
Pillar 3 Reporting

Market discussion sessions

September 2016

Incorporating feedback from agents



Agenda

- Introduction – purpose of session
- Experience of Pillar 3 reporting so far (Day 1/quarterly reporting)
- Pillar 3 annual reporting – overview
- Pillar 3 timescales for 31 December 2016 and 2017
- Discussion – areas where potential issues exist

Additional material

- Common themes/issues from sessions – and Lloyd's responses
- Forthcoming Pillar 3 events/dates

Introduction

Purpose of session

- Informal discussion session regarding Pillar 3:
 - Experience so far
 - Preparations for annual reporting
- Small groups of no more than 10 managing agents with Lloyd's personnel
- Opportunity for agents to share experiences and concerns
 - And for feedback to be provided to and from Lloyd's

Experience of Pillar 3 reporting so far – Day 1/quarterly reporting

- Syndicates have met Day 1 and quarterly reporting deadlines so far...
- ...but a high level of queries have been raised by Lloyd's:

Return	Queries	Resubmissions
Day 1 QSR	16	8
31 March 2016 QSR/QAD	76	65
30 June 2016 QSR/QAD	60	44

- Main sources of Lloyd's queries have related to QAD:
 - Consistency of detailed asset reporting compared with QSR balance sheet
 - Line by line asset reporting in QAD – detailed information for each asset
- What has been the market's experience?

Pillar 3 annual reporting - overview

- Full Pillar 3 annual reporting first starts as at 31 December 2016
- For each syndicate, the following is expected via the CMR:
 - Annual Solvency Return Part A (ASR)
 - Annual Solvency Return Part B (ASB) (claims development triangles)
 - Annual Asset Data (AAD)
- In addition, National Specific Templates (NSTs) are required to be submitted using standard excel templates
- Part of ASR is subject to audit
- Deadline for submission: **Thursday 6 April 2017**

Pillar 3 annual reporting

Which forms are new – ie not collected in QSR or QAD?

Data description	Form reference
Variation analysis (Solvency II 'profit and loss')	ASR225 to 228 Not required at 31.12.2016
Best estimates by country	ASR242/281/284
Projection of future cash flows	ASR244/286
Distribution of claims incurred (needing access to claim level data)	ASR249/250
Analysis of underwriting risks (needing access to policy level data)	ASR251/252
Assets and liabilities by currency	ASR260
Share of reinsurers	ASR290
Activity by country (EEA member analysis)	ASR430/431
Premiums, claims and expenses by country	ASR441/451
Solvency Capital Requirement (although collected in Day 1 reporting)	ASR522
Claims development triangles	ASB245 to 247
Investment income/gains and losses in the period	AAD235

Pillar 3 annual reporting

Certain ASR forms are subject to audit¹

Form description	ASR reference
Balance sheet ²	ASR002
Own funds	ASR220
Non-life technical provisions by class ²	ASR240
Life technical provisions ²	ASR280
Health SLT technical provisions ²	ASR283
Minimum Capital Requirement (Non-life)	ASR510
Minimum Capital Requirement (Life)	ASR511
Managing Agent's Report	ASR910

¹ Reasonable assurance audit – scope to be finalised Q4 2016

² Excluding the risk margin as that is dependent on the SCR produced by the internal model

Pillar 3 timescales for 31 December 2016 and 2017

Reporting date	Return	Audited?	Deadline
31 December 2016	QSR and QAD	No	2 February 2017
31 December 2016	QMC	Yes	2 March 2017
31 December 2016	ASR, ASB and AAD ¹	Part of ASR only	6 April 2017
31 March 2017	QSR and QAD	No	28 April 2017
30 June 2017	QSR and QAD	No	28 July 2017
30 June 2017	QMC	Yes	31 August 2017
30 September 2017	QSR and QAD	No	27 October 2017
31 December 2017	QSR and QAD	No	29 January 2018
31 December 2017	QMC	Yes	1 March 2018
31 December 2017	ASR, ASB and AAD ¹	Part of ASR only	29 March 2018

¹ And National Specific Templates (NSTs)

Common themes/issues from sessions – and Lloyd's responses (1)

Theme/issue	Lloyd's response
ASR225 to 228 - are the variation analysis forms needed at 31.12.2016 as this is the first full year of Solvency II reporting?	These forms are not required at 31.12.2016. They will be required annually from 31.12.2017.
ASR245 to 247 – what currency should be used to report the data when reporting material currency and overall?	<p>The analysis by material currency is required in original currency, with the total for all currencies combined in converted GBP.</p> <p>Historic data in triangles should be converted at current exchange rates.</p>
ASR290 – can CMR pre-populate certain fields based on LORS code? Also further clarification of requirements in instructions would be helpful (e.g. negative RI amounts?)	<p>Lloyd's is investigating functionality to auto-populate some fields based on LORS code.</p> <p>Lloyd's will revisit instructions and update where relevant.</p>
ASR430 – instructions are unclear. Can Lloyd's provide further clarification including worked examples?	Lloyd's will update instructions to provide further clarification. We shall also attempt to provide some examples to assist agents.

Common themes/issues from sessions – and Lloyd's responses (2)

Theme/issue	Lloyd's response
QAD reference data – can the use of “NA”, “N/A” & “NR” be made more consistent?	This may arise be due to the reference data stored in CMR for non-applicable items; "N/A" or "NA" normally apply for items that shouldn't be reported. There is the offline validator available in CMR for download and it will show what reference is available for each field. We will update our instructions and systems to improve the consistency.
QAD/AAD910 – is there a need to resubmit this if changes arise purely for Lloyd's requirements (e.g. Pillar 1) rather than Pillar 3 requirements?	Yes this is required for Lloyd's control and audit purposes.
QMC - will the format be aligned with the QSR?	Lloyd's is investigating options for future QMC submissions including aligning the balance sheet format with QSR. QMC will still be required to be audited as it is used for capital setting purposes.
CMRs - can Lloyd's incorporate cross-validations between returns (eg QSR vs QAD)?	CMR cannot perform cross validation checks between separate returns. This functionality shall be taken into account in longer term plans for enhancing the platform for data collection from syndicates.
NSTs - can Lloyd's issue a mapping of risk codes to the General Liability subdivisions as required for NSTs?	This will be provided for the updated instructions to be issued at end October.

Forthcoming Pillar 3 events/dates

- Q3 QSR/QAD instructions will be issued by 7 October
- Pillar 3 Market Briefing will take place 19 October
- Market UAT of selected new Pillar 3 annual forms
 - ASB (245, 246, 247) – October
 - AAD (232, 235, 237, 238) – November
 - ASR (Forms – TBC) – December to January
 - Please email steve.firdasaputra@lloyds.com if you wish to take part
- Updated Pillar 3 Annual Instructions – by 31 October
 - Will be provided showing tracked changes and ‘clean’

Thank you

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