	0	0	0	0	0	0	0	0	0	0	0	0		
Balance on technical account (9-21-22+23-28)	29	0	0	0	0	0		0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0		

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

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

			1	2	3	4	5	6	7	
			run-offs	2002	2003	2004	Abridged return	Other adjustments	Annual accounting result ( full = 1 to 4 + 6: abridged = 5 + 6)	
Investments			Line							
Financial investments	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	Fixed interest	Approved securities	5						0
			Other	6						0
		Variable interest	Approved securities	7						0
			Other	8						0
	Participation in investment pools		9						0	
	Loans secured by mortgages		10						0	
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		11						0
		Loans secured by policies of insurance issued by the syndicate		12						0
		Other		13						0
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		14						0
		Withdrawal subject to a time restriction of more than one month		15						0
	Other		16							0
Deposits with ceding undertakings			17						0	
Reinsurers' share of technical provisions		Claims outstanding	18						0	
		IBNR	18a						0	
		R/I element of URP	18b						0	
		Provision for bad debts on claims outstanding								
			18c							
		Unearned premiums	18d						0	
Other		19						0		
Total page 1 (lines 1 to 18b-18c+18d+19)			20	0	0	0	0	0	0	

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

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

			1	2	3	4	5	6	7
			Line	run-off	2002	2003	2004	Abridged return	Annual accounting result ( full = 1 to 4 + 6: abridged = 5 + 6)
Debtors and other assets									
Debtors arising out of direct insurance operations	Policyholders		21						0
	Intermediaries		22						0
Salvage and subrogation recoveries			23						0
Inter- syndicate loans			24						0
Inter- year loans			24a						
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business		25						0
	Due from reinsurers and intermediaries under reinsurance contracts ceded	Gross reinsurance recoverable on paid claims	26a						0
		Bad debt provision thereon	26b						0
		Net reinsurance recoverable on paid claims (26a-26b)	26c					0	0
		Other insurance debtors (net)	26d						0
		Total (26c+26d)	26e					0	0
Other debtors	Members	Due within 12 months - excl cash calls	27						0
		Due within 12 months - cash calls	27a						0
		Due after 12 months	28						0
	Other	Due within 12 months	29						0
		Due after 12 months	30						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		32						0
	Cash in hand		33						0
Other assets	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
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	

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

Page .....

SYNDICATE NO: .....

SYNDICATE RETURN  
Period ended 31 December 2004

			1	2	3	4	5	6	7	
			Line	run-off	2002	2003	2004	Abridged return	Other adjustments	Annual accounting result ( full = 1 to 4 + 6: abridged = 5 + 6)
Technical provisions (gross amount)	Claims outstanding		51							0
	IBNR		51a							0
	Unexpired risk provision		51b							0
	Unearned premiums		54							0
	Other		55							0
	Total (lines 51 to 55)		56	0	0	0	0	0	0	0
Analysis of amounts due to members	2004 result before personal expenses per AA1		60							0
	2003 annual accounting result in 31.12.2003		60a							0
	2002 annual accounting result in 31.12.2002		60b							0
	Abridged only - Balance before personal expenses and cash calls at 31.12.2003		60c							0
	Personal expenses paid on account		61							0
	Cash calls due by 31.12.2004		65							0
	Amounts overpaid by members		68							0
	Continuous solvency transfer		69							0
Provision for other risks and charges	Taxation		70							0
	Other		71							0
Deposits received from reinsurers			72							0
Creditors	Arising out of insurance operations	Direct business	73							0
		Reinsurance accepted	74							0
		Reinsurance ceded	75							0
	Debenture loans	Secured	76							0
		Unsecured	77							0
	Amounts owed to credit institutions		78							0
	Other creditors	Taxation	79							0
		RITC premiums payable	80							0
		Other (please provide separate analysis)	82							0
Inter-syndicate loans			82a							0
Inter-year loans			82b							0
Accruals and deferred income			83							0
Total (lines 56 + 60 to 83) (= AA3 page 2 line 43)			84	0	0	0	0		0	0

**BALANCE SHEET  
ASSETS - PAGE 1  
2002 YEAR OF ACCOUNT**

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

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

BALANCE SHEET  
ASSETS - PAGE 2  
2002 YEAR OF ACCOUNT

SYNDICATE NO: .....

SYNDICATE RETURN  
Period ended 31 December 2004

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	13
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	Abridged return	Other adjustments	Annual accounting result (6 to 12)
Debtors arising out of direct insurance operations		Policyholders	21					0							0
		Intermediaries	22					0							0
Salvage and subrogation recoveries			23					0							0
Inter-syndicate loans			24					0							0
Inter-year loans			24a					0							0
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business		25					0							0
		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					0	0	0
		Other insurance debtors (net)	26d					0							0
		Total (26c+26d)	26e	0	0			0					0	0	0
Other debtors	Members	Due within 12 months - excl cash calls	27					0							0
		Due within 12 months - cash calls	27a												0
	Other	Due after 12 months	28					0							0
		Due within 12 months	29					0							0
			30					0							0
Tangible assets			31					0							0
Cash at bank and in hand	approved credit institutions and approved financial institutions and local authorities		32					0							0
	Cash in hand		33					0							0
Other assets	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
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	0
Grand total (= lines 39+40) = AA3 page 3 line 84)			43	0	0	0	0	0	0	0	0	0	0	0	0

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

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

			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	13
			Line		Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	Annual accounting result (6 to 12)
Technical provisions (gross amount)	Claims outstanding		51						0							0
	IBNR		51a													0
	Unexpired risk provision		51b						0							0
	Unearned premiums		54													0
	Other		55						0							0
Analysis of amounts due to members	Total (lines 51 to 55)		56	0	0	0			0	0	0	0	0	0	0	0
	Result before personal expenses per AA1		60						0							0
	2003 annual accounting result in 31.12.2003		60a						0							0
	2002 annual accounting result in 31.12.2002		60b													0
	Personal expenses paid on account		61						0							0
	Cash calls due by 31.12.2004		65						0							0
	Amounts overpaid by members		68						0							0
Provision for other risks and charges	Continuous solvency transfer		69													0
	Taxation		70						0							0
Deposits received from	Other		71						0							0
			72						0							0
Creditors	Arising out of insurance operations	Direct business	73						0							0
		Reinsurance accepted	74						0							0
		Reinsurance ceded	75						0							0
	Debenture loans	Secured	76						0							0
		Unsecured	77						0							0
	Amounts owed to credit institutions		78						0							0
	Other creditors	Taxation	79						0							0
		RITC 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	0	0



**BALANCE SHEET  
ASSETS - PAGE 1  
2003 YEAR OF ACCOUNT**

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

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

BALANCE SHEET  
ASSETS - PAGE 2  
2003 YEAR OF ACCOUNT

SYNDICATE NO: .....

SYNDICATE RETURN  
Period ended 31 December 2004

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	13
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	Abridged return	Other adjustments	Annual accounting result (6 to 12)
Debtors arising out of direct insurance operations	Policyholders	21						0							0
	Intermediaries	22						0							0
Salvage and subrogation recoveries		23						0							0
Inter-syndicate loans		24						0							0
Inter-year loans		24a						0							0
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25						0							0
	Due from reinsurers and intermediaries under reinsurance contracts ceded	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					0	0	0
		Other insurance debtors (net)	26d					0							0
		Total (26c+26d)	26e	0	0			0					0	0	0
Other debtors	Members	Due within 12 months - excl cash calls	27					0							0
		Due within 12 months - cash calls	27a												0
		Due after 12 months	28					0							0
	Other	Due within 12 months	29					0							0
		Due after 12 months	30					0							0
Tangible assets		31						0							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	32						0							0
	Cash in hand	33						0							0
Other assets	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
Total page 2 (lines 21 to 25 +26e to 38a)			39	0	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	0
Grand total (= lines 39+40) = AA3 page 3 line 84)			43	0	0	0	0	0	0	0	0	0	0	0	0

BALANCE SHEET  
LIABILITIES - PAGE 3  
2003 YEAR OF ACCOUNT

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

Period ended 31 December 2004

			Schedule 9a adjustments						Annual accounting adjustments						
			Per Syndicate accounts												
			1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12	13
			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	Annual accounting result (€ to 12)
Technical provisions (gross amount)	Claims outstanding		51												
	IBNR		51a												
	Unexpired risk provision		51b												
	Unearned premiums		54												
	Other		55												
	Total (lines 51 to 55)		56												
Analysis of amounts due to members	Result before personal expenses per AA1		60												
	2003 annual accounting result in 31.12.2003		60a												
			60b												
	Personal expenses paid on account		61												
	Cash calls due by 31.12.2004		65												
	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												
	Debtenture 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) (= AA3 page 2 line 43)			84												

**BALANCE SHEET  
ASSETS - PAGE 1  
2004 YEAR OF ACCOUNT**

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

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

BALANCE SHEET  
ASSETS - PAGE 2  
2004 YEAR OF ACCOUNT

SYNDICATE NO: .....

SYNDICATE RETURN  
Period ended 31 December 2004

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	13
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	Abridged return	Other adjustments	Annual accounting result (6 to 12)
Debtors arising out of direct insurance operations	Policyholders	21						0							0
	Intermediaries	22						0							0
Salvage 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							0
		26a						0							0
	Due from reinsurers and intermediaries under reinsurance contracts ceded	26b						0							0
		26c	0	0				0					0	0	0
		26d						0					0	0	0
		26e	0	0				0					0	0	0
		26f	0	0				0					0	0	0
Other debtors	Members	27						0							0
		27a													0
		28						0							0
	Other	29						0							0
		30						0							0
		31						0							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	32						0							0
	Cash in hand	33						0							0
Other assets	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 +26e to 38a)			39	0	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	0
Grand total (= lines 39+40) = AA3 page 3 line 84)			43	0	0	0	0	0	0	0	0	0	0	0	0

**BALANCE SHEET  
LIABILITIES - PAGE 3  
2004 YEAR OF ACCOUNT**

Page .....

SYNDICATE NO: .....

SYNDICATE RETURN  
Period ended 31 December 2004

Period ended 31 December 2004

			Per Syndicate accounts	Schedule 9a adjustments					Annual accounting adjustments						
			1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12	13
			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	Annual accounting result (6 to 12)
Technical provisions (gross amount)	Claims outstanding		51					0			0				0
	IBNR		51a												
	Unexpired risk provision		51b					0							0
	Unearned premiums		54												0
	Other		55					0							0
Analysis of amounts due to members	Total (lines 51 to 55)		56	0	0	0		0	0	0	0	0	0	0	0
	Result before personal expenses per AA1		60					0							0
			60a												0
			60b												
	Personal expenses paid on account		61					0							0
	Cash calls due by 31.12.2004		65					0							0
	Amounts overpaid by members		68					0							0
Provision for other risks and charges	Continuous solvency transfer		69					0							0
	Taxation		70					0							0
Deposits received from	Other		71					0							0
Creditors			72					0							0
	Arising out of insurance operations	Direct business	73					0							0
		Reinsurance accepted	74					0							0
		Reinsurance ceded	75					0							0
	Debenture loans	Secured	76					0							0
		Unsecured	77					0							0
	Amounts owed to credit institutions		78					0							0
	Other creditors	Taxation	79					0							0
		RITC premiums payable	80					0							0
		Other (please provide separate analysis)	82					0							0
Inter-syndicate loans		82a					0								
Inter-year loans		82b					0								
Accruals and deferred income		83					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

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

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

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

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

SYNDICATE NO: .....

SYNDICATE RETURN  
Period ended 31 December 2004

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	13
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	Abridged return	Other adjustments	Annual accounting result (6 to 12)
Debtors arising out of direct insurance operations	Policyholders	21						0							0
	Intermediaries	22						0							0
Salvage and subrogation recoveries		23						0							0
Inter-syndicate loans		24						0							0
Inter-year loans		24a						0							0
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business	25						0							0
		26a						0							0
	Due from reinsurers and intermediaries under reinsurance contracts ceded	26b						0							0
		26c	0	0				0					0	0	0
		26d						0							0
		26e	0	0				0						0	0
Other debtors	Members	27						0							0
		27a													0
		28						0							0
	Other	29						0							0
		30						0							0
		31						0							
Tangible assets		31						0							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	32						0							0
	Cash in hand	33						0							0
Other assets	Reinsurance to close premium receivable	34						0							0
	Overseas deposits	35						0							0
Prepayments and accrued income	Other (please provide separate analysis)	36						0							0
	Accrued interest and rent	37						0							0
	Other prepayments and accrued income	38						0							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	0	0
Total page 1 (= line 20)		40	0	0	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	0	0



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

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN  
Period ended 31 December 2004

			Per Syndicate accounts	Schedule 9a adjustments				Annual accounting adjustments									
			1	2	3	4	5	6 (= 1 to 5)	7	8	9	10	11	12	13		
			Line	Accrued premium	Fund reallocation	Reallocation of cash	Expense accrual	Schedule 9a	Unearned premiums	Deferred acquisition costs	Claims reserves reversal	Technical provisions	Abridged return	Other adjustments	Annual accounting result (6 to 12)		
Technical provisions (gross amount)	Claims outstanding		51														
	IBNR		51a														
	Unexpired risk provision		51b														
	Unearned premiums		54														
	Other		55														
Analysis of amounts due to members	Total (lines 51 to 55)		56														
	2004 result before personal expenses per AA1		60														
	2003 annual accounting result in 31.12.2003		60a														
	2002 annual accounting result in 31.12.2002		60b														
	Personal expenses paid on account		61														
	Cash calls due by 30.06.2004		65														
	Amounts overpaid by members		68														
Provision for other risks and charges	Continuous solvency transfer		69														
	Taxation		70														
Deposits received from Other			71														
Creditors			72														
	Arising out of insurance operations	Direct business	73														
		Reinsurance accepted	74														
		Reinsurance ceded	75														
	Debtenture 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 + 59 + 60 to 83) (= AA3 page 2 line 43)			84														

# SEGMENTAL REPORTING

Analysis of 2004 Annual Accounting Result

SYNDICATE NO: .....

SYNDICATE RETURN

Period ended 31 December 2004

		1	2	3	4	5	6	7	8	9	10	11	12	13 (=1 to 12)	14	15 (= 13+14)
		Accident & Health	Motor (third party liability)	Motor (other classes)	Marine	Aviation	Transport	Energy	Fire and other damage to property	Third- party liability	Pecuniary loss	Life	Other	Total direct	Reinsurance Accepted (including facultative)	Total
Gross premium written	1													0		0
Net premium written	2													0		0
Gross premium earned	3													0		0
Outward reinsurance premiums	4													0		0
Net premiums earned (3-4)	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross claims incurred	6													0		0
Reinsurers' share	7													0		0
Net claims incurred (6-7)	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating expenses	9													0		0
Net technical result (5-8-9)	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment return	11															
Technical account result (10+11)	12															0
Net technical provisions	13													0		0

# SEGMENTAL REPORTING

Analysis of 2004 Annual Accounting Result

SYNDICATE NO: .....

SYNDICATE RETURN

Period ended 31 December 2004

		1	2	3	4	5	6	7	8	9	10	11	12	13 (=1 to 12)	14	15 (= 13+14)
		Accident & Health	Motor (third party liability)	Motor (other classes)	Marine	Aviation	Transport	Energy	Fire and other damage to property	Third-party liability	Pecuniary loss	Life	Other	Total direct	Reinsurance Accepted	Total

## Gross incurred claims in 2004 split between current accident year and prior years

run-off - 2004 accident year	1													0		0
run-off - prior years	2													0		0
2002 - 2004 accident year	3													0		0
2002 - prior years	4													0		0
2003 - 2004 accident year	5													0		0
2003 - prior years	6													0		0
2004 - 2004 accident year	7													0		0
Total (=1 to 8)	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Reinsurers' share:

run-off - 2004 accident year	9													0		0
run-off - prior years	10													0		0
2002 - 2004 accident year	11													0		0
2002 - prior years	12													0		0
2003 - 2004 accident year	13													0		0
2003 - prior years	14													0		0
2004 - 2004 accident year	15													0		0
Total (=9 to 15)	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Claims incurred, net of reinsurance

Accident year	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior years	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Accident year combined ratio	19	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Prior year combined ratio	20	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Overall combined ratio	21	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

## Reconciliations

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Period ended 31 December 2004

		col 1			col 2
<b>Provision for claims</b>					
<b>Gross amount</b>				<b>Reinsurers' share</b>	
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
<b>Reconciling items</b>					
Exchange difference	6			Exchange difference	
	7				
	8				
	9				
	10		0		0

<b>Unearned premiums</b>					
<b>Gross amount</b>				<b>Reinsurers' share</b>	
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
<b>Reconciling items</b>					
Exchange difference	16			Exchange difference	
	17				
	18				
	19				
	20		0		0

<b>Balance due to/(from) members</b>		
Opening balance	21	
Movement per technical account	22	
	23	0
Closing balance	24	
Difference	25	0
<b>Reconciling items</b>		
Exchange difference	26	
Distribution profit (per RX04)	27	
Distribution loss (per RX04)	28	
Open year cash calls made	29	
Losses/calls not paid	30	
Continuous solvency transfer	31	
	32	
	33	0

<b>Deferred acquisition costs</b>	
Opening balance	
Movement per technical account	
	0
Closing balance	
Difference	0
<b>Reconciling items</b>	
Exchange difference	
	0

# Exchange differences

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Period ended 31 December 2004

		1	2	3	4	5	6	7	8	9
Exchange rates		£	US\$	Can\$	Euro	Aus\$	Japanese Yen	Swiss Fr	SA Rand	
At 31.12.03	1	1.00	1.79	2.31	1.42	2.38	191.85	2.21	11.95	
At average rates to 31.12.04	2	1.00	1.82	2.43	1.48	2.45	197.62	2.31	12.25	
At 31.12.04	3	1.00	1.81	2.5	1.5	2.64	201.55	2.28	12.07	

## Provision for claims (gross)

		£	US\$	Can\$	Euro	Aus\$	Japanese Yen	Swiss Fr	SA Rand	Total
Brought forward	4									0
Used in year	5									0
Carried forward (4 + 5)	6	0	0	0	0	0	0	0	0	0
Difference = exchange movement (= 4 + 5 - 6) in CNV£	7	0	0	0	0	0	0	0	0	0

## Provisions for claims (reinsurers' share)

		£	US\$	Can\$	Euro	Aus\$	Japanese Yen	Swiss Fr	SA Rand	Total
Brought forward	8									0
Used in year	9									0
Carried forward (8 + 9)	10	0	0	0	0	0	0	0	0	0
Difference = exchange movement (= 8 + 9 - 10) in CNV£	11	0	0	0	0	0	0	0	0	0

## Unearned premium (gross)

		£	US\$	Can\$	Euro	Aus\$	Japanese Yen	Swiss Fr	SA Rand	Total
Brought forward	12									0
Used in year	13									0
Carried forward (12 + 13)	14	0	0	0	0	0	0	0	0	0
Difference = exchange movement (= 12 + 13 - 14) in CNV£	15	0	0	0	0	0	0	0	0	0

## Unearned premium (reinsurers' share)

		£	US\$	Can\$	Euro	Aus\$	Japanese Yen	Swiss Fr	SA Rand	Total
Brought forward	16									0
Used in year	17									0
Carried forward (16 + 17)	18	0	0	0	0	0	0	0	0	0
Difference = exchange movement (= 16 + 17 - 18) in CNV£	19	0	0	0	0	0	0	0	0	0

## Balance due to/(from) members

If an exchange difference arises on the reconciliation of the balance due to/from members please provide an explanation of the difference in the comment box below.

# Pro forma technical account

SYNDICATE NO: .....  
SYNDICATE RETURN  
Period ended 31 December 2004

Page ...

