

# MARKET BULLETIN

<b>From</b>	Chairman, ICA Steering Group (extn 5129)
<b>Date</b>	18 May 2006
<b>Reference</b>	Y3817
<b>Subject</b>	<b>2007 ICA submission requirements</b>
<b>Subject areas</b>	ICA submission requirements, 2007 review process, assumptions and basis for ICA
<b>Attachments</b>	n/a
<b>Action points</b>	<b>Agents to advise Lloyd's of any exceptions to basis for 2007 ICAs or intended use of multi year model and note filing requirements for 22nd June 2006</b>
<b>Deadlines</b>	<b>Immediate and 22nd June 2006</b>

## June ICA submissions

Further to Market Bulletin Y3770 issued on 17 March 2006, agents are reminded that a "provisional" ICA submission must be submitted to Lloyd's by 22<sup>nd</sup> June, based on the Syndicate Business Forecast (SBF) due to be submitted on the same date. The June ICA submission does not require Board sign off but must provide the ICA number for the syndicate as well as the following minimum information:

- Completed pro forma summary information
- An analysis of change from the 2006 ICA number
- The key assumptions and sensitivity analysis for key assumptions in the ICA

Agents are asked to submit the proforma summary information together with a pdf version of the ICA document containing the above via the Core Market Returns website. Agents should also submit two hard copies of the full ICA document and proforma summary to their ICA Team Leader by 22<sup>nd</sup> June. Agents that are submitting ICAs in respect of run-off syndicates, either because they have material active member participations or for convenience (subject to Lloyd's receiving prior notification), will not be able to do so directly via the Core Market Returns Website until later in the year when the full run-off ICA review is conducted. As an interim measure, agents are requested to submit the proforma summary and ICA pdf version as an attachment to a managed active syndicate proforma

summary. Relevant agents, including those that elect by notification, will be contacted to agree which active syndicate will be used for this purpose and to provide an excel version of the proforma.

Agents are reminded that the more information which they are able to provide in their June submission, the more detailed the feedback from Lloyd's ahead of the September submission will be.

### **September ICA submissions**

A full ICA submission is required to be submitted by 21<sup>st</sup> September for all syndicates based on the final SBF. This will require Board approval and sign off. Agents are again required to submit two hard copies of the full ICA and the proforma summary information to their ICA Team Leader by this date and electronic data will be collected via the Core Market Returns website as for the June submission.

### **2007 Review Process**

Lloyd's will review all June ICA submissions and provide feedback to agents on any issues arising which may need to be addressed in the September submissions. However, agents will recognise that Lloyd's will not be able to review all ICAs immediately upon receipt in June and will therefore prioritise resources. Lloyd's will, however, endeavour to give feedback on any major issues as early as possible in the process. Agents will be advised closer to the June submission date of the likely timescale for review of their ICA.

ICA Team Leaders will liaise with agents throughout the review period and give feedback via meetings and correspondence. Although they will also consult with the ICA Steering group on feedback to be given, it is not intended that the Steering Group will enter into formal correspondence on the June submissions. Formal approval and/or recommendations will be issued based on the final submissions in September, taking into account the ICA review team's findings and any changes made between June and September. Lloyd's hopes that this more informal process will facilitate more open discussions on issues arising and will mean that by September, the key issues will have been identified.

Agents are also reminded that should they wish to make a presentation to the review team of their ICA they should contact their ICA Review Team Leader to arrange this.

### **Assumptions used in ICA**

Lloyd's expects the assumptions used in both ICAs to be consistent with the corresponding SBF submission as detailed in the ICA Guidance. Where an agent is proposing to use an alternative basis, this must be agreed with Lloyd's **in advance** of the June submission and will be subject to Steering Group approval. The agent must be able to demonstrate how any different assumptions are used and reconciled within their business. Lloyd's expects its agreement to permit different bases will be by exception in a very limited number of cases. Similar conditions apply to reserve margins.

Any agents intending to use different assumption bases for the SBF and ICA should advise their ICA Team Leader as soon as possible so that Lloyd's can request any supporting information required in advance of the ICA submission.

**Time Horizon for ICA/use of a multi year model**

In line with the ICA guidance for 2007, Lloyd's requires a 1 year number at the 99.5% confidence level for all active syndicates and those in run off with material active member participations. All agents will shortly receive a letter confirming which syndicates Lloyd's will require an ICA submission for on this basis.

Agents are reminded that if they intend to use a multi year model to produce their 2007 ICA, they should advise their ICA Team Leader of this as soon as possible so that Lloyd's can plan any additional review work required and assist in derivation of the required proforma information in advance of the ICA submission in June.

This bulletin is being sent to all managing agents. If agents have any questions on this bulletin they should contact their ICA Team Leader.

John Parry  
Chairman, ICA Steering Group