

Market Bulletin

LLOYD'S

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FROM: Head, Market Reporting
LOCATION: 86/GY5
EXTENSION: 5129
DATE: 11 November 2003
REFERENCE: Y3178
SUBJECT: FRANCHISE QUARTERLY MONITORING
ATTACHMENTS: Two
ACTION POINTS: Note contents of new return
DEADLINE: 27 May 2004

The purpose of this bulletin is to advise Managing Agents of the revised format of the Quarterly Monitoring Return (QMR), the first submission of which will be for the 31 March 2004 quarter end.

The QMR has been developed to bring together, in a consistent format using one software package, the data currently captured in a number of returns, each of which uses different software. The QMR therefore replaces

- The current Syndicate Quarterly Return (SQR)
- Reinsurance Debtors return
- Premium Income Monitoring return
- Direct Revenue Reporting return
- Monthly/Quarterly Report (MQR) as required by the Open Years and Run-off Management team

The initial proposals for the QMR were set out in market bulletin Y3063, dated 22 May 2003 and titled "Franchise Quarterly Monitoring". Managing Agents were invited to comment on the proposals. The Run-off group of the LMA has also been consulted. Comments received have been incorporated into the revised format which is attached as Appendix I. Briefing notes covering the content of each form are included in Appendix II. Detailed instructions for the forms will be issued in a market bulletin in December and will be contained within the QMR software.

Please note that the software will be developed in Access and will be slightly different in format to the attached QMR, which is a mock-up in Excel. The software will mimic much of the functionality in the SQR e.g. 'roll forward' and 'sign-off'.

Agents should note that the QMR does not replicate the SQR functionality which allows Agents to switch off synchronisation from Forms 2 (Summary Underwriting Account) and 5 (Old Years Development Analysis) to Forms 7 (Underwriting Progression Statistics, Gross) and 8 (Underwriting Progression Statistics, Net). The attached guidance notes provide more information.

As noted above, the first submission of the QMR will be as at 31 March 2004. For this first return, it is our intention to provide the QMR to you no later than 30 April 2004. The deadlines in 2004 are:

Quarter end	Submission day	Submission date
Q1 2004	Thursday	27 May 2004
Q2 2004	Thursday	26 August 2004
Q3 2004	Thursday	25 November 2004

To complete the test phase of the QMR project we would like to pilot the QMR with some Managing Agents during February and March 2004. If you would like to take part in this please contact Ian Thompson (020 7327 5547 or ian.thompson@lloyds.com). Ian will provide more detail to the pilot participants nearer the time.

Syndicate Annual Return

In the May bulletin we advised you of the intention to revise the Syndicate Annual Return (SAR) so that all of the data needed to produce the year-end SQR for Members' Agents is contained in the SAR. However, this proposal would have accelerated the reporting of a significant amount of data not currently included in the SAR. It has therefore been decided not to proceed with the proposal. Instead, Managing Agents will be required to produce the Q4 2003 SQR in the current format with the deadline for submission being Thursday 25 March.

If you have any queries about the content of this bulletin please contact Robert Smith (020 7327 5459 or robert.smith@lloyds.com).

This bulletin has been sent to all Managing Agents.

John Parry
Head, Market Reporting

APPENDIX I

FRANCHISE PERFORMANCE MANAGEMENT QUARTERLY MONITORING RETURN REPORTING PACK

SYNDICATE NUMBER

MANAGING AGENT

MANAGING AGENT CODE

QUARTER

REPORTING YEAR

Quarter end exchange rates

US\$ exchange rate

CAN\$ exchange rate

Earliest Year

Orphan Syndicate

CAPACITY

(all open years of account)

YOA	£
1995	
1996	
1997	
1998	
2001	
2002	
2003	

SIGNED OFF BY

POSITION

APPROVAL DATE

DD/MM/YYYY




SUBMISSION DATE

DD/MM/YYYY

ALL FIGURES TO BE FILLED IN CCY000'S

Section	Topic
1.0	SUMMARY UNDERWRITING ACCOUNT
2.0	BALANCE SHEET
3.0	RESERVING & IBNR UTILISATION
4.0	SYNDICATE OPERATING EXPENSES
5.0	MAJOR LOSSES
6.0	CASHFLOW SUMMARY
7.0	TRUST FUND ANALYSIS
8.0	REINSURANCE RECOVERABLES
9.0	REINSURANCE CREDITORS
10.0	PREMIUM INCOME MONITORING
11.0	DIRECT REVENUE RETURN
12.0	TECHNICAL ACCOUNT
13.0	CLOSURE AND CASH CALLS
14.0	EXPOSURES
15.0	LOSS INFORMATION
16.0	REALISTIC DISASTER SCENARIOS
17.0	PREMIUM DEBTORS
18.0	COMMUTATIONS
19.0	REINSURANCE
20.0	SYNDICATE COMMENTS

