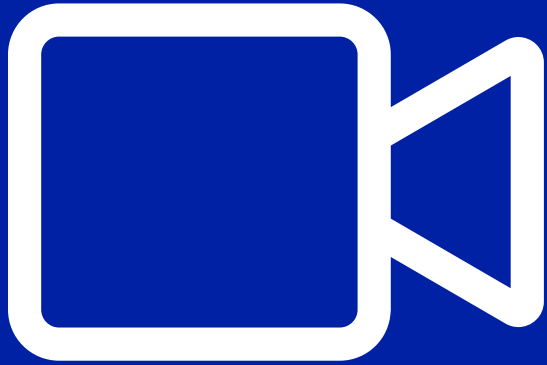


Solvency UK Virtual Briefing

Reporting Rationalisation & Moving to PRA
Solvency UK taxonomy

27 March 2025



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Solvency UK Briefing

Today's agenda



The **aim** of the session today is to outline the plan for **implementation of Solvency UK for the Lloyd's market** and discuss how you can prepare for the upcoming changes.



The **presenters** today will be **Kathryn Edwards** (Chief Accountant) and **Mirjam Spies** (Head of Actuarial Oversight) Joined by **Rizwan Kermali** (Head of External Reporting) for Q&A

Section	Focus
Welcome & introduction	<ul style="list-style-type: none">▪ Reporting Rationalisation initiatives
Introduction to Solvency UK Reporting	<ul style="list-style-type: none">▪ Summary of regulatory requirements▪ Solvency UK introduction – what's changing▪ Requirements Summary
Reporting Simplification	<ul style="list-style-type: none">▪ UK Solvency Approach▪ Overlap with in-flight programme at Lloyd's▪ Lloyd's specific requirements
Reporting timelines & Market Testing	<ul style="list-style-type: none">▪ Key dates and Solvency UK submission timeline
Capital Considerations	<ul style="list-style-type: none">▪ Changes to the Internal Model▪ Timeline for model changes
Recap and Next Steps	<ul style="list-style-type: none">▪ Benefits to the market▪ How we will support you throughout the Solvency UK journey
Q&A	<ul style="list-style-type: none">▪ Opportunity to ask questions

Reporting Rationalisation

QMA and Reserving Data (TPD) state of play

QMA

- ❑ Simpler, more streamlined, reporting process live (with phased implementation)
- ❑ All tagged primary statements submitted for 2024 - 83% submitted on time
- ❑ Parallel run was very beneficial for all stakeholders, and we are well positioned for full go-live for interim reporting

Next steps

- ❑ Debrief with tagging providers in early April
- ❑ Flash reports Q1 2025 (30 April 2025)
- ❑ LMA have requested market feedback via a survey and a debrief will be held in May 2025

Reserving Data (TPD)

- ❑ Retired GQD and TPD, replacing them with new and improved RRQ and RRA respectively
- ❑ 96% of syndicates successfully submitted the Q4 RRQ on time
- ❑ RRQ submissions went live as planned in Q1 2025, and we have achieved a successful set of returns for RRQ

Next steps

- ❑ RRA due today - continue working closely with the market (still implementing some bugfixes)
- ❑ Benefit realisation survey (in late April 2025) and debrief (in May 2025)

Introduction to Solvency UK Reporting

Regulatory Requirements

Why does Lloyd's collect solvency data?

Lloyd's SII requirements:

- ☐ Whilst Lloyd's is not a UK insurance company, the PRA Rulebook refers to Lloyd's specifically ("the association of underwriters known as Lloyd's") and requires Lloyd's to report as if Lloyd's were a "UK Solvency II" firm.
- ☐ The PRA rulebook instructs managing agents to provide any information that Lloyd's needs in order to facilitate this.

