Lloyd's Reserving Forum

13th October 2025

LLOYD'S

Agenda

- **Opening Remarks**
  - **Lloyd's Reserving Data Transformation**
  - **SAO Insights**
  - **Key Uncertainties for 2025 Year-End**
- **Closing and Q&A**

LLOYD'S

Opening Remarks

Emma Stewart – Chief Actuary

Uncertainty giving us more to think about

But is this a new dilemma?

How many of you recognise this statement

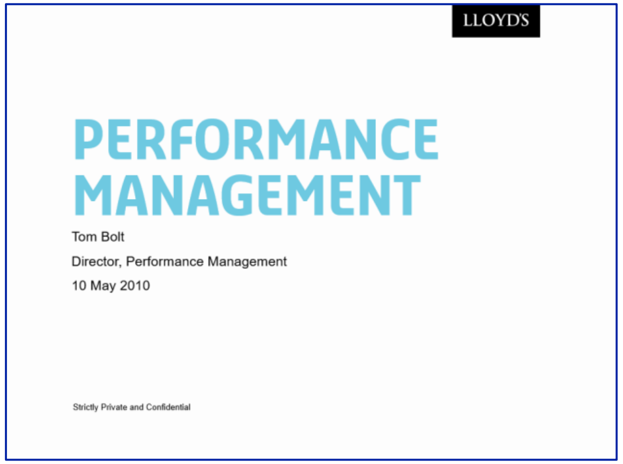
“I am an actuary and making financial sense of the future is what I do.”

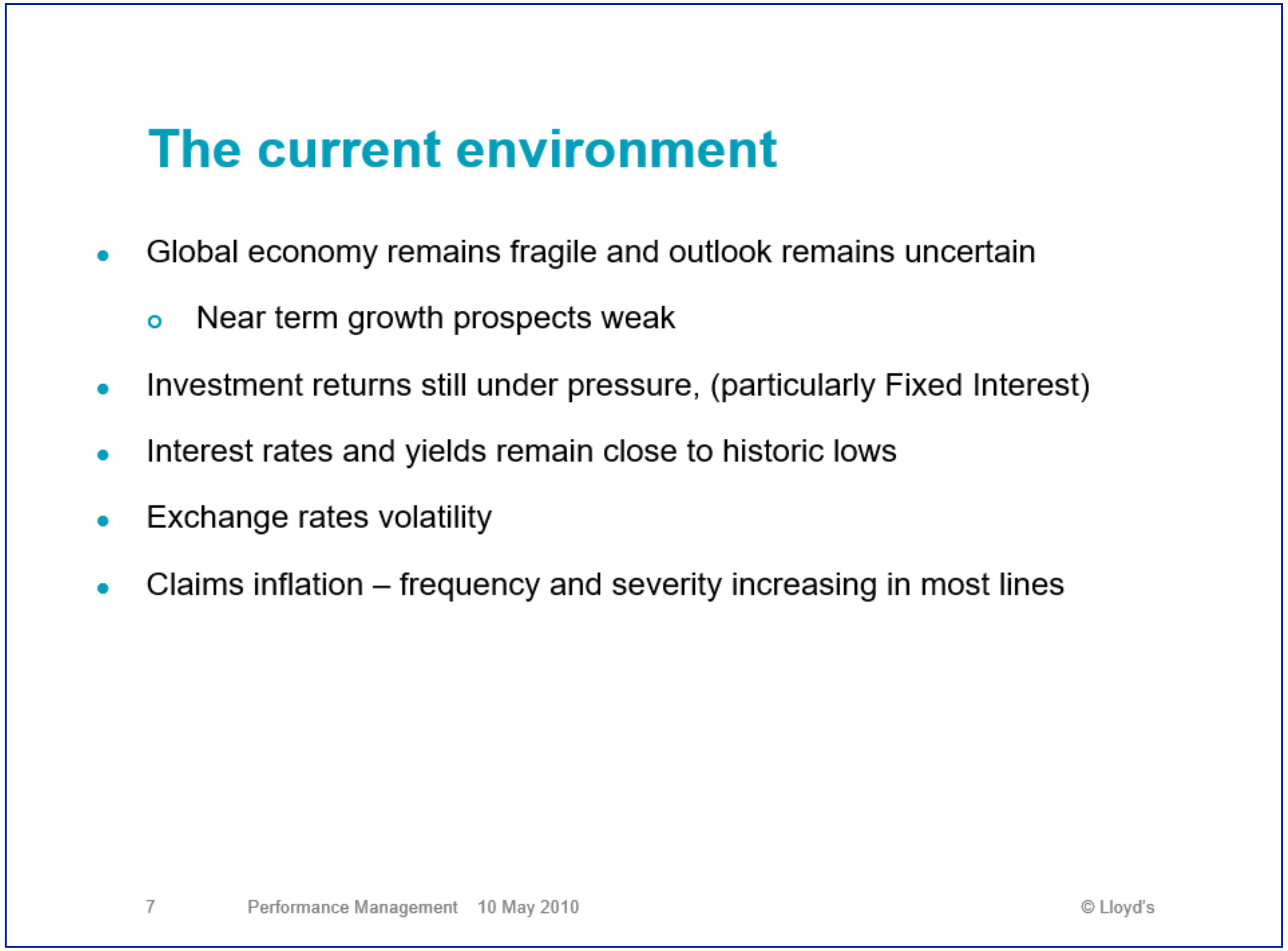
How many of you recognise this statement

“I am really busy and would prefer to have less to think about rather than more”

