

CORE MARKET RETURNS GUIDEBOOK

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CONTACTS

Each return has its own e-mail address. A query on a return will be answered more quickly if it is sent to the relevant address for that return.

GQD: Lloyds-MRC-Help@lloyds.com
HKR/HKC: HKcoverholderreporting@lloyds.com
LCR: Lloyds-MRC-Help@lloyds.com
PMDR: Lloyds_PMD@lloyds.com
QMA: Lloyds-mrd-return-queries@lloyds.com
QMB: Lloyds-QMBReturns@lloyds.com
QMC: Lloyds-SolvencyReturns@lloyds.com
RDS/RDL: LloydsExpMgmt@lloyds.com
SBF: Lloyds-BusinessPlans@lloyds.com
SIS: Lloyds-Tax-Operations@Lloyds.com
SII: Lloyds-SolvencyReturns@lloyds.com
SRP: Lloyds-Exposure-Mana@lloyds.com
TPD: Lloyds-MRC-Help@lloyds.com
TUK: lloyds-tax-operations@lloyds.com

INTRODUCTION (CMR)

The Core Market Returns system (CMR) is a web-based system, used to collect syndicate level data to enable the Corporation of Lloyd's to meet its reporting and analytical requirements.

This guide aims to provide an overview of each of the returns within CMR and how the different departments within Lloyd's as a whole use the information. Each return has its own separate instructions, which give details for the completion of the returns. This guide is not a substitute for the instructions. When completing a return managing agents must refer to the instructions for that return.

The guide is divided into two main sections. The first section covers the individual returns, listing them in alphabetical order. The second section provides information on the Corporation departments that use the data in the returns.

If you have any comments on the guide, such as additional information that you would like to see included, then please e-mail your suggestions to:

Lloyds-mrd-returns-queries@lloyds.com



LLOYD'S

MARKET RETURNS MENU | HELP | PERSONAL DETAILS

CORE MARKET RETURNS

Core Syndicate Return Selection

- QMA**
Quarterly Monitoring Return Part A
- QMB**
Quarterly Monitoring Return Part B
- SBF**
Syndicate Business Forecast
- SRD**
Solvency and Reserving Data

GQD

GROSS QUARTERLY DATA

Main Purpose:

To collect quarterly premium and claims information by risk code from the market at a level of detail beyond pure year.

Frequency of the return: Quarterly

Main contact: James Lane

Email: james.lane@lloyds.com

Extension: 5952

Reporting Department:

Market Reserving and Capital/ Market Finance

The GQD return will collect the gross signed premium (before and after acquisition costs), paid claims during the quarter and outstanding claims at the end of the quarter.

The GQD is the only dataset which Lloyd's collects quarterly premium and claims information by risk code from the market at a level of detail beyond pure year. The return will be fundamental to Lloyd's central Actuarial Function. Most of the main uses of the GQD require analysis on homogenous (risks in each class behaving in the same way) data that is credible (data volumes sufficient for valid analysis). Risk codes provide a balance between homogeneity and credibility.

The data is collected through CMR and stored in the Lloyd's Data Warehouse.

The information in the forms is used for the following:

Internal usage of the GQD data

- Actual versus expected claims and IBNR burn monitoring by year of account and class of business.
- Quarterly reserve monitoring including analysis of IBNR burn by syndicate against a benchmark IBNR burn.
- Production of a quarterly reserves update summary report circulated internally and available to the PRA.
- Data submitted is also discussed with the Performance Management Directorate.

Process

- Syndicates submit data for each quarter within two weeks of it ending.
- MRC perform validations and data quality checks and request resubmissions if necessary.
- MRC use the data internally for the above exercises.

Summary of forms and purpose

FORMS	PURPOSE
GQD 010 – Syndicate details	This form collects basic information regarding the syndicate including the syndicate number, managing agent name and pure years for each active reporting year.
GQD 020 – Exchange rates	This form displays the quarterly average rate of exchange (used for the Gross Gross Signed Premium, Gross Net Signed Premium and the Paid Claims in the playback forms) and the quarter closing rate of exchange (used for the Gross Outstanding Claims in the playback forms).
GQD 110 – Premiums and claims	Form 110 collects a breakdown of the gross premiums (gross and net of acquisition costs), paid claims and outstanding claims in respect of each reporting year, pure year, risk code, transaction type and original currency. For pure years 2009 and subsequent, original syndicate is also required.
GQD 120 – Premiums and Claims Summary	Form 120 collects the summary totals of the gross premiums (gross and net of acquisition costs), paid claims and outstanding claims, in respect of each original currency. These are then reconciled with the information provided on form 110 to ensure all the data has been uploaded correctly.
GQD 130s – Currency summary	This form provides a summary of the data submitted in form 110 by original currency. Data has been converted at the exchange rates displayed on form 020.
GQD 130s – Risk code summary	This form provides a summary of the data submitted in form 110 by risk code. Data has been converted at the exchange rates displayed on form 020.

FORMS	PURPOSE
GQD 130s – Pure YOA summary	This form provides a summary of the data submitted in form 110 by pure year of account. Data has been converted at the exchange rates displayed on form 020.
GQD 990	This form enables managing agents/syndicates to provide a comment on the return to Lloyd's disclosing any additional information that they feel they need to disclose and also to explain any unexpected circumstances.

Snapshot of the return dates

Return	Submission Date	Pre-requisite
Quarterly	Q4 2016 GQD – 10/01/2017 Q1 2017 GQD – 11/04/2017 Q2 2017 GQD – 11/07/2017 Q3 2017 GQD – 10/10/2017	None

Any queries about the completion of the GQD should be directed by e-mail to Lloyd's Market Reserving and Capital team at: lloyds-MRC-Help@lloyds.com.

All queries will be responded to by the end of the following working day.

Please contact James Lane (James.lane@lloyds.com) or Delara Muzhingi (Delara.Muzhingi@lloyds.com) if a response remains outstanding at that time.

HKR & HKC

HONGKONG RISK AND CLAIM RETURNS

Main Purpose:

To provide transactional level data to enable the submission of aggregate Regulatory Returns to the Office of the Commissioner of Insurance in Hong Kong.

Frequency of the return: Monthly (15th day following the month-end)

Main contact: Adam Cable (Executive, International Reporting)

Extension: 5277

Reporting Department:

International Regulatory Affairs

What is a HKR and HKC and why do we have them?

Lloyd's is required to report to the Office of the Commissioner of Insurance in Hong Kong the business of its service companies and coverholders located in Hong Kong. The business to be reported will include any non-Hong Kong risks written through the Hong Kong located coverholder/service company. It will also include any business written under a lineslip where the role of the Hong Kong located coverholder/service company triggers the definition of 'Hong Kong insurance business'¹. Hong Kong business underwritten either on an open market basis or through a coverholder not located in Hong Kong is not required to be reported.

- Hong Kong Risk Return – the risks written, at individual declaration level, in the relevant reporting month. 'Risks written' refers to risks booked during the reporting month, regardless of the risk's inception date.
- Hong Kong Claim Return – claim payments made in the relevant reporting month, known reserves at the end of the month being reported or claims that have been closed during the reporting period.

What is required of Syndicates?

- All Syndicates, with Hong Kong located coverholders/service companies, are required to submit a HKR and HKC Return to Lloyd's. This applies to both run off and active Syndicates. This role may be undertaken by the coverholder on the syndicate's behalf.
- All HKR and HKC Returns must adhere to the Lloyd's guidance.
- **Note:** These returns are subject to the Lloyd's Overseas Returns Fining Policy (see Market Bulletin Y4843, dated 1 December 2014).

¹ Please refer to the Hong Kong Reporting Instructions.

Main Purpose:

To provide syndicate level data required for the calculation of the Society level Solvency Capital Requirement.

Frequency of the return: LCR submissions are part of the capital-setting process for the proposed year and are collected in September. A resubmission may be required after these dates, if there is any material change to the business plan or any change in assumptions prior to the mid-year coming into line exercise.

Main contact: Kevin Barnes (Manager, Member Capital Systems, Market Reserving and Capital)

Extension: 5683

Reporting Department: Market Reserving and Capital

What is an LCR and why do we have them?

- Lloyd's Capital Return (LCR) – a firm's own assessment of the Solvency Capital Requirement (SCR) to support its risk profile.
- The LCR includes analysis of the SCR, by Solvency II risk groups, on both a one-year and ultimate balance sheet basis. It also includes provision of modelled overall surpluses/deficits at the mean, the 99.5th percentile and intervening points on the distribution.
- In addition to setting capital, the LCR data is also used for the calibration of the Lloyd's Internal Model (LIM) for Lloyd's application to the PRA.

LCRs are prepared under both PRA and Solvency II EU regulatory requirements and apply to both the society and managing agents. Syndicate LCRs are an essential element of the Solvency II capital setting process at Lloyd's.

LCR submissions are part of the capital-setting process for the proposed year i.e. those submitted in September 2017 are for the 2018 calendar year.

What is required of Syndicates?

- All Syndicates are required to submit an LCR to Lloyd's. This applies to both run-off/RITC and active Syndicates.
- All LCRs must adhere to Lloyd's guidance (i.e. minimum standards must be addressed).
- All LCRs must address the four main Solvency II risk groups. Insurance risk is dominant in the Syndicate SCR; however, credit risk, operational risk and market risk also represent a considerable proportion of overall risk-assessed capital.

All managing agents are required to re-assess their ultimate SCR and one-year SCR following year end. Should this review result in an ultimate SCR movement in excess of 10% (excluding exchange rate adjustments), a resubmission of the LCR should be provided, via CMR, by no later than 1pm on 2nd March 2017. Further details are set out in Market Bulletin Y5013. As a minimum, Lloyd's will adjust the agreed November ECA to account for the movement in the US\$ exchange rate up to year end and changes in risk margin on the Solvency II balance sheet.

When do I need to re-submit a new LCR pro-forma?

A pro-forma should be submitted following any changes made to the SCR number, or to any element of the SCR model that differs materially from what has been previously submitted. A re-submission is also required if there are any significant operational changes to the Syndicate as a whole. Any changes to the business plan or reinsurance programme may also require the LCR to be amended and resubmitted.

If it is unclear whether an LCR resubmission is required, then Agents should contact their MRC representative or CEO liaison.

Lloyd's returns are required to be submitted on time and failure to do so is a breach of the relevant Lloyd's Byelaw and may therefore result in a fine being imposed. Please refer to the Consolidated Fining Policy as set out by MSARC.

The LCR is required by 1pm on the submission deadline day.

Summary of forms and purpose

FORMS	PURPOSE
012 – LCR Syndicate Type	This form requires the user to: <ul style="list-style-type: none"> • Link the LCR to the relevant Syndicate Business Forecast (SBF). • Specify whether the Syndicate is active or run-off/RITC. • Specify whether this Syndicate is life or non-life. • Specify whether the Syndicate has Unincorporated Legal Obligations. • Specify whether the Syndicate is a New Syndicate and required to input the New Syndicate Loading on from 309
309 – LCR Summary	Illustrates the headline Syndicate SCR as at current year-end

	<p>on both a one-year balance sheet to balance sheet, and ultimate basis. It provides an SCR risk category breakdown of the capital allocated to the following risk categories:</p> <ul style="list-style-type: none"> • Insurance Risk <ul style="list-style-type: none"> •Premium risk •Reserve risk • Credit Risk <ul style="list-style-type: none"> •Reinsurance credit risk •Other credit risk • Market Risk • Operational Risk <p>It also details the diversification credit allowed between the risk categories and contract boundary adjustments and/or new syndicate loadings to be added to the SCRs.</p>
310 – Balance Sheet Distributions	<p>Details the projected balance sheet items on a one-year and ultimate basis for selected percentile outcomes. When completing the form, it is expected that the balance sheet position is negative at the mean level and positive at the higher percentiles.</p>
311 – Claims Distributions	<p>Demonstrates the projected net and gross losses on a one-year and ultimate basis, by percentile bands and includes a separate pure year split of the one-year basis figures. Table 1 shows the total modelled insurance losses at aggregate level for all underlying pure years in aggregate, and Table 2 records the total modelled insurance losses for each underlying pure year separately.</p>
312 – Technical Provisions	<p>Requires the user to provide projected claims, premiums, risk margin and technical provisions by pure year, including unaccepted business.</p>
313 – Financial Information	<p>Captures other financial information that Lloyd's require to complete a thorough review:</p> <ul style="list-style-type: none"> • Table 1 is the proposed and current year premium taken from the linked SBF. • Table 2 is the average claims tail used for discounting along with the USD exchange rate used to complete both the SBF and SCR. • Finally, table 3 captures the split of the catastrophe claims on a one-year and ultimate basis.
314 – Additional Quantitative Analysis	<p>Its purpose is to capture additional quantitative information that will assist Lloyd's in evaluating and comparing syndicate SCRs. The data is captured at the mean outcome, stress and 1:200 confidence level for each of the following tables:</p> <ul style="list-style-type: none"> • Table 1 is the assessment of the expected return provided on form 310. • Table 2 is the detailed analysis of the components that make up the market risk value provided on form 309. • Table 3 is the reconciliation between the one-year and ultimate SCRs provided on form 309.
990 – Required Additional Information	<p>Enables Managing Agents/Syndicates to provide comments and attachments disclosing any additional information or explanations of any unexpected circumstances.</p> <p>The supplementary questionnaire should also be attached here where required.</p> <p>Syndicates with both contract boundary adjustments and new syndicate loadings should attach commentary on the split of</p>

the total presented on form 309.