Other uses of the data:

- ☐ Preparation of SFCR disclosures
- ☐ Calculation of ringfenced funds
- ☐ Calculation of asset risk in Lloyd's Internal Model
- ☐ Preparation of rating agency models
- ☐ Coming into Line / QCT
- ☐ Reserving oversight
- ☐ Investments oversight
- ☐ International reserving obligations

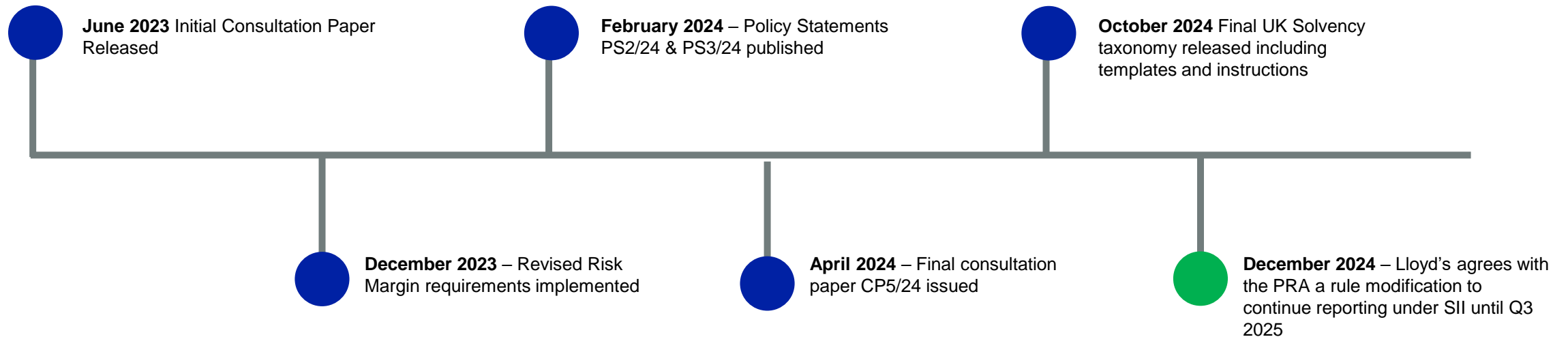
Lloyd's is required to comply with Solvency UK from Q4 2025...