	2004 £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				
<b>Earned premiums, net of reinsurance</b>		0					
<b>Investment return</b>		0	AA1 lines	2	3	-4	-5
<b>Claims paid</b>							
Gross amount			10	22			
Reinsurers share			11				
		0					
<b>Change in the provision for claims</b>							
Gross amount			13	13a	15	17	-7a -8a
Reinsurers share			14	14a	16	18	-7b -8b
		0					
<b>Claims incurred net of reinsurance</b>		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					
<b>Balance of the technical account for general business</b>		0					

# Pro forma balance sheet

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Period ended 31 December 2004

	2004		From AA3(sum) lines					
	£000	£000	1	2	3			
<b>Financial investments</b>			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								
<b>Total investments</b>		0						
<b>Reinsurers share of technical provisions</b>			18	18a	18b	18c	58	
Claims outstanding			18d					
Unearned premiums			19					
Other		0						
<b>Debtors</b>			21	22				
Debtors arising out of direct insurance operations			25e	26				
Debtors arising out of reinsurance operations			23	29	30			
Other debtors		0						
<b>Other assets</b>			31					
Tangible assets			32	33				
Cash at bank and in hand			34		-80			
Reinsurance to close premium			35					
Overseas deposits			24	36				
Other		0						
<b>Prepayments and accrued income</b>			37					
Accrued interest and rent			38a					
Deferred acquisition costs			38					
Other prepayments and accrued income		0						
<b>Total assets</b>		0						
<b>Balance due to members</b>			60 to	69	27	27a	28	
<b>Technical provisions</b>			54					
Provision for unearned premiums			51	51a	51b	57		
Claims outstanding			55					
Other		0						
<b>Provision for other risks and charges</b>			70	71				
<b>Deposits received from reinsurers</b>			72					
<b>Creditors</b>			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						
<b>Accruals and deferred income</b>			83					
<b>Total liabilities</b>		0						

# **Cash flow statement and notes**

**SYNDICATE NO:** .....

Page.....

**SYNDICATE RETURN**

Period ended 31 December 2004

<b>Cash flow from operating activities</b>	1	
Servicing of finance	2	
Capital expenditure	3	
Acquisitions and disposals	4	

Dividends paid		
Distribution profit (per RX04)	5	
Continuous solvency transfer	6	
Other	7	

Financing		
Distribution loss/ open year cash calls made/ call not paid	8	
Other	9	

Net cash flows (= 1 to 9)	10	0
---------------------------	----	---

<b>Cash flows were invested as follows</b>		
Increase/(decrease) in cash holdings	11	
Increase/(decrease) in deposits	12	
Net (sales)/purchases of investments	13	
<b>Net investment of cash flows (= 11 to 13)</b>	14	0



# Cash flow statement and notes

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Period ended 31 December 2004

## Reconciliation of operating profit to net cash flow from operating activities

2004

Operating profit/(loss) before tax	1	
Realised/unrealised (gains)/losses on cash and investments including FX	2	
(Increase)/decrease in debtors	3	
(Increase)/decrease in prepayments and accrued income	4	
(Increase)/decrease in insurance debtors, prepayments and accrued income	5	
(Increase)/decrease in reinsurers' share of technical provisions	6	
Increase/(decrease) in technical provisions	7	
Increase/(decrease) in provisions for other risks and charges	8	
Increase/(decrease) in insurance creditors, accruals and deferred income	9	
Increase/(decrease) in other creditors relating to operating activities	10	
Increase/(decrease) in accruals and deferred income	11	
FX movement on balance due to members	12	
(Increase)/decrease in RITC receivable*	13	
Other movements	14	
Net cash inflow/(outflow) (= 1 to 12)	15	0

\* This line should only be relevant to syndicates accepting the RITC of another syndicate

**Cash flow statement and notes**

**SYNDICATE NO:** .....  
**SYNDICATE RETURN**  
 Period ended 31 December 2004

Page.....

**Movement in cash and investments**

		1	2	3	4	5	6
		At 31.12.03	31.12.03 restated	Cash flow	Changes to market value and currency	At 31.12.04	31.12.04 restated
Cash at bank and in hand	1				0		
Overseas deposits	2				0		
Shares and other variable yield securities	3				0		
Debt and other fixed income securities	4				0		
Participation in investment pools	5				0		
Loans (and deposits) with credit institutions	6a				0		
Deposits with credit institutions	6b				0		
Deposits with ceding undertakings	7				0		
Other investments	8				0		
(= 1 to 8)	9	0	0	0	0	0	0

# **Cash flow statement and notes**

**SYNDICATE NO:** .....

Page.....

**SYNDICATE RETURN**

Period ended 31 December 2004

## **Net cash inflow/(outflow) on portfolio investments**

		1	2	3 = 2 - 1
		Purchases (enter as positive)	Sales	Net cash inflow/(outflow) on portfolio investments
Shares and other variable yield securities	1			0
Debt and other fixed income securities	2			0
Participation in investment pools	3			0
Other investments	4			0
(= 1 to 4)	5	0	0	0
Loans and deposits with credit institutions	6			
Deposits with ceding undertakings	7			
Net cash inflow/(outflow) on portfolio investments (= 5 + 6 + 7)	8			0

# Opening balance sheet

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Period ended 31 December 2004

		1	2	3	4	5 = 1 + 3	6 = 2 + 4
		As reported at 31.12.2003		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
<b>Total investments (= 1 to 5)</b>	6		0				0
<b>Reinsurers share of technical provisions</b>	7						
Claims outstanding	8					0	
Unearned premiums	9					0	
Other	10					0	
Sub total (= 8 to 10)	11		0				0
<b>Debtors</b>							
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
<b>Other assets</b>							
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
<b>Prepayments and accrued income</b>							
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
<b>Total assets</b>	26		0				0
<b>Balance due to members</b>	27						0
<b>Technical provisions</b>	28						
Provision for unearned premiums	29					0	
Claims outstanding	30					0	
Other	31					0	
Sub total (= 29 to 31)	32		0				0
<b>Provision for other risks and charges</b>	33						0
<b>Deposits received from reinsurers</b>	34						0
<b>Creditors</b>							
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
<b>Accruals and deferred income</b>	41						0
<b>Total liabilities</b>	42		0				0

**Analysis of result after all personal expenses**

**SYNDICATE NO:** .....

Page.....

**SYNDICATE RETURN**

Year ended 31 December 2004

		2004	Combined Ratio %
Run-offs	1		
2002	2		
2003	3		
2004	4		
Total	5		

Explanation of material movements

# **Analysis of result after all personal expenses**

**SYNDICATE NO:** .....

Page.....

**SYNDICATE RETURN**

Year ended 31 December 2004

## **2004 earned premium income**

Gross premiums	1	
Earned premiums	2	
Ratio of earned premium	3	#DIV/0!

Reinsurers' share of premiums	4	
Reinsurers' share of earned premiums	5	
Ratio of reinsurers's share of earned premium	6	#DIV/0!

Please comment in the box below if:

- a) the ratio of earned premium at line 3 is 70% or above; and/or
- b) the ratio at line 6 is equal to or lower than that at line 3

## **Brokerage**

		run-offs	2002	2003	2004
Gross premiums	7				
Commissions	8				
Commission rate	9	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Please comment in the box below on any unusual brokerage levels

# RECONCILIATION OF SYNDICATE FORECAST/RESULT WITH AA RESULT

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN

Year ended 31 December 2004

		2002	2003	2004
		1	2	3
Solvency result before adjustments	1			
Result/forecast per SR	2			
Additional result/forecast (not normally needed)*	3			
Result/forecast per SR for reconciliation (2+3)	4	0	0	0
Annual accounting result from prior periods	5			
Future Premiums	6			
Claims on future premiums	7			
Future investment return	8			
Future expenses (syndicate and personal)	9			
Other	10			
<b>Cumulative AA Result (4-5-6+7-8+9+10)</b>	11	0	0	
Profit commission recognised to date on AA result at line 11	12			

\* Most syndicates will not need to enter any data in line3. This line is only to be completed where the circumstances of the reporting syndicate are such that the download from the SR does not produce the appropriate result/forecast for reconciliation. An example of where this may be the case is where the AA return is combined for two syndicates that have submitted separate SRs.

# **Reconciliation of reinsurance to close for syndicates closing into/receiving RITC of another syndicate**

**SYNDICATE NO:** .....

Page.....

**SYNDICATE RETURN**

Period ended 31 December 2004

RITC into other Lloyd's syndicates in calendar year 2004					
		1	2	3	4
Syndicate	1				
		£000	£000	£000	£000
Gross provision	Outstandings	2			0
	IBNR	3			0
	URP	4			0
Reinsurers' share	Outstandings	5			0
	IBNR	6			0
	URP	7			0
Net provision	(2+3+4-5-6-7)	8	0	0	0
Included in the technical account?*	9				
Included in balance sheet?*	10				

\*If the provisions in lines 2 to 7 are included in the AA2(sum) col6 and AA3(sum) col 6, put "Yes" in lines 9 and 10, if not, put "No"

RITC from other Lloyd's syndicates in calendar year 2004					
		1	2	3	4
Syndicate	11				
		£000	£000	£000	£000
Gross provision	Outstandings	12			0
	IBNR	13			0
	URP	14			0
Reinsurers' share	Outstandings	15			0
	IBNR	16			0
	URP	17			0
Net provision	(12+13+14-15-16-17)	18	0	0	0
Included in the technical account?*	19				
PI or RITC?	20				
Included in balance sheet?*	21				

\*If the gross and reinsurers' share figures in lines 12 to 18 are included in the technical account AA2(sum) and/or closing balance sheet in AA3(sum), put "Yes" in lines 19 and 21, if not, put "No". If the answer to line 19 is Yes please also complete line 20, ie is the RITC received part of premium income or shown as RITC received.



## **BASIS OF PREPARATION**

### **Notes to the AAR for the year ending 31 December 2004**

The annual accounting return is prepared in accordance with the instructions set out in the Market Bulletin dated 8 October 2004, entitled '2004 Syndicate Returns'.

The annual accounting return presents syndicate financial information for year ending 31 December 2004 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 November 2003 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 2004 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 2004

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To the Council of Lloyd's

Managing agent.....

### Responsibilities

The Market Bulletin dated 8 October – “2004 Syndicate Returns” requires the managing agent to prepare Forms AAFront to AA14 in respect of syndicates that it manages for the year ended 31 December 2004 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 \_\_\_\_\_ Finance Director\*

Name \_\_\_\_\_ (BLOCK CAPITALS)

Signed \_\_\_\_\_ Director/Compliance Officer\*

Name \_\_\_\_\_ (BLOCK CAPITALS)

On behalf of \_\_\_\_\_ Managing Agent

Date \_\_\_\_\_

\* The signatories must be different

**ANNUAL ACCOUNTING RETURN  
31 DECEMBER 2004**

**Forms AAFront to AA15**

**Instructions**

**Deadline for submission to Lloyd's:  
12.00 noon Thursday 3 March 2005**

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## **SUMMARY OF KEY CHANGES TO THE RETURN SINCE 30 JUNE 2004**

The key differences between the 31 December 2004 return and that for 30 June 2004 are:

1. the return is subject to audit;
2. for those syndicates that complete the abridged return, and have to submit an SSR, the AA3 balance sheet forms must be completed on a year of account basis, those syndicates that complete the abridged return but did not submit an SSR will complete the AA3(sum) only;
3. In AA3 the gross provisions and reinsurers' share thereof have been split between outstandings/IBNR and URP;
4. AA4 has additional business categories and it is emphasized that reinsurance accepted includes facultative reinsurance;
5. AA4 has an additional form requiring the analysis of incurred claims, by category of business, between current accident year and prior years;
6. AA5, the balance due to members reconciliation has some additional categories of reconciliation;
7. AA7 and AA9, lines 27, 27a and 28, balances due from members are mapped to balances due to/(from) members rather than other debtors, other;
8. AA8 has some additional analysis lines;
9. there is a new form, AA11, requiring a reconciliation between the results/forecasts by year of account in the Syndicate Return and the annual accounting results; and
10. there is a new form AA12, for completion by syndicates that either:
  - (i) close a year into another syndicate; or
  - (ii) accept the RITC from another syndicate.

Note: it had originally been proposed that line 22 of AA2, claims handling costs, would be opened for the AA return but it has been decided not to do this.

The average rates of exchange for the calendar year 2004 will be included in the year-end exchange rate bulletin to be issued early in January 2005.

## Annual accounting return

### 1 Overview of return

- 1.1 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. Where a syndicate has been established purely to accept the Qualifying Quota Share of another managed syndicate then a separate annual accounting return is required unless prior agreement has been obtained from Market Reporting.
- 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 2004 and those closing during 2004 but before 31 December 2004 (ie 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.
  - 1.5.1 In the full return a separate page is to be completed for each year of account for the technical account and balance sheet. Syndicates completing the abridged return but which have to submit an SSR must also complete the technical account **and** balance sheet on a year of account basis. Those syndicates completing the abridged return and which did not have to complete an SSR may complete the balance sheet on a whole syndicate basis, ie just AA3(sum).
  - 1.5.2 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 2002 and prior years (whether they are closed or in run-off at 31 December 2004) 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, and in the latter case, whether the balance sheet is to be completed by year of account or just AA3(sum). 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 preparation of the syndicate return, (ie 24 February). 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 AA 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).**
- 1.7 **Dealing with closure of a year of account at any time in calendar year 2004 other than at 31 December 2004:**
  - 1.7.1 A number of run-off years may close during calendar year 2004, but before 31

December 2004. An AAR is still required from such syndicates because there will have been a movement in the annual accounting result since 31 December 2003.

- 1.7.2 The annual accounting return must be prepared using the exchange rates ruling at 31 December 2004 (see paragraph 11.11 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 2004 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 AA2.

Syndicates accepting the RITC from another syndicate which has closed during 2004 but before 31 December 2004

- 1.7.3 A syndicate that has accepted the RITC from another syndicate that has closed during 2004 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 2004 and the value of the assumed liabilities as at that date must also be accounted for in the return. Syndicates in these circumstances should contact Market Reporting for specific help in the completion of the return ([lloyds-MRD-ReturnQueries@lloyds.com](mailto:lloyds-MRD-ReturnQueries@lloyds.com))

## 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 2004 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, and is 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 by 12 November 2004. Managing agents are therefore advised not to reproduce any of the forms relating to the return themselves as the software provided will do this. If required, Excel versions of the forms are available from Market Reporting. 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 on the AAFront, 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 interim annual accounting return**

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

#### 4.2 Managing Agent's Report

The managing agent's report must be signed and dated on behalf of the directors of the managing agent by the finance director and by the compliance officer or another director of the managing agent. 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 AA14 must be reviewed by a recognised accountant. The report (AA15) 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 being finalised and will be provided to the market with the return software.

#### 5 **Submission of the annual accounting return**

##### Deadlines

5.1 **The annual accounting return must be submitted by 12.00 noon on Thursday 3 March 2005. Both the electronic filing and hard copy submission must be received by this time.**

##### 5.2 Scope of the returns

5.2.1 The return may be completed on a full or abridged basis.

5.2.2 Both returns comprise:

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 Cash flow statement and notes  
 AA9 Opening balance sheet  
 AA10 Analysis of result after personal expenses  
 AA11 Reconciliation of syndicate results/forecasts and AA result  
 AA12 Reconciliation of RITC  
 AA13 Basis of preparation  
 AA14 Managing agent's report  
 AA15 Auditor's report

The forms are required to be reported by whole account only (except AA4).

**Abridged return**

- 5.2.3 The abridged return is completed on two bases:
- (a) if the syndicate completed an SSR, then it must complete AA1(year), AA2(year) AND AA3(year) using the abridged column; but
  - (b) if the syndicate did not complete an SSR then AA1(year) and AA2(year) must be completed using the abridged column but balance sheet information is to be reported on a whole syndicate basis in AA3(sum).

**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 2005 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](mailto:lloyds-MRD-ReturnQueries@lloyds.com). All queries will be responded to by the end of the following working day. If your query has not been responded to within this timescale, please e-mail the original query to [john.parry@lloyds.com](mailto:john.parry@lloyds.com) and the issue will be dealt with urgently.

## **7 Exchange rates**

- 7.1 For annual accounting purposes the average rate of exchange is to be used for the technical account (except RITC, see notes to AA2) and the closing rate for the balance sheet (the opening balance sheet, AA9, remains at 31.12.03 rates). The bottom line result for the year will be at closing rates (to agree to the balance sheet). Differences arising are taken through profit/loss on exchange.

## **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. If there is no amount, please insert '0'. 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 (ie 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 UK GAAP, and prepared in accordance with the ABI SORP.
- 11.1.2 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 or by amending the policy note (AA13) as appropriate.

### **Note**

- 11.1.4 It should be noted that annual accounting records for 2004 will form the comparatives and 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. For the annual accounting return this includes the establishment of URP.

## **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 amounts 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 the managing agent's responsibility 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 11.2.13 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 2004 and the amounts unearned as at 31 December 2004. Profiles which are to be apportioned on a straight line basis over time should be determined on the 365<sup>th</sup> method or the 24<sup>th</sup> 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 under UK GAAP compared to the Syndicate Accounting Byelaw. Normally, under UK GAAP policies signed under a binding authority are accounted for 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 1/144<sup>th</sup> 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 as a result of 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**

*11.2.21 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**

11.2.22 *A treaty is written providing cover for twelve months from 1 October 2004, 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 Where a syndicate proposes to depart from this policy then the agent should e-mail Market Reporting to obtain confirmation that the approach it is adopting is acceptable.

11.3.4 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”.

11.3.5 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**

11.3.6 *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 seasonal, 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**

- 11.4.8 *A cover is purchased for twelve months from 1 October 2004, 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 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 24 February 2005) which relates to losses occurring prior to 31 December 2004 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 groups of business managed together 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 117 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. All syndicate investment return is to be accounted for in the technical account.
- 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 11.3.7).

## **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**

- 11.11.1 Syndicate assets and liabilities expressed in convertible currencies are to be translated at the rates of exchange ruling at 31 December 2004.
- 11.11.2 Income and expenditure transactions in 2004 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 2005.

## COMPLETION OF THE RETURN

### 1 Full or abridged basis

- 1.1 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 except AA12 which is only to be completed by those syndicates closing into another syndicate or accepting the RITC of another syndicate.

### 2 Front sheet

- 2.1 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.

### 3 AA1(year) – Profit and loss account

#### SR download

- 3.1 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.

#### Lines 2 to 5 - Investment return

- 3.2 Syndicate accounting includes all investment gains and losses, whether realised or unrealised within the underwriting account.
- 3.3 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, other than the retranslation to average rates (col 12a). 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

- 3.4 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 (see para 11.9.1 in previous section)), the adjustment should be entered in line 7 of column 14.
- 3.5 Adjustments to recognise managing agent profit commission in line with annual accounting results should be entered in line 7, column 18 (see para 11.9.3 in previous section).

#### Column 12a – Exchange Adjustments

- 3.6 The effect of retranslating profit and loss account items to use average rates of exchange, as required for the AAR, should be entered in this column.

### **Abridged return**

- 3.7 Where the abridged return is being completed, the figures should be entered in column 17. The figures to be entered will normally be those entered in column 2 of the syndicate's SR but adjusted so that the figures are at average rates of exchange, not period end.
- 3.8 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.

## **4 AA1(sum) – Profit and loss account**

- 4.1 The software will derive the figures for AA1(sum) from AA1(year). If any further adjustments are required, it is not anticipated that there will be any, these may be entered in column 5: an explanation is required of any such adjustments.

### **Abridged return**

- 4.2 AA1(sum) is completed in the same way as for the full return.

## **5 AA2(year) – General Insurance Business**

### All lines - SR download

- 5.1 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 2002 year of account will include that of all previous years reinsured into it.

