

Market Bulletin

Ref: Y5245

Title Q1 2019 QMR – major losses, exchange rates and instructions

Purpose To provide managing agents with information required for the completion of the Q1 2019 Quarterly Monitoring Returns, including the list of major losses to be reported, suggested exchange rates and confirmation of the instructions.

Type Scheduled

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Date 1 April 2019

Deadline QSR/QAD – 2:00pm, Thursday 18 April 2019
QMA – 2:00pm, Thursday 9 May 2019
QMB – 2:00pm, Thursday 9 May 2019

Related links n/a

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 Q1 2019 Quarterly Monitoring Returns; and
- (d) contact details.

Deadlines

The submission dates are as noted above. All returns must be submitted by no later than 2:00pm of the deadline date. Any return submitted after that time will be considered to be late. The 2017 and 2018 forecasts as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on Wednesday 15 May 2019.

Return instructions

QMA

From Q1 2019 onwards, there is a requirement for syndicates to make loans to the Central Fund (refer to market bulletin Y5236 issued on 20 February 2019 for further details). Syndicates should report these loans as part of assets on their balance sheet, and these loans should be accounted for

within “Syndicate loans to the Central Fund” on QMA 201 line 13 (part of financial investments). Lloyd’s considers that the loans meet the criteria to be recognisable as an asset under FRS 102 2.27 and meet the conditions to be recognisable as a basic financial instrument under FRS 102 section 11.

Other than noting the above for Q1 2019 QMA reporting, there have been no further changes of note made to the previous Q4 QMA 2018 instructions. The updated 2019 QMA instructions “2019 version 1.0”, are available on the QMA home page on the CMR site.

QSR/QAD

Similarly, for Pillar 3 reporting purposes, the syndicate loans should be reported in QSR/ASR 002 line 33 (R0260) “Other loans and mortgages” and classified as CIC code XT81 in the QAD/AAD 230.

The QSR/QAD reporting instructions have been updated to include specific guidance on the treatment of the syndicate loans in QSR 002 and QAD 230 to supplement the information above. A number of additional changes to the instructions have been made including:

- Additional validations for technical provisions between QSR002 and QSR240 (previously introduced for QSR Q4 2018 audited)
- QSR 210 - Line 16 other adjustments – clarification (previously introduced for QSR Q4 2018 audited)
- QSR 210 - Line 19 LOD premium adjustment - clarification (previously introduced for QSR Q4 2018 audited)
- QSR 220 - Line 14 foreseeable distributions – clarification of treatment of negative amounts
- QSR 22 - Lines 18 and 19 EPIFP – clarification that this is calculated gross of reinsurance (previously introduced for QSR Q4 2018)

These updates have been included in the document “QSR QAD Return Instructions Q1 2019”, which is available from both the Lloyd’s website as well as on the CMR site.

QMB

The QMB instructions have also been updated to advise on the new treatment of the Lloyd’s Brussels commission charge and the European distribution channel. Please refer to section 3.2.11 and Appendix 3 of the instructions, available on the QMB home page on CMR for further information.

Software

The software for the Q1 2019 QMA and QMB returns will be available in the Production environment from Monday 8 April 2019 onwards. The software for the Q1 2019 QSR/QAD is available now.

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 contact number for our IT Services team is 020 7327 5333.

General queries

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

Return	Department	E-mail
QMA	Market Finance	Lloyds-MRD-ReturnQueries@lloyds.com
QMB	Performance Management	Lloyds-QMBReturns@lloyds.com
QSR/QAD	Market Finance	Lloyds-SolvencyReturns@lloyds.com

Jake Tomlin

Appendix 1

Major losses

The XIS catastrophe codes which must be reported in the Q1 2019 QMA800u are:

