

# MARKET BULLETIN

REF: Y4403

**Title** Economic Capital Assessment (ECA) Process for 2011 Underwriting year

**Purpose** To set out the ECA Process for the 2011 underwriting year, including arrangements for notification of indicative movement in syndicate benchmark ECAs and distribution of the new member modelling software

**Type** Scheduled

**From** Henry Johnson, Head, Market Reserving and Capital  
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**Date** 15 June 2010

**Deadline** 5<sup>th</sup> August 2010 – Return Application Form for Member Modeller

**Related links** 2011 Individual Capital Assessment (ICA) Process (Market Bulletin Y4381)

## Key Points to Note

- 2011 member capital requirements are to be based on either uplifted 2011 syndicate ICAs or final agreed 2010 syndicate ICAs, adjusted to reflect the way the Lloyd's benchmark moves in recognition of 2011 business plan submissions.
- Economic capital uplift of 35% will continue to be applied to all syndicate ICAs in determining syndicate ECA requirement.
- Member capital will be determined using new member modelling software, accessed via Lloyds.com, for the 2011 underwriting year. It will be made available on 28 June 2010, at which point it will merely reflect rolled forward business plans and member participations.
- There will be an initial release of indicative syndicate benchmark movements, based on either the proposed 2011 business plan or rolled forward 2010 approved business plans, on 23 July 2010. This Bulletin sets out the options open to different categories of syndicates (originally notified in market Bulletin Y4381).
- There will be regular updates to the member modelling software throughout the capital setting cycle to reflect the most up-to-date data available.

## Introduction

This bulletin confirms the completion of the first two phases of Lloyd's new Integrated Capital platform (ICP):

- i) Full transition to new syndicate ICA benchmark, developed in conjunction with Aon Benfield using the Remetrica stochastic engine; and
- ii) Transition to new member modelling software.

Details are provided below of practical arrangements, a detailed timetable (Appendix 1) and respective responsibilities of interested parties. It can be noted that the existing Risk Based Capital (RBC) model will be decommissioned from the end of 2010.

## The Capital Setting Process for the 2011 Year of Account

The ECA member modelling software will be distributed to managing and members' agents in accordance with the normal broad timetable, which reflects Auction and Coming Into Line commitments. There are small changes to accommodate Solvency II requirements as set out in Market Bulletin Y4381.

### *June: Release of new Member Modelling Software*

The new member modelling software will be made available to registered users on 28 June 2010. The main purpose of releasing the software at this stage is to enable users to gain familiarity with the functionality of the software prior to the August 2010 data update, which will include July ICA and Syndicate Business Forecast (SBF) submissions. This will allow members' agents, in particular, time to plan how the new software can integrate with their existing systems and processes. Key changes to the member ECA calculation and software are set out in Appendix 2.

All existing users (members' agents, managing agents and members) have been pre-registered in accordance with agent instructions received. Additional users within members' and managing agents can be added by making a request to [Lloyds-MRC-Help@lloyds.com](mailto:Lloyds-MRC-Help@lloyds.com). An e-mail will be sent to all registered users prior to 28 June explaining exactly how to access the web-site.

It should be noted that, for continuity, the RBC model will be used for setting member capital requirements for 2010 mid-year Coming Into Line and 2010 Release tests and, hence, the Current Year component of the new modeller will not be made immediately available to users. From 2011, Current Year capital requirements will be viewable through the modeller.

It should also be recognised that the data contained in the model released on 28 June will reflect the 2010 approved syndicate business plans copied forward into 2011, together with the assumption that members will maintain their 2010 participations into 2011. The relationship between syndicate ICAs and the Lloyd's benchmark is assumed to remain constant, so syndicate ECAs will move in the same proportion as the benchmark. It should be noted, however, that the parameterisation of the Lloyd's benchmark is not finalised at

this point and will change prior to the publication of indicative numbers on 23 July. Member capital numbers must therefore be viewed as only broadly indicative.

*July: Indicative Benchmark movement Report*

Managing agents will be notified on 23 July of the indicative movement in their syndicate ICA benchmark capital requirement from the 2010 final agreed position to the 2011 indicative position. This information will assist Tier 1 syndicates in deciding whether to elect to use the benchmark movement as the basis for setting member capital throughout the 2011 capital setting process, if they have not already done so via the election on 9 July.