Snapshot of the return dates

LCR submissions are part of the capital-setting process for the proposed year and are required to be submitted onceduring the year. All LCR submissions must be received by 1pm on the deadline day.

Return	Submission Date
1 st LCR submission	13th September 2015 (TBC)
Mid-Year CIL LCR Re-submission	2 nd March 2017 or 1 st March 2018 (TBC)
Submission dates will be updated in due course via market bulletin and the Lloyds business timetable.	'LCR Return Instructions', 'Frequently Asked Questions (FAQ's)' and 'LCR Return Specifications' are all accessible within the Core Market Returns system. Any further updates to the LCR will either be informed via the Market Bulletin, Lloyd's.com or by the Managing Agent's MRC representative.

Any queries about the completion of the LCR should be directed by e-mail to your MRC representative or if they are unavailable the Capital Team's mailbox: Lloyds-MRC-Help@lloyds.com. All queries will be responded to by the end of the following working day.

PMDR

PERFORMANCE MANAGEMENT DATA

Main Purpose:

Monitoring performance against plan and the market.

Frequency of the return: Monthly return with an additional 18-month submission for each return year.

Main contact: Matt Orriss

Email: Lloyds_PMD@lloyds.com

Extension: 020 7327 5100

Reporting Department: Performance Management

Directorate/Business Intelligence

Department Mailbox: Lloyds_PMD@lloyds.com

The syndicate business forecast (SBF) gives a view of planned future performance while the Quarterly Monitoring Return (QMB) tracks the actual performance achieved on business that has been written. PMDR bridges between these returns and shows the current conditions.

The PMDR consists of four forms which must be completed monthly by each syndicate writing (re)insurance business during the current return year. In addition to the 12 monthly updates, there is a final submission submitted 18 months after the start of the year in July.

The Performance Management Data Return (PMDR) is a monthly data feed providing granular contract/risk level data on:

- Risk adjusted rate change (RARC)
- Benchmark price
- Gross written premium

PMDR is submitted monthly on the first working day on or after 15th and includes data for all contracts written from the start of the reporting year up to the previous month end. Its immediacy allows Lloyd's Performance Management Directorate (PMD) to monitor syndicates' performance against plan and to assess market trends as business is written.

The primary objectives of PMDR are to enhance the ability of Lloyd's:

- to check syndicates are writing in accordance with their approved plan in terms of the type and volume of business written and the prices charged
- to assess syndicates' performance against market conditions and the performance of peers
- to challenge managing agents that are not underwriting prudently, and
- to take action when managing agents are not meeting their plans or other obligations

- Form 263 collects aggregated gross written premium data for the return year
- Forms 286, 287 and 288 collect data on each individual (re)insurance contract which has been written or has expired during the current return year
- Form 286 collects premium volume and benchmark price data for (re)insurance contracts which are new to the syndicate
- Form 287 collects premium volume, benchmark price and price movement data for all renewed (re)insurance contracts
- Form 288 collects premium volume data for (re)insurance contracts which were due for renewal but ultimately expired
- The data is reported at a granular per contract/risk level
- The PMDR is a cumulative return
- All premium-related values reported in PMDR are monetary amounts
- Changes in limit and changes in breadth of cover (perils) are recorded separately from other exposure changes
- Changes due to limit and due to breadth of cover are based on the expiring exposure
- Benchmark price is based on the loss ratio from the approved business plan

Summary of forms and purpose

FORMS	PURPOSE
263 – Premium volume summary	<p>Reports the amount of premium that each syndicate has written at a whole account level. Managing agents complete the form by entering the gross written premium including IDA premium but gross of acquisition costs and QQS premium. The components of Gross written Premium are reported separately as:</p> <ul style="list-style-type: none"> • Gross Written premium excluding IDA & Bonuses/Rebates • Bonuses and rebates, gross of reinsurance • IDA premiums, gross of acquisition costs • Acquisition costs (brokerage, commissions and business arrangement fees)

286 – New risks	Reports the premium income, acquisition costs and the 100% benchmark price for all new risks. The 100% benchmark price is the theoretical price that should be charged for a risk in order for the syndicate to achieve the loss ratio defined in its approved SBF.
287 – Renewed risks	<p>Reports the expiring and current premium income, acquisition costs and the 100% benchmark price for all renewed risks, plus details of changes in the price of renewals, classified as:</p> <ul style="list-style-type: none"> • Change in expiring 100% gross premium written due to change in limit / attachment point • Change in expiring 100% gross written premium written due to change in breadth of cover • Change in expiring 100% gross written premium written due to other factors • Change in expiring 100% gross written premium written due to pure rate change
288 – Not renewed risks	Reports the expiring premium income for all risks that have not been renewed.

Snapshot of the return dates

Return	Submission date	Pre-requisite
Monthly return	Monthly on the first working day on or after the 15th of the month	Approved SBF
Additional 18-month return	End of July in following year	Approved SBF

PMDR should be submitted before noon on the first working day on or after the 15th of each month. In addition to the regular monthly submissions, managing agents are also required to provide an additional submission for the current year of account as at the month 18 development point. The purpose of this extra submission is to capture more accurate information on the business written by managing agents towards the end of current financial year. The additional month 18 submission should be submitted on the last day of July, or the next working day if this falls on a weekend.

Key contacts – Performance Management Data Return team

Any queries regarding the completion of the PMDR forms should be directed to the PMDR team at:

Email: Lloyds_PMDR@lloyds.com

PMDR Help Line: 020 7327 5100

QMR

QUARTERLY MONITORING RETURNS

Main Purpose:

Accounting, Regulatory, Monitoring and Analysis.

Frequency of the return: Quarterly. Q2 and Q4 subject to audit.

Responsible dept:

QMA: Market Finance

QMB: Business Intelligence

QMC: Accounting Policy

Main contact:

QMA: Lloyds-mrd-return-queries@lloyds.com

QMB: Lloyds-QMBReturns@lloyds.com

QMC: lloyds-SolvencyReturns@lloyds.com

The QMR has three sections. Part A (QMA) covers the accounting and most of the analysis forms while Part B (QMB) covers the syndicate class of business information. A key difference between these two parts is that the QMA reporting is driven by the reporting years that a syndicate currently has open whereas the reporting in the QMB is driven by pure underwriting years i.e. which of the last five years the syndicate was actively underwriting. A third return was added in 2013, the QMC, to capture Solvency II balance sheet information but taking as its starting point the UK GAAP balance sheet in the QMA.

The QMA and QMC must be completed by all syndicates that have at least one open reporting year. The QMB return must be completed by all syndicates who have any active/open/run-off/closed years of account for the last five underwriting years.

A number of Lloyd's departments use the information in the QMA and QMB for analysis and monitoring purposes.

However, the data in QMA is also used for a number of other purposes, some of which are particular to a specific quarter.

For this reason the number of forms to be completed in the QMA does vary from quarter to quarter. The key uses of QMR data are:

- Accounting
- Analysis and monitoring
- Ratings
- Schedule 3 data
- Solvency
- Third party capital

Each of these topics is considered in more detail over the next pages with the final section looking at QMB specifically.

The forms included at quarters 1 and 3 are effectively the standard package. The QMA at these quarters is not subject to audit.

At quarter 2 one of the additional uses of the QMA data is to produce the market's interim return and hence the relevant forms (as defined in the instructions) are subject to review by the syndicate auditors.

At quarter 4 the QMA information is used to produce the market's full year result. The relevant forms (as defined in the instructions) are therefore subject to audit by the syndicate auditors.

Snapshot of the return dates

Quarter	QMA/QMB	Submission date	Audited?	Type of submission
Q1	QMA & QMB	Mid May	No	Electronic only
Q2	QMA & QMB	Early August	No	Electronic only
	QMA	Mid August	Yes	Hard copy*#
Q3	QMA & QMB	Mid November	No	Electronic only
Q4	QMA	Mid February of next year	Yes	Electronic & hard copy#
	QMB	Late February of next year	No	Electronic only

*At Q2 there is a two week gap between submission of the QMA and the submission of the auditor review report. If there has been a change in the data since the original submission then a resubmission of the electronic copy is also required.

#The hard copy submission required at Q2 and Q4 does not cover all forms – for details of the hard copy forms to be submitted see the instructions for the relevant quarter.

Any queries relating to the content of the QMA/QMB/QMC return/submission of the form should be directed to:

QMA: Lloyds-mrd-return-queries@lloyds.com

QMB: Lloyds-QMBReturns@lloyds.com

QMC: lloyds-SolvencyReturns@lloyds.com

QMA ACCOUNTING

The Lloyd's Regulations 2008

The accounting requirements for Lloyd's syndicates are set out in the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (the Lloyd's Regulations 2008).

The Lloyd's Regulations 2008 require that each syndicate must prepare a set of annual accounts as at each 31 December. The Lloyd's Regulations require that the accounts are produced on a UK GAAP basis (FRS102 & FRS103) and using the format for insurance company accounts contained in Schedule 3 to the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008. The annual accounts are subject to a true and fair audit report: the Lloyd's Regulations 2008 contain the requirements relating to the appointment, dismissal etc of the syndicate auditor.

The Lloyd's Regulations 2008 also require that each syndicate must prepare a set of underwriting year accounts as at each 31 December unless either:

- (a) the syndicate does not have a reporting year that has reached the 36 month stage of development; or
- (b) the members of the syndicate confirm in writing that they do not require underwriting year accounts to be prepared.

The Lloyd's Regulations 2008 require the Council of Lloyd's to publish Aggregate Accounts. These are an aggregation of all the syndicate annual accounts for that year end. They are described as Aggregate Accounts because no central adjustments are made, ie these accounts are not a consolidation.

While managing agents must meet the requirements of the Lloyd's Regulations 2008, they are able to choose which accounting policies to adopt, provided that they are UK GAAP compliant. This does mean that the Aggregate Accounts will be a compilation of syndicate annual accounts that use different accounting policies but that is accepted. Lloyd's centrally wants managing agents to be able to choose the policies that best fit their and their syndicate's circumstances rather than seeking to impose one set of accounting policies across the market.

While the Lloyd's Regulations 2008 require Lloyd's to aggregate the syndicate annual accounts, in practice the data for the Aggregate Accounts is taken from the relevant forms in the Q4 submission of the QMA. The data in the Q4 QMA must therefore agree to the information reported in the syndicate annual accounts.

The accounting forms in QMA

As the syndicate annual accounts represent the statutory reporting for Lloyd's syndicates, most of the accounting forms in the QMA are designed to capture annual accounting information. Furthermore, those forms that capture profit & loss and balance sheet data, are designed around the formats required for UK GAAP insurance accounting.

Profit and loss:

For profit and loss account information, form QMA001 is in the UK GAAP format. The data for the form is fed from other forms in the QMA as per the diagram below.



QMA110u is the data entry form for the profit and loss account information. This has more detail than the standard UK GAAP format to facilitate detailed analysis of profit and loss account information by Lloyd's centrally. The information in this form is required by pure year of account.

