LLOYD'S

MARKET BULLETIN

REF: Y4381

Title	2011 ICA Process
Purpose	To update Agents on the 2011 ICA process and timetable and the revised submission requirements
Type	Scheduled
From	John Parry, Chairman ICA Steering Group, Finance, Risk Management & Operations Contact details: 020 7327 5129, john.parry@lloyds.com
Date	12 March 2010
Deadline	Provisional ICA submission: – all syndicates 9 July Final ICA submission: on earlier of final business plan approval or 11 October (non-aligned), 25 October (aligned)
Related links	Attached documents: Reduced ICA Pro-formas

ICA basis and guidance

There is no change to the required basis for the preparation of the ICA, which should continue to be prepared to ultimate as at 1 January 2011 for each syndicate's 2011 and prior years of account. The "2010 ICA Minimum Standards and Guidance" document produced last year (attached to MB Y4256 issued 24 March 2009) forms the basis for preparation of syndicate ICAs for the 2011 year of account. There are no changes beyond clarification on the treatment of reserve margins and market risk alignment with the horizon for discounting as set out below. The minimum standards set out in the "2010 ICA Minimum Standards and Guidance" must be adhered to by all agents for both active and run-off syndicates. The final ICA and submitted figure must be approved by the Board.

2011 process

ICAS

The following approach by Lloyd's to capital setting for 2011 has no bearing on the statutory obligations on managing agents under ICAS to keep their ICA under continuous review.

Resources and interaction with Solvency II

The preparation for Solvency II – the dry run and QIS5 – will draw on the same resources involved in the preparation and review of ICAs for managing agents and Lloyd's. Lloyd's considers that meeting Solvency II requirements represents a greater risk to the Society than any marginal reduction in adequacy of member level capital for the 2011 account. Consequently, resource should be directed to achieving the desirable outcomes under Solvency II as a priority across managing agents and the Corporation.

Submission requirements by size of 2010 syndicate final ICA approved by Lloyd's

Tier 1 syndicates (where the ICA is less than £100m) are required to advise Lloyd's of their ICA, unless they make the election discussed below, and must submit the minimum information required to update the Lloyd's benchmark. This information is a subset of the full pro-forma and is attached as Appendix 1.

Lloyd's will review the change in the ICA alongside the relative movement in the Lloyd's Remetrica based benchmark from 2010 to 2011. We expect the movement year on year to be broadly in line with the benchmark and any unreasonable submissions will be loaded to above the benchmark movement. Our view of the resource constraints at agent level and centrally will drive a prudential approach to loadings to compensate for uncertainty, as we consider that there is insufficient time to drill down to parameter level to investigate differences in detail.

Tier 2 syndicates (ICA between £100m and £150m) are required to submit the full pro-forma information, but no formal ICA documentation. Lloyd's will review this alongside the benchmark movement and make a judgement on whether more information is required.

Tier 3 syndicates (ICA of over £150m), are required to submit the full pro-forma information and an analysis of change. For syndicates with an ICA of over £300m, additional commentary may be required where methodology has been revised and fuller information on the critical risks – e.g. catastrophe exposure or reserve risk. Again, no formal full ICA documentation is required.

Lloyd's will confirm the submission requirements syndicate by syndicate in the next two weeks.

