

# Lloyd's Members Agency Services

## LMAS

### Newsletter

#### Special points of interest:

- Lloyd's Capital Test Timetable
- Release of FAL and outstanding Overseas Tax liabilities
- Aspen Share Options
- Personal Stop Loss
- Syndicate Commentaries



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## Chairman's Report

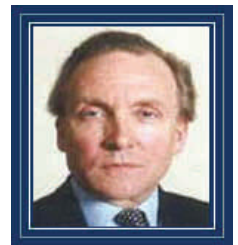
Due to the series of welcome announcements of closure of open syndicate years at 31 December 2010, it is clear that almost all of our Names can anticipate being in a position to conclude their involvement with Lloyd's by the end of this calendar year. Of our current population of 2,640 Names it is likely that only some 20 will not be in that position.

Later in the year, in the next Newsletter, I hope to be able

to reflect on the course of LMAS's existence since its formation in 1993. For the present, and inevitably, I must yet again ask that you respond promptly to our correspondence. For our part we shall be doing everything we can to conclude your Lloyd's affairs as quickly as possible. Releases of Funds at Lloyd's can, however, only take place on your instructions.

Meanwhile we welcome the appointment of John Nelson as

the next Chairman of Lloyd's. His biography can be accessed on the home page of Lloyds.com.



Jock Worsley

## Names' Director's Report

In the last newsletter I mentioned about the liaison with both Lloyd's and managing agents to secure the closure of the remaining two non-life run-off Syndicates, 340 and 1007. As our Chairman has noted above this was accelerated early in the new year when we were able to write to Names and confirm the closure of these two syndicates. This is obviously extremely good news for almost all of you and please be assured that the team and myself will do all that we can to expedite your exit from Lloyd's as quickly and smoothly as we can. There is the matter of potential US tax liabilities that have to be considered and which we talk about separately on page 3 of the newsletter, but we have managed to agree with Lloyd's Taxation Services that those

Names on pure run-off syndicates will be reviewed at the earliest opportunity, late August.

On the flip side of this very welcome news is the unfortunate announcement that two 2008 syndicate years of account will be remaining open, Motor Syndicates 218 and 260, and this will affect 15 of you. LMAS will continue to administer your underwriting and we will keep you fully informed of any developments regarding these syndicates. Likewise those Names we administer for the 2009 account, which is due to close at the end of this year, and Names on Life Syndicate 1171. Our intention is to continue to provide a high level service to you all.

The next year is going to be a very poignant time for all of us that have been a part of LMAS Limited in some form or another, since its inception in 1993.



Angela Kerr

## Compliance Officer's Report



*“..A further Capital Test will be calculated using a 30 June 2011 Funds at Lloyd's (FAL) Valuation and this test will determine those Names that qualify for a partial release of surplus FAL (Names involved in 2008 account in run-off and the naturally open 2009 account).”*

LMAS continues to meet all those regulatory requirements applicable to a run-off members' agent. Although LMAS is no longer directly regulated by the Financial Services Authority (FSA), it is regulated by Lloyd's which is itself regulated by the FSA.

### LMAS Service Standards

The performance of the company is assessed regularly by the LMAS Board at its meetings, against service standards set by the Board. A schedule of the service standards is included on page 14 of this newsletter.

The most important of these service standards is that which requires all letters to be formally answered within one week, unless specific circumstances dictate that this is not possible - for example awaiting legal input or a response from a third party. Since the last newsletter in December 2010, LMAS has attained an average of 99% achievement of this service standard.

### Complaints

For the benefit of all Names, although we sincerely hope you will not have cause for complaint, a formal complaint procedure (including compen-

sation claims), is in place, approved by the Board. Any written complaint against LMAS or its staff is passed to the Compliance Officer or Chairman on the day of its receipt. The formal procedure will then be invoked if it is felt the complaint is sufficiently serious. Complaints, findings and outcomes will be discussed with the Chairman and reported to the Board.

A full copy of the complaints procedure is published on the website or is available from your Names' Executive.

Angela Kerr

## NAMES AFFAIRS

### Annual Valuation of Funds at Lloyd's

Those Names for whom Lloyd's holds assets would have received a valuation of those assets at the beginning of 2011. If you did not receive

this documentation or you have any queries relating to this subject, please do not hesitate to contact your Names' Executive who will be

only too willing to clarify any issues you may have.

### Forecast Results

Those Names who still have open or run-off syndicates and will therefore receive Consolidated Personal Accounts this year, should already have

received an estimate of the results concerned. If you have any queries relating to these results, or if you have not received this documentation,

please contact your Names' Executive.

