

**FROM:** Head, Market Reporting  
**LOCATION:** 86/GY5  
**EXTENSION:** 5129  
**DATE:** 30 April 2004  
**REFERENCE:** Y3306  
**SUBJECT:** QUARTERLY MONITORING RETURN (Q1/2004)  
**ATTACHMENTS:** 2 appendices  
**ACTION POINTS:** Note contents  
**DEADLINE:** 27 May 2004

The purpose of this bulletin is to confirm that the software for the Q1 2004 Quarterly Monitoring Return ("QMR") and April 2004 premium income return (PIM) are available for download and to provide you with additional information about its content and completion. Please refer to market bulletins Y3178, dated 11 November 2003, and Y3250, dated 11 February 2004 for further information.

### **Software**

The software is available for download from the Market Returns web-site. There are three applications to be downloaded:

- (i) the core market returns back-end; (this will service both the QMR and PIM front-ends)
- (ii) the QMR front-end; and
- (iii) the PIM front-end.

The QMR back-end is syndicate specific and will store the data that you input for the syndicate. The QMR-front end enables you to input the data for the QMR, either directly or via csv files. The PIM front-end enables you to complete the monthly premium income return. When first downloaded the QMR and PIM front-ends will need to be "linked" to the back-end. Instructions covering the following have been provided as part of the download as a readme.txt file:

- linking

- technical architecture
- data organisation
- security
- previous versions/importing data

The software has been subjected to extensive testing centrally and also by a number of agents. However, it is possible that some additional minor amendments will be required. If this is the case revised QMR and/or PIM front-ends will be issued in two weeks time, ie Friday 14 May. All that agents will need to do is re-link the new front-end to the original back-end: any data previously input via the original front-end will be unaffected by this process.

If you have any problems with the software applications please contact either Anita Wallace or David Aris on the MSU Helpdesk (01634 392200).

## **Content**

The final version of the forms has changed little from the hard copy version that was attached to market bulletin Y3250, dated 11 February 2004. The following points should be noted.

Whether or not a particular form needs to be completed depends on the years of account that the syndicate has open at the quarter end. Attached as Appendix 1 are examples of five syndicates with differing years of account open at Q1 2004 and a table indicating the forms that should be completed by each syndicate, given its open years.

Form 1, Summary Underwriting Account - If estimates of written premiums to be entered in the QMR have materially changed from the quarter-end premium income data collection then a re-submission of the premium income data is required. The procedures for a re-submission of the PIM return are set out in Appendix 2 of this bulletin.

Form 5, Major Losses – For those syndicates that must complete both Forms 5 and 14, Form 5 should be completed first according to its disclosure requirements. Form 14 will then report any remaining losses that meet the disclosure requirements of Form 14 but which have not been disclosed on Form 5.

Form 9, Reinsurance Creditors – Form 9 is only to be completed in the Q1 version of the return but the data to be used is that as at 31 December 2003. The form is to be completed for all inwards reinsureds that have a LORS code but subject to the de minimis provision of £100k; this is in contrast to the de minimis for Form 8 which remains at £10k. Where no LORS code is held we will assume that the market does not use the company as a reinsurer. Consequently, no counter-party risk information is required for such companies.

Form 11, Technical Account – The best and worst case forecasts to be entered at the end of this form are after personal expenses, not before personal expenses as stated in the Appendix to Market bulletin Y3250. Syndicates that have a run-off year but are not classed as orphan syndicates must complete both columns of Form 11 for the run-off year(s) of account only (scenario C in Appendix 1). Syndicates that are classed as orphan syndicates, ie they have ceased business and have no natural successor to accept the RITC, must complete both columns of Form 11 for all open years of account, whether the years are in run-off or naturally open (scenarios D and E in Appendix 1).

Guidance notes – These are contained within the front-end software and can be accessed by clicking on the “help” button.

### **Outputs from the QMR**

The QMR data will be made available to the relevant Corporation departments when it is submitted. In addition, the best and worst case forecasts, for the 2002 year of account only, will be issued to the Stock Exchange in the usual way, no earlier than mid-day of Wednesday 2 June 2004. Information for Members’ Agents will be issued at a later date when the exact details of the content have been agreed with Managing and Members’ Agents.