Election to follow the movement in Lloyd's benchmark for 2011 capital setting

Tier 1 syndicates (as above, where the 2010 ICA is less than £100m) may elect irrevocably to utilise the movement in the Lloyd's benchmark from 2010 to 2011 for the basis of member level capital setting for the 2011 year of account. There are two opportunities to do so: firstly, on 9 July ahead of submitting the initial ICA and secondly on 20 August, ahead of the auction season, for non-aligned syndicates and on 1 October, the date of submission of the final SBF, for aligned syndicates. The decision will need to be approved by the Board and formally advised to Lloyd's. The decision will then be binding for the whole of the 2011 capital setting season up to and including the mid year CIL test in June 2011. The Board will need to determine the benefits of a reduced workload in a critical year of preparation for Solvency II against the risk that the benchmark does not reflect its own views of the movement in risk year on year. It is important to emphasise that it is only the relative movement year on year that applies – the starting point will be the final approved ICA for 2010 (rebased to year end rates of exchange (US$1.61: £1)) and the absolute level of the benchmark compared to the syndicate ICA for 2010 is not part of the process. Lloyd's will arrange workshops to explain the basis of the new benchmark to managing agents. This election is one year only. Appendix 2 details the reduced reporting requirements for those Tier 1 syndicates electing to irrevocably utilise the movement in the Lloyd's benchmark from 2010 to 2011 on 9 July and 20 August, these are the minimum parameter requirements needed to run our internal benchmark tool. Agents should click the reduced pro-forma radio button and then only complete:

Form 301 lines 13, 14 & 15

Form 305 line 4

Form 306 all lines

Lloyd's will release the 2010 and 2011 benchmark figures to managing agents on 24 July following submission of projected claims reserves within the ICA pro-forma on 9 July.

Interaction with business plans

Many agents have advised that significant time is spent re-running the ICA for each iteration of the business plan. In addition, we understand that for many aligned syndicates, initial plans are subject to material revision during the summer and do not represent firm intentions for the following year of account.

Accordingly, the first ICA submission including the pro-forma may be based on the assumption that the 2011 business plan is a roll forward of the current approved 2010 plan in terms of premium volumes, exposures and loss ratios etc. The ICA should include any changes to methodology and account for all other movements that affect parameterisation of the model and its inputs e.g. projected claims reserves to December 2010. Lloyd's review will then be able to assess the reasonableness of all parts of the ICA methodology and its movement year on year, leaving changes in market conditions in 2011 to one side.

Alternatively, agents may update their 2010 volumes, exposures and loss ratios etc for their latest views. Where this represents a material change, a revised SBF submission is required to have been submitted to Underwriting Performance, and subsequently approved, ahead of the ICA submission, in accordance with normal practice. In addition, managing agents may submit their initial ICA based on their draft business plan assumptions for 2011, including any revised assumptions on volumes, exposures and loss ratios for the 2010 year of account. If this basis is adopted, for non-aligned syndicates this must be in accordance with the first SBF submission and aligned syndicates will also need to provide some SBF data with the ICA to enable Lloyd's benchmarks to be updated. The SBF data required covers the natural catastrophe Realistic Disaster Scenarios, reinsurance and premium volumes by risk code and currency.

The basis of the ICA submission must be clearly stated in the comments form 990.

The ICA should then be adjusted later in September / October when the 2011 business plan is agreed or substantially agreed. The focus on later plans is in line with the approach to SBF reviews for 2011 and should enable the impact of changes to plans to be more clearly understood and assessed more quickly and efficiently. Managing agents may submit an updated ICA with the final SBF; the balance between the additional work required to prepare ICAs for each business plan iteration and the opportunity to obtain earlier Lloyd's feedback and added certainty on the final capital requirement is a consideration for each agent.

For tier 1 syndicates that have elected to use the Lloyd's benchmark, capital requirements will be based upon the final SBF submission. Hence, the Lloyd's benchmark movement in July should be considered as an indicative movement.

Where there is a market changing event, a pragmatic approach will be adopted for changes to assumptions. We consider that deferring consideration of the final plan and its associated capital will make this process more effective.

Pro-forma changes

There are three changes to the pro-forma information that Lloyd's requires all managing agents to submit. This includes all Tier 1 syndicates in respect of the reserve margin information and, unless they have elected to follow the movement in the Lloyd's benchmark (see above), the two additional "base scenario" figures.

The first change is to enter the level of any reserve margin being claimed and the percentage that agents wish to be considered as an eligible asset (see below for further guidance). This information must be provided with each ICA and pro-forma submission.