The indicative movement will be based on either actual 2011 business plans or rolled-over 2010 approved business plans, depending on the ICA submission option taken by the managing agent (see below). The 2011 capital requirement will reflect final agreed loss ratios and other parameters.

**Non-aligned syndicates** are required to submit an initial SBF on 9 July, but all syndicates may opt to submit the ICA based on one of 3 options:

- Option 1** - Rolled forward 2010 final business plan - If this option is taken, the benchmark movement will be calculated based on the 2010 final plan rolled forward into 2011.
- Option 2** - Approved revised 2010 business plan rolled forward - with this option, the benchmark movement will be calculated based on the approved revised 2010 plan rolled forward into 2011.
- Option 3** - Latest plans submitted in July - Benchmark movement will be based on the proposed 2011 plan and any approved 2010 SBF plan.

**Aligned syndicates** are not required to submit business plans on 9 July normally, but if they elect for Option 2 or 3 they would need to submit a business plan in support of the ICA, for relevant years of account, on 9 July. Aligned syndicates have the option to submit a full SBF or an SBF Lite. Details of the forms that are required in an SBF Lite are shown at Appendix 5. Unless managing agents request otherwise, these plans will not be reviewed by the Underwriting Performance team.

The actual ultimate movement will depend on final business plans, so the indication provided on 23 July should not be considered fixed. Non-aligned Tier 1 syndicates can make election on either 9 July or 20 August to use benchmark movement, and, once election is made, the syndicate is bound for the rest of the 2011 capital setting process, including mid-year coming into line in June 2012. Aligned Tier 1 syndicates are required to make election to use Lloyd's benchmark movement on 9 July or 1 October.

Every syndicate must submit an ICA pro-forma and, on Form 990, must specify which of the ICA options they have elected **OR** whether they have elected to use benchmark movement. This should be done by stating "ICA Election – Option ..... ("1", "2", "3" or "Use benchmark movement")". If you elect to use benchmark movement (requires board sign-off), the ICA pro forma requirements are:

- Create new return and complete only the following forms:
  - form 301 (lines 13, 14, 15)
  - form 305 (unearned premium provision only)
  - form 306 (full)
  - form 990 (election description)

#### *August: Member Modeller Update*

Initial ICA (where submitted) and SBF submissions will be reflected in the update to the member modelling software made available on 12 August. It should be noted that neither business plan nor ICA are approved at this time. Any matters which have arisen in discussions, which the agent believes will lead to an adjusted ICA number, can be addressed, depending on timing, either by a resubmission of the ICA pro-forma or as an auction disclosure by the managing agent. Member participations for 2011 will be based on 2010 No.1 Stamp (non-aligned) or SBF advised participation (aligned, if SBF submitted).

Where a Tier 1, non-aligned syndicate has provided an ICA and then elects to use Lloyd's benchmark movement on 20 August, the member modelling software will be updated in late August to reflect this change.

#### *September / October: Member Modeller Update*

The final ICA submission received from non-aligned syndicates between 10 September and 11 October will be updated on a real-time basis as final ICAs are received and agreements are reached. By 29 October the Member Modeller will reflect final capital requirements for all non-aligned syndicates. Final ICAs for aligned syndicates will be reflected in the member modelling software as received and approved (final submission date 25 October).

Member participations for non-aligned members will be based on the Lloyd's Stamp System, as notified by members' agents following the first three auctions, and, for aligned members, on SBF participation information until finalised Stamp data is received in December.

Obviously, late-occurring insured or economic events could lead to the need for some syndicates to re-submit ICAs after the September/October deadlines to reflect the impact of such events on their ICA. Action and timetable will depend on the timing of any such event and the constitution of the syndicate's stamp. If required, instructions and revised timetable will be communicated at that time.

### **ICA Adjustments**

The allocation of capital to members operates in a similar fashion to previous years, in that the syndicate benchmark is scaled up to equal the agreed ICA requirement, after uplift, for economic capital. For the initial member modeller release in June, this scaling factor will be fixed based on the previous year relationship between uplifted ICA and benchmark.

It is assumed that the economic capital uplift for 2011 will continue to be fixed at 35%. This needs to be affirmed by Franchise Board and any change will be advertised immediately, though there is no expectation that a change will be recommended.