The current environment

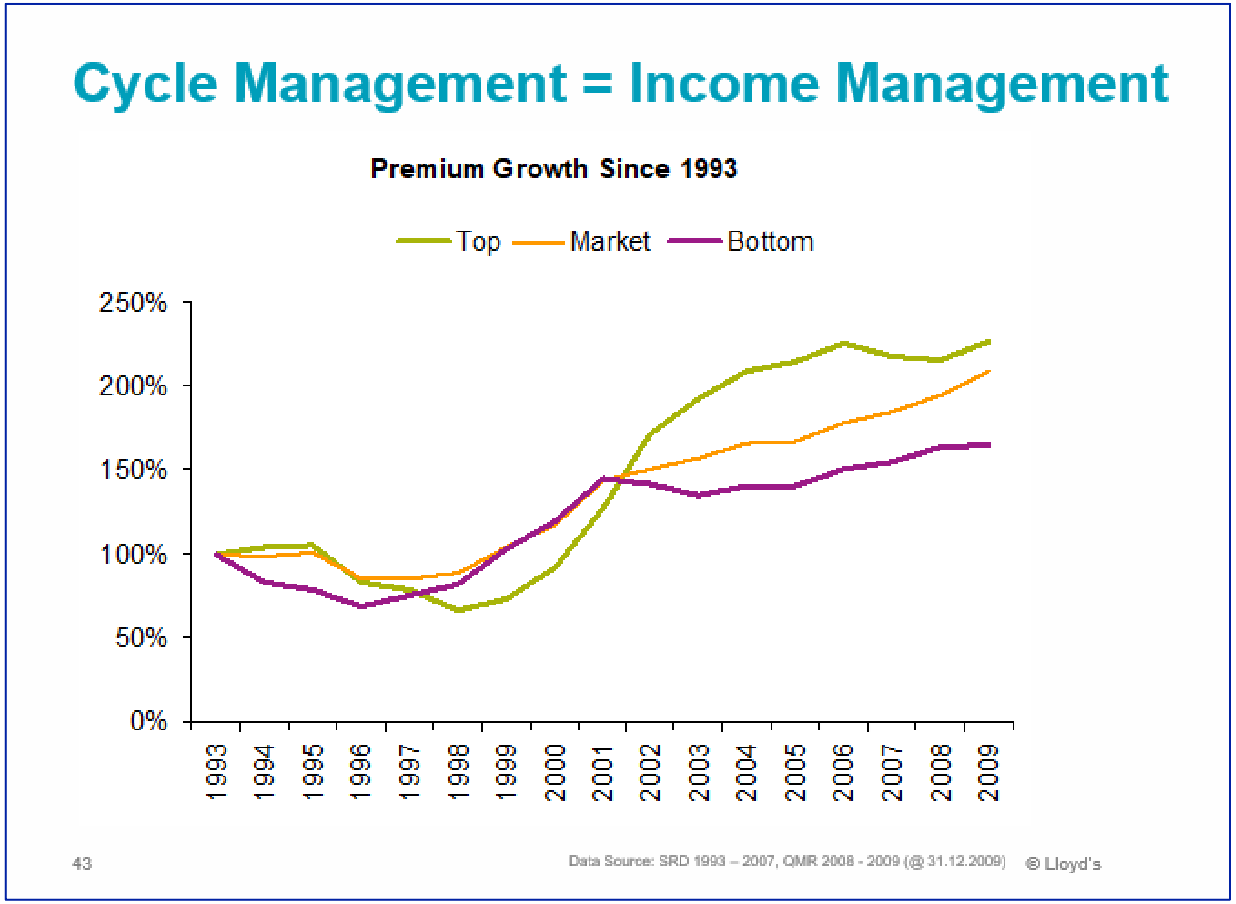
How has it changed?





What have we learnt before?

The importance of early warning indicators and reserving feedback loops



What did successful agents do differently over this cycle?

To answer this question we divide the market into two groups. From a birds eye perspective we shall regard the results and premium movements for the top performing syndicates and compare them against the bottom performing syndicates. We selected the top and bottom group based on their underwriting performance over the cycle from 1993 – 2001.

So what distinguishes the groups?

The bottom performers wrote more casualty business compared to the top performers, as such it took them more time to realise the true performance of their books which resulted in a delayed actions.

LLOYD'S

Lloyd's Data and Reserving Returns

James Lane – Manager, Actuarial Systems

Why change?

LLOYD'S

Why are we changing?

Data Model Benefits

Less data required - saving time and effort to produce

Removal of issues related to risk code allocation

Streamlined data validation process

More engagement- adding value to conversations with the market

More meaningful data – greater and more relevant insights

This is a no regrets move and will form foundation of how we build other returns

Why are we changing?

Lloyd's Lines of Business Benefits

Speed up the implementation timeline	Speak in a single language between Lloyd's and the Market	Greater insights from Lloyd's more relevant to your business	Ability for innovation – e.g. market-wide capital initiatives
Alignment of plan and performance	Ultimately remove allocations	Reduction in effort to provide data	Greater fungibility of resource

No regrets move – this will form the bedrock of future reporting in Finance

Data Validations

Data Validations

A work in progress

A LOT OF DATA WAS REVIEWED, OVER 9 MILLION ROWS.

AUTOMATED VALIDATIONS, THRESHOLDS COULD HAVE BEEN IMPROVED.

ADDITIONAL QUERIES TO BE SENT

Data Validation

Areas of Focus 2025 Submission

- Signed greater than written premium
- Inconsistent Reserving Class naming convention
- Introduction of validation to QMA800u
- Naming convention on LPT Reserving Class Names

LLOYD'S

Changes for 2025 YE Submission

One change to the data model for 2025 YE (Email confirmation to be sent this week):

- Additional RRQ form to with Syndicate Reserving Class Code and Syndicate Reserving Class name.
- Codes to be used in all RRQ and RRA forms.

New CMR Validations introduced:

1. Reference integrity check between RRQ and RRA forms and new RRQ form.
2. New CMR validation to flag duplicates in the RRQ and RRA 091 forms.

Additionally, considering reduction of RRQ data volumes, to be investigated in 2026 with a market to be consulted.