### Column 12a – Exchange Adjustments

- 5.2 The effect of retranslating profit and loss account items to use average rates of exchange, as required for the AAR, should be entered in this column. Please note however, that column 12a has been blocked out for entries 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. Column 12a is also blocked for exchange adjustments for run-off reserves (lines 17 and 18): these should be made within the figures in column 16. This will facilitate the completion of the reconciliation schedules in Form AA5. Furthermore, column 12a is blocked for RITC entries in rows 7a, 7b, 15 and 16 (see para 5.6 below).

### Lines 4 and 5 - Unearned premium

- 5.3 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). Furthermore, it must exclude

any exchange movement (see 5.5). 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.

- 5.4 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).
- 5.5 The exchange difference that arises on the provision for unearned premium should be included in line 23, profit/(loss) on exchange.

Lines 7a and 7b – RITC received and 15 and 16 – RITC paid

- 5.6 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 eliminated in AA2(sum).

Lines 13 to 18 – Claims reserves

- 5.7 Where Schedule 9a adjustments have been made for the 2003 and 2004 years of account the software automatically makes the adjustment to reverse the gross claims reserve figure in line 13 and the reinsurers' share thereof in line 14.
- 5.8 The movement in the gross claims reserve figure, excluding gross unexpired risk provision (URP) and excluding exchange rate adjustment, is entered at line 13. At line 13a enter the movement in the URP, excluding any exchange rate movement. The movement in the reinsurers' share of these figures are to be entered at lines 14 and 14a.
- 5.9 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. No entries can be made in column 12a for lines 13 to 14a.

Line 23 – profit/(loss) on exchange

- 5.10 Any profit or loss on exchange that arises on the re-translation of annual accounting adjustment provisions brought forward from 31 December 2003, 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.

Lines 24, 26 & 26a – administrative expenses, other acquisition costs and change in deferred acquisition costs.

- 5.11 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 reported in line 26a, column 14.

### **Abridged return**

- 5.12 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 5.2 to 5.11, eg the reporting of movements in claims reserves on lines 13 to 14a, irrespective of the status of the year of account and the fact that amounts are to be at average rates of exchange, not period end.

### Adjustments

- 5.13 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.

## **6 AA2(sum) – General insurance business, all years**

- 6.1 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.
- 6.2 One set of transactions that will need further adjustment at the year-end are the payment and receipt of a reinsurance to close from one year of account to another of the same syndicate. Where a syndicate closes 2002, or an earlier year of the same syndicate, into the 2003 year as at 31 December 2004, the RITC paid will appear in the 2002 column of lines 15 and 16 while the RITC received will appear in lines 7a and 7b of the 2003 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).
- 6.3 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 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**

- 6.4 AA2(sum) is completed in the same way as for the full return, ie as per 6.1 to 6.3.

## **7 AA3(year)(page 1) – Balance sheet - assets**

### Summary

- 7.1 Syndicates completing an abridged return and which did not submit an SSR do not complete this form. All other syndicates must complete the year of account version of this form. Syndicates completing the abridged return, and which submitted an SSR, complete columns 11 (and 12 if needed) of AA3(year) page 1 (see para 7.7. below).

### All lines – SR download



- 7.2 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 the final figures reported in the submitted SR.

Lines 1 to 17 - Investments

- 7.3 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 12 for lines 1 to 17 then an 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

- 7.4 At lines 18 and 18c, the reinsurers' share of claims outstanding and bad debt provision thereon, the software will automatically reverse, in column 9, any Schedule 9a calculated figure in column 6 for years of account 2003 and 2004. The actual 31.12.04 claims outstanding provision, excluding IBNR and unexpired risk provision (URP), must then be entered in column 10. The reinsurers' share of IBNR and URP must be entered in lines 18a and 18b of column 10: the bad debt provision is to be entered in line 18c. For the 2004 year of account this would agree to the figures reported in lines 14 and 14a of column 16 of AA2(2004) but for the adjustment to average exchange rates.
- 7.5 The reinsurers' share of unearned premiums must be entered at line 18d. For the 2004 year of account this should agree to the figure reported in line 5, column 13 of AA2(2004) but for the adjustment to average exchange rates.

Other adjustments

- 7.6 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**

- 7.7 Where the year of account version of the balance sheet is being completed for the abridged return, the figures should be entered in column 11. Consideration must be given to the disclosure requirements outlined above in 7.2 to 7.6, eg the reporting of investments as compared to the SR.

**8 AA3(year)(page 2) – Balance sheet - assets**

Summary

- 8.1 Syndicates completing an abridged return and which did not submit an SSR do not complete this form. All other syndicates must complete the year of account version of this form. Syndicates completing the abridged return, and which submitted an SSR, complete columns 11 (and 12 if needed) of AA3(year) page 2 (see para 8.9 below).

All lines

- 8.2 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

- 8.3 These lines 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 reinsurance debtor form in the Q4 QMR. Line 26d is in respect of other amounts due under reinsurance contracts, eg outstanding premiums on inwards reinsurance contracts.

Lines 27 and 27a – Amounts due from members within 12 months

- 8.4 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 12 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

- 8.5 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

- 8.6 The total of asset columns 7 to 13 must agree to the totals of 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 a 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

- 8.7 This is an additional line for annual accounting purposes. The balance for deferred acquisition costs should be entered in column 8.

Other adjustments

- 8.8 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**

- 8.9 Where the year of account version of the balance sheet is being completed for the abridged return, the figures should be entered in column 11. Consideration must be given to the disclosure requirements outlined above in 8.2 to 8.8, eg the reporting of unpaid cash calls at line 27a.

**9 AA3(year)(page 3) – Balance sheet - liabilities**

Summary

- 9.1 Syndicates completing an abridged return and which did not submit an SSR do not complete this form. All other syndicates must complete the year of account version of this form. Syndicates completing the abridged return, and which submitted an SSR, complete columns 11 (and 12 if needed) of AA3(year) page 3 (see para 9.13 below).

All lines

- 9.2 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

- 9.3 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.
- 9.4 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(2003 & 2004). For the 2004 year of account the figures in AA2(2004) 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.
- 9.5 In column 9, the software will automatically reverse any Schedule 9A balance in column 6 for the 2003 and 2004 years of account. The period end technical provision amounts must then be entered at column 10 of line 51 (outstanding claims) 51a (IBNR) and 51b (Unexpired Risk Provision), irrespective of the status of the year of account.
- 9.6 Where a 2002 or earlier year of account is closed then no reversal figure is required in column 9. However, an entry should be made in column 10 of line 51 to eliminate the IBNR and URP element with the relevant figures then being input into lines 51a and 51b of column 10, ie so that the effect on the total of column 10 is neutral. These figures will normally also be included in the provisions reported in lines 51, 51a and 51b of the year of accounting accepting the RITC: one set will be eliminated as part of the RITC adjustment made in AA3(sum). Where a 2002 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 provisions must be entered in column 10, lines 51, 51a and 51b.

#### Line 54 - Unearned premium

- 9.7 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

- 9.8.1 For the results due to members there are three lines splitting the annual accounting result between calendar years 2004 (60), 2003 (60a) and 2002 (60b). Line 60, the result before personal expenses in the calendar year 2004, is derived directly from line 6 of AA1(year).

#### AA3(2004)page 3

- 9.8.2 For the 2004 year of account, the amount derived from AA1(2004), line 6 will produce the balance sheet result before personal expenses for column 13 without further adjustment.

#### AA3(2003)page 3

- 9.8.3 For the 2003 year of account line 60 of AA3 will include, at column 12, a deduction for the Schedule 9a result, cumulative to 31 December 2003 as per line 6, column 12 of AA1(2003). Line 60, column 13, of AA3 will then report the balance sheet result before personal expenses. The balance as at 31 December 2003 must then be reported on line 60a of AA3. The reverse entry to line 60, column 12, must be entered at line 60a, column 12. Columns 7 to 10 of line 60a should then be completed using the entries for the result before personal expenses in the 31 December 2003 return.

AA3(2002)page 3

- 9.8.4 For the 2002 year of account line 60 of AA3 will include, at column 12, a deduction for the Schedule 9a result, cumulative to 31 December 2002 as per line 6, column 12 of AA1(2002). Line 60, column 13, of AA3 will then report the balance sheet result before personal expenses. The balance as at 31 December 2003 must then be reported on lines 60a and 60b of AA3. The reverse entry to line 60, column 12, must be entered at lines 60a and 60b, column 12, 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 2003 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 2002 return.

AA3(run-off)page 3

- 9.8.5 For a run-off year of account, the cumulative cash calls to 31 December 2004 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, col1.
- 9.8.6 Line 60 of AA3(run-off), the result before personal expenses, will include, at column 12, a deduction for the Schedule 9a result, cumulative to 31 December 2003 as per line 6, column 12 of AA1(run-off). Column 13 of line 60 of AA3 then reports the 2004 result before personal expenses for the run-off year of account.
- 9.8.7 The calendar year result for 2003 is to be reported at line 60a. The relevant figure will be the current period result reported in the 31 December 2003 return. The amount must be entered in column 12 of line 60a.
- 9.8.8 The balance of the result before personal expenses, ie the amount as at 31 December 2002, must then be reported at line 60b. The aggregate of the amounts entered at lines 60a and 60b in column 12 should be equal and opposite to that included at line 60, column 12.
- 9.8.9 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 2003 and 2002 returns.

Lines 61 and 65 - Cash calls and other expenses

- 9.9 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

- 9.10 This line is only open for the 2002 and 2003 years of account and is only to be used to report the CST balance.

Line 82 – Other creditors, other

- 9.11 The total of liability columns 7 to 13 must agree to the total of 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 an explanation must be included in the analysis schedule explaining why the adjustment is necessary.

Other adjustments

- 9.12 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**

- 9.13 Where the year of account version of the balance sheet is being completed for the abridged return, the figures should be entered in column 12. Consideration must be given to the disclosure requirements outlined above in 9.2 to 9.12, eg the reporting of gross provisions split between outstandings, IBNR and URP.

**10 AA3(sum) – Balance sheet – all years**

Full return

- 10.1 These forms pick up the year of account balance sheet information and enter them into columns 1 to 4. They are also the entry forms (column 5) for those syndicates completing the abridged return but that did not complete an SSR. Any further adjustments may be entered in column 6 if required.
- 10.2 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, 18a, 18b, 34, 51, 51a and 51b. Line 34, RITC receivable, 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.
- 10.3 If the syndicate reports inter-year loans, another set of adjustments are needed at lines 24a, AA3sum(page 2) and line 82a AA3sum(page 3), ie these lines should be “0” in column 6.

**Abridged return**

- 10.4 For those syndicates completing the abridged return and which submitted an SSR, the AA3(sum) forms are completed in the same way for the abridged return as for the full return, ie as per 10.1 to 10.3). For those completing the abridged return but which did not submit an SSR, then the AA3(sum) forms are the ones to be completed for balance sheet information.

## 11 AA4 – Segmental reporting

### Introduction

- 11.1 AA4 is split into two forms: AA4a replicates the disclosure, under UK GAAP, of a UK authorised insurer, while AA4b gives an analysis of incurred claims between current accident year and prior years. These forms must be completed for both the full and abridged returns. The figures are for all years of account combined.
- 11.2 The split of business in **AA4a** has been extended for this period end. This is to enable the franchisor to provide both a segmental analysis on a UK GAAP basis and a market commentary in the Global Report using our preferred business split. A mapping from risk codes to the AA4 business classes will be provided to agents by 12 November 2004.
- 11.3 For the purposes of AA4, **facultative reinsurance must be included as part of reinsurance acceptances**. This is different to the FSA split but is that required under UK GAAP.
- 11.4 Where a syndicate has accepted the RITC of another syndicate, the impact of that RITC should be reported by the original classes, not solely as reinsurance accepted.

### Lines 1 and 2 – Premium written

- 11.5 The total at line 1, column 14 must agree to the total of gross premium written in AA6, the pro-forma technical account and that at line 2 must agree to AA6, premiums written, net of reinsurance.

### Line 3-5 - Net premium earned

- 11.6 Line 3, column 14 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 4, column 14 must agree with outward reinsurance premiums earned in AA6 (ie outward reinsurance premiums less change in the provision for unearned premium, reinsurers' share).

### Line 6 – 8- Net claims incurred

- 11.7 Line 6, column 14, must agree with the aggregate of the amounts for gross claims paid plus the change in the gross claims provision amount in AA6. Line 7, column 14, must agree with the aggregate of reinsurers' share of claims paid plus the change in the gross claims provision, reinsurers' share.

### Line 9 - Operating expenses

- 11.8 Line 9, column 14 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 10 - 12 – Net technical result

- 11.9 The investment return will be derived by the software from AA6 and reported in line 11, column 14. Line 12, column will then report the aggregate of the net technical result in line 10 of column 14, and the investment return to give the syndicate's annual accounting result. That result must agree with the result reported on AA6.

### Line 13 – Net technical provisions

- 11.10 Line 13, column 14 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).
- 11.11 Agents should review the split of results at line 10 and satisfy themselves that the profit/loss reported for each class of business is consistent with their knowledge of how that business has performed in the year.

#### **AA4b -analysis of 2004 incurred claims**

- 11.12 This is a new form for the 31.12.04 year-end. The purpose of this form is to enable the franchisor to provide a breakdown of incurred claims between the various categories of business AND between current accident year and prior years. The form only analyses incurred claims. If a premium estimate at December 2003 was wrong then there would be a prior year element to premium income. For the purposes of this return we have assumed that any such movements are immaterial. However, if a syndicate does have a material level of prior year premium income, this must be reported in the comments section of the return.

#### Lines 1 to 8 – gross incurred claims

- 11.13 These lines require gross incurred claims, as per line 6 of AA4a, to be further split between current accident year and prior years. The 2004 year of account figures are to be included as the current accident year and reported on line 7.
- 11.14 Incurred claims on run-off years will normally all be in relation to prior years and should be reported on line 2. However, if any element of incurred claims do relate to the current accident year then these should be reported on line 3. These would arise on long-term contracts on risk in 2004
- 11.15 It is expected that most of 2002 year of account claims in 2004 will relate to movements on prior years and hence should be reported on line 4 but if there is an element relating to the current accident year these should be reported on line 3. These would primarily arise on business accepted under binding authorities, where the risk inceptioned during 2003 under a binder/lineslip written in 2002, and a proportion of the risk is in calendar year 2004.
- 11.16 Incurred claims for the 2003 year of account in 2004 will almost certainly need to be split between current accident year (line 5) and prior years (line 6).

#### Lines 9 to 16 – reinsurers' share

- 11.17 The reinsurers' share of incurred claims for each year of account must also be split between current accident year and prior years using lines 9 to 15.

#### Lines 16 to 21 - Claims incurred, net of reinsurance

- 11.18 Lines 16 to 21 are then produced by the software splitting net claims incurred between current "accident" year and prior years. Agents should review these lines and satisfy themselves that the split appears reasonable for each class of business.

#### **Abridged return**

- 11.19 AA4 is completed in the same way as for the full return, ie as per 11.1 to 11.18.

## 12 AA5

12.1 AA5 is split into two forms AA5a – reconciliations and AA5b – Exchange Differences

### **AA5a - Reconciliations**

12.2 There are six reconciliations to be completed:

Gross provision for claims  
Gross provision for claims, reinsurers' share  
Gross unearned premiums  
Unearned premiums, reinsurers' share  
Balance due to/(from) members  
Deferred acquisition costs

12.3 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, AA9.

12.4 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.

### ***New Reconciling items on balances due to / (from) members for 31 December 2004 Return***

12.5 In the table for “balance due to/(from) members” there are five additional reconciling items. The amount to be reported under “Distribution profit” and “Distribution loss” should in total agree to the RX04 amount (at 31 December 2003 rates of exchange) in the DD files submitted to MSU in March 2004. The amount to be reported under “cash calls” is the total of any open year cash calls made for the syndicate with a due date in calendar year 2004.

12.6 Any losses / cash calls made but not yet paid should be input into line 30. This amount has come into the reconciliation for this return as a result of the reclassification of lines 27, 27a and 28 of AA3 page 2 as part of balances due to / (from) members whereas previously they were included in other debtors on the balance sheet. A further analysis line is to be used to report any continuing solvency transfer made in calendar year 2004.

12.7 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](mailto:lloyds-MRD-ReturnQueries@lloyds.com)

to agree how the return should be submitted. A return must not be submitted with an



unreconciled balance.

### **AA5b – Exchange Differences**

- 12.8 AA5b requires the analysis by currency of the exchange differences. The closing rates for 31.12.03 are automatically entered onto the return. The average rate for the calendar year 2004 and the closing rate as at 31.12.04 are to be entered manually and should agree to those prescribed in a market bulleting to be issued in early January 2005.
- 12.9 For columns 1 to 8 lines brought forward, movement and carried forward, these amounts should be completed in local currency.
- 12.10 Col 9 represents the totals of columns 1 to 8 converted into GBP. Brought forward balances are converted at opening exchange rates. Movement balances are converted at average exchange rates and carried forward balances are converted at the closing exchange rates per lines 1, 2 and 3 respectively.
- 12.11 For the brought forward balance we would expect the total to agree to the opening balances per the reconciliations on AA5a.
- 12.12 For the movement balance we would expect the total to agree to the movement balance per the reconciliations on AA5a.
- 12.13 For the carried forward balance, we would normally expect this to agree to the closing balance where the only reconciling item in the reconciliation relates to exchange differences.
- 12.14 The exchange movement line should normally represent the difference between the opening balance converted at opening rate plus the movement converted at average rate less the carried forward balance converted at closing rate.
- 12.15 The exchange movement line should be in GBP for each of columns 1 to 8. Column 9 will equal the sum of columns 1 to 8 for exchange movements and shall agree to the appropriate exchange difference per AA5a. This is a calculated cell.
- 12.16 If the balance due to members' reconciliation generates an exchange difference, a full explanation of the amounts giving rise to the difference should be provided in the text box in the third tab of AA5b. However, items affecting the balance due to members' such as cash calls and early releases are to be fixed at the transaction rate and not retranslated each year.

#### **Abridged return**

- 12.17 AA5 is completed in the same way as for the full return, ie as per 12.1 to 12.16.

### **13 AA6 and AA7 – Pro-forma technical account and balance sheet**

- 13.1 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 Global accounts

and to assist in your review of the data.

### **Abridged return**

13.2 AA6 and AA7 are completed in the same way as for the full return, ie as per 13.1.

## **14 AA8 – Cash flow statement and notes**

14.1 The purpose of this form is to facilitate in the production of a cash flow statement for the Lloyd's Annual Report.

14.2 The form consists of four parts.

- Cash flow statement Form AA8a;
- Reconciliation of operating profit to net cash flow from operating activities Form AA8b;
- Movement in cash, portfolio investments and financing AA8c; and
- Net cash inflow/(outflow) on portfolio investments AA8d.

### AA8a

14.3 Line 1 is taken directly from AA8b, line 15.

14.4 If it is necessary to enter one or more figures in lines 2-4, 7 and 9 then an explanation of the entry must be given in the additional analysis schedule of the appropriate cell.

14.5 The main entries expected on AA8a relate to financing of the syndicate by way of cash calls received entered into line 8 and the distribution of profits/(losses) entered into line 5 and the continuous solvency transfer entered into line 6.

14.6 These will be taken directly from the reconciling items on balance due to/(from) members.

Line 5: Profits paid/losses called	= - AA5 Col 1 line 27 Distribution profit
Line 6: CST	= - AA5 Col 1 line 31 CST
Line 8: Cash calls	= - AA5 Col 1 line 28 Distribution loss, line 29 Open year cash calls made and line 30 Losses/calls not made

14.7 Since Distributions, cash calls and CSTs exchange rates are predetermined, the FX movement on these balances is taken automatically from AA5a line 26 to AA8b line 12

14.8 The total per AA8a line 10 should agree to AA8a line 14.

### Net investment of cash flows

14.9 Line 11 shall be taken from AA8c col2 line 1.

Line 12 should include all of AA8c col2 lines 2, 6b and 7

Line 13 should include all of AA8c col2 lines 3, 4, 5, 6b and 8 plus the loan element of AA8 col2 line 7.