Requirements for managing agents to submit ICAs and pro-forma information were set out in Market Bulletin Y4381 dated 12 March 2010.

### **Run-off ICAs**

All 2010 run-off ICAs, uplifted for economic capital, will be included in the member modelling software issued from June. Their ECA will reduce to reflect an extra year of run-off in line with Lloyd's benchmark. Run-off syndicates supported by active capital will have their 2011 ICA dealt with in accordance with the same timetable as active syndicates. Further information on the run-off arrangements and timetable will be issued to the market by Open Years Management Department in the near future.

### **Exchange Rates**

As in previous years Lloyd's reserves the right to adjust final ECA requirements post year end, where there is a material change in exchange rates compared to the business plan rate.

### **Responsibilities**

Market Reserving & Capital (MRC) continues to be responsible for the member capital setting process, hosted on Lloyd's Integrated Capital Platform (ICP), comprising the Syndicate Benchmark, Member Capital Allocation Tool and Member Modelling Software. This responsibility extends to setting capital requirements for new syndicates. The Relationship Management Department will facilitate the authorisation of new syndicates and should be approached by agents requiring information on the admission process. The Performance Management Department is responsible for approving syndicate business plans, including mid-year pre-emptions. ICA Steering Group are responsible for approving syndicate ICA submission.

### **Member Modelling Software ('Member Modeller')**

Lloyds.com will be used as the portal to access the new Member Modeller. All main users should have been contacted already, to set-up initial logins (as either Administrator or Account Executive). If you believe you have not been contacted then please email: [Lloyds-MRC-Help@lloyds.com](mailto:Lloyds-MRC-Help@lloyds.com)

#### *Member Modeller Application Form*

In addition, we will soon be forwarding an application form (Appendix 3, for reference only) to each firm applying to use the software, which needs to be signed by a Director on behalf of the firm and returned to Lloyd's as part of Registration process (further details are given below).

This is a one-off requirement to acknowledge that the firm is agreeing to be bound by the user Terms and Conditions that are accepted by individual users upon access to the software. The online user Terms and Conditions for individual users replace the previous

annual paper based Software Licence Agreement and will facilitate speedier access to the software going forward.

The application form will be sent electronically, under separate cover, to an Administrator of the software in the firm. If no Administrator has been registered at your firm please contact [Lloyds-MRC-Help@lloyds.com](mailto:Lloyds-MRC-Help@lloyds.com).

Prior to the 28 June 2010, all users, created to date, will be sent an email containing the URL required to access the member modeller software for the first time. Users will be required to accept the Terms and Conditions as part of the initial login process (copy of terms and conditions attached at Appendix 4 for information only).

### *System Requirements*

Users are advised to access the software through Internet Explorer 7/8 (and above) or Firefox 3.5.3 (and above). Other portals may be used, but have not been tested by Lloyd's and may result in a loss of user functionality or performance.

Users are advised to add the member modeller software to their list of trusted sites in the Internet Options section. This allows exporting and importing of data to be completed without pop-up blockers and delays occurring. From within the site select the following:

“Tools” → “Internet options” → “Security” → “Trusted Sites” → “Sites” → “Add”

### *Help & Support*

All users are advised to review the Member Modeller user manual and FAQ section on Lloyds.com (available from 28<sup>th</sup> June onwards) before directing queries to Lloyds.

All agent queries should be co-ordinated through an Administrator, to improve the efficiency of the support function. If the Administrator is unable to resolve the query, the initial first line of support is the e-mail helpline ([Lloyds-MRC-Help@lloyds.com](mailto:Lloyds-MRC-Help@lloyds.com)) which will be manned by the MRC team. From the 12<sup>th</sup> of August, all Member Modeller queries should be directed to the Lloyd's support line: 0207 327 5333 quoting “Member Modeller”.

### *Further Releases of the Software*

The key dates for data updates are summarised in Appendix 1. However, Lloyd's will make regular updates to the Member Modeller as required outside of the stated timetable, and advise when (and for what reason) updates are made on the home page notice board. We will also post warnings on here, giving advanced notice of any times when it is necessary to make the system unavailable. The downtime for updates will generally be no longer than 1 hour and would normally be performed outside of core working hours.

