

Syndicate Business Forecast 2025-2026

SBF Instructions

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Contacts:

Regarding Completion of the SBF return:

Lloyds-SBFReturns@lloyds.com
or direct to your SP manager.

Regarding MDC platform accessibility/usage:

mdcsupport@lloyds.com

Please note that the SBF instructions might be amended during the year to reflect changes in the SBF requirements. If this happens, notifications will be given on the Market Data Collections (MDC) system. The latest SBF instructions should be used as a reference to complete the SBF Return.

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1 GENERAL INSTRUCTIONS

1.1 The business planning process

1.1.1 The syndicate business forecast (SBF) provides information that is needed to enable Lloyd's to support the business plan approval and capital processes. The SBF Return collects data that is common to each syndicate. It does not represent the full business plan, which requires submission of additional information that is specific to syndicates and ad-hoc requests.

1.1.2 Most of the SBF forms are for a single year of underwriting only. The software allows as many submissions as necessary over a 19-month cycle. This cycle takes the SBF through the approval process which must be completed by coming into line mid November 2025 for the 2026 year if underwriting commences from 1 January 2026. Material changes from the approved plan after this date should lead to a further submission of the SBF Return which will require approval (and if approved will supersede the original plan).

1.1.3 Any amendments to the 2025 approved plan are to be dealt with in direct discussion with Syndicate Performance (SP), and this may require the submission of a new SBF Return for the 2025 year.

1.1.4 The 2026 SBF submission timetable is shown below:

Phase 1 Syndicates	01 September 2025	13.00 hrs
Phase 2 Syndicates	15 September 2025	13.00 hrs
Phase 3 Syndicates	29 September 2025	13.00 hrs

Syndicates should be aware which of the above phases they fall within as agreed with their Account Manager. Once the agreed phase for your syndicate has been communicated to you by the Account Manager, Lloyd's will not be supporting extensions to submissions after the confirmed deadlines in September.

1.1.5 All final 2026 SBF Returns must be approved by the managing agency board.

1.1.6 Each SBF submission will be validated upon submission and will be returned for resubmission, should any errors be found.

1.1.7 Where a syndicate is planning to write Direct business through Lloyd's China, managing agents are expected to provide additional information as required by the National Administration for Financial Regulation (NAFR). See section [20.9](#) for further information.

1.2 Overview of SBF Return

1.2.1 A separate SBF Return must be submitted in respect of each syndicate, including Special Purpose Arrangements (SPAs).

1.2.2 The SBF Return must be completed in respect of the prospective (2026) year of account; if any material change has occurred for 2025 a SBF Return for the current (2025) year

of account may need to be submitted (please liaise with your SP manager as appropriate).

- 1.2.3** When setting up a return on the Market Data Collections system (MDC), the user will be asked to complete form SBF010 (see [Section 3](#) below) which reports various information concerning the syndicate, e.g. the applicable reporting years. The system will then generate the forms to be completed, and establish the validation rules to be adhered to, as appropriate to that syndicate's circumstances.

1.3 Syndicate classes of business

- 1.3.1** The class of business split provided in the SBF Return should be the same class of business split that a syndicate uses to manage its own book and should reflect the risk codes split as reported in the Performance Management Data Return (PMDR). These classes should be sufficiently granular to allow effective performance monitoring by generic line of business. This will allow Lloyd's Markets to assess the syndicate's book using the same class split as used by syndicate management. These classes of business are carried forward to the Quarterly Monitoring return B (QMB). Consistency of class of business definitions is a key principle of the Market Data Collections system. Form QMB 105 can only be completed using classes of business that have been approved through the SBF.

- 1.3.2** All currently approved syndicate classes of business will be set up ready for use in the final September SBF.

1.4 Class of business reclassification

- 1.4.1** If agents intend to re-classify their classes of business, they are required to apply to SP in writing for permission before the submission deadline. If permission is granted, then they must supply SP with a new SBF Return reflecting the changes to the classes of business. Note that agents can only re-classify for the current year and the prospective year, re-classification is not possible for prior years.

- 1.4.2** Reclassification of classes of business, as opposed to just adding a new class, requires a number of data items and mappings to be updated. This is to ensure that the historic development under the new classes can be identified and monitored in future. However, syndicates are still required to submit QMB data based on 'old' classification for all Open Years.

In practice, a root and branch reclassification happen only rarely so Lloyd's will adopt a bespoke approach rather than attempt to devise software for every eventuality.

1.5 Data entry and reporting

- 1.5.1** All numbers on forms are to be supplied in units (rather than '000s) or percentages. Decimals are permitted. Numbers will be rounded for display and reporting only, and financial amounts will generally be presented as 000s.

- 1.5.2** Throughout the SBF Return positive or negative entries are expected to be made depending on the nature of the field in question. Generally, all income/asset items are to be entered as positives and expenditures/liabilities as negatives. If a number is supplied and its sign is contradictory to expectations, then the software will generate a warning message.

1.6 Electronic reporting

- 1.6.1** The SBF Return must be completed using the Market Data Collections (MDC) system. Managing agents must not make submissions through any other route or mechanism.
- 1.6.2** The SBF Return must be signed off by two Executive Directors. Use of the sign-off function in the software constitutes formal notification to Lloyd's that the SBF Return has been approved by a person authorised to represent the Directors.
- 1.6.3** The information gathered will be strictly for Lloyd's internal use only and will be treated in the strictest confidence. We will only share information gathered in instances where we have your consent e.g. where if we have your agreement to share data with member's agents for non-aligned syndicates.

1.7 Submission deadlines

- 1.7.1** Managing agents will be subject to disciplinary action and fines will be imposed if the return is submitted after the due deadline, in accordance with the following schedule, as further outlined under Lloyd's Market Bulletin ref Y5456.

Per return per syndicate – flat fine GBP 20,000

Per return per syndicate – additional fine per working day late of GBP 1,000

1.8 Persistent delays will lead to further disciplinary action. Mid-Year Changes to the Approved SBF

- 1.1.1** Re-plan when management action changes what you will do in the future. Acceptable reasons for plan amendments are strategic shifts and changes to underlying assumptions. They are forward looking, reflecting business that has not been written yet or other things that have not happened yet.

- 1.1.2** The QMB is your forecast, which we expect you to run adverse to plan when the miss is purely a function of a logical response to changing market conditions.

- 1.1.3** Syndicates are reminded to act in accordance with the Supplemental Guidance on Overwriting. [Supplemental Requirements and Guidance - Lloyd's](#)

If a syndicate wishes to write more GWP at whole account than has been approved by Lloyd's, or where the GWP for a particular class is materially greater than stated in the most recently approved SBF for that particular class, prior approval must be obtained from Syndicate Performance. Materiality will vary based on a wide range of factors and guidance may be sought from your Syndicate Performance Manager.

- 1.1.4** Mid-Year Change (MYC) requests must be made in advance, in writing to your Syndicate Performance Manager and with full supporting detail.

- 1.1.5** Whether a resubmission of the SBF forms into MDC is needed is a separate, administrative point. A resubmission will be required in these, non-exhaustive examples:

- Whole account GWP increase or decrease of more than 10%.
- New SCOB.
- New risk code in a SCOB where it did not previously exist, even if it is already approved in another SCOB.
- New platform

Timing of the resubmission is at the discretion of the Syndicate Performance Manager and may be before or after approval.

Outside the above, resubmission requirement is at the discretion of your Syndicate Performance Manager. It is not the case that a resubmission will not be required or is unlikely to be required. These are examples of MYC where a resubmission is likely:

- Complex MYC with impacts to KPIs across many parts of the plan.

1.9 Assistance in completing forms

1.9.1 Any queries about the completion of the SBF Return should be directed by e-mail to Lloyd's Markets at Lloyds-SBFReturns@lloyds.com or to your SP manager.

2 BASIS OF PREPARATION

2.1 Best estimates

2.1.1 The business plan is to be completed on a realistic and achievable 'best estimate' basis. For the purposes of the SBF, 'best estimate' is defined as the probability-weighted average of future cashflows without discounting for present value.

2.1.2 The SBF 'best estimate' figures should be supported by both the historical experience and the technical pricing margins capable of being achieved in the class, having made suitable provision for attritional, large and catastrophe claims and taking into account areas of uncertainty.

In contrast to the SBF basis, capital is set using a best estimate basis consistent with Solvency UK requirements, such that model loss ratios should not incorporate improvements in performance unless their impact is evident in syndicate data such that the measures can be validated as having been shown to be effective. The basis of syndicates' capital setting is defined in the Lloyd's Capital Return (LCR) instructions.

2.1.3 The QMB returns should be prepared on a basis consistent with the SBF.

2.2 Reporting by all reporting years combined/reporting year/pure year

2.2.1 Each form must be completed at one of the following levels:

- All reporting years of account combined (whole account) for the calendar year
- Reporting year of account
- Pure year of account

2.2.2 **All reporting years combined** means all the transactions or assets as appropriate for the syndicate as a whole during the calendar year in question.

2.2.3 **Reporting year of account** is the 'traditional' Lloyd's method of identifying years of account and means each year of account upon which members have a participation during a given calendar year. So, for the calendar year 2025 this will include the 2024, 2023, and 2022 years of account and various 2021 and prior run-off years of account which have not been reinsured to close. When reporting on the transactions for a reporting year of account, it is necessary to include the movements on any earlier years of account previously closed into that reporting year of account.

2.2.4 Pure year of account relates to the year of account in which the business was originally written and to which the original premiums and all subsequent transactions are allocated. The pure year of account may still be open, or subsequently reinsured to close into another (reporting) year of account. When reporting on the transactions for a pure year of account, only the transactions relating specifically to that pure year of account must be reported.

2.2.5 These instructions state whether the form is required at whole account, reporting year or pure year level.

2.3 Currencies and exchange rates

2.3.1 The SBF051 form must be completed in the following currencies:

- USD - US Dollars in Dollar
- GBP - British Pounds in Sterling **only**
- CAD - Canadian Dollar in Canadian Dollar
- EUR - Euro in Euro
- AUD - Australian Dollar in Australian Dollar
- OTH (Other) - All other currencies excluding USD, CAD, GBP sterling, AUD and EUR to be submitted in GBP.

Some forms only require CNV (Converted) or fewer currencies.

2.3.2 See [Section 4](#) below for more information on exchange rates, but the following rules should be noted:

Deadlines	Exchange rates	Definition	Available on MDC	Lloyd's returns
01 September 2025 / 15 September 2025 / 29 September 2025	Plan Rates	As at End of June 2025	03 July 2025	Final

2.4 QQS clarification

It should be noted that QQS arrangements are no longer considered as being acceptable forms of risk transfer.

3 SBF010 CONTROL PAGE

3.1 Summary

3.1.1 This is the set-up form that acts as the control point for performing actions with the return.

3.2 Key points

3.2.1 Managing agents are not able to amend exchange rates on the current business.

3.2.2 There are functions on the form to control the software and submissions. Full details of these are given in the User Manual, which is available from the Help section in the software.

3.3 Hypothetical Plan

3.3.1 Managing Agents have the option to indicate that the plan submission is a hypothetical plan using the field on this form.

3.3.2 This enables Managing Agents to prepare an SBF for consideration by Market Reserving and Capital (MRC) alongside hypothetical Lloyd's Capital Return (LCR) submissions where Managing Agents require Lloyd's to provide an early view of the member capital requirements (See "Early View of Capital" on page 6 of [Lloyd's Market Bulletin Y5456](#)).

3.3.3 Hypothetical plans do not require formal sign-off by the board at the syndicate, however hypothetical plans will not be formally reviewed by Performance Management at Lloyd's, nor will they be approved by the Capital and Planning Group (CPG).

