

# MARKET BULLETIN

REF: Y5010

<b>Title</b>	Q2 2016 QMR – major losses, exchange rates and instructions.
<b>Purpose</b>	To provide managing agents with information required for the completion of the Q2 2016 Quarterly Monitoring Returns including the list of major losses to be reported, suggested exchange rates and confirmation of the instructions.
<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 2016
<b>Deadline</b>	QSR/QAD – 2:00pm Friday 5 August 2016 unaudited QMA – 5:00pm Monday 8 August 2016 unaudited QMB – 5:00pm Monday 8 August 2016 unaudited QMA – 2:00pm Thursday 18 August 2016 audited QMC – 2:00pm Thursday 1 September 2016 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) other information relevant to the completion of the Q2 2016 Quarterly Monitoring Return; and
- (d) QMA/QMC/Pillar 3 and accounts deadlines for 2016 year end; and
- (e) contact details.

## Deadlines

The submission dates are as noted above. The dates for the unaudited QMA and QMB have been moved from the originally published August 4 to August 8 to reduce the burden on the CMR system on the 4<sup>th</sup> and 5<sup>th</sup>. On the 8<sup>th</sup>, the deadline for the submissions is 17:00 rather than the usual 14:00 deadline. The deadline for the audited QMA remains 18 August at 14:00.

The 2014 and 2015 forecasts as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on Wednesday 10 August.

**QMA forms, instructions and software**

A revised set of instructions have been issued for the Q2 2016 QMA: “2016 version 1.0”. The instructions are available on the QMA home page on the CMR site. If you would like a marked up version of the instructions please e-mail [lloyds-MRD-ReturnQueries@lloyds.com](mailto:lloyds-MRD-ReturnQueries@lloyds.com) .

Cash flows – Apart from completing the current year cash flow, QMA003, all syndicates must also complete the Q2 2015 equivalent information in QMA392. As the Q2 2015 QMA did not have the equivalent form, column A of QMA392 will return zeros in all lines. Column B of the form will therefore have to be used to provide the cash flow figures.

Syndicate expenses – the software currently provides a comparison between QMA130 and QMA131, as it did at Q4 2015. However, the QMA131 derives the previous year’s Q4 data so a new form is to be created, QNMA132, to pick up the Q2 2015 data. This form will be made available in mid July.

The revised software for the Q2 2016 QMA will be available in the Production environment from Monday 4 July. Any agent opening an edition of the Q2 2016 QMA before that date will have to open a further edition for completion and submission to ensure that all the software updates have been picked up.

Syndicate expenses – the software available on 4 July will include the comparison between expenses reported on forms QMA130 and QMA131, as it did at Q4 2015. However, the QMA131 derives the previous year’s Q4 data so a new form is to be created, QMA132, to pick up the Q2 2015 data. This form will be made available in mid-July. We apologise for this oversight.

**QMC forms and instructions**

The instructions for the Q2 2016 QMC will be available for download by end July within the Core Market Returns website. The updated version of the instructions will be “2016 version 1”. There will be no material changes to the instructions compared to those for the 2015 year end QMC currently available for download as “2015 version 1”.

Solvency II balance sheet

A QMC return must be submitted in respect of each syndicate for which a Q2 2016 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 2016 Solvency II balance sheet will be needed to derive the net balance available for the members’ release test in Autumn 2016 and for the 2017 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.

**AAD, ASR, QMA, QMC and syndicate accounts deadlines for 2016 year-end**

A list of the key submission deadlines for the 2016 year-end and 2017 Qs 1 to 3 will be included in the Q3 2016 major losses/exchange rates bulletin. However, to assist managing agents plan their year-end work the following deadlines are confirmed:

Submission of QSR and QAD	Thursday 02 February 2017
Submission of audited QMA	Thursday 16 February 2017
Submission of audited QMC	Thursday 02 March 2017

Submission of syndicate annual accounts  
Submission of ASR and AAD

Tuesday 21 March 2017  
Thursday 06 April 2017

**Contacts**

Reporting performance issues (not validation or content 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 IT help desk to resolve the issue earlier in the process, monitor service levels in real time, and respond quickly as issues emerge. The contacts e-mail is [itcustomersupport@lloyds.com](mailto:itcustomersupport@lloyds.com) or call 020 7327 5333.

