

MARKET BULLETIN

REF: Y4994

Title	2017 Syndicate Business Planning process: changes to the Syndicate Business Plan (SBF) return, availability of the Core Market Return (CMR) and "High level plan data" requirements in July
Purpose	To inform managing agents on the 2017 SBF changes, CMR scheduled closure and explain the high level plan data submission process in July.
Type	
From	Theresa Froehlich –Interim Director – Performance Management (PMD)
Date	9 May 2016
Deadlines	"High level plan data" template: 6 July 2016 (1pm) CMR unavailability: from 24 June 2016 (after 1pm) to 3 July 2016.
Related links	<u>2017 Capital and business planning process</u> <u>http://www.lloyds.com/~media/files/the%20market/communications/market%20bulletins/2016/03/y4980.pdf#search='sbf'</u>

2017 High level plan data

As part of the revised business planning and capital process, Lloyd's no longer requires an SBF return in July. However, syndicates should still submit high level plan data for 2017 on 6th July to support the Strategic Business Plan discussions. This will be a significantly reduced data requirement compared to last year's business plan return.

Details of the process:

- SecureStore will be used for the high level plan data submission process. Syndicates should already be familiar with how SecureStore works; however a note will be sent to the SecureStore administrators to ensure that the proper set-up is in place before end of May.
- Syndicates will be provided their individual "High level plan data" templates on 3 June 2016. For completeness, each template will be pre-populated with 2016 figures (both approved SBF plan and Q1/16 Quarterly Monitoring data QMB).
- The templates should be completed with 2017 data and the following information will be required:
 - o High level plan data including specific narrative
 - o Reinsurance information
 - o Catastrophe –risk: US windstorm and US earthquake AEP forecast losses for 2017 (non-aligned syndicates only)
 Please note that the AEP data is only required for non-aligned syndicates.

2017 data should be submitted at the 2016 final exchange plan rates (i.e. GBP=1.57USD).
 The submission deadline is 6 July 2016.
 Specific guidance on how to complete the forms will be included in the templates.

An example of the key metrics and format of the “High level plan data” template is available below (see Appendix 1). A copy of the generic template will be available on SecureStore by mid- May for reference.

Changes to the Syndicate Business Plan return

In the bulletin Y4980 issued in March 2016 Lloyd’s informed the market about the changes in the business planning and capital process and also indicated the expected changes to the 2017 SBF return and key deadlines for submissions.

This year, review of the SBF data, to ensure that it still supports the capital and business planning approval process, has been mainly focused on improving data quality and minimising the impact on syndicates’ systems and resources. This approach also reflects the major work that Lloyd’s is planning to start in Q2/16 which aims to entirely review the business planning data and submission requirements.

The following data changes will be implemented in the 2017 SBF Return:

- Additional data validations added to reduce the need of resubmissions due to data inconsistencies across the return.
- Specific classes of business lines size reporting requirements for form SBF 443 - please refer to the 2017 SBF instructions for more details.
- For regulatory reporting purposes, syndicates are also required to provide the details of their line sizes by each distribution channel
- Removal of reference to Qualifying Quota Share (QQS). This is a label change only and does not affect the content of the data provided.
- Changes in the catastrophe risk framework :
 - o The following AEP and RDS forecasts are no **longer required in SBF:**
 - o All ‘natural catastrophe’ risk RDS
 - o Satellite RDS
 - o Political risks RDS
 - o 1:30 AEP for Japan typhoon, Japan earthquake and European windstorm.
 - o the following additional AEP forecast has been introduced:
 - o AEP 1-in-x for ‘Whole World’ natural catastrophe (the return period will be published in late June)

Franchise Guidelines will apply to the new Whole World AEP forecast.

Lloyd’s Exposure Management will hold workshops and /or webinars to address any questions arising out of the change in catastrophe-risk framework, including the new Whole World AEP, during the summer.

Full guidance on SBF return will be available in the 2017 SBF Instructions that will be published in the CMR by mid-May 2016.

Core market return - unavailability

In order to allow Lloyd’s to update the 2017 SBF Return and improve the CMR performance by archiving the existing SBF plans and other returns, syndicates will not be able to submit any SBF Return during the period 24 June 2016 (after 1pm) to 3 July 2016.