3.3.4 Lloyd's expect hypothetical plans to only be received between 04 July 2025 and 21 July 2025 in order to support the early view of capital process. All hypothetical plans will be rejected on MDC by 31 July.

4 SBF020 EXCHANGE RATES

4.1 Summary

This form contains the exchange rates that are to be used for completing the SBF Return. Lloyd's will provide a mandatory Plan Rate for USD, CAD, EUR, AUD and other settlement currencies to GBP.

In order to ensure consistency between the SBF and the LCR, managing agents are required to use the Plan rates for September submission.

Lloyd's expects managing agents to use the same rates of exchange to monitor actual premium income against plan. SP will also be monitoring premiums against plan on this basis.

4.2 Key points

Each year Lloyd's sets the rates of exchange to be used for the prospective year of account in the business planning process.

For 2026 final SBF, the Plan Rate will be set as of end of June 2025 and made available by 02 July 2025. Rates will be communicated to managing agents on 03 July and will be consistent with those used in the LCR process.

These same exchange rates should be used to convert premiums to sterling when monitoring premium against business plans, irrespective of fluctuations in the actual rates of exchange over time. Prescribing a fixed exchange rate allows direct comparison with the figures used in the original approved business plan and introduces a uniform approach for all Lloyd's reporting purposes.

This form is a read-only form as the data is supplied by Lloyd's.

5 SBF050 CLASS OF BUSINESS DESCRIPTIONS

5.1 Summary

- 5.1.1 This form details the types of business that the syndicate is writing or intends to write. The syndicate classes should be sufficiently granular to allow effective performance monitoring by generic line of business.
- 5.1.2 Any discontinued classes of business for 2026 should not be included.
- 5.1.3 In the prospective year of account all current syndicate classes of business will be displayed. However, all classes of business and risk codes, current or new, are subject to approval by CPG in this submission.
- 5.1.4 Where new risk codes are being requested under historical classes of business, this should be made clear in the required additional information under [form 990](#).

5.2 Key Points

- 5.2.1 **Any proposed changes to Class of Business Descriptions must be discussed with the Lloyd's Syndicate Performance Manager prior to the SBF being submitted.**
- 5.2.2 This form is divided into two sections on the input screen. The top section displays all the approved classes of business for the relevant year of account. The second section displays classes of business that are subject to approval for the year of account in question i.e. all new classes of business.
- 5.2.3 New classes of business can be added to the SBF for approval, but **these must be discussed with the Lloyd's Syndicate Performance Manager first**. These must be unique in both description and code. It is not possible to delete or change existing classes of business unless reclassifying (see below). Please ensure that the class of business codes selected for use in a business plan only use combinations of numbers (0 to 9) and letters (A to Z). **Characters such as *, @, -, &, #, ", etc. should not be used in class of business codes.**
- 5.2.4 All Class of Business Descriptions must be materially different, meaning each description must describe a distinct Class of Business. **Do not:**
- enter new or amend existing descriptions that will be materially the same as another current or retired Class of Business.
 - create a new COB code for a class that is already covered, if a retired Class of Business needs to be reinstated, the end date of the retired record should be amended to a valid date range.
- 5.2.5 Any new classes of business will not become active until the SBF is approved. When you are notified of approval, you will be able to use the new class(es) of business in other returns that require them, such as the QMB and PMDR.
- 5.2.6 For the prospective year managing agents are able to select or deselect any classes of business from the lists. Removing a class of business will also remove the risk code mapping for the class. Where a class is removed from the prospective SBF, the syndicate is still required to complete QMB for this class for the open years.
- 5.2.7 Lloyd's is prescribing that Offshore Energy Gulf of Mexico wind and Offshore Energy

business excluding Gulf of Mexico wind must be recorded in the plan using specific class of business codes as shown in the table below.

Class of business Code	Class of business description
OEGW	Offshore Energy GOM wind
OEXGW	Offshore Energy excluding GOM wind

5.3 Innovation and Transition Classes of Business

5.3.1 Innovation_ICX and Transition_TCX are syndicate classes of business that syndicates can use to write up to an additional 5% each of Syndicate Business Forecast GWP of innovative and transition business respectively.

Managing Agents are expected to have read the following guidance documents in full before including ICX or TCX in their business plan:

[Innovation ICX Class Guidance \(lloyds.com\)](#)

[Transition TCX Class Guidance \(lloyds.com\)](#)

5.3.2 Managing Agents can add innovation and/or transition class to their plan by creating a class of business using the below specific naming conventions:

Innovation Class of Business:

- COB Code: ICX
- Class of Business: Innovation_ICX

Transition Class of Business:

- COB Code: TCX
- Class of Business: Transition_TCX

Any failure to follow these naming conventions will result in an SBF resubmission.

5.3.3 Syndicates categorised as “Unacceptable” are not permitted to write the ICX and TCX classes. For those syndicates categorised as “Underperforming”, please contact the Syndicate Performance Manager to discuss the new business proposition(s) which will be considered on a case-by-case basis.

5.3.4 Syndicates can carry out innovation and transition experiments in excess of 5% of GWP but need to speak to their Syndicate Performance Manager first. Transition and Innovation classes of business can be introduced mid-year.

5.3.5 Experiments that were carried out in the 2025 YoA may have run their course. If these are being transferred to BAU then the full 5% is available. If, however, Managing Agents are continuing with an existing experiment then this should be allocated to the 2026 ICX or TCX class and the remainder will be available for new experiments.

5.3.6 The combined ratio of innovation and transition classes of business will not be included in Lloyd’s oversight of BAU lines. New transition and innovation experiments are more likely to fail. This will not be considered as evidence of poor management. However, on a normalised expense basis, business should be expected and planned to be profitable. If this innovation or transition product is written into existing classes and not reported into the Innovation ICX or Transition TCX class, then Lloyd’s will not be able to remove the

performance of the products from existing classes.

5.3.7 Syndicate Performance Managers will be the first point of contact for the syndicates and their plans. Lloyd's Lab is available to provide commercial support related to Innovation or Transition experiments. Please email lloydslab@lloyds.com for further details.

5.4 Syndicate Class of Business requirements

5.4.1 Syndicates planning to write business through Aon Client Treaty, Marsh Fast Track and/or Ki Digital Services must have a separate COB in their plan for each. This supports Lloyd's central monitoring. Ideally the SCOB code would be ACT, MFT, KiDS respectively. Where this is not possible for syndicates, it can be in the description instead.

6 SBF051 RISK CODE MAPPING OF CLASSES OF BUSINESS

6.1 Summary

Distribution channel, risk code and currency mappings are required for each class of business selected in the class of business descriptions (SBF050) for the prospective year of account.

This form should be reported on a pure year of account at ultimate basis.

6.2 Key Points

6.2.1 Managing agents will be required to complete the risk code mapping of classes of business for each Lloyd's distribution channel selected in form SBF051. Channels available are London, Asia, Japan, China Direct, China Reinsurance, Dubai and Europe. Syndicates are expected to provide a split of their business by distribution channel on this form and this will be used to drive the completion of distribution channel level data on SBF100 and SBF105. A table detailing permitted risk codes by distribution channel will be provided in a following version of this document.

6.2.2 Each class of business should be broken down to individual risk codes and each risk code split between the available currencies (GBP, USD, CAD, EUR, AUD and OTH). All premiums written in currencies other than GBP, USD, CAD, EUR and AUD should be converted to GBP at the rates indicated in SBF020 and included in the OTH field. Note that the GBP component is the pure sterling amount.

6.2.3 The percentage split should be based on the gross written premiums for that individual class of business.

6.2.4 As part of the planning process, managing agents are expected to complete the form SBF051 following an accurate assessment of their current portfolio's risk codes split. Lloyd's will monitor written premium through the PMDR and material variances will need to be discussed.

6.2.5 The sum of the percentage splits per class of business/distribution channel must be 100%. This is validated in the MDC and submissions are rejected if the split does not sum to 100%. All classes of business selected in SBF050 must have a valid risk code mapping.

6.2.6 Valid Risk Codes should be used for the prospective year. A current list of Risk Codes can be found on:

[Risk Codes - Lloyd's \(lloyds.com\)](http://lloyds.com)

6.2.7 It should be noted that two prescribed class of business codes should be used to identify Offshore Energy business OEGW and OEXGW

6.2.8 These classes of business have a narrowly defined core set of risk codes shown below in the SBF051. Any SBF Return that fails to use the prescribed class of business codes will be rejected and a new submission will be required to rectify the errors.

<i>Class of business Code:</i>	<i>Class of business description:</i>	<i>Core set of Risk Codes allowed for Class:</i>
<i>OEGW</i>	<i>Offshore Energy GOM wind</i>	<i>EH, EG, EC, XE, EM, EY, R1, R2</i>

		<i>R3 and R4.</i>
<i>OEXGW</i>	<i>Offshore Energy excluding GOM wind</i>	<i>EH, EG, EC, XE, EZ, EN, R1, R2 R3 and R4.</i>

Incidental risk codes are also allowed for each class but limited to a maximum of 10% of premium for class as shown below.

<i>Class of business Code:</i>	<i>Class of business Description:</i>	<i>Incidental risk codes also allowed for class but maximum 10% of premium for class:</i>
<i>OEGW</i>	<i>Offshore Energy GOM wind</i>	<i>EF, V, T, B, W, TO, G, 1E, 3E, 2E, 4E, 3T, 8T, VX, WB, TS, EA, CY and CZ</i>
<i>OEXGW</i>	<i>Offshore Energy excluding GOM wind</i>	<i>EF, V, T, B, W, TO, G, 1E, 3E, 2E, 4E, 3T, 8T, TU, VX, WB, TS, EA, CY and CZ</i>

6.2.9 Under the “Innovation_ICX” and “Transition_TCX” classes, managing agents should use the risk codes that the planned innovation resembles most closely. Where Managing Agents need additional risk codes within the plan for this class, they should ask the Syndicate Performance Manager.

Further guidance around the risk codes and these classes can be found within the documents provided under [5.3.1](#).

6.2.10 SBF051s Risk Code Mapping of Classes of Business Summary shows a play back of Distribution channel, risk code and currency mappings for each class of business in the class of business descriptions (SBF050). This form is automatically populated.

6.2.11 Form SBF051 PB is a playback of data entered in form SBF051. It displays the total risk code % applied to Distribution Channel / Class of Business combination. The distribution channel / Class of Business combination is expected to equal 100%.

7 SBF100 FORECAST TECHNICAL ACCOUNT and SBF100s FORECAST TECHNICAL ACCOUNT SUMMARY FOR ALL DISTRIBUTION CHANNELS

7.1 Summary

7.1.1 This form provides ultimate year of account forecasts for each distribution channel where the syndicate intends to write business.

7.1.2 Where appropriate, data from the Underwriting Performance Forecast (SBF105) section will be used to validate entries in the 'ultimate' columns.

7.1.3 SBF100s Forecast Technical Account Summary for all distribution channels shows the summary for all distribution channels. This form is automatically populated.

7.1.4 Data is to be provided on a best estimate basis.

7.2 Key Points

7.2.1 This form should be reported on a pure year of account at ultimate basis.

7.2.2 An SBF100 form should be completed for each distribution channel.

7.2.3 A consolidated view of all distribution channels is automatically generated by the return (SBF100s).

7.2.4 All entries in this section must be in CNV.

7.2.5 For the purposes of this section, it has been assumed that ultimate equals the position at full natural expiry of all business written. Please use the comments section to explain if this is not the case.

7.2.6 Where appropriate, data from the Underwriting Performance Forecast (105) section will be used to generate entries in the 'ultimate' columns.

