

MARKET BULLETIN

REF: Y4708

Title	Economic Capital Assessment (ECA) Process for 2014 Underwriting Year of Account
Purpose	To set out the ECA process for the 2014 underwriting year; advising the market of the basis for setting the economic uplift applied above regulatory minimum capital levels and arrangements for distribution of the Member Modelling Software ('Member Modeller')
Type	Scheduled
From	Henry Johnson, Head, Market Reserving and Capital Contact details: 0207 327 5235 henry.johnson@lloyds.com
Date	4 July 2013
Deadline	See timetable at appendix 1 for LCR and SBF submission dates 26 th July 2013 – Deadline for return of Member Modeller Authorisation (new users)

Key Points to Note

- The process to set member capital requirements for 2014 will remain largely unchanged from the previous year. We will be using Solvency Capital Requirements on an ultimate basis (uSCRs) to meet Individual Capital Adequacy Standards (ICAS) requirements.
- Available assets to meet member level capital requirements will be based on the 30 June valuation of Funds at Lloyd's (FAL) and syndicate net balances on a Solvency II basis per the Solvency II balance sheet QMC returns.
- The Economic Capital Uplift (ECU) will be calculated as a 35% increase applied to the agreed uSCRs on an ultimate basis for all syndicates (including life syndicates). The agreed uSCR plus ECU determines the syndicate Economic Capital Assessment (ECA) requirement used in setting member Funds at Lloyd's requirements.
- Member capital for the 2014 modelling year will be determined using the Member Modeller, accessed via Lloyds.com. The 2014 Member Modeller will first be made available on 15 August 2013, at which point member capital requirements will reflect an initial view based on submitted, but unapproved, Syndicate Business Forecasts (SBFs) and uSCRs (full timetable is set out at Appendix 1).

Introduction

This Bulletin confirms the process for setting and modelling member capital for the 2014 underwriting year during calendar year 2013. Practical arrangements are described herein and a summarised business timetable and a description of key modelling and functional improvements are provided in the appendices.

SCR submission requirements

Lloyd's requires the submission of an Ultimate SCR (via Lloyd's Capital Return (LCR)), which continues to be used in the member capital setting process, as, together with the Solvency II balance sheet, it provides equivalent policyholder protection to the mandatory ICAS regime. The ultimate SCR should take account of one year of new business in full attaching to the next underwriting year (using Inception Date Accounting) and the risks over the lifetime of the liabilities ("to ultimate") assessed at 1:200 confidence level.

For 2014, we also require managing agents to prepare an SCR for each managed syndicate that meets the one-year balance sheet to balance sheet Solvency II regulatory test at the 99.5th percentile.

Requirements for managing agents to submit the LCR pro-forma and methodology document for 2014 have been set out in the SCR instructions on Lloyds.com (<http://www.lloyds.com/The-Market/Operating-at-Lloyds/Solvency-II/Information-for-managing-agents/Guidance-and-workshops/Internal-Model-SCR>).

The Capital Setting Process for the 2014 Year of Account

The ECA Member Modelling Software ('Member Modeller') will be made available to registered users from 15 August 2013 and will be updated in accordance with the business capital timetable, reflecting SBF and uSCR submissions, Capacity Auctions and Coming into Line (CIL) deadlines. It should be noted that the Auctions have been pushed back a further one week from last year, commencing 24 September.

All existing users (members' agents, managing agents and members) will be able to continue accessing the software with their current password.

Additional users can be added by making a request to Lloyds-MRC-Help@lloyds.com.

The software can be accessed via: <http://www.lloyds.com/The-Market/Tools-and-Resources/Tools-E-Services/Member-Modeller>

Current Year (2013) capital requirements, i.e. members' mid-year CIL and release test ECA requirements, can be viewed through the current year version of the Member Modeller (accessible via drop down selection on 'Home' page). From here, it will also be possible to model member participations on new syndicate current year start-ups and mid-year pre-

emptions. Details of these arrangements, if they arise, will be included on the home page noticeboard and will also be e-mailed to members' agents as they are updated.

Business Plan Submissions and impact on capital

All syndicates are required to submit an initial SBF on 4 July, and must submit a full Lloyd's Capital Return (LCR) pro-forma at the same time, based on this SBF submission. The initial LCR should be supported by the SCR methodology documentation and supplementary questionnaire on insurance risk and dependencies.

Final SBFs must be submitted by all syndicates by 12 September. Non-aligned syndicates (including: any aligned syndicate with third party capital and Special Purpose Syndicates (SPS)) must submit their LCRs by 12 September and aligned syndicates by 19 September. The final LCR should be supported by an analysis of changes from the initial submission.