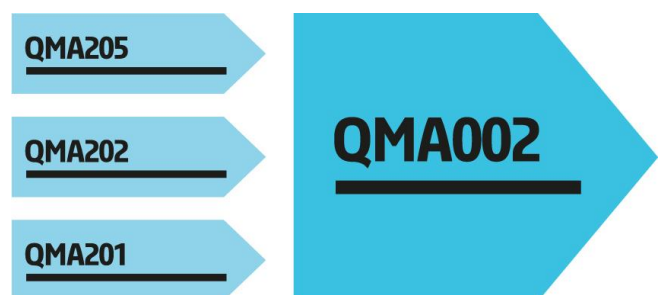
QMA100 is fully derived from QMA110u for each reporting year of account and shows the total recognised gains and losses for the calendar year.

QMA111 also feeds into the QMA001 but this form is only completed by those syndicates that hold some or all of the member's capital in the syndicate premium trust funds. Such capital is referred to as Funds in syndicate (FIS). Where a syndicate does hold FIS, any investment return on the FIS assets is to be reported on this form.

Column A of QMA001 is then derived from QMA100 and QMA111. If, at Q2 and or Q4 the figures derived in column A do not match the disclosures in the syndicate annual accounts, data can be entered in column B to bring the return into line with the accounts.

Balance sheet:

For balance sheet information, form QMA002 is in the UK GAAP format. The data in column A of QMA002 is derived from other forms in the QMA as per the diagram below.



QMA201 reports the asset side of the balance sheet while QMA205 reports the liability side. Both of these forms contain more detail than ordinarily required to facilitate detailed analysis.

For those syndicates that also hold FIS for the corporate member, form QMA202 is used to report the assets that make up the FIS.

Cash flow:

For cash flow information, form QMA003 is the main summary form. Some of the data for the form is fed from other forms in the QMA.

Notes to the accounts

QMA104 – Segmental Information

The information for a number of the notes to accounts is contained within the detail of the profit & loss and balance sheet forms. However, one key note that cannot be produced from that information is the segmental breakdown. The Q2 and Q4 versions of the QMA therefore contain form QMA104. The form splits the result, analysed between premiums, claims and expenses, into classes of business. The classes used on the form enable Lloyd's to:

- (a) incorporate the segmental note required for the Aggregate Accounts, using the classes of business required by Schedule 3 to the Reporting Regulations 2008
- (b) present financial information by the classes of business used in the market commentary.

A related form is QMA104R which provides a breakdown of the reinsurance class into the market commentary classes. Under Schedule 3 reinsurance includes all types of reinsurance business, including facultative. This means that the reinsurance class does account for a large share of the Lloyd's market's business, some 30% to 40% of gross written premium. The information in QMA104R is therefore required to assist our analysis and enable more information to be provided in the market commentary.

Restatement of prior year information

Where a syndicate changes its accounting policies compared to those used for the previous year-end, the comparative figures in this year's financial statements must be restated as if the new policies had been adopted in the previous year. The comparative figures in the financial statements may also need to be restated if it is found that there was accounting irregularity or misrepresentation. In any of these cases the comparative figures in the syndicate annual accounts will need to be restated.

Where there is a restatement of comparative figures in the syndicate annual accounts then the revised figures must also be reported in the Q4 QMA so that Lloyd's centrally can make the corresponding adjustments to the comparative figures in the Aggregate Accounts. If at Q2 it is known that the previous year's figures are to be restated then the Q2 QMA should also include the restated figures.

The forms that are incorporated in the QMR for restatements are:

- QMA190 profit and loss

- QMA191 segmental information
- QMA290 balance sheet
- QMA291 cost of financial investments
- QMA297 reconciliation of members' balances
- QMA390 cash flow

If at Q2 it is known that the previous year's figures are to be restated then the Q2 QMA should also include the restated figures. The restatements for the interim figures can relate to either the previous interim figures and / or the previous full year figures. However, the disclosure requirements are less than for the full year so the Q2 QMA does not use all the forms as at Q4. At Q2 therefore the restatement forms are:

- QMA192 profit and loss
- QMA290 balance sheet
- QMA392 cash flow

Analysis work on accounts information

Ratio analysis:

The Q2 and Q4 QMAs contain QMA650. The data for this form is wholly derived from QMA100 for the youngest open reporting year only. The UK reporting team use the form to identify any syndicate data that produces ratios that exceed certain set parameters and ensure that either, the reasons for the apparent anomaly are understood or that the underlying data is corrected and more the adjusted ratios are within the parameters.

At present the parameters have been set as:

- Gross premiums earned: >40% at interim and >70% at 12 month period
- Reinsurance ceded: earned is < Gross premiums earned
- Brokerage is abnormal compared to level normally experienced by the syndicates. (There is no specific parameter set, it is left to the agent to decide if it feels that this ratio is abnormal compared to previous years)

These parameters are based on ratios reported in previous years. If a syndicate has data that does generate a ratio that sits outside one of these parameters, it is not of itself an indication that the data is wrong. There may well be circumstances specific to the syndicate which means that the ratio is correct but it is an outlier compared to all other syndicates. We do, however, need to understand the circumstances of the syndicate so that we can provide explanations to our Directors and to the auditors.

Investment risk management:

The QMA001 and QMA201 are used to monitor investment returns of all syndicates for each quarter.

'Investment return' data is taken from QMA001 while financial investment and cash data is taken from the QMA201 and QMA202 to ascertain the level of investible assets.

Each syndicate's investment yield is calculated together with a market average range investment yield to act as a benchmark. The yield is calculated as follows:

Yield = investment return/total assets*100

If a syndicate's yield appears to be exceptionally high or low a query is sent to the managing agent to establish why this is the case.

The forms QMA342u, QMA345u as well as QMA212u are used to assess syndicates liquidity adequacy in conjunction with the QMA350u (Cash flow summary). These forms ensure that syndicates have sufficient working capital and credit facilities to manage the requirements of their business under normal and disaster scenarios.

Another form that is also used for risk management/analysis purpose is the QMA260- 'Matching and Localisation' form: Net Technical Provisions and Assets held in Premiums Trust Funds.

The initial responsibility for complying with the matching and localisation of assets to liabilities rule lies with syndicates, under the PRA Prudential Standards. INSPRU 1 and 3.1 (former PRU 7.2.30 and PRU 4.2.52) set out the matching and localisation rules. Assets are required to be held of at least 80% of the relevant matching requirement. This requirement does not apply where the amount of those assets does not exceed 7% of the assets in other currencies. The amount of technical provisions in USD, CAN, EUR and GBP (including all other currencies) is reported in QMA260.

However, Lloyd's calculates the overall market level position and if the assets are matched at market level it is unlikely that syndicates will have to take immediate action to remedy any mismatched immediately: in the longer term all syndicates must ensure that assets do match liabilities at currency level.

QMA ANALYSIS

All data in the QMR is used by Corporation departments to analyse the performance of the market as a whole and to analyse the performance of individual syndicates including monitoring against business forecasts etc. However, while many forms serve several purposes there are some that are purely included for analysis purposes. Two of the key analysis forms are:

- QMA710u – reinsurance recoverables
- QMA800u – major losses

QMA710u – Reinsurance Recoverable

Reinsurance Recoverables represent a significant asset on the market's balance sheet. The core information required as part of the QMA710u Form enables the Performance Management Directorate ("PMD") to monitor and evaluate the following at both market and syndicate levels:

- Scale of financial dependency on reinsurance recoverables
- Financial strength of reinsurance arrangements
- Concentration of reinsurance counterparty exposures
- Settlement trends, Bad Debt and liquidity management
- Actual and potential counterparty risks, e.g. contract disputes

The form collects a range of information associated with the reinsurance recoverables due from each individual reinsurance counterparty including:

- Recoverables due on Paid claims – recoverable amounts in relation those claims that the syndicate has paid
- Recoverables associated with Reported claims – reinsurers estimated share of recoverables that are associated with outstanding reserves on reported claims that the syndicate has not yet paid
- Recoverables associated with IBNR claims – reinsurers estimated share of recoverables that are associated with IBNR provisions

The information supplied by syndicates is used by Lloyd's to satisfy the routine and ad hoc reporting requirements of the Market's key external stakeholders including regulators and ratings agencies. The information further assists PMD in monitoring potential exposures to the New Central Fund, and enhances Lloyd's ability to:

- Take a holistic view of the market's strategic and financial dependency on outwards reinsurance across both balance sheet recoverables and 'in-force' and planned and reinsurance arrangements
- Understand more fully the market's dependence on key reinsurers and concentration levels
- Assess the level of intra-Lloyds reinsurance

The data reported via the QMA 710u will also feed into the Lloyd's internal model, as part of the Solvency II process, and is also used to support analysis of syndicate capital and annual business plans.

While Lloyd's makes its own use of the QMA710u data it also produces syndicate level 'Reinsurance Asset Playback packs' which are distributed to managing agents on a quarterly basis.

If you have any questions technical relating to the purpose of the Form or scope of the information being requested please contact one of the following members of the Lloyd's Exposure Management & Reinsurance Team:

Chris Wallings	020 7327 5048 chris.wallings@lloyds.com
Tracey Bainbridge	020 7327 5400 tracey.bainbridge@lloyds.com
Marian Donnelly	020 7327 5506 marian.donnelly@lloyds.com

Colin Gilbert 020 7327 5335
colin.gilbert@lloyds.com
Daniel Loureda 020 7327 5879
daniel.loureda@lloyds.com

QMA800u – Major Losses

This form is used by PMD's Exposure Management team to monitor and analyse the market's exposure to major losses. Ownership of the data lies with Market Finance, however, other key users of this data include PMD Underwriting Performance, Market Reserving, and PMD Claims teams.

A loss is normally regarded as material to a syndicate if the 'incurred gross loss' or 'estimated ultimate net loss' exceeds 5% and 1% respectively of the syndicates capacity for the relevant reporting year of account. However managing agents do have some discretion in this, and can exercise their judgement to decide if a loss is material to the syndicate, therefore losses below the percentages can still be reported.

The data on this form is useful to Lloyd's where there is a newsworthy loss event. Lloyd's is expected to know what the impact of such events is on the market and the QMA800u provides the necessary data. Apart from including losses that the syndicate considers material, all syndicates must report their exposure to any loss events that Lloyd's centrally lists as being material. The list of events that must be reported on QMA800u is published immediately at the end of each quarter. Generally the list will include those events that have been given a catastrophe code by XIS in the current calendar year and any events from a previous calendar year on which Lloyd's wishes to monitor the ongoing development.

One key area of exposure for Lloyd's is the Atlantic hurricane season. Where there are significant losses from hurricanes, those losses are normally denominated in US dollars. Thus, the QMA800u has two tabs, one for US dollar denominated losses and GBP tab for all other losses. In this way Lloyd's can keep track of dollar denominated losses without being impacted by movements in the GBP/US\$ exchange rate.

If there is a particularly significant loss event, Lloyd's may issue a separate, major loss return, to collect detailed information about syndicate exposure to that event on a timely basis. However, that loss will subsequently be designated as one of the major losses that must be reported on QMA800u and its continued development will be monitored through the QMA.

QMA RATINGS

The Lloyd's market receives ratings from 3 agencies: AM Best, Fitch and S&P. All require data to assist them in their

analysis. Most of the data required by the rating agents is taken from the QMA. Normally Lloyd's provides the information in aggregate at the market level but some syndicate level information is provided, generally that which is reported in the syndicate annual accounts, eg result by syndicate. Some syndicates do receive individual ratings but these come from a relationship between the rating agent and the relevant managing agent: Lloyd's centrally does not contribute to the rating process for individual syndicates.

While the main rating review is based on the Q4 results and data, Lloyd's does give an update presentation to the rating agencies at each quarter based on the latest QMA data. Some of the queries that Lloyd's raises with managing agents may therefore be needed to enable us to provide the rating agents with an explanation for some aspect of the market result that the relevant syndicate has influenced in some way.

Lloyd's relationship with the rating agencies is managed by the Ratings and Investors Relations department.

QMA SCHEDULE 3 FACILITY

General

Lloyd's provides the Schedule 3 facility to enable Corporate members to produce their own company accounts. Currently most, if not all, Lloyd's members report under UK GAAP and the formats for the financial statements of insurance companies are contained in Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The facility was previously known as the Schedule 9A facility when the relevant legislation was contained in Schedule 9A to the Insurance Companies Act 1985.

Data relevant to the Schedule 3 format is collected in respect of each syndicate from the Q4 QMA returns and then processed to member level. The member level data is then made available to those corporate members that have subscribed to the facility.

