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## MARKET SERVICES' NEWSLETTER

Welcome to the third edition of the Members' Update keeping you informed on events within Market Services.

### 1 Market Services – From Processing to Professional

In the last year, Market Services (formerly MSU) has changed from a pure processing unit into a cost efficient, professional team adding value to the Lloyd's market and supporting the delivery of the Three-Year Plan.

Steve Robertson, Head of Market Services, who joined Lloyd's in 2007, explains that his aim is to build upon Market Services' core capabilities, meet challenges such as projections for run-off members and focus on new developments like the provision of new outsourcing services to the market. Good progress has been made in this area with the provision of members' agent operational support, initially for Alpha Insurance Analysts. Robertson believes this partnership is proving beneficial to both, drawing on respective areas of expertise.

A number of other changes have also been made in recent months including the re-naming of the amalgamated MSU and Customer Services departments (comprising Centrewrite and Complaints) in London. Both areas deal with many partner organisations within the Lloyd's market and with the affairs of Lloyd's members. The change of name to Market Services better reflects departmental focus, together with aspirations to support a wider customer base as a central utility provider. Some structural changes have also taken place to better align Market Services teams into appropriate areas of management, focusing on core activities, reducing costs and improving service levels. This can be demonstrated with the re-structuring of the Lloyd's complaints function, now known as Policyholder and Market

Assistance (PAMA), where operating costs have been substantially reduced whilst team resources have been improved to provide a better spread of technical and administrative expertise, coupled with strong leadership and direction. The team provides a valuable facilitation service for Lloyd's policyholders and managing agents, seeking the early resolution of potential problems before matters escalate to the financial ombudsman. Underwriters are encouraged to discuss any insurance issues with the team, regardless of whether a formal policyholder complaint has been made. Other notable changes of benefit to members during 2007, include the payment of members' capital interest directly to their bank accounts, rather than by cheque, providing the safer and cost efficient movement of monies, the accelerated capital test and distribution programme for Direct Capital Providers, affording these members faster access to their releasable profits (this is being extended to all members for 2008), the revised consolidated personal accounts (CPAs) giving members a clearer picture of their consolidated underwriting results, and, the removal of the need for limited liability members to sign a deed of release when effecting a partial release of Funds at Lloyd's (FAL).

Going forward, two key priorities for 2008 will be the proposed revision of Market Services' pricing structure from 2009, focusing on the primary consumer(s) of its services and a long-term operational process review to further streamline activities carried out in the administration of members' affairs.

Lloyd's has also created a new Steering Group where Market Services will work with members' agents to examine existing operational work-streams and respective responsibilities, including potential duplication, with the aim of improved effectiveness. This strategic review will continue into the second quarter of 2008.

*This article appears in the March Edition of ALM News.*

## **2 What is Distribution?**

Each year your members' agent will send you your underwriting profits or request a payment of your losses. Here we look at the role of Market Services within that process.

The basic principles of Distribution revolve around the Distribution Allocation Matrix (DAM), which reflects the requirements of the various trust deeds determining how business is transacted at Lloyd's. This is agreed with our Legal Services department to determine the order in which assets are allocated to debts.

Managing agents prepare their syndicate results at member level and submit them to Market Services in March. Results are received from all syndicates where the year of account is due to close, as well as those which were in run-off at the preceding 31 December. Market Services complete a number of validation checks to ensure the integrity of the information, before the results are sent to members' agents. If a member participates on a MAPA, the result is received by Market Services at MAPA level before being apportioned to the constituent members. These results are assembled at member level and reported to members via the Consolidated Personal Account (CPA), which members'

agents send to members in May. Where a member has not paid losses from previous cash calls, interest may be charged on the outstanding amounts and these are also included within the CPA.

Market Services receive numerous data files during March, initially to populate the DAM e.g. interest, profits & losses, cash calls, tax debts, Market Services charges and agent expenses.