Secondly, Lloyd's requires agents to compute their ICA assuming no credit for discounting or investment income and zero market risk. This information will assist Lloyd's in assessing the impact of projected mean investment returns and diversified market risk on the overall ICA. This follows a number of queries raised during the review process for 2010 which followed up on the quantum of the discounting credit and agent assumptions on the level of investment returns at the required 1:200 stress point. Obtaining a base ICA in a risk free, but zero investment return universe, will enable more informed assessments of agent's assumptions in this area. This information needs to completed with the final ICA submission only.

Finally, Lloyd's requires agents to provide the mean output from their ICA model. The expected profit within syndicate business plans is an extremely important factor in determining capital requirements and the varied treatments of the profit offset has led to some distortion when comparing across syndicates. Requiring agents to provide their mean output will assist Lloyd's in assessing the reasonableness of the impact of inherent profit assumptions on the overall ICA. The method used to obtain the mean output will vary depending on the type of model used. Agents using a fully stochastic model should provide the mean result from the top-level distribution used to determine the ICA; those who add risk group components using a correlation matrix should provide the total of the means of the risk group components; and those who use a stress and scenario approach should report profit offset. This information needs to be completed with the final ICA submission only.

We recognise that models designed to show peak losses might not perform well at the mean. However the validation of a model should include looking at the mean and we wish to consider the amount by which the ICA exceeds this value in our review, both by ICA and across the market.

Guidance on reserve margins

The treatment of reserve margins adopted for 2010 will continue for 2011 with reserve margins no longer included as part of the ICA calculation. Instead, Lloyd’s will allow a maximum of 75% of any margin held over best estimate to be taken into account as an eligible asset to partially meet the ECA requirement. The permissible credit for reserve margins is discretionary and will be assessed in line with a syndicate's historical performance as well as the guidance standards. The critical evidence that Lloyd’s will consider in support of the margin is the information provided in the Statement of Actuarial Opinion (SAO) as at December 2009. The maximum margin recognised will normally be the lower of the amount disclosed in the SAO and the agent’s assessment of the margin remaining at June 2010. The QMA includes a requirement for agents to confirm that the reserve margin claimed remains in force. Lloyd’s will not recognise any prospective margins irrespective of the formulaic or other approaches adopted by agents. Where a higher margin exists at June compared to December, supported by the same external sign-offs as prevail at year end, Lloyd’s will review this on an exceptional case by case basis.

Guidance on market risk / discounting horizon

During the review of the 2010 ICAs there were a number of instances of inconsistency between market risk and expected investment returns and/or credit for discounting within ICA models. One area that needed to be raised more frequently than in previous reviews was consistency in term assumptions. For example, market risk over a two year time horizon with discounting extending for many more years. Lloyd's stresses the need for consistency and expects all ICA models to have a link between market risk and investment return and/or discounting assumptions. For example where a credit for discounting or investment return of £50m has been allowed for over a three year time horizon, the market risk should allow for the risk of not achieving it. For many fixed-interest portfolios, Lloyd’s accepts that risk may decrease over longer periods, as the horizon approaches the asset duration. However, even where asset durations are matched to liabilities we would expect significant market risk, if only because of the uncertainty surrounding the timing of liability payments.

Where no discounting is assumed, market risk should consider the risk of absolute investment losses and may be very low, considered to ultimate, for some investment portfolios, although there may still be significant credit risk associated with investments.