Syndicates will be required to re-submit their SBF to obtain Lloyd's approval of the business plan where whole account net ultimate loss ratios (ULRs) are more than 5 percentage points below Lloyd's view. Lloyd's will accept differences below 2 percentage points. Where the difference is below 5 but above 2 percentage points, Lloyd's will accept the SBF, and, for capital, accept any of the following actions using Lloyd's view of loss ratios:

1. Re-submission of the LCR after a full re-run of the model using the revised net ULRs. This will need to be reviewed before it can be accepted.
2. A re-run of the model based on the revised ULRs without the re-submission of the LCR. The results of the re-run would still be provided to Lloyd's but outside of a formal LCR submission. As the syndicate had not changed the submitted SCR, it would then be expected to lead to a capital load based on the results of the re-run, once it had been reviewed and accepted.
3. A bottom line adjustment to the SCR based on the difference in whole account net ULRs multiplied by the net premium volume. No further resubmission of the LCR would be required and hence again would lead to a capital load. This adjustment is expected to give an equivalent result to the first two options.

Agents have the option to submit the interim validation report on 4 July. This can be submitted alongside the LCR via CMR. The final validation report should be submitted by 26 September. This should be sent to the MRC Analyst responsible for the managing agent.

Syndicates are required to keep under review the business plan and uSCR agreed for November CIL. If circumstances change, leading to a material change in SBF and/or uSCR by the end of February 2014, then a resubmission of relevant returns must be made by 6 March 2014. This review should cover comparison of actual technical provisions on a Solvency II basis against projections, actual volumes and terms and conditions achieved in respect of 1 January contracts against plan and material reinsurance arrangements placed compared to plan. These changes, subject to agreement, will be reflected in mid-year CIL capital setting. Any subsequent changes should be picked up in the following full year capital setting process, although material changes to the 2014 SBF should be submitted

throughout the year, as they become known. The existing requirement that, following a major loss of capital, members can be required to refresh capital sooner than the CIL timetable requires, subject to Lloyd's discretion, continues to apply.

Member Modeller Releases

August: Member Modeller Update

Initial LCR and SBF submissions will be reflected in the first release of the Member Modeller made available on 15 August. It should be noted that neither business plans nor LCRs are approved at this time and only a preliminary review would have been carried out.

September: Member Modeller Update

The Member Modeller will be updated on 19 September to reflect the 'final' submission of the SBFs and non-aligned syndicate LCRs, provided by syndicates on 12 September, before any review has been carried out.

A further update to the Member Modeller will be provided on 26 September, to include the aligned syndicates' 'final' LCR submissions. Any matters which arise subsequently in discussions with Lloyd's, which the agent believes will lead to an adjusted LCR number, can be addressed, depending on timing, either by a resubmission of the LCR pro-forma or as an auction disclosure by the managing agent.

October: Final Member Modeller Update

The Member Modeller will be updated to reflect the final CIL capital requirements on 24 October. Updates may be made prior to this date, to reflect material changes to agreed non-aligned syndicate LCRs, following prior notification to members' agents.

Member participations for non-aligned members will be based on the Lloyd's Stamp System, updated following each of the capacity auctions, and, for aligned members, on SBF participation information, until finalised Stamp data is received in December. Members' Agent Pooling Arrangement (MAPA) participations are based on notifications from members' agents and are not guaranteed to be up-to-date. Members' agents can model the latest participations themselves, together with MAPA constitution changes.

Market Changing Events

In the event of significant late-occurring insured or economic events, it may be necessary for some syndicates to re-submit LCRs after the September deadline to reflect the impact of such events on their LCR. Lloyd's will seek to adopt a pragmatic approach, but action and timetable will depend on the materiality and 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.

Notification of Syndicate ECA

Lloyd's will issue to members' agents, at the time of each major data release, a schedule of the latest syndicate ECA requirements (uSCR + economic uplift) for non-aligned syndicates. We will not comment on the make-up of that ECA, nor whether it has been adjusted.

Life Syndicates

Capital for members on life syndicates will be set based on their share of the life syndicate's agreed uSCR submission uplifted by 35% of uSCR (to give syndicate ECA). This is a change from the transitional arrangement last year where ECU was 10% of capacity. These life syndicate ECAs and ECA% will be provided to members' agents at the time of each Member Modeller release (together with syndicate ECA notification). For life members with a spread across more than one life syndicate, their capital will need to be calculated by the members' agent on a simple weighted average basis. There will be no additional diversification credit, i.e:

ECA for member on life syndicate A and life syndicate B calculated as:
 $PL \text{ on life syndicate A} \times ECA\% \text{ of life syndicate A} + PL \text{ on life syndicate B} \times ECA\% \text{ of life syndicate B}$.