AA8b – reconciliation of operating profit to net cash flow from operating activities

- 14.10 Most of the lines on this form are derived from elsewhere in the return. The derivations are:

Line 1: AA1(sum) col 6, line 10.

Line 2: Realised/unrealised gains and losses on investments and cash shall be taken from AA8c column 4 line 9 Changes to market value and currency on cash and investments at period end. Not these include foreign exchange gains and losses on these balances.

Line 3: AA7 “Debtors – other debtors” – AA9, col 6, line 14.

Line 4: AA7 “Prepayments and accrued income” – AA9, col 6, lines 22 and 24.

Line 5: AA7 “Debtors arising out of direct insurance operations” plus “Debtors arising out of reinsurance operations” – AA9, col 6, lines 12 and 13.

Line 6: AA7 “Reinsurers’ share of technical provisions” – AA9, col 6, line 11.

Line 7: AA7 “Technical Provisions” – AA9, col 6, line 32.

Line 8: AA7 “Provisions for other risks and charges” – AA9, col 6, line 33.

Line 9: AA7 “Creditors arising out of direct insurance operations” plus AA7 “Creditors arising out of reinsurance operations” – AA9, col 6, lines 35 and 36.

Line 10: AA7 “Debenture loans”, “Amounts owed to credit institutions” and “Other creditors including taxation” – AA9, col 6, lines 37, 38 and 39.

Line 11: AA7 “Accruals and deferred income” – AA9, col 6, line 41.

Line 12: Any exchange differences on balances due to/(from) members shall go through this line. Line 12 = -AA5 Col1 line 26

Line 13: If a syndicate has accepted the RITC of another syndicate, the RITC receivable will be reported on this line. Line 13 = AA9 Reinsurance to close receivable – AA7 Reinsurance to close receivable

- 14.11 If it is necessary to enter an additional figure, line 14 is available as an analysis cell and an explanation of the entry must be given in the additional analysis schedule.

Line 15 – Net cash flow from operating activities

- 14.12 Line 15 will be picked up by AA8a line 1.

AA8c – Movement in cash, portfolio investments and financing

- 14.13 This form has been expanded slightly to enable Loans and Deposits with credit institutions to be split separately between loans with credit institutions and deposits with credit institutions. The only entries expected are those splitting out these investment classifications and cash flows from cash at bank and in hand and overseas deposits.

- 14.14 Column 1 is automatically generated from AA9 col 6.

- 14.15 Column 2 has been created to split the opening loans and deposits with credit institutions balance between loans with credit institutions line 6a and deposits with credit institutions line 6b.

- 14.16 Column 5 must agree with the respective lines in AA7.

- 14.17 Column 3 lines 3 to 8 are generated from AA8d, col 3 lines 1 to 7

- 14.18 Column 4 entries are to reflect unrealized changes to market value and exchange rates.
- 14.19 Column 6 again splits out the opening loans and deposits with credit institutions balance between loans with credit institutions line 6a and deposits with credit institutions line 6b.

AA8d – Net cash movement on portfolio investments

- 14.20 AA8d reflects the net purchases and sales of investments throughout the year. Purchases are to be entered in column 1 as positive values: the software will then deduct them from amounts in column 2 to provide an inflow/(outflow) figure in column 3.

**Abridged return**

- 14.21 AA8 is completed in the same way as for the full return, ie as per 14.1 to 14.21.

**15 AA9 – Opening balance sheet**

- 15.1 The purpose of this form is to ensure that there is a full audit trail from the opening balance sheet, through the technical account to the closing balance sheet.
- 15.2 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 2003 exercise. The software instructions will tell you how to extract the data from the final locked version of the 31 December 2003 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.
- 15.3 As noted in the section on reconciliations, para. 12, one change that has been made to the software is to map the balances due from members, lines 27, 27a and 28, to balances due to/(from) members. This is to ensure that the true level of balance due to/(from) members is reflected in the balance sheet as a single number.
- 15.4 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 2004 technical account or appear as a reconciling item in Form 5.

**Abridged return**

- 15.5 AA9 is completed in the same way as for the full return, ie as per 15.1 to 15.4.

**16 AA10 – Analysis of result after all personal expenses**

- 16.1 The purpose of this form is to provide information on any material factors contributing to the 2004 annual accounting result, ie the focus is narrative explanation, not figures. The form therefore automatically populates the number cells and agents should then use the narrative box to provide explanations of any material factors in the year of account results.

- 16.2 The figures reported by the system include the combined ratio for the syndicate as a whole and for the 2004 year of account. These give a guide to the performance by year of account but it is not necessary to provide a commentary just because the combined ratio is high. The ratio may be high simply because the syndicate is not currently trading and has very little net premium income to form the denominator. Form 10 is to be used to provide an explanation of any material, to the syndicate as a whole, profit or loss developments.
- 16.3 There is an additional form 10b. For syndicates with a 2004 year of account, the software will generate information on gross and reinsurers' share of premiums written and earned. Agents are asked to review the figures generated and, where the criteria cited on the form are exceeded, provide an explanation of how the syndicate has generated those ratios. The parameters are based on the ratios reported at 31 December 2003 for the 2003 year of account: the fact that a syndicate generates one or more ratios beyond the expectation does not therefore mean that they are wrong, but they are of a magnitude that an explanation is required.
- 16.4 The software will also generate figures in relation to brokerage for all years of account and agents are asked to comment on any apparently anomalous rates of brokerage.

#### **Abridged return**

- 16.5 AA10 is completed in the same way as for the full return, ie as per 16.1 to 16.4.

#### **17 AA11 – Reconciliation of forecast result with AA result**

- 17.1 This is a new form for this year-end. The form is designed to assist the Franchisor in reconciling the underlying year of account results/forecasts to the annual accounting result. No data is required for run-off years of account on this form.

##### Lines 1 to 4 – Syndicate Return data

- 17.2 The first two lines of the form are derived from the Syndicate Return. The solvency result is included for additional background information but the reconciliation focuses on the 2002 result at 31.12.04, and the forecast results for the 2003 and 2004 years of account. Line 2 will pick up the cumulative result for the 2002 years of account from SR1, column 3 line 10 while the 2003 and 2004 forecasts come from SR29.
- 17.3 Line 3 has been included to accommodate any return where the result/forecast per the Syndicate Return is not the appropriate one for comparison with the aggregated annual accounting results. As such, most syndicates will not need to enter data on this line. However, we do have instances where two syndicates submit separate Syndicate Returns but want to submit a single, aggregated, annual accounting return. In this circumstance, the three year accounted results/forecasts of the second syndicate must be entered in line 3 for comparison with the aggregated annual accounting result at line 11.

##### Lines 5 – Annual accounting results from earlier periods

- 17.4 For the 2002 and 2003 years of account, this line should be completed with the aggregate annual accounting result of each year of account as at 31.12.03.

##### Lines 6 to 10 – Other adjustments

- 17.5 These lines are to be used to report those elements of the 2002 and 2003 result/forecast that do not constitute part of the aggregated annual accounting result up to 31 December 2004. Data is not required for 2004 as there will be a significant difference between the forecast and annual accounting result. It is likely that for most 2002 years of account closing there will either be no reconciling items or, if there is one, it will be the profit on future premiums. The 2003 year of account will normally need to report reconciling figures on all of lines 6 to 9. Where there are any unusual reconciling items, ie those that do not fit readily into the descriptions at lines 6 to 9, these should be entered in line 10 with an explanation of the nature of the figure provided in the analysis cell.

Line 11 – AA result

- 17.6 The software will calculate the total of the result/forecast per line 2, as adjusted for lines 6 to 10. It will then check the figure against the AA results per year of account per AA1(sum). If they do not agree an error message will be generated. It will not be possible to lock the pack until the difference is eliminated.

Line 12 – Profit commission recognised to date on AA result

- 17.7 The data to be entered on this line is the aggregate profit commission recognized as at 31 December 2004 on the annual accounting result at line 11. This line has been included to assist in the reconciliation of personal expenses reported in the annual accounting return and those reported in the Syndicate Return.

**18 AA12 – Reconciliation of reinsurance to close for syndicates reinsuring into/receiving RITC of another syndicate**

- 18.1 This is a new form for this return. The only syndicates that need to complete this form are those that are either:
- (a) closing one or more years of account, in whole or in part, into another syndicate at 31.12.04 or at any time in 2004; or
  - (b) accepting, all or part of the RITC from another syndicate at 31.12.04 or at any time in 2004.
- 18.2 The purpose of the form is to facilitate the reconciliation of inter-syndicate RITC by confirming whether or not the RITC provisions are being reported in the closing syndicate's return and/or the recipient syndicate's return.
- 18.3.1 A syndicate that is closing into another syndicate at 31.12.04, or that closed into another syndicate earlier in 2004 must complete lines 1 to 10 of AA12 as appropriate. If the RITC is with just one other syndicate, then that syndicate's number should be entered in column 1, line 1. The gross provisions of the RITC should be entered in lines 2 to 4 and the reinsurers' share thereof in lines 5 to 7. Where only part of the RITC is with another syndicate then the figures reported in AA12 should only be for that part of the RITC that is being transferred to the other syndicate.
- 18.3.2 The closing syndicate should then confirm whether or not the figures in column 6 of AA2(sum) include the gross and ri shares of the RITC outwards as reported in lines 2 to 8 of AA12. Enter "Yes" in line 9 if this is the case, otherwise enter "No". Similarly you

should confirm whether or not the gross and ri share of the RITC are included in the figures in column 6 of AA3(sum).

- 18.3.3 If the RITC is being paid to more than one syndicate then the other syndicate(s) should be entered in columns 2 and 3 if needed and completed as for column 1.
- 18.4.1 A syndicate that is accepting the RITC of another syndicate at 31.12.04, or that has accepted the RITC of another syndicate earlier in 2004 must complete lines 11 to 21 of AA12 as appropriate. This is the case even where forms AA2 and AA3 do not reflect the RITC transaction.
- 18.4.2 The closing syndicate's number should be entered in line 11 of column 1. The gross provisions of the RITC accepted should be entered in line 12 to 14 and the reinsurers' share thereof in lines 15 to 17.
- 18.4.3 The recipient syndicate should then confirm whether or not the figures in column 6 of AA2(sum) include the gross and ri shares of the RITC inwards as reported in lines 12 to 18 of AA12. Enter "Yes" in line 19 if this is the case, otherwise enter "No". If the answer in line 19 is "Yes" then line 20 must also be completed to confirm whether the RITC is being reported as part of premium income or as RITC. The receiving syndicate should also confirm whether or not the gross and ri share of the RITC are included in the figures in column 6 of AA3(sum) by completing line 21.
- 18.4.4 Where the syndicate receives the RITC of more than one other syndicate, columns 2 and 3 should be used to report the equivalent information to column 1.

## **19 AA13 – Basis of preparation**

- 19.1 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.

### **Abridged return**

- 19.2 AA13 is completed in the same way as for the full return, ie as per 19.1.

## **20 AA14 - Managing Agent's Report**

- 20.1 A managing agent's report needs to be completed for the return.
- 20.2 Non-standard paragraphs can be entered through the software if required.
- 20.3 Each report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by the Finance Director and either the compliance officer or another director. The same person must not sign in both capacities.
- 20.4 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.

### **Abridged return**

20.5	AA14 is completed in the same way as for the full return, ie as per 20.1 to 20.4.
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**21 AA15 - Auditors' report**

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

21.2 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.

<b>Abridged return</b>
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21.3	As per 21.1 to 21.2.
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## Interim Annual Accounting Return – Accounting Treatment Examples

### 1 Background

- 1.1 The figures used in these examples are for illustrative purposes and are not intended to represent actual/expected amounts to be reported by syndicates in their 31 December 2004 annual accounting return.

### 2 Calculation of written, earned and unearned premium under a binding authority

#### Assumptions

- 2.5 Premium income written through binding authorities etc, should be allocated to the date of inception of the underlying policies issued under that authority.

#### Details

- 2.6 The binding authority has an Expected Premium Income of £120k and was written on, and commenced on, 1 July 2004. 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

- 2.7 For interim annual accounting purposes the written premium income is half of the £120k, ie £60k. The remaining £60k is deemed not to be written until the first half of 2005 and therefore does not form part of the accounts.

#### Earned premium

- 2.8 Using the 24<sup>th</sup> method:

	Written		Earned
	Monthly	24 <sup>th</sup> share	£000
July 2004	£10k *	11/24	4,583
August 2004	£10k *	9/24	3,750
September 2004	£10k *	7/24	2,917
October 2004	£10k *	5/24	2,083
November 2004	£10k *	3/24	1,250
December 2004	£10k *	1/24	417
Total	£60k		15,000

### 3 Accounting for an inwards reinsurance contract with reinstatement

#### Assumptions

- 3.5 The syndicate writes a £1m reinsurance account, with an average rate on line of 20%.

### Details

- 3.6 The Initial Expected Loss ratio is 70%. All policies incept 1 July 2004 for 12 months, offer one reinstatement @ 100. Brokerage of 10% on the initial premium. Claims paid at 31 December 2004 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	<u>570</u>	Being 50% of 1,140
Earned premiums	570	
Gross claims paid	100	
Gross claims provision	<u>299</u>	
Gross claims incurred	399	Being 70% of 570
Acquisition costs	<u>50</u>	
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

### 3.6 Refinements

- 3.6.1 To keep the calculation simple it has been assumed that the ULR is the same across the policy period. However, it may well be the case that some types of business, eg a CAT XL book, would run relatively clean for the first six months of the year. *It may therefore be appropriate to use a lower ULR for the first six months, eg 60% and a higher ULR for the last six months, eg 80%.*

- 3.6.2 The example also takes account of reinstatements evenly across the period. The view may be taken that the reinstatement premium is not written until such time that the claims are advised. In the event of low claims experience none of the reinstatements would be written at December as they would not have been triggered.

#### 4 Accounting for an outwards reinsurance contract with reinstatement

##### Assumptions

- 4.5 The syndicate buys a £1m reinsurance account, with an average rate on line of 20%.

##### Details

- 4.6 The expected recoveries are 70%. All policies incept 1 July 2004 for 12 months, offer one reinstatement @ 100. Reinsurance recoveries paid at 31 December 2004 £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	<u>570</u>	Includes 70 of the reinstatement
Earned reinsurance premiums	570	
Reinsurers' share of claims paid	100	
Reinsurers' share of technical provisions	<u>299</u>	
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

5.5 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 2004 for 12 months.

5.3 Technical account

	£000	Notes
Gross written premiums	1,000	
Reinsurers' share	400	Being 40% of £1m <b>not</b> 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	

**SYNDICATE RETURN - 31.12.2004**  
**Part 2 - Solvency and Reserving Data**

Form	Description
SRDFront	Frontsheet for SRD section
SRD1	Premiums and Claims Data - 2001 and Prior Years of Account
SRD2	Premiums and Claims Data - 2002 and Post Years of Account
SRD3	Reserves
SRD4	Managing Agent's Report

**SYNDICATE RETURN**  
**31 DECEMBER 2004**

**SOLVENCY AND RESERVING DATA SECTION - FORMS SRD1 TO SRD4**

**SYNDICATE NO:** .....

**DUE FOR SUBMISSION BY 14 April 2005**

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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)

Date .....

For Lloyd's use only:

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

# PREMIUMS AND CLAIMS DATA - 2001 AND PRIOR YEARS OF ACCOUNT

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

**Please complete in respect of 2001 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 - 2002 AND POST YEARS OF ACCOUNT

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

---

**Please complete in respect of 2002 and post pure years of account only**

Analysis must be provided in the required electronic format <b>only</b> 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 2004

**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 2004

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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 2004 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.....Finance Director\*

Name.....(Block Capitals)

Signed.....Director / Compliance Officer\*

Name.....(Block Capitals)

On behalf of .....(Managing Agent)

Date.....

**\* The signatories must be different**

**Syndicate return: 31 December 2004**

**Solvency and Reserving Data**

**Forms SRDFront to SRD4**

**Instructions**

**Deadline for submission to Lloyd's:  
12.00 noon Thursday 14 April 2005**

**Index to Forms**

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SRD2	Premiums and Claims Data – 2002 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 monitor 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 2004 and those closing during 2004 but before 31 December 2004 (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 2004**

- 3.1 A number of orphan run-off years may close during calendar year 2004, but before 31 December 2004. A syndicate return is still required from such syndicates, even where the closing date is 1 January 2004.

- 3.2 If the syndicate in respect of which this return is made has closed during 2004 but before 31 December 2004:
- i) the premiums and claims information reported (SRD1 and SRD2) must relate only to the period during 2004 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 2004 but not at 31 December 2004 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 2004, 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 12 November. Managing agents are therefore advised not to reproduce any of the forms relating to the 2004 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).
- 5.4 A hard copy validation report with the correct version date and time and showing no errors must be submitted with the hard copy return.

## **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 the Finance Director and either the compliance officer or another director. 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 14 April 2005. 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](mailto: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](mailto: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 2004. 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 previous year ends 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

In addition, a review of the 2003 year end SRD returns revealed a number of cases where there were problems concerning the allocation of reinsurance at a risk code and currency level, and the use of risk code SR and other reinsurance codes for outwards reinsurance premiums. There were also large negative values in some direct codes.

It was necessary to seek resubmissions in respect of several syndicates to correct this.

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 Lloyd's is collecting solvency and reserving data ('SRD') from syndicates for years 1993 to 2004 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 Xchanging Ins-sure Services (XIS) 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 XIS, 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 – 2001 and Prior Years of Account SRD2: Premiums and Claims Data – 2002 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 2004 inclusive, where applicable.
- 1.3 Amounts reported in respect of the **2001 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 2004.
- 1.4 Amounts reported in respect of the **2002, 2003 and 2004** 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 2004.

#### **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 2001 and prior years of account in 2004 (SRD1 columns 6 and 7)

- 1.7 Gross settlements are the claims settlements made in 2004 on the 1993 to 2001 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 2004 on the 1993 to 2001 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 2002 to 2004 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 (2002) column 3 line 1 +<br>SR2 (2003) column 3 line 1 +<br>SR2 (2004) column 3 line 1 +<br>all SR2 (Run-off) column 2 line 1.     |
| ii)  | Net premiums (column 5)   | = | SR2 (2002) column 3 line 3 +<br>SR2 (2003) column 3 line 3 +<br>SR2 (2004) column 3 line 3 +<br>all SR2 (Run-off) column 2 line 3.     |
| iii) | Gross claims (column 6)   | = | SR2 (2002) column 3 line 10 +<br>SR2 (2003) column 3 line 10 +<br>SR2 (2004) column 3 line 10 +<br>all SR2 (Run-off) column 2 line 10. |
| iv)  | Net claims (column 7)     | = | SR2 (2002) column 3 line 12 +  |

SR2 (2003) column 3 line 12 +  
SR2 (2004) 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 2002 year of account before 31 December 2003, or into its 2003 year of account at 31 December 2002.
- 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 2004 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 (2002) column 1 line 16 +  
SR16 (2003) column 1 line 16 +  
SR16 (2004) column 1 line 16 +  
all SR16 (Run-off) column 1 line 16.