Stress testing

The FSA are currently developing their workshops and templates for firms which will be communicated as part of the FSA's stress and scenario strategy in due course; there is no firm timetable for this yet, and Lloyd’s will issue more information once this is available. In particular, this will cover the new requirement for reverse stress testing that will need to be completed by all managing agents. Ahead of that, we repeat here the latest industry guidance that the FSA have issued on stress and scenario testing:

“The FSA has published a section on its website which is designed to help and guide firms in their compliance with FSA's stress testing requirements. The FSA's aim is to provide practical assistance and examples of best practice to help firms meet the existing stress testing and scenario testing requirements. Policy documents and guidance regarding scenario setting are also available. The FSA's webpages cover:

- Firms' own stress testing. The FSA expects firms to develop, implement and deliver a robust and effective stress testing programme to assess the firm's ability to meet their capital and liquidity requirements in stressed conditions. They should conduct stress testing by (i) identifying the key risk factors and seeing how these behave in a stress and (ii) determining mitigating management actions that can be taken now or on in the future against the risks identified.
- FSA stress testing of specific firms. The FSA runs stress tests on a number of firms on a periodic basis and runs these tests regularly on specific, high-impact firms and on other firms as the need arises. The purpose of such testing is for the FSA to assess firms' ability to meet minimum specified capital levels throughout a stress period.
- Simultaneous system-wide stress testing. This applies to the stress testing undertaken by firms using a common scenario to assess firms' financial stability. "

Enhanced Capital Requirement

The FSA continue to use ECR as their benchmark for assessing ICAs in the company market and require further information from Lloyd's syndicates to assist them in their review of the application of ICAS at Lloyd's. To facilitate this, the pro-forma submission will continue to require agents to enter their ECR by risk type. In addition, managing agents should complete form ECR1 (link: www.fsa.gov.uk/pubs/other/form_**ECR1**a.xls) and internally compare this analysis with their diversified ICA charges. Managing agents should be prepared to explain differences between their ICA charges and the ECR main components. The ECR pro-forma information requires completion with the final ICA submission only.

Economic uplift

Lloyd's will continue to apply an uplift to syndicate ICAs for economic capital requirements at member level. The uplift (currently 35%) is reviewed annually by the Franchise Board in the second quarter taking into account current market conditions. The outcome of the review will be communicated to the market in June.

Timetable

The key dates for submission of ICAs are set out below:

All syndicates	
Tier 1 syndicates submit irrevocable election to follow Lloyd's benchmark movement from 2010 to 2011 as applied to final 2010 ICA. No ICA submission requirements for whole 2011 capital setting season other than projected claims reserves as at December 2010	**9 July**
Absent above election, Initial ICA submission and pro-forma summary. Basis of submission to be clearly stated on Form 990. Use preliminary SBF exchange rates to be issued in May	**9 July**

Lloyd's replays benchmark movement 2010 into 2011 on roll forward business plan to managing agents	**24 July**
If not done so, **non-aligned** Tier 1 syndicates may now submit irrevocable election to follow Lloyd's benchmark movement from 2010 to 2011 as applied to final 2010 ICA. No further ICA submission requirements for 2011 capital setting other than revised projections of claims reserves as at December 2010.	**20 August**
Non – aligned syndicates submit final SBF	**10 September**
Aligned syndicates submit final SBF and, if not done so, Tier 1 syndicates may now submit irrevocable election to follow Lloyd's benchmark movement from 2010 to 2011 as applied to final 2010 ICA. No further ICA submission requirements for 2011 capital setting other than revised projections of claims reserves as at December 2010.	**1 October**
Absent above election, **non aligned** syndicates submit final ICA and pro-forma summary based on latest plan and June 30 exchange rates	**11 October or earlier if plan approved**
Absent above election, **aligned** syndicates submit final ICA and pro-forma summary based on latest plan and June 30 exchange rates	**25 October or earlier if plan approved**
Lloyd's issues final modelled member level capital for spread members	**29 October**
Coming into Line deadline	**29 November**

Specialist RITC syndicates

Agents managing specialist RITC syndicates should note that they are required to comply with the timetable given above. However, Lloyd's recognises that certain parts of the 2010 Minimum Standards and Guidance document will not apply to RITC syndicates and further clarification will be provided during April.