Key Dates

Upcoming Dates

- Thu 15 Jan 2026 – 2025 Q4 RRQ Submission
- Friday 30th Jan 2026 – Email Requests Deadline for Early Test RRA submission
- **Monday 16th Feb 2026 to Friday 13th March - Early Test RRA window**
- Thu 26 Mar 2026 – 2025 RRA submission
- Mon 20 Apr 2026 – 2026 Q1 RRQ Submission

LLOYD'S

Underwriting Development Triangles

Points of Note for the Data

We believe the RRQ is an improved dataset as now better aligns with Managing Agents own data, however…

- **We expect there to be movements in the data in the coming quarters.**
- **Risk code – Removed from the majority of our internal processes.**
- **Some legacy related issues.**

- **For full presentation and recoding please contact - sanjiv.sharma@lmalloyds.com or lma@lmalloyds.com**

LLOYD'S

Making the UDT Better

- **Cleaning up the double count**
  - Removal of SPA data from the Triangles (more info in LMA presentation).
- **Making it more relevant**
  - Adding in Syndicate Reserving Class and LOB code to the filters.
- **Use in Benchmarking**
  - Syndicate Reserving Class now mapped to the associated LOB Code for benchmarking processes.
- **Better Insights**
  - Additional charts added

RRA@Lloyds.com or Insightshub@lloyds.com

LLOYD'S

SAO Insights

David Bracewell – Senior Actuary, Reserving Oversight

- How we use SAOs
- 2024YE SAO stocktake
- SAO margin insights
- 2025YE SAO

How we use the SAOs

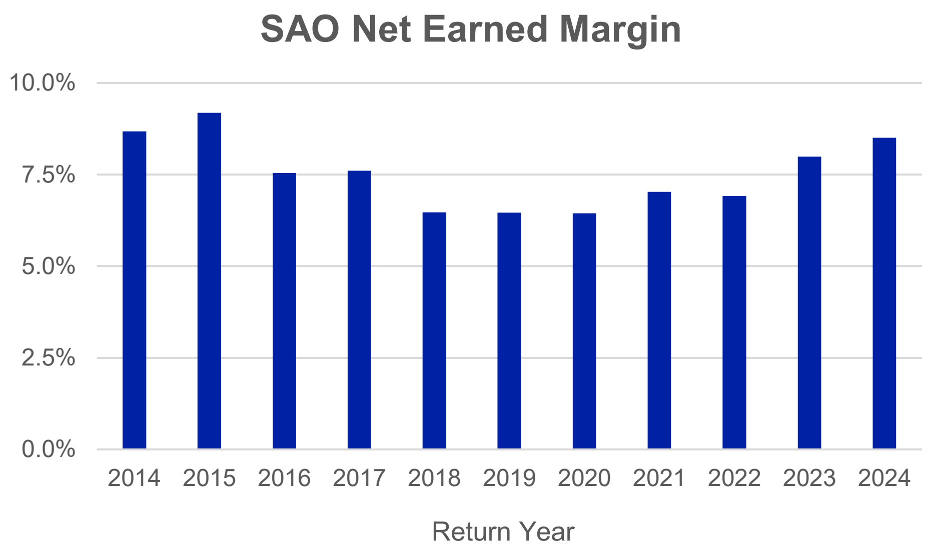
Core control for Lloyd's reserve oversight

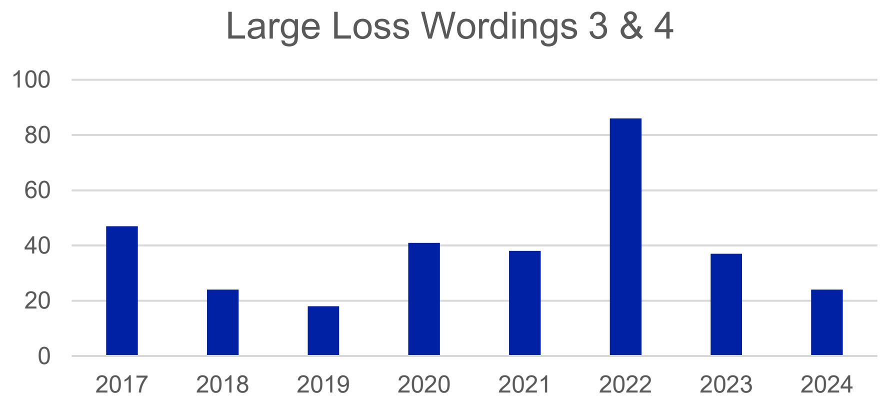
- Provides assurance on the appropriateness of market-level reserves.
  - High level analysis is shared with the PRA.
- Supports Lloyd's Chief Actuary in delivering a Statement of Actuarial Opinion (SAO)
- Offers insights into uncertainty at the market level; i.e. Wordings.
- Lloyd's requirement that "reserve margins" claimed for SII capital be no greater than the SAO.
- Informs syndicate triage during reserve oversight activities.
  - Highlights differences in reserves and/or material changes in surplus or deficit positions.
  - SAO reports are considered for additional insights and emerging trends.

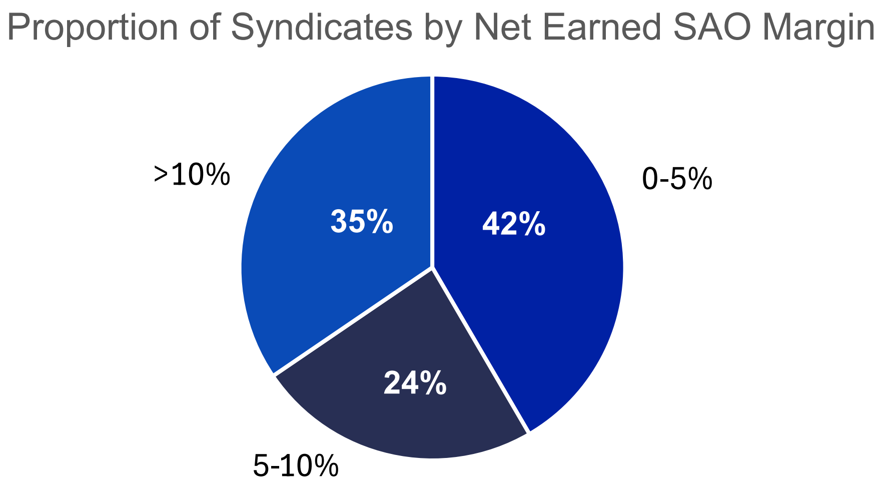
2024YE SAO stocktake

Margin highest since 2015

- **Overall SAO margin has improved as at 2024YE.**
- **Wide range of SAO margin at syndicate level.**
- **As at 2024 there were 24 category 3 & 4 wordings, down from 37 in 2023.**
- **Main areas of uncertainty as at 2024 relate to the conflict between Russia and Ukraine.**