Key

	User keyed
	Automatic calculation
	Information cross-referenced from elsewhere in the QMR

1.0 SUMMARY UNDERWRITING ACCOUNT

Syndicate NNNN

DD/MM/YYYY

YOA

- ◆ PLEASE COMPLETE FOR NATURALLY OPEN YEARS ON A PURE YEAR BASIS
- ◆ POINT ESTIMATE FORECASTS REQUIRED AT EACH QUARTER FROM Q1
- ◆ PLEASE PROVIDE BEST AND WORST CASE EXPECTATIONS WHERE INDICATED - WE WOULD EXPECT THE RANGE TO TO BE IN THE REGION OF 2.5%
- ◆ PLEASE PROVIDE ANY COMMENTS (E.G. ON THE FORECAST) IN THE SYNDICATE COMMENTS FORM (20.0)

	Cumulative to Date Actual GBP'000s	Cumulative to Date Actual USD'000s	Cumulative to Date Actual CAN'000s	Cumulative to Date Actual CNV £'000s	Best Case Expectation CNV £'000s	Latest full YOA CNV £'000s	Worst Case Expectation CNV £'000s
Premiums							
Gross written premiums				1			35
Brokerage & Commissions				2			36
Gross Premium (net of brokerage & commission)				3 = 1-2			37 = 35-36
Written but not Signed Gross Premium				4 = 3-10			
Written reinsurance ceded to QQS				5			38
Written reinsurance ceded other				6			39
Written reinsurance premium				7 = 5+6			
Written but not signed or accrued reinsurance				8 = 7-11			
Net written premiums				9 = 3-7			40 = 37-(38+39)
Signed gross premium				10			
Signed reinsurance				11			
Signed net premium				12 = 10-11			
Paid Claims							
Gross paid claims				13			41
QQS reinsurance recoveries				14			42
Other reinsurance recoveries				15			43
Net paid claims				16 = 13-(14+15)			44
Underwriting Balance				17 = 12-16			45
Investment return				18			46
Syndicate operating expenses				19			47
Investment expenses				20			48
Profit / (Loss) on exchange				21			49
Currency Purchase / (Sales)				22			50
Standard personal expenses				23			51 = 48-(49+50)
Members' Agents fees				24			
Overall Balance				25 = 17+18-19-20-21-22-23-24			
after personal expenses							
Notified Outstanding Claims							
Gross outstanding claims				26			52
QQS reinsurance recoveries				27			53 = 52+41-42-43+44+45-46-47
Other reinsurance recoveries				28			
Net outstanding claims				29 = 26-(27+28)			54
IBNR Claims on Written Premium (Solvency)							
Gross IBNR				30			55 = 53+54
QQS reinsurance recoveries				31			
Other reinsurance recoveries				32			
Net IBNR				33 = 30-(31+32)			
Total Ultimate Claims							
Gross ultimate claims							48
QQS reinsurance recoveries							49
Other reinsurance recoveries							50
Net							51 = 48-(49+50)
Forecast Solvency Result				34 = 9-16+18-19-20-21-22-23-24-29-33			
Forecast Pure Year Underwriting Result							52 = 40-51
Forecast Pure Year Result							53 = 52+41-42-43+44+45-46-47
Forecast Prior Year Result							54
Forecast Result							55 = 53+54

2.0 BALANCE SHEET

Syndicate NNNN DD/MM/YYYY

◆ PLEASE PROVIDE ANY COMMENTS IN THE SYNDICATE COMMENTS FORM (20.0)

	£'000s	US \$'000s	CAN \$'000s	CNV £'000s
Cash & Investments				
Regulated funds				01
Free funds				02
Sub-total				03 = 1+2
Debtors				
Reinsurance recoveries due but not received				04
Exchange accounts balances				05
Other debtors				06
Sub-total				07 = 4+5+6
Insurance Creditors				
Insurance creditors				08
Other creditors				09
Sub-total				010 = 8+9
Total Net Assets				011 = 3+7-10
Open pure year of account balances				
2003				012
2002				013
2001				014
1965				015
1966				016
1967				017
1968				018
Balance of RITC C/Fwd				019
TOTAL				020 = 12 to 19

3.0 RESERVING

Syndicate NNNN

DD/MM/YYYY

1995

IBNR Utilisation - Old Years Development Analysis

- ◆ EACH PURE YEAR OF ACCOUNT REQUIRED
- ◆ REINSURANCE RECOVERABLES SHOULD BE NET OF BAD DEBT PROVISIONS AND WRITE-OFFS
- ◆ PLEASE PROVIDE ANY COMMENTS IN THE SYNDICATE COMMENTS FORM (20.0)

