

# MARKET BULLETIN

REF: Y4811

<b>Title</b>	Q2 2014 QMR – major losses, exchange rates and other information.
<b>Purpose</b>	To provide managing agents with information required for the completion of the Q2 2014 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>	1 July 2014
<b>Deadline</b>	QMA – 2:00pm Thursday 7 August 2014 unaudited QMB – 2:00pm Thursday 7 August 2014 unaudited QMA – 2:00pm Thursday 21 August 2014 audited QMC – 2:00pm Thursday 4 September 2014 audited

## 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) notes on the forms and instructions for the QMA and the QMC;
- (d) QMA/QMC and accounts deadlines for 2014 year end; and
- (e) contact details.

## Q2 2014 deadlines

The submission dates are as noted above. In all cases the returns must be submitted by no later than 2:00pm of the deadline date. The 2012 and 2013 forecasts from the QMA as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on Wednesday 13 August.

## QMA forms and instructions

The instructions for the QMA have been updated and are now “2014 version 1.0”. The only substantive changes from the previous version are for column R of QMA710 (p41 of the instructions) and a note on the ASL waiver which has been extended to 30 June 2016 (page 90 of the

instructions). The instructions can be found on the left hand side of the return's Homepage. If you would like a tracked change copy please send an e-mail request to Reporting ([lloyds-MRD-ReturnQueries@lloyds.com](mailto:lloyds-MRD-ReturnQueries@lloyds.com)).

**QMC forms and instructions**

The instructions for the Q2 2014 QMC will be available for download later this month within the Core Market Returns website. The updated version of the instructions will be "2014 version 1". There are no material changes to the instructions compared to those for the 2013 year end QMC, just the incorporation of topics raised under the FAQs for the year-end submission.

Solvency II balance sheet

An interim QMC return must be submitted in respect of each syndicate for which a Q2 2014 QMA return is submitted. The Solvency II balance sheet (QMC002) is used to determine the net surplus / (deficit) at syndicate level on a Solvency II basis by reporting year of account. Form QMC210 collects an analysis of the adjustments which are made to the UK GAAP members' balance in order to arrive at the Solvency II members' balance. This will assist Lloyd's in its review and understanding of the numbers reported on QMC002. In addition it is also intended to assist managing agents in the preparation, and auditors in the review, of QMC002.

The June 2014 balance sheet will be needed to derive the net balance available for the members' release test in Autumn 2014 and for the 2015 capital setting process. Accordingly, the QMC return, in addition to requiring a managing agent's report (QMC910), must also be audited. A pro forma audit report (QMC930) is provided for download.

**QMA, QMC and accounts deadlines for 2014 year-end**

A list of the key submission deadlines for the 2014 year-end and 2015 Qs 1 to 3 will be included in the Q3 2014 major losses/exchange rates bulletin. However, the following deadlines are confirmed:

Submission of audited QMA	Thursday 19 February 2015
Submission of audited QMC	Thursday 05 March 2015
Submission of syndicate annual accounts	Tuesday 17 March 2015

**Contacts**

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 number for the support team is 020 7327 5252.

General queries

Any queries on the QMA should be submitted via e-mail to Market Reporting ([lloyds-MRD-ReturnQueries@lloyds.com](mailto:lloyds-MRD-ReturnQueries@lloyds.com)). Queries on the QMC should be submitted via e-mail to Market Reporting ([solvency2@lloyds.com](mailto:solvency2@lloyds.com)).

This bulletin is being sent to the compliance officers and finance directors of all managing agents and to recognised accountants.

Robert Smith

**Major losses**

The XIS catastrophe codes which must be reported in the Q2 2014 QMA800u are:

1	10E	Transocean MODU Deepwater Horizon	22 April 2010
2	10P	New Zealand Earthquake	4 September 2010
3	11C	New Zealand Earthquake	22 February 2011
4	11N	Losses arising from New Zealand earthquake at Sumner	13 June 2011
5	11R	Heavy rainfall and ensuing flooding in Thailand	1 October 2011
6	11RX	CBI claims arising out of the 2011 Thailand floods	1 October 2011
7	12A	Claims arising from the grounding of the Costa Concordia	13 January 2012
8	12J	Hurricane Sandy from Caribbean and ongoing	24 October 2012
9	13A	Cyclone Oswald affecting Queensland and New South Wales, Australia.	27 to 29 January 2013
10	13F	Flooding following heavy rain in Alberta	20 June 2013
11	13G	Asiana Airways 777-200ER crash landing at San Francisco	6 July 2013
12	13K	SK Hynix Semiconductor Loss	4 September 2013
13	13P	Cold Weather USA/Canada – “Polar vortex”	30/12/13 to 02/01/14
14	13Q	UK Adverse Weather – Storms/Wind/Floods	05/12/13 to 15/02/14
15	14A	Malaysian Airlines Loss of B777-200ER, 9M-MRO	8 March 2014
16	MADO	Collapse of Madoff Investment Securities LLC	-
17	SUBS	Losses arising from sub prime	-
18	FUME	Losses from fungal meningitis arising out of compounding operations of the New England Compounding Center	01/01/14
19	CRIM	Losses arising from, or related to, the ongoing situation in Crimea	01/01/14
20	QING	Losses from theft/misappropriation of metals in port of Qingdao	01/01/14
21	H40	Flooding, hail, tornadoes and wind across various US states	27/4/14 to 30/4/14

As noted in section 2.24 to the current QMA instructions, if a further 2014 event receives a loss code after the bulletin has been published, notification that the event is required in the QMA800u will be made through inclusion in the FAQs.

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 Friday 25 July 2014.

**Major loss codes**

Major loss codes assigned for 2014 to date are:

1	14ZA	JLB Houston Fire	25/03/2014
2	14ZB	Hillshire Brands	22/03/2014

**Please note:**

Major loss codes relating to 2013 and prior are still maintained in the database. Syndicates are asked to report on major losses in accordance with the QMA800u instructions.

## Rates of Exchange

The settlement currency rates as at 30 June 2014 (balance sheet), average currency rates (profit and loss account) for the six months to 30 June 2014 are as follows (to the £):

	Accounts etc		GQD
	Period end	Average	In-quarter average*
US dollars	1.71	1.67	1.68
Canadian dollars	1.82	1.83	1.84
Euro	1.25	1.22	1.23
Australian dollar	1.81	1.82	1.80
Danish krone	9.31	9.09	9.16
Hong Kong dollar	13.25	12.95	13.05
Japanese yen	173.22	171.03	171.86
New Zealand dollar	1.95	1.97	1.95
Norwegian krone	10.49	10.08	10.07
Singapore dollar	2.13	2.10	2.11
South African rand	18.19	17.86	17.74
Swedish krona	11.43	10.91	11.11
Swiss franc	1.52	1.49	1.50

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).

#### 2015 Syndicate Business Forecast (SBF) return

The provisional exchange rates set at the end of March 2013 should be used for 2014 Syndicate Business Forecast (SBF) returns submitted before 4 August 2014.

The final 2014 SBF exchange rates, for use in SBF submissions on or after 4 August 2014, will be in line with the rates set for the Q2 2014 Quarterly Monitoring return. The final rates will be updated and available in Core Market Returns from 4 August 2014.