PROPORTIONAL TREATY SUBMISSIONS

1. General

These instructions apply to both Company and Lloyd's Proportional Treaty submissions. The instructions are intended to ensure consistency in the completion of the Standard Reinsurance Account Treaty Statement ("treaty statement").

The front of the treaty statement is made up of preprinted boxes in the top half and a blank section in the bottom half.

The preprinted boxes are either mandatory, optional or no longer used. The bottom half of the box will contain the relevant sections as designated by the broker.

The reverse of the treaty statement contains preprinted boxes, including space for agreement to claims by underwriters.

2. Lloyd's and Company Market Business

Brokers need to submit separate treaty statements for Lloyd's and Company Market underwriters. In addition to this, separate treaty statements should be submitted when the companies participating in the contract are a mix of ILU and LIRMA companies.

3. Non Cash

If monies have been paid directly to underwriters, the treaty statement needs to be clearly marked with 'Non Cash' or 'Paid by Cheque'.

4. Further Information

Customers who require further information or advice on this topic should contact the Xchanging Service Centre – email Service.Centre@xchanging.com or phone +44 (0)870 380 0830.

Example of a Standard Reinsurance Account Treaty Statement

1 BUREAU

STANDARD REINSURANCE ACCOUNT

TREATY STATEMENT

2 AUDIT CLASS

3 Broker Contact Name

Telephone/Extn

4 Broker

Number

Pseudonym

5 Our Reference 1

6 Our Reference 2

7 Treaty Number

8 Your Reference

9 Unique Market Reference

10 For Future Use

11 Period of Statement

12 Planned Settlement Date

13 For Future Use

14 Identification of Treaty

15 Original Ccy

16 Rate of Exchange

17 Sett Ccy

18 Underwriting Period

19 ABI Use Only

20 Serial No.

21 For Future Use

Mandatory

Optional

Conditional

Redundant

	BUREAU	STANDARD REINSURANCE ACCOUNT **TREATY STATEMENT**	AUDIT CLASS	

22 For Identification Purposes Only

Broker		Our Reference 1	Your Reference	For Bureau Use
Number	Pseudonym			

23 Signed Line	24 Company Name	25 Company/ Syndicate Code	26 Reference	27 Initial	28 Date	29 PSAC Company Agreement

For Bureau Use

COMPLETING THE TREATY STATEMENT

Front of the Treaty Statement – preprinted boxes

Box 1 Bureau

Mandatory

Enter LPSO (or Lloyd's), LIRMA or ILU.

Box 2 Audit Class

Optional

The risk code allocated by the leading underwriter at FDO signing stage can be entered in this box. Only one risk code can be completed per statement. Xchanging will not query if this box is not completed.

Box 3 Broker Contact

Mandatory

Enter the name and telephone number of the person to be contacted in the event of a query.

Box 4 Broker Number and Pseudonym

Mandatory

Enter the numeric broker code and alpha broker pseudonym.

Box 5 Our Reference 1

Mandatory

Enter the primary reference that has been allocated to the transaction. The reference can consist of up to 12 alpha/numeric characters including obliques or spaces.

Box 6 Our Reference 2

Optional

Enter a secondary reference if required. The reference can consist of up to 12 alpha/numeric characters including obliques/spaces.

Box 7 Treaty Number

Optional

Enter the reference number allocated to the treaty at FDO stage.

Box 8 Your Reference

Mandatory

Enter the Lloyd's, ILU or LIRMA signing reference that was allocated to the original FDO signing to which the transaction relates.

Box 9 Unique Market Reference

Optional

This box is not used by Xchanging but brokers may complete if required.

Box 10 For Future Use

Redundant

This box is not used.

Box 11 Period of Statement

Mandatory

Enter the period to which the transaction relates (eg 01/04/10 to 30/06/10) or a narrative description of the transaction (eg cash loss).

Box 12 Planned Settlement Date

Optional

If the transaction is to be settled under the Flexible Settlement Scheme, enter the planned settlement date (PSD) in this box.

Box 13 For Future Use

Redundant

This box is not used.

Box 14 Identification of Treaty

Optional

Enter abbreviated details of the treaty eg 'Non Marine ABC Insurance Company Q/S Property'.

Box 15 Original Currency

Mandatory

Enter the ISO code applicable to the original currency (ie the currency in which the client is paying the premium or receiving the claim).

Box 16 Rate of Exchange

Conditional

Enter the rate of exchange that has been used to convert the premium and/or claim into the settlement currency amount. Up to a maximum of 8 decimal places allowed.

