

FROM: Head, Market Reporting
LOCATION: G5/86
EXTENSION: 5129
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REFERENCE: Y3344
SUBJECT: QUARTERLY MONITORING RETURN CHANGES
SUBJECT AREA(S):
ATTACHMENTS: Appendices 1 and 2
ACTION POINTS: **Agents to note**
DEADLINE:

The purpose of this bulletin is to advise you of the changes that will be made to the software for the Quarterly Monitoring Return (QMR) for the Q2 2004 submission and invite any comments you may have on the priorities assigned.

We are aware of the problems managing agents had in completing the return and are most grateful for the efforts to which you went to ensure the Q1 2004 QMR was submitted on time. A number of agents have provided feedback on the various problems that they experienced with completing the QMR and the changes that they would like to see made.

The QMR is part of the overall core market returns suite of software. Certain parts of the core market returns, particularly the business plan, are still being developed. This means that the changes that can be made to the QMR for Q2 2004 must be balanced against resource constraints. Attached to this bulletin are therefore two appendices: the first covers those changes to the QMR that we are committed to make for the Q2 2004 submission, the second looks at further enhancements which will be incorporated in future returns.

We have been asked if it is possible to enable more than one user to access the software at any one time. With the modular system that has been established for the core market returns it is possible for one user to work on, say, the PIM return of a particular syndicate while another works on the QMR. Similarly, one person can work on the QMR of syndicate A while another works on the QMR of syndicate B. However, it is not possible for two users to work on the same front-end for one syndicate.

Timetable and testing

The Q2 2004 QMR is due for submission to Lloyd's on Thursday 26 August. The revised software will be released at the end of July. Before that there will be a three week period for agent testing. If you wish to assist in the agent testing in the last three weeks of July please send an e-mail to Robert Smith (robert.smith@lloyds.com).

The revised instructions for the QMR will be issued in hard copy form by Friday 11 July.

Communication

A number of agents commented on the need for better communication. In issuing this bulletin we are starting to address this point. However, rather than issue numerous bulletins on the QMR we are committing to issue weekly updates on the progress being made on the development of the Q2 2004 software. These updates will be issued on Monday afternoons and will be sent out as e-mails from Lloyds-MSU-Market>Returns and addressed to agents' QMR contacts. These e-mails will continue until the submission date of 26 August.

Versions

The changes for Q2 mean that both the front-end and back-end software will need to be amended and reissued. At the date of this bulletin the core market return software comprises:

Software	Version number
Back-end software	1.6
Front-end software	
PIM	1.2.2
QMR	1.4.7
SBF	1.1.11

When the revised software is released this table will be updated to ensure agents have a record of the current versions of the various elements of the core market returns.

If you have any queries on this market bulletin please e-mail Robert Smith.

This bulletin has been sent to all managing and members' agents.

John Parry,
Head, Market Reporting

Appendix 1

Amendments to the QMR to be implemented for the Q2 2004 return

	Problem	Solution
1	In some circumstances forms required completion even though they were not appropriate to the syndicate.	The functionality of the software is being fully reviewed to ensure that only the relevant forms are made available for completion. The message that a form is required but has no data is being made a warning rather than an error message.
2	Agents were unable to use Excel csv files to upload data into the return.	The QMR was designed to accept industry standard csv files. These require quote marks for certain items such as text. A routine will be built to enable agents to convert their Excel csv files into the required industry standard csv files.
3	A number of forms, particularly 1 and 8, printed across several pages. This made it particularly difficult to present to the agents' boards.	The printing function will be revised for these forms so that Form 1 will print on one page per YOA and form 8 will be one page wide.
4	In the print screen, Form 0 was permanently selected.	This will be amended so that Form 0 will be optional, like other Forms.
5	Under the "Admin operator", "Print users" does not currently work.	Software will be revised so that this facility will function.
6	Validation report – Users with the Access97 version of the software could not print this report.	The report will be printable in Access97 in future returns.
7	Form 0 – While the screen version of this form indicated that the capacity figures were to be entered as £000, the printed version had just £.	The printed version of Form 0 will be amended to show £000 in the capacity table.
8	Form 0 – In the SQR this form included fields confirming that the return had been validated and the date of validation. This was a useful check. Could this be included in the QMR version.	Fields to confirm validation and the relevant date will be included.
9	Form 1 – It was not clear how unallocated loss adjustment expenses (ULAE) were to be reported in the summary underwriting account.	Two new lines will be incorporated in Form 1, at line 13a for ULAE paid and at line 26a for ULAE carried forward.
10	Form 2 – Line 4. The text for this line is "reinsurance recoveries due but not received" but this does not highlight the fact that the amounts to be reported are net of reinstatement premiums.	The text of this line will be amended to "Reinsurance debtors" and the instructions will clarify that the figures to be reported are net of reinstatement premiums.
11	Form 2 – Line 5 refers to Exchange	This line will be renamed as "other insurance