## **Training and Support**

### *Benchmark Presentations*

Lloyds are holding presentations throughout June to explain how the new benchmark model operates, covering data and parameter inputs and the technical calculation. MRC should already have contacted managing agents to arrange a suitable time for two delegates to attend.

*Member Modeller Workshops*

Lloyd’s will be holding workshops for members’ agents on 1st & 7th July to demonstrate the new software. Lloyd’s will also produce a user manual explaining the functionality of the software.

*E-mail Help Line*

An e-mail helpline will be in operation to deal with queries on the ECA process and software, and with other ECA related questions. Agents with a Market Mail connection should access “Lloyds-MRC-Help”; the full e-mail address is: [Lloyds-MRC-Help@lloyds.com](mailto:Lloyds-MRC-Help@lloyds.com)

The helpline will be staffed by MRC and will provide assistance with all software and member-specific queries as quickly as possible. Any problems relating to lloyds.com or member modeller software access should be directed to: the Lloyd’s support line on 0207 327 5333.

If you require any more information, please contact:

Neil Wells (ext. 6034) [neil.wells@lloyds.com](mailto:neil.wells@lloyds.com)

Kevin Barnes (ext. 5683) [kevin.barnes@lloyds.com](mailto:kevin.barnes@lloyds.com)

Tim Cragg (ext. 5152) [tim.cragg@lloyds.com](mailto:tim.cragg@lloyds.com)

**Summary of Action Points**

<b>28 June</b>	<b>Access to New Member Modeller (provisional data)</b>
<b>9 July</b>	<b>Complete ICA Form 990, detailing whether ICA has been prepared using option 1, 2 or 3 or Election to use benchmark movement has been made</b>
<b>5 August</b>	<b>Final date for firms to submit Member Modeller application form</b>
<b>20 August</b>	<b>Last chance for non-aligned tier 1 syndicates to elect to use benchmark movement via ICA Form 990</b>
<b>1 October</b>	<b>Chance for aligned tier 1 syndicates to elect to use benchmark movement via ICA Form 990</b>

Henry Johnson  
 Head,  
 Market Reserving & Capital



**Economic Capital Assessment Timetable**

<b>DATE</b>	<b>TOPIC</b>	<b>DESCRIPTION</b>
28-Jun-2010	ECA	Initial release of new Member Modelling Software (based on rolled forward 2010 SBF & ICA data)
09-Jul-2010	SBF	Managing Agent submission of non-aligned SBF for 2010 and 2011 via Core Market Returns website
09-Jul-2010	ICA & Tier 1	Managing Agent submission of syndicate full provisional ICA pro forma or irrevocable election to follow Lloyd's benchmark (Tier 1 syndicates) and partial pro-forma for via CMR website (run-off timetable to be confirmed)
23-Jul-2010	ECA	Indicative syndicate ECA files to managing agents (based on final 2010 ICA and benchmark movement)
12-Aug-2010	ECA	New Member Modelling Software goes live (based on benchmark movement or preliminary 2011 ICA submissions)
20-Aug-2010	Tier 1	Final date for non-aligned Tier 1 syndicates to make irrevocable election to follow Lloyd's benchmark for capital setting
07-Sep-2010	Auction	Auction 1 – Day 1
10-Sep-2010	SBF	Managing Agent submission of non-aligned SBF for 2010 and 2011 via Core Market Returns website
14-Sep-2010	Auction	Auction 2 – Day 1
20-Sep-2010	ECA	ECA Member Modelling Software updated for final non-aligned SBF and syndicate benchmark election
28-Sep-2010	Auction	Auction 3 – Day 1
01-Oct-2010	SBF	Managing Agent submission of aligned syndicate business forecasts for 2010 and 2011 via Core Market Returns website
11-Oct-2010	ICA	Managing Agent submission of non-aligned syndicate ICA (final) for 2011 via Core Market Returns website
25-Oct-2010	ICA & Tier 1	Managing Agent submission of aligned syndicate ICA (final) for 2011 via CMR website and final date for aligned Tier 1 syndicates to make irrevocable election to follow Lloyd's benchmark for capital setting
28-Oct-2010	SBF	SBF approval deadline for non-aligned syndicates
29-Oct-2010	ECA	ECA Member Modelling Software updated for final agreed non aligned syndicate ECAs
10-Nov-2010	Auction	Auction 4 – Day 1
12-Nov-2010	ECA	Final ECA Member Modelling Software Update (including final agreed aligned syndicate ECAs)
19-Nov-2010	SBF	SBF approval deadline for aligned syndicates
29-Nov-2010	ECA	Coming into Line for 2011 participation and for existing members additional FAL to support a 1st November mixed capital syndicate start-up