- |      |                                   |   |  |
|------|-----------------------------------|---|--|
| ii)  | Gross total reserves (column 5)   | = | SR16 (2002) column 1 line 6 +<br>SR16 (2003) column 1 line 6 +<br>SR16 (2004) column 1 line 6 +<br>all SR16 (Run-off) column 1 line 6.     |
| iii) | Gross future premiums (column 6)  | = | SR16 (2002) column 1 line 3 +<br>SR16 (2003) column 1 line 3 +<br>SR16 (2004) column 1 line 3 +<br>all SR16 (Run-off) column 1 line 3.     |
| iv)  | Net outstanding claims (column 7) | = | SR16 (2002) column 1 line 19 +<br>SR16 (2003) column 1 line 19 +<br>SR16 (2004) column 1 line 19 +<br>all SR16 (Run-off) column 1 line 19. |
| v)   | Net total reserves (column 8)     | = | SR16 (2002) column 1 line 10 +<br>SR16 (2003) column 1 line 10 +<br>SR16 (2004) column 1 line 10 +<br>all SR16 (Run-off) column 1 line 10. |
- 2.8 In respect of the 2002 and prior pure years only, the aggregate of all amounts when reported in converted sterling for each pure year of account for SRD3 must agree to the following items in the syndicate return **for each pure year of account separately**:
- |      |                                     |   |  |
|------|-------------------------------------|---|--|
| i)   | Gross outstanding claims (column 4) | = | SR20 (2002) line 11 +<br>all SR20 (Run-off) line 11  |
| ii)  | Gross total reserves (column 5)     | = | SR20 (2002) line 6 +<br>all SR20 (Run-off) line 6    |
| iii) | Gross future premiums (column 6)    | = | SR20 (2002) line 3 +<br>all SR20 (Run-off) line 3    |
| iv)  | Net outstanding claims (column 7)   | = | SR20 (2002) line 14 +<br>all SR20 (Run-off) line 14  |
| v)   | Net total reserves (column 8)       | = | SR20 (2002) line 10 +<br>all SR20 (Run-off) line 10. |
- 2.9 These validations may not work if the syndicate has accepted the RITC of a 2001 or earlier year of account into a 2003 or later year of account before 31 December 2004.

- 2.10 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.

### **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 the finance director and either the compliance officer or another director. The same person must not sign in both capacities.

**INDEX TO FORMS**  
**FSA RETURN - 31.12.2004**

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 2004**

**AUDITED SECTION - FORMS FSA1 TO FSA23  
RETURN WITH FSA INFORMATION**

**DUE FOR SUBMISSION BY 21 APRIL 2005**

**SYNDICATE NO:** .....

---

Managing Agent: .....

Contact Name: ..... Telephone No: .....

E Mail Address: .....

Compliance Officer: ..... 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)

Date .....

For Lloyd's use only:

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

**PROFIT AND LOSS ACCOUNT  
RUN-OFF ACCOUNT - 2004 CALENDAR YEAR MOVEMENT**

SYNDICATE NO: .....

SYNDICATE RETURN

Page: .....

Year ended 31 December 2004

Year of account: **Run-off**

Line	Per Syndicate accounts			FSA adjustments					TOTAL FSA RESULT
	1	2	3	4	5	6	7	8	
			(1 + 2)						
	Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	
Result / Balance from technical account (FSA2 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								

**PROFIT AND LOSS ACCOUNT**  
**2002 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS**

**SYNDICATE NO:** .....

**SYNDICATE RETURN**

**Year ended 31 December 2004**

**Year of Account 2002**

**Page:** .....

		Per Syndicate accounts			FSA adjustments					
		1	2	3	4	5	6	7	8	9
				(1 + 2)						2+(4 to 8)
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	TOTAL FSA RESULT
Line										
Result / Balance from technical account (FSA2 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									

**PROFIT AND LOSS ACCOUNT**  
**2003 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS**

**SYNDICATE NO:** .....

**SYNDICATE RETURN**

**Page:** .....

Year ended 31 December 2004

Year of Account **2003**

Line	Per Syndicate accounts			FSA adjustments					TOTAL FSA RESULT
	1	2	3	4	5	6	7	8	
			(1 + 2)						
	Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	
Result / Balance from technical account (FSA2 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								

**PROFIT AND LOSS ACCOUNT**  
**2004 ACCOUNT CUMULATIVE BUSINESS AS AT 12 MONTHS**

**SYNDICATE NO:** .....  
**SYNDICATE RETURN**  
Year ended 31 December 2004  
Year of Account **2004**

**Page:** .....

		Per Syndicate accounts			FSA adjustments					
		1	2	3	4	5	6	7	8	9
				(1 + 2)						2+(4 to 8)
	Line	Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustment	Claims management costs	Acquisition costs	R/I commissions	Technical provisions	TOTAL FSA RESULT
Result / Balance from technical account (FSA2 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									

TECHNICAL ACCOUNT SUMMARY  
Summary of FSA2 Column 9 - Technical account in FSA format

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **Run-off**

Page: .....

Accounting Class
Business Category

		Pure year of account												
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
		1	2	3	4	5	6	7	8	9	10	11	12	13 = (1 to 12)
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													

**TECHNICAL ACCOUNT SUMMARY**  
Summary of FSA2 Column 9 - Technical account in FSA format

SYNDICATE NO:.....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2002**

Page: .....

Accounting Class
Business Category

		Pure year of account												
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
		1	2	3	4	5	6	7	8	9	10	11	12	13 = (1 to 12)
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													

**TECHNICAL ACCOUNT SUMMARY**  
Summary of FSA2 Column 9 - Technical account in FSA format

SYNDICATE NO:.....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account 2003

Page: .....

Accounting Class
Business Category

		Pure year of account													
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total	
		1	2	3	4	5	6	7	8	9	10	11	12	13 = (1 to 12)	
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 premium (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 rechange	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														



**TECHNICAL ACCOUNT SUMMARY**  
Summary of FSA2 Column 9 - Technical account in FSA format

SYNDICATE NO:.....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2004**

Page: .....

Accounting Class
Business Category

		Pure year of account												
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
		1	2	3	4	5	6	7	8	9	10	11	12	13 = (1 to 12)
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 - 2004 CALENDAR YEAR MOVEMENT

SYNDICATE NO: .....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **Run-off**

Page: .....

Accounting Class
Business Category

Pure year

Pure year	Line	Per Syndicate accounts			FSA adjustments (to column 2)					TOTAL FSA RESULT	
		1	2	3	4	5	6	7	8		9
				1+2							2+(4 to 8)
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Claim management costs	Acquisition costs	RI Commissions	Technical provision		
Gross premiums	1										
Reinsurers' share	2										
Net premiums (1-2)	3										
Gross provision for incurred 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 - RI element	7b										
Reinsurance to close received - net (7a-7b)	7c										
Run-off reserves received - gross	8a										
Run-off reserves received - RI 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										
RI element of grossing up	14										
Reinsurance to close paid - gross	15										
Reinsurance to close paid - RI element	16										
Run-off reserves retained - gross	17										
Run-off reserves retained - RI 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  
2002 ACCOUNT CUMULATIVE BUSINESS AS AT 36 MONTHS

SYNDICATE NO: .....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account 2002

Page: .....

Accounting Class
Business Category

Pure year

Pure year	Line	Per Syndicate accounts			FSA adjustments (to column 2)					
		1	2	3	4	5	6	7	8	9
		1+2			2+(4 to 8)					
		Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Claim management costs	Acquisition costs	R/I Commissions	Technical provision	TOTAL FSA RESULT
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 premium (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  
2003 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS

SYNDICATE NO: .....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account 2003

Page: .....

Accounting Class
Business Category

Pure year

Pure year	Line	Per Syndicate accounts			FSA adjustments (to column 2)					TOTAL FSA RESULT	
		1	2	3	4	5	6	7	8		9
		Cumulative to 31.12.2003	Movement in 2004	1+2	Exchange adjustments	Claim management costs	Acquisition costs	R/I Commissions	Technical provision		2+(4 to 8)
				Cumulative to 31.12.2004							
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 premium (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  
2004 ACCOUNT CUMULATIVE BUSINESS AS AT 12 MONTHS

SYNDICATE NO:.....  
SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2004**

Page: .....

Accounting Class
Business Category

Pure year

Line	Per Syndicate accounts			FSA adjustments (to column 2)					
	1	2	3	4	5	6	7	8	9
	Cumulative to 31.12.2003	Movement in 2004	1+2	Exchange adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	2+(4 to 8)
	Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004	Exchange adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	TOTAL FSA RESULT
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: SUMMARY OF UNDERWRITING MOVEMENTS

SYNDICATE NO: .....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

	Line	Run-off years of account	2002 Account	2003 Account	2004 Account
<b>PART 1</b>					
<b>Accounting class: movement in financial</b>					
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 FSA5 Column 7 - Reserves in FSA format**

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

Year of Account **Run-off**

Page .....

Accounting Class category	
Business category	

			Pure year of account												
			1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
			1	2	3	4	5	6	7	8	9	10	11	12	13
			Columns 1 to 12												
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 2004

Year of Account **2002**

Page .....

Accounting Class category	
Business category	

			Pure year of account												
			1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
			1	2	3	4	5	6	7	8	9	10	11	12	13
			Columns 1 to 12												
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 2004

Year of Account **2003**

Page .....

Accounting Class category	
Business category	

			Pure year of account												
			1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
			1	2	3	4	5	6	7	8	9	10	11	12	13
			Columns 1 to 12												
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 2004  
 Year of Account **2004**

Page .....

Accounting Class category	
Business category	

			Pure year of account												
			1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
			1	2	3	4	5	6	7	8	9	10	11	12	13
			Columns 1 to 12												
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  
RUN-OFF ACCOUNT**

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
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)
Line			As at the end of this financial year	Exchange adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	TOTAL
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							
<b>Total (6 + 7)</b>		8							

**ANALYSIS OF TECHNICAL PROVISIONS  
2002 ACCOUNT**

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
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 2004  
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)
Line			As at the end of this financial year	Exchange Adjustments	Claims management costs	Acquisition costs	R/I Commissions	Technical provisions	TOTAL
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**  
**2004 ACCOUNT**

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
Year of Account **2004**  
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

.....

Page .....

SYNDICATE RETURN

Year ended 31 December 2004

Accounting class		Risk group	
---------------------	--	------------	--

Pure Year of Account	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance on each underwriting year (2+3+4-5-6)	Cumulative gross premiums	Claims ratio %
	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
	1	2	3	4	5	6	7	8	9
2004									
2003									
2002									
2001									
2000									
1999									
1998									
1997									
1996									
1995									
1994									
1993									
Total									

**BALANCE SHEET**  
**ASSETS - PAGE 1**

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

All years combined

Page .....

				Currency/code			
				Per Syndicate accounts	FSA adjustments		
				1	2	3	4
				As at the end of this financial year	Restriction re concentration limits	Other adjustments	1+2+3
							TOTAL
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	Claims outstanding			18			
	Other			19			
Total page 1 (lines 1 to 19)			20				



Currency/code	
---------------	--

			Per Syndicate accounts		FSA adjustments			
			1		2		3	
							4	
							1+2+3	
Debtors and other assets			Line	As at the end of this financial year	Restriction re concentration limits	Other adjustments	TOTAL	
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) (= FSA12 page 3 line 84)			43					

**BALANCE SHEET**  
**LIABILITIES - PAGE 3**

Page .....

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
All years combined

Currency/code	
---------------	--

		Per Syndicate accounts	FSA adjustments		
		1	2	3	4
					1+2+3
Line	As at the end of this financial year	Restriction re concentration limits	Other adjustments	TOTAL	
Technical provisions (gross amount)	Claims outstanding for 2002 year of account	51			
	Claims outstanding for open years of account	52			
	Claims outstanding for 2001 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	2002 Account	60			
	Result before personal expenses	60			
	Personal expenses	61			
	Balance before personal expenses	62			
	Balance on open years	63			
	Cumulative result at 31.12.03 (AA only)	63			
	Personal expenses	64			
	Cash calls due by 31.12.2004 (2002, 2003 and 2004 years only)	65			
	Run-off years: 2004 calendar year result	66			
	Run-off years: net undistributed (uncalled) prior year amounts	67			
Provision for other risks and charges	Amounts overpaid by members	68			
	Continuous solvency transfer	69			
	Taxation	70			
Deposits received from reinsurers	Other	71			
		72			
Creditors	Arising out of insurance operations	73			
	Direct business	73			
	Reinsurance accepted	74			
	Reinsurance ceded	75			
	Debtventure loans	76			
	Secured	76			
	Unsecured	77			
	Amounts owed to credit institutions	78			
	Other creditors	79			
	Taxation	79			
Inter-syndicate loans	RTIC premiums payable	80			
	Other (please provide separate analysis)	81			
Inter-syndicate loans		82a			
Inter-year loans		82b			
Accruals and deferred income		83			
Total (lines 56 + 60 to 83) (= FSA12 page 2 line 43)		84			

**BALANCE SHEET**  
**ASSETS - PAGE 1**

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

All years combined

Page .....

				Currency/code			
				Per Syndicate accounts	FSA adjustments		
				1	2	3	4
				As at the end of this financial year	Restriction re concentration limits	Other adjustments	1+2+3
							TOTAL
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	Claims outstanding			18			
	Other			19			
Total page 1 (lines 1 to 19)			20				

**BALANCE SHEET  
ASSETS - PAGE 2**

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
All years combined

Page .....

Year ended 31 December 2004 All years combined			Currency/code				
			Per Syndicate accounts	FSA adjustments			
			1	2	3	4	
						1+2+3	
Debtors and other assets			Line	As at the end of this financial year	Restriction re concentration limits	Other adjustments	TOTAL
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) (= FSA12 page 3 line 84)			43				

BALANCE SHEET  
LIABILITIES - PAGE 3

Page .....

SYNDICATE NO: .....

SYNDICATE RETURN  
Year ended 31 December 2004  
All years combined

Currency/code	
---------------	--

			Per Syndicate accounts	FSA adjustments			
			1	2	3	4	
						1+2+3	
		Line	As at the end of this financial year	Restriction re concentration limits	Other adjustments	TOTAL	
Technical provisions (gross amount)	Claims outstanding for 2002 year of account	51					
	Claims outstanding for open years of account	52					
	Claims outstanding for 2001 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	2002 Account	Result before personal expenses	60				
		Personal expenses	61				
	Balance on open years	Balance before personal expenses	62				
		Cumulative result at 31.12.03 (AA only)	63				
		Personal expenses	64				
	Cash calls due by 31.12.2004 (2002, 2003 and 2004 years only)		65				
	Run off years: 2004 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				
	Debtventure loans	Secured	76				
		Unsecured	77				
	Amounts owed to credit institutions		78				
	Other creditors	Taxation	79				
		RTTC premiums payable	80				
		Other (please provide separate analysis)	81				
Inter-syndicate loans			82a				
Inter-year loans			82b				
Accruals and deferred income			83				
Total (lines 56 + 60 to 83) (= FSA12 page 2 line 43)			84				

## ANALYSIS OF DERIVATIVE CONTRACTS

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN  
Year ended 31 December 2004

Currency / Code	
-----------------	--

			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		

## ANALYSIS OF DERIVATIVE CONTRACTS

SYNDICATE NO: .....

Page.....

SYNDICATE RETURN  
Year ended 31 December 2004

Currency / Code	
-----------------	--

			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 .....

Page No.....

SYNDICATE RETURN  
Year ended 31 December 2004

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)



## STATEMENT OF MAJOR TREATY REINSURERS

**SYNDICATE NO .....**

Page No.....

SYNDICATE RETURN

Year ended 31 December 2004

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)

## STATEMENT OF MAJOR REINSURANCE CEDANTS

SYNDICATE NO .....

Page No.....

SYNDICATE RETURN

Year ended 31 December 2004

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)

# LONG TERM INSURANCE BUSINESS: ANALYSIS OF PREMIUMS AND EXPENSES

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

Page .....

All Years combined

Calendar year 2004			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 2004

Page .....

Year of Account **Run-off**

Calendar year 2004			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 2004

Year of Account **2002**

Page .....

Calendar year 2002			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 2004

Year of Account **2003**

Page .....

Calendar year 2004			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 2004

Year of Account **2004**

Page .....

Calendar year 2004			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 CLAIMS

SYNDICATE NO: .....

SYNDICATE RETURN

Year ended 31 December 2004

Page .....

All years combined

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 2004

Page .....

Year of Account **Run-off**

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 2004

Page .....

Year of Account **2002**

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 2004

Page .....

Year of Account **2003**

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 2004

Year of Account **2004**

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:**

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## FSA return - year ended 31 December 2004

Syndicate No. \_\_\_\_\_

To the Council of Lloyd's

### Responsibilities

The Market Bulletin Yxxxx dated 8<sup>th</sup> October 2004 – “2004 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 2004 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.

Finance 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 2004**

**FSA return**

**Forms FSAFront to FSA23**

**Instructions**

**Deadline for submission to Lloyd's:  
12:00 noon Thursday 21 April 2005**

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## **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 2005 for the 31 December 2004 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: Additional instructions are provided on the reporting of brought forward balances on FSA2, compared with the balances carried forward as at 31 December 2003.
- 3.3 FSA2/FSA5: a new form, SR2A, has been included within the syndicate return to collect additional information required in order that Lloyd's may calculate members' solvency margins in accordance with Solvency 1. Although this form is part of the syndicate return, there are a number of validations with FSA2 and FSA5 which are set out in the instructions.
- 3.4 FSA12: further instructions are provided regarding the relationship between FSA12 for the Surplus Lines Trust Fund (SLTF) and Credit for Reinsurance Trust Fund (CRTF) (codes 105 and 106 respectively) and the SL1 and RI1 forms in the 31 December 2004 US reporting packs.
- 3.5 FSA13: This form is now required by trust code. The total assets reported on line 17 column 1 must agree to FSA12 line 4 column 4 for each trust code.



#### 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 2004 and those closing during 2004 but before 31 December 2004 (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 2002 and prior years (whether they are closed or in run-off at 31 December 2004) 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 9 and 10 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 24 February 2005. 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 2004 other than 31 December 2004

- 5.1 A number of run-off years may close during calendar year 2004, but before 31 December 2004. A syndicate return is still required from such syndicates, even where the closing date is 1 January 2004. This is necessary because any movement from the reported 31 December 2003 figures must be included in the 2004 Lloyd's Return. The amount of RITC payable must be included on FSA12 line 80, at 31 December 2004 exchange rates.
- 5.2 Exchange rates  
The FSA return must be prepared using the exchange rates ruling at 31 December 2004 (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 2004 but before 31 December 2004 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 2004, 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 2004 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 2004 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 12 November. Managing agents are therefore advised not to reproduce any of the forms relating to the 2004 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.
- 7.3 A hard copy validation report with the correct version date and time and showing no errors must be submitted with the hard copy return.

## **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, the finance 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.

### *Senior management review*

The software includes a 'print key forms' facility which will print a suite of the key summary forms to assist with senior management review. This facility is designed to assist management's review of the FSA return and to highlight areas that may require further investigation. It is not a substitute for the proper review of the entire return. It is the responsibility of the Board to ensure that the whole return has been prepared properly in accordance with the instructions.

## 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 21 April 2005. 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](mailto: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](mailto: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 2004. 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 2004 must be prepared using 31 December 2004 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 except for the trust code analysis on FSA12 and FSA13 which must be completed in \$US000's or \$Can000's as required.
- 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 2004. This will be for either the 2002, 2003 or 2004 years of account during 2004 and also various 2001 and prior run-off years of account which had not been reinsured to close as at 31 December 2003. 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 2004 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 2004 year of account and which has closed forward from the 1993 year of account 'normally' ie through each succeeding RITC into the 2002 year of account at 31 December 2003, will have to prepare forms for each of the pure years 1993 to 2004 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 2004), 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 2002 underwriting year of account (for normal closure forward) and, say, the 2004 underwriting year of account which has accepted the closure of an orphan 1997 run-off year.

- 2.5 In the case where the RITC has been received **as at** 31 December 2004 then this analysis is **not** required as this will already have been done in respect of the FSA2 forms in respect of the 2002 or earlier year of account (either in respect of the same syndicate, or another syndicate being reinsured to close), now reinsured into 2003 or 2004.