7.2.7 "Outward reinsurance premiums (gross)" (line 2) should be used to report the outwards reinsurance premium expected to be ceded to all reinsurers before any deduction for ceding commission, overriding commission, or profit participations expected to be received, which should be reported separately within lines 11c1 and 11c2. These should be calculated in a manner consistent with the terms of the reinsurance contract, and not artificially grossed up or netted down. This should include outwards reinsurance to third party reinsurers, related party reinsurers and/or Special Purpose Arrangements (SPAs). The total in the Ultimate column should reconcile with the totals within SBF105 from the combination of (D) and (E).

7.2.8 Gross claims (line 7) includes allocated claims handling expenses, but not Unallocated Loss of Adjustment expenses (ULAE), which is recorded in line 8.

7.2.9 There is no specific line where reinsurance recoveries should be shown. However, they should be included in Total technical charges before net operating expenses (line 10). They should include reinsurance recoveries from third party reinsurers, related party reinsurers and/or SPAs.

7.2.10 Total "Net operating expenses" (line 11d) should represent the net calculation of the figures reported within 11a, 11b, 11c1, 11c2, namely:

- “Gross Acquisition costs” (line 11a) are to include brokerage, commissions, and business arrangement fees as per the managing agent’s accounting policies under UK GAAP. Reinsurance commission receivable under outwards reinsurance contracts should be calculated in a manner consistent with the terms of the reinsurance contract and should not be deducted to show a net position; instead they should be reported separately in line 11c1.

Acquisition costs reported in line 11a should reconcile to the “brokerage and commissions” (column F) plus “service company acquisition costs” (column G) plus “Business Arrangements fees” (column H) plus “Bonuses and Rebates, Gross of Reinsurance (column J) total amount in form SBF105.

(Form 100, row 11a, column C = Form105, column F plus column G + column H + column J)

- “Administrative expenses” (line 11b) includes all other net operating expenses, including personal expenses, administrative expenses, other acquisition costs and deferred acquisition costs. Personal expenses should include managing agents’ fees; profit commissions; Central Fund levy and Lloyd’s subscriptions. Non-standard personal expenses including members’ agents’ fees are not to be reported on this form. Reinsurance commission receivable under outwards reinsurance contracts which are calculated from this item should not be deducted to show a net position; instead, they should be reported separately in line 11c1.
- “Outwards reinsurance commissions received” (line 11c1) should be used to report commissions expected to be received from reinsurers as part of outwards reinsurance contracts. The total in the Ultimate column should reconcile with the corresponding total within SBF105 from column 1a. See [8.2.12](#) for definition of “Outwards reinsurance commissions received”.
- “Outwards reinsurance profit participations received” (line 11c2) should be used to report profit participations expected to be received from reinsurers as part of outwards reinsurance contracts. The total in the Ultimate column should reconcile with the corresponding total within SBF105 from column 1b. See [8.12.13](#) for definition of “Outwards reinsurance profit participations received”.

7.2.11 In the ordinary course of events, we would expect “other technical income net of reinsurance” (line 6), “other technical charges net of reinsurance” (line 12) and “other charges” (line 15) all to be zero. Where entries are made, an explanation is required in the comments section.

7.2.12 The amounts under "bonuses and rebates net of reinsurance" (line 13) should follow whatever disclosure is made by the managing agent under UK GAAP. If disclosure is made, then it would cover bonuses and rebates to the insured only. Hence, any non-zero entry will be regarded as exceptional and requires a detailed explanation in the comments section. The amount entered here should be equal to form SBF105 columns L Bonuses and rebates Net of Reinsurance (column L equals column J Bonuses and Rebates, Gross of Reinsurance plus column K Bonuses and Rebates Reinsurers’ Share).

(Form 100, column C, row 13 = Form 105, column L).

7.2.13 Investment expenses should be included within line “total investment return” (line 14), as this figure is net of any expenses incurred.

7.2.14 The total in column L1 SBF105 should reconcile to the line 11b Admin expenses in form SBF100.

7.2.15 Line 20 is a calculated field that indicates the Gross Combined ratio:

$$\frac{[(\text{Gross claims} + \text{Gross Acquisition costs} + \text{Admin expenses})]}{\text{Gross Written premium}}$$

8 SBF105 UNDERWRITING YEAR OF ACCOUNT PERFORMANCE FORECAST and SBF105S UNDERWRITING YEAR OF ACCOUNT PERFORMANCE FORECAST SUMMARY FOR ALL DISTRIBUTION CHANNELS

8.1 Summary

8.1.1 For each distribution channel, this form provides a forecast of underwriting performance for each class of business that the syndicate writes or intends to write, as defined internally by the syndicate for the prospective year of account. For the Europe distribution channel syndicates need to submit an additional breakdown of business placed in Europe by syndicate class of business and countries under SBF110 (see [Section 9](#)).

8.1.2 SBF105s Underwriting Year of Account Performance Forecast Summary shows the summary for all distribution channels. This form is automatically populated

8.2 Key Points

8.2.1 This form should be reported on a pure year of account at ultimate basis.

8.2.2 Entries must be made for the relevant classes of business in CNV only; any changes to the currency make-up of a class of business throughout the duration of the reporting cycle should be reported through relevant changes to the risk code currency mapping in SBF051.

8.2.3 Each class of business currently selected in the 'class of business description' section (SBF050) as part of the business forecast will be added to this section and each entry must be completed in full. If a class of business has not been selected in SBF050 then it will not appear on this section.

8.2.4 This form includes a column for expected reinstatement premiums on an inwards basis (column Ca). The premium in this column is a subset of the total gross premiums written (column C).

8.2.5 "Outwards Reinsurance Premium Ceded to SPA" (column D) should be used to report the reinsurance premium expected to be ceded to Special Purpose Arrangement (SPA) syndicate(s) before any deduction for reinsurance commission (ceding and/or overriding) or profit participations received (which should be reported separately within columns (Ia) and (Ib)). These should be calculated in a manner consistent with the terms of the reinsurance contract, and not artificially grossed up or netted down and should correspond with the Gross Written Premium (column C) reported in the SBF for the SPA(s).

8.2.6 "Other Outwards Reinsurance Premiums" (column E) should be used to report the reinsurance premium expected to be ceded to all reinsurers other than the cession to SPA(s) (column D) before any deduction for reinsurance commission (ceding and/or overriding) or profit participations received (which should be reported separately within columns (Ia) and (Ib)), but including expected "Outwards reinstatement premiums" to be paid for outwards reinsurance.

8.2.7 "Outwards reinstatement premiums" (column Ea), is a subset of "Other Outwards Reinsurance Premiums" (column E) and should be used to report how much of column E relates to expected reinstatement premiums due to reinsurers as result of planned recoveries from outwards reinsurance contracts.

It should be noted that because “Outwards reinstatement premiums” (column Ea) is a subset of “Other Outwards Reinsurance Premiums” (column E), then this means the absolute value of column Ea cannot exceed column E.

- 8.2.8** Any planned reinsurance premium associated with multi-class or whole account reinsurance protections should be allocated across the classes of business protected, in proportions that best reflect the likely cost allocation method to be used when purchased, e.g. income weighted exposure / loss contribution.

It is not permitted to enter a single outwards reinsurance amount as a separate class of business.

- 8.2.9** Brokerage and commissions (column F) exclude service company acquisition costs (column G), business arrangement fees (column H) and bonuses and rebates (column J). Reinsurance commission receivable under outwards reinsurance contracts which are calculated from this item should be calculated in a manner consistent with the terms of the reinsurance contract and should not be deducted to show a net position; instead, they should be reported separately in “Outwards Reinsurance Commissions Received” (column Ia).

- 8.2.10** Business arrangement fees (column H) and service company acquisition costs (column G) must be completed, irrespective of whether managing agents treat these costs as administrative or acquisition expenses. They include fees payable to brokers in addition to commissions and brokerage in respect of, for example, volume, profitability, management administration, marketing, or processing functions (this is not an exhaustive list). Business Arrangement Fees are also known as PSAs, Market Service Agreements or Contingent Commissions. Reinsurance commission receivable under outwards reinsurance contracts which are calculated from this item should be calculated in a manner consistent with the terms of the reinsurance contract and should not be deducted to show a net position; instead, they should be reported separately in “Outwards Reinsurance Commissions Received” (column Ia).

- 8.2.11** The SBF105 total brokerage and commissions (column F) plus ‘service company acquisition costs’ (column G) plus ‘Business Arrangement Fees’ (column H) plus ‘Bonuses and Rebates, Gross of Reinsurance’ (column J) should reconcile to acquisition costs reported in line 11a in SBF100.

(Form 105, column F plus column G plus column H plus column J = Form 100, column C, line 11a)

- 8.2.12** “Outwards reinsurance commissions received” (column Ia) should be used to report commissions expected to be received from reinsurers as part of outwards reinsurance contracts. This should relate only to amounts due from reinsurers under the terms of the outward reinsurance contract which represent commissions receivable, i.e. not premium adjustments or recovery amounts. The total in this column should reconcile with the correspondingly named total within SBF100 (11c1).

- 8.2.13** “Outwards reinsurance profit participations received” (column Ib) should be used to report profit participations expected to be received from reinsurers as part of outwards reinsurance contracts. This should relate only to amounts due from reinsurers under the terms of the outward reinsurance contract which represent profit participations receivable, e.g. contractual terms which explicitly require the reinsurer to pay a portion of its profits made under the reinsurance contract to the syndicate if the financial performance exceeds set criteria, i.e. not premium adjustments or recovery amounts. The total in this column should reconcile with the correspondingly named total within SBF100 (11c2).

- 8.2.14** Admin Expenses column (column L1) should be used to report the breakdown of expenses at class of business level. The total in column L1 SBF105 should reconcile to the line 11b Admin expenses in form SBF100. Reinsurance commission receivable under outwards reinsurance contracts which are calculated from this item should be calculated in a manner consistent with the terms of the reinsurance contract and should not be deducted to show a net position; instead, they should be reported separately in “Outwards Reinsurance Commissions Received” (column Ia).
- 8.2.15** The amount in form SBF105 column L Bonuses and Rebates Net of Reinsurance should match form SBF100 row 13 Bonuses and Rebates Net of Reinsurance. See [7.2.12](#) for further information concerning bonuses and rebates.
- (Form 105 column L = Form 100, column C, row 13)
- 8.2.16** The amount in form SBF105 column N1 Claims handling expenses/unallocated loss of adjustment expenses should match form SBF100 row 8 Claims handling expenses/unallocated loss of adjustment expenses.
- (Form 105 column N1 = Form 100, column C, row 8)
- 8.2.17** Each entry under ultimate claims settled (columns M and N) must be a best estimate of anticipated ultimate claims on both gross and net bases. Allocated claims handling expenses should be included, but not ULAE.
- 8.2.18** The formula for gross ULR (column O) uses the net figure for bonuses and rebates because it is an item in the ABI SORP technical account. If present, it is used to adjust the gross premiums written figure. Where appropriate the corresponding Bonuses and Rebates Gross of Reinsurance and Bonuses and Rebates Reinsurers Share entries (columns J and K) should be completed in order to provide meaningful adjustments for stamp premiums. However, in practice all of these items are expected to be zero.
- 8.2.19** If you plan to write Offshore Energy business, please ensure that you report using the two standard classes of business codes that have been introduced to identify Offshore Energy business, OEGW and OEXGW (see section [6.2.8](#)).
- 8.2.20** If you plan to write Innovation and/or Transition business as described under Section [5.3](#), please ensure that you report using the “ICX” and “TCX” COB codes as well as the “Innovation_ICX” and “Transition_TCX” Class of Business codes that are used by Lloyd’s to identify Innovation and Transition Business respectively (see section [5.3.2](#)).