**Key Changes to Member ECA Calculation and Software****Changes to the Member ECA Calculation**

There are a small number of changes to the way that member ECA is calculated in the new environment. These are:

- Removal of 'Backcasting' methodology – members are only capitalised on actual legal exposures at commencement of underwriting year and not on potential future RITC transfers.
- Assumed RITC of oldest year – Capital is set as at 1 January of proposed underwriting year and hence recognises RITC closures at previous 31 December.
- Member ECA is calculated using a stochastic modelling technique.
- Member conversion and consolidation calculations have been simplified slightly, whilst maintaining basic principles.

**Changes to the new Member Modelling Software**

The new member software maintains the core functionality of its RBC predecessor. Lloyd's have endeavoured to improve the user experience of the software and added new functions, to improve the agents' member modelling process. The key changes are:

- The ability to create and save multiple participation sets for members within the software
- Automatic calculation of "ULBY" requirement for member conversions
- Notional ECA calculation for MAPAs
- Ability to view inactive members ECA requirement
- Ability to view current year capital requirement (mid-year Coming into line and Release test ECA requirements)
- Ability to submit ECA requirements to Lloyd's (principally for Coming into Line)

Lloyd's would welcome feedback on any aspect of the software, that agents feel could be improved, and also where instructions provided either within the software or in supporting documentation are not clear to users or where additional guidance would be useful.

Example of Application Form**MEMBER MODELLER SYSTEM  
APPLICATION FORM**

In order to be provided with access to the Member Modeller System, please complete and send this form to Kevin Barnes, Market Reserving and Capital, Lloyd's, One Lime Street, London EC3M 7HA. Electronic copies will be accepted (please send to kevin.barnes@lloyds.com).

Members' / Managing Agents Details:

Firm's name:	
Address:	
City:	
Postcode:	

I certify that I am authorised on behalf of the Firm named above to execute this application form. I further certify and confirm that the Firm will be bound by the Member Modeller System User Terms and Conditions (attached) as amended from time to time.

Signed		Date	
Print name		Director	

Example of User Terms & Conditions**MEMBER MODELLER SYSTEM  
USER TERMS AND CONDITIONS**

IMPORTANT: THESE TERMS AND CONDITIONS ("TERMS") APPLY TO THE MEMBER MODELLER SYSTEM ("THE SYSTEM"), AVAILABLE ON THE LLOYD'S WEBSITE ([www.lloyds.com](http://www.lloyds.com)). YOU WILL BE ASKED TO READ AND ACCEPT THESE TERMS BEFORE ACCESSING THE SYSTEM. THESE TERMS ARE ISSUED BY LLOYD'S.

**1. Definitions and Interpretation**

## 1.1 In these Terms:

**"Applicable Regulations"** means all applicable legislation, laws, regulations, rules, codes of practice with which a Firm or User must comply when using the System;

**"Firm"** means a Lloyd's Managing Agent or Members' Agent that has been given permission by Lloyd's to access and use the System;

**"Firm User"** means an individual registered at Lloyd's to use the System on behalf of a Firm;

**"Individual User"** means a Member of Lloyd's registered to use the System;

**"Information"** means any data submitted to the System by a User;

**"Intellectual Property Rights"** means all rights including but not limited to trade marks, names, logos, copyright, database rights, patents and know-how;

**"System"** means the Member Modeller System;

**"User"** means a Firm User or an Individual User;

a clause or schedule, unless the context otherwise requires, is a reference to a clause of or a schedule to these Terms;

the singular includes the plural and vice versa, unless the context otherwise requires.

**2. Terms and conditions of use**

2.1 By completing and signing the Member Modeller System Application Form, the Firm agrees that it is bound by these Terms.