Economic Capital Uplift (ECU)

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 uSCR requirement, after uplift for economic capital.

Lloyd's will continue to apply uplift to minimum regulatory capital requirements to derive ECAs at member level. The uplift (35% of syndicate uSCRs) is reviewed annually by the Franchise Board taking into account current market conditions.

Accordingly, Franchise Board has agreed that the ECU should be set at 35% of agreed ultimate SCR. This is the closest proxy to the previous uplift methodology that applied to ICAs.

The standard 40% minimum FAL requirement remains in force, as does the reduced 25% minimum for members writing predominantly (85%) EU personal lines business.

Summary of the Coming into Line "equation"

The available assets to meet capital requirements will be the sum of net syndicate balances at 30 June 2013 on a Solvency II basis and the valuation of FAL at that date. The net syndicate balances will be based on the Solvency II balance sheet submissions (submitted via the Quarterly Monitoring Report C (QMC) on 07 September), subject to supporting review opinions from syndicate auditors and Lloyd's review.

The capital requirement will be the sum of the final SCR on an ultimate basis for the 2014 year of account and the ECU in force at the time.

For example:

- a) Net Solvency II balance at syndicate level £10m, FAL valued at £130m, gives available assets of £140m.
- b) 2013 SCR to ultimate £120m, ECU (at 35%) £42m gives a 2014 capital requirement of £162m (£120m plus £42m).
- c) Net new capital required £22m (£162m less £140m).

The separate assessment of reserve margins held in syndicate accounts as eligible assets to meet capital requirements is no longer relevant. The release of margins to ensure the

Solvency II technical provisions are on a best estimate basis means that full recognition is effectively provided for the margin in the net syndicate balance in the June balance sheet. Lloyd's review of the submitted balance sheets and assessment of reserve risk will take this into account. Managing agents should note, when preparing their Solvency II technical provisions for QMC, that Lloyd's does not expect the impact of the release of reserve margins in the UK GAAP technical provisions to be greater than the amount of the reserve margin reported in the SAO. Lloyd's will review the impact of these adjustments having regard to the information reported in the SAO. Where Lloyd's considers the 'release' reflected in the QMC to be excessive in this regard, Lloyd's will either ask the managing agent to resubmit the QMC to adjust for this, or to increase the syndicate's uSCR by the 'excess' amount, which would impact directly on the capital requirements for the member(s) supporting that syndicate.

Exchange Rates

The initial submission of SBFs and LCRs in July should be based on the provisional exchange rates, notified in market bulletin Y4688. Any submissions on, or after, 29 July 2013 should be based on 30 June SBF 'final rates'.

Year End Adjustments

As in previous years, Lloyd's will adjust the final ECA requirements post year-end, for mid-year CIL, where there is a change in exchange rates compared to the SBF 'final rate'. This ensures that capital requirements are exchange rate matched against the available capital and reserves. Lloyd's will also consider making an adjustment for the final risk margin as reported in December QMC Return.

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 recommending 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 Capital and Planning Group (CPG), which has replaced the separate Business Plan and ICA Steering Groups, is responsible for approving the following:

- syndicate business plans,
- mid-year pre-emptions,
- syndicate LCR submissions,
- new syndicate capital requirements.

Member Modeller - administrative arrangements

Lloyds.com is used as the portal to access the Member Modeller. If any assistance is required in gaining access or adding users then please email:

Lloyds-MRC-Help@lloyds.com

Member Modeller Application Form

Any agents accessing the software for the first time, will need to print and complete Appendix 3, which is a conditional requirement of agents using the member modelling software. Agents that have previously completed the form are not required to repeat the process. The form needs to be signed by a Director on behalf of the firm and returned to Lloyd's as part of the Registration process.

The form can be scanned and sent electronically to the help email (listed above) or sent by post to: Kevin Barnes (MRC/G5), Lloyd's of London, One Lime Street, London, EC3M 7HA. The application form can also be sent out electronically, should you require it, and requests should be made by email to the help desk for a word version of the form.

This is a one-off requirement to acknowledge that the firm agrees 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.

Users will be required to accept the Terms and Conditions as part of the initial login process (a copy of the terms and conditions is 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.

Internet Explorer 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 Frequently Asked Questions (FAQ) section on Lloyds.com before directing queries to Lloyd's.