	account balances but these are normally included in the summary underwriting account.	debtors” to be used to report LCA balances. LCA credit balances will continue to be reported in line 9, other creditors. Exchange account balances are to be included in the underwriting account.
12	Form 2 – For run-off years of account there is a direct feed from Form 3 of the movement in premiums and claims but not for non-underwriting items.	Instructions to be revised to confirm that the balance of non-underwriting items are to be entered in lines 15 to 18 as appropriate.
13	Form 3 – There was no totals form as there was in the SQR.	A page totalling the YOA Form 3 figures will be included in the Q2 software. The software will perform all the calculations for this page.
14	Form 3 – It was not clear how unallocated loss adjustment expenses (ULAE) were to be reported in the reserving form.	Two new lines will be incorporated in Form 3, at line 14a for ULAE paid, ie claims handling expenses paid and at line 16a for ULAE carried forward. There will then be consequential adjustments to calculation formulae in subsequent lines. The text for line 7 will be revised to ULAE.
15	Form 3 – There was confusion about lines 21 and 22 and whether the figures to be reported were as at the year or quarter end.	The figures required were those at the quarter end. The text for these lines will be amended to “gross IBNR” and net “IBNR”.
16	Form 3 – There were too many warning messages relating to net figures being unexpectedly higher than gross figures.	The validations giving rise to these warnings will not be included in future versions of the QMR.
17	Form 4 – There is a business validation rule (BVR) 26, that states that total expenses are expected to be less than the expenses sub-total. However, it appears to be triggered even though the total is less than the sub-total	This BVR will be deleted.
18	Form 4 – The drop down box for other expenses included a number of items that are credits against expenses.	“Transfers to claims handling”, “Contributions from reinsurers”, “service company commissions” and “profit commission receivable from reinsurers” will all be removed from the drop down box. For Q2 they should be reported as part of “credit against expenses – other”.
19	Form 5 – The software prevented the entry of a loss code more than once where the first entry used the default values for currency and year of account.	The default values for currency and year of account will be amended so that this problem will not recur.
20	Form 5 – The business validation rule gave an error message if any loss code was entered but no loss amounts were reported. This was a	The BVR will be downgraded to a warning message and will only occur for one entry in the Form.

	particular problem where the syndicate had no exposure to one or more of the top 10 cats.	
21	Form 6 – Is line 16 necessary as, given the formula, it should always be the same as line 14.	It is agreed that these two lines will always be the same. Line 16 will be removed from the on-screen and hardcopies of this form.
22	Form 6 – Tabbing in this form could be erratic rather than logically from one cell to the next.	The tabbing will be reviewed to ensure it does follow a logical sequence.
23	Form 8 – There was confusion over whether or not the IBNR figures were to be included in columns K and R.	The “annual” will be removed from the headings of these columns. IBNR information is to be included each quarter but only needs to be changed from the previous year end where a material change occurs.
24	Form 10 – “Part 2” of the Direct Revenue Return does not print the column headings.	The column and row headings will be printed for the Q2 version of the software.
25	Form 10 – This form did not always print correctly in Access97 and Access2000.	Print function for this form will be reviewed and corrected.
26	Form 11 – The printed version of this form has a different set of line numbers to the on-screen version.	This line numbering will be aligned between the on-screen and printed versions.
27	Form 11 – It was not clear how unallocated loss adjustment expenses (ULAE) were to be reported in the reserving form.	A new line will be incorporated in Form 11, at line 5a for ULAE paid. There will then be consequential adjustments to calculation formulae in subsequent lines.

Appendix 2

Proposed amendments to the QMR to be implemented for returns post Q2 2004

	Problem	Solution
1	Form 1 – Lines 30 to 34 are relevant only to the 2004 YOA but figures do flow into the solvency result line 34 for the 2002 and 2003 years.	Lines 30 to 34 to be blanked out for YOA > 9 months.
2	Form 1 – The SQR used to calculate and display the best/worst case forecast percentages.	A new line 56 to be incorporated, showing the forecast result, before members' agents fees, as a percentage of capacity.
3	Form 4 – There are a number of items that need to be reported as part of credits against expenses - other.	“Transfers to claims handling”, “Contributions from reinsurers”, service company commissions” and “profit commission receivable from reinsurers” and “other” will be incorporated in a drop down box on line 14.
4	Form 10 – ULRs can only be entered as whole figures	ULRS to be entered to two decimal places.
5	Form 11 – Could there be an additional cell for future investment return.	This cell will be added.