

SCHEDULE 1

SYNDICATE ACCOUNTS

PART 1

GENERAL PROVISIONS

Syndicate's annual accounts

- 1.—(1) A syndicate's annual accounts must be prepared in accordance with this paragraph.
- (2) Annual accounts must comprise—
 - (a) a balance sheet as at the last day of the financial year; and
 - (b) a profit and loss account.
- (3) The accounts must—
 - (a) in the case of the balance sheet, give a true and fair view of the state of affairs of the syndicate as at the end of the financial year; and
 - (b) in the case of the profit and loss account, give a true and fair view of the profit or loss of the syndicate for the financial year.
- (4) Subject to sub-paragraph (5) the accounts must comply with the provisions of Schedule 3 to the 2008 Regulations, other than the provisions (or parts of provisions) set out in sub-paragraph (7) as to—
 - (a) the form and content of the balance sheet and profit and loss account; and
 - (b) additional information to be provided by way of notes to the accounts.
- (5) The information required by paragraph 90 of Schedule 3 to the 2008 Regulations must be given by the managing agent in relation to any transactions entered into by the managing agent on behalf of the syndicate and must in addition—
 - (a) identify any related party who is an insurance or reinsurance intermediary within the meaning of Article 2 of Directive [2002/92/EC](#) of the European Parliament and of the Council on insurance mediation; and
 - (b) include particulars of the amount of any material transactions concluded otherwise than under normal market conditions with any related party within paragraph (a).
- (6) Where the managing agent has related parties within the meaning of sub-paragraph (5)(a), but there have been no transactions with them which require disclosure under paragraph 90 of Schedule 3 to the 2008 Regulations, the accounts must contain a statement to that effect, and identify any such related parties.
- (7) The provisions in Schedule 3 to the 2008 Regulations referred to in sub-paragraph (4) are—
 - (a) paragraphs 11(2), 68, 71, 72, 82(2), 83; and
 - (b) in paragraph 2(2) the words from “save that none of the following” to the end of that sub-paragraph.
- (8) The syndicate's annual accounts must also include a description of funds which members are required to hold at Lloyd's.
- (9) The description of funds referred to in sub-paragraph (8) need not include particulars of funds held by members of the syndicate.

Compliance with Regulations

- 2.—(1) Where compliance with—
- (a) Schedule 3 to the 2008 Regulations; and
 - (b) these Regulations,

would not be sufficient to give a true and fair view, the additional information necessary to achieve this must be given in the accounts or in a note to them.

(2) If in special circumstances compliance with any of the provisions referred to in sub-paragraph (1) is inconsistent with the requirement to give a true and fair view, the managing agent must depart from that provision to the extent necessary to give a true and fair view.

(3) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

Information about related undertakings

3. The syndicate's annual accounts must comply with the requirements of regulation 7 of the 2008 Regulations (including the application of Schedule 4 to those Regulations) as to information about related undertakings of the managing agent to be given in notes to the syndicate's accounts.

Information about employee numbers and staff

4.—(1) Subject to sub-paragraph (2), the syndicate's annual accounts must comply with the requirements of section 411 (information about employee numbers and costs) of the 2006 Act in relation to the syndicate as if references in it to a company were treated as references to the managing agent.

(2) Information about employee numbers and costs need only be given under sub-paragraph (1) in relation to employees of the managing agent who have spent any part of their time during the year in question working on behalf of that syndicate.

Information about emoluments of managing agents and other benefits of managing and others

5.—(1) The information specified in sub-paragraph (2) must be given in notes to the syndicate's annual accounts.

- (2) The information is—
- (a) the aggregate amount charged to a syndicate by its managing agent, in respect of emoluments paid to the managing agent's directors, the active underwriter and (where applicable) the run-off manager of the syndicate, in the financial year to which the accounts relate; and
 - (b) the specific amounts charged to a syndicate by its managing agent in respect of emoluments paid to the syndicate's active underwriter and (where applicable) its run-off manager in that financial year.
- (3) In this paragraph, "emoluments"—
- (a) includes salaries, fees and bonuses, sums paid by way of expenses allowance (so far as they are chargeable to United Kingdom income tax) and, subject to paragraph (b), the estimated money value of any other benefits received by the person concerned otherwise than in cash; but
 - (b) does not include any of the following, namely—

- (i) the value of any share options granted or the amount of any gains made on the exercise of any such options;
- (ii) any contributions paid, or treated as paid, in respect of the person concerned under any pension scheme or any benefits to which that person is entitled under any such scheme; or
- (iii) any money or other assets paid, received or receivable under any long term incentive scheme.

(4) In this paragraph—

“active underwriter” means, in relation to a syndicate, the individual at or deemed by the Council to be at, the underwriting box with principal authority to accept risks on behalf of the members of the syndicate;

“run-off manager” means, in relation to a run-off syndicate, the person who has principal authority to negotiate or place contracts of reinsurance or negotiate and settle the payment of claims on contracts of insurance or reinsurance on behalf of the members of the syndicate;

“run-off syndicate” means a syndicate which no longer accepts new or renewal insurance business (other than the variation or extension of risks previously underwritten, or reinsurance to close of an earlier year of account of that syndicate).

Information about directors’ benefits: advances and credit

6.—(1) The information specified in sub-paragraph (2) must be given in notes to the syndicate’s annual accounts.

(2) The information is—

(a) details of any advance or credit granted by the managing agent to its directors, or, where the managing agent is a partnership, to its partners, and charged to the syndicate by the managing agent, namely—

- (i) the amount of the advance or credit;
- (ii) an indication of the interest rate;
- (iii) its main conditions; and
- (iv) any amounts repaid;

(b) the totals of the amounts stated under paragraph (a)(i) and (iv).

(3) References in this paragraph to the directors or partners of the managing agent are to the persons who were a director or a partner at any time in the financial year to which the accounts relate.

(4) The requirements of this section apply in relation to every advance or credit subsisting at any time in the financial year to which the accounts relate—

- (a) whenever it was entered into;
- (b) whether or not the person concerned was a director or partner of the managing agent in question at the time it was entered into.

Off-balance sheet arrangements

7.—(1) If in any financial year—

(a) a syndicate is or has been party to an arrangement that is not reflected in its balance sheet; and

(b) at the balance sheet date the risks or benefits arising from that arrangement are material, the information required by this paragraph must be given in notes to the syndicate’s annual accounts.

Status: This is the original version (as it was originally made).

- (2) The information required is—
 - (a) the nature and business purpose of the arrangement; and
 - (b) the financial impact of the arrangement on the syndicate.
- (3) The information need only be given to the extent necessary for enabling the financial position of the syndicate to be assessed.