

# Market Bulletin

Ref: Y5463

<b>Title</b>	Risk Codes Guidance and Mapping Notes – 2026 Year of Account Update
<b>Purpose</b>	To inform the market of updates to Lloyd's guidance on the use of Risk Code for the 2026 year of account.
<b>Type</b>	Market Communication
<b>From</b>	Rachel Turk, Chief of Market Performance
<b>Date</b>	24 July 2025
<b>Deadline</b>	To be adopted for the 2026 year of account syndicate business planning process
<b>Related links</b>	<a href="#">Risk codes - Lloyd's (lloyds.com)</a>

Lloyd's prescribes risk codes for the purposes of recording and categorising the business written by syndicates in the market. Managing agents are required to allocate all policies entered into to one or more of the risk codes, in accordance with the guidance Lloyd's provides. From time to time, we add or remove risk codes, or amend the definitions to ensure that the risk codes continue to accurately reflect the business being written by syndicates.

We recognise that changes to risk codes can have operational implications for market participants and may involve some cost in the updating of systems and processes. We therefore only seek to make changes where we consider it is essential to our efficient oversight of the market and our understanding of the business that is being written, or where there is a specific request from the market supported by market-wide consensus and a clear business rationale. Where we make changes we seek to engage with relevant stakeholders ahead of making the change.

## New Risk Codes for 2026

Having reviewed the existing risk code list and in view of the development of a number of classes, as well as the requests raised by the relevant underwriting panels within the Lloyd's Market Association, we consider that a number of new risk code updates are

required. We are therefore introducing nine new risk codes for the 2026 underwriting year of account. We have also taken the opportunity to update the guidance of a number of existing risk codes.

The new risk codes we are prescribing are listed below. Further guidance on when risks are to be allocated to one of these risks codes and details of the changes to existing risk codes is provided in the Appendix.

The following is a brief summary of the changes. Details of the changes being made with the corresponding guidance have been incorporated into the [Lloyd's risk codes guidance and mappings](#) documents.

### **Credit:**

#### **Risk code CR:**

- New risk code description: from "CREDIT RISK FROM 2019 IN ACCORD MKT BULLETIN Y5191" to "SINGLE SITUATION CREDIT"
- (Re)insurance policy that covers a specific, individual transaction or buyer rather than a company's entire portfolio of receivables. Includes export deals, project finance, large loan facilities and other financial instruments/arrangements. The obligor should be a commercial entity with a majority private ownership.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.
- Should cover all regions.

#### **Risk code CF:**

- New risk code description: from "CONTRACT FRUSTRATION FROM 2019 IN ACCORD MKT BULLETIN Y5191" to "SINGLE SITUATION CONTRACT FRUSTRATION"
- (Re)insurance policy that covers a specific, individual transaction or buyer rather than a company's entire portfolio of receivables. Includes export deals, project finance, large loan facilities and other financial instruments/arrangements. The obligor should be a government entity or a commercial entity or a commercial entity controlled and/or majority owned by a government entity(ies).
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.
- Should cover all regions.

#### **Risk code WT:**

- New risk code: "WHOLE TURNOVER CREDIT"

- (Re)insurance policy designed to cover a business' entire portfolio of receivables. In this arrangement, the policyholder is insured for the credit of all their buyers rather than individual or selected accounts.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.
- Should cover all regions.

**Risk code ST:**

- New risk code: "SIGNIFICANT RISK TRANSFERS AND PORTFOLIO TRANSFERS (NON-MORTGAGE)"
- The (re)insurer provides protection for a portfolio of underlying loans and a multiplicity of asset classes and credit risk profiles. The policyholder is a bank or financial institution. The protection can be provided on an excess of loss basis (sitting above a first loss layer retained by the bank) or on a quota share stop loss basis, sitting alongside the bank. Underlying loans can either be disclosed or on an anonymised basis where the underlying loans are chosen on the basis of pre-determined eligibility criteria. Transactions are normally required to be reviewed and approved by the policyholder's prudential regulator. The contracts under this category must be insurance policies and not in other forms of financial guarantees. Syndicates must satisfy to Lloyd's that sufficient and robust Legal and Accounting advice has been taken for this purpose. Excluded from this category are portfolio transfers (Credit Risk Transfers CRT's) insuring Government Sponsored Entities in the United States (e.g. Freddie Mac and Fannie Mae) and similar institutions, which should be reported under the Mortgage Indemnity category.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.
- Should cover all regions.

