

Market Bulletin

Ref: Y5253

Title	2020 Business Plan and Capital approval process and timeline
Purpose	To inform the market of the 2019 process for agreeing 2020 Business Plans and Capital requirements
From	Jon Hancock, Director, Performance Management (PMD)
Date	14 May 2019

On the back of your feedback and an extensive review, we will be improving the process for approving 2020 business plans and capital requirements. These changes are detailed below.

1. High level plan is being discontinued

As announced in March 2019, the July High Level Plan data collection is being discontinued. No standard data will be collected until the full 2020 Syndicate Business Plans are submitted from September.

More emphasis will be placed on strategic business discussions which will commence from 7 June 2019. Every managing agent will meet with Lloyd's representatives, including the Syndicate Business Performance Manager, Oversight Manager and where appropriate Outwards Reinsurance Manager, Exposure Management Manager and Actuarial Associates.

These discussions will give managing agents the opportunity to present their prospective syndicate business plan(s) and explain short (1 year) and long term (3 year) strategic activities to Lloyd's, such as:

- Impact of portfolio management activities, including deciles 1, 2 and 10
- Action in response to Lloyd's feedback on Performance Review action plans (including agreement of 2019 decile 10 classes)
- Proposed areas of growth including any new classes/ innovative products
- European business strategy

In addition to the above, Lloyd's will

- Share initial feedback following the market messages presentation on 6 June
- Answer any questions concerning the 2019 planning process

Written feedback will be provided to each syndicate following the discussions, which will clearly state Lloyd's' view of the plan and areas for consideration. Syndicates should consider this feedback prior to final business plan and capital submissions and respond to any action points provided.

2. Opportunity for faster approval of Business Plans and Capital

In response to feedback, Lloyd's is introducing a phased approach to reviewing 2020 Business Plan and Capital submissions. Each syndicate will be given a specified return submission dates based on capital structure. Extensions will not be granted.

Where first submission Syndicate Business Forecasts (SBF) and Lloyd's Capital Requirements (LCR) returns are in line with market messages and correctly address strategic business discussion feedback, Lloyd's will commit to approving plans in four weeks. Where a resubmission of the SBF or LCR is required, or more information is requested from syndicates on capital figures, syndicates will have one week to resubmit the return and Lloyd's will meet a six-week approval window.

Where more than one resubmission of the SBF or LCR or more than one capital information request is required, Lloyd's will not commit to an approval window and additional resubmissions will be considered at the end of the process. All submissions, must be signed off by the managing agent Board, so syndicates should consider any impact on internal governance processes and deadlines.

3. Phased approach and timetable for approving 2020 SBF and LCR submissions

Syndicates will follow one of five submission phases in 2019, which will be confirmed by your Oversight Manager in May.

Syndicate grouping	SBF return submission deadline	LCR return submission deadline	4-week approval window	6-week approval window
Phase 1	2 September	5 September	30 September	14 October
Phase 2	9 September	12 September	7 October	21 October
Phase 3	16 September	19 September	14 October	28 October
Phase 4	23 September	26 September	21 October	4 November
Phase 5	30 September	3 October	28 October	11 November

4. Better communication

A cross-Lloyd's' team is committed to improving communication on the Business Plan and Capital review process, with the following communications planned in 2019:

- May: Confirmation of syndicate phasing group and strategic business discussion agenda issued to your compliance officer
- 6 and 10 June: CEO market messages presentation for PMD and Capital respectively
- June / July: Strategic business discussion feedback letters to be sent to all Syndicates
- By end July: All 2020 SBF, LCR and Catastrophe guidance published
- July / August: Further guidance and support provided, e.g. through new capital and planning pages on www.lloyds.com.
- 2 September: Phased submissions commence
- 2 December: Coming Into Line Deadline

If you have any questions, please contact your Oversight Manager.