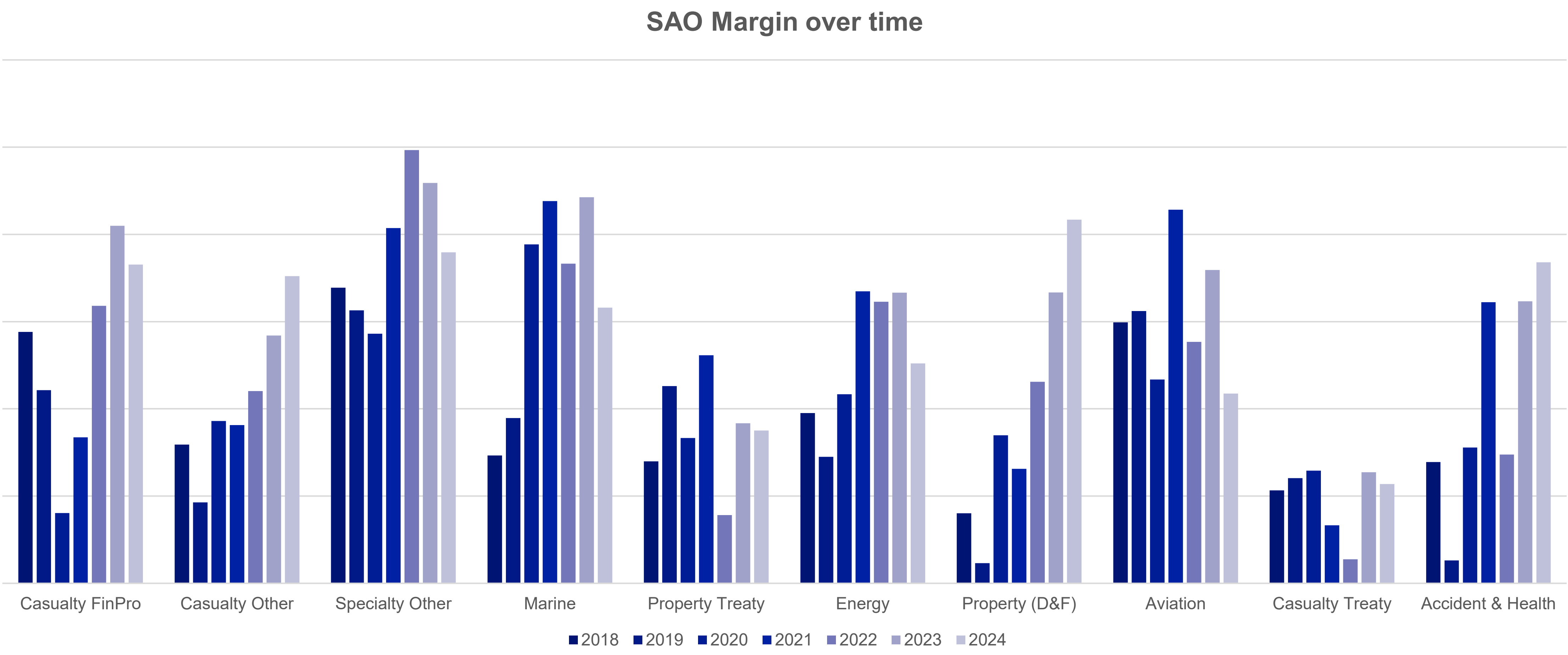






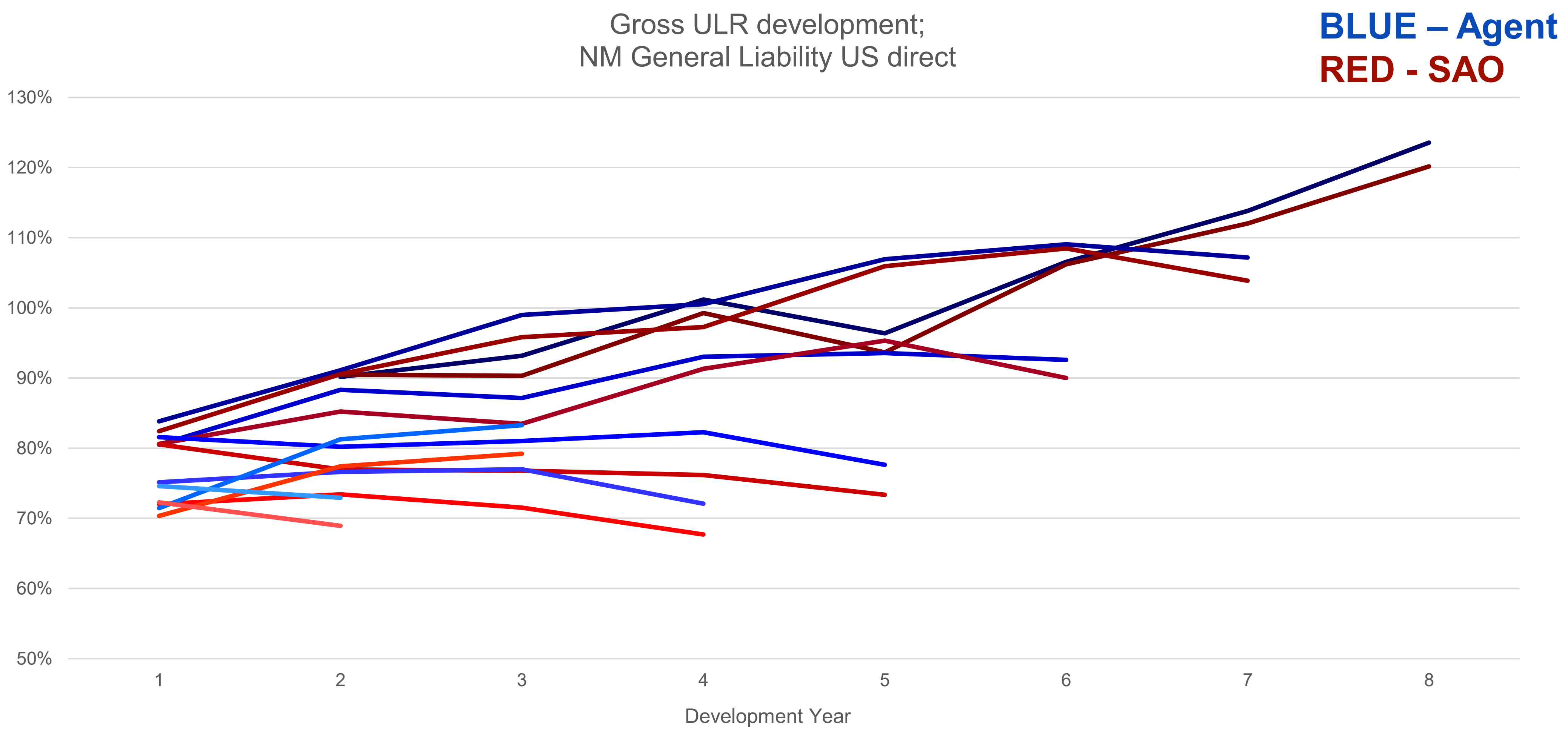
2024YE SAO stocktake

Almost universal increase in SAO