

MARKET BULLETIN

REF: Y4294

Title	Q2 2009 QMR – exchange rates, major losses and other information
Purpose	To provide managing agents with information required for the completion of the Q2 2009 Quarterly Monitoring Return including the list of major losses to be reported and suggested exchange rates.
Type	Scheduled
From	Robert Smith, Manager, UK Reporting, Market Finance Contact details: 020 7327 5459 robert.smith@lloyds.com
Date	1 July 2009
Deadline	QMA – 2:00pm Thursday 13 August 2009 unaudited QMB – 2:00pm Thursday 13 August 2009 unaudited QMA – 2:00pm Thursday 27 August 2009 audited

Related links

The purpose of this bulletin is to provide the list of major losses (Appendix 1) and the suggested exchange rates (Appendix 2) together with other information relevant to the completion of the Q2 2009 Quarterly Monitoring Return Part A (incorporating the interim return) and Part B.

Deadlines

The submission date for the Q2 QMA (unaudited) and QMB is 13 August 2009. The submission date for the audited Q2 QMA is 27 August. The 2007 and 2008 forecasts as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on Wednesday 19 August.

The returns must be submitted by no later than 2:00pm of the deadline date. There has been an increasing trend for agents to submit after this deadline and at Q1 2009 one QMA and two QMBs were not received until the following day. It is important that returns are submitted by the deadline and we will take action against agents submitting late at Q2 2009. Apart from the possibility of levying fines for late submissions we are also considering other measures such as requiring an agent that submits the Q2 return late to submit their Q3 return by an earlier deadline than the rest of the market and also publishing a list of those agents that file after the submission date and time.

Agents should bear this in mind when planning, not just the completion of the return, but also the approval process, including the timing of board meetings.

Forms and instructions

For Q2 2009, there have been no changes to either the forms or the instructions (version 2009 v1.0) as issued at Q1 2009. However, at Appendix 3 we have repeated the FAQs from Q1 2009 and these should be read with the instructions. The final point in Appendix 3 notes that the original list of forms comprising the interim return omitted QMA290 and incorrectly included 292 and QMA392. With these corrections, for the purposes of Managing Agent and Audit Review at Q2, **the Interim Return** is defined as the full list of forms set out below, including and not limited to all form level comments, return level comments and any attachments or additional notes included within the [QMA990](#) comments form:

- Forms 001, 100, (excluding the GBP and USD columns), 192¹, 002, 290, 295¹, 297¹, 360 (excluding GBP and USD columns and excluding lines 6 to 15), and 910;
- Any comments specific to the above forms; and
- Any additional pages whether or not electronically submitted, analysing the contents of the above forms.

¹ Only required in the event of the restatement of the prior year figures.

On audit reports we are aware that audit firms have given some consideration as to whether or not the interim report should be signed by the Senior Statutory Auditor, as will be required for the 2009 year-end audits, or simply in the name of the firm as previously. We will accept audit reports signed on either basis.

Managing agents are reminded that a change for Q2 2009 compared to Q2 2008 is that in the segmental forms, QMA104 and QMA104R, the split of the result between current and previous accident years must be completed at lines 16 and 17, previously this has only been required at the year-end.

Furthermore, for solvency all assets and liabilities are required to be converted at closing rates. The impact of translating non-monetary items to closing rates for solvency should be reported on line 6 of QMA005 using the description "retranslation of non-monetary items". Any other solvency adjustments relating to exchange movements should be reported as a separate entry in line 6. In addition, please provide a form related comment to confirm where the retranslation of non-monetary items has been reported on QMA001, ie in the technical account, non-technical account or STRGL.

Reporting performance issues

We would encourage all agents to report any issues they have with the performance of the software and accessing the systems as soon as they arise. This will enable the ITG help desk to help resolve the issue earlier in the process and enable us to monitor service levels in real time and respond quickly as issues emerge. The contact details for the Data Management team are: 020 7327 5252 (e-mail: ITGDataManagement@Lloyds.com).

Queries

Any queries or comments on the return should be submitted via e-mail to Market Reporting (lloyds-MRD-ReturnQueries@lloyds.com).