9 SBF110 EUROPE SUPPLEMENTARY

9.1 Summary

- 9.1.1** For each Syndicate Class of Business, this form provides a forecast of Gross Written Premium (GWP) for each country in Europe.
- 9.1.2** Data is to be provided on a best estimate basis.
- 9.1.3** The basis of completion for SBF110 is the regulatory risk location, i.e. the territory or territories whose regulations apply to an insurance contract.

9.2 Key Points

- 9.2.1** This form should be reported on a pure year of account at ultimate basis.
- 9.2.2** Each class of business allocated “EU” distribution channel under the ‘risk code mapping of classes of business’ section (SBF051 Col A) will be added to this section and each entry must be completed in full. If a class of business has not had “EU” distribution channel allocated to under SBF051 Col A then it will not appear on this section.
- 9.2.3** All entries in this section must be in CNV.
- 9.2.4** The data entry rules outlined under section [1.5.1](#) apply to this form, meaning all numbers are to be supplied in units (not ‘000s – unlike the previously used “EU Supplement report” spreadsheet).
- 9.2.5** The total premium in the SBF110 form (E) should equal the total EU distribution Channel premium (form 105, total for Col C for Distribution Channel: EU - Europe) as Lloyd’s Insurance Company S.A was set up as a post-Brexit solution for policies where the regulatory risk location is in the EEA.
- 9.2.6** Note the regulatory risk location is not always the same as the policyholder domicile, physical risk location, tax location, etc. For assistance in establishing the regulatory risk location, please refer to the Crystal+ which was built for Lloyd's market participants and houses thousands of risk location rules and triggers with the aim to assist in determining risk location(s).

Crystal+ can be found on the following Link:

[Crystal+ | Lloyds](#)

10 SBF116 PREMIUM INCOME DEVELOPMENT

10.1 Summary

10.1.1 The aim of this form is to show how income develops throughout the year and it will be used to monitor your plan against data reported in PMDR.

10.2 Key Points

10.2.1 This form should be reported on a pure year of account basis to ultimate.

10.2.2 All entries in this section must be in CNV.

10.2.3 The form should continue to be based on gross written premium. The incremental premium incepting in each quarter should be recorded so that the total sums to the ultimate written premium for the year.

10.2.4 Total gross written premium at class of business level should be the same as the gross written premium reported in form SBF105.

(Form 116 column G = Form 105, column C)

10.2.5 This form should be completed on the same basis as the premium is captured on the PMDR. Premium should be recorded per quarter based on the inception date. Binder business should be reported based on the inception date of the binder with a premium number that includes all future declarations attaching to that binder (i.e. including the inception date accounting premium). As the binder declarations received after the end of the year of account are reported in the quarter where the binder commences, all of the premium should be accounted for during the four quarters.

11 SBF117 LOSS RATIO COMPOSITION

11.1 Summary

The purpose of this form is to collect the breakdown of the Gross Loss Ratio components (attritional, large and Cat loss ratio) for the prospective year only for each class of business and at a whole account level. The form also collects the 1:10 losses (monetary amount) and 1:200 gross and net Loss ratio for the prospective year of account in addition to probability of breakeven at a whole account level only.

11.2 Key points

11.2.1 This form does collect the prospective year only data.

11.2.2 The gross loss ratios are to be provided on a best estimate forecast to ultimate basis gross of reinsurance.

11.2.3 Column A: Attritional Loss ratio collects the best estimate forecast to ultimate attritional loss ratio for each SCOB. Attritional losses are larger volume smaller value claims that fall under the syndicate's threshold for a large claim and that do not relate to a catastrophic event.

11.2.4 Column B: Large Loss ratio collects the best estimate forecast to ultimate large loss ratio for each SCOB. Large losses are those which exceed the attritional loss threshold and fall below the large loss threshold for the class of business and do not relate to a catastrophic event.

11.2.5 Column C: Cat Loss ratio collects the best estimate forecast to ultimate loss ratio related to catastrophic events for each SCOB or where the claim size is above the large loss maximum threshold.

11.2.6 Column D: Gross Ultimate Loss Ratio =

$$\text{Attritional Loss Ratio} + \text{Large Loss Ratio} + \text{Cat Loss Ratio}$$

11.2.7 Columns E, F and G are to be recorded as CNV.

11.2.8 Column E: Attritional Loss threshold is the maximum amount of a single loss on an individual claim which below this amount is considered attritional, above which would be considered a large loss for the class of business for claims that do not relate to a catastrophic event. Attritional loss reporting within QMB 105n should be consistent with the attritional loss threshold collected here for the corresponding SCOB and year of account.

11.2.9 Column F: Large loss threshold is the maximum amount of a single loss on an individual claim which would still be considered Large for the class of business for claims that do not relate to a catastrophic event. Large loss reporting within QMB 105n should be consistent with the large loss threshold collected here for the corresponding SCOB and year of account.

11.2.10 Column G: Catastrophe loss threshold is the minimum aggregate loss arising from a single event above which losses are considered a Catastrophe loss for the class of business. Catastrophe loss reporting within QMB 105n should be consistent with the catastrophe loss threshold collected here for the corresponding SCOB and year of account.

- 11.2.11** We expect valid values to be provided for E, F and G where non-zero values for A, B and C have been provided for the same class.
- If A is 0 (i.e. no attritional loss ratio), E should be 0.
 - If B is 0 (i.e. no large loss ratio), F should be set equal to E.
 - If C is 0 (i.e. no cat loss ratio) G does not have to be populated.
- 11.2.12** Comments (column H): Please supply any further commentary pertinent to information detailed in Form 117.
- 11.2.13** We understand that there may be instances where Syndicates choose not to use a monetary threshold to define categorisation across Attritional, large and catastrophe and may instead opt for the use of causation triggers. Where this is the case, please provide further details within the Comments field under column H.
- 11.2.14** The breakeven probabilities here are the probabilities that the Gross Combined Ratio and Net Combined Ratio are smaller than or equal to 100% respectively. Numbers Lloyd's deem unacceptable or unrealistic such as 0% or 100% will trigger a validation error.

12 SBF118 LOSS RATIO BRIDGING ANALYSIS

12.1 Summary

12.1.1 The purpose of this form is to provide a loss ratio bridging analysis for each class of business based on the syndicate's assumptions for the prospective year. It also requests a breakdown of different elements of claims inflation.

12.1.2 Claims inflation does not directly impact the loss ratio bridge as that depends on the corresponding changes to premium but provides context for the reported RARC which does impact the loss ratio.

12.2 Key points

12.2.1 This form has been created to ensure that adequate information is collected to understand the planned gross loss ratios, especially where material changes are proposed year on year.

12.2.2 This section is pre-populated with classes of business as specified in the class of business descriptions section. The classes displayed will be those that have been selected irrespective of whether they are approved or only proposed.

12.2.3 Current year gross ultimate loss ratio should be based on latest approved syndicate's current business plan. The information is not required for new classes in 2025. In these instances, the columns should be left blank.

12.2.4 The following information is requested:

1. Gross risk adjusted rate change (RARC) assumptions (which are net of inflation) are calculated from form SBF184.
2. Economic inflation assumptions (column Ca) should be provided at class of business level as percentages (%).
3. Social inflation assumptions (column Cb) should be provided at class of business level as percentages (%).
4. All other excess (excluding social) inflation assumptions (column Cc) should be provided at class of business level in percentages (%). Please note that whilst we consider social inflation as a subset of excess inflation, this column should capture excess inflation excluding the social inflation element, so that columns Ca, Cb and Cc sum to your total claims inflation assumption.
5. Managing agents are expected to provide commentary under Column G on:
 - Explanations for classes where the planned GULR has not moved in line with the assumptions; and/or
 - How inflation assumptions have been made.

12.3 Claims Inflation guidance

- 12.3.1** We define claims inflation as the change in claims cost of a like for like policy over time. Claims cost is considered as all costs in relation to the payment and settlement of a (re)insurance claim. This includes loss adjustment expenses directly associated with the claim, such as claims handling.
- 12.3.2** Like for like means having consistent policy wording, exposure and level of coverage, such that the change in claims cost is considered after normalising for changes in policy terms and other differences in the policy.
- 12.3.3** The definition of claims inflation covers changes in claims cost due to trends which affect the number (frequency) and/or size (severity) of claims.
- 12.3.4** In the SBF 118 Form, claims inflation is broken down as the sum of economic inflation and excess inflation (which includes social inflation) as defined in the table below.
- 12.3.5** Best endeavours should be made to split out social inflation from other excess inflation and we expect to see this for classes with high exposure to social inflation. However, where it is not proportionate to set social inflation assumptions explicitly, social inflation should be reported within the other excess inflation column

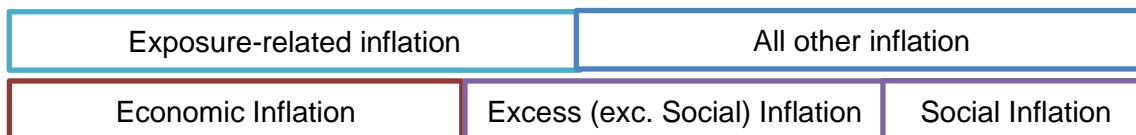
SBF118 Loss Ratio Walk		
Economic	Excess	Social
<p>Changes in claims costs as captured through published economic indices relevant to a (re)insurer’s mix of business.</p> <ul style="list-style-type: none"> • Typically, this is inflation in the cost of a basket of selected goods and services or average wage costs, which are captured in price and wage indices (such as RPI, CPI and ASHE in the UK, which are produced by ONS). 	<p>Changes in claims costs beyond what is captured in economic indices, including factors which are specific to a (re)insurers’ business.</p> <ul style="list-style-type: none"> • Typically, this is inflation associated with resources specific to the nature of the claims costs of the (re)insurer (beyond that captured in generic inflation indices), or emerging risk from new materials, medicines and technologies. 	<p>We define social inflation as a subset of excess inflation, which more narrowly pertains to claims inflation as a result of societal trends.</p> <ul style="list-style-type: none"> • This includes rising costs of claims resulting from increased litigation, broader definitions of liability (excluding those caused by changes in policy terms and conditions), more plaintiff-friendly legal decisions, larger compensatory jury awards and social movements.

- 12.3.6** The total claims inflation reported in Form 118 is expected to be the change in claims frequency/severity that should be captured in premium changes if (all else equal) price adequacy is to be maintained.

Please note that in the SBF 184, the impact of claims inflation on premium change is broken down differently into “exposure-related inflation” and “all other inflation” to separate out inflation that is priced into premium changes automatically through rating on inflation-impacted exposure measures.

The sum of ‘exposure-related inflation’ and ‘all other inflation’ in form 184 (when converted to a % change) should generally be equal to the sum of ‘Economic Inflation’,

'Social Inflation' and 'All Other Excess (excluding social) Inflation' reported in form 118. This statement is true even if RARC is negative or positive; for further explanation and worked examples see 15.4.3 and 15.4.4.



Please note that the diagram is just illustrative of how the two breakdowns sum up and the size of the bars are not indicative to the expected relative size of the components.

12.4 Example Claims Inflation categorisations

The below table provides some examples of the drivers of inflation for each of the three claims inflation categories used in Form 118.