margins since 2018-2020 period



NM General Liability US

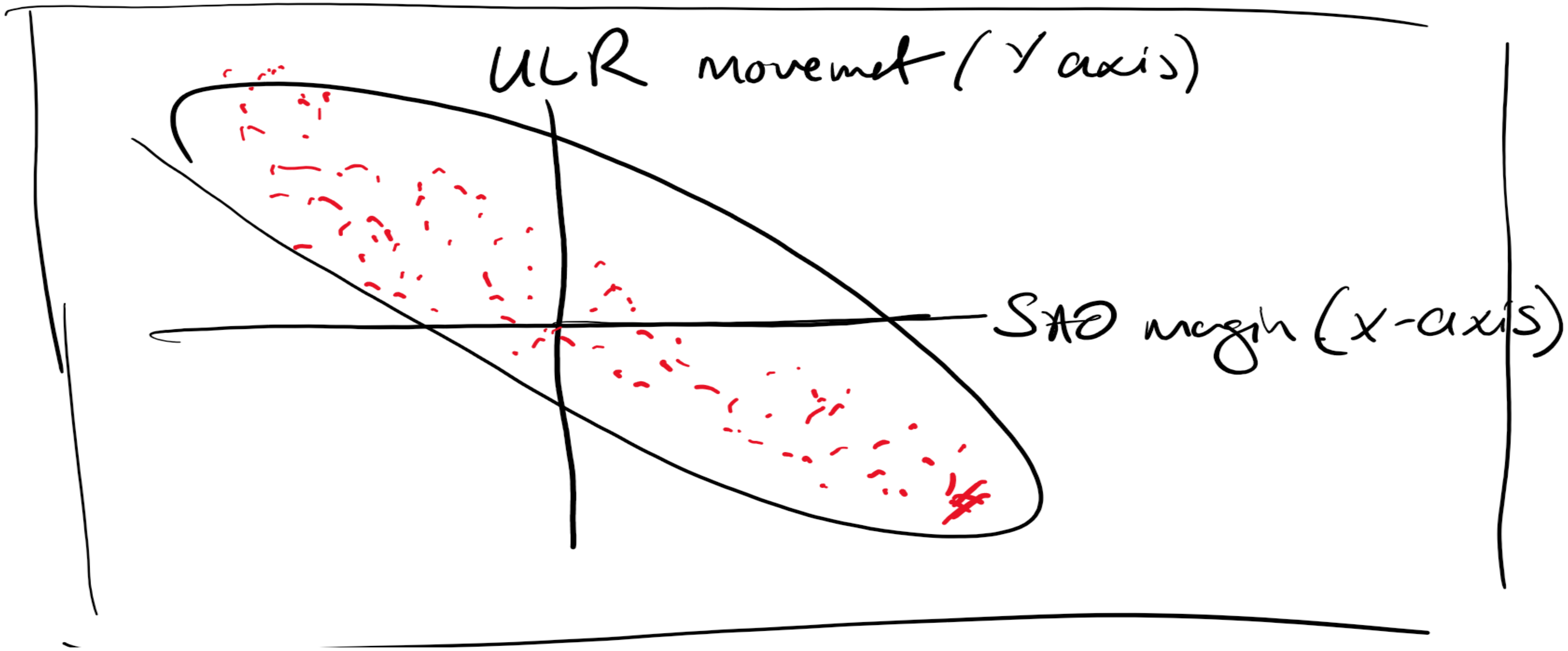
Comparison of ULR progression appears unhelpful