The forms that are used to generate the Schedule 3 data are:

- QMA100*Profit and loss account – by reporting year
- QMA101Confirmation of reporting years for which Schedule 3 data is prepared
- QMA106Segmental information
- QMA137Personal expenses breakdown
- QMA203Balance sheet assets – by reporting year
- QMA206Balance sheet liabilities – by reporting year
- QMA217Analysis of financial investments
- And the 400 suite of forms in relation to the notes to the

accounts.

*QMA100 is used for other purposes beyond Schedule 3 and must be completed by all syndicates, irrespective of whether or not members require Schedule 3 information.

Not all corporate members need data from the Schedule 3 facility. Syndicates only need to prepare the Schedule 3 data where they know that they have corporate members that want that data. A syndicate for which all the capacity is provided by one corporate member will normally not have to complete the Schedule 3 forms. Similarly, if there is no corporate participation on the syndicate then the Schedule 3 forms will not need to be completed.

Where a syndicate is providing Schedule 3 data then a separate Managing Agent report (QMA911) and Auditor report (QMA931), are also required to maintain the audit trail for the corporate members.

Process

In December a Market Bulletin is issued to the market which asks corporate members to subscribe, if they wish, to the Schedule 3 facility and notify them of the fees for so doing. The bulletin also provides managing agents with information regarding any changes made to the Schedule 3 reporting requirements.

Subsequently a letter is issued to the syndicate auditors with the Syndicate Auditor Questionnaire (SAQ) as an attachment. The SAQ is designed to obtain additional information and explanations relating to each relevant syndicate to enable corporate members' auditors to express an opinion on corporate members' financial statements. The SAQ is therefore to be completed in respect of each syndicate for which a Q4 QMA return is made and the syndicate has members subscribing to the Schedule 3 facility.

What data is provided in the Schedule 3 outputs?

- Member level information (presented as reports M1-M5) and syndicate level information (presented as reports M10 – M50)
- Re-prints of forms QMA100, QMA106, QMA203, QMA206, QMA217
- Managing Agent Report (QMA911)
- Auditor Report (QMA931)
- Syndicate Auditor Questionnaire (SAQ)

The schedule 3 information is distributed at the end of March/ beginning of April to the designated representatives of the corporate members.

QMA LATF SOLVENCY – LIFE SYNDICATES ONLY

Lloyd's American Trust Fund solvency

Until 31 July 1995 the Lloyd's American Trust Fund (LATF) was the only trust fund for US dollar premiums. Since that date US dollar non-life premiums must be included in either the Surplus Lines Trust Fund (SLTF), the Credit for Reinsurance Trust Fund (CRTF) or the Lloyd's Dollar Trust Fund (LDTF) depending on the type of business to which the policy relates. Syndicates with SLTF and CRTF business are required to submit additional quarterly returns but neither they nor the LDTF require separate solvency tests. However, no new US dollar fund was established for US Dollar life premiums so all life US dollar premium remains subject to the LATF deed.

Under the terms of section 4.1 (D) of the Lloyd's American Trust Fund Deed before the dollar profits may be transferred out of the LATF the member must be shown to be dollar solvent. In this regard a member level LATF dollar solvency exercise is undertaken to establish whether, and if so to what extent, a member may have dollar profits transferred out of the LATF or retained to cover a dollar solvency shortfall. QMA250 provides the data required for the LATF solvency test together with form QMA921 which provides both the managing agent and auditor reports for the LATF solvency test.

QMA THIRD PARTY CAPITAL PROVIDER FORMS

Third party capital funding exists where all or part of a syndicate's capacity is provided by members, corporate or individuals, which are not directly related to the managing agent and/or other companies in the same group as the managing agent. These members are deemed to have no direct access to information on the performance of the syndicate that they support. One of the key functions of the QMR is therefore to ensure that these members do have regular information on the syndicate's actual and potential performance so that the members can consider whether they wish to continue to underwrite on the syndicate and, if so, whether to look to increase or decrease their share. Indeed, historically this was the original and sole purpose of the QMR and its predecessor, the Syndicate Quarterly Return or SQR.

While these members are entitled to information on the performance of their syndicate, it is recognised that there can be tensions between the needs of syndicate members

for forecast information and the needs for forecast information of those people who invest in plc companies that are themselves Lloyd's participants. For this reason, not all the information in the QMR is made available to third party members as some of that information might be considered price sensitive to the Stock Markets and thus in breach of disclosure requirements if it is not also made available to investors. For this reason a number of playback forms have been included in the QMA to pick up most, but not all, of the data from the main profit and loss and balance sheet forms. In particular the derived data does not include calendar year movements in IBNR as this is considered to provide an indication of the profitability of the syndicate and hence may be price sensitive.

The playback forms in the QMA are as follows:

- QMA860u – Total recognised gains and losses and RITC by pure year – (derived from QMA110U)
- QMA861u – Total recognised gains and losses by reporting year – (derived from QMA100)
- QMA865u – Cumulative total recognised gains and losses (derived from QMA102)
- QMA867u – Balance sheet derived from (QMA201)
- QMA868u – Balance sheet derived from (QMA205)

In addition there is one form, QMA862u, which has been included in the QMA to pick up data on signed premium. Once a policy has been fully subscribed to it is then sent by the broker to Xchanging for processing, ie electronic recording of details about the policy and calculation of the amount of premium due to each syndicate on the policy. Once Xchanging has completed the process the premium is deemed to be signed.

Signed premium is not relevant to annual accounting where the two key components are written premium and earned premium. However, before Lloyd's moved to annual accounting, signed premium was one of the key performance indicators. As members' agents have a significant amount of historic information on signed premium they wanted to continue to receive this type of data for analytical purposes and so form QMA862u was added to the QMA. The data is not used by any Lloyd's departments.

QMB

CLASS OF BUSINESS PERFORMANCE

Main Purpose:

Underwriting performance monitoring by syndicate and class of business.

Frequency of the return: Submitted quarterly.

Main contact: Thomas Halfpenny

Email: Lloyds-QMBReturns@lloyds.com

Extension: 020 7327 5943

Reporting Department: Performance Management

Directorate/Business Intelligence

Department Mailbox: Lloyds-QMBReturns@lloyds.com

The quarterly monitoring return part B (QMB) is required in order to allow the Performance Management Directorate (PMD) to identify and challenge underwriting performance which is not in line with a managing agent's approved syndicate business forecast (SBF). The QMB is submitted about 6 weeks after the end of each quarter and it provides information that tracks movements in premiums, claims and acquisitions costs, both actual amounts and revised forecasts. Reinsurance premiums and recoveries are also captured.

The QMB return consists of three main data entry forms. QMB 105 collects premiums, claims, acquisition costs and admin expenses for each pure year of account at class of business distribution channel/currency level. Form 105s collects pure year of account underwriting performance reinsurance data at currency/pure year of account level. Form 100 collects pure year of account technical account data which includes expenses and investment returns at pure year of account/distribution channel level.

Key features of the QMB include:

- The return is based on pure year of account/underwriting year and collects figures for the last 5 years on a rolling basis
- Data is collected on the QMB 105 split by the syndicate classes of business approved on the SBF as well as the distribution channel through which the business was sold (London/Asia/China Direct/China Reinsurance/Japan/Dubai)
- Data is collected on the QMB 100 split by pure year of account and distribution channel level. Form 100s is an aggregation of all distribution channels showing the data at whole account level for each pure year of account.
- Figures provided are reported as original currency amounts with years of account 2011 and earlier being reported as dollar/non-dollar amounts (USD/GBP) and years of account 2012 and later split on a 5+1 basis (USD/GBP/EUR/CAD/AUD/Other)
- Forecast to ultimate figures reported on the QMB are required on a best estimate basis to allow direct comparison with the SBF

Key uses of the QMB include:

- Analysis of actual performance against plan during business planning process and quarterly monitoring
- Benchmarking syndicate's classes of business against a notional market as published in the Performance Information report distributed to agents
- Reserving adequacy
- Lloyd's Internal Model (LIM)
- Capital assessment

QMC

SOLVENCY II BALANCE SHEET

Main Purpose:

Accounting, Regulatory, Monitoring and Analysis.

Frequency of the return: Q2 and Q4 subject to audit.

Main contact: Paul Appleton

Email: Paul.Appleton@lloyds.com

Extension: 6433

With effect from 31 December 2012, the Solvency II balance sheet return has been incorporated into CMR as the QMC return. The Solvency II balance sheet is required for each syndicate with open years or in run-off as at the half year and year end i.e. each syndicate that is required to submit a QMA.

The QMC return in respect of each managed syndicate must be submitted to Lloyd's electronically via the CMR system. In addition, the managing agent's report (QMC910) as well as auditors' report (QMC930) must be submitted to Lloyd's in hard copy.

Consistency with QMA

The QMC must be prepared on the same underlying data as used in the preparation of the QMA. In other words, no adjustment is made in respect of post balance sheet events in the QMC unless such an adjustment has already been made in accordance with UK GAAP for the purpose of the QMA (and thus the syndicate accounts). Furthermore, any adjustments made to technical provisions for Solvency II purposes shall be based on the underlying technical provisions as reported in the QMA.

Summary of forms and purpose

FORMS	PURPOSE
QMC002 – Solvency II balance sheet	The Solvency II balance sheet is used to determine the net surplus / (deficit) at syndicate level on a Solvency II basis by reporting year of account. The June balance sheet is needed to derive the net balance available for the members' capital tests in September and also for capital setting for the following year. The December balance sheet is needed to derive the net balance available for the members' capital tests in Spring of the following year.
QMC210 – Solvency II balance sheet reconciliation	This form collects an analysis of the adjustments which are made to the UK GAAP members' balances in order to arrive at the Solvency II members' balances. This will assist Lloyd's in its review and understanding of the numbers reported on the Solvency II balance sheet (QMC002). In addition it is also intended to assist managing agents in the preparation, and auditors in the review, of QMC002. This form is required to be completed in respect of each reporting year for which QMC002 is completed
QMC923 – Cash transfer statement	This form reports all open year transfers for syndicates with an open reporting year (naturally open or run-off). Open year profit transfers are at the discretion of the managing agent. Any transfers will be subject to the managing agent's sign-off that they have no liquidity or other concerns such as, for example, fundamental uncertainty regarding the ultimate outcome of the open year of account. A sign-off is required by the managing agent on the face of the form. QMC923 is reported at Q4 only.

QMC910 – Managing agent’s report

The report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by the finance director and by the compliance officer or another director of the managing agent. Each person must only sign in one capacity. This form provides confirmation that the information provided on forms QMC002 and QMC210 is accurate and complete and has been prepared in accordance with the provisions of the Solvency and Reporting Byelaw. The QMC910 does not provide a sign-off on QMC923 which has its own separate sign-off on the face of the form.

QMC930 – Auditors’ report

The 30 June QMC is required to have a review opinion while the 31 December QMC is required to have a full audit opinion. This is because the Solvency II members’ balances reported on QMC002 shall be used in the members’ capital tests. The QMC930 does not cover the QMC923 as there is no audit requirement for this.

QMC990 – Syndicate Comments

This form enables managing agents/syndicates to provide a comment on the return to Lloyd’s disclosing any additional information that they feel they need to disclose and also to explain any unexpected circumstances.

Snapshot of the return dates

Quarter	Return	Submission date	Audited?	Type of submission
Q42016	QMC	2 March 2017	Yes	Electronic*
Q22017	QMC	31 August 2017	Yes	Electronic*

(*NB: A hard copy of the QMC is not required, however, hard copies of the signed QMC 923 managing agent’s report and auditors’ report are required to be submitted to Lloyd’s by the designated deadline).

Any queries regarding the completion of the QMC return must be submitted via email to Lloyd’s Finance at: lloyds-SolvencyReturns@lloyds.com

Instructions for completing the QMC return are accessible within Core Market Returns.

RDS / RDL

REALISTIC DISASTER SCENARIO (RDS) AND (RDL)

Main Purpose:

To understand and control Lloyd's catastrophe risk, at the level of individual syndicates and Lloyd's as a whole

Frequency of the return: RDS – yearly at 1/1
RDL – yearly at 1/7

Main contact: David Clouston

Email: david.clouston@lloyds.com

Extension: 5719

Reporting department: Risk Aggregation

Department Mailbox: lloydsExpMgmt@lloyds.com

Use of results

The loss-estimates from the RDS exercise provide:-

- stress-tests of syndicates' exposures to potential catastrophes and large individual loss events;
- information about the source and quantum of anticipated reinsurance recoveries;
- an indication of aggregate losses across the market.