Run-off syndicates

Agents should also note that submission of run-off ICAs will be required somewhat later than the timetable given above, as in previous years. The run-off timetable and submission requirements will be advised in a further Market Bulletin to be issued during March.

Exchange rates

The Lloyd's benchmark will use the FAL rate as at 30 June 2010 (as determined for CIL) when available. The initial ICAs should be based on the preliminary rates issued for preparation of the July SBF submissions. All later submissions must be based on the 30 June rates to align capital requirements with the valuation of syndicate net assets and FAL.

John Parry
Chairman, ICA Steering Group

APPENDIX ONE

012 ICA Syndicate Type

Please confirm whether this syndicate is active or run-off for ICA purposes:

- ○ Live syndicates - FULL pro forma
- ◉ Live syndicates - REDUCED pro forma for Tier 1 Syndicates
- ○ Run-Off and specialist RITC syndicates (including Run-Offs with active capital)

validation: one of the radio buttons above must be entered (cannot tick more than one)

All numbers on the pro-forma should be calculated and completed in accordance with the guidance notes provided in appendix three of the 2010 ICA Minimum standards and guidance document (the guidance note numbers are referenced where appropriate).

The validations below will be switched OFF if **REDUCED Live** pro forma is selected above:

ICA301	Best estimate whole account underwriting ULR Gross %
	Best estimate whole account underwriting ULR Net %
	1:200 confidence level whole account Underwriting ULR Gross %
	1:200 confidence level whole account Underwriting ULR Net %

300 ICA Summary

Based on SBF submitted

Date (Live*):	
Edition no (Live*):	

Headline Figures

Syndicate ICA as at current year end	0

ICA Risk Category Breakdown

		Pre diversification		Post diversification (2)		Prior Year ICA Post diversification	
		GBP m	%	GBP m	%	GBP m	%
		A	B	C	D	E	F
Insurance Risk - TOTAL (Note 1)	1		%		%		%
split: Underwriting risk (Note 1 & 3)	2						
Reserving risk (Note 1)	3						
Credit Risk - TOTAL (Note 1)	4		%		%		%
split: Reinsurance credit risk	5						
Other credit risk	6						
Market Risk	7		%		%		%
Liquidity Risk	8		%		%		%
Operational Risk	9		%		%		%
Group Risk	10		%		%		%
Increase applied to prior year ICA	11						%
TOTAL (Note 4)	12	-	%	-	%	-	%
Diversification credit between risk categories	13						
DIVERSIFIED TOTAL (Note 4)	14	-					

*** Only live syndicates should complete these fields**

Grey cells do not require completion

301 ICA Key Assumptions

Key Assumptions used in ICA

		Gross %	Net %
		A	B
Underwriting Risk (Note 5)			
Best estimate whole account Underwriting ULR (Live*): (Note 6)	1	-	-
Split : Catastrophe (Live*)	2		
Large (Live*)	3		
Attritional (Live*)	4		
1:200 confidence level whole account Underwriting ULR (Live*): (Note 6)	5	-	-
Split : Catastrophe (Live*)	6		
Large (Live*)	7		
Attritional (Live*)	8		
Reserving Risk (Note 7)			
1:200 confidence level reserve (current year end) deterioration	9		
Average discount rate used (%)	10		
Average claims tail used for discounting (no. of years)	11		
Number of years to natural expiry of run-off at best estimate and 1:200 (RO**)	12		
Assumed USD Exchange Rate as at current year end	13		
Reserve Margin (Notes on form 307)			
Total reserve margin amount (£m)	14		
Reserve margin claimed (£m)	15		
ICA Comparative Assessments (Notes on form 307)			
ICA assuming no discounting, no investment income and zero market risk (£m)	16		
Mean output from ICA model (£m)	17		