General queries

Any queries on the returns should be submitted via e-mail to

<b>Return</b>	<b>Department</b>	<b>E-mail</b>
QAD	Accounting Policy	<a href="mailto:Lloyds-SolvencyReturns@lloyds.com">Lloyds-SolvencyReturns@lloyds.com</a>
QMA	Market Finance	<a href="mailto:lloyds-MRD-ReturnQueries@lloyds.com">lloyds-MRD-ReturnQueries@lloyds.com</a>
QMB	Performance Management	<a href="mailto:Lloyds-QMBReturns@lloyds.com">Lloyds-QMBReturns@lloyds.com</a>
QMC	Accounting Policy	<a href="mailto:Lloyds-SolvencyReturns@lloyds.com">Lloyds-SolvencyReturns@lloyds.com</a>
QSR	Accounting Policy	<a href="mailto:Lloyds-SolvencyReturns@lloyds.com">Lloyds-SolvencyReturns@lloyds.com</a>

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

Robert Smith

## Major losses

The XIS catastrophe codes which must be reported in the Q2 2016 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	12A	Claims arising from the grounding of the Costa Concordia	13 January 2012
6	12J	Hurricane Sandy from Caribbean and ongoing	24 October 2012
7	13A	Cyclone Oswald affecting Queensland and New South Wales, Australia.	27 to 29 January 2013
8	13F	Flooding following heavy rain in Alberta	20 June 2013
9	13G	Asiana Airways 777-200ER crash landing at San Francisco	6 July 2013
10	13K	SK Hynix Semiconductor Loss	4 September 2013
11	14A	Malaysian Airlines Loss of B777-200ER, 9M-MRO	8 March 2014
12	14B	Attacks on Tripoli airport	From 13 July 2014
13	14D	Hurricane Odile	13 to 19 Sept. 2014
14	14F	Brisbane and South-East Queensland Storm	27 to 28 Nov. 2014
15	14G	Loss of Air Asia QZ8501 over the Java sea,	28 December 2014
16	15A	Loss of Germanwings Flight 9525 over the French Alps	24 March 2015
17	15D	Warehouse explosions in Tianjin	12 August 2015
18	15E	South Carolina Wildfires	9 September 2015
19	15F	Valley fire in Lake, Napa and Sonoma counties	12 September 2015
20	15G	South Carolina Floods	October 2015
21	15J	Southern India Flooding	Nov/Dec 2015
22	15K	Samarco dam burst, Brazil	5 November 2015
23	15L	Storm Eva	22/12/2015
24	15M	Storm Frank	29/12/2015
25	MADO	Collapse of Madoff Investment Securities LLC	-
26	SUBS	Losses arising from sub prime	-
27	PEMX	Losses arising from the fire at Pemex's Abkatun A-Permanente platform	01/4/2015
28	15ZD	Fire and Explosion on FPSO Cidade De Sao Mateus	11/02/2015
29	15ZJ	Chevron Bigfoot	29/05/2015
30	15ZI	Troll Solution	05/05/2015
31	16A	Brussels explosions	22/03/16
32	16B	Japan, Kumamoto earthquake	14 to 16 April 2016
33	16C	Ecuador Earthquake	16 April 2016
34	16D	Wildfire – Fort McMurray, Alberta, Canada	1 May 2016 & ongoing
35	16E	Flooding hail and wind damage in Texas & Florida	10 to 15 April 2016
36	MFP	Losses arising from Panama papers	3 April 2016

As noted in section 2.24 to the current QMA instructions, if a 2016 event receives a loss code after this 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 15 July 2016.

**Major loss codes**

Major loss codes assigned for 2016 to date are:

1	16ZA	Empresas Publicas de Medellin	15 February 2016
2	16ZB	Fatality	16 February 2016
3	16ZC	FPSO Kwame Nkrumah	11 February 2016

**Please note:**

Major loss codes relating to 2015 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 2016 (balance sheet), and average currency rates (profit and loss account) for the six months to 30 June 2016 are as follows (to the £):

	Accounts etc		GQD
	Period end	Average	In-quarter average*
US dollars	1.34	1.43	1.43
Canadian dollars	1.74	1.91	1.85
Euro	1.21	1.28	1.27
Australian dollar	1.80	1.95	1.92
Danish krone	8.98	9.57	9.45
Hong Kong dollar	10.42	11.13	11.13
Japanese yen	137.55	159.85	154.76
New Zealand dollar	1.88	2.12	2.08
Norwegian krone	11.22	12.10	11.84
Singapore dollar	1.81	1.98	1.95
South African rand	19.65	22.08	21.52
Swedish krona	11.37	11.95	11.78
Swiss franc	1.31	1.41	1.39

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).