### Lloyd's Capital Test Timetable

The first Capital Test was run on 15 April 2011.

This test is used primarily to determine those Names who will qualify for a release of underwriting surpluses. It is anticipated that these figures

will be available to Names from LMAS by early May.

A further Capital Test will be calculated using a 30 June 2011 Funds at Lloyd's (FAL) Valuation and this test will determine those Names that

qualify for a partial release of surplus FAL (Names involved in 2008 account in run-off and the naturally open 2009 account). It is anticipated that LMAS will notify those Names that qualify for such releases in October.



## Syndicate Closures at 31 December 2010; Release of Funds at Lloyd's and outstanding Overseas Tax Liabilities

It is pleasing to advise that all remaining non-life syndicates in run-off have now closed as at 31 December 2010. This effectively means that all Names whose final year was 2007 or prior will be able to finalise their underwriting this year and commence arrangements for the release of their Funds at Lloyd's. For those Names who participated in the 2008 year a similar situation will apply with the exception of those who underwrote on Syndicate 218 and 260 which have left the 2008 year of account open at 31 December 2010.

However, before any Funds at Lloyd's can be released, Lloyd's Taxation Department must determine the level of retention required for each ceasing member as a contingency for potential foreign tax liabilities. This is a complex exercise and each member must be assessed individually.

In accordance with central agreements, Lloyd's settles a number of overseas taxes on members' behalf. Generally, these taxes are collected from the syndicates and recovered from Names through the distri-

bution mechanism. At the time a member's final underwriting account closes, that member will still need to be included on a minimum of two further US tax returns and one final Canadian tax return, which may give rise to further liabilities.

Whilst it has always been necessary for Lloyd's to consider the retention of funds to cover potential overseas tax liabilities, it has become increasingly difficult to assess the amounts involved. Carried forward tax losses are being used up; individual tax affairs are now more complex than ever before and Names, understandably, are requesting their FAL be released much earlier. We remain committed to requesting such releases as soon as possible but, whilst fully supportive of this objective, Lloyd's has a duty not to expose the Central Fund to any risk.

To assist Names in the early release of their FAL it has been agreed with Lloyd's Taxation that they will provide to us an estimate of the retention for potential tax liabilities with particular emphasis on those Names whose syndicates have

now closed. Once the tax retentions have been advised to us, we shall contact you for your instructions for the release of the balance of your Funds at Lloyd's. This will include any release of your Special Reserve Fund which will be subject to tax.

Lloyd's proposed timetable in relation to this exercise, is as follows:

Members ceasing with the closure of run-off syndicates only (340, 529 and 1007) – Retentions to be advised by Lloyd's **by the end of August.**

Members ceasing with the closure of the 2008 account – Retentions to be advised **by the end of October.**

Partial releases for members whose last year of account is the 2008 account but who still have run-off syndicates – Retentions to be advised **by the end of October.**

**Any unused tax retention will be released during May 2012.**



*“It is pleasing to advise that all remaining non-life syndicates in run-off have now closed as at 31 December 2010. This effectively means that all Names whose final year was 2007 or prior will be able to finalise their underwriting this year and commence arrangements for the release of their Funds at Lloyd's..”*

## Total Release from Lloyd's Process

Notwithstanding the previous article we thought it helpful to explain the process for the release of funds.

Once the syndicate results have been reported to you and all debts have been settled including Market Services charges, we will be able to apply to Lloyd's for the release of any remaining funds. We will write to you requesting your specific instructions for the release of your Funds at Lloyd's but we do not anticipate being in this position before the end of June.

If Lloyd's hold securities within

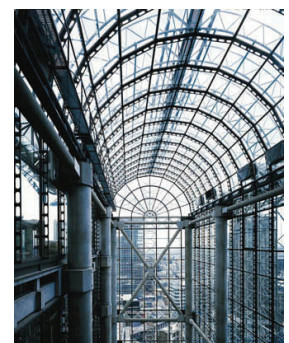
your funds, we will require re-registration details. Securities can be registered into your own name or alternatively your Stockbroker's. If you wish to release shares or equities to a Stockbroker, then you must have a Lloyd's Form of Appointment (LFOA) in place nominating that Broker. If a LFOA is not in place then you must provide written confirmation to us, before Lloyd's can release the holdings to your nominated Stockbroker.

If Lloyd's holds cash in your funds, we will arrange for an

electronic transfer to your designated account of which we will require details, if you have not already provided them.

