

FROM: Manager, Market Information
LOCATION: 86/GY5
EXTENSION: 5459
DATE: 15 April 2004
REFERENCE: Y3293
SUBJECT: QUARTERLY MONITORING RETURN (Q1/2004)
ATTACHMENTS: None
ACTION POINTS: For use in completion of Form 5 of the QMR
DEADLINE: 23 April and 27 May 2004

To assist managing agents in completing Form 5 of the Quarterly syndicate quarterly return, the top ten catastrophes during the 2001 to 2004 period (by reference to the size of aggregate incurred loss in any one calendar year) are listed in the table below:

1	01G	Act of terrorism in USA
2	01J	AZF Petrochemical Plant
3	01B	Petrobras 36
4	01F	Attacks on Sri Lankan airports
5	01C	Tropical Storm Allison
6	01L	American Airlines Airbus
7	EFL	Mainland European Storms
8	02E	Hurricane Lili
9	03A	US adverse weather
10	01D	US Storms (PCS Cat Code 28)

In addition to providing data on the above losses, information must also be provided in Form 5 for any other material loss to the syndicate. A loss is normally regarded as material to a syndicate if the "Incurred Gross Loss" or the "Estimated Ultimate Net Loss" exceeds 5% and 1% respectively of the syndicate's capacity for the relevant year of account. In the majority of cases, however, the Managing Agent's judgement will determine whether the loss is material to the syndicate.

Furthermore, any syndicate classified as orphan (ie a syndicate that has no natural successor to accept the RITC of its last year and is being monitored by the Lloyd's Run-Off team) must also complete loss information on Form 14 of the QMR. The losses to be reported in Form 14 by orphan syndicates are those where the syndicate's gross share of the aggregate loss across all currencies exceeds, or is expected to exceed, the equivalent of £1m where the syndicate leads. Form 14 should be completed after Form 5, ie if a loss falls within the definitions of both forms it must be reported on Form 5, not Form 14.

These additional losses to be reported in Forms 5 and 14 require major loss codes. The procedure for obtaining a new major loss code has been changed, as notified to agents by the MSU in a message dated 1 April 2004 (copy of the memo attached to this note as the Appendix). Market Reporting is now responsible for the allocation of new loss codes: requests should be e-mailed to majorlosscodes@lloyds.com using the template provided in the MSU message. Agents requiring a copy of the template and/or the current list of major loss codes should contact James Matthews or me as detailed below.

The deadline for requests for new major loss codes for the Q1 2004 QMR was set at 16 April. It had been anticipated that a number of requests for new codes would be made, particularly in light of the new requirement for orphan syndicates to complete Form 14. Very few requests have been received to date and it has therefore been decided to extend the deadline to noon, Friday 23 April. Agents must adhere to this deadline if all relevant losses are to be incorporated in the QMR software.

If you have any enquiries about the content of this bulletin please contact either James Matthews (james.matthews@lloyds.com) or me (robert.smith@lloyds.com).

This bulletin has been sent to all managing agents.

Robert Smith

MEMORANDUM

FROM: Anita Wallace TO: Compliance Officers -
Managing Agents

LOCATION: CH/L3

EXTN: 2200

FAX: 2211

DATE: 1st April 2004

REF: MR/QMR/QTR1/2004

SUBJECT: **QMR RETURNS - QUARTER 1 2004**

With immediate effect, the Major Loss Code allocation process will be operated by the Market Reporting department. Your primary point of contact will be James Matthews on 020 7327 5534. MSU Agency Services will continue to send out this reminder memorandum each quarter.

Managing Agents are required to provide Lloyd's Market Reporting Department with any new Major Losses by ***April 16th 2004***. Please e-mail these to the Market Reporting department (mail to: majorlosscodes@lloyds.com). The Major Loss Code database will then be updated and these Major Loss Codes will be included in the QMR – form 5 'Major Losses' and form 14 'Loss Information'. Major Loss Codes that have been dormant for 5 quarters or more will be removed.

Please be advised that any losses notified to us after the deadline date of ***16th April 2004*** will not be made available in the subsequent QMR.

If you report a new Major Loss, Lloyd's Market Reporting Department will respond within 1 week with either a new code or confirmation of the existing code. When requesting a Major Loss Code please use the attached template. The template has been populated with 2 dummy losses to show examples of the information required. You will also find attached a spreadsheet advising you of duplicate major loss codes that have been removed from the Lloyd's database and that will no longer be available for reporting. Replacement codes are given for each of these redundant codes.

Each quarter, please also ensure that this memorandum is passed to the correct claims staff in your organisation to ensure that loss descriptions and dates given are consistent. Please note that Xchanging will continue to operate the Market Catastrophe and Major Loss Tracking code allocation process.

Should you have any queries regarding this memo, please mail your query to: majorlosscodes@lloyds.com.

Anita Wallace
MSU Information Services