2.2 By accessing the System, Users accept and are bound by these Terms.

2.3 A Firm or User who has neither accepted nor been deemed to have accepted these Terms has any right to enforce them.

2.4 Lloyd's reserves the right to grant, restrict or revoke access of Users or prospective Users to the System at any time.

2.5 Lloyd's or its agents or suppliers may monitor usage of a User's username and password and unusual patterns of use may be investigated.

### **3. Firm Responsibilities**

3.1 A Firm is responsible for:

3.1.1 providing Lloyd's with details of Firm Users who will have access to the System in accordance with these Terms;

3.1.2 ensuring persons are appropriate to be added as Firm Users and that the level and nature of the access rights granted are appropriate to the Firm User's role and normal business activities;

3.1.3 ensuring that Lloyd's is notified immediately so that the Firm User's username and password can be disabled to prevent them from accessing the System if a Firm User ceases to be authorised by the Firm to use the System for any reason, including but not limited to change of function, termination, departure or any other action which ought to prevent them from having access to the System; and

3.1.4 monitoring Firm Users' conduct to ensure that they comply with these Terms.

### **4. Use of the System**

4.1 Users must only use the System in accordance with these Terms.

4.2 Users must not provide any other individual or company with their user names and passwords.

4.3 A Firm User must only use the System for the purpose of calculating indicative funds at Lloyd's ratios on an economic capital assessment basis for Members of Lloyd's for which the Firm acts and Individual Users for themselves. Users may for these purposes download data from the System.

4.4 Users must comply with the Applicable Regulations within the jurisdiction from which they are accessing the System.

4.5 Users must not:

4.5.1 use the System for any purpose that is unlawful or prohibited by any applicable law, regulation, rule or legislation;

4.5.2 post, transmit or disseminate any information on or via the System which is or may be harmful, obscene, defamatory or otherwise illegal;

4.5.3 use the System in a manner which causes or may cause an infringement of the rights of Lloyd's and/or any other person;

4.5.4 use any software, routine or device to interfere or attempt to interfere electronically or manually with the operation or functionality of the System including but not limited to uploading or making available files containing corrupt data or viruses via whatever means;

- 4.5.5 deface, alter or interfere with the “look and feel” of the System or the underlying software code;
  - 4.5.6 take any action that imposes an unreasonable or disproportionately large load on the System or related infrastructure;
  - 4.5.7 obtain or attempt to obtain access, via whatever means, to any part of the System or the Lloyd’s networks for which it is not authorised.
- 4.6 Lloyd’s reserves the right to remove, modify or alter any data submitted to the System by a User in breach of clause 4.5 but this shall not affect any other remedy which may be available to Lloyd’s.
- 4.7 Firms and Individual Users undertake to put systems in place to minimise the risk of viruses being transmitted or distributed over the System including the use of and regular updating of commercially available virus detection software.

## **5. Intellectual Property**

- 5.1 All Intellectual Property Rights in the System, including but not limited to the underlying software code existing now or in the future shall be and remain the property of Lloyd’s.
- 5.2 The content published on the System and all Intellectual Property Rights in it are owned by Lloyd’s or that content is made available to Lloyd’s under licence from third parties.
- 5.3 All Intellectual Property Rights in the Information shall remain in the ownership of the Firm or Individual User and the Firm or Individual User grants Lloyd’s a perpetual licence to use the Information for its lawful business purposes.

## **6. Updates**

- 6.1 Lloyd’s may make improvements or changes to the System. Changes or improvements that are material will be notified to Firms and Individual Users by Lloyd’s.
- 6.2 Lloyd’s may also modify these Terms at any time and such modification shall be effective immediately upon posting of the modified Terms on [www.lloyds.com](http://www.lloyds.com). Accordingly, continued access or use of the System is deemed to be acceptance of the modified Terms. Material modifications to the Terms as determined in Lloyd’s sole discretion will be notified to Firms and Individual Users by Lloyd’s.

## **7. Data Protection**

- 7.1 Where any personal data, as defined in the Data Protection Act 1998 (“the Act”), is provided by a Firm or a Firm User to Lloyd’s, the Firm confirms that:
- 7.1.1 it has the consent of the owner of the personal data to provide such data to Lloyd’s; and
  - 7.1.2 it has complied with its obligations as set out in the Act.
- 7.2 Lloyd’s will process any personal data provided by a Firm or User in accordance with the Privacy and Security Statement attached to these Terms.