LLOYD'S

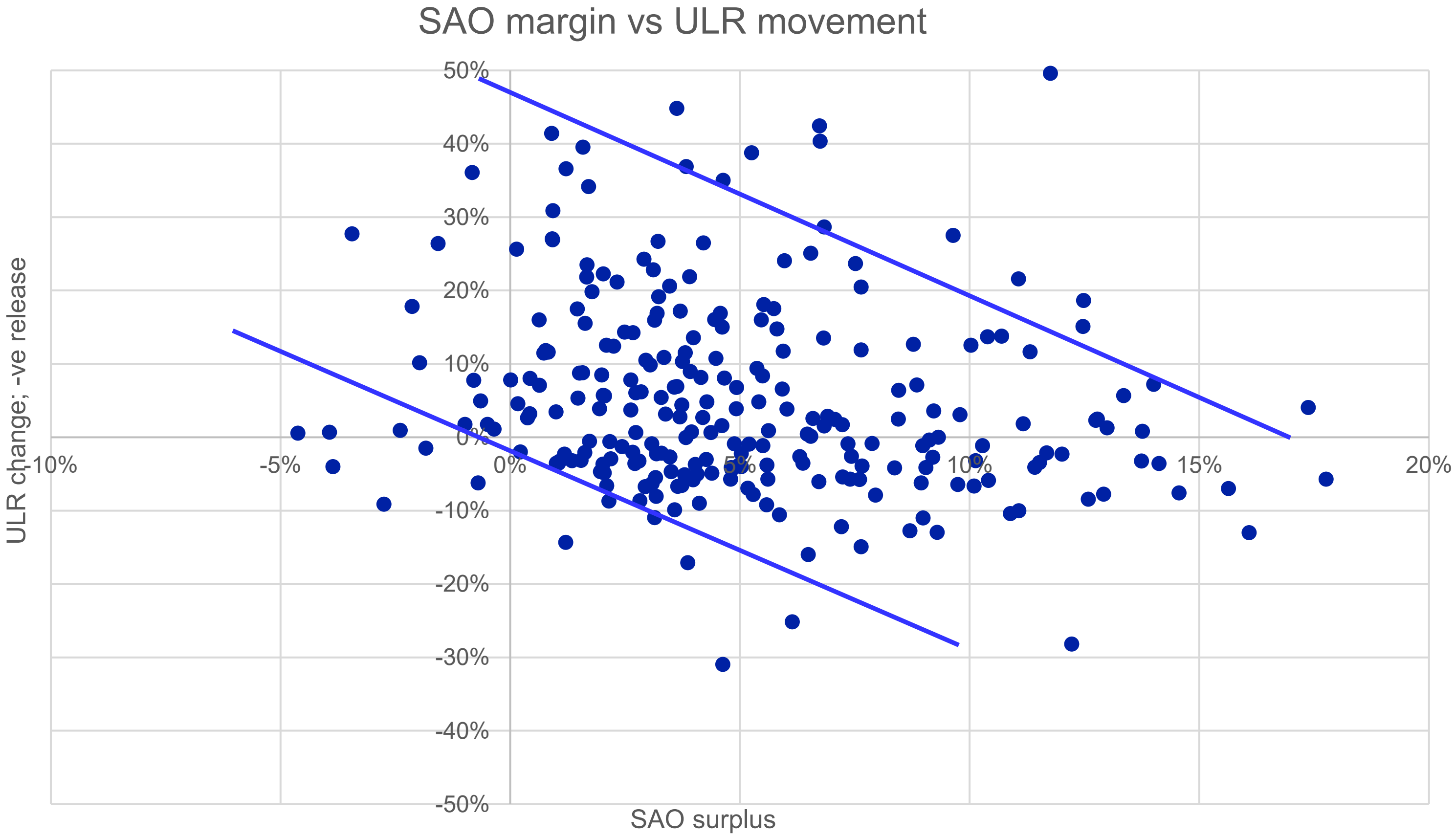
SAO highly predictive?

Hope



SAO highly predictive?

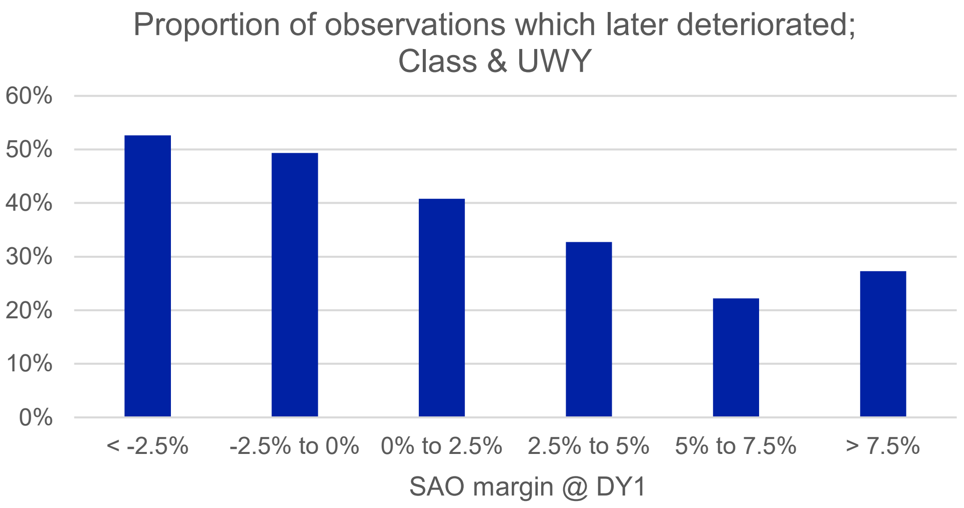
Actual!

