

MARKET BULLETIN

REF: Y4523

Title	Q3 2011 QMR – major losses, exchange rates and other information and year-end timetable
Purpose	To provide managing agents with information required for the completion of the Q3 2011 Quarterly Monitoring Returns 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	3 October 2011
Deadline	QMA – 2:00pm Thursday 17 November 2011 unaudited QMB – 2:00pm Thursday 17 November 2011 unaudited
Related links	

This bulletin provides:

- (a) the list of major losses to be reported in QMA800u (see Appendix 1);
- (b) suggested exchange rates (see Appendix 2);
- (c) Q3 2011 deadlines and other information relevant to the completion of the Q3 2011 Quarterly Monitoring Return;
- (d) key deadlines for the Q4 2011 year-end returns and Q1 to Q3 2012 QMRs; and
- (e) liaison with managing agents for the year-end.

Q3 2011 deadlines and other information

The submission date for the Q3 2011 QMA and QMB is 17 November. The returns must be submitted by no later than 2:00pm of the deadline date. The 2009 and 2010 forecasts as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on Wednesday 23 November.

There have been no changes to the forms or the instructions for Q3 2011, please therefore refer to the instructions issued for Q1 2011, referenced as “2011 version 2.1”. We will continue to publish weekly FAQs on a Friday, normally by 2:00pm. The first FAQs will be published on Friday 14 October. When the FAQ are published a notice will be included on the initial CMR page stating whether or not the latest version includes any new items. Those FAQs issued for Q1 and / or Q2 that remain relevant to the Q3 return are included in this bulletin as Appendix 3.

To assist managing agents with their analysis of investments, Lloyd's Treasury & Investment Management will provide a breakdown of the overseas assets that they manage on behalf of each syndicate. The information will be provided in an Excel spreadsheet, sent by e-mail to managing agents within 15 business days of the quarter end. If you do not currently receive this information, or the recipients within your organisation have changed, please send a note of the appropriate e-mail address to lloyds-MRD-ReturnQueries@lloyds.com by Friday 7 October.

The software for Q3 will be fully available in the Production (or live) environment on Tuesday 4 October. We have noted that a number of agents have already tried to set up Q3 returns in the live environment. Please note that each time a version is set up the software looks for the quarter end exchange rate to populate a field in the control page. We cannot update the exchange rate table until the rates are known on the first working day after the quarter end so agents are advised to defer opening a version of the return in the Production environment until the second working day after the quarter end. If you wish to perform some initial work for a quarter it is possible to open a version of the QMA in the UAT environment and then export the data to the live environment after the quarter end.

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 Application Support team 020 7327 5252 (e-mail: ITGApplicationSupport2@Lloyds.com).

Key deadlines for the Q4 2011 year-end returns and Q1 to Q3 2012 QMRs

The deadlines for the coming year-end and the first three quarters of 2012 are set out in Appendix 4. There are no major changes to the deadlines.

Liaison with managing agents

In previous years we have held workshops to highlight any key changes to be made to the forms and / or any areas to which we consider agents should pay particular attention. However, for the 2011 year-end there are no issues that we consider we need to highlight. If you would like to meet to discuss any aspect of the year-end reporting then please contact us at lloyds-MRD-ReturnQueries@lloyds.com in the first instance and we will arrange a mutually convenient time to meet.

Queries

Any queries or comments on this bulletin 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 Q3 2011 QMA800u are:

1	10B	US Snowstorms	5 to 11 February 2010
2	10C	Chilean Earthquake	27 February 2010
3	10E	Transocean MODU Deepwater Horizon	22 April 2010
4	10G	Aban Drilling, loss of Rig off the coast of Venezuela	13 May 2010
5	10K	Melbourne severe storm event	6 March 2010
6	10L	Perth severe weather	22 March 2010
7	10P	New Zealand Earthquake	4 September 2010
8	10R	Qantas Airbus Engine Failure	4 November 2010
9	10T*	Queensland Floods	21 Dec '10 to 14 Jan '11
10	11A*	Victoria Australia - heavy rainfall and flooding	12 January 2011
11	11B*	Cyclone Yasi	2 February 2011
12	11C	New Zealand Earthquake	22 February 2011
13	11D	Japanese Earthquake and ensuing Tsunami	11 March 2011
14	11E	Maersk Oil and Gas FPSO Gryphon	4 February 2011
15	11F	US Tornadoes – 14 – 16 April	14 to 16 April 2011
16	11G	US Tornadoes – 24 – 28 April	24 to 28 April 2011
17	11H	US Tornadoes – 20 – 27 May	20 to 27 May 2011
18	11J	Slave Lake fire, Alberta, Canada	14 to 16 May 2011
19	11K	Loss of Asiana airlines cargo Boeing 747-400F	28 July 2011
20	11L	Losses arising from civil disturbances in England	6 to 10 August 2011
21	11M	Hurricane Irene	22 to 29 August 2011
22	11N	Losses arising from New Zealand earthquake at Sumner	13 June 2011
23	11O	Texas Wildfires	30 August 2011
24	11P	P-51D Mustang Reno Air Races crash	16 September 2011
25	11ZA*	Toowoomba Australia	10 to 11 January 2011
26	EGYP	Losses arising from the continuing situation in Egypt	2011
27	FINC	Turmoil in financial markets post Lehman Brothers	-
28	ICEL	Losses arising from the failure of Icelandic Banks	-
29	LEHM	Losses arising from the failure of Lehman Brothers Bank	-
30	LIBY	Losses arising from the continuing situation in Libya	2011
31	MADO	Collapse of Madoff Investment Securities LLC	-
32	SUBS	Losses arising from sub prime	-
33	STAN	Stanford financial corporation alleged fraud	-

