

MARKET BULLETIN

REF: Y5052

Title	2014 Account Syndicate Results Collection	
Purpose	To advise of the data requirements for submission of year-end results files to Market Services	
Type	Scheduled	
From	Karen Oliver, Head of Market Services Finance Contact details: +44 01634 392120	
Date	21 December 2016	
Deadline	Form for access to Distribution system	13 January 2017
	Submission of syndicate level QMA	16 February 2017
	Other Managing Agents Expenses for Results	3 March 2017
Related links	N/A	

This bulletin provides information regarding the collection of syndicate results in respect of the 2014 year of account.

1. New Distribution System

As mentioned at the Managing Agents workshops in November 2016, we are using a new system for the calculation of syndicate results from the 2014 account onwards which will mean that we will no longer be collecting individual Distribution Data (DD) files from Managing Agents in respect of their syndicate results.

Instead we will be using a combination of QMA extracts and a personal expense feed from managing agents (as a Comma Separated Value – csv file)

To confirm how we will calculate the results for you, we will use the following data from the QMA102 to calculate the standard transactions (formerly known as RA codes in the DD file)

For a 2014 syndicate, the transactions will be mapped as follows:-

DD File	DD description	QMA Form	Column	Field No	
RA01	Underwriting Result	QMA102	E	39 – 36	Balance on general business technical account minus Net operating expenses
RA02	Profit/Loss on exchange	QMA102	E	31 + 50 + 48a	Administrative expenses profit/(loss) on exchange plus OCI - Currency translation differences plus Non technical account - profit / (loss) on exchange
RA03	Syndicate Operating Expenses	QMA102	E	29 + 32 + 34 + 48	Acquisition Costs (Other) plus Administrative Expenses (Business Arrangement Fees) plus Administrative Expenses (other) plus Non technical account (other)
RA04	Investment gains less losses	QMA102	E	41 + 42 + 43 + 44 + 51 + 53 + 45	Gains on the Realisation of Investments plus Unrealised Gains on Investments plus Losses on the Realisation of Investments plus Unrealised Losses on Investments plus OCI Investment Return plus OCI Other Recognised Gains and Losses plus Value adjustments on investments
RA05	Investment Income	QMA102	E	40	Income from Investments
RA06	Investment Expenses	QMA102	E	46	Investment Management Charges
RA07	Brokerage & commissions	QMA102	E	27 + 28 + 30 + 35	Acquisition Costs (Brokerage & Commissions) plus Acquisition Costs (arising from a service company) plus Change in deferred Acquisition Costs plus Reinsurers' Commissions and profit participations

For 2013 and prior syndicates in run-off, we will be using the same data as above but collecting from Column B (Movement in Year).

In addition, we will be collecting and using the following information from the QMA360 and QMA250 in respect of the cash values (RX20, RX30 and RX40, plus open year releases/cash calls RX02 & RX03). The QMA360 for 2014 and any 2013 & prior run-offs must now reflect the amounts that would have been included within the DD files as the final syndicate level cash balances to be collected from or paid to members in the relevant currencies.

DD File	DD description	QMA Form	Column	Field No	
RX02	Open Year Releases	QMA360	CNV	4b	Distributions to members to date
RX03	Cash calls made	QMA360	CNV	4a	Cash Calls made to date
RX04	Balance due to/From member	QMA360	CNV	5	Members balances attributable to underwriting (3+4a+4b+4c)
RX20	Sterling value due to/from members	QMA360	GBP	5	Members balances attributable to underwriting (3+4a+4b+4c)
RX30	LATF Dollars due to/from members	QMA250	USD	28	28 Balance on the LATF (26+27)
RX40	LDTF dollars	QMA360	USD	5	Members balances attributable to underwriting (3+4a+4b+4c)

Personal expenses are to be loaded into the new system using csv files separately and copies of the fields to be used and example files were sent to the workshop attendees earlier in the month.

In order to assist managing agents of spread syndicates in the calculation of profit commission, we will be able to provide details of the RA values from our new system, broken down to the appropriate level. In order to do this we will require the syndicate level amounts from the QMA102 calculated in accordance with the table above, however we will not have access to the actual QMA figures until they have been agreed by Market Finance. If you do require the apportioned results, please send your syndicate/year, RA code and amount to the Distribution team (distribution@lloyds.com) when you know the final QMA figures and we will return the apportioned figures to you via spreadsheet.

Please note, in order to reduce the number of returns required from managing agents we no longer require a separate audit for the results data, however syndicate auditors should review the personal expense calculations at the same time as QMA returns are submitted.

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

Normally, Market Services will process cash calls as part of the DD file process. However in certain circumstances, run-off syndicates making cash calls via the DD files can cause a disproportionate amount of manual work in respect of processing Special Reserve Fund transactions. Consequently, spread syndicates are advised that where there has been a call submitted under transaction code RX04 (distribution amount) which exceeds the total declared result, the results data will not be accepted. In such cases, the cash call must be submitted outside the DD process via a separate cash call statement with a due date of

16 June 2017. Distribution Team will monitor and advise any syndicates which fall into this category.

3. Remittance & Loss Advices

Once all QMA data and personal expenses data has been received, Market Services will create control reports showing the syndicate/transaction level results and pass them back to managing agents for agreement of the syndicate level result. A member level breakdown may also be provided, on request.