**General guidance:**

- Lloyd's supplemental guidance pertaining to Financial Guarantee and Credit ([Supplemental Requirements and Guidance - Lloyd's](#)) has been updated to reflect the above changes. Syndicates should observe the guidance provided in this section of the supplemental guidance when writing these products.

**Transactional Liability:**

**Risk code D8:**

- New risk code description: from "TRANSACTIONAL LIABILITY INSURANCE INCL. US" to "TRANSACTIONAL LIABILITY WARRANTY AND INDEMNITY US"
- (Re)insurance policy for financial losses arising from breaches of warranties, representations or indemnities given in mergers & acquisitions and other similar,

transfers, sales, purchases or investments, where the insured is domiciled in the USA.

- Excludes tax risks and contingent risks defined below.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.

**Risk code D9:**

- New risk code description: from "TRANSACTIONAL LIABILITY INSURANCE INCL. US" to "TRANSACTIONAL LIABILITY WARRANTY AND INDEMNITY NON-US"
- (Re)insurance policy for financial losses arising from breaches of warranties, representations or indemnities given in mergers & acquisitions and other similar, transfers, sales, purchases or investments, where the insured is domiciled outside the USA.
- Excludes tax risks and contingent risks defined below
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.

**Risk code TA:**

- New risk code: "TAX INSURANCE US"
- (Re)insurance policy for specific, identified tax issues or eventualities and associated costs, penalties and interests, where the insured is not aware of any related litigation, pre-litigation, dispute, demand, specific audit question or challenge at the inception of the risk, where the insured is domiciled in the USA.
- Excluding contingent risks defined below.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.

**Risk code TB:**

- New risk code: "TAX INSURANCE NON-US"
- (Re)insurance policy for specific, identified tax issues or eventualities and associated costs, penalties and interests, where the insured is not aware of any related litigation, pre-litigation, dispute, demand, specific audit question or challenge at the inception of the risk, where the insured is domiciled outside the USA.
- Excluding contingent risks defined below.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.

**Risk code CD:**

- New risk code: "TRANSACTIONAL LIABILITY CONTINGENT AND CONTESTED RISK US"

- (Re)insurance policy for specific, identified tax or non-tax issues or eventualities, where the insured is aware of any related litigation, pre-litigation, dispute, demand, specific audit question or challenge at the inception of the risk, where the insured is domiciled in the US.
- This risk code would include:
  - Judgement Preservation Insurance: coverage for losses resulting from a favourable verdict, judgment, arbitration award, or agency determination being reversed on appeal.
  - Adverse Judgment Insurance: coverage to protect against a potentially significant or catastrophic judgment in the event the insured may become defendants in future litigation.
  - Litigation Buy-Out insurance
  - Litigation Funding Insurance or Portfolio of Cases Insurance
  - Defective Title.
- This risk code does not include:
  - After The Event Legal Expenses, which must be coded under “LE”
  - Financial Guarantee and Credit products/perils, which must be coded under the relevant Credit risk code: CR, CF, SB, FM, GF, WT or ST.
  - Contingency products written under “PC” (event cancellation) “PF” (film completion) or “PN” (artist non-appearance), which must be coded appropriately.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.
- Should cover all regions.

