

## MARKET BULLETIN

REF: Y4603

<b>Title</b>	Q2 2012 QMR – major losses, exchange rates and other information.
<b>Purpose</b>	To provide managing agents with information required for the completion of the Q2 2012 Quarterly Monitoring Returns including the list of major losses to be reported and suggested exchange rates.
<b>Type</b>	Scheduled
<b>From</b>	Robert Smith, Manager, UK Reporting, Market Finance Contact details: 020 7327 5459 <a href="mailto:robert.smith@lloyds.com">robert.smith@lloyds.com</a>
<b>Date</b>	2 July 2012
<b>Deadline</b>	QMA – 2:00pm Thursday 9 August 2012 unaudited QMB – 2:00pm Thursday 9 August 2012 unaudited QMA – 2:00pm Thursday 23 August 2012 audited
<b>Related links</b>	

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) Other information relevant to the completion of the Q1 2012 Quarterly Monitoring Return.

**Deadlines**

The submission dates are as noted above. All submissions are due by no later than 2:00pm on the relevant date. The 2010 and 2011 forecasts as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on Wednesday 15 August.

### Forms and instructions

The instructions for the QMA remain 2012 version 1.0 and are available on the core market returns site. However, agent should note that an amendment is being made to the exchange rate lines in form QMA270u.

To date the GBP column of lines 1 to 3 of QMA270u have been hard coded as 1. However, a number of syndicates now have US dollar as their functional currency and the GBP rates of exchange will need to be input by all syndicates. For most syndicates the GBP rates to be input to lines 1 to 3 will continue to be 1. However, for those syndicates that use US\$ as their functional currency, the rate to be input in the GBP column will be a blend of the rate used to convert sterling to US dollar as per their US\$ denominated interim accounts, and the rate used to translate those accounts figures to sterling for the purposes of reporting in the QMA.

The amendment to the software is still being progressed. A notification will be issued advising agents when the revised software is in Production. In the meantime agents are able to open and work on a Q2 edition of the QMA with the current software.

### Undistributed profits

We are aware that a number of syndicates have retained profits at 30 June 2012 from years that closed at 31 December 2011. Any profit that is to be distributed but remains in the syndicate PTF's at Q2 2012 must be reported in line 25 of QMA 205, ie other creditors less than a year (enter as a positive figure for an undistributed loss). Furthermore, in order to avoid a double count within the Solvency calculation which automatically picks up undistributed closed year profits, any and all undistributed closed year profits must be reported on line 25, other creditors, even if the managing agent intends to retain the profit within the syndicates PTFs in the longer term as funds in syndicate. For the avoidance of doubt, at Q2, retained 2009 closed year profits must not be recorded on the Funds in Syndicates (FIS) forms (QMA111, QMA202 & QMA204) **unless instruction was provided to Market Services prior to 30 June 2012.**

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

### Queries

Any queries or comments on this bulletin should be submitted via e-mail to Market Reporting ([Lloyds-MRD-ReturnQueries@lloyds.com](mailto:Lloyds-MRD-ReturnQueries@lloyds.com)).

Robert Smith

## Appendix 1

## Major losses

The XIS catastrophe codes which must be reported in the Q2 2012 QMA800u are:

1	10C	Chilean Earthquake	27 February 2010
2	10E	Transocean MODU Deepwater Horizon	22 April 2010
3	10P	New Zealand Earthquake	4 September 2010
4	10R	Qantas Airbus Engine Failure	4 November 2010
5	10T*	Queensland Floods	21 Dec '10 to 14 Jan '11
6	11A*	Victoria Australia - heavy rainfall and flooding	12 January 2011
7	11B*	Cyclone Yasi	2 February 2011
8	11C	New Zealand Earthquake	22 February 2011
9	11D	Japanese Earthquake and ensuing Tsunami	11 March 2011
10	11E	Maersk Oil and Gas FPSO Gryphon	4 February 2011
11	11F	US Tornadoes – 14 – 16 April	14 to 16 April 2011
12	11G	US Tornadoes – 24 – 28 April	24 to 28 April 2011
13	11H	US Tornadoes – 20 – 27 May	20 to 27 May 2011
14	11J	Slave Lake fire, Alberta, Canada	14 to 16 May 2011
15	11K	Loss of Asiana airlines cargo Boeing 747-400F	28 July 2011
16	11L	Losses arising from civil disturbances in England	6 to 10 August 2011
17	11M	Hurricane Irene	22 to 29 August 2011
18	11N	Losses arising from New Zealand earthquake at Sumner	13 June 2011
19	11O	Texas Wildfires	30 August 2011
20	11P	P-51D Mustang Reno Air Races crash	16 September 2011
21	11Q	Caribbean Airlines B737-800 Landing Crash	30 July 2011
22	11R	Heavy rainfall and ensuing flooding in Thailand	1 October 2011
23	11RX	CBI claims arising out of the 2011 Thailand floods	1 October 2011
24	11S	Egyptair B777-200ER Cockpit Fire	27 July 2011
25	12A	Claims arising from the grounding of the Costa Concordia	13 January 2012
26	12B	Tornadoes affecting Ohio valley	2&3 March 2012
27	12C	Tornadoes affecting Texas and Louisiana	3 April 2012
28	12D	Tornadoes affecting central plains including Oklahoma	13 to 15 April 2012
29	12E	Earthquake at Oaxaca, Mexico	20 March 2012
30	12F	Italian earthquake in Northern Italy	20 May 2012
31	12G	Italian earthquake at Medolla, Italy	29 May 2012
32	11ZA*	Toowoomba Australia	10 to 11 January 2011
33	EGYP	Losses arising from the continuing situation in Egypt	2011
34	ELGI	Losses arising from Elgin platform gas leak	25 March 2012
35	FINC	Turmoil in financial markets post Lehman Brothers	-
36	ICEL	Losses arising from the failure of Icelandic Banks	-
37	LEHM	Losses arising from the failure of Lehman Brothers Bank	-
38	LIBY	Losses arising from the continuing situation in Libya	2011
39	MADO	Collapse of Madoff Investment Securities LLC	-
40	SUBS	Losses arising from sub prime	-

41	STAN	Stanford financial corporation alleged fraud	-
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For the avoidance of doubt, losses under cat code "PPO" do not have to be included on QMA800u.

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. Any agent wishing to request a new major loss code should send an e-mail to the Lloyd's-MRD-ReturnQueries address and the relevant procedures and template will be provided by return. The deadline for submission of requests for new major loss codes to Market Finance is Tuesday 31 July 2012.

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 be separately disclosed.

### **\*Events in Australia**

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

### **Major loss codes**

No major loss codes have yet been assigned for 2012.

### **Please note:**

Major loss codes relating to 2011 and prior are still maintained in the database. Syndicates are asked to report on major losses in accordance with the QMA800u instructions.

## Appendix 2

## Rates of Exchange

The settlement currency rates as at 30 June 2012 (balance sheet) and the average currency rates (profit and loss account) for the 6 month period to 30 June 2012 are as follows (to the £):

	Accounts etc		GQD
	Period end	Average	In-quarter average*
US dollars	1.57	1.58	1.58
Canadian dollars	1.60	1.59	1.60
Euro	1.24	1.22	1.23
Australian dollar	1.53	1.53	1.57
Danish krone	9.19	9.04	9.17
Hong Kong dollar	12.17	12.24	12.28
Japanese yen	125.15	125.78	126.77
New Zealand dollar	1.95	1.96	2.00
Norwegian krone	9.32	9.21	9.33
Singapore dollar	1.99	1.99	2.00
South African rand	12.83	12.52	12.86
Swedish krona	10.83	10.80	11.00
Swiss franc	1.48	1.46	1.48

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).

**2013 SBF**

The provisional exchange rates set at the end of April 2012 should be used for 2013 Syndicate Business Forecast (SBF) returns submitted between 21 May and 2 August 2012.

The final 2013 SBF exchange rates, for use in SBF submissions on or after 3 August 2012, will be in line with the rates set for the Q2 2012 Quarterly Monitoring return. The final rates will be updated and available in Core Market Returns from 3 August 2012.