If you provide new or amended instructions, under the 2007 Money Laundering Regulations, we will need some documentary evidence of the bank account details i.e. Paying-in slip. This is for both parties protection. **Releases by way of a cheque are no longer an option.**

Cont'd ...



*“..We will write to you requesting your specific instructions for the release of your Funds at Lloyd's ..”*

## Total Release from Lloyd's Process Cont'd ...



Bank Guarantees, Letters of Credit and Insurance Company Guarantees will be returned to the issuing bank/company for cancellation. In the case of Insurance Company Guarantees, the policy will not be cancelled, Lloyd's will only confirm to the company that no further liability is held under the guarantee and any underlying policy

between you and the company will continue.

The type of asset held in your funds will determine the time taken for these remaining funds to be released. Obviously, the quicker we are provided with the necessary information the quicker we will be able to return your remaining funds. This in turn will help

to complete the cessation of your membership which will not take effect until 31 December 2011.

**We must stress that we cannot release funds without your specific instructions as detailed.**

## Cessation of Membership

*“..cessation of your membership which will not take effect until 31 December 2011..”*

A number of you may have been notified by Lloyd's Market Services that the Council of Lloyd's has formally ceased your underwriting membership of the Society. This will include not only those Names whose syndicates have naturally closed by reinsurance but also members who purchased Centrewrite Exeat policies and formerly submitted their resignation to the Society.

Confirmation letters to this effect have been sent to individual members and the executors of deceased members respectively.

The letter will refer you to Paragraph 43 of the Membership Byelaw (No. 5 of 2005) (“the Byelaw”) and the date of the cessation of your membership of the Society of Lloyd's.

As you are no doubt aware, Lloyd's is now regulated by the Financial Services Authority (“FSA”). Pursuant to FSA regulations, Lloyd's is under an obligation to require members to notify Lloyd's in writing of any change in address within one month of the change and also to make arrangements for Lloyd's to be notified in the event of their death. Lloyd's is also obliged to make and retain records of the notification by members and to provide FSA with copies of those records if so requested by the FSA. In addition, Lloyd's is required to draw your attention to Sections 320, 321 and 322 of the Financial Services & Markets Act 2000. Copies of these sections are enclosed with your cessation letter for ease of reference.

Paragraphs 49 and 50 of the Byelaw facilitate compliance with the relevant FSA regulations. In accordance with paragraph 50 of the Byelaw you are required to execute an ‘Undertaking for Former Members’ which is signed and witnessed and returned to Lloyd's Market Services.

We would therefore remind you to notify this agency of any change to your address details and we will notify all other concerned parties.



## Funds at Lloyd's Interest Rates

*“..We must stress that we cannot release funds without your specific instructions ..”*

The current interest rate for Sterling funds deposited with Market Services is 0.500% net of the service charge, as from 29 June 2010.

As from 12 April 2011 cash held in US Dollars does not attract interest.

With effect from 18 November 2010 the Australian Dollar rate is 4.50%. The Euro rate is 0.750% since 12 April 2011.

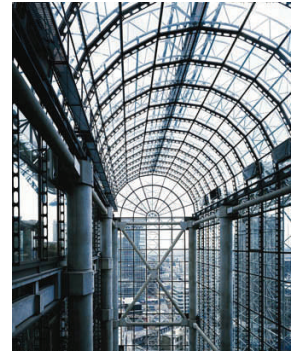
In all cases the service charge deducted in arriving at these figures is 0.125%.

## Personal Stop Loss Insurance

As suggested in our December 2010 Newsletter, the final results of the 1998 and 1999 years of Syndicate 529 will not result in any further claims for member's of The Stop Loss Mutual Insurance Association Limited or the Integer policies now administered by Centrewrite Limited.

Therefore, the only remaining issue surrounding this aspect of past underwriting affairs is a potential sixth and final dividend from the administrators of The Municipal General Insurance Company Limited. In these circumstances the relevant department within Lloyd's Market Services will contact

the affected Names and distribute funds to their credit in the usual manner.



## Aspen Share Options

Appleby Services (Bermuda) Limited (Appleby) as trustee of the Names Trust has written to Names reminding them of the action that can be taken with regard to shares and/or options in Aspen Holdings Limited (Aspen).

It is recommended that you seek your own financial advice either from your stockbroker or

an independent financial advisor as to the appropriate course of action. An irrevocable instruction form was provided upon which you should indicate your intentions and return it either to ourselves or reply directly by mail or e-mail to Glenda Jack - [gjack@applebyglobal.com](mailto:gjack@applebyglobal.com).