These measurements are used to monitor syndicate Gross and Net loss-estimates against Franchise Guidelines, to identify potential reliance on individual reinsurers, and as a consideration during the syndicate business-planning and capital-setting processes.

Objective

The objective of Lloyd's RDS exercise is for managing agents to estimate the losses they would incur from a variety of hypothetical disaster scenarios, using consistent and appropriate methods and assumptions.

Scenarios:

There are three sets of Realistic Disaster Scenarios.

- compulsory: all syndicates must report estimated losses
de minimis: syndicates need only be report if estimated losses exceed a defined threshold:

The current scenarios can be found on Lloyds.com [here](#).

1.RDS

Summary of forms and purpose

FORMS	PURPOSE
010 Control page	This form shows effective exchange rates. There is a field for Gross Net Premium (GNP) in GBP. This is a legacy feature of Core Market Returns. It has no functional purpose other than auto-calculation within the form.
400 Scenarios/Event	Used to select scenarios to be entered. Only one currency may be selected per scenario. Subsequent forms use scenarios/events entered on this form. Scenarios not selected are considered to be "nil returns". Syndicates must confirm that this is the case by clicking the "nil return" box before the RDS submission can be validated.
401 Exposures	. Used to enter exposures to the scenario footprints, reinsurance recoveries and Gross and Final Net losses for scenarios/events selected in form 400.
401s Summary report	Displays a summary of the exposure data entered in forms 400 and 401 in entered currencies and CNV.
402 Reinsurance	Used to enter a breakdown of reinsurance recoveries specified on form 401 by LORS code for each scenario/event.
403 Reinsurance Funding	Used to enter reinsurance funding data for US situs

		requirements.
990	Syndicate Comments	Used to enter any additional comments to compliment the return (e.g. assumptions made, material changes, and syndicate return comments. Supplementary data requests are uploaded in this form).

2.RDL

Summary of forms and purpose

FORMS	PURPOSE
010 – Control Page	This form shows effective exchange rates. There is a field for Gross Net Premium (GNP) in GBP. <u>This is a legacy feature</u> of Core Market Returns. It has no functional purpose other than auto-calculation within the form.
405 – Realistic Disaster Scenarios	Main returns page (for entry as GBP, USD, CAD & EUR: CNV summary calculated by software).
990 – Syndicate Comments	Used to enter any additional comments to complement the return (e.g. assumptions made, material changes and syndicate return comments. Supplementary data requests are uploaded to this form).

Any queries relating to the content of the RDS or RDL returns should be directed to Lloyd's Exposure Management team:

David Clouston:0207 327 5719

Suzanne Laurent:0207 327 6402

Steven Champion: 0207 327 5983

Robin Knight: 0207 327 5399

SBF

SYNDICATE BUSINESS FORECAST

Main Purpose:

To provide data to support the business plan approval and capital setting process.

Frequency of the return: Generally submitted before the start of the year of account between July and November, assessed by Lloyds and approved/rejected by the end of November.

Revised or proposed new syndicate plans can be submitted mid-year and will be assessed and approved/ rejected on an ad hoc basis. A syndicate cannot write business within

Lloyd's unless an approved SBF is contained in CMR.

Main contact: Eva Bocci

Email: Lloyds-BusinessPlans@lloyds.com

Extension: 020 7327 5943

Reporting Department: Performance Management Directorate/Business Intelligence

Department Mailbox: Lloyds-BusinessPlans@lloyds.com

The Syndicate Business Forecast (SBF) is a forward looking return allowing Lloyd's to set targets and guidelines for the business that the syndicate can write in the next underwriting

year. Syndicates wishing to write business at Lloyd's need to submit and have approved a syndicate business forecast before they write business. The normal timetable requires a draft SBF submission before that start of the year of account in July and a final submission in September.

The SBFs are assessed by Syndicate Underwriting Performance (SUP) within the Performance Management Directorate (PMD) and the Capital and Planning Group (CPG). Feedback and, if agreed by CPG, approval of the plan are then finalised between September and November.

Between the submission deadline and the feedback/approval deadline, a syndicate has the opportunity to amend and resubmit its SBF in order to ensure the plan meets Lloyd's requirements and is ultimately approved.

Business Intelligence (BI) within PMD help to answer any syndicate queries with regards to completing the various SBF forms and also helps minimise any discrepancies by ensuring that syndicates complete the forms consistently across the market.

Summary of forms and purpose

FORMS	PURPOSE
020 – Exchange rates	This form records the exchange rates that are to be used for completing the SBF. The system will provide a mandatory plan rate for USD and other currencies for the prospective year of account. Lloyd's expects managing agents to use the same rates of exchange to monitor actual premium income against plan in the PMDR submission. Lloyd's Performance Management Directorate will also be monitoring premiums against Plan on this basis.
050 – Class of business description	This form contains descriptions for the classes of business used for business planning. These classes should be sufficiently granular to allow effective performance monitoring by line of business.
051 – Risk code mapping of classes of business	Risk code, currency and distribution channel split of premium for each class of business selected in SBF050. The risk code split data is used as the basis for making like for like comparisons between syndicates.
100 and 100s – Forecast technical accounts	These forms provides year of account technical account forecast for the prospective pure year of account for each distribution channel (SBF100) and for all distribution channels (SBF100S).
105 – 105s Underwriting performance forecast	These forms provide a forecast of claims, premiums, reinsurance spend and reinsurance recoveries for each class of business for the prospective pure year of account per distribution channel (SBF105) and for all distribution channels (SBF105S).

116 – Premium Income Development	The aim of this form is to project how income develops throughout the year. It will be used to monitor plan against actual data reported in PMDR.
117 – Loss ratio composition	The purpose of this form is to break down the loss ratios in the plan into attritional, large and cat components.
118 – Loss Ratio Bridging Analysis	The purpose of this form is to explain how/why a loss ratio has changed from one year to the next for each class of business based on the syndicate's assumptions, based on the elements of pricing and claims inflation.
130 – Analysis of administrative expenses	The purpose of this form is to collect details of a syndicate's operating expenses for the prospective calendar year.
163 – Source of business	This form provides: a breakdown of gross premiums written by method of placement; details of brokers expected to provide 5% or more of gross premiums written; a breakdown of source of business.
164 – Business composition by type of placement	This provides a breakdown by class of the expected direct and delegated authority component of the planned business.
167 – Premium income split by risk code	This form is generated based on the SBF51 risk code mappings form and the Underwriting Performance forecast (SBF105) form.
169 – Geographical split of business – Location of Risk	This form allows the Underwriting Performance team to assess the geographical split of each syndicate's gross written premiums by the physical location of the risks.
169a – Geographical split of business – Domicile of the Insured	This form allows the Underwriting Performance team to assess the geographical split of each syndicate's gross written premium by the domicile of the insured.
171 – Total investments returns	This form records the syndicate's projected investment return for the prospective calendar year.
184 – Premium bridging analysis	This form captures data on premium and price change for the prospective year of account. The form design had been based on the PMDR and it is intended to provide forecast figures that can be compared with the actual figures from PMDR.
350 – Cash flow summary	Cash flow information for the prospective calendar year.
420 – Capacity information	A breakdown of the syndicate's estimated capacity, for the prospective year of account. The new capacity is completed as a subset of the total estimated capacity. It also provides expected member participations of aligned corporate members and records if the agent has capacity that is tradable in the auction process.
442 – Underwriting controls	This form records the underwriting controls in place by line of business. This form is used to assess the controls in terms of the Franchise Standards guidelines.
443 – Underwriting Controls	This form records the underwriting controls in place by line of business. This form is used to assess the controls in terms of the Franchise Standards guidelines.
452 – Catastrophe Risk	Form 452 links to the 'Realistic disaster scenarios' return. Syndicates submit forecasted 'gross loss', 'net loss' and 'final loss' for a set of hypothetical scenarios set by Lloyd' for the prospective year.
730 – Outwards Reinsurance Premiums	Split of reinsurance premium spend by insurance contract type and reinsurer financial strength.

990 – Required Additional Information	Form to fill in additional information.
Snapshot of the return dates	
Action	Submission date
All Syndicates – Draft Submission	July
All Syndicates – Final Submission	September
Non Aligned Syndicates – Approval Deadline	October
Aligned Syndicates – Approval Deadline	November
Any queries about the completion of the SBF should be directed by e-mail to Performance Management at: Lloyds-Businessplans@lloyds.com . All queries will be responded to by the end of the following working day.	

SIS

SYNDICATE INFORMATION STATEMENT RETURNS

Main Purpose:

To provide data to submit an aggregate US Federal Income Tax return to the Internal Revenue Service (IRS) on behalf of Lloyd's members.

Frequency of the return: Annually at the beginning of May.

Reporting Department: Tax

Department Mailbox: Lloyds-Tax-Operations@Lloyds.com

US Binding Authority, Other US Situs and Other Business.

The SIS is prepared on a calendar year basis and the deadline for submission is usually the beginning of May of the following year i.e. the 2015 SIS will need to be submitted in May 2016. The SIS are reviewed by Sutherland following submission. The aggregate US tax return needs to be submitted by 15 December to the IRS.

The purpose of the SIS is to allocate the worldwide results of the syndicate between the US taxable and non-taxable categories. The required categories are Illinois, Kentucky,

The SIS return instructions outline the procedures for completing the return and these are provided on the Core Market Returns website.

Summary of forms and purpose

FORMS	PURPOSE
030 – Syndicate Expenses	This form captures the different types of syndicate expenses. Syndicate expenses should be entered in original currency in the available columns: Sterling, US dollars and Canadian dollars. Expenses incurred in any other currency should be converted to Sterling, at the average rate of exchange for the year, and added to the Sterling expenses.
031 – Current Year 1 Syndicate Expenses	Schedules 031 and 032 are for information only and show the expenses reported in the two previous calendar years. No data entry is required on these two schedules.
032 – Current Year 2 Syndicate Expenses	Schedules 031 and 032 are for information only and show the expenses reported in the two previous calendar years. No data entry is required on these two schedules.
040 – Premiums	This form discloses the total worldwide signed premiums made during the year split between the above US taxable and non-taxable categories. The SIS software automatically allocates across these categories the written premium in the same proportion as the cumulative signed premium. As premiums are allocated on a cumulative basis, by the 36-month point of the year of account, when signed should be largely equal to written, approximate allocations applied to accruals will have been corrected. All premiums are shown net of brokerage and include both direct and reinsurance premiums.
045 – Claims	This form captures information on the current year claims paid figures again splitting claims paid between US taxable and non-taxable.
060 – Reinsurance Ceded	This form requires the preparer to allocate the total adjusted reinsurance ceded during the year across the above categories.
065 – Reinsurance Recoveries	This form requires the preparer to allocate the total adjusted reinsurance recoveries made during the year.
070 – Other Workings	This form requires the preparer to allocate RITC assumed, RITC ceded, closing reserves, UPR and DAC between the US taxable and non-taxable categories.

080 – Expense Apportionments	This form converts the General Expenses on Schedule 030 to US dollars and allocates to I, K, BA, Other US Situs and Other using the EC percentages calculated from Schedule 040 Premiums.
081 – Current Year 1 Expense Apportionments	Forms 081 and 082 are for information only and show the expense reported in prior years, reallocated based on the current year's EC percentage. No data entry is required.
082 – Current Year 2 Expense Apportionments	Forms 081 and 082 are for information only and show the expense reported in prior years, reallocated based on the current year's EC percentage. No data entry is required.
090 – Syndicate Information Statement	This form is derived from all the other forms within the return and give the syndicate result split between the US taxable and non-taxable categories.
990 – Syndicate Comments	This form enables managing agents/syndicates to provide a comment on the return to Lloyd's disclosing any additional information that they feel they need to disclose and also to explain any unexpected circumstances.

Snapshot of the return dates

Quarter	Submission date	Pre-requisite
Annually	Beginning of May of the following year for current year submission i.e. for 2015 – submission required by May 2016	Q4 QMA received

If you have any questions regarding the completion of the SIS, please contact one of the following people:

Software & pre-populated data queries should be directed to:
Simon Tyler (Tax Operations) – Tel: 01634 392393

Technical tax queries should be directed to:
Christine Allcott (Tax Operations) – Tel 01634 392433

SII

SOLVENCY II PILLAR 3 RETURN FORMS (ASR, ASB, AAD, QSR AND QAD)

Main Purpose:

To provide data to enable the filing of market and syndicate level statutory returns with the PRA in accordance with Pillar 3 of the Solvency II regime.