Claims inflation	Property D&F	General liability	Medical malpractice
Economic	<ul style="list-style-type: none"> The most relevant published economic index/indices E.g. CPI, ONS construction output price indices (OPIs) 	<ul style="list-style-type: none"> The most relevant published economic index/indices E.g. RPI, CPI 	<ul style="list-style-type: none"> The most relevant published economic index/indices E.g. ASHE index (care worker wages) CPI - medical care commodities, medical care services
Excess (excluding social)	<ul style="list-style-type: none"> Increase in cost of building materials (including as a result of supply issues) above economic index used Wage inflation for construction workers above economic index used (including from constrained resource as a result of COVID-19) Increase in property prices 	<ul style="list-style-type: none"> Wage inflation above economic index used Cost of legal services above economic index used Advancement in medical treatments Construction issues arising from increased infrastructure activity – e.g. defects and cladding issues 	<ul style="list-style-type: none"> Health care costs Medical equipment costs above economic index used Cost of legal services Advancement in medical treatments Digitalisation of health care services
Social	<ul style="list-style-type: none"> Litigation of business interruption claims Increase in claim frequency through damage caused in protests associated with social movements 	<ul style="list-style-type: none"> Third-party litigation funding Court award trends Tort and statutory reforms Emerging concepts in tort law #MeToo movement 	<ul style="list-style-type: none"> Court award trends Tort and statutory reform

12.5 Example Scenarios for capturing inflation

The section provides some example scenarios and how they are expected to be reported in the SBF 118. Section 15.4 provides examples on how we expect the corresponding SBF 184 to be completed for the same scenarios.

Please note that these examples are intended to be illustrative and the figures used are not representative of expected amounts. In addition, whilst the examples use 'CPI', there may be more appropriate economic indices to reference at a class or portfolio level.

12.5.1 Scenario 1: Capturing Inflation Change as a result of exposure inflation

Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Exposure	Sum insured uplift of 10% captured in exposure measure as a result of building materials inflation, with: <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI.
Proposed Terms	Sum insured is captured as exposure in existing pricing model such that premium is appropriately adjusted without further rating changes required. <p>No further expected claims inflation, changes in attachment point, deductibles, perils covered or RARC.</p> <p>➔ 1 hotel, fire and flood cover @ £110 GWP per hotel</p> <p><i>Premium from all inflationary increases = £10</i> <i>Claims inflation % to be allocated to inflationary drivers = 10%</i></p>

118 - Loss Ratio Bridging Analysis									
	Gross Ultimate Loss Ratio (GULR) Approved	Gross RARC Assumptions	Economic Inflation	Social Inflation	All Other Excess (excluding social) Inflation	Gross Ultimate Loss Ratio (GULR) Bridging Analysis	Gross Ultimate Loss Ratio (GULR) Planned	Variance	Comments (Exposure Change, Current Year Adjustments and Underwriting Actions)
	% A	% B	% Ca	% Cb	% Cc	% D	% E	% F	% G
Property	55%	0%	7%	0%	3%	55%	55%	0%	Rate/premium change has adequately captured inflationary driver, no additional rate has been achieved, therefore RARC is nil

As the 7% inflation as reflected in CPI is captured in the latest economic indices, it should be allocated to 'Economic Inflation'.

The additional 3% inflation is in excess of that represented in economic indices, driven by the cost of materials above those represented in the CPI basket of goods. This is not deemed to have a social inflation component and therefore this should be allocated to 'All Other Excess (excluding social) Inflation'.

There is no RARC, such that this is reported as 0% and the Gross Ultimate Loss Ratio (GULR) is maintained at 55%.

12.5.2 Scenario 2: Adding All Other Inflation

Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Change of Terms / Environmental factors	<p>Sum insured uplift of 10% captured in exposure as a result of building materials inflation, with:</p> <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI. <p>In addition, analysis suggests that, as a result of a recessionary economic environment, claims costs will increase by a further 5% (compared to last year’s costs) not captured in existing pricing models, due to:</p> <ul style="list-style-type: none"> - 4% driven by acute wage inflation for skilled workers in the (re)construction industry - 1% driven by a marginal uptick in arson claims
Proposed Terms	<p>Sum insured is captured as exposure in existing pricing model such that premium is appropriately adjusted for this element of claims inflation without further rating changes required.</p> <p>Premium adjusted to reflect claims inflation expected on top of that captured in existing pricing model through exposure.</p> <p>No change to terms, attachment point, deductible, perils covered or RARC.</p> <p>➔ 1 hotel, fire and flood cover @ £115 GWP per hotel</p> <p><i>Premium from all inflationary increases = £15</i> <i>Claims inflation % to be allocated to inflationary drivers = 15%</i></p>

118 - Loss Ratio Bridging Analysis									
	Gross Ultimate Loss Ratio (GULR) Approved	Gross RARC Assumptions	Economic Inflation	Social Inflation	All Other Excess (excluding social) Inflation	Gross Ultimate Loss Ratio (GULR) Bridging Analysis	Gross Ultimate Loss Ratio (GULR) Planned	Variance	Comments (Exposure Change, Current Year Adjustments and Underwriting Actions)
	% A	% B	% Ca	% Cb	% Cc	% D	% E	% F	% G
Property	55%	0%	7%	1%	7%	55%	55%	0%	Rate/premium change has adequately captured inflationary driver, no additional rate has been achieved, therefore RARC is nil

Building on Scenario 1, the exposure-related inflation is allocated 7% to ‘economic inflation’ and 3% to ‘All other excess inflation’.

The additional expected increase in claims costs (frequency and severity) is driven by a further additive 1% for ‘Social Inflation’, driven by a marginal uptick in arson claims frequency and 4% ‘All Other Excess (excluding social) Inflation’ which driven by acute wage

inflation in skilled workers in the (re)construction industry.

Therefore, in total there is 7% attributable to 'All Other Excess Inflation' across both the 'Exposure-related' and 'All Other' Inflationary drivers.

12.5.3 Scenario 3: Adding Risk Adjusted Rate increase net of inflation

Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Change of Terms / Environmental factors	<p>Sum insured uplift of 10% captured in exposure as a result of building materials inflation, with:</p> <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI. <p>In addition, analysis suggests that, as a result of a recessionary economic environment, claims costs will increase by a further 5% (compared to last year's costs) not captured in existing pricing models, due to:</p> <ul style="list-style-type: none"> - 4% driven by acute wage inflation for skilled workers in the (re)construction industry - 1% driven by a marginal uptick in arson claims
Proposed Terms	<p>As per scenario 2, but further adjustment to premium such that rate change achieved now <u>exceeds</u> all claims inflation by 5%.</p> <p>No change to terms, attachment point, deductible, perils covered.</p> <p>➔ 1 hotel, fire and flood cover @ £120.75 GWP per hotel</p> <p><i>Premium from all inflationary increases remains @ £15 as RARC change is net of claims inflation.</i></p> <p><i>Claims inflation % to be allocated to inflationary drivers = 15%</i></p>

118 - Loss Ratio Bridging Analysis									
	Gross Ultimate Loss Ratio (GULR) Approved	Gross RARC Assumptions	Economic Inflation	Social Inflation	All Other Excess (excluding social) Inflation	Gross Ultimate Loss Ratio (GULR) Bridging Analysis	Gross Ultimate Loss Ratio (GULR) Planned	Variance	Comments (Exposure Change, Current Year Adjustments and Underwriting Actions)
	%	%	%	%	%	%	%	%	
	A	B	Ca	Cb	Cc	D	E	F	G
Property	55%	5%	7%	1%	7%	52.4%	52.4%	0.0%	Rate/premium change has exceeded inflation therefore RARC is positive and should result in a reduction in the GULR

For form 118 inflation change in this scenario all inflationary drivers 'Economic', 'Social' and 'All Other Excess (excluding social) Inflation' remain the same as in Scenario 2.

Premium increase achieved now exceeds the inflationary allowances, such that RARC (net of claims inflation) is positive at 5% and reduces the GULR from 55% to 52.4%.

If there was not a direct proportionally calculated relationship between RARC and GULR, the non-zero “Variance” must be explained in the comment’s column. Examples of explanations may include prudence in GULR pick, planned underwriting actions, proportion of New Business, portfolio mix etc.

12.5.4 Scenario 4: Rate change does not adequately capture inflation

Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Change of Terms / Environmental factors	<p>Sum insured uplift of 10% captured in exposure as a result of building materials inflation, with:</p> <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI. <p>In addition, analysis suggests that, as a result of a recessionary economic environment, claims costs will increase by a further 5% (compared to last year’s costs) not captured in existing pricing models, due to:</p> <ul style="list-style-type: none"> - 4% driven by acute wage inflation for skilled workers in the (re)construction industry - 1% driven by a marginal uptick in arson claims
Proposed Terms	<p>As per scenario 2, but adjustment to premium such that rate change achieved is now <u>inadequate</u> to capture all claims inflation by 5%.</p> <p>No change to terms, attachment point, deductible, perils covered.</p> <p>➔ 1 hotel, fire and flood cover @ £109.25 GWP per hotel</p> <p><i>Premium from all inflationary increases remains @ £15 as RARC change is net of claims inflation.</i></p> <p><i>Claims inflation % to be allocated to inflationary drivers = 15%</i></p>

118 - Loss Ratio Bridging Analysis									
	Gross Ultimate Loss Ratio (GULR) Approved	Gross RARC Assumptions	Economic Inflation	Social Inflation	All Other Excess (excluding social) Inflation	Gross Ultimate Loss Ratio (GULR) Bridging Analysis	Gross Ultimate Loss Ratio (GULR) Planned	Variance	Comments (Exposure Change, Current Year Adjustments and Underwriting Actions)
	%	%	%	%	%	%	%	%	
	A	B	Ca	Cb	Cc	D	E	F	G
Property	55%	-5%	7%	1%	7%	57.9%	57.9%	0.0%	Rate/premium change has not adequately captured claims inflation this will negatively impact the RARC and should result in an increase in the GULR

For form 118 inflation change in this scenario all inflationary drivers ‘Economic’, ‘Social’ and ‘All Other Excess (excluding social) Inflation’ remain the same as in Scenario 2.

Premium achieved now does not adequately capture the inflationary allowances, such that RARC (net of claims inflation) is negative at -5% and increases the GULR from 55% to 57.9%.

If there was not a direct proportionally calculated relationship between RARC and GULR, the non-zero "Variance" must be explained in the comment's column. Examples of explanations may include prudence in GULR pick, planned underwriting actions, proportion of New Business, portfolio mix etc.

13 SBF164 BUSINESS COMPOSITION BY TYPE OF PLACEMENT

13.1 Summary

13.1.1 The aim of this form is to measure the extent of Delegated Authority and Open Market business. The form also collects the total of reinsurance business within the Open Market (i.e. not written under a delegated authority).

13.2 Key Points

13.2.1 This form should be reported on a pure year of account at ultimate basis.

13.2.2 All entries in this section are recorded in CNV.

13.2.3 "Binding authorities delegated to Third Party Coverholders" refers to all binding authorities that are not with a service company.

13.2.4 "Service Companies" refers to all binding authorities with a service company. A service company is a company within the same group as, or owned by, the Lloyd's managing agent to whom the managing agent delegates authority to enter into contracts of insurance or to issue insurance documents as evidence of contracts of insurance.

13.2.5 A "line slip" is an arrangement where authority is delegated to another managing agent, or to an authorised insurance company, for business introduced by a named Lloyd's broker. A lineslip will usually apply to specific types of business. Once the authorised managing agent or insurance company has entered into a contract of insurance with the insured, the relevant Lloyd's broker will issue evidence of the insurance (for example, a cover note supported by a full slip or slip policy). The lineslip may allow the authorised managing agent or insurance company to agree claims.

13.2.6 Any reinsurance business written via service companies should be included in the total premium written via service companies and must not be reported in the "all other reinsurance business (not written under a delegated authority)" field.

13.2.7 The "all other reinsurance business (not written under a delegated authority)" field should refer to the Open Market business only.

13.2.8 Acquisition costs (Col B) should be stated before any apportionment of administrative expenses that would be made under UK GAAP.

14 SBF167 PREMIUM INCOME SPLIT BY RISK CODE

14.1 Summary

14.1.1 This section has been generated based on the information provided in the Risk Code Mappings section and Underwriting Performance Forecast (SBF105) section.