### **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 insurer negotiates a separate contract with the reinsurer for each policy it wishes to reinsure (this includes retrocession business). 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.
- 3.3 Currently, information relating to facultative reinsurance is collected as part of 'direct' business for the purpose of completing FSA2, FSA5 and FSA6. It is anticipated that revised reporting requirements, splitting out facultative reinsurance, as set out in FSA consultation paper CP202 will apply with effect from 1 January 2005. So for the **2005 year end** FSA return it will be necessary to collect details of facultative business separately. This will involve the reallocation of facultative elements in respect of the brought forward figures reported in the 2005 FSA returns, ie the reserves set at 31 December 2004 in this year's FSA return.



## 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 2004, in other words any 2002, 2003 or 2004 year of account plus each 2001 and prior run-off year of the syndicate which had been left open as at 31 December 2003.
- 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 2002, 2003 and 2004 years of account  
**The cumulative transactions** since commencement of the year of account up to 31 December 2003, calendar year transactions during calendar year 2004 and cumulative transactions to 31 December 2004 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 2001 and prior run-off years of account  
Only the transactions arising in **calendar year 2004** (including the reserves retained as at 1 January 2004) are to be reported in respect of each 2001 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 2004 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 2004 movements at 31 December 2004 exchange rates. In the case of the 2002 and 2003 years of account, the amounts in column 2 will include the effect of the retranslation of items reported using 31 December 2003 exchange rates in column 1. In order that the amounts shown in column 1 are now restated at 31 December 2004 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 2004 year of account or to the 2004 calendar year transactions reported in respect of 2001 and prior run-off years, all of which will show transactions at 31 December 2004 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 2004 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 (2002) line 10 column 9  
FSA1 (2003) line 10 column 9  
FSA1 (2004) line 10 column 9

Other form

FSA2, line 32, each column\*  
FSA4 line 15 column 2  
FSA4 line 15 column 3  
FSA4 line 15 column 4

FSA1 (RO) line 10 column 9**	FSA4 line 15 column 1
FSA1 (2002) line 6 column 3	FSA12 line 60 column 1
FSA1 (2002) lines 7 + 9 column 3	- FSA12 line 61 column 1
FSA1 (2003) line 6 column 3 +	FSA12 line 62 column 1
FSA1 (2004) line 6 column 3	
FSA1 (2003) lines 7 + 9 column 3 +	- FSA12 line 64 column 1
FSA1 (2004) 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 (2002), (2003) and (2004), the figure disclosed on each line must agree to that disclosed on SR1 (2002), SR1 (2003) and SR1 (2004) 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.

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 2004 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 13 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 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 2000 run-off, 2002, 2003 and 2004 years of account open in 2004.  
The 2004 year of account accepted the RITC of the 1996 run-off year of account of syndicate B as at 1 January 2004.  
The 2003 year of account accepted the RITC of the 2001 run-off year of account of syndicate C as at 31 December 2004.  
Syndicate A has always written direct hull business under risk code T and proportional treaty business under risk codes XT and XY.  
Syndicate B's 1993 to 1995 years of account had previously closed into its 1996 year of account. It wrote non proportional treaty business under risk code XP.  
Syndicate C's 1993 to 2000 years of account had previously closed into its 2001 year of account. It also wrote non proportional treaty business under risk code XP.
- 2.16.2 FSA2 Entry Forms to complete for Syndicate A:
- For the 2000 run-off year:  
Pure years 1993, 1994...2000 Accounting class marine – 8 pages  
Pure years 1993, 1994...2000 Accounting class proportional treaty, business categories marine and aviation – 16 pages
- For the 2002 year:  
Pure years 2001 and 2002 Accounting class marine – 2 pages  
Pure years 2001 and 2002 Accounting class proportional treaty, business categories marine and aviation – 4 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 2003 (re RITC from Syndicate C) Accounting class non proportional treaty, business category property - 1 page
- For the 2004 year:  
Pure year 2004 Accounting class marine – 1 page  
Pure year 2004 Accounting class proportional treaty, business categories marine and aviation – 2 pages

Pure year 1993 to 1996 (re RITC from Syndicate B) Accounting class non proportional treaty, business category property – 4 pages

The transactions in respect of the RITC of Syndicate B are reported by pure original year of account as the RITC was accepted **before** 31 December 2004 (see instruction 2.17).

The transactions in respect of the RITC of Syndicate C are treated as 2003 pure year of account as the RITC was accepted **on** 31 December 2004 (see instruction 2.17).

### 2.16.3 Forms included in FSA Return:

#### FSA2:

##### 2000 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

##### 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

##### 2004 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 2000 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 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

For the 2004 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 2000 run-off year – 1 page

For the 2002 year – 1 page

For the 2003 year – 1 page

For the 2004 year – 1 page

#### Treatment for 2003 and 2004 underwriting years of account

- 2.17 In the case where either the 2003 or 2004 year of account has accepted liabilities by RITC or otherwise from 2001 and earlier years of account **prior to** 31 December 2004, 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 2004 then this analysis is **not** required as this will already have been done in respect of the FSA2 forms in respect of the 2002 or earlier year of account now reinsured into 2003 or 2004.

#### Reporting by currency

- 2.18 FSA2 is required to be completed in converted sterling only.

#### Completion of the form

##### Columns 1 to 3

- 2.19 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.

##### 2.20 2002, 2003 and 2004 years of account

**The cumulative transactions** since commencement of the year of account up to 31 December 2003, calendar year transactions during calendar year 2004 and cumulative transactions to 31 December 2004 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.

##### 2.21 2001 and prior run-off years of account

Only the transactions arising in **calendar year 2004** (including the reserves retained as at 1 January 2004) are to be reported in respect of each 2001 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

- 2.22 The various items reported in columns 1, 2 and 3 (in respect of the 2002, 2003 and 2004 years of account) and column 2 (in respect of each 2001 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.
- 2.23 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.
- 2.24 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

- 2.25 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

- 2.26 Columns 4 to 8 set out the adjustments required in order to arrive at the calendar year 2004 FSA result reported in column 9. **The adjustments required must relate to the calendar year 2004 figures reported in column 2 for all years of account.**

Column 4 – exchange adjustment

- 2.27 Under FSA accounting rules the profit and loss account must be stated showing all of the calendar year 2004 movements at 31 December 2004 exchange rates. In the case of the 2002 and 2003 years of account, the amounts in column 2 will include the effect of the retranslation of items reported using 31 December 2003 exchange rates in column 1. In order that the amounts shown in column 1 are now restated at 31 December 2004 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 2004 year of account or to the 2004 calendar year transactions reported in respect of 2001 and prior run-off years, all of which will show transactions at 31 December 2004 exchange rates.

Column 5 – claims management costs

- 2.28 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.

- 2.29 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.
- 2.30 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

- 2.31 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. Commissions to brokers and amounts payable in connection with profit-sharing agreements with brokers/intermediaries must be included in acquisition costs.
- 2.32 In respect of business processed through XIS, a report will be provided to you by 17 January 2005 showing total premiums (including all acquisition costs). The difference between this amount and premiums net of brokerage is to be entered on line 25.
- 2.33 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.
- 2.34 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.
- 2.35 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.
- 2.36 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.

- 2.37 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.
- 2.38 The adjustments reported in column 6 must net out to zero and thus line 32 of column 6 must = 0.

#### Column 7 – reinsurance commissions

- 2.39 Any commission receivable from a reinsurer arising from a contract of outward reinsurance – eg over riders and profit commission arising on qualifying quota share arrangements – 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.
- 2.40 The adjustments reported in column 7 must net out to zero and thus line 32 of column 7 must = 0.

#### Column 8 – technical provisions

- 2.41 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.
- 2.42 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.
- 2.43 Technical reserves brought forward (line 30a column 8): the technical reserves retained in respect of each underwriting year of account as at 31 December 2003 must be reported here, **as at 31 December 2003 exchange rates**. These are to be consistent with the amounts reported on FSA2 line 31 in the 31 December 2003 FSA return (see 2.49 below).
- 2.44 Specifically the amounts to be reported on line 30a are as follows:

#### 2001 and prior run-off years

This only shows any solvency loading on the reserves for the run-off year as at 31 December 2003 and agrees to SR15 (31.12.2003) line 4 **ie at 31 December 2003 exchange rates**.

#### 2002 year of account

This shows the solvency reserves as at 31 December 2003 and agrees to SR15 (31.12.2003) lines 2 + 3 + 4 **ie at 31 December 2003 exchange rates**.

#### 2003 year of account

This is the solvency reserves as at 31 December 2003, and agrees to SR15 (31.12.2003) lines 2+3+4, **ie at 31 December 2003 exchange rates.**

2004 year of account

This is 0.

- 2.45 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 2004 (but not as at 31 December 2003 or previously) then such amounts must be entered in this field; this will enable column 9 to report the 'pure' 2004 calendar year result. This would normally only affect the 2003 and 2004 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.
- 2.46 Normally the amount to be reported on line 30b is the amount shown in line 7c, column 9 of FSA2.
- 2.47 Technical reserves carried forward (line 31 column 8)
- i) 2001 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) 2002 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 2002 year of account remains open and the loading must be allocated to each pure year comprising the 2002 underwriting year of account. The accounting RITC paid or run-off reserves retained will appear on lines 19 and 20 respectively.
  - iii) 2003 and 2004 underwriting years of account: the amount to be reported here is the net solvency reserves. This must be allocated to the 2003 or 2004 pure years of account only, unless the year of account has accepted a RITC **prior to** 31 December 2004. Where the year has accepted a RITC prior to 31 December 2004, the prior years reinsured therein must be analysed by originating pure year. It will, however, include any solvency loading arising 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

- 2.48 This is calculated by the software and is the result on the FSA basis for calendar year 2004.

Balances brought forward

- 2.49 You must have regard to the following regarding the reporting of balances brought forward (line 30a) compared with those carried forward in the 2003 FSA return (line 31):
- i) for 2001 and prior run-off years, the run-off reserves brought forward, shown in column 9 lines 7a to 7c will only be different from the amounts reported on column 9 lines 17, 18 and 20 respectively on the 2003 year end FSA2 – by pure year and accounting class/business category - to the extent of the retranslation of these amounts as at 31 December 2004 exchange rates. Amounts reported on column 9 line 30a (ie loadings for solvency) must be the same as those reported on column 9 line 31 of the 2003 year end FSA2 by pure year and accounting class/business category.
  - ii) for the 2002 and 2003 years of account, the amounts reported on column 9 line 30a must be the same as those reported on column 9 line 31 of the 2003 year end FSA2 by pure year and accounting class/business category, plus (in respect of RITC received at 31 December 2003), the analysis of the RITC paid by the ceding syndicate year in the 2003 year end FSA2 by pure year and accounting class/business category.
  - iii) for the 2004 year, line 30a will be 0.

Furthermore you are reminded that, as for the 2003 FSA return, treaty reinsurance is to be allocated between non proportional and proportional treaty only. This includes the reporting of brought forward balances, in other words the balances carried forward in the 2003 FSA return. If you believe that you have any material concerns regarding the allocation of the brought forward amounts between non proportional and proportional treaty, please contact Market Reporting ([lloyds-MRD-ReturnQueries@lloyds.com](mailto:lloyds-MRD-ReturnQueries@lloyds.com)) as soon as possible.

Validations within FSA2

- 2.50 Column calculations:  
Columns 3 – 1 = column 2;  
Columns 2 + 4 + 5 + 6 + 7 + 8 = column 9.
- 2.51 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.

- 2.52 Line 32 of columns 5, 6 and 7 must = 0.
- 2.53 FSA2 for an underwriting year of account must equal the sum of FSA2s for the constituent pure original years of account for each field.
- 2.54 FSA2 for a pure original year of account must equal the sum of FSA2s for the constituent accounting classes for each field.
- 2.55 FSA2 for a treaty reinsurance accounting class must equal the sum of FSA2s for the constituent business categories for each field.
- 2.56 In practice the summary FSA2 reports referred to in 2.53 to 2.55 are generated by the software.

#### Relationships with other forms

- 2.57 The following entries on FSA2 (at underwriting year of account level only) must agree to other forms in the FSA return as follows:

#### FSA2

FSA2 line 32 each column\*

FSA2 line 32 column 9\*\*

FSA2 lines 19+20+31, column 3\*

FSA2 lines 19+20+31, column 4\*

FSA2 lines 19+20+31, column 5\*

FSA2 lines 19+20+31, column 6\*

FSA2 lines 19+20+31, column 7\*

FSA2 lines 19+20+31, column 8\*

FSA2 lines 19+20+31, column 9\*

(FSA2 (RO) column 9 lines 19+20+31 +  
FSA2 (2002) column 9 lines 19+20+31 +  
FSA2 (2003) column 9 lines 19+20+31 +  
FSA2 (2004) column 9 lines 19+20+31)

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\*\*\*

#### Other form

FSA1 line 1 each column\*

FSA4\*\*

FSA5 line 8 column 1\*

FSA5 line 8 column 2\*

FSA5 line 8 column 3\*

FSA5 line 8 column 4\*

FSA5 line 8 column 5\*

FSA5 line 8 column 6\*

FSA5 line 8 column 7\*

(FSA12 column 4 lines 51+52+53-18 +  
FSA12 column 2 line 18)

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\*\*\*

\* 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 (2004) line 1 column 9	FSA6 '2004' line column 8
FSA2 (all years) line 10 column 9	FSA6 'total' line column 2

Relationship with the syndicate return

2.58 FSA2 (at underwriting year of account level only) must agree with SR2 as set out below:

For FSA2 (2002), (2003) and (2004), the figure disclosed on each line must agree to that disclosed on SR2 (2002), SR2 (2003) and SR2 (2004) 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.

2.59 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 (2002) line 31 column 9	SR15 (2002) line 4
FSA2 (2003) line 31 column 9	SR15 (2003) lines 2 + 4
FSA2 (2004) line 31 column 9	SR15 (2004) 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 2.27 above.

2.60 FSA2 must agree with SR2A as set out below:

<u>SR2A reference</u>	<u>FSA2</u>
Line 1 column 3*	Line 1 column 9*
Line 2 column 3*	Lines 10+22 column 9*

In addition:

Line 1 column 1 must not exceed**	Line 1 column 9**
Line 2 column 1 must not exceed**	Lines 10+22 column 9**

\* For each underwriting year of account separately

\*\* For each underwriting year of account separately, only in respect of the aggregate of the aviation, marine and third party liability accounting classes, reported either as direct and facultative or treaty business

### 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 2004 calendar year and is completed automatically by the software, as follows:

<u>FSA4</u>	<u>FSA1</u>
Line 15, 'Run off Account' column	Sum of FSA1 (RO) line 10 column 9
Line 15, '2002 Account' column	FSA1 (2002) line 10 column 9
Line 15, '2003 Account' column	FSA1 (2003) line 10 column 9
Line 15, '2004 Account' column	FSA1 (2004) line 10 column 9

- 4.4 Line 16: the 2003 calendar year movement as calculated on the FSA basis (ie the equivalent of the 2003 calendar year movement on FSA1 line 10 column 9) must be entered for the 2002 and 2003 years of account as appropriate. The amount here must be consistent with that reported on FSA4 line 15 in the 31 December 2003 FSA return **and thus be reported at 31 December 2003 exchange rates.**
- 4.5 Line 17: 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 2002 year of account. The amount here must be consistent with that reported on FSA4 line 16 in the 31 December 2003 FSA return **and thus be reported at 31 December 2002 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 2002 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 2003 and 2004 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:

<u>FSA4</u>	<u>Syndicate return</u>
Run-off accounts*	SR1 (RO) line 10 column 2 - SR15 (RO) line 4*
2002 Account	SR1 (2002) line 10 column 3 - SR15 (2002) line 4
2003 Account	SR1 (2003) line 10 column 3 - SR15 (2003) lines (2 + 3 + 4)
2004 Account	SR1 (2004) line 10 column 3 - SR15 (2004) 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 2002 year of account and 2001 and prior run-off years of account is the result after 'standard' personal expenses; for the 2003 and 2004 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.

2002 Account: the only amounts to be reported here are non-standard personal expenses (FSA1 (2002) line 9 column 3) and any solvency loadings (SR15 (2002) line 4). 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.

2004 Account: the only amounts to be reported here are non-standard personal expenses (FSA1 (2004) line 9 column 3). These are entered as positive entries.

4.9 Line 21: for the 2002 year of account and 2001 and prior run-off years of account this is the Lloyd's market result. For the 2003 and 2004 years of account this is the solvency result as at 31 December 2004 (but before disallowances in respect of assets).

4.10 Line 21 must agree to the syndicate return as follows:

<u>FSA4 line 21</u>	<u>Syndicate return</u>
Run-off years of account*	SR1 (RO) line 8 column 2*
2002 Account	SR1 (2002) line 8 column 3
2003 Account	SR15 (2003) lines 1 – 2 – 3 – 4
2004 Account	SR15 (2004) 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 2004 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 2004 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 13 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 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 1, 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 is blanked out.

#### 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):

#### FSA5 (direct and facultative summary) FSA6 (summary)

FSA5 (all years) line 1 column 7	FSA6 'total' line column 3
FSA5 (all years) line 3 column 7	FSA6 'total' line column 4

#### Relationship with the syndicate return

- 5.23 FSA5 must agree with SR2A as set out below:

#### SR2A

Line 5 column 3\*

#### FSA5

FSA5 lines 1+3+5 column 7\*

In addition:

Line 5 column 1 must not exceed\*\*

FSA5 lines 1+3+5 column 7\*\*

\* For each underwriting year of account separately

\*\* For each underwriting year of account separately, only in respect of the aggregate of the aviation, marine and third party liability accounting classes, reported either as direct and facultative or treaty business

## **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 £000 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 2003 FSA return

- 6.4 Any amounts reported on FSA6 which are dependent on items brought forward at 31 December 2003 must be reported in a basis consistent – by risk group and pure year - with that which was reported in the 31 December 2003 FSA return. These items are reported at the 31 December 2003 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 2004. 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:  $(\text{lines } 1 + 2 + 3 + 4)/8$ .

#### Relationships with other forms

- 6.11 FSA6 summary must agree with the FSA2 and FSA5 direct and facultative summary reports as follows:

FSA6 summary  
Total column 2

FSA2/FSA5 direct and facultative summary  
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
'2004' line column 8	FSA2 (2004) 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
'2004' line column 8	FSA2 (2004) 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.

When completing FSA12 in respect of codes 105 and 106 (SLTF and CRTF respectively) managing agents must have regard to the entries made on forms SL1 and RI1 of the 31 December 2004 US reporting packs. The total assets reported on FSA12 line 43 column 1 for these trust codes may differ from the total on SL1 and RI1 because:

- i) SL1 and RI1 exclude the assets relating to the Joint Asset Trust Funds
- ii) Letters of credit can appear on SL1 and RI1 but are not to be reflected on FSA12
- iii) Accrued interest is not shown on SL1 and RI1 whereas FSA12 includes this.

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 FSA12 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 (2002 year of account), line 62 (2003 and 2004 years of account) and line 66 (2001 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 only 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.

#### 2001 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 2001 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 2004 but not at 31 December 2004, 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.

#### 2002 year of account

The accounting reserves in respect of the 2002 year of account are already reported in lines 51 (gross) and 18 (reinsurance recoverable). Any loading for solvency arising in respect of a 2002 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.