		GBP'000s	USD'000s	CAN'000s	CNV £'000s
RITC B/Fwd					
<i>(Figures should agree with annual syndicate return)</i>					
Gross IBNR					01
Reinsurance Recoverables on IBNR					02
Net IBNR					03 = 1-2
Gross Outstanding Claims					04
Reinsurance Recoverables on Outstandings					05
Net Outstanding Claims					06 = 4-5
Run-Off Expense Provisions					07
Sub Total					08 3+6+7
Settled in the Period					
Premiums	Gross				09
	Reinsurance				10
	Net				11 = 9-10
Claims	Gross				12
	Reinsurance				13
	Net				14 = 12-13
Sub Total					15 = 14-11
RITC c/fwd					
Gross Outstanding					16
Reinsurance Recoverable on Outstandings					17
Net Outstanding Claims					18 = 16-17
Gross IBNR Utilised in Year					19 = 16-4+12-9
Net IBNR Utilised in Year					20 = 18-6+14-11
Forecast gross IBNR at current year end					21
Forecast net IBNR at current year end					22
Improvement / (deterioration) on gross reserve					23 = 1+4+9-12-16-21
Improvement / (deterioration) on net reserve					24 = 3+6+11-14-18-22

4.0 SYNDICATE OPERATING EXPENSES

Syndicate NNNN

DD/MM/YYYY

◆ PLEASE PROVIDE ANY COMMENTS IN THE SYNDICATE COMMENTS FORM (20.0)

	Calendar year to date actual: CNV£'000s	Latest full calendar year forecast: CNV£'000s	
Salaries and related costs			1
Accommodation costs			2
Processing costs			3
Overseas operating expenses			4
Auditor's remuneration			5
Legal and professional, including other fees to auditors			6
Computer costs			7
Travel and entertainment			8
Lloyd's Premium Levy			9
Interest payable			10
Other expenses*			11
Expenses Sub-Total			12 = 1 to 11
Credits Against Expenses			
QQS over-riders			13
Other			14
Credits Sub-Total			15 = 13 to 14
Total Expenses			16 = 12 minus 15
Amount included in Total Expenses paid to Run-off Manager			17

*** Other expenses:**

Lloyd's Charges, Management Fees, Foreign Levies and Taxes, Irrecoverable VAT, Lloyd's Regulatory Levy, Communications/Stationery, Provision (Future Costs), Investment Expenses, Use of Fixed Assets/Depreciation, External Office Expenses, Accountancy and Agency, Media and Advertising, Contribution from Reinsurers, Motor Expenses, Medical Fees, Brokerage and Commission, Service Company Commissions, Credit against expenses, Transfer to claims handling, QQS Over-riders

5.0

MAJOR LOSSES

Syndicate NNNN

DD/MM/YYYY

TOP 10 NAMED LOSSES, PLUS ANY MATERIAL LOSSES

- ◆ PLEASE PROVIDE GROSS AND NET LOSS INFORMATION FOR THE TOP 10 NAMED LOSSES, PLUS ANY MATERIAL LOSSES TO THE SYNDICATE
- ◆ DATA SHOULD BE SUPPLIED FOR ALL 3 ACCOUNTING CURRENCIES AND OVER ALL YEARS OF ACCOUNT AFFECTED
- ◆ PLEASE PROVIDE ANY COMMENTS IN THE SYNDICATE COMMENTS FORM (20.0)

Loss	Date of Loss	YOA	Currency (CCY)	Gross Paid Loss	Gross Outstanding Loss	Gross Incurred Loss	Gross IBNR	Gross Ultimate Loss	Net Ultimate Loss
Cat No	Description		1, 2 or 3	CCY '000s	CCY '000s	CCY '000s	CCY '000s	CCY '000s	CCY '000s
						0		0	
						0		0	

6.0 CASHFLOW SUMMARY

Syndicate NNNN

DD/MM/YYYY

- ◆ Some data items such as line 4 or lines 10 to 13 may be positive or negative. Please refer to field description for signage.
- ◆ Please provide any comments in the Syndicate Comments form (20.0)

	Current period Actual CNV£'000s	Latest full calendar year forecast: CNV£'000s	
Opening Free Funds	0	0	1
Operating Cashflows			
Premium income	0	0	2
Reinsurance recoveries	0	0	3
Other Trust fund inflows/(outflows)	0	0	4
Other income	0	0	5
Claims paid	0	0	6
Reinsurance premiums	0	0	7
Syndicate & personal expenses	0	0	8
Net Cash Flow	0	0	9 = (2 to 5)-(6 to 8)
Inter-syndicate loan received/(repaid)	0	0	10
Bank facility/(repaid)	0	0	11
Parent support utilisation/(repaid)	0	0	12
Cash call receipts/(Distribution)	0	0	13
Total Cash Flow	0	0	14 = 9+(10 to 13)
Closing "FreeFunds"	0	0	15 = 1+14
Change in "Free Funds"	0	0	16 = 1-15