During April and early May, Market Services complete a complex process allocating assets against debts. This ultimately results in a bottom line surplus or loss position calculated for each member. For those in overall surplus, electronic instruction files are received from the members' agents. These files initiate the release of assets to Funds at Lloyd's (FAL) or, subject to the release test, to members by either BACS or SWIFT. Members' agents receive electronic files daily to show the position for each of their members in Distribution. They utilise this information to produce the Distribution Cash Statement that is sent alongside the CPA showing all items of income and expense outside of the syndicate results.

For members in overall loss, additional funds are provided or FAL drawdowns are processed to meet the outstanding debts. When processing payments to managing agents, loss payment files are produced, which are forwarded electronically to confirm monies have been sent to the relevant syndicate bank accounts. We also ensure managing agents are paid promptly throughout the year and receive payment for cash calls on the relevant loss payment dates.

We hope this helps you to better understand our involvement in this process.

For further information please contact : Theresa Thorp, 01634 392287  
E-mail [theresa.thorp@lloyds.com](mailto:theresa.thorp@lloyds.com)

### **3 Accelerated Distribution for 2008**

Following a review of the Distribution exercise, Market Services is pleased to advise that the timetable for release of profits will be accelerated for 2008. Traditionally, releasable profits have been available for release to members from 1 June. For 2008, subject to the results of the Release Test, for the first time profits will be available to all non-aligned members from 15 May.

The key dates for 2008 distribution are as follows:-

- 18 April - Release Test Information will be made available to members' agents
- 2 May - Market Services will dispatch Consolidated Personal Accounts to members' agents
- 15 May - Releasable profits (subject to Release Test calculations) available to all

non-aligned members.

- 30 June - Final date for payment of losses. (This is unchanged from previous years)

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E-mail [david.stevens@lloyds.com](mailto:david.stevens@lloyds.com)

#### **4 No Cheque Payments for Distribution**

Members have embraced Market Services' move to update its service by paying interest to members via electronic transfer. Consequently, in our continued drive to improve and streamline our services and reduce costs for members, payment of profits from the 2008 calendar year Distribution will not be available by cheque. Market Services will make payments directly into a bank account or into Funds at Lloyd's (FAL). Those members previously receiving a cheque will benefit from the availability of profits within shorter timescales and without loss of interest to the member (when a cheque is drawn on the distribution account the funds immediately stop earning interest).

Instructions for payments of profits are provided to Market Services via your members' agent and details should be provided to your agent directly.

Members who currently receive cheques in respect of their profits will instead have the following options of receiving their profits:-

- BACS (sterling paid into a bank account in the UK, including the Channel Islands and Isle of Man)
- SWIFT (sterling paid into a bank account outside the UK and US dollars paid to a bank account in the UK or overseas)
- Profits paid to FAL

Alternatively, your members' agent may be able to facilitate the production of a cheque by using a banking facility.

These options will make the distribution process faster, more secure, reduce administrative overheads and eliminate the problem of lost and un-cashed cheques.

For further information please contact : Dave Stevens, 01634 392287

E-mail [david.stevens@lloyds.com](mailto:david.stevens@lloyds.com)

## **5 Consolidated Personal Account**

Since 1997 Market Services have provided members, via their members' agents, with Consolidated Personal Accounts (CPA) combining all of a member's results into a single document. Following the redesign of the CPA for 2007, Market Services are pleased to offer an additional service allowing members to elect to receive an abridged version of the CPA. This consists of only the summary schedule and the details of the syndicates making open year or run-off releases or cash calls, rather than receiving the full breakdown of results by syndicate. Feedback from members' agents was received last summer stating that members would benefit from a more focused and concise document as well as reducing the amount of paper currently produced.

For further information please contact : Graham Bonner, 01634 392056  
E-mail [graham.bonner@lloyds.com](mailto:graham.bonner@lloyds.com)

## **6 Reduced charges for individual members with run-off participation only**

Market Services is pleased to confirm that it has reduced the Base Service charge payable by members with run-off participation from £295 in 2007 to a reduced figure of £250 in 2008. This comes as a result of our continued commitment to reduce the charges burden on those members 'trapped' on run-off syndicates who wish to leave the Lloyd's market and follows previous reductions in both Taxation and MAPA participation charges.