14.1.2 Please note the same risk code currency mapping will be used for both the stamp gross premiums written and stamp net premiums written.

14.2 Key Points

14.2.1 This form should be reported on a pure year of account at ultimate basis.

14.2.2 This is a fully calculated form so please take time to ensure that all numbers are correct. You must confirm that the data shown in this section is correct by ticking the box on the form. Failure to do so will prevent the submission of the data to Lloyd's Markets.

15 SBF184 PREMIUM BRIDGING ANALYSIS (GROSS RARC)

15.1 Summary

- 15.1.1** The purpose of this form is to provide a premium bridging analysis showing a “walk” of changes to each class of business’ premiums from the current year to prospective year. The SBF184 captures premium changes on a gross premium basis, i.e. premium before the deduction of acquisition costs and SPA premium.
- 15.1.2** RARC strips out the effects of all changes other than those due to the softening or hardening of market conditions and should be provided on a gross of acquisition costs basis.

15.2 Key Points

- 15.2.1** This form should be completed on a pure year of account at ultimate basis.
- 15.2.2** All entries in this section must be in CNV.
- 15.2.3** The prospective year gross written premium on SBF184 column P should reconcile to gross written premium in form SBF105s column C.
- 15.2.4** The SBF184 includes the previous year’s expiring premium in column C. This should equal the QMB 105n column 1: Gross premiums written for the 2025 Year of Account from the latest accepted 2025 QMB converted at the prospective year’s exchange rates from SBF020 (i.e. 2026 SBF planning rates. The 2026 SBF planning rates will be the same as the 2025 Q2 QMB rates).

If however, at the time of completing the SBF:

- a. there has been a material change the previous year’s expiring premium since the latest QMB submission; OR,
- b. the syndicate has not submitted a QMB for the 2025 Year of Account.

Then the amount entered under column C should equal the best estimate of the previous year’s expiring premium in forecast to ultimate position for the 2025 Year of Account.

All premium and acquisition costs data on SBF184 should be recorded at the prospective year’s planning exchange rates so there is no exchange rate distortion in the rate change calculations.

- 15.2.5** SBF184 collects previous year premium (column C), new business (column D) and non-renewed business (column E). From here, the expiring renewed premium can be determined (column F). This should effectively be the previous year’s expiring premium excluding non-renewed premium.
- 15.2.6** The change in expiring renewed premium is split into component parts in line with the format of PMDR. These are changes in gross premium due to:
- Deductible/Attachment Point (column G, in line with column 180 from PMDR)
 - Breadth of Cover (column H, column 190 from PMDR)
 - Change in Gross Written Premium due to Exposure-related Inflation (column I1), Change in Gross Written Premium due to All Other Inflation (column I2) and Change

in Gross Written Premium due to other changes not captured (column I) should be in line with column 200 from PMDR.

- Pure Rate Change (column L, column 210 from PMDR).

Note that all these change fields are expressed as gross premium amounts. The change elements that bridge gross premium between last year and this year are highlighted in the example diagrams below. SBF184 column J shows the gross premium that would be charged on last year's pricing basis for the expiring renewed business after the effects of changes in Deductible/Attachment Point, Breadth of Cover, Exposure Inflation, all other inflation and any other changes not captured (see diagram below).

15.2.7 The Gross Risk Adjusted Rate Change (RARC) is calculated in column O as (column L)/ (column M – column L) in line with PMDR Column 220.

15.2.8 SBF184 column K (in line with column 240 from PMDR) shows the acquisition cost component of renewed premium in SBF184 column D. The acquisition costs should be recorded as a negative amount.

15.2.9 Please refer to the PMDR Guidance for information and reference which can be located in the Help section of the PMDR in MDC.

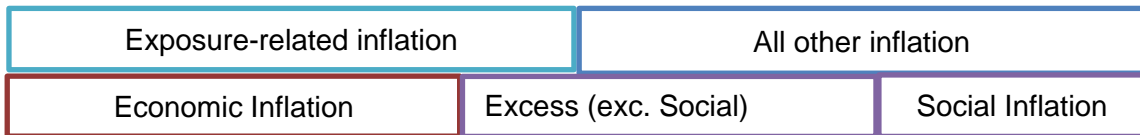
15.3 Inflation reporting guidance

SBF 184 captures Gross Written Premium change due to exposure-related inflation (column I1) and all other inflation (column I2) as defined in the table below.

SBF 184 Premium Walk	
Exposure- related Inflation	All other Inflation
<p>Change in claims cost, that is priced into premium changes automatically through rating on inflation-adjusted exposure measures. I.e., without changing pricing models, there will be an increase in premium due to exposure inflation as the same rate will be applied to a higher exposure measure. Examples include:</p> <ul style="list-style-type: none"> • increasing sums insured as property values increase or are adjusted for re-build costs, • increasing turnover on a GL policy as prices of goods sold increase. <p>Note that exposure-related inflation excludes additional exposure added to an existing contract, which is not considered claims inflation because it is not a like-for-like policy.</p>	<p>Consequently, "All Other inflation" (beyond Exposure Inflation) represents the increase in premiums arising from further changes to allow for additional claims inflation.</p>

The sum of 'Exposure-related inflation' and 'All Other inflation' in form 184 (when converted to a % change) should generally be equal to the sum of 'Economic Inflation', 'Social Inflation' and 'All Other Excess (excluding social) Inflation' reported in form 118. This statement is true even if RARC is negative or positive; for further explanation and

worked examples see 15.4.3 and 15.4.4.



Please note that the diagram is just illustrative of how the two breakdowns sum up and the size of the bars are not indicative to the expected relative size of the components.

15.4 Example Scenarios for capturing inflation

The section provides some example scenarios and how they are expected to be reported in the SBF 184.

Please note that these examples are intended to be illustrative and the figures used are not representative of expected amounts. In addition, whilst the examples use 'CPI', there may be more appropriate economic indices to reference at a class or portfolio level.

15.4.1 Scenario 1: Capturing Inflation Change as a result of exposure inflation

Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Exposure Inflation	Sum insured uplift of 10% captured in exposure measure as a result of building materials inflation, with: <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI.
Proposed Terms	Sum insured is captured as exposure in existing pricing model such that premium is appropriately adjusted without further rating changes required. <p>No further claims inflation, changes in attachment point, deductibles, perils covered or RARC.</p> <p>➔ 1 hotel, fire and flood cover @ £110 GWP per hotel</p> <p><i>Premium from all inflationary increases = £10</i> <i>Claims inflation % to be allocated to inflationary drivers = 10%</i></p>

Renewed Gross Written Premium Information										
Expiring Renewed Gross Written Premium	Change in Gross Written Premium due to Deductible/ Attachment Point	Change in Gross Written Premium due to Breadth of Cover	Change in Gross Written Premium due to Exposure-related Inflation	Change in Gross Written Premium due to All Other Inflation	Change in Gross Written Premium due to Other changes not captured	Gross Written Premium Charged for Renewed Exposure on Last Year's Pricing	Change in Gross Written Premium due to Pure Rate Change	Prospective Gross Written Premium on Renewed Business	Gross RARC %	Prospective Year Gross Written Premium
F	G	H	I1	I2	I	J	L	M	O	P
100	0	0	10	0	0	110	0	110	0%	110

As all expected inflation has been captured in the premium (without any change required to pricing models), this is all reported as 'Change in Gross Written Premium due to Exposure-related inflation'.

As no further increase in rate change has been achieved, the RARC is 0% and the loss ratio as reported in SBF Form 118 will be maintained.

15.4.2 Scenario 2: Adding All Other Inflation

Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Change of Terms / Environmental factors	<p>Sum insured uplift of 10% captured in exposure as a result of building materials inflation, with:</p> <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI. <p>In addition, analysis suggests that, as a result of a recessionary economic environment, claims costs will increase by a further 5% (compared to last year's costs) not captured in existing pricing models, due to:</p> <ul style="list-style-type: none"> - 4% driven by acute wage inflation for skilled workers in the (re)construction industry - 1% driven by a marginal uptick in arson claims
Proposed Terms	<p>Sum insured is captured as exposure in existing pricing model such that premium is appropriately adjusted for this element of claims inflation without further rating changes required.</p> <p>Premium adjusted to reflect claims inflation expected on top of that captured in existing pricing model through exposure.</p> <p>No change to terms, attachment point, deductible, perils covered or RARC.</p> <p>➔ 1 hotel, fire and flood cover @ £115 GWP per hotel</p> <p><i>Premium from all inflationary increases = £15</i> <i>Claims inflation % to be allocated to inflationary drivers = 15%</i></p>

Renewed Gross Written Premium Information										
Expiring Renewed Gross Written Premium	Change in Gross Written Premium due to Deductible/ Attachment Point	Change in Gross Written Premium due to Breadth of Cover	Change in Gross Written Premium due to Exposure-related Inflation	Change in Gross Written Premium due to All Other Inflation	Change in Gross Written Premium due to Other changes not captured	Gross Written Premium Charged for Renewed Exposure on Last Year's Pricing	Change in Gross Written Premium due to Pure Rate Change	Prospective Gross Written Premium on Renewed Business	Gross RARC %	Prospective Year Gross Written Premium
F	G	H	I1	I2	I	J	L	M	O	P
100	0	0	10	5	0	115	0	115	0%	115

The increased claims costs associated with the increase in the sum insured has been captured in the premium (without any change required to pricing models). Therefore £10 (per hotel) is reported as 'Change in Gross Written Premium due to Exposure-related inflation'.

The remaining change required to premium of £5 (per hotel) needs to be adjusted for separately and is reported as "Change in Gross Written Premium due to All Other Inflation'.

As no further increase in rate change has been achieved, the RARC is 0%.

15.4.3 Scenario 3: Adding Risk Adjusted Rate increase net of inflation

Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Change of Terms / Environmental factors	<p>Sum insured uplift of 10% captured in exposure as a result of building materials inflation, with:</p> <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI. <p>In addition, analysis suggests that, as a result of a recessionary economic environment, claims costs will increase by a further 5% (compared to last year's costs) not captured in existing pricing models, due to:</p> <ul style="list-style-type: none"> - 4% driven by acute wage inflation for skilled workers in the (re)construction industry - 1% driven by a marginal uptick in arson claim
Proposed Terms	<p>As per scenario 2, but further adjustment to premium such that rate change achieved now <u>exceeds</u> all claims inflation by 5%.</p> <p>No change to terms, attachment point, deductible, perils covered.</p> <p>➔ 1 hotel, fire and flood cover @ £120.75 GWP per hotel</p> <p><i>Premium from all inflationary increases remains @ £15 as RARC change is net of claims inflation.</i></p> <p><i>Claims inflation % to be allocated to inflationary drivers = 15%</i></p>

Renewed Gross Written Premium Information										
Expiring Renewed Gross Written Premium	Change in Gross Written Premium due to Deductible/ Attachment Point	Change in Gross Written Premium due to Breadth of Cover	Change in Gross Written Premium due to Exposure-related Inflation	Change in Gross Written Premium due to All Other Inflation	Change in Gross Written Premium due to Other changes not captured	Gross Written Premium Charged for Renewed Exposure on Last Year's Pricing	Change in Gross Written Premium due to Pure Rate Change	Prospective Gross Written Premium on Renewed Business	Gross RARC %	Prospective Year Gross Written Premium
F	G	H	I1	I2	I	J	L	M	O	P
100	0	0	10	5	0	115	5.75	120.75	5%	120.75

For form 184 the split of the change in GWP between 'Exposure-related' and 'All Other' inflation remains the same as in Scenario 2.