*** Only FULL live syndicates should complete these fields**

**** Only Run-Off and specialist RITC syndicates (including Run-Offs with active capital) should complete these fields**

Grey cells do not require completion

302 ICA ECR Breakdown

ECR Breakdown (Note 8)		Current year end GBP m	Prior year end GBP m
		A	B
Net premium charge	1		
Technical provision charge	2		
Asset charge	3		
Total	4	-	-

Grey cells do not require completion

303 ICA Benchmark Sensitivity Tests

Benchmark Sensitivity Tests (Notes 9 & 10)

Sensitivity Test - Revised ICA		GBP m
Actual ICA	1	-
Whole account Net ULR stressed to 140% (Live*)	2	
Net Claims technical provision at year end deteriorates by 40%	3	
Combined stress 2 & 3 (Live*)	4	

		%
Largest single risk as % of ICA total (RO**)	5	
ICA as % of net reserves at 1:200 (RO**)	6	

*** Only FULL live syndicates should complete these fields**

**** Only Run-Off and specialist RITC syndicates (including Run-Offs with active capital) should complete these fields**

Form not required for Tier 1 syndciates

305 ICA Financial Information

Financial Information (Notes 5, 11 & 12)		**Gross GBP m**	**Acquisition Costs GBP m**	**RI Share GBP m**	**Net GBP m**
		A	B	C	D
Proposed YOA Planned premium (Live*)	1				-
Current YOA Planned premium (Live*)	2				-
Forecast technical provisions at current year end:					
Claims	3				-
Unearned premiums (net of DAC)	4				-
TOTAL forecast technical Provisons as at current year end	5	0		0	-

*** Only live syndicates should complete these fields**

Grey cells do not require completion

306 ICA Additional Information

Additional information to assist with benchmarking (Note 13)
Forecast claims technical provisions by pure underwriting year of account as at current year end

	Gross GBP m	Net GBP m
Year of Account	A	B
2010		
2009		
2008		
2007		
2006		
2005		
2004		
2003		
2002		
2001		
2000		
1999		
1998		
1997		
1996		
1995		
1994		
1993		
Total	**-**	**-**

Please confirm that a PDF Version of ICA has been attached on Form990 ☐

In the event that there are insufficient years of account available (likely to occur from merging syndicates or orphan closure situations), then please complete the missing data on an excel spreadsheet and attach along with the electronic version of the ICA on form 990.
To enable Lloyd's to readily identify this data, please use the following naming convention: *Agent Name* Extra Forecast Claims Information.xls

Grey cells do not require completion

307 ICA Notes

Notes:

All monetary amounts should be provided in £millions (to one decimal place) unless otherwise requested.

All percentages should be provided to one decimal place where possible.

Exchange Rate should be provided in dollars and cents (ie 2 decimal places).

Total of all risk groups post diversification must agree with total of undiversified risk group numbers less overall diversification credit.

Planned premium and key assumptions used in the ICA must be consistent with those in the current SBF.

ECR at 31.12.10 should be calculated using estimated data; 31.12.09 ECR should be based on final year end data.

Capacity and premium figures should be quoted net of brokerage and commission, and net of Qualifying Quota Share.

Technical provisions quoted should be booked amount on a UK GAAP basis.

New Fields on Form 301:

Line 14: Please add the net total reserve margin held. Please see page 48/49 of the 'ICA 2010 Minimum Standards & Guidance' for further information on the reserve margin requirements.

Line 15: Please add the net reserve margin that is proposed to be credited against the final ECA value.

Line 16: Lloyd's requires agents to compute their ICA assuming no credit for discounting or investment income and zero market risk.

Line 17: Lloyd's requires agents to provide the mean output from their ICA model. The method used to obtain the mean output will vary depending on the type of model used. Agents using a fully stochastic model should provide the mean result from the top-level distribution used to determine the ICA; those who add risk group components using a correlation matrix should provide the total of the means of the risk group components; and those who use a stress and scenario approach should report profit offset.