Action can be taken in respect

of either your Aspen share or option holdings on a monthly basis up until the final deadline for exercising the option, the **15 June 2012**. However having decided on a course of action it is recommended that the instruction form be completed and returned to Appleby as quickly as possible.

*“..Action can be taken in respect of either your Aspen share or option holdings on a monthly basis up until the final deadline for exercising the option, the 15 June 2012..”*

## Centrewrite—Exeat Policy

It is anticipated that Centrewrite will be offering the Exeat Reinsurance policy to Names and the estates of deceased Names but at the time of writing the arrangements for providing Exeat are currently un-

der review. Once further information is received by Centrewrite we shall write to those LMAS Names where the purchase of an Exeat policy may be considered appropriate.

## COLLECTION AND DISTRIBUTION

The timetable for this process remains approximately the same as last year. For those Names with an overall liability to settle, the loss settlement date is 16 June 2011.

Any Name who has suffered an underwriting loss as at 31 December 2010 will receive a cash statement during early May. As noted above, the settlement date for any amount due will be 16 June. We will

provide you with full settlement details in early May. It is anticipated that the payment of any underwriting surplus available, after application of the Capital Test, will commence towards the end of May.

### Open Year Profits

As previously, any syndicate open year profit\* as at 31 December 2010 may be trans-

ferred to Name's Premium Trust Funds. (\* subject to satisfying certain solvency provisions set out by Lloyd's) to be utilised towards cash calls or other underwriting liabilities, or may be available for release, depending upon a Name's ability to meet the Lloyd's Capital Test requirements.

Cont'd ...



*“..It is anticipated that the payment of any underwriting surplus available, after application of the Capital Test, will commence towards the end of May..”*

## COLLECTION AND DISTRIBUTION Cont'd ...

Details of the amounts transferred will be reflected on Names' cash statements.

### Transfer to the New Special Reserve Fund (NSRF)

Some Names this year will receive a letter from LMAS indicating that their underwriting will be in a position of commercial profit.

In accordance with Inland Revenue rules, up to 50% of any commercial profit may be transferred to a New Special Reserve Fund prior to the distribution of any profits.

**It is important for Names to understand that a commercial profit does not indicate the actual cash position and the**

**commercial profit may be in excess of any amount that may be available for release.**

**Indeed, a Name's actual cash position may still be an overall loss.**



## Bank Details

You may recall that there was a change in the information required by a Bank to make electronic transfers to another Bank.

Every Bank in the world has a SWIFT/BIC code which can be 8 or 11 digits, which comprises of the Bank name, Country and Branch.

All USA Banks have an ABA code.

Every account in Europe has an IBAN number which is classed as an account number but is a mixture of Country, Bank name, Sort code and Account number.

At the time of considering the release of your FAL if the above information is not held in our records we shall write to you requesting the appropriate details.

It is stressed we will need documentary evidence of those bank account details. i.e. paying-in slip in order to fulfil our obligations under the 2007 UK Money Laundering Regulations. Releases by way of a cheque are no longer available.

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*“..At the time of considering the release of your FAL if the above information is not held in our records we shall write to you requesting the appropriate details ..”*

## Authentication of Instructions from Names

As you will be aware, Lloyd's in conjunction with other financial institutions and regulators, has expressed concern over the rise in financial crime and identity theft. Market Services at Lloyd's, and indeed LMAS, is conscious of the need to increase measures to protect Names from such fraud, hence the necessity for the requested documentary evidence with any bank account details provided by a Name.

Names, and any representative of a Lloyd's Name, such as an accountant or solicitor are now required to follow certain security guidelines before they can enter into discussions about their underwriting affairs or their clients underwriting affairs.

We would like to thank all our Names for their forbearance with these security guidelines and would also request that, if

you have not yet done so, please return the completed pro-forma, provided with the letter, to Market Services as soon as possible, via this agency if necessary.



## MAPA Reports

For those Lloyd's Names who participated on a Members Agent Pooling Arrangement (MAPA) these will be dispatched as soon as these are received from the relevant MAPA reporting agents.

## SYNDICATES

### Syndicate Reports & Accounts

Names will recall the Lloyd's initiative to reduce the number of hard copy syndicate reports and accounts that are produced annually, by offering Names the option to receive electronic versions (or an electronic link), thereby reducing paper usage resulting in cost and labour savings as well as trees!