We recognise that this is now an extensive list but it is vital that we have this information to be able to provide analysts and other commentators with accurate information on the impact of major losses, both individual events and in total, have had on the market's results.

Agents are reminded that if they have any major loss to be reported on QMA800u 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 can be found in an attachment to a message posted to Core Market Returns on 3 October 2011. The attachment includes 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 Monday 31 October 2011.

At the request of the LMA FI/PI claims group, major loss codes ICEL and LEHM have been allocated accordingly. Previously such losses were coded under major loss code FINC. Losses arising under these two codes must now be separately disclosed.

***Events in Australia (reminder)**

To date there are three XIS catastrophe codes relating to losses that occurred in Australia late December 2010 / early January 2011. To ensure consistency across the market on the completion of the QMA800u and to assist Lloyd’s tracking of these events a further major loss code has been specifically assigned. Although this is set up as a major loss code, it must be treated as if it were a CAT code.

Details of the use of the three CAT codes and one major loss code can be found below. All four codes have been listed in the required CAT codes table above:

1. 10T:
 - a. Queensland event DOL 26th December 2010 to January 14th 2011
 - b. Brisbane event DOL 21st December 2010 to January 14th 2011
2. 11A:
 - a. January 2011 Victoria event
 - b. February 2011 Victoria event
3. 11B: Losses relating to Cyclone Yasi
4. 11ZA: Toowoomba event 10th to 11th January 2011

Major loss codes

Major loss codes assigned for 2011 to date are:

1	11ZB	Perth bushfire	05 to 08/2
2	11ZC	Australian Wheat Board – Indonesia	09/02
3	11ZD	Eskom – South Africa	22/02
4	11ZE	CNRL – Explosion and fire damage	07/01
5	11ZF	Petrobras America – Chinook development	23/03
6	PPIC	Payment Protection Insurance	11/05
7	11ZG	Jupiter 1 – Mexico	12/04
8	11ZJ	Plains All American – Rainbow Pipeline	28/04
9	11ZK	Petrosaudi Saturn	02/04

Please note:

Major loss codes relating to 2010 and prior are still maintained in the database. Syndicates are asked to report on major losses in accordance with the QMA800u instructions, repeated within the memo attached to the Core Market Returns message posted on 3 October 2011.

Rates of Exchange

The settlement currency rates as at 30 September 2011 (balance sheet), average currency rates (profit and loss account) for the nine month period to 30 September 2011, and 3 month in-quarter average currency rates are as follows (to the £):

	Accounts etc		GQD
	Period end	Average	In-quarter average*
US dollars	1.56	1.61	1.61
Canadian dollars	1.62	1.58	1.58
Euro	1.16	1.15	1.14
Australian dollar	1.60	1.55	1.53
Danish krone	8.64	8.56	8.49
Hong Kong dollar	12.13	12.57	12.55
Japanese yen	120.08	129.96	125.07
New Zealand dollar	2.04	2.03	1.94
Norwegian krone	9.15	8.96	8.86
Singapore dollar	2.03	2.01	1.97
South African rand	12.52	11.27	11.51
Swedish krona	10.70	10.34	10.43
Swiss franc	1.42	1.42	1.33

It is not a requirement that the above rates are used in your QMR submission but they may be used in the absence of another source for these indices.

* All original currencies that are reported in the GQD under 'currency code' OTH should be converted to Sterling either at the rates of exchange suggested by Lloyd's in this Market Bulletin or at the agent's chosen exchange rates (bearing in mind that outstanding claims should be converted at period-end spot rates).

Chilean earthquake - Reminder

The list of major losses in Appendix 1 includes 10C, February's Chilean earthquake. When assessing the level of claims relating to this loss managing agents do need to be careful that they identify the unit in which the loss is being reported. Chilean losses may be reported in one of two ways:

1. The Chilean Peso (CLP) is the official currency of Chile, conventionally quoted against the US Dollar (USD). All payments are made in CLP. On 26 February 2010, 1 USD = 524.55 CLP.
2. The Chilean Unidad de Fomento (UF) (may also be coded as "CLF") is a monetary reference unit which is linked to Chilean inflation and used in many financial transactions. It is fixed daily by the Central Bank of Chile and is not a settlement currency. The UF exchange rate may be quoted in terms of the CLP (on 26 February 2010, 1 UF = 20,912.91 CLP) or the USD (on 26 February 2010, 1 UF = 39.8797 USD).