7.0 TRUST FUND ANALYSIS

Syndicate NNNN DD/MM/YYYY

Trust Fund Analysis

- ◆ Figures should be provided in Sterling £ '000s using the Quarter End conversion rates
- ◆ Cash amounts should include Money Market Deposits
- ◆ Please avoid any double counting of assets on this form
- ◆ Notes:
 1. Including ASL, Lloyd's Japan Inc, Kentucky Sub A/c and Royal Trust Non- Reg Accounts
 2. Including Transitional / Joint Asset Trust Funds
- ◆ Please provide any comments in the Syndicate Comments form (20.0)

Investments

Sterling Premium Trust Fund (1)
Lloyd's Dollar Trust Fund

Cash+ Term Deposits	Securities	Letters of Credit	Total
CNV£'000s	CNV£'000s	CNV£'000s	CNV£'000s

				1
				2
				3
				4
				5
				6

SUB-TOTAL

				7 = 1 to 6
--	--	--	--	------------

Lloyd's Canadian Margin Trust Fund
Joint Asset Trust Fund for CRTF
Joint Asset Trust Fund for SLTF
Illinois Trust Fund
Kentucky Trust Fund (2)
Lloyd's Australian Trust Fund (2)
Lloyd's South Africa Trust Fund (2)

	8
	9
	10
	11
	12
	13
	14

TOTAL FUNDS

	15 = 1 to 6 plus 8 to 14
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Section 1

- ◆ Please provide details of reinsurance recoverables and bad debt data position at the quarter end
- ◆ All numbers in CNVE000's
- ◆ Disputed recoverables should be clearly identified in the comment box
- ◆ Please provide any comments in the Syndicate Comments form (20.0)

LORS code	Name of Reinsurer and Domicile	Affiliates (code)	Premium ceded	Reinsurance recoverable before provision for bad debts, by age on gross paid losses					Reinsurance recoverables		
				<3mths	3mths to 6mths	6mths to 1 yr	>1yr	Total	Quarterly OS	Annual IBNR	
A	B	C	D	E	F	G	H	I = E+F+G+H	J	K	
TOTAL - ALL REINSURERS											

.../Part 2

Section 2

LORS Code	Provision for bad and doubtful debts on paid losses				Provision for bad and doubtful debt:		Amount owed to reinsurer offsetting reinsurance debt	Collateral on Hand to Secure Recoverable Amounts	Write - offs	Comments
	<3mths	3mths to 6mths	6mths to 1yr	>1yr	Quarterly OS	Annual IBNR				
A	L	M	N	O	Q	R	S	T	U	V
TOTAL										

9.0 REINSURANCE CREDITORS

Syndicate NNNN

DD/MM/YYYY

- ◆ Please provide details of reinsurance creditors included within Ultimate Gross Claims estimates
- ◆ All numbers in CNV£000's
- ◆ This form is to be completed annually in Q1
- ◆ Please provide any comments in the Syndicate Comments form (20.0)

LORS Code	Name of Reinsurer	Claims payable but withheld	Inwards claims payable - Notified Outstanding quarterly	Inwards claims payable - IBNR annual	Total
					0
					0
					0

10.0 Premium Income Monitoring

Syndicate NNNN DD/MM/YYYY

- ◆ This form should be completed on a monthly basis.
- ◆ Please provide any comments in the Syndicate Comments form (20.0).
- ◆ Only complete this form where the year of account is @ 12 months or less.

Class of business	Sterling			US\$			CAN\$			
	Gross cumulative written premium £'000s	Brokerage and commissions £'000s	Net cumulative written premium £'000s	Gross cumulative written premium US\$'000s	Brokerage and commissions US\$'000s	Net cumulative written premium US\$'000s	Gross cumulative written premium C\$'000s	Brokerage and commissions C\$'000s	Net cumulative written premium C\$'000s	
Qualifying quota share			0			0			0	#DIV/0!
			0			0			0	#DIV/0!
			0			0			0	#DIV/0!
			0			0			0	#DIV/0!
			0			0			0	#DIV/0!
			0			0			0	#DIV/0!
Gross syndicate income			0			0			0	#DIV/0!