For those Names who requested electronic versions of the reports and accounts please use the following link:

<http://www.lloyds.com/Lloyds/Investor-Relations/Financial-performance/Syndicate-reports-and-accounts>



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*“For those Names who requested electronic versions of the reports and accounts please use the following link:*

*<http://www.lloyds.com/Lloyds/Investor-Relations/Financial-performance/Syndicate-reports-and-accounts>”*



## SYNDICATES

### Run-off Syndicate Commentaries

The following commentaries have been prepared based on information contained in the managing agents Report & Accounts, as at 31 December 2010.

<b>Syndicate: 218</b>	<b>Managing Agent:</b>	<b>Equity Syndicate Management Limited</b>
	<b>Active Underwriter:</b>	<b>Mark H Bacon</b>
	<b>Year(s):</b>	<b>2008</b>
<b>Declared Results</b>		<b>(56.7%)</b>
<b>Cash Calls to date</b>		<b>37.5%</b>

Syndicate 218 was unable to close the 2008 year of account at 31 December 2010.

The managing agent in the Report and Accounts at 31 December 2010 has reported a loss of 56.7% before members agents fees and will make a cash call of 37.5% of capacity due for settlement on **16 June 2011**. Equity Motor Syndicate 218 is the largest motor syndicate at Lloyd's and its book of business covers a wide range of motor insurances. In addition it does write a proportion of non motor account which includes, household, caravan, personal accident and a small commercial property book.

The 2010 calendar year has proved to be an extremely difficult year in relation to underwriting performance coupled with the substantial deterioration in claims reserves held for prior years the combined effect of which has led to the managing agent to come to the conclusion that the syndicate should remain open as at 31 December 2010.

The underwriter reports that during the twelve months to 31 December 2010 a significant strengthening of claims reserves of the syndicate was needed, due primarily to an unprecedented increase in third party bodily injury claims fuelled largely by the growth of "claims farmers", an activity where legal firms capture non-fault claims and claims management companies. These developments have occurred at the same time as the syndicate has revised its claims handling and reserving methodologies. As a consequence the managing agent considers the significant uncertainty over the financial development of the syndicate's 2008 and prior years considers that it was not possible to calculate a reinsurance to close with sufficient accuracy to preserve equity between paying and receiving Names accordingly the 2008 account was left open and the managing agent will reconsider the position in 12 months time.

At this stage it is not possible to say whether they will be in a position to effect a reinsurance to close at 31 December 2011.

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<b>Syndicate: 260</b>	<b>Managing Agent:</b>	<b>Canopus Managing Agents Ltd</b>
	<b>Active Underwriter:</b>	<b>C Hart</b>
	<b>Year(s):</b>	<b>2008</b>
<b>Declared Results</b>		<b>(39.6%)</b>
<b>Cash Calls to date</b>		<b>39.6%</b>

Syndicate 260 left the 2008 year of account open at 31 December 2010.

The managing agent in the Report and Accounts as at 31 December 2010 has reported the 2008 year of account suffered significant deterioration during the previous 18 months and has regrettably reported a loss at 36 months of £20.7Million which represents a loss on capacity of 39.6%. **A cash call for this outstanding balance will be called for settlement on 16 June 2011.**

Cont'd ....

**Syndicate 260 Cont'd ...**

The syndicate has remained open due to the continuing uncertainty in being able to determine the ultimate result of the 2008 year of account. The managing agent makes reference to the following reasons for the adverse result of this year of account:-

1. Changes in the nature of the motor insurance market in the past three to four years with an increasing propensity to claim. The number of claimants per accident and claims inflation.
2. Changes in the claims team have led to uncertainty over development patterns.
3. Finally there are some data issues which do not allow complete interpretation of the data.

The loss is principally as a result of claims inflationary factors from changes in the motor claims environment which has had an impact across the entire motor insurance market. The key drivers of the changes in claims inflation are bodily injury settlements, associated legal costs and credit hire, which have resulted in unprecedented claims inflation. The principal source of these drivers is "claims farming" an activity where legal firms capture non-fault claims. The UK economic environment is likely to be a contributory factor in the success rate of legal firms capturing these claims in a potentially fraudulent activity. This is indicated by the increase in the number of claimants per claim compared to historical data, which is in contrast to the overall reduction in the frequency of road accidents, through improved road safety and motor vehicle technology.

Canopus Managing Agents Ltd has advised that the claims strategy of the syndicate has undergone a comprehensive review in order to deliver a function that can deal with the changed claims environment and drive down the inflationary factors and improve efficiency. It is intended that the implication of this strategy will be fully complete by the third quarter of 2011 and will benefit the run-off and open years.

At the time of writing the managing agent has not given an indication when this year of account is likely to close but in the circumstances it may well be unlikely that the syndicate will be in a position to close at 31 December 2011.

