DRAFT – WORK IN PROGRESS

LLOYD’S OUTWARD REINSURANCE SCHEME
INTERACTIVE SYSTEM
UNDERWRITERS' USER MANUAL

NB revised pages only

5.10 Reinsuring Market Screen

5.10.1 This screen, if applicable, will be displayed as the default screen from the Deferred Instalment Screen.

```
####                  LLOYD`S INSURANCE DATA SYSTEM                    ##/##/##
#######              U/W Auth Reinsuring Market ( H.1        )         ##:##:##
 Coll Note ### of ###         Total Line Count ###           Page ### of ###
 Total Amt Due : ##############        This Payt Amt :  #############    ###
 Prev Paid Amt : ##############        Total Amt O/S :  #############    #####

Full Mkt Pol Rec  Payer Total Collection Note Ref Non-Payer Total
  #        #     ###############        ######## ###############

 Reinsurer  Company / Syndicate Name             Type    Pay        Amount
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############
 #########  ###################################    #       #      #############

 PF16/17 = Prior/Next Collection Note Ref                      ###################
 PF4 = Exit  PF22 = Quick Auth  PF18 = Item Sel   Routing Option ===>
```

This screen displays the Reinsuring Market details as supplied by the broker (see Appendix H and I).

If the broker supplied full Reinsuring Market details then the field 'Full Mkt' will contain 'Y'.

For each reinsurer the broker may supply a Reinsurer Code, Reinsurer Name and Reinsurer Type and will indicate the Reinsurers financial position. This signifies if the Reinsurer has:-

P	Paid This Time
N	Not Yet Paid
L	Liquidated
Y	Previously Paid
X	Previously Fully Paid
Z	Premium Or Reinstatement (No Amount Supplied)
C	Continued On Next Line (Used To Identify That The Next Line Contains Details Of The Ultimate Reinsurer Paying Through A Pool, Intermediary Or Agency).
W	All Future Settlements Waived

For each reinsurer the broker may supply a Reinsurer Type which will indicate the type of role played by the reinsurer on the line.

The codes are as follows:

R	Risk Carrier
P	Pool
I	Intermediary
A	Agency
Blank	If the full constituent breakdown is being supplied it is possible for the TYPE to be blank (see Appendix I for examples) and the amount that they have paid or the amount outstanding.

NB In some instances the broker may present a reinsurer as uncoded with a reinsurer type code of R. When the reinsurer code is known it may result in the amendment of the reinsurer type code.

The COLL NOTE ### of ### will display the position of the Collection Note within the list, if more than one Collection Note exists for the transaction. Use of PF16 and PF17 will enable the user to page backwards and forwards through the collection notes.

The TOTAL LINE COUNT field will display the total reinsurer lines for the transaction.

The PAGE ### of ### will display the position within the Collection Note if more than one page of details exist. Use of PF7 and PF8 will enable the user to page backwards and forwards through the Reinsuring Market details.

All information on the screen is protected, the information being presented on a "View" only basis.

For US$ premium items, a full check of the RI Market should be made in order to ensure that the FET is being paid correctly.

Once ENTER is pressed from this screen the Main Details Screen will be displayed.

5.10.2 Screen Selection

From the Reinsured Market screen, it is possible to move directly to the Item Selection Screen by use of PF18. Users can also move directly to the Quick Authorisation screen by use of PF22 and to any previous screen by use of PF21. Users can move to further transactions by use of PF11 or to previous transactions by use of PF10.

5.10.3 Amendments

Where there has been a change of data from the previous version, the changed fields will be highlighted on the latest version of the transaction. The user may view the versions of transaction by use of PF19 and PF20.

Appendix H

LONDON OUTWARD REINSURANCE SCHEME
Provision of Reinsuring Market Information

The following points should be noted with regard to reinsuring market provision:

- LORS allows for the provision of the reinsuring market and reinsurer payment position on Credit/Debit notes.

- Provision of the information is mandatory for all USD Premium Debit (Cat 6) and Return Credit (Cat 7) only where the Paid this time indicator value is set. The use of 'U' / 'Uncoded' as the Reinsurer code is no longer permitted on USD Premium items.

However, the agreed best practice for all other transactions is as follows:

Information should be provided at one of the following levels, to enable reconciliation of claims and reinstatements,

1) Full market
2) Payers this time
3) Outstanding payers subsequent to this CR/DR note.

Payment Indicators

The following provides a full list of the payment indicators with a brief description of their meaning. Certain of the descriptions have been revised for clarification and new values have been introduced to improve tracking of the payment position.

Payment Indicator	Description	Comments
P	Paid this time	Indicates the amount paid for this CR/DR.
N	Not yet paid (amount outstanding)	If full market provided, can be used alongside 'P' to indicate the amount outstanding e.g. ABC Co P 10,000 ABC Co N 5,000.
L	Liquidated (amount outstanding)	
Y	Previously Paid	New value introduced to clarify previously paid amounts from previously fully paid amounts
X	Previously fully paid	
Z	Premium or Reinstatement (no amount supplied)	For information only; used to provide an indication of the RI Market on Premiums/Reinstatements
W	Outstanding amount waived/commuted	

Payment Indicator	Description	Comments
C	Continued on next line	Used to identify that the next entry contains details of the ultimate reinsurer paying through a pool, intermediary or agency. See use of 'Reinsurer Type'.