11.0 Direct Revenue Reporting

Syndicate NNNN DD/MM/YYYY

◆ Please provide any comments in the Syndicate Comments form (20.0)

YOA

1967

Class of business	Gross					
	Sterling		US Dollars		Can Dollars	
	Paid £'000s	Incurred £'000s	Paid US\$'000s	Incurred US\$'000s	Paid C\$'000s	Incurred C\$'000s
Total	0	0	0	0	0	0

Class of business	Net					
	Sterling		US Dollars		Can Dollars	
	paid £'000s	Incurred £'000s	Paid \$'000s	Incurred \$'000s	Paid \$'000s	Incurred \$'000s
Total	0	0	0	0	0	0

12.0 TECHNICAL ACCOUNT

Syndicate NNNN

DD/MM/YYYY

1995

- ◆ Please complete for each open year of account >36 months
- ◆ All balances should be converted to £ Sterling using the exchange rates referred to in the title page
- ◆ Please provide any comments (e.g. for the developments seen) in the Syndicate Comments form (20.0)
- ◆ Please state the key assumptions made and policies used in the Syndicate Comments form (20.0)

	Year to Date (£000's)	Cumulative (£000's)
Gross premium written		
Outward reinsurance premiums		
Net premiums	0	0
RITC Received		
Amount retained to meet all liabilities b/fwd		
Gross claims paid		
Reinsurers share		
Net claims	0	0
Amount retained to meet all liabilities c/fwd		
Underwriting Balance	0	0
Profit/(loss) on exchange		
Syndicate operating expenses		
Balance on technical account	0	0
Investment income		
Investment expenses and charges		
Investment gains/(losses)		
Investment return	0	0
Result for the run-off account	0	0
Personal Expenses		
Result after personal expenses	0	0
Reinsurers share of losses (%)	#DIV/0!	#DIV/0!
Forecast Result		
Forecast result (before personal expenses) - best case		
Forecast result (before personal expenses) - worst case		

13.0 CLOSURE AND CASH CALLS

Syndicate NNNN

DD/MM/YYYY

- ◆ Please provide any comments in the Syndicate Comments form (20.0)

13.1 Closure Dates

Expected date of closure or R.I.T.C

(mm-yy)

13.2 Main Obstacles That Could Affect Closure

Managing Agents must ensure that privilege is not lost in the completion of this section

Market issues - description	Est. quantum (£'000s)	Maximum exposure (£'000s)	Deadline for Resolution mm-yy
Free text		Gross	Net

13.3 Cash Calls Update

Please provide current quarter actual and a rolling forecast of cash calls for the next four quarters.

This Quarter	+1	+2	+3	+4

- ◆ Please provide the reasons for the stated cash calls in the Syndicate Comments form (20.0)
- ◆ Please provide any information with regard to cash flow issues and uncertainties in the Syndicate Comments form (20.0)

14.0 EXPOSURES

Syndicate NNNN

DD/MM/YYYY

- ◆ Please provide any comments in the Syndicate Comments form (20.0)

14.1 Exposure to Outstanding Risks

- ◆ This template provides an analysis of the syndicate exposure of outstanding risks for the period.
- ◆ Facultative reinsurance: The extent of facultative reinsurance for the outstanding risks.
- ◆ This schedule should include exposure under delegated underwriting arrangements and long term contracts.

Gross exposure of:	Current period (£'000s)
1 Exposure to risks	
Risks at commencement of period	
Risks expiring in period	
Risks removed by agent	
Risks at end of period	0
2 Facultative reinsurance	
Risks wholly reinsured	
3 Rate of exposure decay	#DIV/0!

14.2 Delegated Authorities and Long Term Contracts

- ◆ Show the syndicate's number of delegated authority and long-term contract risks and their exposure.
- ◆ Delegated authority risks: should include consortia risks, lineslips, binding authorities and agency agreements.
- ◆ Long-term contract risks: contracts which last over 12 months or have a mandatory extension/renewal.

	Actual
Delegated authority risks	
No. of delegated authority risks (No.)	
Exposure of delegated authority risks (£'000)	
Long-term contract risks	
No. of long term contracts (No.)	
Exposure of long term contracts (£'000)	

15.0 LOSS INFORMATION

Syndicate NNNN DD/MM/YYYY

LOSSES WHERE THE GROSS SYNDICATE SHARE EXCEEDS THE EQUIVALENT OF £1M

- ◆ PLEASE PROVIDE GROSS AND NET LOSS INFORMATION FOR ALL LOSSES WHERE THE GROSS SYNDICATE SHARE EXCEEDS THE EQUIVALENT OF £1M (WHERE THE SYNDICATE LEADS)
- ◆ PLEASE DO NOT DUPLICATE ANY OF THE DATA PROVIDED IN 5.0
- ◆ DATA SHOULD BE SUPPLIED FOR ALL 3 ACCOUNTING CURRENCIES AND OVER ALL YEARS OF ACCOUNT AFFECTED
- ◆ PLEASE PROVIDE ANY COMMENTS IN THE SYNDICATE COMMENTS FORM (20.0)