All agent queries should be co-ordinated through your agencies 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) which will be manned by the MRC team.

Further Releases of the Software

The key dates for data updates are summarised in Appendix 1. Lloyd's may, however, make more regular updates to the Member Modeller as required, and by agreement with members' agents, outside of the stated timetable. Such updates will be advised, with details and reason, on the home page notice board. We will also post warnings on the notice board, 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

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

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.

Any user that would like some additional training on use of the Member Modeller should contact MRC via: Lloyds-MRC-Help@lloyds.com and we can discuss the best way to meet those needs.

If you require any more information regarding the capital setting process and Member Modeller, please contact one of the following:

Neil Wells (ext. 6034) neil.wells@lloyds.com

Kevin Barnes (ext. 5683) kevin.barnes@lloyds.com

Tim Cragg (ext. 5152) tim.cragg@lloyds.com

Monazza Salar (ext. 5498) Monazza.Salar@lloyds.com

Henry Johnson
Head,
Market Reserving & Capital

Economic Capital Assessment Timetable

Deadline	Topic	Activity
04-Jul-13 (1pm)	SBF	Managing agents to submit, 2014 provisional syndicate business forecasts for all syndicates via the core market returns website.
04-Jul-13 (1pm)	LCR	Managing agents to submit a Lloyd's Capital Return (LCR) pro forma for all syndicates. The LCR submission should include full documentation on parameterisation and methodology provisionally based on the initial 2014 plan linked to the Syndicate Business Forecast (SBF) submission on 4 July 2013.
15-Aug-13	ECA	Indicative Member Modelling Software released by Lloyd's, based on 2014 LCR and SBF - preliminary submissions, pre-review by Lloyd's.
12-Sep-13 (1pm)	SBF	Managing agents to submit final 2014 SBFs for all syndicates, via core market returns website.
12-Sep-13 (1pm)	LCR	Managing Agents to submit final LCR pro forma for non-aligned* syndicates. The LCR submission should be a full pro forma with an analysis of change from the initial submission, based on the final 2014 SBF submission. (* SPS and syndicates with third party capital must also submit here)
19-Sep-13 (1pm)	LCR	Managing Agents to submit final LCR pro forma for aligned syndicates. The LCR submission should be a full pro forma with an analysis of change from the initial submission, based on the final 2014 SBF submission
19-Sep-13	ECA	Second Indicative release - non-aligned Member Modelling Software update, based on final submitted 2014 LCR and SBF of non-aligned syndicates.
24-Sep-13	Auction 1	Day one of Lloyd's capacity auction number one.
26-Sep-13	ECA	Second indicative release - aligned Member Modelling Software update, based on Final submitted 2014 LCR and SBF of all syndicates including aligned.
08-Oct-13	Auction 2	Day one of Lloyd's capacity auction number two.
15-Oct-13	Auction 3	Day one of Lloyd's capacity auction number three.
18-Oct-13	CPG	Syndicate business plans approval deadline for non-aligned syndicates.
24-Oct-13	ECA	Final Member Modelling Software release, based on agreed SCR's for non-aligned syndicates.
12-Nov-13	Auction 4	Day one of Lloyd's capacity auction number four.
22-Nov-13	SBF	Syndicate business plan approval deadline for aligned syndicates.
27-Nov-13	CIL	Deadline for active members to ensure they are in line.
06-Mar-14	LCR	Managing Agents to re-submit an LCR pro-forma where there has been material change to syndicate SCR from that agreed for November Coming into Line.

Key Changes to Member Modelling Software

Changes to the new Member Modelling Software

Following feedback from main users, MRC have implemented a number of enhancements to the system for 2014 modelling, below, which will be available when Proposed Year 2014 data is first made available.

Subject	Description
Modeller usage	Improvements by Lloyd's to the system access software will enable us to respond to access requests for the Modeller in a much more timely manner
Understanding Invalid participation sets	Sometimes, when data is refreshed in the Modeller, user-created participation sets are marked as invalid. An explanation for the invalid status is now available by clicking on the validity symbol.
View Members	The default filter for members on the "View Members" page has been changed to "All Members" from "All Active Members". If another filter is selected, this selection will now persist for the duration of the modelling session. It had previously reverted to default whenever the "View Members" page was visited.
Shared members	Improvements have been made to the administration of members shared between agents, which will improve the reliability of the function.
Scaling Lloyd's participation sets for MAPA constitution changes	Where the constitution of a MAPA changes as a result of auction activity, member participations within the Lloyd's participation set ONLY will be scaled to assume that the member shares proportionately in that pre-emption or de-emption. This gives a more reasonable estimate of member participations and ensures full utilisation of syndicate capacity in Lloyd's participation set. It will not be correct for all members, but the correct position can of course be modelled by members' agents.
Conversion reporting	Both donor and recipient members can now be used in selecting proposed conversion reports. ULBY Credit has been added to the Proposed Conversion report, and to the Existing Conversion report along with the Donor ECA.