Frequency of the return: 4 quarterly and an Annual return

Main contact: Paul Appleton (paul.appleton@lloyds.com)

Extension: 6433

Dept E-mail: Lloyds-SolvencyReturns@lloyds.com

Reporting Department: Market Finance

The objective of the Solvency II Pillar 3 returns is to enable Lloyd's to

- Produce the Lloyd's Pillar 3 Returns for the PRA, i.e. the Regular Supervisory Report (RSR), Solvency & Financial Condition Report (SFCR) and quantitative reporting templates (QRTs) for the 'association of underwriters known as Lloyd's' in aggregate as well as syndicate level returns; and.
 - Input the syndicates' investment information reported in the QAD/AAD into the Lloyd's Internal Model (LIM) in order to calculate market risk capital requirement under Solvency II.
-

The Solvency II regime, including Pillar 3 reporting, started with effect from 1 January 2016.

As a result, and as legislated for in accordance with the PRA's Reporting Instrument 2015 (2015/23) Lloyd's must collect syndicate level Pillar 3 data from managing agents in order to meet its Pillar 3 reporting requirements. As described in more detail below, Lloyd's must submit an aggregate return for 'the association of underwriters known as Lloyd's', comprising data provided by managing agents as well as that held centrally. In addition Lloyd's must submit syndicate level data to the PRA.

Lloyd's collects the Pillar 3 data from syndicates in five CMR returns:

ASR – Annual Solvency Return

ASB – Annual Solvency Return (Part B)

AAD – Annual Asset Data

QSR – Quarterly Solvency Return

QAD – Quarterly Asset Data

The ASR collects the annual Pillar 3 data except for the claims development triangles which are collected in the ASB and the detailed asset level data which is collected in the AAD.

Part of the ASR is subject to audit as set out in the instructions for the ASR.

The quarterly Pillar 3 data must be submitted in the QSR except for the detailed asset level data which is collected in the QAD.

Pillar 3 represents the supervisory reporting and disclosure

The Pillar 3 requirements include annual and quarterly quantitative reporting (the completion of standardised templates). In addition, the annual supervisory reporting requirements include an element of qualitative reporting, which insurers are required to submit with their public Solvency and Financial Condition Report (SFCR) as well as the private Regular Supervisory Report (RSR).

Solvency II applies to Lloyd's as a single undertaking – the 'association of underwriters known as Lloyd's' – as defined within the Solvency II Directive. However, within this, Lloyd's expects each managing agent to meet the full set of Solvency II tests and standards. In addition, the PRA expects that the supervisory reporting requirements for each syndicate at Lloyd's are consistent with treating it as 'any other insurer'. Therefore managing agents are required to complete Solvency II Pillar 3 returns to Lloyd's on a similar basis to other European Union insurers.

The basis of Lloyd's Pillar 3 reporting to the PRA is that Lloyd's provides a SFCR, RSR and quantitative reporting templates to the PRA. These returns are prepared from an aggregation of syndicate level returns made to the PRA, together with the additional data held by the Corporation, in respect of the Corporation and Central Fund, and members' funds at Lloyd's. In addition Lloyd's must provide the syndicate level submissions to the PRA. All syndicate level data provided to the PRA will be for its private use only.

This basis of submitting to the PRA affects the timetable for syndicates reporting to Lloyd's. In order to provide Lloyd's with sufficient time to review and aggregate the syndicate level data, as well as adding the data held centrally, go through Lloyd's governance process and audit requirements (in respect of some of the annual data), it is necessary for Lloyd's to collect returns from syndicates in advance of Lloyd's (and other insurers') submission deadline to the PRA.

requirements under Solvency II. Insurers are required to provide information, both for public disclosure and for private reporting to the supervisor, on a quarterly and annual basis. This is necessary to enable a harmonised approach to supervision across the European Union as well as improving the consistency of publicly disclosed information.

Further information

The forms, specifications and instructions in respect of the Pillar 3 returns are available for download from lloyds.com [here](#).

Snapshot of the return dates				
Quarter	Return	Submission date	Audited?	Type of submission
Q4 2016	QSR/QAD	2 March 2017	No	Electronic*
Annual 2016	ASR/ASB/AAD	6 April 2017	ASR (partly)	Electronic*
Q1 2017	QSR/QAD	28 April 2017	No	Electronic*
Q2 2017	QSR/QAD	28 July 2017	No	Electronic*
Q3 2017	QSR/QAD	27 October 2017	No	Electronic*

(*NB: A hard copy of the Pillar 3 returns is not required, however, hard copies of the managing agent's report and auditors' report (ASR only) are required to be submitted to Lloyd's by the designated deadline).

Any queries regarding the completion of the Pillar 3 returns must be submitted via email to Lloyd's Market Finance at: lloyds-SolvencyReturns@lloyds.com.

SRS

SYNDICATE REINSURANCE STRUCTURE

Main Purpose:

To enable Lloyd's to monitor the scale & nature of 'in-force' outwards reinsurance arrangements, and reinsurance counterparty exposures.

Frequency of the return: Quarterly

Main contact: Chris Wallings (chris.wallings@lloyds.com)

Extension: 5048

Department E-mail: _LloydsExpMgmt@Lloyd's.com

Reporting Departments: Risk aggregation

The SRS is the core syndicate submission for reporting to Lloyd's technical information for all in-force outwards reinsurance treaty and facultative contracts.

The information supplied by syndicates is used as follows:-

1. To enable Lloyd's to meet its Solvency II Pillar 3 reporting requirements to the PRA.
2. To enable the Performance Management function ("PM") to monitor and evaluate the following at both market and syndicate levels:
 - Concentration of in-force reinsurance counterparty exposures.
 - Financial strength and potential counterparty risks associated with reinsurance and collateral providers.
 - The scale and nature of in-force Intra-Lloyd's reinsurance transactions.
 - The scale and nature of in-force reinsurance with Related Parties.
 - The types, forms and technical features of the in-force reinsurance arrangements.
 - The profile of the in-force reinsurance arrangements.
 - Applicability and level of compliance with Lloyd's Minimum Standards, Franchise Guidelines and Byelaws.
 - Trends in reinsurance purchasing.
3. To assess the potential exposures and risks to the Central Fund.
4. To enable Lloyd's to provide routine and ad hoc reporting requirements to key external stakeholders including country regulators and rating agencies.

5. To provide sufficient reinsurance information to allow Lloyd's to undertake analysis and evaluation of a syndicate's annual business plan and capital requirements.

6. To provide sufficient reinsurance information for use within Lloyd's Internal Model (LIM) for calculating market level capital adequacy.

Managing agents are required to provide, for each managed syndicate, a listing of all in-force outwards reinsurance contracts and associated reinsurance counterparties, on a quarterly basis (for as at positions on the 1st January, 1st April, 1st July, and 1st October).

In addition to the core data, this return requires managing agents to also provide the following information:

1. A schematic / pictorial representation of their in-force reinsurance programmes every quarter. Syndicates are encouraged to submit their internal schematic representations (as used for internal management information) to avoid duplication of effort
2. Copies of reinsurance contracts that don't fit into the standard reporting requirements
3. Copies of auditors opinion for any non-standard reinsurance contracts
4. Any other documents or material that may aid the interpretation / understanding of the syndicate's reinsurance protections

TPD TECHNICAL PROVISIONS DATA

Main Purpose:

To monitor and analyse the different aspects of syndicate 'reserves'.

Frequency of the return: Annually

Main contact: Daniel Saravia

Email: daniel.saravia@lloyds.com

Extension: 5792

Technical provisions are the largest item on an insurance undertaking's balance sheet, meaning an undertaking's financial strength is sensitive to movements in their value. Solvency II places many new requirements on undertakings. These new requirements include more formal requirements on the Actuarial Function including data relating the technical provisions. The expectations are that data requirements will increase in general and Lloyd's is no exception to this.

The TPD return will require the split of year-end profit & loss/technical provisions to a granular (risk code/currency) level but has been enhanced to capture more information to cater for the additional requirements the Solvency II regime imposes.

The information in the forms is used for the following:

Complete annual PRA returns on behalf of the market:

- Forms 24-29 and forms 34 for the PRA are completed by Market Finance using the submitted 199, 299 data and are audited by the PRA to ensure data accuracy.
- An Operating Ratio return is completed annually by MRC to provide the PRA with a summary of underwriting, expense and operating ratios for each syndicate. From the TPD this uses:
 - Premium Written in the previous calendar year – from the 199
 - Earned Premium in the previous calendar year – from the 199 with adjustments from the 299 for UPR
 - Technical Provisions at the year-end – from the 299
- The Technical Provisions data will also facilitate the completion of future Solvency II related FSA returns.

Produce agent Reserve Benchmark packs:

Each pack ranks a syndicate against the rest of the market in relation to different aspects of their reserves.

The TPD collects data at a risk code level and is the only net dataset mandated from the market at a level of detail beyond pure year. The information in the return is fundamental to the requirements of Lloyd's central Actuarial Function. Most of the key uses of the TPD require analysis on homogenous (risks in each class behaving in the same way) data that is credible (data volumes sufficient for valid analysis). Risk codes provide a balance between homogeneity and credibility, and data at risk code level can be aggregated across the market.

The TPD collects the premium and claims data, gross and net of reinsurance, split by pure year of account, original currency and risk code via form 199.

Form 299 of the TPD collects held reserves gross and net of reinsurance, split by pure year of account, original currency and risk code.

In addition to forms 199 and 299, the TPD also captures best estimate technical provisions data split by pure year of account, original currency and risk code via the Solvency II forms 598 and 599 as well as the risk margin at Solvency II class of business level in form 699. Please note that forms 599, 598 and 699 also capture data for unincorporated business as per Solvency II requirements.

The TPD data is collected through CMR and stored in the Lloyd's Data Warehouse.

The new data collected in 599 and 699 will be used for monitoring of syndicate technical provisions for solvency. This will include, but will not be limited to, inclusion in benchmarking packs, comparisons to the 299, comparisons to Lloyd's aggregate Solvency II technical provisions modelling and analysis of provisions for capital.

Other uses of the TPD are:

- Allows MRC to conduct central reserve estimates to analyse/track surplus in held reserves by year of account and class of business
- Performance analyses that feed into the syndicate business plan review process
- Calculating claims equalisation reserves for tax purposes
- MRC's parameterisation of the Lloyd's Internal Model (LIM), Integrated Capital Platform (ICP – capital benchmark tool), and Member Capital Allocation Tool (MCAT)

Process

- Syndicates submit data in April
- MRC performs validations and data quality checks and requests resubmissions if necessary
- MRC sign-off TPD data for use
- Market Finance completes PRA returns

Summary of forms and purpose

FORMS	PURPOSE
TPD 010 – Syndicate details including matrix	This form collects basic information regarding the syndicate, including the syndicate number, managing agent name, reporting years and pure years for each active reporting year.
TPD 020 – Exchange rates	This form collects the approximate average rate of exchange used for the profit and loss and the closing rate of exchange used for the balance sheet.
TPD 199 – Revenue items	Form 199 collects a breakdown of the underwriting account, in respect of each reporting year, by pure year, risk code and currency.
TPD 199s – Revenue items summary	This form provides a summary playback by reporting year of form 199 which collects a breakdown of the underwriting account in respect of each reporting year, by pure year, risk code, and currency. This data is then reconciled against the QMA form 100 submitted in Q4 for the return year.
TPD 299 – Balance sheet items	Form 299 collects a breakdown of held reserves in respect of each reporting year, by pure year, risk code and currency.
TPD 299s – Balance sheet items summary	This form provides a summary playback by reporting year of Form 299 which collects a breakdown of held reserves in respect of each reporting year, by pure year, risk code and currency. This data is then reconciled against the QMA Form 223 submitted in Q4 for the return year.
TPD 598	Form 598 collects summary totals of the best estimate

	technical provisions on a Solvency II basis in respect of each reporting year, by pure year and currency. These are then reconciled with the information provided on form 599.
TPD 599 – Best estimate balance sheet Items	Form 599 collects a breakdown of best estimate technical provisions on a Solvency II basis in respect of each reporting year, by pure year, risk code and currency.
TPD 599s – Best estimate balance sheet items summary	This form provides a summary playback of form 599 which collects a breakdown of best estimate technical provisions on a Solvency II basis in respect of each reporting year, by pure year, risk code and currency. This data is then reconciled with the information provided on form 598, to ensure all the data has been uploaded correctly.
TPD 599t – Best estimate balance sheet items and 699 Risk Margin	This form provides summary playback of Form 599 by pure years of account of the calculated gross, reinsurance and net technical provisions on a Solvency II basis and inclusive of risk margin. This data is also played back over all reporting and pure years of account and reconciled against the QMC Form 002 submitted in Q4 for the return year.
TPD 699 – Risk margin	Form 699 collects a breakdown of the risk margin by Solvency II lines of business only. This is not split by currency, year of account or risk code.
TPD 699 – Risk margin summary	This form provides a playback of the form 699 which collects a breakdown of the risk margin by Solvency II lines of business only.
TPD 990	This form enables managing agents/syndicates to provide a comment on the return to Lloyd's disclosing any additional information that they feel they need to disclose and also to explain any unexpected circumstances.
TPD910 – Managing agent's report	<p>This is the managing agent's report. The report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by the finance director and by the compliance officer or another director of the managing agent. Each person must only sign in one capacity.</p> <p>This form provides confirmation that the information provided on forms TPD010 to TPD990 is accurate and complete and has been prepared in accordance with the provisions of the Solvency and Reporting Byelaw.</p>

Snapshot of the return dates

Quarter	Submission date	Pre-requisite
Annually	Beginning of April	Q4 QMA received

Any queries about the completion of the TPD should be directed by e-mail to Lloyd's Market

Reserving and Capital team at: lloyds-MRC-Help@lloyds.com.