Introduction to Solvency UK

Tailoring insurance regulation to fit the UK's unique market needs

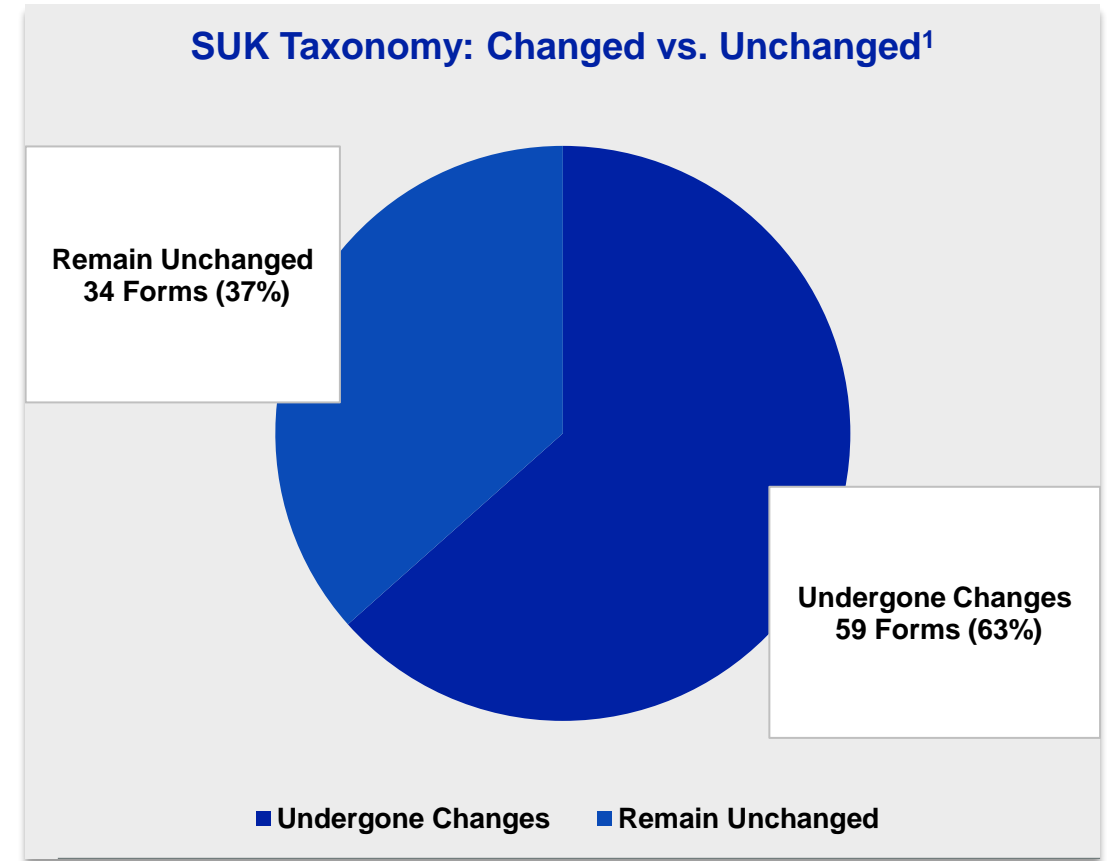
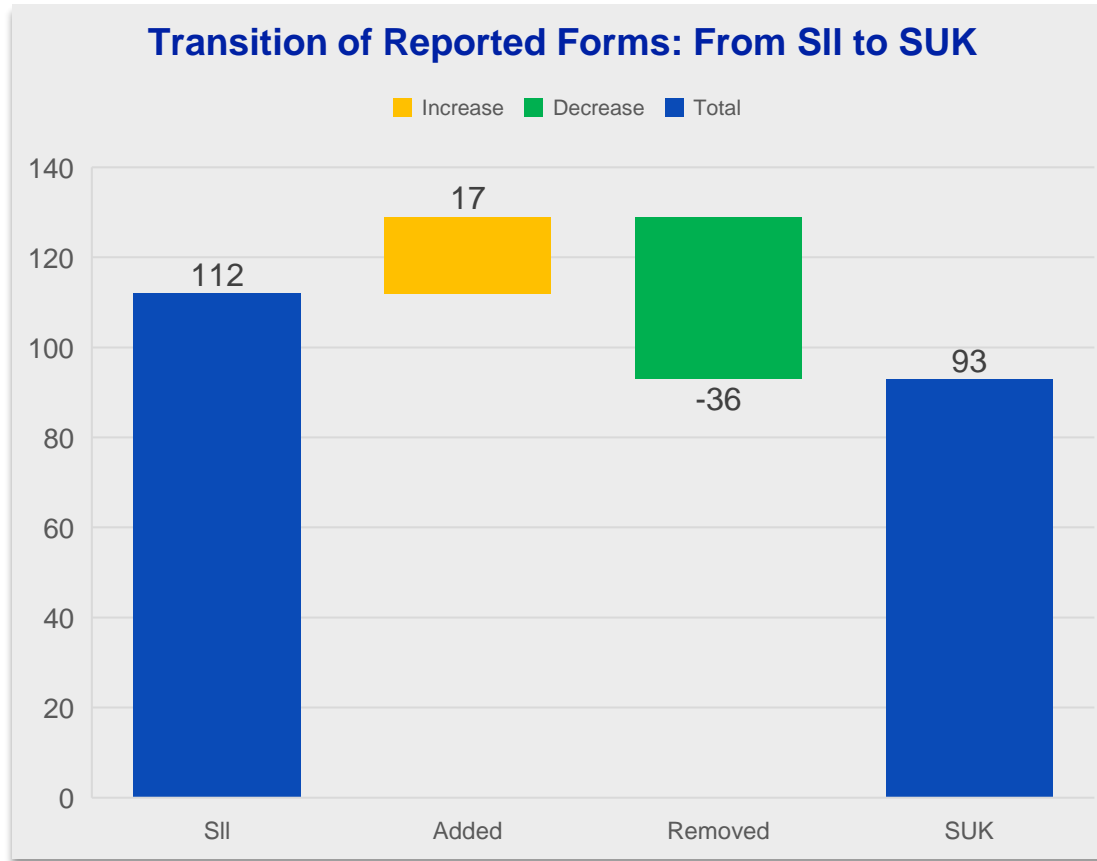
The introduction of Solvency UK aims to enhance flexibility and competitiveness in the insurance sector while maintaining high policyholder protection standards. Key changes include simplified requirements, dynamic capital adjustments, and increased entry thresholds