Box 17 Settlement Currency

Mandatory

Enter the ISO code for the currency in which the transaction is to be settled. The codes for the currencies that Xchanging is currently able to settle in are:

- GBP (Pound Sterling)
- USD (US Dollar)
- CAD (Canadian Dollar)
- EUR (Euro)
- AUD (Australian Dollar)
- CHF (Swiss Franc)
- JPY (Japanese Yen)
- ZAR (South African Rand)
- DKK (Danish Krone)
- HKD (Hong Kong Dollar)
- NOK (Norwegian Krone)
- NZD (New Zealand Dollar)
- SEK (Swedish Krona)
- SGD (Singapore Dollar)

Box 18 Underwriting Period

Optional

Enter the period of the contract to which the transaction relates.

Box 19 ABI Use Only

Redundant

This box is not used.

Box 20 Serial Number

Redundant

This box is not used.

Box 21 For Future Use

Redundant

This box is not used.

Front of the Treaty Statement – blank area

The blank area on the front of the treaty statement is used to complete the accounting details of the transaction.

This area may also be used for underwriters' agreement to premiums and/or claims.

All the required details must be:

- Shown in the blank area of the treaty statement immediately beneath the preprinted boxes
- Divided into groups and shown in the correct sequence
- Broken down into set elements within groups and shown in the required format

A list of groups and corresponding element numbers are attached as an appendix to this document.

The requirements listed below must be noted and complied with on all statements:

- The amounts shown must be for the 100% on which the Bureau share can be calculated directly via the Bureau percentage share. In the event there is a slip order, the following rules apply:

    1. If the signed lines on the slip total 100%, the figures shown must have taken the 'hereto order' into account.
    2. If the signed lines on the slip total the order percentage, this order must not be used when calculating the figures.

- All amounts must be clearly marked C(Credit) or D (Debit) to the right of the amount and must be company/syndicate orientated (eg a premium will be a credit).

- Each group of items has a heading which must be shown if items within the group are included on the statement - the heading should be underlined eg (A) <u>CASH ACCOUNT</u>.

- Headings of groups for which there are no items appearing on a statement should not be shown.

- Each item has a number and an abbreviated name which must precede the amount as applicable and must be shown on the same line.

- Items must appear in their correct sequence down the page in two columns starting in the left hand column.

- Numbers and names should not be shown in respect of items for which there is no information, except for element 162 outstanding amount which must always be completed. If the treaty includes war, war amounts or element 181, 'NWR' should be shown. If the Treaty is in respect of war risks only, element 180 'WRO' should be shown.

- In instances where there is insufficient space on one treaty statement, a second form should be used as a continuation sheet. The header boxes should be completed on the continuation sheet and the word 'CONTINUATION' should be shown in the top of the centre of the blank area. Also, the word 'CONTINUED' should appear after the last item of the first treaty statement.

Tolerances on Treaty Statement Balance Calculations

It is imperative the calculations on the treaty statement are correct as the Xchanging processing systems will highlight any errors and brokers will be asked to amend the figures. In particular, element numbers 21 (Your Share %), 22 Your Share Amount and 23 (Settlement Amount) must be accurate.

The following confirms the tolerances Xchanging will accept in respect of element numbers 20, 21 and 23:

Balance: No tolerance allowed. The balance must be exactly equal to the sum of the cash account elements.

Your Share Amount: A tolerance of 1% is allowed (of share amount), with minimum tolerance value of 0.01 and maximum tolerance of 1.

Settlement Amount: A tolerance of 1% is allowed (of settlement amount) with minimum tolerance value of 0.01 and maximum tolerance of 5.

Settlement Currency	Description	Settlement Amount	Tolerance Allowed	Range of Net Premium Values Accepted
All	Minimum 0.01	0.07	0.01	0.06 – 0.08
All	Minimum 0.01	0.70	0.01	0.69 – 0.71
All	1%	7.00	0.07	6.93 – 7.07
All	1%	70	0.70	69.30 – 70.70
All	1%	700	5.00	695 – 705
All	Maximum 5	7,000	5.00	6,995 – 7,005
All	Maximum 5	70,000	5.00	69,995 – 70,005

Reverse of the Treaty Statement

If agreement to the claims figures is required, this should be shown in the relevant boxes on the reverse of the treaty statement. The information required is:

- the signed line percentage of each underwriter agreeing
- the company name or syndicate number
- the underwriting reference if different from that captured at FDO stage
- initial of the underwriter(s) authorising the transaction including the date