All queries will be responded to by the end of the following working day.
Please contact Daniel Saravia (daniel.saravia@lloyds.com) or James Lane (james.lane@lloyds.com) if a response remains outstanding at that time.

Main Purpose:

To collect the information needed to produce members' UK taxation advices.

Frequency of the return: Annual

Main contact: Cheryl Masson

Email: Cheryl.masson@lloyds.com

Extension: 2620

Reporting Department: Taxation

The computation is completed for an underwriting year of account at 36 months and for a 12 month period for any run-off syndicates open during the previous calendar year.

The tax computation must be submitted to both HMRC and Lloyd's by the 1 July each year. HMRC require the document in hardcopy and once the data is entered into the Core Market Returns the software provides the facility to print the computation for submission to HMRC.

The syndicate tax computation contains the necessary data to produce a consolidated taxation advice for members of Lloyd's. The taxation advice, which consolidates all of their syndicate trading results, provides members with the majority of their taxation information relating to their underwriting activities at Lloyd's.

A copy of the Market Bulletin and instructions for completing the return can be found in the help section of the Core Market Returns website.

Summary of forms and purpose

FORMS	PURPOSE
191 Syndicate UK tax computation Appendix1	The data in this form is entered in Sterling and takes as its starting point the total result for the period submitted Via Market Services distribution on ADEG code RX01. Various adjustments are applied to this result for tax purposes in order to calculate the final trading result. Additional information is included in the memorandum items.
990 Syndicate Comments	This form enables managing agents/syndicates to provide a comment on the return to Lloyd's disclosing any additional information that they feel they need to disclose and also to explain any unexpected circumstances.

Snapshot of the return dates

Quarter	Submission date	Pre-requisite
Annually	1 July following the closure of the underwriting year of account. The 2014 underwriting account and run-offs during calendar year 2016 to be submitted by 1 July 2017	Distribution file received

If you have any questions regarding the completion of the TUK, please contact one of the following people:

Software & pre-populated data queries should be directed to:

Cheryl Masson (Tax Operations) – Tel: 01634 392620

Technical tax queries should be directed to:

Christine Allcott (Tax Operations) – Tel 01634 392433

INACTIVE RETURNS

The first CMR return was created in 2005. Since then some of the return types have been superseded.

The following returns have previously been included in the CMR but have now been superseded:

- AR – Accounting data superseded by QMA
- FPP – Financial Planning Pack – Reserving data for run-off syndicates, no longer requires completion
- FSA – Financial Services Authority – data for statutory return superseded by QMA
- ICA – Individual Capital Assessment – superseded by the LCR
- PIM – Premium Income Monitoring – Monthly returns superseded by PMDR
- QMR – Quarterly Monitoring Return – was a single return but is now split into QMA / QMB / QMC
- SRD – Solvency Reserving Data – superseded by the TPD

CHANGE CONTROL PROCESS

A formal change control process exists before a major change is implemented to any of the returns within Core Market Returns (CMR). A major change is defined as where there is either a new form or there are new base elements. There are certain procedures to follow before the ITG team can start to implement a change to a specific return or form.

Changes that adhere to this process can include the following:

- Adding/deleting an item/line
- Adding/deleting a form
- Incorporating a warning message
- Incorporating a validation error message

The need for a modification to the returns is mainly due to two reasons, those being further business analysis requirements or changes to reporting regulations.

Changes can also be suggested by syndicates/agents within the market.

Process

Requests may come from Lloyd's centrally either to meet a change in statutory reporting or to improve analytical capability. Requests have also come from agents, such as identifying where additional validations would be useful or a better method to collect some data.

All new change requests are submitted to the Market Finance Department.

The request is circulated to a number of nominated representatives of Lloyd's departments that use CMR data (the internal team). The internal team is asked to review the proposed change, confirm that any new data to be collected is not already collected elsewhere, and to confirm whether or not the implementation of the proposed change would create any issues for their ongoing work.

Once the proposed change is agreed by the internal group it is circulated to an external group (representatives of managing agents that sits on a Lloyd's/LMA CMR liaison committee). The external group are asked to review and comment on the proposed change. They may, for instance, suggest a different way of obtaining a piece of data that is easier for the agents to produce.

If the proposed change is approved by the external team then it is submitted to ITG for implementation.

If the external group express concerns about the proposed change and these cannot be resolved by discussion between the sponsoring department and the external team, then the proposed change is submitted to the Lloyd's Information and Reporting Board. That Board considers the need for the change against the concerns raised and will either approve the change for implementation or advise the sponsoring department to rethink its request. An instance where the Board may override a concern raised by the external group is where the change is required to meet a statutory reporting requirement.

The first stage of the implementation process is the initial software build by the Lloyd's ITG Project Team.

After the initial build the changes are subject to internal testing by ITG in an environment called "System Test" (often known as systest) to which they alone have access.

When ITG are content that the changes have been implemented correctly, the software is put into the User Acceptance Testing environment (UAT) for testing initially by the sponsoring department and later by managing agents. ITG will issue a market advice to let managing agents know when a particular piece of software is available for testing.

Once the sponsoring department confirms that it is content that the changes have been implemented correctly, the updated software will be put into the Production environment.

CONTACTS / DEPARTMENT OVERVIEW

PERFORMANCE MANAGEMENT DIRECTORATE

The Director of the Performance Management Directorate is Jon Hancock. The Performance Management Directorate has six functions. The functions are responsible for generating information on specific aspects of the Performance Management Directorate's objectives.

Within those functions, teams with an interest in the CMR data are:

- Analysis (PMDR, QMA, QMB, RDL, RDS, SBF)
- Class of Business (PMDR, QMA, QMB, RDL, RDS, SBF, SRD, TPD)
- Risk Aggregation (LCR, QMA710u, QMA800u, RDL, RDS, SBF, SRS)
- Information Management (GQD, PMDR, QMA, QMB, RDL, RDS, SBF, SRD, SRP, TPD)
- Open Years Management (QMA)
- Syndicate Business Performance (PMDR, QMA, QMB, RDL, RDS, SBF, TPD)

The Performance Management Directorate is responsible for working with individual Lloyd's businesses – the franchisees – to improve the commercial performance of the market. This includes monitoring each franchisee's performance against its business plan and ensuring that the new underwriting and service guidelines for franchisees are adhered to.

The current strategic objectives of the Performance Management Directorate are:

- Encourage and foster a flexible but disciplined approach to underwriting
- Raise business management and underwriting standards
- Devise market strategy for dealing with reinsurance and claims
- Encourage appropriate new capital providers/syndicates to join the market.

Analysis

The Analysis team is led by Davide De March. Returns interested in: PMDR, QMA, QMB, RDL, RDS, SBF

Overview:

Currently, Analysis is responsible for analysing financial performance at Lloyd's line of business, syndicate and market level. By creating benchmarks of expectation, the analysis can reveal where actual performance begins to deviate from predictions, thus permitting constructive action to be taken.

The team, managed by Davide De March, , provides updates on the forecast results for all open years (years which have not yet been closed and had their results declared).

Main contact: Davide De March Lloyd's extension: 5546
Phone number: 020 7327 5546
Email: Davide.Demarch@lloyds.com
Job title: Data Scientist , Analysis
Company: Corporation
Department: Analysis
Location: London, Floor 5

Exposure Management and Reinsurance

The Risk Aggregation team is led by David Clouston. Returns interested in: QMA, QMB, RDS, RDL, SBF, SRP, QMA710u, QMA800u

Overview:

Responsible for understanding and managing market aggregation risks, and alerting the market to emerging risks. The team defines the realistic disaster scenarios (RDS), which provide the Franchise with an informative view of aggregation risks within both the syndicates and the market.

The annual RDS exercise conducted by Lloyd's asks syndicates to estimate the losses they would incur from a variety of hypothetical disaster scenarios, using consistent and appropriate methods and assumptions. It includes gathering comprehensive data from the market on business written and reinsurance arrangements, detailed modelling of various risk events and scenarios to detect areas of potential concern. In the event of an actual catastrophe occurring, the information base and risk model facilitates timely and accurate estimates of Lloyd's exposure.

Main Contact: David Clouston
Lloyd's extension: 5719
Phone number: 020 7327 5719
Email: Clouston.david@lloyds.com
Job title: Interim Head of Risk Aggregation
Company: Corporation
Department: Risk Aggregation
Location: London, Floor 5
Fax number: 020 7327 5718

Alternatively for queries from the agents contact via email: LloydsExpMgmt@Lloyd's.com

Business Intelligence

The Business Intelligence team is led by Patrick Conlon. Returns interested in: GQD, PMDR, QMA, QMB, RDL, RDS, SBF, SRD, SRS, TPD

Overview:

The Business Intelligence team provides the infrastructure for business plan and performance monitoring reporting within PMD. The team works closely with ITG to help deliver a secure, robust and flexible platform designed to support a wide range of reporting needs. The team offers guidance on the data sources available for analysis including their features, scope and similarities

Main Contact: Patrick Conlon
Lloyd's extension: 5580
Phone number: 020 7327 5580
Email: Patrick.Conlon@lloyds.com
Job title: Manager
Company: Corporation
Department: Business Intelligence
Location: London, Floor 5
Fax number: 020 7327 5718

Alternatively for queries from the agents contact via email:
Lloyd's-BusinessPlans@Lloyd's.com

OYM – Open Years Management

The OYM team is led by Julia Petrusyk
Returns interested in: QMA

Overview:

The team is responsible for the oversight and supervision of syndicates with open years, and those established to write third party RITC. Protecting Lloyd's brand and minimising the cost to capital providers are key drivers, together with the development and execution of syndicate closure plans by the agents.

Main Contact: Julia Petrusyk
Lloyd's extension: 5702
Phone number: 020 7327 5702
Email: Julia.Petrusyk@lloyds.com
Job title: Senior Manager, Open Years
Company: Corporation
Department: Open Years
Location: London, Floor 5

Alternatively for queries from the agents contact via email:
Run-off@lloyds.com

Underwriting Performance

The Underwriting Performance team is led by Brian Secrett.
Returns interested in: PMDR/QMA/QMB/ SBF/ SRD/ RDL / RDS

Overview:

Underwriting Performance department, manages proposed syndicate pre-emptions, reviews, approves and monitors syndicate performance and works with syndicates to improve underwriting performance.

Main contact: Brian Secrett
Lloyd's extension: 5020
Phone number: 020 7327 5020
Email: brian.secret@lloyds.com
Job title: Interim Head of Underwriting Performance
Company: Corporation
Department: Underwriting Performance
Location: London, Floor 5
Fax number: 020 7327 5718

FINANCE

The Director of Finance is John Parry.