Amounts will be mandatory for all payment indicators other than *'X', 'Z'* and *'C' (amounts will not be supplied for 'X', 'Z' and 'C').*

Reinsurer Type Codes

In order to allow the client to reconcile amounts automatically in most cases, a 'Reinsurer Type' code is required to differentiate actual risk carriers from Intermediaries, Pools and Agencies etc.

The following outlines the use of the Reinsurer Type code when the Reinsuring Market is supplied.

- Where a Pool or Intermediary etc. pays in full, it will not be necessary for the broker to supply full details of the underlying security. This will reduce the effort required by brokers whilst retaining the ability for syndicates to reconcile the payment position. In respect of a partial payment however, each constituent may be detailed.
- Pool arrangements, intermediaries and agencies will be allocated unique codes (using Compass and Best's codes where available) to facilitate record matching.
- Brokers should agree the level of detail to be supplied with their clients.

Reinsurer Type Indicators

The following is the list of 'Reinsurer Type' indicators.

Type	Description
R	Risk Carrier
P	Pool
I	Intermediary
A	Agency
	Blank; used to indicate the constituents of an agency, pool or intermediary where a partial payment is involved.

The following outlines the use of the Reinsurer Type code. Two examples are shown which depict the simplest and ultimate breakdown.

Example 1

- This is the simplest example where a Reinsurer Type of 'R' is entered against each line irrespective of whether the line is for an underlying reinsurer or a pool or intermediary etc.

- It will not be possible to differentiate between the same reinsurer appearing as a direct risk carrier and as part of a pool, and where the same reinsurer appears as part of two different pools etc. (see *Example 2)*

E.G. Full Market supplied

Code	Company / Syndicate Name	Type	Pay	Amount	
A1234	Reinsurer 1	R	P	20,000	
A7792	Reinsurer 2	R	N	10,000	
A1234	Reinsurer 1	R	P	8,000	)
A4972	Reinsurer 3	R	N	2,000	)
L9999	9999	R	N	1,000	)
B1357	Reinsurer 4	R	N	1,250	)

In the above example it will not be possible to establish that the second occurrence of Reinsurer 1 is via a pool, and that the bracketed entries are the constituents of that pool.

Example 2

- This option provides the greatest level of automatic reconciliation.

- The value 'C' *(Continued)* in the Payment indicator field should be used for partial payment situations in respect of pools, agencies and intermediaries. This means that the precise constituent breakdown follows on the next line(s). Where a reinsurer is paying via a mixture of pools and intermediaries etc. the value 'C' may be shown more than once as indicated below.

- Where the value 'C' is used, the Reinsurer Type must be left blank for all constituents of the pool, agency or intermediary which follow.

E.G. Full Market supplied

Code	Company / Syndicate Name	Type	Pay	Amount
A1234	Reinsurer 1	R	P	20,000
A7792	Reinsurer 2	R	N	10,000
P0001	Pool 1	P	C	
A1234	Reinsurer 1		P	8,000
A4972	Reinsurer 3		N	2,000
L9999	9999		N	1,000
B1357	Reinsurer 4		N	1,250
P0002	Pool 2	P	P	10,000

A4321	Reinsurer 5	R	N	3,000
P0003	Pool 3	P	C	
A9636	Intermediary 1	I	C	
L7777	7777		P	10,000
A1234	Reinsurer 1		N	5,000
A7984	Intermediary 2	I	C	
A79342	Reinsurer 6		N	2,500

In the above example it is possible to identify individual pools etc. and the constituents within these where partial payments are involved.

Where Pool 3 is shown, this indicates a partial payment where Syndicate 7777 and Reinsurer 1 are paying through an Intermediary via a Pool.

Appendix I

LONDON OUTWARD REINSURANCE SCHEME
Reinsurer Company Code Set

As part of the LORS development there was a requirement to allow for the presentation of the payment position of the reinsuring market.

To provide a workable market process it was necessary to choose a code standard which LORS users could commonly use, most organisations already having a code table of their own design or utilising existing code suppliers.

The standard code set to be operated in LORS is:

Assecuranz Compass databank entry for companies outside the US

AM Best code for US based companies

Lloyd's syndicate number

(NB: To avoid duplication, the codes are pre-fixed by A, B or L respectively)

The choice was made in light of Best's and Compass already being used by some members of the London Market and because both offer financial rating statistics. The Assecuranz Compass databank entry is also used by the DTI.

A composite security list, created from a number of LORS users, is available via the Xchanging Portal. An enquiry on company information via the LORS screens is available (see section 8.1.17).

It is recommended that all organisations, irrespective of when they plan to commence LORS processing, request a copy of the security list and review it for omissions and accuracy, in comparison with their own security records.

It is also strongly suggested that organisations adopt the code sets in their own systems as early as possible, to ensure full benefits are derived from a market standard at the earliest opportunity.

The use of 'U' (Uncoded), as a permitted value, is restricted and is in conflict with agreed Best Practice, therefore the allocation of a valid code should be requested of the administration team as soon as the requirement for a new code is identified.

..