APPENDIX

Proportional Treaty Sequence of Elements and Groups

(A) CASH ACCOUNT

1 Nett Premium
2 Deferred Premiums Released
3 Premium Reserve Retained
4 Premium Reserve Released
5 Premium Portfolio Incoming
6 Premium Portfolio Outgoing
7 Nett Reserve Released
8 Reinsurance Costs
9 Profit Commission
10 Nett Claims
11 Claim Reserve Retained
12 Claim Reserve Released
13 OCA Retained
14 OCA Released
15 Claim Portfolio Incoming
16 Claim Portfolio Outgoing
17 Reinsurance Recoveries
20 Balance of Cash Account*
21 Your Share %
22 Your Share Amount**
23 Settlement Amount**

Mandatory fields (elements 20–23)

* Element 20 must be exactly equal to the sum of the cash account elements
** There is a tolerance of 1% in respect of elements 22 and 23

(B) PREMIUM BREAKDOWN (*Mandatory section if there is an element 1*)

40 Premium
41 Lay Up Returns
42 Commission
43 Commission Adjustment
44 Overriding Commission
45 Premium Taxes
46 Fire Brigade Charges

47 Other Deductions

48 Brokerage

49 Nett Premium

(C) DEFERRED INSTALMENT BREAKDOWN (*Mandatory section if deposit premiums are listed in slip - Lloyd's market only – or deferred instalments are due per client's account – Lloyd's and ILU markets only)*

60 Instalment Due Date

61 Premium Instalment

62 Commission

63 Overriding Commission

64 Premium Tax

65 Other Deductions

66 Brokerage

67 Premium Reserve

68 Nett Deferred Instalment

(D) DEFERRED ACCOUNT (*Mandatory if section C or Element 2 present or there are outstanding deferreds still held but no physical movement this time – Lloyd's and ILU markets only*)

80 Deferred Balance b/fwd

81 Deferred Instalments This A/C

82 Deferred Transfer to Cash

83 Deferred Balance c/fwd

(E) PREMIUM RESERVE ACCOUNT (*Mandatory section if Element 3, 4 or outstanding reserves still held but no 'physical' movement this time*)

90 Premium Reserve Balance b/fwd

91 Premium Reserve Retained

92 Premium Reserve Released

93 Deferred Premiums Reserve Retained

94 Premium Reserve Balance c/fwd

(F) RESERVE INTEREST BREAKDOWN

100 Premium Reserve Interest

101 Claim Reserve/OCA Interest

102 Tax on Interest

103 Nett Reserve Interest

(G) CLAIMS BREAKDOWN (*Mandatory section if there is an element 10*)

110 Paid Claims

111 Paid Refunds

112 Cash Loss

113 Cash Loss Contra Entry

114 Nett Claims

(H) INDIVIDUAL LOSS INFORMATION

130 Date of Loss

131 LUNCO Cat Number

132 PCS Cat Number

133 Name of Loss

134 Nature of Claim

135 Loss Details

136 Claim Reserve Retained

137 Claim Reserve Released

138 OCA Retained

139 OCA Released

140 Claim Portfolio Incoming

141 Claim Portfolio Outgoing

142 Reinsurance Recoveries

143 Claim Reserve/OCA Interest

144 Outstanding Losses (in respect of individual loss only)

145 Paid Claims (paid this time amount)

146 Paid Refunds (paid this time amount)

147 Cash Losses (paid this time amount)

148 Cash Loss Contra Entry

149 Bureau Primary Claim Reference

(I) OUTSTANDING CLAIMS INFORMATION

160 Balance of Claim Reserve

161 Balance of OCA

162 Outstanding Loss Amount *Mandatory field**

163 Adjusted Outstanding Loss Amount

* When submitting a cash loss, this element number must always reflect the overall outstanding loss on the contract.

(J) WAR ACCOUNT

180 War Risk Only (WRO)

181 If no items specified show 'Nil', 'None Advised' or 'NWR'.

NB If separate war rate indicate under each element number and prefix with 'W', eg W1 – Nett Premium with relevant amount.

(K) LPSO REQUIREMENTS

In respect of Letters of Credit Only (Lloyd's Only):

405 NAIC Outstanding Recoveries Paid

406 NAIC Outstanding Recoveries Notified

407 NAIC Unearned Premium

408 NAIC Date of Return

409 100% LOC Granted

410 LOC Entry Type

411 100% LOC Movement

412 100% LOC Outstanding

413 LOC Type Indicator

414 New Expiry Date

415 Lloyd's Outstanding Balance

416 Original LOC Number and Date

417 LATF Number

(L) NARRATIVE INFORMATION

500 Narrative Information