Key Changes to Member Modelling Software

Changes to Lloyd's benchmark model methodology

There are two material changes to the method of modelling syndicate and member capital and these are set out below. These changes may have some impact on the distribution of member capital between years of account, although is not expected to be material:

Subject	Description
Use of syndicate own Catastrophe Simulations	The SCR benchmark has previously (like its predecessors) used syndicate prospective RDS returns to model Catastrophe risk. Whilst this has offered a reliable indicator, the collection and review by the Exposure Management team of syndicate own Catastrophe Exceedance Probability curves has enabled us to incorporate this into the benchmark model. This is deemed a superior approach to measuring the level of catastrophe risk a syndicate is exposed to.
Change in Copula used	In order to achieve consistency between Lloyd's Internal Model (LIM) and the syndicate benchmark the LIM copula, which provides the dependency structure between different classes of business and years of account and hence between syndicates, has been adopted into the syndicate benchmark model.

Application Form

**MEMBER MODELLING SOFTWARE
APPLICATION FORM (one per Agent -
Only needs to be completed in first year)**

In order to be provided with access to the Member Modelling Software, please ask a Director (or equivalent) to 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 Lloyds-MRC-Help@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 Modelling Software User Terms and Conditions (attached) as amended from time to time.

Signed		Date	
Print name		Director	

Wording of User Terms & Conditions**MEMBER MODELLING SOFTWARE
USER TERMS AND CONDITIONS**

IMPORTANT: THESE TERMS AND CONDITIONS (“TERMS”) APPLY TO THE MEMBER MODELLING SOFTWARE (“THE SOFTWARE”), AVAILABLE ON THE LLOYD’S WEBSITE (www.lloyds.com). YOU WILL BE ASKED TO READ AND ACCEPT THESE TERMS BEFORE ACCESSING THE SOFTWARE. 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 Software;

“**Firm**” means a Lloyd’s Managing Agent or Members’ Agent that has been given permission by Lloyd’s to access and use the Software;

“**Firm User**” means an individual registered at Lloyd’s to use the Software on behalf of a Firm;

“**Individual User**” means a Member of Lloyd’s registered to use the Software;

“**Information**” means any data submitted to the Software 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;

“**Software**” means the Member Modelling Software;

“**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 Modelling Software Application Form, the Firm agrees that it is bound by these Terms.

2.2 By accessing the Software, 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 Software 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 Software 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 Software if a Firm User ceases to be authorised by the Firm to use the Software 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 Software; and

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

4. Use of the Software

4.1 Users must only use the Software 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 Software 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 Software.

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

4.5 Users must not:

4.5.1 use the Software 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 Software which is or may be harmful, obscene, defamatory or otherwise illegal;

4.5.3 use the Software 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 Software 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 Software or the underlying software code;
 - 4.5.6 take any action that imposes an unreasonable or disproportionately large load on the Software or related infrastructure;
 - 4.5.7 obtain or attempt to obtain access, via whatever means, to any part of the Software 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 Software 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 Software including the use of and regular updating of commercially available virus detection software.

5. Intellectual Property

- 5.1 All Intellectual Property Rights in the Software, 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 Software 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 Software. 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. Accordingly, continued access or use of the Software 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 Software is secure. Details of the security measures for the Software are set out in the Lloyd's Website Security Statement attached to these Terms. Lloyd's cannot guarantee that information displayed on the Software 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 Software 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 Software or that the Software will continue to be made available in its current or any other form;
- 9.1.2 the Software 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 Software 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 Software, Firms and Users shall be entirely responsible for the content and accuracy of data and information on the Software.

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 Software, the Firm's or Users' use of or inability to use the Software, out-of-date or inaccurate or incomplete data or information held on the Software 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 Software immediately for any reason, including but not limited to, the Firm and/or Users' abuse or misuse of the Software 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 Software.

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 Software 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 Software. 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.

LLOYD'S WEBSITE SECURITY STATEMENT

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

Lloyd's continually reviews its systems and processes to ensure that the Software provides the highest practicable level of protection. All information submitted to the Software 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.