The premium increase achieved now exceeds the inflationary allowances, such that the premium achieved is £120.75 with a RARC (net of claims inflation) of +5%. This reduces the GULR reported on form 118 from 55% to 52.4%.

15.4.4

Scenario 4: Rate change does not adequately capture inflation

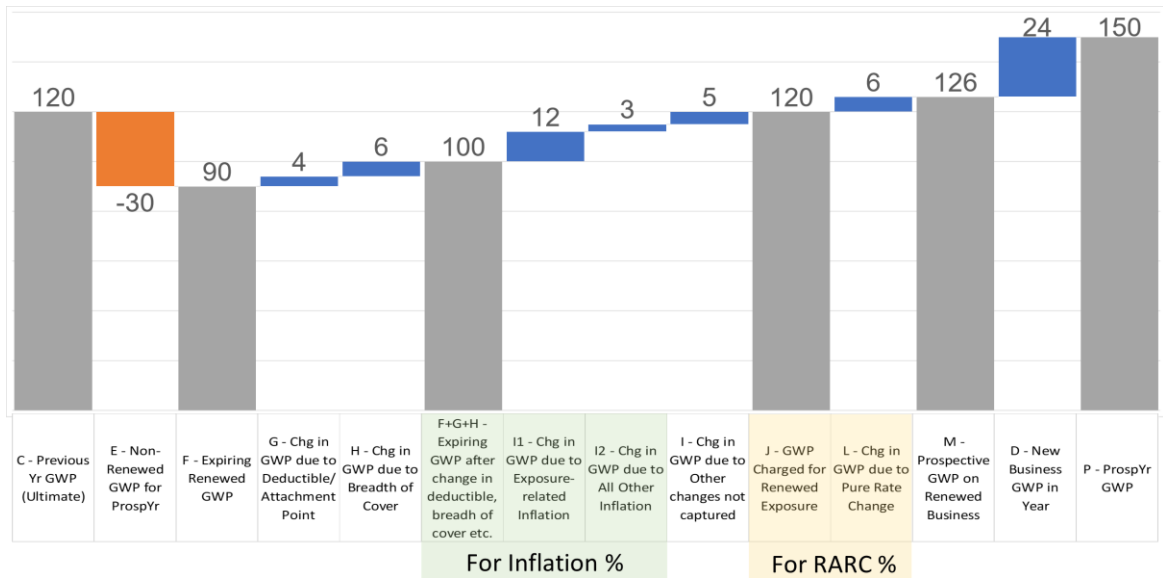
Expiring Terms	1 hotel, fire and flood cover @ £100 GWP per hotel
Change of Terms / Environmental factors	<p>Sum insured uplift of 10% captured in exposure as a result of building materials inflation, with:</p> <ul style="list-style-type: none"> - 7% captured in CPI - 3% further (additive) cost increase, driven by the cost of building materials in excess of those represented in CPI. <p>In addition, analysis suggests that, as a result of a recessionary economic environment, claims costs will increase by a further 5% (compared to last year's costs) not captured in existing pricing models, due to:</p> <ul style="list-style-type: none"> - 4% driven by acute wage inflation for skilled workers in the (re)construction industry - 1% driven by a marginal uptick in arson claim.
Proposed Terms	<p>As per scenario 2, but adjustment to premium such that rate change achieved is now <u>inadequate</u> to capture all claims inflation by 5%.</p> <p>No change to terms, attachment point, deductible, perils covered.</p> <p>➔ 1 hotel, fire and flood cover @ £109.25 GWP per hotel</p> <p><i>Premium from all inflationary increases remains @ £15 as RARC change is net of claims inflation.</i></p> <p><i>Claims inflation % to be allocated to inflationary drivers = 15%</i></p>

Renewed Gross Written Premium Information										
Expiring Renewed Gross Written Premium	Change in Gross Written Premium due to Deductible/ Attachment Point	Change in Gross Written Premium due to Breadth of Cover	Change in Gross Written Premium due to Exposure-related Inflation	Change in Gross Written Premium due to All Other Inflation	Change in Gross Written Premium due to Other changes not captured	Gross Written Premium Charged for Renewed Exposure on Last Year's Pricing	Change in Gross Written Premium due to Pure Rate Change	Prospective Gross Written Premium on Renewed Business	Gross RARC %	Prospective Year Gross Written Premium
F	G	H	I1	I2	I	J	L	M	O	P
100	0	0	10	5	0	115	-5.75	109.25	-5%	109.25

For form 184 the split of the change in GWP between 'Exposure-related' and 'All Other' inflation remains the same as in Scenario 2.

The premium achieved is inadequate to allow for the inflationary increases, such that the premium achieved is £109.25 with a RARC (net of claims inflation) of -5%. This increases the GULR reported on form 118 from 55% to 57.9%.

15.5 Visual Representation of the SBF 184



Note: the above representation is separate to the earlier provided examples.

15.5.1 Claims Inflation (%) Calculation from the above example:

$$\text{Exposure Related Inflation (\%)} = \frac{I1}{F + G + H} = \frac{12}{100} = 12.0\%$$

$$\text{All Other Inflation (\%)} = \frac{I2}{F + G + H} = \frac{3}{100} = 3.0\%$$

$$\text{Claims Inflation (\%)} = \frac{I1 + I2}{F + G + H} = \frac{15}{100} = 15.0\%$$

Claims Inflation (%) relationship with SBF form 118 using above example:
As per sections [12.3.6](#) and [15.3](#):

$$\begin{aligned} & \text{Economic Inflation (\%)} + \text{Social Inflation (\%)} + \text{Excess Inflation (\%)} \\ & = \text{Claims Inflation (\%)} = 15.0\% \end{aligned}$$

15.5.2 RARC (%) Calculation from the above example:

$$\text{RARC (\%)} = \frac{L}{J} = \frac{6}{120} = 5.0\%$$

16 SBF420 CAPACITY INFORMATION

16.1 Summary

16.1.1 This section provides a breakdown of the syndicate's estimated capacity. It also provides expected member participations of aligned or closely associated members.

16.2 Key Points

16.2.1 Managing agents are required to confirm if they have tradable or non-tradable capacity.

16.2.2 The Estimated Level of Support column will show the total capacity of the syndicate split by various types – this includes new and existing capacity.

16.2.3 This form should be on a reporting year of account basis.

16.2.4 All entries in this section must be in CNV.

16.2.5 Where a corporate member is new and no member number has yet been allocated by Lloyd's Members Services team then input the dummy member number 999999A.

16.2.6 Aligned capacity (line 1) is capacity provided by controllers / major shareholders associated with the managing agency and members should be listed in table 2 of the form where possible.

16.2.7 Other direct corporate (line 2) is third party corporate capacity provided direct to the syndicate and members should be listed in table 2 of the form where possible.

16.2.8 For syndicates with all their capacity provided by aligned members and/or other direct corporate members, (column A lines 1&2) the total syndicate capacity should equal the sum of syndicate participations (column E total). Validations are in place to ensure that the correct data is submitted in the return.

17 SBF443 UNDERWRITING CONTROLS

17.1 Summary

17.1.1 This section shows the maximum gross and net line sizes for each syndicate's class of business

17.1.2 Line sizes can be provided in five currencies: GBP, USD, EUR, CAD, AUD. All other currencies should be reported under the GBP heading in sterling.

17.1.3 An additional distribution channel column has been added to the form. This column should be used where a syndicate is operating on any overseas distribution channel (including the Europe distribution channel). This should be completed for each distribution channel and completed for all classes of business. Rationale should be provided in Form 990 when the line size for any overseas distribution channel is larger than that for London.

17.2 Key Points

17.2.1 Franchise Guidelines for gross maximum line sizes are measured as a percentage of gross premium income

17.2.2 The form must be completed for the prospective year of account.

17.2.3 This form should be on a reporting year of account basis.

17.2.4 "Class of business" (columns A and B) should reflect the "Limit Type" (column C) definitions prescribed for the classes referred to in the attached document (below). Syndicates are required to enter the combined code, as provided in the attached table, in column C (this is a free text field) and column C1 will automatically populate with the Max Line definition from the attachment. Where applicable, syndicates should supply their maximum lines in accordance with these definitions. If the class descriptions differ from those specified in the attached document, you should adhere to the prescribed "Limit Type" definition as closely as possible. Differences should be explained in form 990.



Full table of classes
and maximum line de

For those classes not specifically referred to in the attached document you should record the limit type which is most appropriate for your class of business. The text entered in column C will automatically populate column C1 with the same text. You may select the limit type definition from the examples listed below or use those definitions prescribed in the Limit Type Form. Please leave blank if your line size is "unlimited".

- Any one claim
- Any one event
- Any one known accumulation
- Any one life
- Any one risk
- Any one insured

- 17.2.5** "Currency" (column D): all entries in this section can be made in five currencies (GBP, USD, EUR, CAD, AUD). All other currencies should be reported under the GBP heading in sterling.
- 17.2.6** The following information should be reported for each class of business:
- Unlimited Line Size (Yes/No), column E
 - Absolute Maximum Gross Line, column F. This is the maximum gross line that the syndicate is approved to write by line of business.
Absolute Maximum Net Retained Line, column G. This is the line size that the syndicate has approval to retain for each class of business.
 - Normal Maximum Gross Line, column I. This should represent the maximum line size written most of the time, as distinct from occasional outliers where the line size deployed may be up to the Absolute Maximum Gross Line Size. The Normal Maximum Gross Line is likely to be close to the median line size expected to be written in each class of business.
 - Normal Maximum Net Retained Line, column K. This should represent the maximum line size written most of the time, as distinct from occasional outliers where the line size deployed may be up to the Absolute Maximum Net Retained Line. The Normal Maximum Net Retained Line is likely to be close to the median line size expected to be written in each class of business.
- 17.2.7** Gross line sizes are to be reported gross of the QS reinsurance cessions to SPAs.
- 17.2.8** "Retention as % of Absolute Max Gross Line" (column H) and "Retention as % of Normal Max Gross line" (column L) do not need to be updated as they will be automatically generated based on the information in columns F, G, I and K.
- 17.2.9** In calculating the net retained lines, all outwards reinsurance arrangements that protect the gross lines for each planned Class of Business should be taken into account including QS reinsurance with SPA(s). However, any outwards reinsurance which won't respond to a single line loss, such as Whole Account Stop Loss or Aggregate Excess of Loss contracts, should not be included.
- 17.2.10** If unlimited line size (column E) is reported as "yes" you do not need to enter any data for that class of business in the gross line size columns (F or I) but the "Absolute Maximum Net Retained Line" (column G) and "Normal Maximum Retained Line" (column K) should be completed.
- 17.2.11** If there is a difference between absolute max and normal max gross line, then please provide explanatory text in form 990 under the additional section comments.
- 17.2.12** If there is more than one class of business underwriter, then the most senior should be entered in "Class Underwriter" (column M).
- 17.2.13** For line sizes (F and I) where the line limits differ by currency, please provide details of the largest line only. Please note largest line size is defined by Absolute Maximum Gross Line (Column F).
- 17.2.14** Any class, where the absolute or normal maximum gross line sizes are outside Franchise Guidelines and therefore require Lloyd's approval, the syndicate is required to provide an up-to-date risk profile showing the number of risks, sums insured and premiums for that class of business and a summary of the structure and counterparty concentrations in the corresponding reinsurance arrangements. For new classes of business please provide an estimated risk profile. Form SBF990 should be used to attach the information.

17.2.15 Any class, where the Net Retained Line is lower than the Franchise Guidelines (i.e. less than 10% of the Gross Line) and therefore requires Lloyd's approval, the syndicate is required to provide details of the business objective / rationale to support the dispensation request.