Loss		Date of Loss	YOA	Currency (CCY)	Gross Paid Loss	Gross Outstanding Loss	Gross Incurred Loss	Gross IBNR	Gross Ultimate Loss	Net Ultimate Loss
No	Description	dd/mm/yyyy		1,2 or 3	CCY '000s	CCY '000s	CCY '000s	CCY '000s	CCY '000s	CCY '000s
							0		0	
							0		0	

16.0 REALISTIC DISASTER SCENARIOS

Syndicate NNNN DD/MM/YYYY

- ◆ Please use the same RDS as per the FPP
- ◆ Please select from the drop down list where appropriate
- ◆ Please provide any comments in the Syndicate Comments form (20.0)

	Actual (£'000)		
Market RDS	Gross Loss	Reinsurance	Net Loss
Drop down list	<input type="text"/>	<input type="text"/>	<input type="text" value="0"/>
Other RDS	Gross Loss	Reinsurance	Net Loss
Free text	<input type="text"/>	<input type="text"/>	<input type="text" value="0"/>

17.0

PREMIUM DEBTORS AND UNALLOCATED CASH

Syndicate NNNNN

DD/MM/YYYY

- ◆ Please provide any comments in the Syndicate Comments form (20.0)

17.1 Outstanding Aged Premium Debtors

- ◆ Please show the syndicate's premium debtors by age of balance.
- ◆ All balances should be converted to £ Sterling.

Age of balance

0 – 3 months
3 – 6 months
6 – 12 months
12 – 24 months
> 24 months

Current quarter (£'000)

Total

0

17.2 Unallocated Cash

- ◆ Please show the current balance of the syndicate's unallocated cash

Current balance (£'000)

18.0 COMMUTATIONS

Syndicate NNNN DD/MM/YYYY

- ◆ Please complete the following schedule for all syndicate commutations completed in the last quarter, in progress (up to and including signing of the contract) and planned.
- ◆ Any predictions for the future commutations should be based on targets.
- ◆ Please provide explanations for the developments and any material variances with the target results.
- ◆ Please provide any comments (e.g. for the developments and any material variances with the target results) in the Syndicate Comments form (20.0)

Commutations - in progress and planned

LORS code	Name of Reinsurer	Inwards (£'000)	Outwards Paid (£'000)	Outwards O/S (£'000)	Outwards IBNR (£'000)	Outwards Net (£'000)	Amount (£'000)	Target Proportion of net (%)	Date (dd-mmm-yy)	Status at present	Achieved (£'000)
						0		#DIV/0!			

19.0

REINSURANCE

Syndicate NNNN

DD/MM/YYYY

◆ Please provide the reinsurance information requested below for the syndicate.

◆ **Details of reinsurance purchases in period**

◆ **Rationale for the purchases made**

Drop down box 1. Extension to LOD cover 2. Reduce RDS net loss exposure 3. Further back-up cover required as front in reinsurance eroded 4. Further facultative purchases to protect ongoing exposures 5. Other

Free text if 'other' selected

◆ **Details of reinsurance purchases proposed**

◆ **Rationale for the purchases proposed**

Drop down box 1. Extension to LOD cover 2. Reduce RDS net loss exposure 3. Further back-up cover required as front in reinsurance eroded 4. Further facultative purchases to protect ongoing exposures 5. Other

Free text if 'other' selected

◆ **Details of reinsurance that has been more than 90% utilised**

◆ **Proposed action**

20.0 SYNDICATE COMMENTS

Syndicate NNNN DD/MM/YYYY

- ◆ Please insert as many records as required
- ◆ Use more than one entry per Form if required

Section Comment

Drop down list

Appendix II - QMR Briefing Notes

Please note that the QMR should be completed for 1993 and post years of account. This comment is also relevant to life syndicates.

Form 1 Summary Underwriting Account

This form replaces the current SQR Forms 2 and 3.

This form should be completed on a pure year of account basis for all naturally open years. This includes years closing at 36 months, i.e. at 31 December 2004, please complete for 2002, 2003 and 2004 years of account.

Do not include premiums and claims arising on reinsured years, whether the RITC was treated as transfer of assets or as Third Party RITC premium.

Please note that the result is before cash calls.

Line 1 Gross Written Premiums

This should be entered gross of all brokerage and commissions. The amount should be calculated based on the Agent's best estimate of the ultimate gross premiums arising on business transacted to date, including the full expected amount to be bound under binders and lineslips. It is not to be completed on the UK GAAP basis, which would only recognise premiums arising on underlying risks which have attached to date.

The total should agree to the quarterly PIM form submitted 10 days after the quarter end.