Run-Off Agents Only:

Agents selecting the run-off option will be asked to complete a slightly different pro forma which does not ask for information about 2011 underwriting. Further instructions can be found in the market bulletin of April 2009 giving additional guidance to run-off and specialist RITC syndicates.

APPENDIX TWO

012 ICA Syndicate Type

Please confirm whether this syndicate is active or run-off for ICA purposes:

- ○ Live syndicates - FULL pro forma
- ◉ Live syndicates - REDUCED pro forma for Tier 1 Syndicates
- ○ Run-Off and specialist RITC syndicates (including Run-Offs with active capital)

validation: one of the radio buttons above must be entered (cannot tick more than one)

All numbers on the pro-forma should be calculated and completed in accordance with the guidance notes provided in appendix three of the 2010 ICA Minimum standards and guidance document (the guidance note numbers are referenced where appropriate).

The validations below will be switched OFF if **REDUCED Live** pro forma is selected above:	
ICA301	Best estimate whole account underwriting ULR Gross %
	Best estimate whole account underwriting ULR Net %
	1:200 confidence level whole account Underwriting ULR Gross %
	1:200 confidence level whole account Underwriting ULR Net %

300 ICA Summary

Based on SBF submitted

Date (Live*):	
Edition no (Live*):	

Headline Figures

Syndicate ICA as at current year end: **0**

ICA Risk Category Breakdown

		Pre diversification		Post diversification (2)		Prior Year ICA Post diversification	
		GBP m	%	GBP m	%	GBP m	%
		A	B	C	D	E	F
Insurance Risk - TOTAL (Note 1)	1		%		%		%
split: Underwriting risk (Note 1 & 3)	2						
Reserving risk (Note 1)	3						
Credit Risk - TOTAL (Note 1)	4		%		%		%
split: Reinsurance credit risk	5						
Other credit risk	6						
Market Risk	7		%		%		%
Liquidity Risk	8		%		%		%
Operational Risk	9		%		%		%
Group Risk	10		%		%		%
Increase applied to prior year ICA	11						%
TOTAL (Note 4)	12	-	%	-	%	-	%
Diversification credit between risk categories	13						
DIVERSIFIED TOTAL (Note 4)	14	-					

*** Only live syndicates should complete these fields**

Form not required for a Tier 1 syndicate electing to use the movement in the Lloyd's benchmark

301 ICA Key Assumptions

Key Assumptions used in ICA

		Gross %	Net %
		A	B
Underwriting Risk (Note 5)			
Best estimate whole account Underwriting ULR (Live*): (Note 6)	1	-	-
Split : Catastrophe (Live*)	2		
Large (Live*)	3		
Attritional (Live*)	4		
1:200 confidence level whole account Underwriting ULR (Live*): (Note 6)	5	-	-
Split : Catastrophe (Live*)	6		
Large (Live*)	7		
Attritional (Live*)	8		
Reserving Risk (Note 7)			
1:200 confidence level reserve (current year end) deterioration	9		
Average discount rate used (%)	10		
Average claims tail used for discounting (no. of years)	11		
Number of years to natural expiry of run-off at best estimate and 1:200 (RO**)	12		
Assumed USD Exchange Rate as at current year end	13		
Reserve Margin (Notes on form 307)			
Total reserve margin amount (£m)	14		
Reserve margin claimed (£m)	15		
ICA Comparative Assessments (Notes on form 307)			
ICA assuming no discounting, no investment income and zero market risk (£m)	16		
Mean output from ICA model (£m)	17		

*** Only FULL live syndicates should complete these fields**

**** Only Run-Off and specialist RITC syndicates (including Run-Offs with active capital) should complete these fields**

Grey cells do not require completion

302 ICA ECR Breakdown

ECR Breakdown (Note 8)		Current year end GBP m	Prior year end GBP m
		A	B
Net premium charge	1		
Technical provision charge	2		
Asset charge	3		
Total	4	-	-