As such all 2016 revised SBF plans must be approved on the CMR by 24 June 2016 1pm, before the archive process starts. Please note that whilst managing agents can technically resubmit a 2016 SBF plan using the 2016 SBF Return until 24 June 2016, it is strongly advised that enough time is given to Lloyd's to review and approve the SBF plans on the CMR before this deadline.

Any 2016 SBF plan still outstanding on CMR after 1pm on 24 June will not be available any longer for review or approval. On 4 July 2016, the 2016 SBF Returns can once again be accepted on CMR and syndicates can resubmit the current year plan (i.e. 2016) without any changes to the format.

2017 Capital & Business Plans returns submissions and CPG approval deadlines

The following deadlines will apply to the 2017 capital and business planning process:

Submissions deadlines:

- High level plan data: 6 July 2016
- Final 2017 SBF return submission: 6 September 2016
- Final 2017 LCR submission: 13 September 2016

CPG approval deadlines

- Non-aligned syndicate: final 2017 SBF and Capital setting – 21 October 2016
- Aligned syndicate: final 2017 SBF – 21 November 2016 (for the capital setting deadlines please refer to specific 2017 Capital setting guidance which will be circulated to the market)
- Coming Into Line – 1 December 2016

Additional information

Any queries relating to this Market Bulletin should be discussed with your SUP or CPG secretariat (CPG@lloyds.com)

APPENDIX 1:

“High level plan data” templates

1) High level plan data

Guidance notes

Managing Agent Name YYYY: Synd XXXX Notes regarding measures shown in this report:



- Lloyd's are using the 2016 SBF final rates of exchange to populate the 2016 latest SBF and latest QMB data. Please use the same rates to populate the proposed 2017 figures. See below table for conversion rates.
- All 2016 data has been prepopulated and are shaded in grey in the tables provided. These figures are not to be amended.
- All tables provided in the tabs to show COB detail (COB - Whole Account, COB Split - London, COB Split - China, COB Split - China RI, COB Split - Asia, COB Split - Japan, COB Split - Dubai) have been formatted to show every Syndicate COB name/code provided in your 2016 SBF. Please insert new rows where required for any new classes of business you intend to write in 2017.
- Please ensure that the separate COB split by platform tab totals add up to the totals populated on the COB - Whole Account tab.
- When providing ratio percentages, please type these in using the following formats: 35 = 35% or .35 = 35%; please do not provide percentages with a leading zero, i.e. "0.35", as this will populate your ratio as "0.4%" in the template.
- Please provide all loss ratios to one decimal place only.
- Add all monetary amounts in £'000's.

Definitions of Measures used by Lloyd's in this report:	SBF Form Reference (105 unless otherwise stated)	QMB Form Reference (105 unless otherwise stated)
Gross Written Premium (GWP)	C	3B
Gross Ultimate Loss Ratio (GULR %)	M / C	21gB / 3B
RI Spend % GWP	(D+E) / C	4B / 3B
Net Ultimate Loss Ratio (NULR %)	N / (C+D+E)	(21gB+21rB) / (3B+4B)
Admin % GWP	L1 / C	33aB / 3B
Acquisition Cost % GWP	(F+G+H) / C	27aB / 3B
Combined Ratio %	(N+L1+Ia+Ib+F+G+H)*1 / (C+D+E)	QMB 100: (10A + 11dA + 12A) / (3A + 13A)
Capacity	SBF420: 6A Total Capacity	N/A

Currency Code	Lloyd's Exchange Rate
ALJD	2.05
CAD	1.96
CHF	1.47
DKK	10.53
EUR	1.41
GBP	1.00
HKD	12.19
JPY	192.45
NOK	12.37
NZD	2.33
SEK	13.05
SGD	2.12
USD	1.57
ZAR	19.09

Whole account

Synd 0000



Exchange Rate set at £1:\$1.57

	Latest Planned 2016 SBF	Latest 2016 QMB	Total Planned 2017 SBF	Planned 2017 SBF by Platform					
				London	China	China RI	Asia	Japan	Dubai
GWP (£,000)									
GULR %									
RI Spend % GWP									
NULR %									
Admin % GWP									
Acquisition Cost % GWP									
Combined Ratio %									
Capacity (£,000)									

Please do not add or delete any rows / columns - do not change the formatting of this table.