Line 5 Written Reinsurance Ceded to QQS

This should be calculated based on the Agent's best estimate of the amount to be ceded to QQS reinsurers in respect of business written to date. The percentage cession (where variable) should be based on the Agent's best estimate of the ultimate proportion to be ceded, i.e. where QQS reinsurance has been placed, but the amount ceded depends on the actual full year written premium, the expected ceded percentage should be used as the reinsurance written, not a nil cession until actual written premiums exceed the minimum.

All reinsurance should be based on gross premiums net of brokerage. Do not use UK GAAP which would assign the relevant proportion of brokerage and commissions deducted from gross premiums to the QQS reinsurer. The full amount of brokerage and commissions remains stated on Line 2.

Line 21 Forecast Gross IBNR at Current Year End

This should exclude the run-off expense provision.

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Lines 30-33 IBNR Claims on Written Premium (Solvency)

This section is only to be completed for the youngest naturally open year at 3, 6 and 9 months. This section will enable Lloyd's to calculate a continuous solvency position for members, including the performance of the youngest open year based on written premiums to date.

The figures entered should not be the ultimate claims and recoveries expected on the full year's premium – they should only be based on the premiums written to date and entered on Line 1.

These figures will be confidential to Lloyd's and not released to any third parties.

Latest Full Year Forecasts (Column 6)

This column requires a point estimate of the Agent's full year result to 36 months. These figures are to be prepared for all naturally open years from month 3 onwards. These figures will enable the Franchise Directorate to monitor and review where forecasts diverge from the Agent's business plan assumptions as actual experience refreshes initial estimates.

These figures will be confidential to Lloyd's and not released to any third parties.

Best Case / Worst Case Forecasts (Columns 5 and 7)

These columns are to be completed from month 18 onwards. We would expect the forecast pure year underwriting result best/worst case expectations (line 52) to be in the region of 2.5% of capacity either side of the point estimate calculated in Column 6. However, Agents may elect to have a range where the point estimate sits outside. The Franchise Directorate wishes the point estimate to be the Agent's best estimate of the ultimate result, with a 50% chance of the result being better or worse, which may, at an early stage in the year's development be different to the information an Agent wishes to publicly disclose. This information is being collected for Lloyd's internal use and will not be publicised in disaggregated form.

The best/worst case expectations in lines 41-47 are optional. However, Column 6 for lines 41 – 47 is mandatory.

Form 2 Balance Sheet

This form replaces the current SQR Form 13.

A number of debtor and creditor categories have been combined, since they added little value to users of the data.

Line 4 Reinsurance Recoveries Due But Not Received

This must agree to the amounts reported on form 8 (reinsurance recoverables) net of bad debt provisions. The amounts should be shown net of reinstatement premiums payable to reinsurers.

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Form 3 Reserving

This form replaces form 5 in the current SQR.

The form is to be completed by underlying pure year. Where a year has accepted a RITC as third party RITC, the performance of the underlying years reinsured should be reported here. Syndicates will not have to complete a separate form for each naturally open year that has accepted prior year reserves. For example, where the 2002 year has reinsured 2001 & prior in the normal way and the 2003 year has written a third party RITC, the figures for any reinsured pure year (e.g. 1999) may be combined on this form, even though the reinsuring year of account is different.

Additional disclosure is required each quarter of the gross and net IBNR estimates. This will enable the Franchise Directorate to monitor and review Agents' estimates of prior year movements and the market level development by pure year. These estimates and the consequent calculation of a prior year underwriting result, gross and net, will be confidential to Lloyd's and not released to any third parties.

Form 4 Syndicate Operating Expenses

This form replaces SQR form 10.

A number of other expense categories have been combined, since they added little value to users of the data. Where these items are material and capital providers do require the analysis, drop down boxes have been provided for entering the additional analysis required.

Where overriding commission in respect of QQS reinsurance is credited against syndicate expenses, these amounts should be recorded in line 13.

Where an element of syndicate expenses are re-allocated to gross claims as unallocated claims handling expenses, the individual expense category should be completed gross of the transfer, with the re-allocation amount shown as a credit in other expenses.

The form is to be completed for all years of account combined, including all run-off years.

Form 5 Major Losses

This form replaces SQR form 6.

The net ultimate loss should reflect the impact of reinstatements payable and receivable.

Form 6 Cashflow Summary

This is a new form replacing separate submissions to Treasury Services.

Line 1 Opening Free Funds

This should be re-translated at the current quarter end exchange rates. These figures will, therefore, differ from the closing free funds reported in the previous quarter due to exchange differences.

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Form 7 Trust Fund Analysis

This form replaces SQR form 16 and now includes analysis of the Canadian Margin Trust Fund as well as a separate analysis for the US Situs Joint Asset Trust Funds.

The balances of all Trust Funds should reflect the position as at the end of most recent quarter in Sterling equivalent. For the purpose of comparable results please ensure that the total funds available are consistent with the total funds available as indicated on Balance Sheet (Form 2).