#### 2003 and 2004 years of account

The estimated future liabilities (including solvency loadings) in respect of the 2003 and 2004 years of account must be reported in column 3. Amounts in relation to 2002 and prior years of account closed therein **on** 31 December 2004 (except for solvency loadings) must **not** be reported as these have already been reflected in the 2002 and prior years of account. However, amounts relating to 2001 and prior years of account closed therein **before** 31 December 2004 **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 2002 and prior years of account **on** 31 December 2004, thus affecting the balance on the 2003 and 2004 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 (2003) lines 2 + 3 + 4 and SR15 (2004) 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)

FSA12 column 4 line 4\*\*

##### Other form reference

FSA1 (2002) line 6 column 3

- FSA1 (2002) lines 7 + 9 column 3

FSA1 (2003) line 6 column 3 +

FSA1 (2004) line 6 column 3

- (FSA1 (2003) lines 7 + 9 column 3 +

FSA1 (2004) lines 7 + 9 column 3)

FSA1 (RO) line 10 column 2\*

(FSA2 (RO) column 9 lines 19+20+31 +  
FSA2 (2002) column 9 lines 19+20+31 +  
FSA2 (2003) column 9 lines 19+20+31 +  
FSA2 (2004) column 9 lines 19+20+31)

FSA13 column 1 line 17\*\*

- \* for all run-off years in aggregate
- \*\* for each trust code separately

#### 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:

<u>FSA12 reference</u>	<u>Syndicate return reference</u>
FSA12 column 2 line 60	- SR15 (2002) line 6b
FSA12 column 2 line 62	- (SR15 (2003) line 6b + SR15 (2004) line 6b)
FSA12 column 2 line 66*	- SR15 (RO) line 6b*
FSA12 column 3 line 60	- SR15 (2002) line 4
FSA12 column 3 line 62	- (SR15 (2003) lines 2 + 3 + 4 + SR15 (2004) lines 2 + 3 + 4)
FSA12 column 3 line 66*	- SR15 (RO) line 4*

- \* for all run-off years in aggregate

### **13 FSA13: analysis of derivative contracts**

13.1 This form must be completed by trust code, in respect of the same trust codes completed as per FSA12. This is a new requirement, previously the form was required at whole syndicate level only.

13.2 An entry must only be made in column 1 if FSA12 line 4 column 4 is not zero. Column 1 line 17 must agree to FSA12 line 4 column 4 for the relevant trust code.

13.3 An entry must only be made in column 2 if an amount in relation to derivative contracts is included within FSA12 line 82 column 4.

### **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) by group.

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. The information must be reported at group level only. Annex 4 of these instructions lists the constituent members of each major reinsurer group.

14.3 The list of major reinsurers/cedants is set out below:

- Other Lloyd's syndicates (in aggregate)
- AIG
- AXA
- Berkshire Hathaway
- GE Global Insurance Group
- Hannover Re
- Munich Re
- Swiss Re
- The St Paul Travelers Companies
- XL Group
- Zurich

Please note that the attached list of constituent insurers within each group is based on the best information available to us but cannot be guaranteed to be exhaustive. Managing agents must ensure that information in respect of any other insurers which are associated with the list above is reflected as appropriate on FSA14.

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:

#### FSA14 'total' reference

FSA14A+B amount of reinsurance  
premiums payable  
FSA14A+B amount of debt  
FSA14A+B amount of deposit received

#### Other form reference

FSA2 all years column 9 line 2  
FSA12 line 26e column 4  
FSA12 line 72 column 4

FSA14C amount of debt  
FSA14C amount of deposit paid

FSA12 line 25 column 4  
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 FSA18A lines 1 to 3: Premiums are to be reported gross of acquisition costs.
- 18.5 FSA18B: '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

FSA2 reference

FSA2 line 1 column 9

FSA2 line 2 column 9

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 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 report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by the chief executive officer, the finance director and the compliance officer. The same person must not sign in two capacities.
- 22.3 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. 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
<b>Underwriting year of account</b>	Sum of original pure year forms for the underwriting year of account - columns 1, 2 and 3 agree to SR2 (column 2 only for 2001 and prior run-off years)
<i>analysed by</i>	
<b>Original pure year</b>	Sum of accounting class forms for the original pure year
<i>analysed by</i>	
<b>Accounting class:</b> For direct insurance and facultative reinsurance <b>only</b> : 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 <b>only</b> : 9 Non proportional treaty 10 Proportional treaty	<b>Direct insurance and facultative reinsurance:</b> completed by direct data entry <b>Each class of treaty reinsurance:</b> sum of business category forms for the accounting class
<i>analysed by</i>	
<b>Business category:</b> For <b>each</b> class of treaty reinsurance <b>only</b> : 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.
<b>Not applicable to life syndicates</b>	

**UNDERWRITING ACCOUNT**  
**2003 ACCOUNT CUMULATIVE BUSINESS AS AT 24 MONTHS**

SYNDICATE NO:.....  
 SYNDICATE RETURN  
 Year ended 31 December 2004  
 Year of Account **2003**

Page: .....

Year of Account 2003

Accounting Class Summary

Pure year 2003

Line	Per Syndicate accounts			FSA adjustments (to column 2)						TOTAL FSA RESULT
	1	2	3	4	5	6	7	8	9	
	1+2								2+(4 to 8)	
	Cumulative to 31.12.2003	Movement in 2004	Cumulative to 31.12.2004						Exchange adjustments	
Gross premiums	1	80,000	20,000	100,000						20,000
Reinsurers' share	2	25,000	5,000	30,000						5,000
Net premiums (1-2)	3	55,000	15,000	70,000						15,000
Gross provision for unearned premium (AA only)	4									
Reinsurers' share (AA only)	5									
Net earned premiums (AA only) (3-4+5)	6	55,000	15,000	70,000						15,000
Reinsurance to close received - gross	7a	0	250,000	250,000						250,000
Reinsurance to close received - R/I element	7b	0	80,000	80,000						80,000
Reinsurance to close received - net (7a-7b)	7c	0	170,000	170,000						170,000
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	55,000	185,000	240,000						185,000
Gross claims paid	10	55,000	30,000	85,000						30,000
Reinsurers' share of paid amount	11	17,000	8,000	25,000						8,000
Net claims paid (10-11)	12	38,000	22,000	60,000						22,000
Grossed up claims reserves	13									0
R/I element of grossing up	14									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
Run-off reserves retained - net (memo only) (17-18)	20									0
Sub-total (12+13-14+19+20)	21	38,000	22,000	60,000						22,000
Claims management costs	22									0
Profit/(loss) on exchange	23	6,000	1,500	7,500						1,500
Administrative expenses	24	22,000	6,000	28,000						6,000
Commissions	25									0
Other acquisition expenses	26									0
Reinsurers' commissions and profit participations	27									0
Total operating expenses (24+25+26-27)	28	22,000	6,000	28,000						6,000
Balance on technical account (9-21-22+23-28)	29	1,000	158,500	159,500						158,500
Net technical provisions brought forward	30a								90,000	90,000
Net technical provisions eliminated	30b								170,000	170,000
Net technical provisions carried forward	31								65,000	65,000
Technical result/balance (29+30a-30b-31)	32	1,000	158,500	159,500	0	0	0	0	-145,000	13,500

**Notes**

- This example relates to the 2003 underwriting year of account which has accepted the RITC of the 2002 and prior years of account at 31.12.2004. For the purpose of this illustration we are looking at the FSA2 (2003) summary for the underwriting year of account.
- The amount of the net solvency reserves established for the 2003 pure year of account at 31.12.2003, at 31.12.2003 exchange rates, is £90,000,000. This is reported on line 30a column 8.
- The value of the net RITC received from 2002 and prior years as at 31 December 2004 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 2003 year of account at 31.12.2004 (SR15 (2003) line 2) is £60,000,000. In addition, there is a solvency loading of £5,000,000 (SR15 (2003) line 4). The amount to be reported on line 31 column 8 is £60,000,000

Annex 2

Risk codes			
Allocation into FSA Return accounting classes/business categories and risk groups, and treatment for Solvency 1 purposes			
Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)	Solvency 1 - 'Liability' business
A	B	C	D
1	Aviation Liability	Aviation	Yes
2	Aviation Liability	Aviation	Yes
3	Aviation Liability	Aviation	Yes
4	Aviation Liability	Aviation	Yes
5	Aviation Liability	Aviation	Yes
6	Aviation Hull	Aviation	No
7	Aviation Hull	Aviation	No
8	Aviation Hull	Aviation	No
9	Aviation Hull	Aviation	No
A	General Liability	Third Party Liability	Yes
A1	General Liability	Third Party Liability	Yes
A2	General Liability	Third Party Liability	Yes
A3	General Liability	Third Party Liability	Yes
AG	Property	Property	No
AO	Aviation Liability	Aviation	Yes
AP	Aviation Product	Aviation	Yes
AR	Aviation Liability	Aviation	Yes
AS	General Liability	Third Party Liability	Yes
AW	Aviation Hull	Aviation	No
AX	Aviation Liability	Aviation	Yes
B	Marine Hull	Marine	No
BB	Bankers Bond	Third Party Liability	Yes
BD	Property	Property	No
BS	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
CA	Engineering	Property	No
CF	Political Risk	Miscellaneous & Pecuniary Loss	No
CM	UK Motor Comprehensive	Motor	No
CN	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
CO	UK Motor Comprehensive	Motor	No
CP	Political Risk	Miscellaneous & Pecuniary Loss	No
CR	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
CT	Non-Marine Cargo	Transport	No
CX	Space	Aviation	No
DC	Property	Property	No
DM	DO	Third Party Liability	Yes
DO	DO	Third Party Liability	Yes
DX	Personal Accident	Accident & Health	No
EA	Energy Onshore Liability	Third Party Liability	Yes
EB	Energy Onshore Liability	Third Party Liability	Yes
EF	Energy Onshore PD	Property	No
EG	Energy Offshore Liability	Marine	Yes
EH	Energy Offshore Liability	Marine	Yes
EP	Property	Property	No
ET	Energy Offshore PD	Marine	No
EW	Energy Offshore PD	Marine	No
F	Property	Property	No
FA	Specie	Property	No
FC	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
FG	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
FM	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
FR	Property	Property	No
FS	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
G	Marine Liability	Marine	Yes
GC	Marine Liability	Marine	Yes
GP	Professional Indemnity	Third Party Liability	Yes
GS	Specie	Property	No
GX	Marine Liability	Marine	Yes
H	Aviation Hull	Aviation	No



Risk codes			
Allocation into FSA Return accounting classes/business categories and risk groups, and treatment for Solvency 1 purposes			
Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)	Solvency 1 - 'Liability' business
A	B	C	D
HA	Property	Property	No
HH	Personal Accident	Accident & Health	No
HP	Household	Property	No
HX	Aviation Hull	Aviation	No
JB	Specie	Property	No
K	Personal Accident	Accident & Health	No
KA	Personal Accident	Accident & Health	No
KC	Personal Accident	Accident & Health	No
KD	Personal Accident	Accident & Health	No
KK	Personal Accident	Accident & Health	No
KL	Personal Accident	Accident & Health	No
KM	Personal Accident	Accident & Health	No
KX	Personal Accident	Accident & Health	No
L	Aviation Liability	Aviation	Yes
LE	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
LJ	Property	Property	No
LX	Aviation Liability	Aviation	Yes
M	UK Motor Non-Comprehensive	Motor	No
MA	UK Motor Comprehensive	Motor	No
MB	UK Motor Non-Comprehensive	Motor	No
MC	UK Motor Comprehensive	Motor	No
MD	Direct Overseas Motor	Motor	No
ME	Direct Overseas Motor	Motor	No
MF	Direct Overseas Motor	Motor	No
MG	Direct Overseas Motor	Motor	No
MH	Direct Overseas Motor	Motor	No
MI	Direct Overseas Motor	Motor	No
MK	UK Motor Comprehensive	Motor	No
ML	UK Motor Non-Comprehensive	Motor	No
MM	Direct Overseas Motor	Motor	No
MN	Direct Overseas Motor	Motor	No
MP	Direct Overseas Motor	Motor	No
N	Livestock	Property	No
NA	General Liability	Third Party Liability	Yes
NB	Livestock	Property	No
NC	General Liability	Third Party Liability	Yes
NQ	UK Motor Non-Comprehensive	Motor	No
NL	General Liability	Third Party Liability	Yes
NP	Property	Property	No
NX	Livestock	Property	No
O	Yacht	Marine	No
OV	Direct Overseas Motor	Motor	No
OX	Yacht	Marine	No
P	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PB	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PC	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PD	Property	Property	No
PE	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PF	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PI	Professional Indemnity	Third Party Liability	Yes
PL	General Liability	Third Party Liability	Yes
PM	Professional Indemnity	Third Party Liability	Yes
PN	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PO	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PP	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PQ	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PR	Political Risk	Miscellaneous & Pecuniary Loss	No
PS	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No

Risk codes			
Allocation into FSA Return accounting classes/business categories and risk groups, and treatment for Solvency 1 purposes			
Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)	Solvency 1 - 'Liability' business
A	B	C	D
PU	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PW	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
PX	Aviation Product	Aviation	Yes
PZ	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
Q	Marine Cargo	Transport	No
QL	Marine Cargo	Transport	No
QX	Marine Cargo	Transport	No
RX	Aviation Hull	Aviation	No
SB	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
SC	Space	Aviation	No
SL	Space	Aviation	No
SO	Space	Aviation	No
SR	Marine whole account XOL	Marine	No
SX	Space	Aviation	No
T	Marine Hull	Marine	No
TC	Third Party RITC	NA	No
TE	Property	Property	No
TL	Temp Life	Accident & Health	No
TO	Property	Property	No
TR	Property	Property	No
TU	Property	Property	No
TX	Marine Hull	Marine	No
UA	General Liability	Third Party Liability	Yes
UC	General Liability	Third Party Liability	Yes
UK	UK Motor Non-Comprehensive	Motor	No
V	Marine Cargo	Transport	No
VL	Marine Cargo	Transport	No
VX	Marine Cargo	Transport	No
W	Marine Hull	Marine	No
WA	Extended Warranty	Miscellaneous & Pecuniary Loss	No
WC	Employers Liability	Third Party Liability	Yes
WL	Non Marine War	Property	No
WS	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
WX	Marine Hull	Marine	No
X1	Aviation Liability	Aviation	Yes
X2	Marine whole account XOL	Marine	No
X3	Property	Property	No
X4	General Liability	Third Party Liability	Yes
X5	Marine whole account XOL	Marine	No
XC	Property	Property	No
XD	Professional Indemnity	Third Party Liability	Yes
XE	Marine whole account XOL	Marine	No
XL	General Liability	Third Party Liability	Yes
XM	Motor Other	Motor	No
XP	Property	Property	No
XT	Marine whole account XOL	Marine	No
XX	Property	Property	No
XY	Aviation Liability	Aviation	Yes
XZ	Aviation Liability	Aviation	Yes
Y	Aviation Liability	Aviation	Yes
Y1	Aviation Liability	Aviation	Yes
Y2	Aviation Liability	Aviation	Yes
Y3	Aviation Liability	Aviation	Yes
Y4	Aviation Liability	Aviation	Yes
Y5	Aviation Liability	Aviation	Yes
Y6	Aviation Hull	Aviation	No
Y7	Aviation Hull	Aviation	No
Y8	Aviation Hull	Aviation	No

Risk codes			
Allocation into FSA Return accounting classes/business categories and risk groups, and treatment for Solvency 1 purposes			
Risk Code	Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only	Accounting Class/Business Category (FSA2/FSA5) (see note at end)	Solvency 1 - 'Liability' business
A	B	C	D
Y9	Aviation Hull	Aviation	No
ZX	Space	Aviation	No
1E	Energy Offshore PD	Marine	No
1T	Personal Accident	Accident & health	No
2E	Energy Offshore Liability	Marine	Yes
2T	Aviation Hull	Aviation	No
3E	Energy Onshore PD	Property	No
3T	Marine Hull	Marine	No
4E	Energy Onshore Liability	Third Party Liability	Yes
4T	Pecuniary Loss	Miscellaneous & Pecuniary Loss	No
5T	Direct Overseas Motor	Motor	No
6T	Property	Property	No
7T	General Liability	Third Party Liability	Yes
8T	Non Marine Cargo	Transport	No
B2	Property	Property	No
B3	Property	Property	No
B4	Property	Property	No
B5	Property	Property	No
D2	Directors & Officers	Third Party Liability	Yes
D3	Directors & Officers	Third Party Liability	Yes
D4	Directors & Officers	Third Party Liability	Yes
D5	Directors & Officers	Third Party Liability	Yes
E2	Professional Indemnity	Third Party Liability	Yes
E3	Professional Indemnity	Third Party Liability	Yes
E4	Professional Indemnity	Third Party Liability	Yes
E5	Professional Indemnity	Third Party Liability	Yes
E6	Professional Indemnity	Third Party Liability	Yes
E7	Professional Indemnity	Third Party Liability	Yes
E8	Professional Indemnity	Third Party Liability	Yes
E9	Professional Indemnity	Third Party Liability	Yes
F2	Professional Indemnity	Third Party Liability	Yes
F3	Professional Indemnity	Third Party Liability	Yes
H2	Aviation Hull	Aviation	No
H3	Aviation Hull	Aviation	No
KG	Personal Accident	Accident & health	No
KS	Personal Accident	Accident & health	No
KT	Personal Accident	Accident & health	No
L2	Aviation Liability	Aviation	Yes
L3	Aviation Liability	Aviation	Yes
M2	UK Motor Comprehensive	Motor	No
M3	UK Motor Comprehensive	Motor	No
M4	UK Motor Comprehensive	Motor	No
M5	UK Motor Non-Comprehensive	Motor	No
M6	UK Motor Non-Comprehensive	Motor	No
M7	UK Motor Non-Comprehensive	Motor	No
P2	Property	Property	No
P3	Property	Property	No
P4	Property	Property	No
P5	Property	Property	No
P6	Property	Property	No
P7	Property	Property	No
W2	Employers Liability	Third Party Liability	Yes
W3	Employers Liability	Third Party Liability	Yes
W4	Employers Liability	Third Party Liability	Yes
<b>Note: Accounting classes/business categories (column C)</b>			
If the business is <b>direct insurance or facultative reinsurance</b> it can be directly allocated to one of the accounting classes shown in column C above. If it is <b>treaty reinsurance</b> , it must firstly be assigned to either the proportional			

<b>Risk codes</b>			
<b>Allocation into FSA Return accounting classes/business categories and risk groups, and treatment for Solvency 1 purposes</b>			
<b>Risk Code</b>	<b>Mapping for Risk Groups (FSA6) for direct and facultative reinsurance only</b>	<b>Accounting Class/Business Category (FSA2/FSA5) (see note at end)</b>	<b>Solvency 1 - 'Liability' business</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
treaty or non-proportional treaty accounting class, and then allocated to one of the business categories shown in column C above.			

