

FROM: Director, Franchise Performance EXTN: 6743
Directorate

DATE: 14th March 2005 REF: Y3519

SUBJECT: **SYNDICATE REINSURANCE PROGRAMMES - 2005**

SUBJECT AREA(S): Reinsurance

ATTACHMENTS:

ACTION POINTS: **Complete online data return and provide schematics.**

DEADLINE(S): **22nd April 2005**

Purpose

To request Managing Agents submit detailed information on their reinsurance programmes in force at 01/04/05.

Background

Last year Managing Agents were asked to report on their reinsurance programme in force as of 30 June 2004. This was expected to allow for a thorough analysis and understanding of Lloyd's reinsurance profile at Syndicate, class of business and market level. The information provided, in particular the schematic diagrams of reinsurance programmes, proved to be a good first step but was ultimately of limited value due to a lack of consistency in reported data and the quality of data reported in several returns. For 2005 we are repeating the process albeit at the earlier effective date of 1 April. In order to improve the process, and building upon the lessons learned from the 2004 process, we have modified the reinsurance spreadsheet and trust that these enhancements will improve ease of use, speed of data entry and the quality and consistency of the data captured.

Reinsurance data to be submitted

Managing Agents are requested to submit the following information in respect of their reinsurance programme(s) in force at 01/04/05:

- a) **Contract Data** - The Contract Data worksheet captures the basic structure of each reinsurance (treaty, layer or facultative placement) that makes up a Syndicate's reinsurance programme.
- b) **Reinsurer Data** – The Reinsurer Data worksheet captures data in respect of placing brokers and participating reinsurers on each contract listed in the Contract Data worksheet.
- c) **Class of Business Data** - The COB Data worksheet requires Managing Agents to allocate a specified generic class / classes of business to each reinsurance contract and to approximate the risk weighted proportion of each contract that is applicable to each class of business.

For ease of use, these worksheets form part of a single spreadsheet. An explanation of the required information for both of these worksheets can be found in Appendix I.

When completing the worksheets, Managing Agents will note that their ability to enter their own data in some fields has been restricted. This has been necessary to ensure that Franchise Performance receive data in a standardised format. The request for standardised data should not preclude Managing Agents from making additional comments on any aspect of their reinsurance programme either in the appropriate column in **Reinsurer Data** or by attaching an additional worksheet / word document. Any additionally supplied information will be in addition to the **Contract / Reinsurer / COB Data** and not instead of the such data.

- d) **Schematics** - These should illustrate the treaty reinsurance programme for each class of business (including whole account programmes) and can be provided in exactly the same format used internally. For guidance an example format can be found in Appendix II.

Method of submission

The spreadsheet will be released today via the Market Returns website and completed spreadsheets, along with any additional spreadsheets / word documents and Schematics, should be returned via the website. Data should only be returned in an electronic format

a) Contract, Reinsurer and COB Data – A spreadsheet has been created for each Syndicate. Please do not attempt to alter the format of this spreadsheet.

b) Schematics – There is no fixed template for the Schematics although Syndicates are encouraged to use the proposed format in Appendix II should they not have a pre-existing schematic overview readily available.

For each syndicate the Contract, Reinsurer & COB data spreadsheet, together with Schematics and any other pertinent documents should be compressed into a single “.zip” file using the following naming convention: agentcode_syndno_reinsurance05.zip.

Further Information

Please address any queries when completing the spreadsheets or schematics to James Creaney, Franchise Performance on extension 5950 or email at james.creaney@loyds.com. Should you have any questions as to the purpose of this bulletin or usage of the data provided please contact Bob Stevenson, Franchise Performance on ext.5541 or email at robert.stevenson@loyds.com.

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

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

Rolf Tolle
Director
Franchise Performance

Data Field	Comment
Premium Base	If applicable, enter the premium base to which the contract premium rate applies. Please enter whole number without decimals. For contracts with premium expressed in multiple currencies please convert all premiums into the contract currency using the contractual exchange rates.
Premium Rate	If applicable enter the contract Premium Rate.
Premium	Automatically populated based on Premium Base x Premium Rate.
Flat Premium	Enter the 100% premium when a contract is placed with a flat premium or the 100% Estimated Premium if the contract is a proportional treaty.
Number of Reinstatements	Number of reinstatements applicable to the contract.
Reinstatement Premium Terms	Reinstatement terms as a percentage of the Premium Ceded to Contract. If there is more than one reinstatement indicate the terms for the first reinstatement only. Terms for additional reinstatements should be included in the Special Terms / Comments section of the Core (Reinsurer) Data spreadsheet.
Co-Reinsurance	Percentage of the Limit/Cession retained by the syndicate.
Shared Reinsurance Contract Party	Enter all syndicates, including the syndicate to which this spreadsheet applies, and other entities to which this contract applies.
Special Terms / Comments	Enter any particular terms that apply to a contract or add any further comments.

Reinsurer Data

Data Field	Comment
Contract Reference	Syndicate's contract reference
Broker Name	From the drop down list select the appropriate Broker Name. If the Broker Name is not listed, please select "Other" and advise the Broker Name in the Special Terms/Comments section. For Direct placements select "Direct".
LORS Code	From the drop down list select the Lloyd's Outward Reinsurance Scheme (LORS) code allocated to each reinsurer. If the LORS code is not listed, please select "Other" and advise the LORS code and reinsurer name in the Special Terms/Comments section.
Reinsurer Name	Automatically populated based on LORS code. Do not edit.
Reinsurer Group	Automatically populated based on LORS code. Do not edit.
Reinsurer Share	The Reinsurer's share of the 100% Limit/Cession entered as a whole number to 2 decimal places eg: 12.50 = 12.50%.
Special Terms / Comments	In this column Syndicates should advise of any particular terms that apply to a reinsurer or add any further comments.

Class of Business Data

Data Field	Comment												
Contract Reference	Syndicate's contract reference												
Lloyd's Class of Business Description	<p>Select a generic class, or classes, of business from the drop down box that best reflects the type of business written. Do not enter a class of business that does not appear in the drop down box. For reference the Lloyd's specified generic classes of business are:</p> <table data-bbox="603 875 1093 1055"> <tbody> <tr> <td>Accident & Health</td> <td>Aviation</td> </tr> <tr> <td>Casualty</td> <td>Treaty</td> </tr> <tr> <td>Energy</td> <td>Marine</td> </tr> <tr> <td>Overseas Motor</td> <td>Property (D&F)</td> </tr> <tr> <td>Property Treaty</td> <td>UK Motor</td> </tr> <tr> <td>Miscellaneous</td> <td></td> </tr> </tbody> </table>	Accident & Health	Aviation	Casualty	Treaty	Energy	Marine	Overseas Motor	Property (D&F)	Property Treaty	UK Motor	Miscellaneous	
Accident & Health	Aviation												
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Miscellaneous													
Risk Weighted Percentage of Class of Business	<p>Syndicates are requested to indicate the likely proportion that is applicable to each class of business, i.e. a best estimate of the prospective relative economic value of each contract to each line of business covered in a normalised loss year.</p> <p>The 'Miscellaneous' class of business is intended as catch-all for reinsurance which cannot be allocated to one of the other generic classes identified. Managing agents are requested to avoid allocating reinsurance cost to 'Miscellaneous' if it can reasonably be allocated to a generic class.</p>												

Appendix II: Sample Schematic