The Finance Directorate have overall responsibility to see that necessary steps are taken to maintain the Society in a sound financial position. This incorporates the proper and efficient use of the Society's own resources, both in furthering the commercial interests of the members of the Society and conserving Lloyd's own assets.

The directorate also:

- Contributes to work on capital adequacy and solvency, transparency of financial reporting,
- Monitors financial risk and manages asset risk.

Directorate Overview:

The following Finance departments have an interest in the CMR data:

- Lloyd's Treasury and Information Management
- Market Finance
- Market Reserving and Capital
- Taxation

Lloyd's Treasury & Information Management

The Treasury team is led by Nicola Hartley, Treasurer.
Returns interested in: QMA, AAD, QAD

Overview:

The Treasury function provides investment management, foreign exchange and treasury management services to the Corporation and Lloyd's market.

Main Contact: Nicola Hartley
Lloyd's extension: 5760
Phone number: 020 7327 5760
Email: Nicola.Hartley@Lloyd's.com
Job title: Treasurer
Company: Corporation
Department: Treasury
Location: London, Floor 6
Fax number: 020 7327 5761

The Treasury team is also responsible for

Ratings & Investor Relations

Returns interested in: All

Overview:

The team's overall objective is to 'improve Lloyd's rating prospects through a strategic approach to management of the rating processes. The team build effective relationships with the three agencies that rate Lloyd's: AM Best, Fitch and Standard & Poor's. The team also promote an understanding of and focus on key rating factors throughout Lloyd's as well as evaluating performance against competitors and peers in the (re)insurance industry.

Lloyd's extension: 5434
Phone number: 020 7327 5434
Email: Michelle.Cunningham@lloyds.com

Job title: Ratings & Investor Relations Executive
Company: Corporation
Department: Treasury & Investment Management
Location: London, Floor 6

Market Finance

Market finance department is made up of the following sub teams:

- Accounting Policy
- Overseas Reporting
- UK Reporting

Accounting Policy

The Accounting Policy team is led by Paul Appleton, Senior Manager.

Returns interested in: QMA/QMC/Pillar 3 (ASR/ASB/AAD/QSR/QAD)

Overview:

The development and advancement of accounting policy at Lloyd's. This includes delivery of Pillar 3 reporting requirements at Lloyd's and evaluating and assessing the impact of changes to policies under UK GAAP and IFRS.

Main contact: Paul Appleton

Lloyd's extension: 6433

Phone number: 020 7327 6433

Email: Paul.Appleton@Lloyd's.com

Job title: Senior Manager, Accounting Policy

Company: Corporation

Department: Market Finance

Location: London, Floor 5

Fax number: 020 7327 6178

Overseas Reporting

The Overseas Reporting team is led by Leslie Redmond, Manager.

Returns required in US and Canadian situs reporting

Overview:

To ensure that the Lloyd's franchise is maintained and protected by ensuring that all of Lloyd's overseas regulatory reporting requirements are met to the required audit and regulatory requirements and within the deadlines.

Main contact: Leslie Redmond

Lloyd's extension: 5490

Phone number: 020 7327 5490

Email: Leslie.Redmond@Lloyd's.com

Job title: Manager, Overseas Reporting

Company: Corporation

Department: Market Finance

Location: London, Floor 5

Fax number: 020 7327 6178

UK Reporting

The UK reporting team is led by Robert Smith.

Overview:

Responsibility: To ensure that the Lloyd's franchise is maintained and protected by conducting and fulfilling all of Lloyd's UK solvency requirements and ensuring that UK and overseas regulatory requirements are met to the required standards.

To develop and manage the interim and year-end annual account reporting process, produce Lloyd's global results and the Financial Services return and provide statistical market information.

UK Reporting aims to provide an efficient cost effective proactive service to (and on behalf of) the Lloyd's market.

UK Reporting implements regulatory policy relating to solvency and Lloyd's security, thereby protecting the interests of both policyholders and the members.

UK Reporting prepares the aggregate syndicate accounts and Lloyd's Market Pro-forma Financial Statements.

Main Contact: Jake Tomlin

Lloyd's extension: 6581

Phone number: 020 7327 65814

Email: jake.tomlin@lloyds.com

Job title: Manager, UK Reporting

Company: Corporation

Department: Market Finance

Location: London, Floor 5

Alternatively for queries from the agents contact via email: Lloyd's-MRD-ReturnQueries@lloyd's.com

MARKET RESERVING AND CAPITAL

The Market Reserving and Capital team is led by Richard Rodriguez.

Returns interested in: GQD, SRD and TPD

Overview:

The MRC contains the main actuarial resource for the Corporation and leads the development of capital modelling and actuarial work generally. MRC staffs are key resources in many processes and projects including the review of syndicate reserves and ICAS and the provision of actuarial certificates to the PRA and overseas regulators.

MRC continues to design and operate the software used in the market to calculate member capital requirements (ECA) and to support other departments with actuarial analysis relating to their own portfolio

Main Contact: Catherine Scullion

Lloyd's extension: 5567

Phone number: 020 7327 5567

Email: catherine.scullion@lloyds.com

Job title: Actuary

Company: Corporation

Department: Market Reserving & Capital

Location: London, Floor 5
Fax number: 020 7327 5658

Tax

Headed by Simon Claydon.
Returns interested in: SIS, TUK

Overview:

Tax compliance and planning within the Corporation and representing the interests of the Lloyd's market with UK and overseas authorities on tax issues affecting members and syndicates.

Main Contact: Christine Allcott
Lloyd's extension: 6839
Phone number: 020 7327 6839
Email: Simon.Claydon@lloyds.com
Job title: Head of Tax
Company: Corporation
Department: Tax Department
Location: London, Floor 6
Fax number: 020 7327 5559

All queries should be sent to: Lloyds-Tax-Ops@Lloyds.com

OTHER DEPARTMENTS USING CMR DATA

Information Technology Group

Overview:

ITG is a large department with a variety of roles to play for Lloyd's. For CMR the key team is the Application Group, which is split into project teams that deliver the new returns into the system and the Application Support Group which develops small enhancements to the returns as well as providing support to the Market. The main priority for the Application Support Group (ASG) is to monitor the system performance in order to minimise disruption to agents using the systems.

Main contact: Kathryn Richards
Lloyd's extension: 5119
Phone number: 020 7327 5119
Email: Kathryn.Richards@lloyds.com
Job title: Test Lead/ CMR Service Owner
Company: Corporation
Department: Information Technology Group
Location: London, Floor 6
Fax number: 020 7327 5404

All software queries should be sent to the ITG mailbox:
ITCustomerSupportCentre@lloyds.com or by calling:
0207 327 5333

International Regulatory Affairs

The International Regulatory Affairs department is led by Rosemary Beaver.
Returns interested in: HKR and HKC

Overview:

International Regulatory Affairs manage international regulatory risk, determine Lloyd's regulatory strategy overseas and deliver a competitive international licence platform for the Lloyd's market.

International Reporting

The International Licences team is led by Steven Yates.
Returns interested in: HKR and HKC

Overview:

Leads Lloyd's licence and reporting strategy. Manages all Lloyd's international regulatory reporting. Develops and maintains an appropriate control framework for all Lloyd's international regulatory reporting.

Main contact: Adam Cable
Lloyd's extension: 5277
Phone number: 020 7327 5277
Email: adam.cable@lloyds.com
Job title: Executive, International Reporting
Company: Corporation
Department: International Regulatory Affairs
Location: London, Floor 5

Alternatively for queries contact via email:
HKCoverholderReporting@lloyds.com

GLOSSARY

Accident Year – The accident Year ratio is calculated as expenses and incurred losses (Paid and Reserves) for claims occurring in the year as a proportion of Net premiums earned during the year. It excludes movements during the calendar year on claims, expenses and premium estimates for previous years

CMR – Core Market returns

Cash Call – A request for funds made by a managing agent to members of a syndicate

Capacity – In relation to a member, it is the maximum amount of insurance premiums (gross of reinsurance but net of brokerage) which a member can accept. In relation to a syndicate it is the aggregate of each member's capacity allocated to that syndicate

Combined Ratio – A measure of an insurer's underwriting profitability based on the ratio of net incurred claims plus net operating expenses to net earned premiums. A combined ratio of 100% is break even (before taking in to account investment returns.) A ratio less than 100% is and underwriting profit

FAL – Funds at Lloyd's
Capital lodged and held in trust at Lloyd's as security for the policy holders and to support the members' overall underwriting business

PRA – Prudential Regulation Authority the body that regulates the financial services industry in the UK

GQD – Gross Quarterly Data

IBNR – Incurred But Not Reported
Estimated losses which an insurer or reinsurer, based on its knowledge or experience of underwriting similar contracts, believes have arisen or will arise under one or more contracts of insurance or reinsurance, but which have not been notified to an insurer or reinsurer at the time of their estimation

SCR – Solvency Capital Requirement
Each syndicate needs to state how much capital it requires to cover its underwriting business risk at a 99.5% confidence level consistent with Solvency II requirements

IRS – Internal Revenue Service is the United States federal government agency that collects taxes and enforces the internal revenue laws. It is an agency within the U.S. Department of the Treasury and is responsible for interpretation and application of Federal tax law

LCR – Lloyd's Capital Return

Net/Gross Loss ratio – It is the ratio of total losses paid out in claims plus adjustment expenses divided by the total earned premiums. If an insurance company, for example, pays out \$60 in claims for every \$100 in collected premiums, then its loss ratio is 60%

NCF – New Central Fund – The fund held, managed and applied by the Society pursuant to the New Central Fund Byelaw (No. 23 of 1996)

PFFS – Pro Forma Financial Statements
The PFFS is mainly created to allow comparability between Lloyd's market results with the insurance industry. It is a consolidated statement and certain items, such as 'Inter-syndicate loans', 'balance due from members' and 'Inter-syndicate RITC' are eliminated and adjusted in the PFFS after careful credit/debit adjustments

Pillar 3 – a part of the Solvency II requirements which relates to regulatory reporting and disclosure. The PRA applies these requirements at Lloyd's and syndicate level.

PIM – Premium Income Monitoring

PMD – Performance Management Directorate

PMDR – Performance Management Data Return

PRD – Performance and Risk Database

PTF – Premium Trust Fund
The premiums and other monies that members receive in respect of their underwriting at Lloyd's are held by their managing agents in trust for them subject to the discharge of their underwriting liabilities. The premiums trust funds comprise a sterling fund, Lloyd's American Trust Fund, Lloyd's Dollar Trust Funds, Lloyd's Canadian Trust Fund and the Lloyd's Asia Trust Fund. These premiums trust funds are available to fund overseas regulatory deposits, claims, return premiums, underwriting expenses and (once a year of account has been closed) any profit that is payable to the member

Pure year of account – A year of account viewed in isolation, which is to say disregarding any prior years that may have been reinsured into by means of reinsurance to close

Risk based capital – The determination of a member's capital requirement according to the spread of syndicates in which he participates and the nature of business that those syndicates underwrite

Run-off year of account – A year of account which has not been closed as at the date at which it would normally have been closed and which remains open

Run-off syndicate – A syndicate with one or more run-off years of account

RITC – Reinsurance to close

A reinsurance agreement under which members of a syndicate for a year of account to be closed are reinsured by members who comprise that or another syndicate for a later year of account against all liabilities arising out of insurance business written by the reinsured syndicate

RDL – Realistic Disaster Scenario Lite – A summarised return of the RDS

RDS – Realistic disaster scenarios

A series of scenarios, both natural and man-made, which are used to model the market's exposure to a variety of different catastrophes to enable better risk management practices within Lloyd's

SBF – Syndicate Business Forecast

A statement of the expected range of results of each open year of account of a syndicate that is submitted to Lloyd's by its managing agent and submission of the managing agent's expectations for the next year of account

SIS – Syndicate Information Statement

Solvency II – the supervisory regime applied across the European Union to all but the smallest insurers with effect from 1 January 2016

SPS – Special Purpose Syndicate

A syndicate set up solely to underwrite a quota share reinsurance of another syndicate's ("the host syndicate") business for a year of account

SRD – Solvency & Reserving Data

SRS – Syndicate Reinsurance Structure

Syndicate Business Plan – A plan of the underwriting of a given syndicate for a given year of account that is prepared by the managing agent of a syndicate and submitted to Lloyd's for approval in advance of the commencement of underwriting for that year of account

TPD – Technical Provisions Data