

MARKET BULLETIN

From	Head, Market Reporting (extn 5129)
Date	20 January 2006
Reference	Y3731
Subject	2005 Year End Returns – further information
Subject areas	2005 Annual Return, Solvency and Reserving Data and FSA Return – further information and clarification to instructions
Attachments	
Action points	Further information and clarification to instructions available for download
Deadlines	Annual Return – Thursday 2 March 2006 Solvency and Reserving Data – Thursday 13 April 2006 FSA Return – Thursday 13 April 2006

Market Bulletin Y3669, '2005 Annual Returns', dated 10 November 2005, provided the format of the 2005 year end annual return, solvency and reserving data (SRD) and FSA returns. The completion and deadlines for submission of these returns are prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended and the Syndicate Accounting Byelaw (No. 8 of 2005) as amended as appropriate.

This bulletin advises you of further information and clarification to the instructions in respect of the 2005 year end returns. These have arisen as a result of, among other things, a review of issues raised at the recent year end return workshops and queries raised by managing agents and auditors. Where appropriate, this constitutes amendment to the instructions as previously provided.

Additional information

Additional information in respect of each of the annual return, solvency and reserving data, FSA return and operation of the software are available for download from the MSU Market Returns website.

The content of the additional information is summarised below:

AR	Annual return – further information/clarification
AR Annex 1	Annual return – corporate members subscribing to Schedule 9a facility – 31.12.2005
AR Annex 2	Annual return – AR102 worked example - notes
AR Annex 2 – Appendix 1	Annual return – AR102 worked example – closed year with future premiums (all earned) in the RITC
AR Annex 2 – Appendix 2	Annual return – AR102 worked example – closed year with future premiums (all unearned) in the RITC
AR Annex 2 – Appendix 3	Annual return – AR102 worked example – run-off year
AR Annex 3	Annual return – AR104 and AR106 – mapping of risk codes to business segments
FSA	FSA return – further information/clarification
FSA Annex 1	FSA return – revised formats for FSA103, FSA108 and FSA225
SRD	SRD return – further information/clarification
Software	Software – information regarding order of submission of 2004 and 2005 year end annual returns, and version datetime stamp control

Your attention is drawn to the following in particular:

FSA return – XIS claims management costs (FSA section paragraph 3)

Claims handling costs relating to XIS are not to be reported as part of claims management costs when completing FSA103, FSA108 and FSA225. This represents a change to the approach previously advised to the market in the FSA return instructions and the year end return workshops, and has been decided following concerns raised about the accessibility of historic XIS data. Instead, as in previous years, Lloyd’s will perform a central adjustment when preparing the Lloyd’s Return, to re-allocate the XIS claims management costs.

Software – order of completion of 2004 comparative and 2005 annual returns (Software section, paragraph 1)

Because data from the 2004 comparative annual return will be used to pre-populate the 2005 annual return, care must be taken to follow the submission procedure in the correct sequence. Agents must submit the 2004 annual return and check that it has been given a status of ‘Received’ by Lloyd’s before creating or re-creating the 2005 annual return. Pre-population of the 2005 annual return will only occur from a ‘Received’ 2004 annual return, and only upon the subsequent creation of the 2005 annual return, not upon copying a previously created 2005 annual return.

We acknowledge that this situation is not ideal, and the approach set out in the ‘software’ section represents a ‘work around’ to enable you to prepare both returns at the same time. The policy of pre-population of the 2005 return from the 2004 comparative return was adopted in order to minimise data entry and ensure consistency between the two returns. Although there is no change to the deadline of 2 March 2006 for submission of the return, it may help you to submit the final 2004 comparative return a few days earlier than this, in order to finalise the 2005 return.

The year end instructions issued with Market Bulletin Y3669 will be updated to reflect the changes set out in this bulletin, and made available for download from the MSU Market Returns website next week.

Audit reports

The final form of the audit reports for the various returns is being reviewed, and the revised formats will be made available for download by the end of January. The appropriate revised audit report must be substituted for the system-generated report, when providing each hard copy submission.

Quarterly monitoring return

As noted in the market bulletin titled Quarterly Monitoring Return, Y3725 dated 13 January 2006, the deadline for the Q4 2005 has been moved from 9 March to 16 March 2006. A market bulletin will be issued by the end of January confirming the changes made to the QMR (the only change in the Forms is that QMR102 has been revised to duplicate AR102) and the instructions.

Syndicate report and accounts and personal account data

A separate bulletin setting out the reporting requirements and deadlines in relation to the syndicate report and accounts and personal account data, is being issued separately.

Queries

Any queries concerning any aspect of the returns should be submitted via e-mail to Market Reporting (lloyds-MRD-ReturnQueries@lloyds.com). 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.

Any further clarifications required to the instructions will be issued through the MSU 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