

Lloyd's Capital Return Changes - 2016 Process

These are the changes developed for the 2016 Lloyd's Capital Return on the Core Market Returns website. These will be delivered for a 'go-live' release currently scheduled for the 19th June 2015. Any feedback is welcome to: lloyds-MRC-Help@lloyds.com

LCR Index –

No changes

010 – Control Page –

No changes

012 – LCR Syndicate Type –

- **1st CHANGE:**

Option buttons added to specify if New Syndicate load required.

WHY:

There is currently inconsistent treatment of the new syndicate loadings (NSL), by Agents, when submitting the LCR. By adding the radio buttons Agents will be able to specify if a NSL is expected and then insert the value within a new cell within the headline figure table on form 309.

IMPACT ON AGENTS:

New syndicates (in the first three years of business) will have to tick "Yes" if there is a requirement to include the NSL, this will be apparent after discussions with Lloyd's. All other syndicates can select 'No', which will disable the new cells, meaning no change to form 309 reporting requirements.

Form 012 - Current

The screenshot displays the Lloyd's Capital Return Form 012 LCR Syndicate Type. The interface includes a top navigation bar with the Lloyd's logo and links for 'LCR MENU', 'HELP', and 'PERSONAL DETAILS'. Below this is a blue header for 'LLOYD'S CAPITAL RETURN'. The main content area is divided into a left sidebar with a table of navigation options and a right-hand form section. The sidebar table lists various forms, with '012 LCR Syndicate Type' highlighted. The form section contains a 'Print Form' button, a dropdown menu for 'Select SBF Return' (set to '2015 (Proposed), ed 04, Approved'), and several sections of radio buttons for selecting syndicate status and legal obligations.

Syndicate	1234	012 LCR Syndicate Type
Return Date	2015	<input type="button" value="Print Form"/>

010 Control Page
Extract CSV
Help
Print Return
012 LCR Syndicate Type
309 LCR Summary
310 Balance Sheet Distributions
311 Claims Distributions
312 Projected Solvency II Technical Provisions at Time Zero
313 Financial Information
314 Additional Quantitative Analysis
990 Required Additional Information

Based on SBF submitted
Select SBF Return: 2015 (Proposed), ed 04, Approved

Please specify whether this syndicate is Active in the proposed underwriting year or in Run-Off for LCR purposes

Active syndicate
Run-Off or special RTO syndicate

Please specify whether this syndicate is Life or Non-Life for LCR purposes

Life
Non-Life

Please specify whether this syndicate has Unincpected Legal Obligations

Yes
No

Form 012 - Changes

LLOYDS
LCR MENU | HELP | PERSONAL DETAILS

LLOYD'S CAPITAL RETURN

Syndicate 1234
Return Date 2015

012 LCR Syndicate Type

Print Form

Based on SBF submitted
Select SBF Return 2015 (Proposed), ed.04, Approved

Please specify whether this syndicate is Active in the proposed underwriting year or in Run-Off for LCR purposes

Active syndicate
Run-Off or specialist RITC syndicate

Please specify whether this syndicate is Life or Non-Life for LCR purposes

Life
Non-Life

Please specify whether this syndicate has Unincurred Legal Obligations

Yes
No

Please specify if this is a new syndicate and required to input the new syndicate loading on form 309

Yes
No

Print Form

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307 LCR Notes –

- **1st CHANGE:**
Minor changes to the LCM data notes on form 313 plus all dates changed.
- **(Potential) 2nd CHANGE:**
307 LCR Notes to be available as a separate downloadable file available via side menu on LCR Homepage.
WHY:
To allow speedier changes to the notes without ITG coding each change into the system.
IMPACT ON AGENTS:
The notes would potentially not be included on the printed pro forma but as a download link (the current plan is to place this on the control page – TBC).

309 – LCR Summary –

- **1st CHANGE:**
Two new cells added below table one 'Headline Figures' for the Ultimate and One-Year SCR values, enabling only new syndicates that require a NSL to input that value. Two further new cells will automatically sum the Total modelled SCRs and the input NSL (for both Ultimate and One-Year basis).
WHY:
Enables Lloyd's to obtain consistent treatment of the new syndicate loadings. Enables agents to include the modelled SCR data but include the NSL separately (previously agents would need to make adjustments to form 301 & 314 when the loading was previously added to the operating risk element).
IMPACT ON AGENTS:
No impact to syndicates that do not require an NSL to be added. New syndicates that do require a NSL will now be able to submit the modelled data and the NSL separately on form 309.

- 2nd CHANGE:

Column Headers relabelled in Table 2 to follow directly on from Table 1.

WHY:

Enables cells to be uniquely identified on the form and avoids confusion between both tables. This is consistent with other multi table forms (313 and 314).

IMPACT ON AGENTS:

No impact to syndicates.

Form 309 - Current

Form 309 – Changes

Cells added for New Syndicate Loadings and Totals (SCR + New Syndicate Loading) for both Ultimate and One Year.

Column headers amended in Table 2.

310 – Balance Sheet Distributions –

No changes

311 – Claims Distributions –

- **1st CHANGE:**

Remove warnings on column J PY & PY + 1 if form 012 indicates that there are "Unincepted Legal Obligations". Remove the following warnings:

- J – "Should normally be entered when Unincepted Legal Obligations are indicated on form LCR 012".
Warning appears if form 012 indicates that there are "Unincepted Legal Obligations" and PY Adjustments = Zero
- J2 – "Should normally be entered when Unincepted Legal Obligations are indicated on form LCR 012". Warning appears if form 012 indicates that there are "Unincepted Legal Obligations" and PY + 1 Adjustments = Zero

WHY:

Most syndicates select Unincepted Legal Obligations on form 012, but may not insert values into the adjustments column J (just the new business column K). By removing the warning in column J, we hope to minimise the number of warnings that need to be reviewed. The warning will remain in column K.

IMPACT ON AGENTS:

This may help minimise the number of warnings agents need to review before sign-off, if they do not have ULO adjustments.

- **2nd CHANGE:**

Add the 2016 yoa to table two and amend the 311.2 header text accordingly. As a result the roll forward also amends cells:

- K (2013) now add warning if negative and greater than zero (2014 & 2015 remain blank).
- I (2015) now prepopulated from form 312 column H 2015 yoa.

WHY:

To add the next year of account. This is being automatically coded by ITG, so will not be specified as a change going forward.

312 – Projected Solvency II Technical Provisions at time Zero –

- **1st CHANGE:**

Within line one, add the 2015 yoa reserves with all the same warnings copied from the 2014 yoa.

WHY:

To add the next year of account. This is being automatically coded by ITG, so will not be specified as a change going forward.

- **2nd CHANGE:**

Remove validations to prevent negative values being entered in columns A, B, C, H, I, J. Replace with warnings.

WHY:

Negative Insurance losses can now be excluded within the Lloyd's model and manual edits are no longer required to be made to make them zero.

IMPACT ON AGENTS:

All syndicates will be now able to complete the insurance losses including negative values in order to produce accurate Technical Provisions. We know that in some circumstances these are valid amounts.

313 – Financial Information –

No changes

314 – Additional Quantitative Analysis –

- **1st CHANGE:**

Amend the stress level change in risk margin from T0 to T1 to be a calculation of I4 (1:200 Confidence) minus G4 (Mean Outcome) rather than a blank cell.

- H4: Include auto-sum calculation of I4 – G4.

WHY:

In 2014 the 1:200 was amended from a sum of the Mean to an entry field, so without the Stress calculation being included the Total value did not reconcile.

IMPACT ON AGENTS:

None as this is an automated field, but the Total will now be accurate.