## **8. Security**

- 8.1 Lloyd's will use all reasonable endeavours to ensure that the System is secure. Details of the security measures for the System are set out in the Lloyd's Website Security Statement attached to these Terms. Lloyd's cannot guarantee that information displayed on the System has not been interfered with.
- 8.2 If a Firm or User chooses to send any electronic communications to Lloyd's (whether by email or otherwise), they do so at their own risk. Lloyd's cannot guarantee that such communications will not be intercepted or changed or that they will reach the intended recipient safely.

## **9. Warranties**

- 9.1 The System is provided "as is" and Lloyd's gives no warranties in respect thereof. Specifically, but without limitation, Lloyd's does not warrant that:
- 9.1.1 Firms or Users will be able to use the System or that the System will continue to be made available in its current or any other form;
- 9.1.2 the System or any software or material of whatever nature available on or downloaded from it will meet a Firm's or User's data processing requirements, be uninterrupted or free from errors, defects or viruses, or compatible with a Firm's or User's equipment or fit for any purpose. It is the Firm's and the Individual User's responsibility to use suitable anti-virus software and to ensure compatibility with its equipment; or
- 9.1.3 any content or information published on the System is accurate or complete.
- 9.2 Any warranties which would otherwise be implied by law (including, without limitation, warranties as to satisfactory quality, fitness for purpose or skill and care) are hereby excluded.

## **10. Content warranty**

- 10.1 Whilst Lloyd's and other third parties may provide certain data and information on the System, Firms and Users shall be entirely responsible for the content and accuracy of data and information on the System.

## **11. Liability**

- 11.1 Lloyd's accepts no responsibility or liability for any loss of or corruption of data or information, unauthorised access to, alteration of, or use of any records, programs or files on the System, the Firm's or Users' use of or inability to use the System, out-of-date or inaccurate or incomplete data or information held on the System or any communications, missed or delayed or otherwise, between the Firm or Users and Lloyd's.
- 11.2 Lloyd's shall not be liable for any failure or delay in performing its obligations under these Terms that arises as a result of circumstances beyond its reasonable control.

- 11.3 Lloyd's shall not be liable to the Firm or a User whether for negligence, breach of contract, misrepresentation or otherwise, for (i) any direct loss or damage; (ii) loss or damage arising from third party claims; (iii) loss of profit or goodwill suffered by the Firm or a User; or (iv) indirect or consequential loss or damage suffered by the Firm or a User.
- 11.4 Except as set out in these Terms, all conditions, warranties and representations, whether express or implied by statute, common law or otherwise are expressly excluded.
- 11.5 Nothing in these Terms shall operate to limit Lloyd's liability for (i) fraud, or (ii) death or personal injury caused as a result of negligence on the part of Lloyd's or its employees.

## **12. Termination**

- 12.1 Lloyd's reserves the right to terminate at any time the Firm's or a User's access to the System immediately for any reason, including but not limited to, the Firm and/or Users' abuse or misuse of the System as determined by Lloyd's in its sole discretion.
- 12.2 Termination of these Terms will not affect any obligations that accrue before such termination.

## **13. Severability and inconsistency**

- 13.1 If any provision in these Terms shall be unlawful, void or for any reason unenforceable, that provision shall be deemed severable from the rest of the Terms and shall not affect the validity and enforceability of the remaining provisions of these Terms.

## **14. Entire Agreement**

- 14.1 These Terms constitute the whole agreement between the parties and supersede all previous agreements between the parties relating to their subject matter. Each party acknowledges that, in entering into these Terms, it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in these Terms.

## **15. Notices**

- 15.1 Notices which may be required to be given under these Terms by either party to the other shall be in writing and sent by email, facsimile or by prepaid first class post, to the following addresses:

Lloyd's: Market Reserving & Capital, Lloyd's, One Lime Street, London EC3M 7HA;  
and

Firm or User: the address of the registered office or such other addresses as may be notified to Lloyd's in writing from time to time.

In the case of a notice sent by email or facsimile it shall be confirmed by sending a copy of such notice by first class post. Any notice sent by email or facsimile shall be deemed to be received on the same day of despatch, and any notice sent by prepaid



first class post shall be deemed to be received three (3) days after the date of posting.