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<b>Syndicate: 340</b>	<b>Managing Agent:</b>	<b>Travelers Syndicate Management Ltd</b>	
	<b>Run-Off Manager:</b>	<b>Stephen Eccles</b>	
	<b>Year(s):</b>	<b>2000</b>	<b>2001</b>
<b>Declared Results</b>		<b>(38.5%)</b>	<b>(0.3%)</b>
<b>Cash Calls to date</b>		<b>67.7%</b>	<b>nil</b>

Syndicate 340 closed the 2000 and 2001 years of account at 31 December 2010.

Names will be aware from our Memorandum of 7 January 2011 that Travelers Syndicate Management Limited recommended the approval of a quotation they had received from Berkshire Hathaway to effect a reinsurance to close. The quotation was met with overwhelming approval by capital providers, the closing results of both years of account are reported above.

It can be seen that both years have seen a significant reduction to the loss position reported at 31 December 2009. Further in relation to the 2000 year of account the ultimate loss when compared with the cash calls made to date will mean a surplus of approximately 29% will be made to Names in June of this year.

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<b>Syndicate: 529</b>	<b>Managing Agent:</b>	<b>Shelbourne Syndicate Services Ltd</b>	
	<b>Run-Off Manager:</b>	<b>A D Elliott</b>	
	<b>Year(s):</b>	<b>1998</b>	<b>1999</b>
<b>Declared Results</b>		<b>(87.9%)</b>	<b>(108.9%)</b>
<b>Cash Calls to date</b>		<b>103.0%</b>	<b>113.5%</b>

Syndicate 529 closed the 1998 and 1999 years of account at 31 December 2010.

Names will recall from our memorandum of 28 July 2010 that the managing agents RITC committee were in the final stages of agreeing a reinsurance to close all run-off years of account of Syndicate 529. The contract to close was signed at 30 June 2010 but under Lloyd's requirements the syndicate was required to prepare closing report and accounts as at 31 December 2010.

It can be seen from the above results that cash calls exceeded the declared result the surplus was credited initially to Lloyd's Distribution Account to offset against any outstanding debt position. The balance was transferred to Names Personal Reserve Funds as indicated in our memorandum of 5 October 2010.

<b>Syndicate: 1007</b>	<b>Managing Agent:</b>	<b>Novae Syndicates Ltd</b>	
	<b>Run-Off Manager:</b>	<b>J R Adams</b>	
	<b>Year(s):</b>	<b>2002</b>	
<b>Declared Result</b>		<b>(9.8%)</b>	
<b>Cash Calls to date</b>		<b>8.5%</b>	

Syndicate 1007 closed the 2002 year of account at 31 December 2010.

The original reasons for putting this year of account into run-off included uncertainty over the eventual outcome of liability reinsurance business and in respect of certain high profile US issues involving investment banks. In recent years the uncertainty in respect of liability reinsurance business has been progressively diminished. This coupled with the reduction in exposure through commutation has placed the syndicate in a better position to achieve closure.

Names will be aware from previous Newsletters there has been considerable progress in resolving various investment bank's issues in a number of instances on terms better than the specific reserves the syndicate was carrying for such claims.

The closing result is a loss of 9.8%, calls to date amount to 8.5% the balance of the deficit will be called for settlement on **16 June 2011**.

<b>Syndicate: 1171</b>	<b>Managing Agent:</b>	<b>Ridge Underwriting Agencies Ltd</b>	
	<b>Run-Off Manager:</b>	<b>Terry Adams</b>	
	<b>Year(s):</b>	<b>1998</b>	<b>1999</b>
<b>Declared Results</b>		<b>(12.8%)</b>	<b>(0.6%)</b>
<b>Cash Calls to date</b>		<b>16.8%</b>	<b>7.5%</b>

Syndicate 1171 has been unable to close the 1998 and 1999 years of account at 31 December 2010.

The managing agent reports that for the calendar year ending 31 December 2010 the 1998 and 1999 run-off years of account produced a surplus of 1% and 2% respectively, this position is reflected in the above figures. It can be seen from the level of cash calls previously made that the syndicate is maintaining significant surpluses however, the managing agent does not consider it prudent to distribute any proportion of the cumulative surplus pending closure of the run-off years of account.

Syndicate 1171 is a Life syndicate and can only be reinsured under Lloyd's current regulations into another Lloyd's Life syndicate. As there are only three other Life syndicates trading at Lloyd's the opportunities are very limited to complete a reinsurance to close.