The reforms are part of a phased implementation by the PRA



Solvency UK – Regulatory Requirements Summary

High level overview of what is changing



¹ – changes to taxonomy refer to a change of template (e.g. new /amended), change of instructions that accompany that template or both

Reporting Simplification

UK Solvency Approach

Lloyd's reporting simplification

Today

We are moving **from...**



Bespoke **Lloyd's templates**
and **instructions**



Multiple data usages



Significant inertia
to changes

The future

...to standardised Solvency UK data collection



PRA compliant **XBRL** submissions



Rationalised Lloyd's specific data



Future-proof and **responsive** to change

UK Solvency Approach

Lloyd's reporting simplification

Current Process

1. Lloyd's bespoke templates and instructions (QSR/QAD/ASR/AAD)

2. Custom data collection portal (CMR) with unique validations

3. Lloyd's review and oversight

4. Manipulation of data by Lloyd's to create PRA submissions

5. Lloyd's submit Syndicate returns to the PRA

6. Creation of aggregate market-level submission by Lloyd's

7. Lloyd's submit market-level return to the PRA

New Process

- Adoption of the standard PRA taxonomy for Solvency UK
- Rationalised Lloyd's specific requirements
- Streamlined instructions

- XBRL submissions collected via CoreFiling
- Validations limited to those in the PRA taxonomy

- Lloyd's review and oversight

- Straight through processing of XBRL files to the PRA

- Lloyd's submit Syndicate returns to the PRA

- Creation of aggregate market-level submission by Lloyd's

- Lloyd's' submit market-level return to the PRA

UK Solvency Approach

Benefits and key considerations



Managing Agents

- **Reduced complexity:** Solvency reporting requirements will align to standard UK insurers – no bespoke templates, validations, systems, etc. This creates efficiencies within Finance teams, as separate processes don't need to be run for Lloyd's / non-Lloyd's reporting.
- **Aligned technology:** reporting in XBRL and submission via the CoreFiling portal aligns with the new Syndicate Accounts process and market standard reporting practices.
- **Later submission deadlines:** improved efficiency at Lloyd's means time can be passed back to the market.

Key Considerations

- Reporting teams may need to be upskilled on Solvency UK requirements
- A tagging provider will need to be onboard to support XBRL tagging
- Training and testing needs to be planned



Lloyd's

- **Straight-through reporting:** syndicate submissions can be passed straight to the PRA (following appropriate oversight activities), which removes the data preparation and validation process currently performed by Lloyd's.
- **Lloyd's guidance:** simplified guidance achieved by significantly reducing instructions to address Lloyd's specific considerations only.
- **Agility:** ability to respond to future PRA changes in a faster, more efficient manner.

Key Considerations

- Alignment with other in-flight projects is a high priority
- Lloyd's specific data will need to be collected in a separate return
- Guidance for the market will be needed to support transition

UK Solvency overlap with in-flight Lloyd's Programmes

We will leverage and adopt benefits from our other in-flight programmes

QMA

We have **rationalised the data collected** and **brought the return in line with its core financial reporting focus**

We will use the **same proven ingestion engine**
CoreFiling

Your **existing tagging providers** for Syndicate Accounts can provide Solvency UK XBRL services

Asset Infrastructure

A new investment platform **enhancing operational efficiencies, investment capabilities, and reducing the reporting burden**