<b>Risk groups for the FSA return (FSA6)</b> <b>(for Direct &amp; Facultative business)</b>	<b>Accounting classes (FSA2 and FSA5)</b>
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

**FSA14: Constituent members of major reinsurer groups***Please see important note at end*

Reinsurer Group Column A	LORS Code Column B	Reinsurer Column C
AIG	A17013	AIG - AMERICAN INTL GROUP
AIG	N1467	AIG AVIATION, INC.
AIG	A10202	AIG EUROPE
AIG	A9776	AIG EUROPE (IRE) LTD
AIG	A3809	AIG EUROPE SA
AIG	B03786	AIG NATIONAL INS CO INC
AIG	N1512	AIG OIL RIG
AIG	N1561	AIG POLAND INS CO SA
AIG	A94855	AIG RE
AIG	I10421	AIG RISK MGMT INC
AIG	A93731	AIG SOUTH AFRICA LTD
AIG	I10007	AIG SYND MANAGERS INC
AIG	B02389	AIU INS CO
AIG	B02034	AMERICAN HOME ASS CO
AIG	A94980	AMERICAN INTERNATIONAL ASS CO LTD
AIG	B19521	AMERICAN INTL GROUP
AIG	B03641	AMERICAN INTL INS CO
AIG	A92907	AMERICAN INTL INS CO (BERMUDA) LTD
AIG	B06072	AMERICAN INTL LIFE ASS CO OF NY
AIG	A14500	AMERICAN INTL REINS CO
AIG	A30139	KUWAIT REINS CO
AIG	B02350	LEXINGTON INS CO
AIG	B02351	NATIONAL UNION FIRE INS CO OF PITTS
AIG	A2033	NEW HAMPSHIRE INS CO
AIG	A73844	NEW HAMPSHIRE INS CO
AIG	A71876	TRANS ATLANTISCHE BETEILIGUNGS-AG
AIG	A14346	TRANS ATLANTISCHE SACHVERSICHERUNGS
AIG	A72995	TRANS RE ZURICH
AIG	B03126	TRANSATLANTIC REINSURANCE COMPANY
AIG	N1289	TRENT INS CO LTD
AXA	A10454	ABEILLE ASS
AXA	A1543	ABEILLE ASS SA
AXA	A70052	ABEILLE ASS.
AXA	A72838	ABEILLE PAIX
AXA	A10456	ABEILLE REASS
AXA	A71430	ABEILLE REASS CANADIAN BRANCH
AXA	A10455	ABEILLE VIE
AXA	A15321	ABEILLE VIE
AXA	A72926	ABEILLE VIE (PARIS)
AXA	A11014	ALBINGIA VERSICHERUNGS-AG
AXA	A3994	ALEXANDER KRALLIS IARD
AXA	A11285	ATLAS ASS CO LTD
AXA	A94646	AVIAFRANCE
AXA	A11286	AVIATION & GEN INS CO LTD
AXA	A11570	AXA - SUN LIFE COMPANY LIMITED
AXA	A1991	AXA AFFIN ASS BERHAD
AXA	A92890	AXA ART INSURANCE LTD
AXA	N118	AXA ASS IARD MUT
AXA	A190	AXA ASSURANCES IARD
AXA	A161	AXA BELGIUM SA
AXA	A94106	AXA BOREAL ASSURANCES INC
AXA	A4321	AXA COLONIA INS (IRELAND) LTD
AXA	A11051	AXA COLONIA VERSICHERUNG AG
AXA	A4541	AXA CORP SOL ASIA PACIFIC PTE LTD
AXA	B10785	AXA CORP SOLS E&S LINES INS CO
AXA	B03811	AXA CORP SOLS REINSURANCE CO
AXA	B03718	AXA CORPORATE SOLUTIONS INS CO
AXA	A14328	AXA COURTAGE
AXA	N1165	AXA COURTAGE ASS MUT
AXA	A11363	AXA EQUITY & LAW LIFE ASS SOC LTD
AXA	A597724	AXA GENERAL INSURANCE LIMITED
AXA	A11437	AXA GLOBAL RISKS (UK) LIMITED

**FSA14: Constituent members of major reinsurer groups***Please see important note at end*

Reinsurer Group Column A	LORS Code Column B	Reinsurer Column C
AXA	A2020	AXA INDUSTRY SA
AXA	A11398	AXA INS CO LTD
AXA	A11388	AXA INSURANCE PLC
AXA	A11506	AXA INSURANCE UK PLC
AXA	A11409	AXA NORDSTERN COLONIA VERSICH. AG
AXA	A95317	AXA PACIFIC INS CO
AXA	A10460	AXA RE
AXA	N1425	AXA RE GROUP
AXA	A73052	AXA RE UK
AXA	N1407	AXA RE VIE
AXA	N1248	AXA RE. SA
AXA	B01981	AXA REASSURANCE US BRANCH
AXA	N1632	AXA SPACE INC
AXA	A14303	CIE GENERALE DE REAS DE MONTE CARLO
AXA	A11386	GUARDIAN ASS PLC
AXA	A71420	NORDIC INS CO OF CANADA
AXA	A11164	NORDSTERN GENERAL INS CO
AXA	X22	PATERNELLE RISQUES DIVERS
AXA	A10183	ROYALE BELGE
AXA	A6395	ROYALE BELGE RE
AXA	A4604	SPS REASSURANCE
BERKSHIRE HATHAWAY	A11135	COLOGNE RE
BERKSHIRE HATHAWAY	A5931	COLOGNE REINS CO (DUBLIN) LTD
BERKSHIRE HATHAWAY	B03676	COLOGNE REINS CO OF AMERICA
BERKSHIRE HATHAWAY	A4450	EUROPA RE
BERKSHIRE HATHAWAY	A17112	FARADAY REINS CO LTD
BERKSHIRE HATHAWAY	B06234	GEN & COLOGNE LIFE RE OF AMERICA
BERKSHIRE HATHAWAY	A73978	GEN COLOGNE RE AFRICA LTD
BERKSHIRE HATHAWAY	N1501	GENERAL & COLOGNE LIFE RE UK LIMITED
BERKSHIRE HATHAWAY	A17113	GENERAL & COLOGNE RE (BERMUDA) LTD
BERKSHIRE HATHAWAY	B02198	GENERAL REINS CORP
BERKSHIRE HATHAWAY	A50081	GENERALCOLOGNE RE AUSTRALIA LTD
BERKSHIRE HATHAWAY	A92900	GENERALCOLOGNE RE UK LTD
BERKSHIRE HATHAWAY	N1482	KOLNISCHE NORDEN A/S
BERKSHIRE HATHAWAY	A10055	KOLNISCHE RUCK WIEN RUCKVERS AG
BERKSHIRE HATHAWAY	B02429	NATIONAL INDEMNITY COMPANY
BERKSHIRE HATHAWAY	B00481	NATIONAL LIAB AND FIRE INS CO
BERKSHIRE HATHAWAY	B04406	NATNL INDTY CO OF MID-AMERICA
BERKSHIRE HATHAWAY	B02199	NORTH STAR REINS CORP
BERKSHIRE HATHAWAY	A71871	SAVAG SAARBRUECKER VERS AG
BERKSHIRE HATHAWAY	N1551	WESCO - FINANCIAL INS CO
GE GLOBAL INSURANCE GROUP	A96469	EMPLOYERS RE INTL LTD
GE GLOBAL INSURANCE GROUP	B06976	EMPLOYERS REASS CORP
GE GLOBAL INSURANCE GROUP	B00347	EMPLOYERS REINS CORP
GE GLOBAL INSURANCE GROUP	N1548	EMPLOYERS RI CORP
GE GLOBAL INSURANCE GROUP	A11004	ERC AACHENER RUCKVERSICHERUNGS
GE GLOBAL INSURANCE GROUP	N1486	ERC FRANKONA REASSURANCE LIMITED
GE GLOBAL INSURANCE GROUP	A10888	ERC FRANKONA REINSURANCE (II) LTD
GE GLOBAL INSURANCE GROUP	A92937	ERC FRANKONA REINSURANCE (III) LTD
GE GLOBAL INSURANCE GROUP	B03607	FIRST EXCESS & REINS CORP
GE GLOBAL INSURANCE GROUP	A92659	GE ERC STRATEGIC REINSURANCE LTD
GE GLOBAL INSURANCE GROUP	A11342	GE FRANKONA REANSURANCE LTD
GE GLOBAL INSURANCE GROUP	A10315	GE FRANKONA REINS A/S
GE GLOBAL INSURANCE GROUP	A11456	GE FRANKONA REINS LTD
GE GLOBAL INSURANCE GROUP	A11088	GE FRANKONA RUCKVERSICHERUNGS AG
GE GLOBAL INSURANCE GROUP	B04124	GE REINSURANCE CORPORATION

**FSA14: Constituent members of major reinsurer groups***Please see important note at end*

Reinsurer Group Column A	LORS Code Column B	Reinsurer Column C
HANNOVER RE	N380	E & S REINSURANCE (IRELAND) LTD
HANNOVER RE	A13430	E & S RUCK
HANNOVER RE	A1623	HANNOVER ALLGEMEINE VERS
HANNOVER RE	A73971	HANNOVER INTL (FRANCE) SA
HANNOVER RE	A10051	HANNOVER INTL AG F INDUSTRIEVERS
HANNOVER RE	A419	HANNOVER INTL INS (NEDERLAND) NV
HANNOVER RE	A1655	HANNOVER LIFE RE (UK) LTD
HANNOVER RE	B68031	HANNOVER LIFE REASS CO OF AMERICA
HANNOVER RE	N1498	HANNOVER RE
HANNOVER RE	N1577	HANNOVER RE (BERMUDA) LTD
HANNOVER RE	N1552	HANNOVER RE SWEDEN INS CO LTD
HANNOVER RE	N541	HANNOVER REINS (IRELAND) LTD
HANNOVER RE	I10469	HANNOVER RUCK AG
HANNOVER RE	A11114	HANNOVER RUCK-AG
HANNOVER RE	A11106	HDI
HANNOVER RE	N1487	HDI REINSURANCE (IRELAND) LIMITED
HANNOVER RE	B02035	INS CO OF THE STATE OF PENNSYLVANIA
HANNOVER RE	B02643	INSURANCE CORP OF HANNOVER
HANNOVER RE	A73970	INTERNATIONAL INS CO OF HANNOVER
MUNICH RE	A71769	ALTE LEIPZIGER RUECKVERSICHERUNG
MUNICH RE	B11574	AMERICAN ALTERNATIVE INS CORP
MUNICH RE	B00149	AMERICAN RE-INS COMPANY
MUNICH RE	A10268	EUROPAEISKE REJSEFORSKIRINGS A/S
MUNICH RE	A323	GREAT LAKES REINS (UK) PLC
MUNICH RE	A20063	GREAT LAKES REINS CO
MUNICH RE	A74129	MAGDEBURGER
MUNICH RE	B03640	MUNICH AMERICAN REINS CO
MUNICH RE	A70261	MUNICH R/I CO OF AFRICA LTD
MUNICH RE	A11152	MUNICH RE
MUNICH RE	A71059	MUNICH RE CO OF AUSTRALASIA LTD
MUNICH RE	B03102	MUNICH REINS CO
MUNICH RE	A17106	MUNICH REINS CO (UK BRANCH)
MUNICH RE	A71424	MUNICH REINS CO OF CANADA
MUNICH RE	N1539	MUNICH RUCK ITALIA SPA
MUNICH RE	A50347	NEW REINS GENEVA PTY LTD
MUNICH RE	A12263	NOUVELLE CIE DE REASS SA
SWISS RE	A10829	ALGEMENE LEVENSHERVERZ. MIJ
SWISS RE	B09189	CLARICA LIFE REINSURANCE CO
SWISS RE	A10666	CONSORZIALE SOC. ITALIANA DI RIASS
SWISS RE	N403	EUROPEAN INTL REINS CO LTD
SWISS RE	N1413	LINCOLN NATIONAL RE
SWISS RE	A3543	MERCANTILE & GEN LIFE RE OF CANADA
SWISS RE	A11161	MERCANTILE & GEN REINS CO AUSTRALIA
SWISS RE	A11450	MERCANTILE & GEN REINS CO LTD
SWISS RE	B03082	MERCANTILE & GEN REINS CO OF AMERIC
SWISS RE	A71423	MERCANTILE & GEN REINS CO OF CANADA
SWISS RE	N1540	NORTH AMERICAN CAPACITY INS CO
SWISS RE	B01866	NORTH AMERICAN SPECIALTY INS CO
SWISS RE	A12277	SCHWEIZERISCHE RUCK
SWISS RE	A73277	SR INTL BUSINESS INS CO LTD
SWISS RE	N1423	SUISSE DE REASSURANCES
SWISS RE	A73143	SWEISS LIFE UK CO LTD
SWISS RE	A12272	SWISS LIFE INS & PENSION CO
SWISS RE	A502105	SWISS RE CO CANADA
SWISS RE	A11035	SWISS RE GERMANY AG
SWISS RE	A95498	SWISS RE IRELAND LTD
SWISS RE	A10750	SWISS RE ITALIA S.p.A.
SWISS RE	B07283	SWISS RE LIFE & HEALTH AMERICA INC
SWISS RE	B06832	SWISS RE LIFE & HEALTH AMERICA INC.
SWISS RE	A597718	SWISS RE LIFE & HEALTH CANADA
SWISS RE	N1450	SWISS RE LIFE & HEALTH LIMITED
SWISS RE	A70260	SWISS RE LIFE & HEALTH SOUTH AFRICA
SWISS RE	A21045	SWISS RE MEXICO SA



**FSA14: Constituent members of major reinsurer groups***Please see important note at end*

Reinsurer Group Column A	LORS Code Column B	Reinsurer Column C
SWISS RE	N1537	SWISS RE U/WRTRS AGENCY INC
SWISS RE	B03263	SWISS REINS AMERICA CORP
SWISS RE	A14530	SWISS REINS AUSTRALIA LTD
SWISS RE	A73276	SWISS REINS CO (UK) LTD
SWISS RE	B03264	SWISS REINSURANCE CO US BRANCH
SWISS RE	B11671	UNDERWRITERS INSURANCE COMPANY
SWISS RE	A597786	UNDERWRITERS REIN CO (BARBADOS) INC
SWISS RE	A12287	UNION RE
SWISS RE	A2117	UNION REINS CO
THE ST PAUL TRAVELERS COMPANIES	B02220	ATLANTIC INS CO
THE ST PAUL TRAVELERS COMPANIES	N1499	MOUNTAIN RIDGE INSURANCE COMPANY
THE ST PAUL TRAVELERS COMPANIES	B02518	PHOENIX INS CO
THE ST PAUL TRAVELERS COMPANIES	A2405	ST PAUL (UK) LTD
THE ST PAUL TRAVELERS COMPANIES	B02452	ST PAUL FIRE & MAR INS
THE ST PAUL TRAVELERS COMPANIES	N1418	ST PAUL GUARANTEE INS CO
THE ST PAUL TRAVELERS COMPANIES	B03130	ST PAUL INS CO
THE ST PAUL TRAVELERS COMPANIES	A11561	ST PAUL INTL INS CO LTD
THE ST PAUL TRAVELERS COMPANIES	B02453	ST PAUL MERCURY INS CO
THE ST PAUL TRAVELERS COMPANIES	B01702	ST PAUL PROP & CAS INS CO
THE ST PAUL TRAVELERS COMPANIES	A73141	ST PAUL RE COMPANY LTD
THE ST PAUL TRAVELERS COMPANIES	I10151	ST PAUL REINS MGMT CORP
THE ST PAUL TRAVELERS COMPANIES	B03592	ST PAUL SURPLUS LINES INS CO
THE ST PAUL TRAVELERS COMPANIES	N413	ST. PAUL RE, INC.
THE ST PAUL TRAVELERS COMPANIES	B02711	TIGI
THE ST PAUL TRAVELERS COMPANIES	B03609	TRAVELERS CAS & SURETY CO OF AMERIC
THE ST PAUL TRAVELERS COMPANIES	B04465	TRAVELERS CAS & SURETY CO OF IL
THE ST PAUL TRAVELERS COMPANIES	B02001	TRAVELERS CAS AND SURETY CO
THE ST PAUL TRAVELERS COMPANIES	B11024	TRAVELERS CASUALTY COMPANY OF CT
THE ST PAUL TRAVELERS COMPANIES	A15167	TRAVELERS CORP
THE ST PAUL TRAVELERS COMPANIES	X41	TRAVELERS CORP (UK) LTD
THE ST PAUL TRAVELERS COMPANIES	B02520	TRAVELERS INDEMNITY CO
THE ST PAUL TRAVELERS COMPANIES	B02517	TRAVELERS INDEMNITY CO OF CT
THE ST PAUL TRAVELERS COMPANIES	B04003	TRAVELERS INDTY CO OF AMERICA
THE ST PAUL TRAVELERS COMPANIES	B04461	TRAVELERS INDTY CO OF ILLINOIS
THE ST PAUL TRAVELERS COMPANIES	B02521	TRAVELERS INS CO - (PTY/CAS)
THE ST PAUL TRAVELERS COMPANIES	B07330	TRAVELERS INS COMPANY - (LIFE)
THE ST PAUL TRAVELERS COMPANIES	X229	TRAVELLERS CORP
THE ST PAUL TRAVELERS COMPANIES	A11587	TRAVELLERS INS ASSOC LTD
THE ST PAUL TRAVELERS COMPANIES	B11027	TRAVELLERS PROPERTY CASUALTY INS CO
THE ST PAUL TRAVELERS COMPANIES	B05810	TRAVELLERS SYND (NYIE)
THE ST PAUL TRAVELERS COMPANIES	A11596	UNIONAMERICA INS CO LTD
THE ST PAUL TRAVELERS COMPANIES	B02539	UNITED STATES FIDELITY & GUAR CO
THE ST PAUL TRAVELERS COMPANIES	B19770	US FIDELITY & GUAR CORP
XL GROUP	P1496	BROCKBANK INS SERVICES ON BEHALF OF
XL GROUP	A95177	GLOBAL CAPITAL REINS LTD
XL GROUP	B02802	GREAT LAKES REINSURANCE CO
XL GROUP	B11095	GREENWICH INSURANCE CO
XL GROUP	B00779	INTERCARGO INSURANCE COMPANY
XL GROUP	A93572	NAC REINS INTL LTD
XL GROUP	A5736	XL EURO INS
XL GROUP	A98091	XL GLOBAL REINS CO LTD
XL GROUP	A5735	XL INS CO LTD
XL GROUP	B02423	XL INSURANCE AMERICA INC
XL GROUP	N1474	XL INSURANCE COMPANY OF NEW YORK INC
XL GROUP	B02104	XL RE AMERICA INC
XL GROUP	N1451	XL RE LATIN AMERICA LTD
XL GROUP	A92975	XL RE LTD
XL GROUP	N1519	XL SPECIALITY INS CO
XL GROUP	A76429	XL WINTERTHUR INTL INS CO LTD

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Reinsurer Group Column A	LORS Code Column B	Reinsurer Column C
ZURICH	A71763	AGRIPPINA VERS AG
ZURICH	A11973	ALTSTADT VERSICHERUNGEN
ZURICH	A505977	CENTRE REINSURANCE INTERNATIONAL CO
ZURICH	A5964	CENTRE SOLUTIONS (BERMUDA) LTD
ZURICH	A9661	EAGLE STAR INS CO (IRELAND) LTD
ZURICH	A11351	EAGLE STAR INS CO LTD
ZURICH	A95515	EAGLE STAR L'INDEPENDENCE
ZURICH	B00387	FIDELITY AND DEPOSIT CO OF MARYLAND
ZURICH	A71055	GRE INS LTD
ZURICH	A11400	HOME & OVERSEAS INS CO LTD
ZURICH	A11474	NAVIGATORS & GEN INS CO LTD
ZURICH	B02308	NORTHERN INS CO OF NEW YORK
ZURICH	A42141	SOUTH AFRICAN EAGLE INS CO LTD
ZURICH	B03557	STEADFAST INS CO
ZURICH	A92887	THREADNEEDLE INS CO LTD
ZURICH	A73157	TUREGUM INS CO LTD
ZURICH	B00554	ZC INS CO
ZURICH	B02413	ZC SPECIALTY INS CO
ZURICH	A11008	ZUERICH AGRIPPINA LEBENSVERS AG
ZURICH	B02563	ZURICH AMERICAN INS CO
ZURICH	B03565	ZURICH AMERICAN INS CO OF ILLINOIS
ZURICH	N1232	ZURICH ASS (BRUSSELS)
ZURICH	A17100	ZURICH AUSTRALIAN INS LTD
ZURICH	A20122	ZURICH CANADA
ZURICH	A73584	ZURICH INS (TAIWAN) LTD
ZURICH	A12299	ZURICH INSURANCE COMPANY
ZURICH	A74200	ZURICH INTL (BERMUDA) LTD
ZURICH	N1428	ZURICH INTL (FRANCE)
ZURICH	A11292	ZURICH INTL (UK) LTD
ZURICH	N930	ZURICH PROTECTOR FORSIKRING
ZURICH	A11089	ZURICH SPECIALTIES LONDON LIMITED
ZURICH	A95616	ZURICH VERSICHS-GESELLSCHAFT

**Note**

You are reminded that you must complete FSA14 by **major reinsurer group** (ie per Column A, above).

All transactions involving Lloyd's syndicates must be reported **in aggregate as 'Lloyd's'**