#### **Risk code CE:**

- New risk code: "TRANSACTIONAL LIABILITY CONTINGENT AND CONTESTED RISK NON-US"
- (Re)insurance policy for specific, identified tax or non-tax/issues or eventualities, where the insured is aware of any related litigation, pre-litigation, dispute, demand, specific audit question or challenge at the inception of the risk, where the insured is domiciled outside the US.
- This risk code would include:
  - Judgement Preservation Insurance: coverage for losses resulting from a favourable verdict, judgment, arbitration award, or agency determination being reversed on appeal.
  - Adverse Judgment Insurance: coverage to protect against a potentially significant or catastrophic judgment in the event the insured may become defendants in future litigation.
  - Litigation Buy-Out insurance.
  - Litigation Funding Insurance or Portfolio of Cases Insurance.
  - Defective Title.

- This risk code does not include:
  - After The Event Legal Expenses, which must be coded under “LE”.
  - Financial Guarantee and Credit products/perils, which must be coded under the relevant Credit risk code: CR, CF, SB, FM, GF, WT or ST.
  - Contingency products written under “PC” (event cancellation) “PF” (film completion) or “PN” (artist non-appearance), which must be coded appropriately.
- Should cover insurance and reinsurance (proportional and non-proportional).
- Should cover all methods of placement.
- Should cover all regions.

**General guidance:** Syndicates should follow Lloyd’s Supplemental Guidance pertaining to Transactional Liability ([Supplemental Requirements and Guidance - Lloyd's](#)) as well as section 4() of Lloyd’s Risk Codes Guidance and Mappings Notes, for the identification of a US or NON-US risk.

### **Cyber:**

#### **Risk code CY:**

- New risk code description: from "CYBER SEC DATA AND PRIVACY BREACH EXCLUDING TREATY REINSURANCE" to "CYBER SECURITY DATA AND PRIVACY BREACHES US EXCL. TREATY REINSURANCE"
- Should cover all methods of placement.

#### **Risk code CZ:**

- New risk code description: from "CYBER SECURITY AND PROPERTY DAMAGE EXCLUDING TREATY REINSURANCE" to "CYBER SECURITY AND PROPERTY DAMAGE US EXCL. TREATY REINSURANCE"
- Should cover all methods of placement.

#### **Risk code CG:**

- New risk code: "CYBER SECURITY DATA AND PRIVACY BREACHES NON-US EXCL. TREATY REINSURANCE"
- Should cover all methods of placement.

#### **Risk code CH:**

- New risk code: "CYBER SECURITY AND PROPERTY DAMAGE NON-US EXCL. TREATY REINSURANCE"
- Should cover all methods of placement.

**General guidance:** Managing agents should ensure they review and comply with Lloyd's updated Supplemental Requirements, available on Lloyd's website for additional detail.

### **Implementation**

The new risk codes which have been incorporated into Lloyd's systems are to be adopted by managing agents for the 2026 year of account and should be used for the 2026 year of account business planning process. These changes will not affect the 2025 year of account or prior years' reporting or Syndicate Business Forecast (SBF).

### **Further information**

If managing agents write or wish to write these perils/products and have any questions regarding the additional risk codes or the process to follow, they should contact the Class Underwriting Performance and Solutions team at [underwritingoversight@lloyds.com](mailto:underwritingoversight@lloyds.com).

**Appendix – New Risk Codes for 2026 YOA**

WT – WHOLE TURNOVER CREDIT

ST - SIGNIFICANT RISK TRANSFERS AND PORTFOLIO TRANSFERS (NON-MORTGAGE)

TA - TRANSACTIONAL LIABILITY TAX RISK US

TB - TRANSACTIONAL LIABILITY TAX RISK NON-US

CD - TRANSACTIONAL LIABILITY CONTINGENT AND CONTESTED RISK US

CE - TRANSACTIONAL LIABILITY CONTINGENT AND CONTESTED RISK NON-US

CH - CYBER SECURITY AND PROPERTY DAMAGE NON-US EXCL. TREATY REINSURANCE

CG - CYBER SECURITY DATA AND PRIVACY BREACHES NON-US EXCL. TREATY REINSURANCE