**16. Governing Law and Jurisdiction**

16.1 These Terms and all matters arising from or in connection with them shall be governed and construed in accordance with English law and the parties hereby irrevocably submit to the exclusive jurisdiction of the courts of England and Wales.

**17. Third Party Rights**

17.1 No person who is not a party to these Terms shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Terms.

**18. Enforcement**

18.1 The failure by either party to enforce any provision of these Terms shall not be deemed as a waiver of the right to enforce such term or condition.

## **PRIVACY & SECURITY STATEMENT**

Lloyd's has taken steps to safeguard the confidentiality of information which identifies the Users ('personal information') against unauthorised access, amendment or deletion and to ensure access is only granted to authorised Users and only to the extent necessary. This Privacy and Security Statement covers our treatment of the personal information we collect when Users are registered for or visit the System.

### **1 Information collection and use**

When Users register, Lloyd's may ask for their name, email address and other contact details, as well as details about their status and role as an insurance professional. When Users use the System they are not anonymous to Lloyd's.

Lloyd's may also automatically receive and record information on our server logs from Users' browser, including their IP address and the page they requested. Lloyd's may set and access Lloyd's cookies on Users' computers.

### **2 Information sharing and disclosure**

Lloyd's will not sell Users' personal information to anyone.

Lloyd's may disclose personal information about Users to its business associates and other professional advisers, Lloyd's employees and agents, suppliers and providers of goods or services, financial organisations and advisers, ombudsmen and regulatory authorities, and as required by law or regulation.

Users' personal information may be transferred to the above individuals and organisations located in countries which may not provide legal protection of information equivalent to that in the United Kingdom or the jurisdiction from which Users are visiting the System. Details of the individuals, organisations and countries involved in a particular User's case will be provided on request.

Lloyd's only retains personal information for as long as is necessary for the purposes described above.

### **3 Getting in touch with us**

If you have any questions or concerns about privacy and security or your dealings with us, please contact Lloyd's, One Lime Street, London, EC3M 7HA, UK, or email: [infosecurity@lloyds.com](mailto:infosecurity@lloyds.com).

## **LLOYD'S WEBSITE SECURITY STATEMENT**

In order to provide Users of the System with a personalised and secure experience, Lloyd's requires all Users to authenticate to the System using a unique user ID and password. Once authenticated, all information passed over the Internet between the User and the System is protected by Secure Socket Layer encryption technology.

Lloyd's continually reviews its systems and processes to ensure that the System provides the highest practicable level of protection. All information submitted to the System is passed to Lloyd's secure internal servers for processing and the following security measures are in place to ensure its protection:

- Comprehensive firewalling to shield Lloyd's internal computer systems from external threats
- System monitoring to identify any unusual activity
- Data processing and storage facilities sited in secure locations to prevent unauthorised access
- Data stored and handled at all times in a manner that maintains its confidentiality, integrity and availability.

If you have any questions or concerns or would like further information please contact Lloyd's Information Protection & Continuity team at [infosecurity@lloyds.com](mailto:infosecurity@lloyds.com).

SBF Lite Details

**SBF LITE SUBMISSION DETAILS**

If Aligned syndicates opt to submit their 2011 ICA based on **revised** 2010 or 2011 business plans, then a revised SBF must be submitted. Aligned syndicates have the option to submit the full plan or submit a reduced plan (SBF Lite) which requires fewer forms to be completed:

**FORMS REQUIRED**

- 020 - Exchange Rates (*fills in automatically*)
- 050 - Class of Business Description
- 051 - Risk Code Mapping of Classes of Business
- 105 - Underwriting Performance Forecast
- 167 - Premium Income Split by Risk Code
- 420 - Capacity Information
- 442 - Underwriting Controls
- 452 - Realistic Disaster Scenarios
- 730 - Outwards Reinsurance Premiums

Therefore the aligned syndicates are not required to complete the following forms: 100, 130, 163, 164, 169, 171, 182 (changing to 183) & 350.

Reduced plans can only be submitted during July. Post July, any ICA changes that require an SBF submission must be a full SBF plan.

Unless managing agents request otherwise, these plans will not be reviewed by the Underwriting Performance team. The plans are required to produce the Lloyd's benchmark, which is used in the ICA review process.