Form not required for a Tier 1 syndicate electing to use the movement in the Lloyd's benchmark

303 ICA Benchmark Sensitivity Tests

Benchmark Sensitivity Tests (Notes 9 & 10)

Sensitivity Test - Revised ICA		GBP m
Actual ICA	1	-
Whole account Net ULR stressed to 140% (Live*)	2	
Net Claims technical provision at year end deteriorates by 40%	3	
Combined stress 2 & 3 (Live*)	4	

		%
Largest single risk as % of ICA total (RO**)	5	
ICA as % of net reserves at 1:200 (RO**)	6	

*** Only FULL live syndicates should complete these fields**
**** Only Run-Off and specialist RITC syndicates (including Run-Offs with active capital) should complete these fields**

Form not required for a Tier 1 syndicate electing to use the movement in the Lloyd's benchmark

305 ICA Financial Information

Financial Information (Notes 5, 11 & 12)		**Gross GBP m**	**Acquisition Costs GBP m**	**RI Share GBP m**	**Net GBP m**
		A	B	C	D
Proposed YOA Planned premium (Live*)	1				-
Current YOA Planned premium (Live*)	2				-
Forecast technical provisions at current year end:					
Claims	3				-
Unearned premiums (net of DAC)	4				-
TOTAL forecast technical Provisons as at current year end	5	0		0	-

*** Only live syndicates should complete these fields**

Grey cells do not require completion

306 ICA Additional Information

Additional information to assist with benchmarking (Note 13)
Forecast claims technical provisions by pure underwriting year of account as at current year end

	Gross GBP m	Net GBP m
Year of Account	A	B
2010		
2009		
2008		
2007		
2006		
2005		
2004		
2003		
2002		
2001		
2000		
1999		
1998		
1997		
1996		
1995		
1994		
1993		
Total	**-**	**-**

Please confirm that a PDF Version of ICA has been attached on Form990 ☐

In the event that there are insufficient years of account available (likely to occur from merging syndicates or orphan closure situations), then please complete the missing data on an excel spreadsheet and attach along with the electronic version of the ICA on form 990.
To enable Lloyd's to readily identify this data, please use the following naming convention: *Agent Name* Extra Forecast Claims Information.xls

Grey cells do not require completion

307 ICA Notes

Notes:

All monetary amounts should be provided in £millions (to one decimal place) unless otherwise requested.

All percentages should be provided to one decimal place where possible.

Exchange Rate should be provided in dollars and cents (ie 2 decimal places).

Total of all risk groups post diversification must agree with total of undiversified risk group numbers less overall diversification credit.

Planned premium and key assumptions used in the ICA must be consistent with those in the current SBF.

ECR at 31.12.10 should be calculated using estimated data; 31.12.09 ECR should be based on final year end data.

Capacity and premium figures should be quoted net of brokerage and commission, and net of Qualifying Quota Share.

Technical provisions quoted should be booked amount on a UK GAAP basis.

New Fields on Form 301:

Line 14: Please add the net total reserve margin held. Please see page 48/49 of the 'ICA 2010 Minimum Standards & Guidance' for further information on the reserve margin requirements.

Line 15: Please add the net reserve margin that is proposed to be credited against the final ECA value.

Line 16: Lloyd's requires agents to compute their ICA assuming no credit for discounting or investment income and zero market risk.

Line 17: Lloyd's requires agents to provide the mean output from their ICA model. The method used to obtain the mean output will vary depending on the type of model used. Agents using a fully stochastic model should provide the mean result from the top-level distribution used to determine the ICA; those who add risk group components using a correlation matrix should provide the total of the means of the risk group components; and those who use a stress and scenario approach should report profit offset.

Run-Off Agents Only:

Agents selecting the run-off option will be asked to complete a slightly different pro forma which does not ask for information about 2011 underwriting. Further instructions can be found in the market bulletin of April 2009 giving additional guidance to run-off and specialist RITC syndicates.