When all files have been agreed, we will send a final copy of the control sheet, plus Remittance & Loss advices for managing agents to agree the amounts being collected via Lloyd's Central Accounting. No signature will be required, electronic sign-off will occur in the system.

4. Members' Agents Fees & DD files

Members' agents will be required to submit details of their fees for the relevant year of account for inclusion within the results process. Market Services will compare these with the figures supplied by managing agents and advise of any discrepancies to be investigated.

Members' agents will continue to receive DD files to load into their systems for results calculations although these will be in XML format rather than MQ-ADEG as in previous years. In addition, there will be a single file sent to each members' agent which will contain all results in respect of all syndicates for their members in one file. If there is any need for a syndicate to resubmit any data after we have released this file, then only the amended syndicates' result will be resent.

These changes have been discussed with your software provider.

5. Members' Agents Expenses (AE) Files

AE files will be submitted via the new system in XML format.

As previously requested, when submitting any items using codes RX17 or RX19 (all other expenses PTF & non-PTF respectively), please provide a spreadsheet detailing the expenses to which these relate. This can be provided at the same time as the file is submitted and can be uploaded directly into the system. Where agents are collecting profit commission in respect of members' open year releases, these amounts should be submitted as RX19 and the accompanying spreadsheet should specify the relevant year of account that profit commission has been charged for. In addition, any members' agent fees being collected for naturally open years should be reported on the DD file as RX17 with the relevant year of account specified. For the closing year of account the total additional members' agent fee associated with that year of account should be reported on the AE file as RX10, with any adjustment for early payment being made using RX21. In the same way the total profit commission charge associated with the closing year of account must be reported under RX11 with any credits for early payment being processed under RX17. This will enable the correct figures to be extracted from the file for tax reporting.

Only the 2014 year of account members' agent fee adjustment and total 2014 year of account profit commission are to be included as RX10 and RX11 respectively. These codes should not include any items for the naturally open years.

Market Services will provide a control sheet and remittance & loss advice to members' agents and as for managing agents, no signature will be required, electronic sign-off will occur within the system.

6. Access to the new system

A form is attached for agents to complete which will confirm which members of staff require access to the new system (Appendix 1). There are 2 levels of authorisation available – Users who are able to upload data pending authorisation and Approvers who electronically sign-off the uploaded file in order to make it available for use by Distribution Team.

There is no limit to the number of users or approvers who can be registered by an agent, however there must be at least one user and one approver. Staff may hold both roles but upload and approval of the file must be carried out by a different people.

There is also a tick box on the form to be completed if you would like to have access to the test system in advance for testing purposes. The form should be completed, scanned and returned to distribution@lloyds.com by 13 January 2017.

7. Technical Cash Calls

When a life syndicate declares a closing surplus in the Lloyd's American Trust Fund (LATF) but a loss in sterling, syndicates have to prepare a Technical Cash Call, signed by the auditors, in order to complete our records. Agents should be able to calculate whether they will need a technical cash call statement when they submit their QMA250 & QMA360 and the wording and format will be sent to life syndicates early in the New Year. Where necessary, it should be returned to Market Services at the same time as signing off on the Remittance & Loss advices on 24 March by uploading it into the new system.

8. Distribution Timetable

We are working on the detailed timetable for collection of syndicate results at the moment, however I confirm that the key dates for agents are as follows:-

Form to request access to new Distribution system to be returned	13 January 2017
Submission of QMA for syndicates	16 February 2017
Submission of managing agents personal expenses	3 March 2017
Initial extract of syndicate level results	9 March 2017
Queries resulting from initial extract to be resolved	16 March 2017
DD files to be sent to Members Agents	17 March 2017
Remittance & Loss advices to be sent to managing agents	20 March 2017
Remittance & loss advices to be signed off	24 March 2017
Technical Cash Call Statements to be provided where necessary	24 March 2017
Members' agents to submit AE files	28 March 2017

Cash in respect of spread members' profits collected via LCA	10 April 2017
Date for payment of syndicate losses/cash calls	16 June 2017

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

Karen Oliver
Head of Market Services
Finance

Appendix 1

List of staff members to be given authority to use the Distribution system from 1 January 2017.

Agent Name	
Agent Code	
Agent Type	Managing Agent / Members' Agent *

Staff Member Name	E-mail Address	Role level required
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *
		User / Approver / Both *

* Delete as applicable

Please allow access to the test system when available

I confirm the above members of staff should be granted access to the Distribution System

.....
Director/Compliance Officer

.....
Date

Please arrange to return this form to Distribution@lloyds.com by 13 January 2017