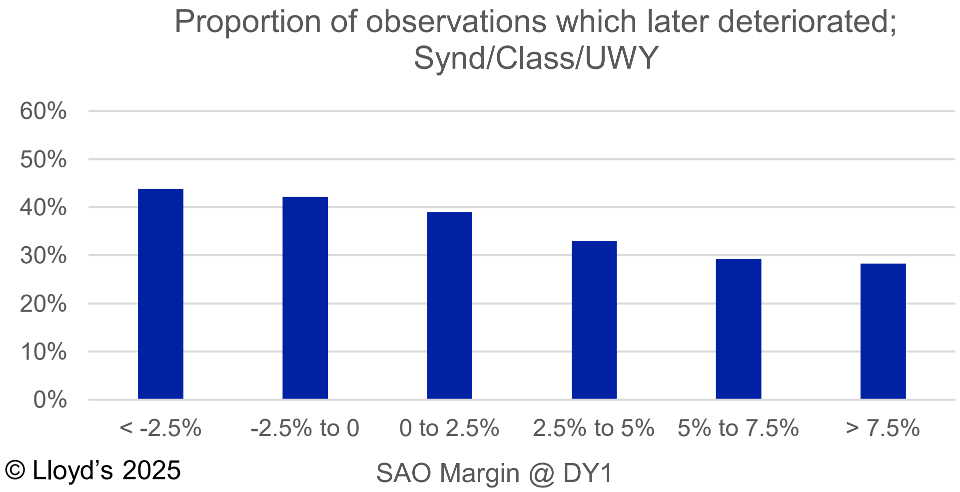


LLOYD'S

SAO margin

Analysis of SAO margin at DY1 yields some predictiveness





- Aggregating observations demonstrates **some insight can be gained** from SAO margin analysis.
- Lower SAO margins tend to result in a higher proportion of future reserve deteriorations.
- More indicative when aggregating all syndicates.
- We expect managing agents to consider the SAO comparisons and ensure relevant stakeholders are informed where material differences exist.

2025YE SAOs

Housekeeping

2025YE SAO updates

- Risk codes have been replaced with Lloyd's LoB; SAO template to be adjusted.
- Immaterial changes to the Valuation of liabilities.
- QMA 223 will remain unchanged.

Submission	Deadline
Managing Agents to Submit Signing Actuary Details	28 November 2025
Worldwide Statements of Actuarial Opinion (SAO)	19 February 2026
SAO Addendum Return	19 February 2026
US Trust Fund SAO	13 February 2026
SAO Template	23 February 2026
SAO Reports	30 March 2026

SAO report feedback

- Wide variety of reporting for the class level reporting. Specifically for areas of material difference.
- Commentary concerning differences in key judgements including rationale for the difference in opinion.
  - Patterns and IELRs are the two primary areas where differences exist.
- Assumptions and judgements adopted from the managing agent (e.g. Specific IBNRs, Claim watchlist) need to include derivation and sufficient validation of the appropriateness.

SAO summary

SAO is a core Lloyd's oversight tool

2024YE SAO margins are the highest since 2015.

SAO margin analysis is a useful indicator of reserve risk

Agents & SAO providers should rationalise their reserve selections in areas with a SAO deficit.

LLOYD'S

Key Uncertainties for 2025 Year-end

Fraser Walsh – Senior Actuarial Associate, Reserving

LLOYD'S

Uncertainty on the horizon

Pandemics

Geopolitical tensions

Cyber

Forever Chemicals

Banking sector crisis

Recession

Climate change

Inflation: The Social kind

US exposure

Measuring SI is difficult

Lloyd's utilising market SBF

	Shorter Tail	Longer Tail
Higher SI	Terrorism, Med Ex, Aviation, Motor	General Liability, Med Mal, Cyber, Cas FinPro
Lower SI	Property, Marine	Energy Liability, Aviation XL