Our charges structure will continue to be reviewed to ensure that it reflects the level of services provided to members.

For further information please contact : Jenny Laverty, 01634 392909  
E-mail [market-services-charges@lloyds.com](mailto:market-services-charges@lloyds.com)

## **7 Members' Forum**

As part of our strategy, we are actively seeking to build proactive relationships with our key stakeholders.

Consequently, we are establishing a Members' Forum to have regular engagement with our customers. We plan to hold these forums perhaps three or four times a year. Initially, we are seeking up to ten members to join this group with the objective of discussing topical subjects, obtaining service feedback and looking to develop new services throughout the year. The group will not have the authority to set future policy; it will, however, be able to put forward suggestions and ideas to improve our working practices. We therefore hope to achieve healthy debate on all matters relating to members' affairs.

This initiative is being established with the full knowledge of the three active members' agents. It also has the support of the Association of Lloyd's Members (ALM). Anthony

Young has agreed to join the group on behalf of the ALM. It is planned to rotate the members of the group over a period (yet to be determined) to provide a cross-section of input and opinion.

For further information please contact : Paul Box, 01634 392082  
E-mail [paul.box@lloyds.com](mailto:paul.box@lloyds.com)

## **8 Streamlining of Interest Payments**

July 2007 saw the last Funds at Lloyd's interest payments issued by cheque. Members were advised throughout 2007 that the cheque option for GBP, USD, AUD and EUR would no longer be available from January 2008 and after this date payments would be paid by BACS to UK banks, SWIFT to overseas banks or paid back to FAL if no other instructions were received.

Members responded positively sending in their bank details and checking with Market Services to ensure we had their correct bank details on record.

Consequently Market Services issued all members' UK payments by 3 January and all overseas payments were issued by 5 January by SWIFT.

The interest exercise for year end 2007 has been a resounding success in terms of members receiving their interest in a cost effective, faster and more importantly secure manner into their UK and Overseas bank accounts.

For further information please contact : Janice Baldwin 01634 392294  
E-mail [janice.baldwin@lloyds.com](mailto:janice.baldwin@lloyds.com)

## **9 Community Events**

### **Fidentia House supports Demelza House Children's Hospice at Christmas**

Over 25 Christmas presents were donated by employees from Fidentia House for children aged 0 to 19 years to local charity Demelza House Children's Hospice. This is an annual event supported by the Chatham Charity Committee.

The presents were delivered on 21 December 2007 by Lynette Barden of Market Services who is a member of the Chatham Charity Committee. Staff at Demelza House were grateful for the donation and said that the children would be delighted with the presents.

Staff also took part in signing a Christmas communal card rather than sending individual cards and contributed the cash that they would have spent on cards to Demelza House.

Demelza is an organisation providing hospice care for children with life-limiting illnesses and their families across Kent, East Sussex and South London. Demelza House is an 8-bedded

children's hospice providing respite, symptom control, end-of-life care and bereavement support. Over 300 life-limited children and their families benefit from a wide range of facilities that include a multi-sensory room, soft play, Jacuzzi and The Inclusion Zone for young adults.

### **Market Services sponsor the Cancer Research UK Geneva-Banjul Challenge**

Market Services manager, Karen Oliver was recently approached by their Funds Management System supplier, Broadridge, to sponsor three members of their staff in their attempt to drive from Geneva to Banjul, The Gambia in a car worth £100 in aid of Cancer Research UK.

To raise money for this, Market Services held a Charity event in December 2007 which included events such as a cake stall, raffle and bush tucker trial. A total of £645 was raised on the day by staff at Fidentia House.

I hope you have found this newsletter informative and if you have any comments or proposals for articles to be included in future newsletters please let me know.

Jenny Laverty

**MARKET SERVICES**

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