Form 8 Reinsurance Recoverables

This form replaces the current Reinsurance Debtor returns.

There will be no requirement to report WTC reinsurance recoverable as a separate category from Q1 2004.

The reinsurance recoverable on reserves must now be split into the recoverables due on noted outstandings and in respect of IBNR. The information in respect of noted outstandings must be reported quarterly on all years of account combined, including the youngest year. Recoverables in respect of IBNR must be completed annually at 31 December only. The associated bad debt provisions must be similarly analysed and reported.

Form 9 Reinsurance Creditors

This is a new form capturing information at reassured level of the syndicate's outstanding gross claims payable on its inwards reinsurance book.

The LORS code identification by reassured and completion of the form is in the same format as the reinsurance recoverable form 8.

This form must be completed annually in the Q1 QMR submission due each May.

Form 10 Premium Income Monitoring

The PIM form will remain unchanged from the return Agents currently complete via the market returns website. The web based facility will be dropped in favour of including this data collection within the QMR. Although no longer web based the form will still be pre-populated with the classes of business supplied by each syndicate in its previous business plan. For reporting purposes these classes of business will be converted to Lloyd's generic classes of business using the COB to risk code mappings provided with each syndicate's business plan. Form 10 will differ from the rest of the QMR in that it is a monthly return; the deadline remains as the 10th day after each reporting month end.

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Form 11 Direct Revenue Return

As with the PIM return there is no difference from current reporting procedure, except that it will now be collected as part of the QMR pack rather than collected online. Although no longer web based the form will still be pre-populated with the classes of business supplied by each syndicate in its previous business plan. This information is confidential to Lloyd's and will not be disclosed to third parties.

Form 12 Technical Account

The purpose of this form is to show the underwriting and non-underwriting development of the run-off years of account, including a forecast result. The oldest open year may also include the transactions associated with old reinsured syndicate years of account. Year to date and cumulative data are required. The forecast result information is confidential to Lloyd's and will not be disclosed to third parties.

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The following forms, 13 to 19, will only be completed by those syndicates that are being monitored by the Lloyd's Run-Off team.

Form 13 Closure and Cash Calls

The closure and cash calls form provides high level summary information on the syndicate's status. It states the expected date of closure, the key obstacles preventing closure and the amount and timing of future cash calls.

Form 14 Exposures

This form is intended to show the gross exposures remaining within a syndicate, including those associated with long-term contracts and binding authorities. It also shows the extent of natural decay of those exposures during the period and the amount of exposures removed by Agent activity.

Form 15 Loss Information

This form records details of all losses where the syndicate share exceeds £1m gross. The fields capture the size and development of the claim through the stages of settlement.

Form 16 Realistic Disaster Scenarios

The purpose of this form is to show for a range of specified loss events the gross and net loss expected by the syndicate from the occurrence of the event.

Form 17 Premium Debtors and Unallocated Cash

This form provides at summary level the premium amounts receivable by the syndicate, aged to highlight potential credit control issues, along with the total amount of syndicate cash held which has not been allocated to specific outstanding debts.

Form 18 Commutations

This form is designed to detail the current status of all ongoing commutation discussions with reinsurers. It should provide sufficient information for the reader to determine the amounts involved and the likely benefit or loss to the syndicate of completing the transaction.

Form 19 Reinsurance

This form is designed to provide a high level overview of the reinsurance arrangements for the syndicate. It should highlight proposed and actual reinsurance purchases along with details of covers already in place that are heavily utilised and near exhaustion.

Form 20 Syndicate Comments (All syndicates to complete)

This form gives Agents the facility to provide comment/narrative with regard to forms 1 – 19. This will either be in response to direct questions or where the Agent feels that additional information is pertinent.

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SQR Forms –Further Information

Forms 7 and 8 – Development Statistics

These forms will be produced centrally by Lloyd's for inclusion in the revised SQR feed to Members' Agents and other subscribers to the data. The latest triangle of data will be automatically calculated from the entries for the current quarter on QMR Forms 1 and 3.

A number of Managing Agents amend the data so that the auto feed from the current SQR Form 5 does not populate these forms. This option will be withdrawn from the central provision of data. Agents may complete similar forms and provide information to capital providers directly. The data provided as at December 2003 in the Q4 SQR will form the base data for completion of the development statistics. Where Agents may need to amend the historical data to ensure that the development statistics going forward are on a consistent basis, they will need to reflect any changes in their Q4 2003 SQR submission.

Form 9 Investment Return

This form will be completed automatically from the data reported on Forms 1 and 12. The analysis between unrealised gains / realised gains / investment income will be dropped, since all investment return is treated similarly in the members' hands for tax purposes.

The calculation of opening and closing investment funds will be taken from the Balance Sheet (QMR Form 2).