

MARKET BULLETIN

REF: Y4349

Title	2007 Account Syndicate Results Collection
Purpose	To advise of changes to the data requirements for submission of year-end results files to Market Services
Type	Scheduled
From	David Stevens, Manager, Market Services Contact details: +44 01634 392287
Date	14 December 2009
Deadline	
Related links	N/A

This bulletin provides information regarding the collection of syndicate results in respect of the 2007 year of account.

1. Exchange Rates and Data Checking

Consistent with the treatment of the previous year-end reporting periods, all Distribution Data (DD) files must be prepared using the same exchange rates that are used within the syndicate underwriting year accounts. This will allow much greater clarity for members when validating their Consolidated Personal Accounts (CPA) against their underwriting year accounts.

The DD files should also be prepared on the same basis as year-end form QMA102. Market Services will utilise the QMA102 to check the returns wherever possible, and agents will be required to provide an explanation for any discrepancies.

Any agents using the Non-Distribution (ND) interest amounts calculated by Market Services will need to include the total value within line 3 (unpaid cash calls) of QMA215.

2. Cash calls on Run-off Syndicates within DD files

In principal, Market Services will process cash calls as part of the DD file process. However, in certain circumstances, run-off syndicates making cash calls via the DD files can cause a

disproportionate amount of manual work in respect of processing Special Reserve Fund transactions. Consequently, spread syndicates are advised that where there has been a call submitted under transaction code RX04 (distribution amount) which exceeds the total declared result, the DD file will not be accepted. In such cases, the cash call must be submitted outside the DD process via a separate cash call statement with a due date of 16 June.

3. File Specifications – Members and Managing Agents

Please note that there have been no major changes made to the file specification for DD files however, with the closure of the Lloyd’s American Trust Fund for non-life business, we do not expect to receive any amounts under RX30 unless it is in respect of life syndicates. To prevent major redevelopment of any systems, we have left RX30 within the file as a mandatory code, however we would expect it to be set to zero for all syndicates other than life, and additional validation will be put in place to ensure this is correctly reported. In addition we have again revised the use of RC79 to report any Canadian Withholding Tax arising in 2009 and RC89 for Other Foreign Tax arising in 2009 within the DD file.

There are no changes to either the ND or Agents Expenses specifications

Consequently we do not propose to re-issue any of the file specifications, however if you, or your software houses do require up-to-date copies, please contact Graham Bonner (graham.bonner@loyds.com).

As a reminder, within the DD file, RX75 (Result for Profit Commission) should continue to be reported as THE TOTAL COMMISSIONABLE RESULT **BEFORE** THE APPLICATION OF ANY DEFICITS BROUGHT FORWARD.

For example, if a syndicate has a commissionable result (RX75) of £1000, deficit brought forward (RX71) of (£300) and a profit commission (PC) rate of 15% then the numbers should be input on the DD File as follows:-

RX75	£1,000
RX71	(£ 300)

PC (RB07)	£ 105 (15% of £700)

This will allow the correct treatment of the profit commission calculations on the CPA. Agents should ensure that their systems show the component parts of the PC calculation correctly when creating their DD file.

4. Members Agents AE Files

As previously requested, when submitting any items using codes RX17 or RX19 (all other expenses PTF & non-PTF respectively), please provide a spreadsheet detailing the expenses to which these relate. This can be provided at the same time as the control sheet. Where agents are collecting profit commission in respect of members’ open year releases,

these amounts should be submitted as RX19. The accompanying spreadsheet should specify the relevant year of account that profit commission has been charged for.

Please note, where early profit commission has been collected, an additional spreadsheet will be required detailing the total amount of profit commission, at member level, that has been charged in respect of the closing year of account i.e. 2007 account regardless of the distribution year in which it was collected. This information will be used by the Tax team to report to members' on the 'CTA2' and should be submitted at the same time as the AE file.

5. Hard Copy Control Sheets

Market Services would prefer to receive control sheet information (control sheet, checklists, statement of managing agents responsibilities, audit certificates for DD files, and control sheets only for ND and AE files), that was traditionally sent in hard copy, electronically via e-mail. Therefore, all control sheets should be signed and scanned and sent to the following mailbox:

DISTRIBUTION@LLOYDS.COM

NB The original documents are not required by Market Services, but should be retained within your offices.

6. Single Member Corporate Syndicates

Single member corporate syndicates are required to submit a DD file in respect of their results. However, it is recognised that agents of such syndicates may not have the software to create these files or an MQ-ADEG connection to allow them to be sent, therefore Market Services can offer the following services:

- a. Syndicates may provide data in a spreadsheet in accordance with Market Services specification which, on receipt, will be converted into the correct format for further processing. The cost per file processed will be £250 (plus VAT).
- b. Managing Agents may create their own DD file in a text format in accordance with Market Services specification. This may be e-mailed to Graham Bonner for validation and transmission via MQ-ADEG. This cost of this service will be £50 per syndicate file plus VAT.

Agents wishing to take advantage of either service should contact Graham Bonner. The relevant templates & spreadsheets will be available in January.

7. Distribution Timetable

Firstly, I can confirm that the loss payment date will be 16 June 2010. Market Services are again planning to run a 'fast track' distribution for 2007 account. The two deadlines for submission of DD files will be 2nd March for ILV and other "fast track" syndicates (usually those spread syndicates with wholly owned corporate members) and 11th March for all other syndicates. Market Services are currently working on the timetables for the results process.

In due course, agents will be advised of the dates on which each syndicate will be required to submit their files.

Please direct any queries regarding the content of this bulletin or the Results Distribution process to Graham Bonner (telephone 01634 392056) or e-mail (graham.bonner@lloyds.com).

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Market Services