Once onboarded to the new asset platform, Syndicates will have **better access to asset data** needed for solvency reporting (eg. overseas deposits) and Lloyd's specific data requirements will be reduced

Lloyd's specific requirements

Rationalised reporting

There are currently **6 forms** that collect Lloyd's specific data:

- **ASR210**

Solvency II Balance Sheet Reconciliation

- **QSR/ASR002**

Overall Balance Sheet (incl. RICB)

- **QSR/ASR204**

Members providing capital (FIS)

- **QAD/AAD230** Lists of Assets

- **QAD/AAD233** Open Derivatives

- **QAD/AAD236**

Collective investments undertaking look through

We have rationalised this down to the following key data points required in addition to the Solvency UK submissions:

- ASR 210 Balance sheet reconciliation by YoA is critical for Reserving Oversight, International Licensing and SFCR Disclosures – only required annually
- Member balances and RICB by YoA are key input for the QCT/ CIL process
- Asset returns (QAD) are a required input for Investment Oversight and Internal Model calculations - only required until the new asset platform is onboarded

We are currently considering the best way to collect this data and will confirm the agreed approach in due course

Reporting Timelines & Market Testing

Key dates and Solvency UK submission timeline

Market testing and Regulatory deadlines

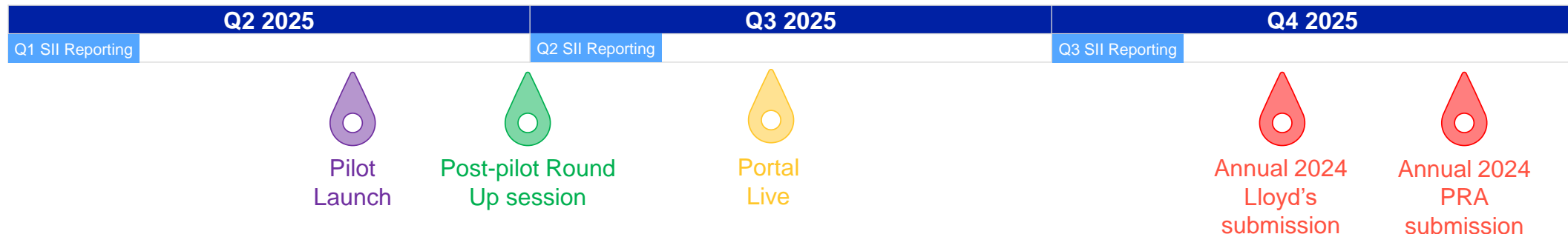
Market testing

- We are looking to conduct a pilot with a subset of the market during Q2
- The pilot is expected to run for 3-4 weeks and will allow participants to test submission and validations of XBRL tagged returns via the CoreFiling portal
- Further details on the pilot participation, scope and timelines to be provided in April

Go Live Date / Reporting Deadline

- Submission to the PRA of Annual 2024 data (syndicate and market-level) is by **12 December 2025** – in accordance with the rule modification
- Annual 2024 data will be due to Lloyd's to allow for review and aggregation by **14 November 2025**
- The portal will be live for submissions of the Annual 2024 data from **August 2025**, and syndicates can submit any time before the deadline.

Indicative 2025 timeline



Capital Considerations

Summary of Changes to Internal Model Requirements under Solvency UK*

Reporting Requirements for Internal Models

Analysis of Change reporting (NEW) will not be necessary for syndicates – Lloyd's will instead provide the PRA with LCR form 600

Quarterly Model Change reporting will continue to NOT be required for syndicates

Standard Formula will continue to be a requirement for syndicates (except SIABs)

IMO (Internal Model Outputs) will continue to be a requirement for syndicates with an internal model (not new syndicates) – but material reductions in the forms/data required are being proposed to the PRA.