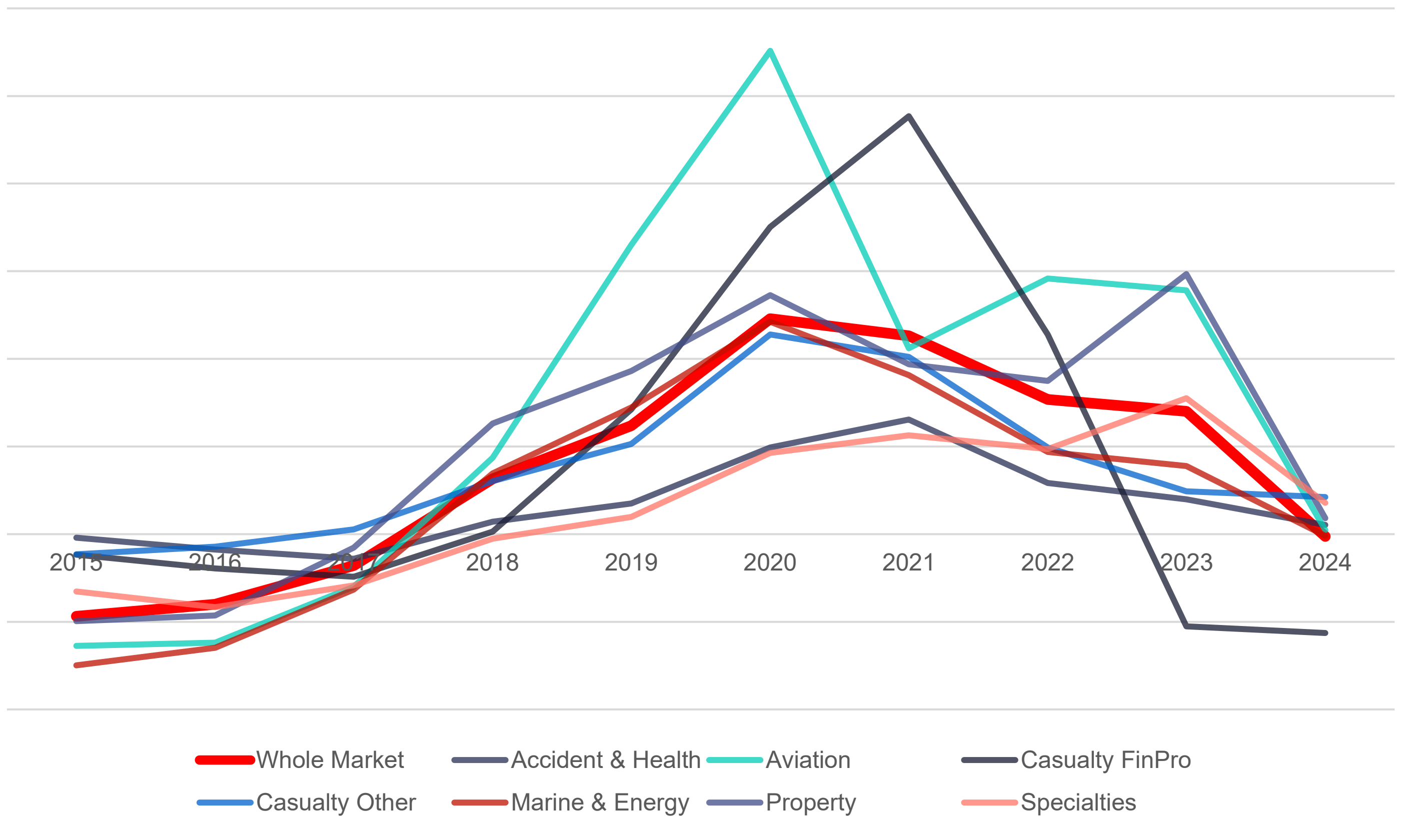
Recessionary and economic pressure

Contract profile

Tail length

A Softening Market

Lloyd's has seen rate falling across almost all areas



Syndicates should consider

- Underwriting impacts
- Approach consistency
- IELR

LLOYD'S

Ukraine/Russia (long tailed cats)

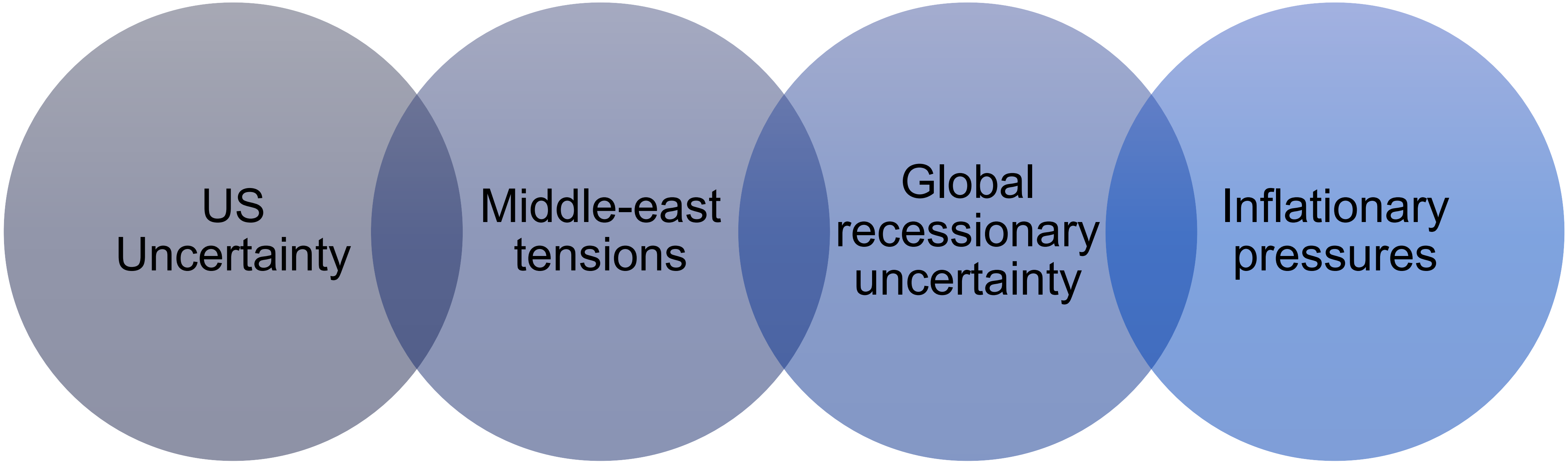
Lloyd's Ukraine/Russia Oversight 2025 – still significant uncertainty

- Rulings & Judgements
- Reinsurance
- Limited information

Ukraine/Russia experience highlights importance of…

- Thorough risk planning
- Synergy across functions
- Thorough scenario testing

Macroeconomic



LLOYD'S

Closing and Q&A

Emma Stewart – Chief Actuary

So what does this all mean for 2025 Year-end?

For Signing Actuaries and Syndicate Actuaries

- Lots to think about
  - Market Conditions and rate
  - Uncertainties and the volatile risk environment
  - Interconnected nature
- How uncertainties should be incorporated
  - Best estimates?
  - Margin?
  - Uncertainty Wordings?
  - Capital?
- The importance of data, early indicators and feedback loops to react without delay
  - The insight from SAOs is incredibly valuable to you and to us

LLOYD'S

Disclaimer

This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. It is the responsibility of any person communicating the contents of this document, or any part thereof, to ensure compliance with all applicable legal and regulatory requirements.

The content of this document does not represent a prospectus or invitation in connection with any solicitation of capital by Lloyds. Nor does it constitute an offer by Lloyd's to sell securities or insurance, a solicitation of an offer to buy securities or insurance, or a distribution of securities in the United states or to a U.S. person, or in any other jurisdiction where it is contrary to local law. Such persons should inform themselves about and observe any applicable legal.

This document has been produced by Lloyd's for general information purposes only. While care has been taken in gathering the data and preparing this document, Lloyd's does not make any representations or warranties as to its accuracy or completeness and expressly excludes to the maximum extent permitted by law all those that might otherwise be implied.

Lloyd's accepts no responsibility or liability for any loss or damage of any nature occasioned to any person as a result of the acting or refraining from acting as a result of, or in reliance on, any statement, fact, figure or expression of opinion or belief contained in this document. This document does not constitute advice of any kind.