

MARKET BULLETIN

REF: Y4841

Title	2015 Market Returns to PMD Exposure Management & Reinsurance
Purpose	To inform managing agents of the reporting deadlines for market returns to Lloyd's Exposure Management & Reinsurance during 2015.
Type	Scheduled
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Date	24 November 2014
Deadline	Please see individual returns below
Related links	Business Timetable on Lloyds.com

PURPOSE

This bulletin is to advise managing agents of the 2015 reporting dates for market returns that are the responsibility of the Lloyd's Exposure Management & Reinsurance.

The returns referenced in this Bulletin are:

- 1) Lloyd's Catastrophe Model Quarterly Returns
- 2) Lloyd's Catastrophe Model Forecast-Factor Returns
- 3) Realistic Disaster Scenarios
- 4) Syndicate Reinsurance Programme
- 5) Syndicate Reinsurance Structure Return (*new for 2015*)

We have added two new sections to this Bulletin, to inform managing agents about returns that *may* be needed during 2015 but which are not definite – or defined – at this stage.

- 6) International Regulatory Returns
- 7) Emerging Risks

Managing agents should note that regulatory or market obligations may sometimes require additional reporting that could not have been scheduled in advance.

1 EXPOSURE MANAGEMENT

1.1 LLOYD'S CATASTROPHE MODEL – QUARTERLY RETURNS

There are no changes for 2015.

The Lloyd's Catastrophe Model [LCM] Quarterly Return is submitted directly to Exposure Management. As before, the 1 October submission is subject to a materiality-of-change threshold.

The reporting day is always the penultimate Thursday of the month.

The 2015 reporting dates are as follows:

Name	As-at date	Reporting date
LCM 1/1	1 January 2015	Noon, Thursday 19 February 2015
LCM 1/4	1 April 2015	Noon, Thursday 21 May 2015
LCM 1/7	1 July 2015	Noon, Thursday 20 August 2015
LCM 1/10*	1 October 2015*	Noon, Thursday 19 November 2015*

* The 1 October submission is only required if movement in estimated losses since 1 July exceeds defined thresholds.

1.2 LLOYD'S CATASTROPHE MODEL – FORECAST-FACTOR RETURN

There are no changes for 2015.

Lloyd's needs two sets of LCM forecast-factors during 2015.

One set derives from the requirements of the Lloyd's Internal Model [LIM]. The other forms part of the 2016 business-planning and capital-setting process.

All forecast-factor projections of syndicate estimated losses into the prospective calendar year should be consistent with the equivalent Lloyd's Capital Return [LCR] and the Internal Model.

1.2.1 LLOYD'S INTERNAL MODEL PROCESS

Managing agents are required to submit forecast-factors that, applied to their 1 January 2015 LCM returns, give a best-estimate projected 'whole year' view for 2015.

1.2.2 2015 BUSINESS-PLANNING & CAPITAL-SETTING

As part of 2016 business-planning and capital-setting, managing agents are required to submit forecast-factors that, applied to their 1 April 2015 LCM returns, give a best-estimate projected 'whole year' view of planned catastrophe-risk for 2016.

Forecast-factors should be submitted alongside the 2016 Syndicate Business Forecasts [SBF] in July 2015. Where there is a material change of planned catastrophe-risk at any time after the July submission, managing agents should always submit revised forecast-factors alongside revised SBFs.

The 2015 reporting dates are as follows:

Name	Purpose	Applied to	Reporting date
1/1 forecast factors	LIM 'attestation' for 2015	01/01/15 LCM	Noon, Thursday 19 February 2015
1/4 forecast factors v1	2015 business-planning	01/04/15 LCM	with July SBF (compulsory)
1/4 forecast factors v2*		01/04/15 LCM*	after material change of 2016 cat risk projected view (<i>de minimis</i>)

* v2 submission is only required where there is a material change of planned catastrophe-risk from the July submission

1.3 REALISTIC DISASTER SCENARIOS

Realistic Disaster Scenarios are submitted to Lloyd's twice *per annum*.

The reporting day is the final Thursday of the relevant month. The RDS and RDL return dates are as follows:

Name	As-at date	Reporting date	Via
RDS	1 January 2015	Noon, Thursday 26 March 2015	CMR
RDL	1 July 2015	Noon, Thursday 27 August 2015	CMR

There will be two data-collections in the 1 January return. Full information about both will be included in the 2015 RDS documentation.

1.3.1 CYBER

Lloyd's will re-run the Cyber Scenario data-collection with the RDS. The scenario specification will be unchanged from 2014. All potentially-affected risk codes should be considered (i.e. similar basis to the 2014 RDS return). As before, the Cyber Scenario will not be a formal RDS and Franchise Guidelines will not apply.

1.3.2 MARINE SCENARIO UPDATE

Lloyd's will pilot a revised Marine Scenario as a data-collection with the RDS return.

The intention is to replace the Marine Collision and Major Cruise Vessel Incident (i/ds 15 & 16) with a single new Scenario combining elements of both. The data-collection will form part of the review and testing process. For 2015, the draft Scenario will not be a formal RDS and Franchise Guidelines will not apply.

2 REINSURANCE

2.1 SYNDICATE REINSURANCE PROGRAMME

There are no changes for 2015.