Internal Model Process Changes

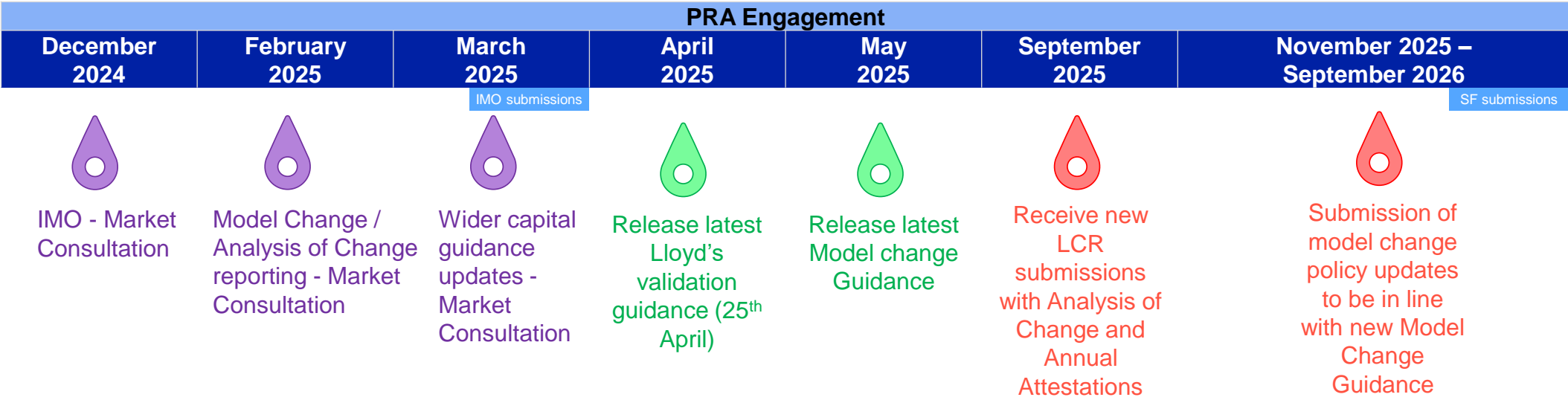
New annual written attestation for syndicates by SMF role (in most cases CRO SMF4) that the internal model satisfies the provisions for the Solvency Capital Requirement – expansion of Lloyd's validation confirmation statements

Removal of requirement for P&L attribution validation test

Changes to Major Model Change process (e.g. introduction of model limitation adjustments MLAs) – Lloyd's will adjust terminology but envisages limited change to process in practice. Syndicates to adjust major model change policies over the next year

Timeline for Capital changes

Indicative 2025 timeline



Call to Action

- Feedback via LMA actuarial working groups
- CROs (or other SMF if applicable) to consider what steps to take to make the attestation in September

Recap and Next Steps

Solvency UK

Benefits recap

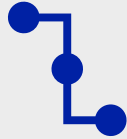
The proposed solution will bring significant benefits to the Market and will make it easier to do business with Lloyd's



1.

Reduced Reporting Burden

Simplifying reporting instructions and allowing more time for submissions



2.

Simplification & Standardisation

Utilising processes and technology aligned with any UK listed insurer



3.

Transparent Reporting

More efficient and transparent data usage and governance



4.

Unified Reporting Platform

Reporting in XBRL via CoreFiling portal aligns with the new Syndicate Accounts process

Next steps for Managing Agents

What you can do to prepare for Solvency UK



Documentation relating to the UK Solvency changes can be found on the PRA website



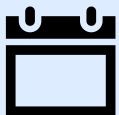
Talk to your XBRL tagging provider about how they can support you



Consider whether you want to participate in pilot in Q2 2025



Consider the SMF attestations and any required changes to the validation process



Engage in Lloyd's and LMA communications throughout 2025

Help & Support

What you can expect from Lloyd's



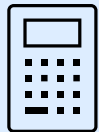
Communication will be sent to the Key Contact nominated by each Managing Agent



The reporting rationalisation mailbox (reporting.rationalisation@lloyds.com) has been reactivated and is available for queries



The LMA and Lloyd's are working together to provide guidance to the market on the standard Solvency UK requirements



Capital updates will be provided in actuarial forums

Questions



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