	Code	Loss name	Loss date
1	10P	New Zealand Earthquake	4 September 2010
2	11C	New Zealand Earthquake	22 February 2011
3	11N	Losses arising from New Zealand earthquake at Sumner	13 June 2011
4	12J	Hurricane Sandy from Caribbean and ongoing	24 October 2012
5	13A	Cyclone Oswald affecting Queensland and New South Wales, Australia.	27 to 29 January 2013
6	13F	Flooding following heavy rain in Alberta	20 June 2013
7	14D	Hurricane Odile	13 to 19 Sept. 2014
8	14F	Brisbane and South-East Queensland Storm	27 to 28 Nov. 2014
9	15D	Warehouse explosions in Tianjin	12 August 2015
10	MADO	Collapse of Madoff Investment Securities LLC	-
11	SUBS	Losses arising from sub prime	-
12	PEMX	Losses arising from the fire at Pemex's Abkatun A-Permanente platform	1 April 2015
13	16D	Wildfire – Fort McMurray, Alberta, Canada	1 May 2016 & ongoing
14	16K	Typhoon Meranti (known as Ferdie in the Philippines)	8-17 Sept 2016
15	16L#	Hurricane Matthew (irrespective of state)	29 Sept 2016
16	16N	New Zealand earthquake, South Island near Hammer Springs	14 November 2016
17	AMOS	Loss of the AMOS-6 satellite	1 Sept 2016
18	FPSO	Losses arising from Kwame Nkrumah in the jubilee oil field	20 March to 31 Dec 16
19	HUSK	Losses arising from the Husky energy oil spill in Saskatchewan	21 July 2016
20	17C	Peruvian floods	13 March 2017
21	17D	Tropical cyclone Debbie (Australia)	27 March 2017
22	ADNC	Losses arising from the Vapour Cloud explosion at the ADNOC/Takreer Ruwais Refinery	11 January 2017
23	17E	Typhoon Hato, affecting Hong Kong, Macau and South China.	20 August 2017
24	17F#	Hurricane Harvey	24 August 2017
25	17G#	Hurricane Irma	1 September 2017
26	17H	Hurricane Maria	17 September 2017
27	17J	Mexico Earthquake	19 September 2017
28	17K#	Hurricane Nate	5 October 2017
29	17L#	Northern California wildfires	8 October 2017
30	17M	Mexico Earthquake	8 September 2017
31	17N	Thomas wildfire in Santa Barbara and Ventura Counties	4 December 2017
32	18A	Winter storm affecting the US Eastern Seaboard and parts of Canada	3 January 2018
33	HONA	Losses arising from the Maersk Honam fire in the Arabian Sea	6 March 2018
34	18B	Volcanic eruption affecting Hawaii	3 May 2018

35	18C	Carr Wildfire, Redding, and affecting Shasta County and Trinity County, California.	23 July 2018
36	18D	Ranch Fire (Mendocino Complex) affecting Colusa County, Lake County and Mendocino County.	27 July 2018
37	18E	Hurricane Lane affecting Hawaii.	22 August 2018
38	18F#	Hurricane Florence	4 September 2018
39	18G	Typhoon Jebi	29 August 2018
40	18H	Typhoon Mangkhut	9 September 2018
41	SASS	Losses arising from the Lurssen Shipyard fire damaging superyacht "Sassi"	14 September 2018
42	18J	Hurricane Michael	6 October 2018
43	18K	Camp Wildfire	8 November 2018
44	18L	Woolsey Wildfire	8 November 2018
45	USCC	Capture costs arising out of climate change litigation for claims originating in the US.	1 January 2018
46	RWCC	Capture costs arising out of climate change litigation for claims not originating in the US.	1 January 2018
47	USOC	Capture claim payments and costs arising out of opioid claims origination in the US onwards.	1 January 2018
48	RWOC	Capture claim payments and costs arising out of opioid claims not origination in the US.	1 January 2018
49	19A	Brumadinho dam burst in Minas Gerais, Brazil	29 January 2019

– A number of state level codes were issued for these losses, but for the purposes of the QMA800, all losses relating to the storm, wherever located, should be reported under the single code provided.

As noted in section 2.23 to the current QMA instructions, if an 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 27 April 2019.

Major loss codes

Major loss codes previously assigned by Lloyd's where loss reporting is required are:

	Code	Loss name	Loss date
1	18ZC	Papua New Guinea EQ 2018 - Earthquake	26 February 2018
2	18ZJ	Typhoon Trami	30 September 2018
3	18YB	Marriot Cyber Breach - On or about September 7, 2018	7 September 2018

Please note:

Major loss codes relating to 2018 and prior are still maintained in the database. Syndicates are asked to report on major losses in accordance with the QMA800u instructions.

Appendix 2

Rates of Exchange

The settlement currency rates as at 31 March 2019 (balance sheet), and average currency rates (profit and loss account) for the three months to 31 March 2019 are as follows (to the £):

	Accounts etc		GQD
	Period end	Average	In-quarter average*
US dollars (USD)	1.30	1.30	1.30
Canadian dollars (CAD)	1.74	1.73	1.73
Euro (EUR)	1.16	1.15	1.15
Australian dollar (AUD)	1.83	1.83	1.83
Danish krone (DKK)	8.66	8.56	8.56
Hong Kong dollar (HKD)	10.23	10.22	10.22
Japanese yen (JPY)	144.23	143.43	143.43
New Zealand dollar (NZD)	1.91	1.91	1.91
Norwegian krone (NOK)	11.22	11.17	11.17
Singapore dollar (SGD)	1.76	1.76	1.76
South African rand (ZAR)	18.80	18.26	18.26
Swedish krona (SEK)	12.08	11.94	11.94
Swiss franc (CHF)	1.30	1.30	1.30

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).