The Syndicate Reinsurance Programme [SRP] return is submitted to Lloyd's four times per annum. The 2015 reporting dates are as follows:

Name	As-at date	Reporting date	Via
SRP Q1	1 January 2015	Noon, Thursday 26 February 2015	CMR
SRP Q2	1 April 2015	Noon, Thursday 16 April 2015	CMR
SRP Q3	1 July 2015	Noon, Thursday 16 July 2015	CMR
SRP Q4	1 October 2015	Noon, Thursday 15 October 2015	CMR

Important Note: Lloyd's intend to replace the SRP with a new return from 01/01/2016. this will be called the Syndicate Reinsurance Structure (SRS) return. See section 5 below.

2.2 SYNDICATE REINSURANCE STRUCTURE

Solvency II Pillar 3 reporting requirements take effect from 1 January 2016, with reporting of in-force reinsurance contracts to the PRA from Q1 2017.

Lloyd's has been discussing the reporting requirements with the PRA throughout 2014. EIOPA are expected to issue the latest Solvency II outwards reinsurance reporting requirements in December. Lloyd's will be required to report detailed, syndicate-level information relating to in-force reinsurance contracts.

Whilst the current SRP return is extensive, it does not collect all the information required to satisfy the Solvency II requirements. Lloyd's has therefore decided to create a new return called the Syndicate Reinsurance Structure (SRS), which will incorporate both Lloyd's and Solvency II outwards reinsurance reporting requirements for in-force contracts. This will replace the current SRP.

Lloyd's will publish a first draft of the technical reporting requirements and guidance for the SRS return as soon as possible in Q1 2015.

Lloyd's intends the SRS return to be used for 'live' reporting with effect from 01/01/2016. To allow the market to transition from the SRP to the SRS as smoothly as possible, we will undertake two dry-run exercises for the SRS during 2015 which will be validated against 2015 SRP returns.

We cannot yet provide firm SRS reporting dates as the reporting environment within Core Market Returns is still in development. However, the following should be considered targets dates:

Name	As-at date	Reporting date	Via
SRS V1	1 January 2015	By noon, Thursday 28 May 2015	CMR
SRS V2	1 April 2015	By noon, Thursday 24 September 2015	CMR

We will issue updated draft SRS Guidance & Instructions once the first version of the CMR reporting environment has been built. Further details on the dry-run exercises will be issued as soon as possible, including dates for planned workshops and presentations during 2015.

In the meantime any questions on the new SRS return should be directed to:

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2.3 FURTHER REINSURANCE REPORTING FOR SOLVENCY II

Managing agents should note that Lloyd's will also be required to report syndicate-level Reinsurance Recoverables on a Solvency II Balance Sheet basis.

A new return to satisfy this requirement is being developed, and will be available as part of Pillar 3 returns. Further information will be provided by the Lloyd's Market Finance and Outwards Reinsurance teams as soon as possible.

3 OTHER

3.1 INTERNATIONAL REGULATORY

3.1.1 CANADA – EARTHQUAKE EXPOSURE DATA FORM

The Canadian regulator, the Office of the Superintendent of Financial Institutions [OSFI], has finalised a new requirement for 2015 applying to licensed entities in Canada with material exposure to earthquake risk.

The requirement is to submit an annual Earthquake Exposure Data Form. Full details of the requirement, and examples of the Form, can be found [here on OSFI's website](#).

As always, Lloyd's as the licensed entity intends to make a single submission on behalf of the market. We are in discussions with OSFI, Lloyd's International Regulatory Affairs and the Lloyd's Representative in Canada as to the best way of doing this. We believe that we are close to an understanding that will fully meet the requirement, while taking account of Lloyd's market structure.

In the event that additional data is required from the market, we will contact managing agents.

3.1.2 CANADA – ERRO REPORTING SCENARIOS FOR AIR V16

Following the 2014 data-collection exercise for the Canadian ERRO reporting, we may re-run the exercise for users of AIR who have since moved to v16.

3.2 EMERGING RISKS

Lloyd's Emerging Risks has a number of initiatives in progress that may require some form of data-collection during 2015. These include:-

- 1) Space weather
- 2) Political Violence contagion
- 3) Cyber attack

4 ADMINISTRATIVE

4.1 FINING

A fining regime is in effect for late return of the SRP, RDS & RDL. This is in line with other key market submissions, including the QMA/B and PMD returns, and has been approved by the Market Supervision and Review Committee (MSARC).

See Market Bulletin 'Consolidated Fining Policy for Lloyd's Returns' ref Y4527 dated 25 October 2011.

The LCM return does not yet fall within the fining regime. However, the LCM deadlines must be met to allow Lloyd's to fulfil its own regulatory obligations.

4.2 SYNDICATE LEVEL REPORTING

For the avoidance of doubt and to ensure consistency with other reported data, managing agents are required to complete a separate return for each managed syndicate – including parallel and special-purpose syndicates – rather than reporting consolidated figures.

4.3 SYNDICATES IN RUN-OFF

Run-off syndicates with material, relevant exposures as at the dates shown in sections 1 and 3 above are required to submit returns. Forecast material exposures for 2015 are subject to the reporting requirements in section 2.

Run-off syndicates with in-force reinsurance as at the dates shown in section 4 above are required to submit returns.

4.4 EXCHANGE RATES

Exchange rates are updated quarterly and will be advised via market bulletins.

4.5 FURTHER INFORMATION

Should you have questions or require additional information please contact me, David Clouston or any member of the Exposure Management & Reinsurance team.

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