

MARKET BULLETIN

REF: Y4773

Title	Changes to the 2014 Quarterly Monitoring Return – part B (QMB)
Purpose	To update managing agents on additional 2014 quarterly reporting requirements
Type	Scheduled
From	Tom Bolt – Director, Performance Management (PMD)
Date	19 February 2014
Deadline	Managing agents are required to comply with the reporting requirements indicated in this market bulletin for the Q1 2014 QMB submission in May 2014

In line with Lloyd's view to continue to improve data quality and to ensure there is consistency across existing Lloyd's returns, in 2013 the Performance Management Directorate (PMD) undertook an exercise to review the current quarterly monitoring reporting requirements to confirm that the data collected from the market is still "fit for purpose" and provide recommendations on potential improvements.

The overall aim of this exercise was to strengthen the syndicates' business plan monitoring framework ensuring that the quarterly data submitted by the syndicates does provide a consistent and accurate view of their performance in line with the Syndicate Business Forecast (SBF) Return.

As a result of this exercise, a few changes have been implemented to the Quarterly Monitoring Return - part B (QMB).

QMB changes

The Quarterly Monitoring Return – part B has been amended and syndicates are now required to submit a new technical account form (QMB100s).

Please note that this reporting requirement is in addition to the current form QMA109u; while the QMB100s is similar to the ultimate pure year component of QMA109u, the QMA 109u still needs to be completed as the basis of preparation are different.

The new form QMB100s will have the same format as the form SBF100s. Most of the QMB100s items will be automatically populated from the form QMB105s. A number of validations, either soft errors or warnings, have been created to ensure that the data is consistent across the various QMB forms.

Please refer to the "QMB100s form" specifications - Appendix 1 for more details.

Reporting guidance

The basis of preparation for QMB100s is the **pure year of account forecast to ultimate**, i.e. premium and ultimate claims are to be allocated to a year based on the inception date of the policy or its associated binder. This is the same basis as for the existing QMB105 and QMB105S forms.

The QMB100s should be completed for the years of account where an approved SBF exists within the last five years. This again follows the requirements for the existing QMB forms.

Please note that pure year of account basis of QMB differs from the reporting year of account basis used for much of the QMA return where transactions from pure years of account that fall within a closed reporting year are aggregated together. Another key difference from the QMA is that claims reported on the QMB105, QMB105s and QMB100s are required to be on a best estimate basis. QMB claim estimates may differ materially from the QMA depending on reserving strategy. With the exception of the claims based metrics, the numbers reported on QMA109u column D for the three most recent reporting years would generally be expected to be similar to the QMB100a figures for the corresponding three pure years.

More detailed guidance will be provided in the QMB instructions.

In addition to this, syndicates are required to report on a quarterly basis the outwards reinsurance commissions and profit participations separately, in line with the business plan format (i.e. SBF105 and SBF105s). In order to enable the syndicates to submit the data, the current "Outwards reinsurance commissions and profit participations" field (row 35) has been removed from QMB105s and replaced with two new fields:

- row 35a: "Outwards reinsurance commissions"
- row 35b: "Outwards reinsurance profit participations"

Timeframe

The changes in the QMB will apply from Q1 2014. Therefore, the managing agents will be expected to provide the additional data from their Q1 2014 QMB submission on 15 May 2014.

Additional information

Any queries relating to this Market Bulletin should be discussed with your Syndicate Underwriting Performance Account Executive or sent by email to the business plan mailbox:

Lloyds-businessplans@lloyds.com

APPENDIX 1:

QMB100s form specifications

Please note the following:

- The fields highlighted in green will be automatically populated from QMB105s
- The fields highlighted in amber will need to be completed. A few fields are expected to be zero, as indicated in the appendix.

QMB 100s Forecast Technical Account

All Distribution Channels

Pure Year of Account XXXX

QMB100	QMB100 Row Description	Forecast to Ultimate (CNV)
		A
1	Gross premiums written - total lines	
2	Outward reinsurance premiums	
3	Net premiums written	
4	Gross premiums written less change in gross provision for unearned premiums	
5	Earned premiums net of reinsurance	
6	Other technical income, net of reinsurance	zero
7	Gross Claims paid, change in provision for reported claims, gross amount and change in provision for IBNR, gross amount	
8	Claims handling expenses/unallocated loss of adjustment expenses	-
9	Change in other technical provisions net of reinsurance	-
10	Total technical charges before net operating expenses	
11a	Gross Acquisition costs (brokerage, commissions, business arrangement fees)	
11b	Net administrative expenses (incl other acquisition costs+DAC)	-
11c1	Outwards reinsurance commissions received	
11c2	Outwards reinsurance profit participations received	
11d	Net operating expenses	
12	Other technical charges, net of reinsurance	zero
13	Bonuses and rebates, net of reinsurance	-
14	Total Investment return	+
15	Other charges	zero
16	Profit/(Loss) for the period	
17	Gross Loss Ratio (%)	
18	Loss Ratio (%)	
19	Combined Ratio (%)	