**It is unlikely that the syndicate will close at 31 December 2011.**

## 2009 Open Year Releases

Lloyd's has confirmed that the under mentioned syndicates will make an advanced release from 2009 year of account, from the syndicates' trust funds to supporting Names' Personal Reserve Funds, details of the percentage that will be transferred in June 2011 are shown below:-

### 2009

Syndicate	Year of Account	Managing Agent	% Transferred	Transfer Amount (GBP)	Transfer Amount (USD)
33	2009	Hiscox Syndicates Ltd	8.0%	£0.00	\$95,000,000.00
386	2009	QBE Underwriting Ltd	7.9%	£26,693,777.00	\$0.00
510	2009	R J Kiln & Co Ltd	12.6%	£0.00	\$124,067,680.00
570	2009	Atrium Underwriters Ltd	4.0%	£0.00	\$7,850,000.00
609	2009	Atrium Underwriters Ltd	15.0%	£0.00	\$47,100,000.00
1176	2009	Chaucer Syndicates Ltd	17.4%	£5,472,515.00	\$0.00
2121	2009	Argenta Syndicate Management Ltd	3.5%	£4,549,191.00	\$0.00
4242	2009	Chaucer Syndicates Ltd	20.4	£0.00	\$26,793,181.00
6104	2009	Hiscox Syndicates Ltd	29.6%	£0.00	\$20,000,000.00
<b>2009 CST Totals</b>				<b>£36,715,483.00</b>	<b>\$320,810,861.00</b>

## 2008 & 2009 Account Forecasts as at 4th Quarter 2010

Syndicate	Managing Agent	2008 Result %	2008 Already (Released) %	2009 Best Case %	2009 Worst Case %	2009 Already (Released) % *
33	Hiscox Syndicates Ltd	15.30	6.4	20.00	12.50	10.4
218	Equity Syndicate Management Ltd	(53.00)		(27.50)	(36.50)	
260	KGM Underwriting Agencies Ltd	(36.04)		(31.48)	(36.48)	
308	R J Kiln & Co Ltd	17.49		9.06	4.06	
318	Beaufort Underwriting Agency Ltd	(6.48)		7.25	2.25	
386	QBE Underwriting Ltd	54.36	13.5	19.36	14.36	11.9
510	R J Kiln & Co Ltd	16.79	6.6	16.62	11.62	12.6
557	R J Kiln & Co Ltd	14.32		16.08	11.08	
570	Atrium Underwriters Ltd	15.60		8.98	3.99	4.0
609	Atrium Underwriters Ltd	20.74	8.8	20.04	15.03	15.0
623	Beazley Furlonge Ltd	13.47		16.50	11.50	
727	S A Meacock & Co Ltd	14.97		15.00	5.00	
779	Jubilee Managing Agency Ltd	18.63		0.16	(4.84)	
807	R J Kiln & Co Ltd	9.57		8.12	3.12	
958	Omega Underwriting Agents Ltd	3.49		10.03	5.02	4.0
1176	Chaucer Syndicates Ltd	72.61	37.8	50.00	30.00	35.3
1200	Argo Managing Agency Ltd	(4.06)		5.00	(5.00)	
2010	Cathedral Underwriting Ltd	10.63		12.50	7.50	
2121	Argenta Syndicate Management Ltd	5.09	1.00	13.00	8.00	4.5
2525	Alterra at Lloyd's Ltd	26.12		5.12	(2.38)	
2526	Alterra at Lloyd's Ltd	14.52		17.94	10.43	
2791	Managing Agency Partners Ltd	15.58		28.00	23.00	
3334	Sportscover Underwriting Ltd	(8.22)		9.52	4.46	
4040	HCC Underwriting Agency Ltd	0.59		(2.41)	(7.41)	
4242	Chaucer Syndicates Ltd	(8.24)	(8.24)	25.00	15.00	
6101	Argenta Syndicate Management Ltd	4.48		0.00	0.00	
6102	Argenta Syndicate Management Ltd	3.92		0.00	0.00	
6103	Managing Agency Partners Ltd	7.66		62.50	52.50	
6104	Hiscox Syndicates Ltd	42.45	30.00	65.00	55.00	29.6
6105	Ark Syndicate Management Ltd	4.70	1.5	16.67	11.67	6.6
6106	Amlin Underwriting Ltd	0.00		47.29	42.29	

\* Includes transfers to be made in June 2011 and reflects the aggregate transfers made to date.

