

# MARKET BULLETIN

REF: Y4542

<b>Title</b>	Schedule 3 reporting for corporate members
<b>Purpose</b>	To invite corporate members to subscribe to the central Schedule 3 facility for the 2011 year end.
<b>Type</b>	Scheduled
<b>From</b>	Robert Smith, Manager, UK Reporting, Market Finance Contact details: 020 7327 5459 robert.smith@lloyds.com
<b>Date</b>	16 December 2011
<b>Deadline</b>	Completion of application form - Friday 27 January 2012
<b>Related links</b>	

Corporate members are required to prepare their accounts in accordance with Schedule 3

### Lloyd's central Schedule 3 facility

In order for corporate members to be able to prepare their accounts in accordance with Schedule 3 they require certain information which is not available in the syndicate accounts or the extract they receive from the quarterly monitoring return.

Therefore, to assist corporate members to prepare their statutory accounts, Lloyd's will operate a central facility whereby information will be collected in Schedule 3 format in respect of each syndicate from managing agents (as part of the Q4 QMA return), process it and then make it available to relevant corporate members in the form of a statement reflecting that member's syndicate participations.

### Annual accounting

As in previous years, all information is provided on an annual accounting basis, in accordance with the ABI SORP on 'Accounting for Insurance Business'. Information will be provided for the year ended 31 December 2011.

### Provision of Schedule 3 data by managing agents

Managing agents are required to prepare and submit to Lloyd's a Q4 QMA return. Among other things, the Q4 QMA return collects data for use in Lloyd's central Schedule 3 facility (the 'Schedule 3 data'). The Schedule 3 data must be prepared by the managing agent in

respect of each syndicate managed by it unless it has been granted an exemption. The circumstances in which such an exemption may be granted include, for example, where there is no corporate participation on the syndicate for any year of account, where the capacity for each year of account was fully subscribed to by a single corporate member or where the managing agent is able to confirm that no Schedule 3 data is required because it is aware that no corporate member participating on that syndicate for any year will be subscribing to the Lloyd's central Schedule 3 facility. Such an exemption will only apply to the Schedule 3 data of the Quarterly Monitoring Return as defined in the Quarterly Monitoring return instructions (please see market bulletin '2011 Year End Returns', reference Y4537, dated 2 December 2011 ).

Thus, the Schedule 3 statement sent to corporate members will contain data concerning their participations on all syndicate years except where no Schedule 3 data has been prepared. In addition, Lloyd's cannot guarantee to include data relating to any syndicate where the Q4 QMA return has not been submitted to Lloyd's by the prescribed date, i.e. 23 February 2012, although so far as possible every effort will be made to include such data.

Provision of data to corporate members

Once the Q4 QMA returns have been submitted, Lloyd's will process and validate the data then apportion the data in respect of each syndicate year for which a return has been made (see above regarding nil returns or late returns) in accordance with each corporate member's participation on the syndicate year concerned.

The individual and the aggregated position of all syndicate participations in respect of which annual returns containing Schedule 3 data have been made prior to the deadline will then be made available to each corporate member which has subscribed to this service. Copies of the relevant managing agents' and auditors' reports will be provided to each subscribing member.

It is currently envisaged that the data will be made available to subscribing corporate members by no later than Monday 2 April 2012. However as last year we will aim to send the data out before this date.

Fees

Each corporate member that wishes to subscribe to this service is required to pay a fee. This fee is calculated by reference to the highest overall premium limit (OPL) of the corporate member concerned and number of syndicates (disregarding syndicate years of account for this purpose) in which the corporate member participates.

The fees for the 2011 facility are set out below and vary according to the size (in terms of the OPL) of the corporate member. The fees are unchanged from last year.

OPL for member*	Fee per syndicate participation**	Maximum fee**
£15,000,001 or greater	£125.00	£3,750.00
£10,000,001 to £15,000,000	£100.00	£3,000.00
£5,000,001 to £10,000,000	£70.00	£2,100.00

£2,000,001 to £5,000,000	£35.00	£1,050.00
£2,000,000 or less	£35.00	£700.00
Member participating on 2008 or prior run-off years only	£35.00	£700.00

\* OPL is defined as the highest OPL written for any of the last three years of account (i.e. 2009 to 2011 years of account).

\*\* Fees are calculated per syndicate (not syndicate year) participation and are quoted exclusive of VAT which is chargeable at the applicable rate.

#### Payment of fees

The fees will be collected through the distribution system, ie the fees will be deducted from any profits that are to be paid to the member, in the same way as other central charges. An invoice will still be raised for tax purposes but we believe that the collection through distribution will be of benefit to members by eliminating the need to raise cheques.

This method of fee collection will only be available to those members that subscribe to the 2011 Schedule 3 facility by the due date set out for completion on the application form. Where a request is submitted after that date, payment will be required immediately on request to subscribe to the facility.

#### Scottish Limited Partnerships

While most Limited Liability Partnerships must report on a Schedule 3 basis, for the avoidance of any doubt, it should be noted that **Scottish Limited Partnerships do not have to prepare accounts in accordance with Schedule 3 to the Companies Act 2006**, and accordingly should not subscribe to this facility.

#### Deadline

Corporate members wishing to subscribe to this service are asked to complete the attached application form and return it to Market Finance **by no later than Friday 27 January 2012**.

If you have any queries on this bulletin, please contact;

Nadia Yakoob on extension 6317 (nadia.yakoob@lloyds.com) or  
Robert Smith on extension 5459 (robert.smith@lloyds.com)

Robert Smith

**SCHEDULE 3 REPORTING FOR CORPORATE MEMBERS  
LLOYD'S CENTRAL FACILITY  
31 DECEMBER 2011**

Corporate Member(s): \_\_\_\_\_

Member number(s): \_\_\_\_\_

Address to which output is to be sent:

\_\_\_\_\_  
\_\_\_\_\_

Contact name: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Please tick appropriate box:**

I confirm that I will require Schedule 3 data provided by Lloyd's Central Facility. I note that the fee payable for this will be invoiced to the member by Lloyd's in April 2012 following provision of the data to the member.

**Or**

I confirm that I will not require Schedule 3 data provided by Lloyd's Central Facility.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Please return to;

**Nadia Yakoob, Market Finance, Gallery 5, Lloyd's 1986 Building, 1 Lime Street,  
London EC3M 7HA**

**By no later than Friday 27 January 2012**

Responses may also be emailed to Nadia Yakoob (Nadia.Yakoob@lloyds.com)