Queries on the software should be addressed to either Anita Wallace or David Aris on the MSU Helpdesk (01634 392200).

Queries on Forms 12 to 18 should be addressed to Natalie Ah Num of the run-off management team at [Natalie.ahnum@lloyds.com](mailto:Natalie.ahnum@lloyds.com).

Queries on Forms 1 to 11 and any general enquiries about the content of this bulletin should be addressed to Robert Smith of Market Reporting at [Robert.smith@lloyds.com](mailto:Robert.smith@lloyds.com).

This bulletin has been sent to all Managing Agents and to Members’ Agents and Market Associations for information.

John Parry

### QMR forms to be completed

Below are five example syndicates with different years of account open as at Q1 2004. The table lists the forms in the QMR that these syndicates would be expected to complete given the years of account that they have open at the quarter end.

Syndicate A	2002, 2003, 2004 (2001 and prior all reinsured into 2002)
Syndicate B	2003, 2004
Syndicate C	2001, 2002, 2003, 2004 (syndicate expected to continue to trade into 2005)
Syndicate D	1997, 1998, 1999 (syndicate ceased and being monitored by Lloyd's centrally)
Syndicate E	2000, 2001, 2002 (syndicate ceased and being monitored by Lloyd's centrally)

Syndicate scenario	A	B	C	D	E
0 – Initialisation data	✓#1	✓#1	✓#1	✓#2	✓#2
1 – Summary underwriting account (2002, 2003, 2004 only)	✓	✓	✓	n/a	✓
2 – Balance sheet	✓	✓	✓	✓	✓
3 – Reserving	✓	n/a	✓	✓	✓
4 – Syndicate operating expenses	✓	✓	✓	✓	✓
5 – Major losses (complete before Form 14)	✓	✓	✓	✓	✓
6 – Cashflow summary	✓	✓	✓	✓	✓
7 – Trust fund analysis	✓	✓	✓	✓	✓
8 – Reinsurance recoverables	✓	✓	✓	✓	✓
9 – Reinsurance creditors	✓	✓	✓	✓	✓
10 – Direct revenue reporting (2002 and post YOA only)	✓	✓	✓	n/a	✓
11 – Technical account	n/a	n/a	✓#3	✓#4	✓#5
12 – Closure and cash calls	n/a	n/a	n/a	✓	✓
13 – Exposure	n/a	n/a	n/a	✓	✓
14 – Loss information	n/a	n/a	n/a	✓	✓
15 – Realistic disaster scenarios	n/a	n/a	n/a	✓	✓
16 – Premium debtors and unallocated cash	n/a	n/a	n/a	✓	✓
17 – Commutations	n/a	n/a	n/a	✓	✓
18 – Reinsurance	n/a	n/a	n/a	✓	✓
19 – Comments	✓	✓	✓	✓	✓

#### Notes to table

- 1 Initialisation data – do not tick orphan box
- 2 Initialisation data – tick orphan box
- 3 Technical account – complete but for run-off year only
- 4 Technical account – complete for each and all run-off years
- 5 Technical account – completed for each and all years, including naturally open.

### **Resubmission of PIM return to agree to QMR**

The written premium income figure reported in Form 1 of the QMR should agree with the written premium figure advised in the PIM return.

The deadline for the PIM return is the 10<sup>th</sup> of each month. The deadline for the QMR (including form 1) is eight weeks after each quarter end (twelve weeks in the case of the year end). This means that having made a PIM return for a quarter end there are a further seven weeks (eleven in the case of a year end return) before making a QMR return during which time premium estimates could develop.

As advised in bulletin Y3250 of 11 February, if by the time of a QMR return, the premium income has proved to be substantially different to that reported some weeks earlier in the PIM for that quarter end then the syndicate should resubmit the relevant quarter end PIM: there is no need however to resubmit any intervening month end PIM returns.

If this is the case the agent should:

1. prepare a revised PIM return for that quarter
2. and advise Lloyd's Market Analysis Department that it will be resubmitting its PIM return. This will allow Lloyd's to ensure that an appropriate submission environment for the relevant quarter is created on the Market Returns Website. The contact is James Corr (0207 327 5800) or james.corr@lloyds.com.