Pre-populated fields

Class of business (there will be multiple tabs to be completed for each Distribution Channel)

Synd 0000



Exchange Rate set at **£1:\$1.57**

Please enter in GBP

Syndicate COB	COB Ref	Latest 2016 SBF		Latest 2016 QMB		Planned 2017 SBF				
		GWP £,000	GULR %	GWP £,000	GULR %	GWP £,000	GULR %	Admin Expenses % GWP	Gross Acquisition Costs % GWP	RARC %
Accident & Health	M1001	-	-							
Aviation Hull	M1002	-	-							
Aviation Liability	M1003	-	-							
Aviation RI	M1004	-	-							
Aviation War	M1005	-	-							
Cargo, Fine Art & Specie	M1006	-	-							
Casualty XS	M1007	-	-							
GL Direct	M1008	-	-							
Marine Hull	M1009	-	-							
Marine & Energy Liability	M1010	-	-							
Marine War	M1011	-	-							
Marine XL	M1012	-	-							
MedMal Direct	M1013	-	-							
MedMal Re	M1014	-	-							
Motor	M1015	-	-							
Non Marine D&F	M1016	-	-							
Non Marine Liability	M1017	-	-							
Professional Liability (PIDO)	M1018	-	-							
Property Direct UK & International	M1019	-	-							
Property Direct USA	M1020	-	-							
Property Reinsurance	M1021	-	-							
Space	M1022	-	-							
Terrorism	M1023	-	-							
TLO	M1024	-	-							
Workers Comp	M1025	-	-							
International Liability	M1026	-	-							
International PL	M1027	-	-							
Offshore Energy GOM Wind	OEGW	-	-							
Offshore Energy excluding GOM wind	OEXGW	-	-							
NEW COB	00000	-	-							
Whole Account	ALL	-	-							

Narrative

Managing Agent Name YYYY: Synd XXXX Narrative page

Please provide separate written commentary and attach any additional documentation if required on the following points as a minimum:

1. Line Sizes - Syndicate to provide any proposed change to currently agreed absolute maximum gross and absolute maximum net line sizes.
2. Re: any proposed new classes of business, such detailed narrative as is available at this stage, e.g. relevant board paper on the proposed new class.
3. If there is any proposed pre-emption or de-emption of capacity, please give rationale for this.

We would welcome any further written narrative that Syndicates are able to share with us at this return date to support our discussions and feedback before September (e.g. any relevant Board submission or internal planning documents).

Please provide this commentary to your SUP executive either in this spreadsheet or on an alternative document, saved to Secure Store.

Additional Narrative provided by Syndicate XXXX:

2) Reinsurance information

Syndicate Number [redacted] 2017 YOA Outwards Reinsurance Summary



	£'000s	
2017 Gross Written Premium to Ultimate	[redacted]	
Scale of RI Transfer- Year of Account	£'000s	% of GWP
Outwards Reinsurance Premium spend (gross)	£ -	[redacted]
Outwards Reinsurance Commissions and Profit Participations receivable	£ -	[redacted]
Net Outwards Reinsurance Premium	£ -	0.0
Outwards Reinsurance Recoveries receivable	£ -	[redacted]

Definitions
This should match the GBP value being reported under the wider 2017 SBF submission.

Definitions
In line with CMR SBF Form 100 - row 2 column C
In line with CMR SBF Form 100 - sum of rows 11c1 and 11c2 from column C
In line with CMR SBF Form 105 - result of column M total minus column N total

Reinsurer's Performance - Year of Account	£'000s	Loss Ratio %
Reinsurers result and Loss Ratio	-	#DIV/0!

Definitions
Outwards Reinsurance Recoveries receivable / Net Outwards Reinsurance Premium

Type of Reinsurance Structure - Gross RI Premium Breakdown	£'000s	% Gross RI	% of GWP
Excess of Loss Treaty	-	[redacted]	#DIV/0!
Proportional Treaty (QS and Surplus)	-	[redacted]	#DIV/0!
Indexed / Parametric	-	[redacted]	#DIV/0!
Stop Loss	-	[redacted]	#DIV/0!
Facultative	-	[redacted]	#DIV/0!
Total	-	0.0	#DIV/0!