## LMAS CONTACT DETAILS w.e.f. 31 March, 2011

Job Title	Name	Telephone No.	Facsimile No.	E-Mail
<b>Names' Director, Company Secretary and Compliance Officer</b>	Angela Kerr	01634 392083	01634 392081	angela.kerr@lloyds.com
PA to Angela Kerr and the LMAS Team	Jane Morton	01634 392090	01634 392081	jane.morton@lloyds.com
SLP, Corporate Names and SBAU Members	Angela Kerr	01634 392083	01634 392081	angela.kerr@lloyds.com
Members A-F plus Deceased Members A-K	Jenny Inkpen	01634 392084	01634 392081	jennifer.inkpen@lloyds.com
Members G-M plus Deceased Members L-Z & Syndicate Analyst	Cliff Talbot	01634 392085	01634 392081	clifford.talbot@lloyds.com
Members N-Z and Compliance	Tony Skelt	01634 392088	01634 392081	anthony.skelt@lloyds.com

If you would like to write to us please use the contact address below:

Lloyd's Members Agency Services Limited  
 Fidentia House, Walter Burke Way, Chatham Maritime, Chatham, Kent ME4 4RN

Or if you would prefer to contact us by e-mail you can either e-mail your designated Names Executive as above or you can send an e-mail to the LMAS mailbox at:

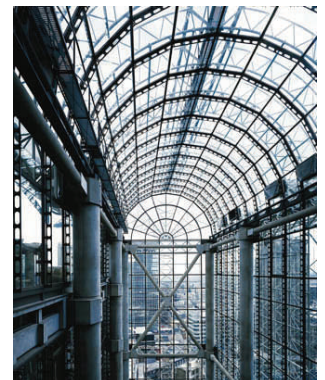
Lloyds-LMAS@lloyds.com

## Primary Service Standards

Service standards for 2011 are as follows: -

1. All letters to be substantively answered within one week (unless specific circumstances dictate otherwise in which case a holding letter of acknowledgement to be sent within one week).
2. All telephone calls to be returned within one working day.
3. All funds from Names to be sent on as appropriate within one working day of receipt or the following day in peak periods.
4. Chasing letters for payment of outstanding debt to be sent to all relevant Names by the 16 July. Chasing letters for outstanding cash calls to be sent to all relevant Names no later than 30 days after the due date.
5. Names to be notified of potential compulsory drawdown/central fund withdrawal within 5 working days of receipt of documentation from MS. Deposit drawdown documentation to be completed and returned to MS within 28 days of receipt. Central Fund withdrawals to be submitted to MS within 33 days of receipt.
6. LMAS production and dispatch of cash statement to Names.
  - a) Names in a loss making position to be notified of annual underwriting result providing 'best practice' 28 days notice.
  - b) Names in a surplus position to be notified of annual underwriting result within 7 days of the Lloyd's Capital Test data being provided to LMAS.
7. Payment of Profit to Names to be carried out within 5 working days of receipt of instruction from Name, including any conversions.
8. Agents' fees and profit commission in respect of 2000 and prior years to be reconciled by end of August annually and remitted to relevant agents.
9. Total Release of Funds at Lloyd's.
  - a) Names to be notified of total release availability by the end of June.
  - b) Applications for total FAL releases for ceased Names be submitted to MS within 3 working days of receipt of instructions from Name.
10. Partial release details to be sent to Names within 7 working days of receipt of 30 June capital test data. Partial release applications to be submitted to Lloyd's within 3 working days of receipt of a fully completed authorisation.
11. Cash call statements to be sent to Names providing the 'best practice' 28 days notice to the affected Names.
12. Syndicate RITC proposals to be sent on to Names within 7 days of receipt from Managing Agents.
13. Calculate and issue to Names forecast results within 7 days of receipt of the data from Lloyd's.

The Board receives monthly reports of performance against service standards.



## Market Services' Contact Points

Department	E-mail Address	Telephone Number
Market Service Charges	market-services-charges@lloyds.com	01634 392320
Personal Details/Dividend Instructions	business-operations@lloyds.com	01634 392320
Historical Enquiries	business-operations@lloyds.com	01634 392565
Tax Issues and Tax Advices	tax-operations@lloyds.com	01634 392620/392376 (UK) 01634 392180/392833 (US)
FAL Issues such as: Dividends	income@lloyds.com	01634 392511
Corporate Actions	corporate-actions-instructions@lloyds.com	01634 392602
Trade & Settlements & Asset Acceptability Requests	trades@lloyds.com	01634 392196/392724
Complaints	member-complaints@lloyds.com	01634 392083

## Legal Disclaimer

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