Robert Smith

Major losses

The XIS catastrophe codes which must be reported in the Q2 2009 QMB800 are:

1	05H	Hurricane Katrina
2	05L	Hurricane Rita
3	05M	Hurricane Wilma
4	07A	Windstorm Kyrill
5	07J	California Fires – October 2007
6	08B	Explosion at Severstal furnace, Dearborn USA – 5 January 2008
7	08C	Pipe failure & fire at Varanus Island, Western Australia – 3 June 2008
8	08E	Hurricane Gustav
9	08F	Hurricane Ike
10	09A	Windstorm Klaus – 23 & 34 January 2009
11	09B	Australian wildfires – From 07 February 2009
12	09C	Continental Airlines/Colgan air flight 3407 – 12 February 2009
13	09D	Air France A330 200 lost over Atlantic Ocean 1 June 2009
14	FINC	Turmoil in financial markets post Lehman Brothers
15	MADO	Collapse of Madoff Investment Securities LLC
16	SUBS	Losses arising from sub prime
17	STAN	Stanford financial corporation alleged fraud

Agents are reminded that if they have any loss to be reported on QMB800 that does not have an XIS catastrophe code they need to ensure that the loss has been allocated a major loss code. Details of the procedure for obtaining a major loss code will be issued in an e-mail on 2 July 2009, along with a full list of current catastrophe and major loss codes to date. The deadline for submission of requests for new major loss codes to Market Finance is Friday 31 July.

Major loss codes assigned for 2009 to date are:

1	09ZA	Sancor Seguros - Securos Logistics AG
---	------	---------------------------------------

Please note:

Major loss codes relating to 2008 and prior are still maintained in the database. Syndicates are asked to report on major losses in accordance with the QMB800 instructions, repeated within the attached memo to the email for issue on 2 July 2009.

For information:

Major loss code 08ZB has previously been assigned to the Australia floods in January 2008, to also include losses relating to BHP Billiton. However, can you now please use code 08ZM for specific BHP losses, and continue to use 08ZB for any other losses relating to the floods.

Code 08ZG should only be used for losses relating to Lehman Brothers/Marubeni Corp Japanese loan fraud.

Code 08ZV has been superseded by CAT code 08C. Please use 08C for losses relating to the pipe failure and fire, Varanus Island.

Rates of Exchange

The settlement currency rates as at 30 June 2009 (balance sheet) and the average currency rates (profit and loss account) over the six month period to 30 June 2009 are as follows (to the £):

	Period end	Average
US dollars	1.65	1.50
Canadian dollars	1.91	1.80
Euro	1.17	1.12
Australian dollar	2.04	2.10
Danish krone	8.74	8.34
Hong Kong dollar	12.76	11.59
Japanese yen	158.90	142.88
New Zealand dollar	2.54	2.63
Norwegian krone	10.60	9.97
Singapore dollar	2.38	2.23
South African rand	12.72	13.67
Swedish krona	12.76	12.16
Swiss franc	1.79	1.69

The above rates may be used in your QMR submission but are not compulsory, i.e. you may use your own rates but they should not be materially different from those in the table.

QMB105 validations

One of the checks in this form is to ensure that the dollar rate used to derive the CNV figure is within acceptable limits (CNV is the total of the values in GBP and USD (converted into GBP)). This check will use the period end US\$ rate that is reported in form QMB010. The software will initially pick up the period end US\$ rate shown but if a syndicate uses a different period end US\$ rate then it is possible to overwrite the cell in QMB010. This test will have a tolerance of 50% \leq dollar rate in QMB010 \leq 200%. If the period end rate reported in QMB010 is the 1.65 in the table above the tolerance will be between 0.83 and 3.30.

Additional notes for the Q2 2009 QMR instructions

Form	Query	Response
212u	Do holdings of Government agencies such as Freddie Mac and Fannie Mae need to be considered in this form?	For the purposes of monitoring Lloyd's overall holdings of these asset types, we require disclosure in the QMA where any syndicate has in excess of 5% exposure to any of these institutions. Further, in completing QMB212u (which excludes Government securities from the reporting on this form) Government agencies and Government guaranteed bans should be considered within the disclosures of the syndicates top ten holdings.
219u	Does the Sterling column only relate purely to Sterling investments, or are all other currencies except USD converted and reported here too like the balance sheet?	Amounts to be reported under the Sterling column relate purely to £ Sterling investments. Any USD investments are to be reported under the 'US Dollar' column. All other currencies excluding the US Dollar and £ Sterling are to be reported under the 'Other Currencies' column (for example Euro, Canadian). All amounts must be reported in CNV. The total column is then a sum across the row of all investments in each category. The total cash, deposits and investments must agree to those reported on the balance sheet, CNV column.
005	In quarters 1, 2 and 3 if we have an amount to go into line 4 for 2007 account which would normally be closing at 31.12.2009, do we put it into the 2007 account. At year end this would be added into the following year of account 2008.	At Qs 1, 2 and 3 any adjustments remain with the year giving rise to the adjustment. Only at Q4 will any relevant adjustments be transferred to the following year on the actual closure of a reporting year.
910	Definition of the interim return	Section 6.1 of the instructions lists the forms comprising the interim return. This should include 290 but exclude 292 and 392.