Definitions
In line with CMR SBF Form 730 - row 7 total of column C1
In line with CMR SBF Form 730 - row 7 total of column B
In line with CMR SBF Form 730 - row 7 total of column D1
In line with CMR SBF Form 730 - row 7 total of column E
In line with CMR SBF Form 730 - row 7 total of column A

Forms of Reinsurance Contract - Gross RI Premium Breakdown	£'000s	% Gross RI	% of GWP
Contract Shared with other parties / entities	-		#DIV/0!
Non-standard reinsurance contracts	-		#DIV/0!

Definitions
In line with CMR SBF Form 730 - 'Outwards Reinsurance Contract Type Summary' table, row 1 column M
In line with CMR SBF Form 730 - 'Outwards Reinsurance Contract Type Summary' table, row 3 column M

Reinsurance Panel - Gross RI Premium Breakdown	£'000s	% Gross RI	% of GWP
To Lloyd's Special Purpose Syndicate (SPS)	-		#DIV/0!
To Related Party Reinsurers, excluding SPS	-		#DIV/0!
To other Lloyd's syndicates, excluding SPS	-		#DIV/0!
To third party external reinsurers	-		#DIV/0!
Total	-	0.0	#DIV/0!

Definitions
In line with CMR SBF Form 105 - column D total
Based on CMR SBF Form 730 - 'Outwards Reinsurance Contract Type Summary, row 2 column M but after SPSs deducted
Based on CMR SBF Form 730 - row 1 total in column F but after SPSs deducted
Based on CMR SBF Form 730 - sum of rows 2,3,4,5 & 6 from column F but after Related Party Reinsurers deducted

Reinsurance Financial Strength - Gross RI Premium Breakdown	£'000s	% Gross RI	% of GWP
Reinsurers with a Financial Strength Rating of 'A-' or higher	-		#DIV/0!
Reinsurers with a Financial Strength Rating of 'BBB+' or lower or unrated, with 100% collateral	-		#DIV/0!
Reinsurers with a Financial Strength Rating of 'BBB+' or lower or unrated, without 100% collateral	-		#DIV/0!
Total	-	0.0	#DIV/0!

Definitions
In line with CMR SBF Form 730 - sum of rows 1 and 2 total in column F
In line with CMR SBF Form 730 - the sum of rows 3,4,5 & 6 that is collateralised 100%
In line with CMR SBF Form 730 - the sum of rows 3,4,5 & 6 that is not to be collateralised 100%

Please do not add or delete any rows / columns - do not change the formatting of this table.

3) Catastrophe –risk: US windstorm and US earthquake AEP forecast losses for 2017 (non-aligned syndicates only)

Intro

LLOYD’S 2017 CATASTROPHE FORECAST - NON-ALIGNED SYNDICATES ONLY

EM 175 v1.0



Version 1.0 published 05/05/2016

Only the cells that need completing can be edited. Other cells have been locked to prevent accidental entries and format-changes. If you need to unlock a worksheet for any reason, please do so. The password is lloyds123.

Managing agents are required to upload the completed template to SecureStore for each managed syndicate.

PLEASE DO NOT CHANGE ANY OF THE FUNCTIONALITY OF THE SPEADSHEET, OR ADD/DELETE ANY CELLS.

The template contains the following tabs:-

Tab	Data	Currency	Compulsory?
	Contact information		Yes
1	US windstorm and North America earthquake forecast loss-estimates	GBP	Yes

The purpose of this return is to inform members' agents of the forecast 2017 catastrophe positions of non-Aligned syndicates.

Contact Info

**LLOYD’S 2017 CATASTROPHE FORECAST - NON-ALIGNED SYNDICATES ONLY
SYNDICATE CONTACT INFORMATION**

SYNDICATE NUMBER

MANAGING AGENT

CONTACT NAME

CONTACT EMAIL

CONTACT TEL.

Comments:

2017 AEP estimates (USWS and NAEQ only)

LLOYD'S 2017 CATASTROPHE FORECAST - NON-ALIGNED SYNDICATES ONLY
FORECAST AEP LOSSES (GBP '000s)

	AEP 1-IN-30 GROSS LOSS	AEP 1-IN-30 FINAL NET LOSS
USWS		
NAEQ		

Comments and/or supporting information