Q1 and Q2 2011 FAQs remaining relevant to the completion of the Q3 2011 QMA

<p>5 Aug – The instructions ask for comments on the QMA990 where any of the following three conditions are met:</p> <ol style="list-style-type: none"> 1. Investments with any material subprime exposure (greater than 5% of financial assets in aggregate) or confirm that no aggregate exposure greater than 5%. 2. Securities where the original value (or the value as at 31 December 2009) is more than 2% of total assets and where impairment has; <ul style="list-style-type: none"> - led to a loss of more than 25% of the original value (or the value as at 31 December 2009) or - led to a loss of more than 1% of capacity (most recent year of account). 3. Any holdings in default irrespective of size or whether in default after the reporting date. <p>Are all of these comments still required? If so please provide clarification on which date the impairments are measured from.</p>	<p>Market Finance has taken the decision to remove the need for two of these comments. From Q2 onward, comments on the QMA990 are required for the following only:</p> <ol style="list-style-type: none"> 1. Securities where the original value (or the value as at 31 December 2010) is more than 2% of total assets and where impairment has; <ul style="list-style-type: none"> - led to a loss of more than 25% of the original value (or the value as at 31 December 2010) or - led to a loss of more than 1% of capacity (most recent year of account) <p>Please note that measurement is to be taken against the original value or the value as at 31 December 2010. Please provide the following details: issuer, CUSIP, currency, current market value in original currencies and loss taken to the P&L in original currency (including all realised and unrealised losses)</p>	<p>Instruction</p>
<p>5 Aug – Additional form related note</p>	<p>Due to the ongoing uncertainty surrounding peripheral European countries and actual/potential revisions to their credit ratings, Market Finance is seeking additional information as a form related note to the QMA002. Agents are asked that where a syndicate has direct exposure to holdings in peripheral European Countries (specifically Portugal, Ireland, Italy, Greece and Spain), please provide the following details: issuer, CUSIP, currency, current market value in original currencies and loss, if any, taken to the P&L in original currency (including all realised and unrealised losses)</p>	<p>Instruction</p>

Appendix 4

Deadlines for the 31 December 2011 year-end returns and Q1 to Q3 2012 QMRs

Activity	11/12 deadline	10/11 deadline
Agents to submit Q4 2011 GQD	Thurs 12 January	n/a
Agents to submit amended electronic Canadian packs	Thurs 09 February	Mon 7 February
Agents to submit amended electronic US situs packs, schedule F&P packs, and statutory statements of actuarial opinion	Tues 14 February	Mon 14 February
Agents to submit final signed and notarised reporting packs including schedules F&P	Fri 17 February	Thurs 17 February
Agents to submit audited 31.12.2011 QMA, Worldwide SAO (non-life syndicates) and, for life syndicates, the certificate required under IPRU (INS) 9.58 (3) and the abstract of the report under SUP 4.6.15 (2).	Thurs 23 February	Thurs 24 February
Agents to submit 31.12.2011 QMB	Thurs 01 March	Thurs 03 March
Agents to submit distribution data files (fast track agents only)	Thurs 01 March	Weds 02 March
Agents to submit distribution data files (non-fast track agents only)	Mon 12 March	Thurs 10 March
Agents to submit distribution audit report and statement of responsibilities	Weds 14 March	Fri 11 March
Agents to submit 31.12.2011 syndicate annual report and accounts together with agent and auditor confirmation of agreement with QMA	Thurs 15 March	Thurs 17 March
Agents submit underwriting year accounts to Lloyd's together with PDFs of annual and underwriting year accounts	Thurs 22 March	Thurs 24 March
Relevant agents to submit 2012 FPP	Fri 23 March	Fri 25 March
Lloyd's Annual Report approved by Council	Tues 27 March	Tues 29 March
Agents send annual and underwriting year accounts to members	Fri 30 March	Thurs 31 March
Agents to submit report supporting the US and Worldwide SAOs	Fri 30 March	Thurs 31 March
Agents to submit 31.12.2011 SRD	Thurs 5 April	Thurs 7 April
Agents to submit 31.12.2011 TPD	Mon 04 June	n/a

Quarterly returns

Activity	11/12 deadline	10/11 deadline
Agents to submit Q1 2012 GQD	Thurs 12 April	n/a
Agents to submit Q1 2012 QMA & QMB	Thurs 17 May	Thurs 19 May
Agents to submit Q2 2012 GQD	Thurs 12 July	n/a
Agents to submit unaudited Q2 2012 QMA & QMB	Thurs 09 August	Thurs 11 August
Agents to submit audited Q2 2012 QMA	Thurs 23 August	Thurs 25 August
Agents to submit Q3 2012 GQD	Thurs 11 October	n/a
Agents to submit Q3 2012 QMA & QMB	Thurs 15 November	Thurs 17 November