

FROM: Manager, Overseas Reporting, Market Reporting EXTN: 5490

DATE: 31 January 2005 REF: G:\NAIC ye 2004\Issued docs\Letters\MktBullForms.doc/Y3489

SUBJECT: **Listing of Lloyd's Syndicates as Eligible Surplus Lines Insurers in the United States**

SUBJECT AREA(S): NAIC/IID filing requirements in 2005

ATTACHMENTS:

ACTION POINTS: **Note contents**

DEADLINE(S): Submit NAIC/IID filing to Lloyd's by 29 April 2005 for onward transmission to NAIC/IID by 14 May 2005

This bulletin is for underwriting agents having managed syndicates which, are listed as eligible surplus lines insurers on the NAIC's International Insurers Department "IID" Quarterly Listing of Alien Insurers. This listing is an important pre-requisite for syndicates that wish to write surplus lines business in the United States. In order to retain listed status, syndicates are required to make an annual filing to the IID.

The IID sets strict deadlines and fines are imposed for LATE filings, INCOMPLETE or INACCURATE filings and for late payment of listing fees. At present fines are set at a \$1,000 fixed penalty and \$100 per day for each syndicate.

Please take great care to follow the NAIC's instructions, especially if adding rows to the filing spreadsheets. A failure to follow the NAIC's instructions may result in a filing being considered incomplete and subject to late filing penalties.

Filing fees

An annual listing fee of \$3,500 is payable by each **listed** Lloyd's syndicate (sub or incidental syndicates, where applicable should also pay the filing fee) and must be paid. Invoices are expected to be issued by NAIC in early February, when they will be forwarded to you, together with cash movement instructions. The deadline for the payment of listing fees is 31 March 2005 (and the deadline for the filing is 14 May 2005).

If you have any questions regarding the payment of the listing fees, please call David Whitby on 01634 392206 or Ian Wootten on 01634 392098. Completed cash movement instructions must be returned to STFO by 5.00 p.m. on Friday, 18 March 2005 and payment will be made by STFO on 24 March 2005. STFO will not accept responsibility for any fines imposed on late payments, when cash movement instructions are received after this deadline.

Completion of the Annual IID filings

The IID filing pack consists of a number of documents which must be completed and then signed by the Compliance Officer and the Active Underwriter, in front of a notary public, a Commissioner for Oaths, or a solicitor who holds a practising certificate under section 81(1) of the Solicitors Act 1974.

This year's filing pack is available for download from the NAIC's website http://www.naic.org/frs/iid/materials/lloyds_filings.htm (hold down 'Ctrl' then Click) to download the following files:

List of files & their purpose:

Lloyds_Filing_Instructions_2004.doc	Word2000 file containing various instructions regarding the completion of the filing format.
Lliid2004.xls	Excel2000 workbook containing the financial filing format.
Lloyds_Interrogatories_2004.doc	Word2000 file containing the interrogatories.
Lloyds_Jurat.doc	Word2000 file containing the Jurat page.
Lloyds_Surplus_Lines_Loss_Reserve_Cert.doc	Word2000 file containing the loss certification wording.
IID_Plan_of_Op_2004.doc	Word2000 file with the latest Plan of Operation (as of February 2004).

Terrorism Reinsurance Act (TRIA)

This will be a separate return for the 2004 year end, and is also available from the web-site. Detailed instructions will be issued as a separate market bulletin.

Submission

Please note that **four** originals of the filing packs must be notarised, using the Jurat page mentioned above. There are a number of qualified notary firms based around the City, and agents are free to use whichever firm they choose to effect the notarisation. Please send us **three** paper original versions of the packs: one set will be forwarded to the IID; the second set will be provided to Minnesota, who have again requested an original set of all IID filings from Lloyd's; and the third copy will be retained by MR for provision of copies to other US State insurance departments. The fourth copy should be kept for your own records. To avoid confusion, managing agents are reminded that all documents in the three versions filed with us must be originals, including the Statements of Actuarial Opinion.

Please also send to us an additional copy of the Statements of Actuarial Opinions (SAO), which accompany this filing, so that we may forward those to our Attorney in Fact in Kentucky.

The three notarised packs (together with the extra copy of each SAO) must be hand delivered to Nadia Yakoob, Market Reporting ("MR"), Gallery 5, 1986 Building (please use Tower 3 lifts) by 4 p.m. on Friday, 29 April 2005, so that they can be filed with the IID in Kansas City by 14 May 2005. Where MR does not receive the notarised packs by

29 April 2005, it cannot guarantee to meet the filing date of 14 May 2005 and the managing agent could become liable to pay the IID penalty fines for late filings.

An electronic version of the financial filing format must be submitted at the same time as the notarised pack (the excel file should be named "LLiid[4 digit syndicate number]2004.xls"). This will be collected via the Market Reporting web-site.

For convenience this year a check list has been included with this letter to help you ensure that you file the correct items and number of copies with MR. A copy of this checklist should be returned to MR.

As in previous years, in order to reduce the administrative burden falling upon managing agents' in the completion of these filing requirements, MR will also be providing the IID with extracts (in hard copy and electronic format) from the Syndicate Return on managing agents' behalf.

As you will be aware, NAIC rely on Lloyd's Individual Registration regime for the necessary declaration of underwriters and directors of Managing Agents. However in the annual IID filing pack you should still list the names of all such individuals.

Communications with the IID

Please provide this department with copies of **all** significant communications with the IID, as this will help us to keep our records up to date, to anticipate problems, and to assist where we can. Their address is:

NAIC - Attention: International Insurers Department
2301 McGee St Ste 800
Kansas City MO 64108-2604 U.S.A.

It is particularly important to address any filings for the attention of the IID, as many thousands of domestic US company filings are also received by the NAIC, and there have been problems in the past with IID filings being mixed in with the domestic US companies.

If you have any queries regarding the completion of financial data, please call Nadia Yakoob in MR (on extension 6317) or me (on extension 5490). Please direct any other queries to Steven Yates in Worldwide Markets (on extension 5351) or Maria Wilkins (on extension 6863). Queries may also be e-mailed to Lloyds-MR-OverseasReporting@lloyds.com.

This market bulletin is being sent to the compliance officer of all managing agents.

Leslie Redmond
Manager, Overseas Reporting
Market Reporting

Check list of documents/files to be submitted to Market Reporting for the y/e 2004 NAIC/IID return

Syndicate Number

Was the syndicate listed as at 1 January 2005? Yes/No – delete as applicable

Was the syndicate listed as at 1 April 2005? Yes/No – delete as applicable

If the answer to either question above is “No” then a filing is not required.

If a filing is required please ensure that the following items are returned to MR in accordance with the instructions in the main body of this market bulletin. Please also ensure that you retain any copies you require for your own records, in addition to the items listed below:

Item	Format	Number of ORIGINAL copies	Included in filing made to MR?
Complete IID filing y/e 2004: <ul style="list-style-type: none"> • Jurat page • IID financial filing format • Statement of Actuarial Opinion <ul style="list-style-type: none"> ○ Net World-wide ○ Gross SLTF • 2004 Syndicate Annual Report and Accounts • Letter of explanation 	Hard copy with original signatures on all Jurat pages and all Statements of Actuarial Opinion	3	
Additional copy of both Statements of Actuarial Opinion	Hard copy with original signatures	1	
IID financial filing format	Electronic – submitted via Market Reporting web-site	1	N/a – to be filed electronically by the same deadline

Contact in case of query or missing items (Please complete in BLOCK CAPITALS):

Name:	Telephone number:	e-mail address

Please include a completed copy of this checklist with the return you make to MR for each of your managed syndicates.