1.1.6 When reviewing the net line size in relation to the level of Economic Capital Assessment (ECA) plus Profit, the following aspects will be taken into account:

- Line size utilisation and the number of risks exceeding the threshold
- The absolute value of the maximum net line size on an individual risk as a percentage of ECA plus Profit, which should not exceed 30%
- The risk of accumulation between individual risks
- The maturity of the syndicate and future growth plans, and
- The member structure of the syndicate.

18 SBF452 CATASTROPHE RISK

18.1 Summary

18.1.1 This section enables Lloyd's to understand and control the level of planned catastrophe risk during 2026, as measured by forecast loss estimates for a number of defined metrics. Some of the metrics are probabilistic (AEP), others are deterministic (RDS).

18.2 Key Points

18.2.1 Franchise Guidelines for RDS are measured as a percentage of the sum of ECA plus profit.

18.2.2 The defined metrics apply to catastrophe risk arising from all reporting years of account, and for all relevant lines of business which may have accumulation risk during the plan year.

18.2.3 All entries in this section must be in GBP, USD, CAD, or EUR. All non-GBP currencies other than USD, CAD and EUR should be converted into GBP. All currencies will be automatically converted to CNV at Plan rate of exchange. Please enter forecasts in the main currency of exposure where possible. For example, the AEP 1-in-30 for US windstorm should generally be in USD rather than GBP.

18.2.4 There are two types of catastrophe risk measures collected under this form: probabilistic loss estimates at an Aggregate Exceedance Probability of 1-in-30 [AEP 1-in-30], and deterministic loss estimates for Realistic Disaster Scenarios [RDS].

- For the AEP 1-in-30, forecast losses should be consistent with your Internal Model. They should use the same assumptions, data, and methodologies as your Lloyd's Capital Return [LCR] and Lloyd's Catastrophe Model [LCM] Forecast return.
- For the RDS, forecast losses should also be consistent with your Internal Model and any scenarios used in parameterising non-natural catastrophe risk. That is, they should be a *realistic forecast of maximum* anticipated losses, consistent with the business plan, and therefore likely varying from year to year. (Some syndicates have previously entered their upper risk appetite limit, significantly above where they would anticipate actually underwriting – this is no longer acceptable).

18.2.5 Losses should be reported for gross, net and final net.

- Gross loss is the estimated loss arising from damage to the Insured Values, after the application of syndicate participations and policy or treaty limitations on cover, such as coinsurance, deductibles, and limits. Gross losses must be reported gross of the QS reinsurance cessions to Special Purpose Arrangements.
- Net Loss is the estimated loss after reinsurance/retrocession recoveries, but before reinstatement premiums have been paid and/or received.
- Final net loss is the estimated loss after reinsurance recoveries have been received and reinstatement premiums have been paid and/or received.

18.2.6 In calculating the net losses and final net losses, all reinsurance recoveries from outwards reinsurance arrangements that protect the gross losses should be considered, including QS reinsurance with Special Purpose Arrangements.

18.2.7 Two of the catastrophe risk events “Alternative RDS A” and “Alternative RDS B” are specified by the syndicate. A description of these two alternative RDS should be provided as part of form 990 under the additional comments section.

19 SBF730 OUTWARDS REINSURANCE PREMIUMS (including Fac.)

19.1 Summary

19.1.1 The purpose of this section is to provide a breakdown of the type of reinsurance protections the syndicate plans to purchase, along with the expected financial quality of the reinsurance counterparties.

19.1.2 Estimates of the % of Outwards Reinsurance premium to be ceded under the following reinsurance arrangements are also required – see [19.5](#) for full details:

- Shared Reinsurance Contracts
- Related Party Reinsurance Contracts
- Non-Standard Reinsurance Contracts

19.2 Key Points

19.2.1 This form should be completed on a pure year of account basis.

19.2.2 This form is based upon the total outwards reinsurance premium expected to be ceded to all reinsurers before any deduction for ceding commission, overriding commission, or profit participations expected to be received. This corresponds with “Outwards reinsurance premiums (gross)” (row 2) in SBF100s and also the combination of “Outwards Reinsurance Premiums Ceded to SPA” (column D) and “Other Outwards Reinsurance Premiums” (column E) in SBF105s.

19.2.3 A percentage breakdown of the planned reinsurance spend, by reinsurance type and security category should be reported in the “Estimated %” section at the top of this form. This will then be combined with the total outwards reinsurance premium from SBF105s to automatically generate “Outwards reinsurance premiums (CNV)” in the lower section.

19.3 Reinsurance Contract Type

19.3.1 The following pre-defined categories for reinsurance type should cater for the vast majority of reinsurance arrangements:

- Facultative (column A); all facultative reinsurance contracts regardless of whether proportional or non-proportional
- Proportional Treaty (column B); all proportional reinsurance contracts including any SPA quota share arrangements reported in (column D) of SBF105 / 105s
- Excess of Loss Treaty (column C1); all excess of loss reinsurance contracts other than those where the primary trigger is not the syndicate’s own insurance loss - see (column D1).
- Indexed / Parametric (column D1); any product where the primary trigger of the contract is based on an index or parametric rather than the syndicate’s own loss, e.g. Industry Loss Warranty, Original Loss Warranty, Market Loss Warranty, Weighted Industry Loss, State or County Exposure Weighted Loss, meteorological conditions etc.
- Stop Loss (column E).

If you plan to purchase reinsurance protections which do not appear to fit cleanly within

any these categories, please seek guidance from the Lloyd's Syndicate Performance or Outwards Reinsurance team.

19.4 Reinsurance Counterparty Financial Strength / Quality

19.4.1 The information reported will be used to evaluate the financial strength of the reinsurance counterparties and form part of counterparty credit risk assessments.

19.4.2 A percentage breakdown of the expected financial rating strength for the planned reinsurance counterparties are to be reported within each of the six financial strength rating categories:

1) Lloyd's syndicate(s)

This category should be used to report the scale of reinsurance to be placed with Lloyd's syndicates including any SPA quota share arrangements reported in column D of form 105 / 105s.

2) Financial Strength Rating (FSR) equivalent of A- up to AAA
This category should be used to report proportion of reinsurance premium for State Terrorism Pools, such as Pool Re, Gareat, etc.

3) Financial Strength Rating (FSR) equivalent of B- up to BBB+

4) Financial Strength Rating (FSR) equivalent of C- up to CCC+

5) Under regulatory supervision / financially impaired.

6) Not rated by a credit rating agency

This category should be used to report the proportion of reinsurance to be placed with reinsurance entities or pools that do not hold a FSR from the rating agencies used by the syndicate in its normal reinsurance counterparty financial strength assessments. Please provide a brief summary of these arrangements within the comments section, and a detailed explanation as part of the Reinsurance Strategy commentary within SBF990.

19.4.3 “% total of each FSR category which is to be collateralised” (column A1) should be used to estimate how much of the exposures to be ceded to the reinsurers in each Financial Strength Rating category (1-6) is expected to be supported by a form of collateral. Any of the following forms of collateral can be considered, as long as they are in place from inception of the reinsurance contract:

- Cash or equivalent in trust
- Cash or funds withheld
- Letters of credit
- Assets in trust

Collateral for each row should be expressed as a proportion of the Total Spend by FSR Category (column F) for that row. Note that each row of column A1 could independently be 100%. For example, if the total spend for Category 6 represents 5% of the syndicate's total outwards reinsurance premium and those exposures are to be fully supported by collateral arrangements, then 100.00 should be reported in the corresponding row of column A1. If only half of those ceded exposures are to be supported by collateral, then 50.00 should be reported in the corresponding row of column A1. (Note that, in this example, if column A1 was recorded as 5.0 this would indicate that, only 5% of the 5% spend for Category 6 is supported by collateral, leaving 95% unsupported.

Please provide a summary of the structure and nature of the planned collateral arrangements as part of the supporting outwards reinsurance narrative within SBF990.

The total outwards reinsurance premium amount estimated by type of contract and FSR will be automatically generated in the “Outwards Reinsurance Premiums (CNV)” section.

19.5 Outwards Reinsurance Contract Type Summary

19.5.1 Managing agents are required to also provide the Estimated% of Outwards Reinsurance Premium to be ceded under any of the following types of reinsurance contracts:

- “Shared Reinsurance Contracts” (column M, row 1) is defined as any reinsurance contracts where the syndicate shares any part of the reinsurance contract wording, coverage and/or the limits and retentions thereunder with any other entities / parties. This should include entities that are both related and un-related to the syndicate and should include contracts that provide ‘common’ or ‘joint’ account protections for multiple entities.

Only the proportion of the syndicate’s *own* estimated outwards reinsurance premium that is planned to be spent on such contracts should be included in this field, not the proportion of the total across all entities.

- “Related Party Reinsurance Contracts” (column M, row 2) is defined as any reinsurance contracts being underwritten in part or in full by a reinsurer that is:
 - a. Any company within the same group as the managing agent;
 - b. Any company within the same group as a corporate member of the syndicate which has a member’s syndicate premium limit of more than 10% of the syndicate allocated capacity;
 - c. Any company which has two or more directors in common with the managing agent;
 - d. Another syndicate managed by the same managing agent or a service company coverholder that is part of the managing agent’s group (this includes quota share contracts with an SPA);
 - e. Any insurance special purpose vehicle company where the key management services are undertaken by persons who are employed by a company that meets any of the points a to c, where those persons have authority and responsibility for planning, directing and controlling the activities of the insurance special purpose vehicle company, whether or not they are formally recognised as directors or officers of the insurance special purpose vehicle company.

If the reinsurance contract is expected to have multiple reinsurers, only the proportion of the estimated outwards reinsurance premium that is expected to be ceded to the Related Party should be included in this field.

- “Non-Standard Reinsurance Contracts” (column M, row 3) is defined as any reinsurance contract or financial instrument which has been deemed as ‘reinsurance’ by the managing agent but which is not directly based on the principle of indemnity or is based on a contract wording which has limited or no demonstrable risk transfer mechanism.

Unlike the preceding tables these are independent, not cumulative, categories.

If Shared or Related Party reinsurance is planned as part of the reinsurance

programme, please provide a summary of the arrangements as part of the supporting outwards reinsurance narrative within SBF990.

If Non-Standard Reinsurance is planned, please seek guidance from the Lloyd's Outwards Reinsurance Team.

The Estimated Outwards Reinsurance Premium (CNV) being ceded under each Outwards Reinsurance Contract Type will be automatically generated in column N from the percentages reported in column M and the Total Outwards Reinsurance Premiums (CNV) from column L, row 7.

19.6 Reinsurance Strategy / Plan

19.6.1 A summary of the syndicate's reinsurance strategy and purchasing plan for the prospective year should be supplied as an attachment within SBF990.

20 SBF990 REQUIRED ADDITIONAL INFORMATION Summary

20.1 Along with the comments provided in the relevant sections, please include any commentary you have regarding any part of the SBF Return. You may use more than one entry per section if required.

20.2 Additional Submissions

20.2.1 Managing agents must provide additional submissions as per specific guidance provided below for:

1. Business plan narrative for the syndicate organisational charts, portfolio composition, market environment, underwriting strategy, any proposed new classes of business or products lines, and scenario planning. See [20.3](#).
2. Portfolio Remediations
3. Business plan narrative for the syndicates' service companies.
4. Business plan assumptions.
5. Reinsurance strategy and purchasing plan details. See [20.4](#).
6. Franchise Guideline Dispensations. See [20.5](#).
7. Related Parties Transaction, where the information is already available. See [20.6](#).
8. Peer Review processes and underwriting authorities / controls. See [20.7](#).
9. Claims annual business plan (as referenced in Lloyd's Claims Management Principles and Minimum Standards).
10. Multiple Platforms. See [20.8](#).
11. Line size utilisation.
12. Overseas distribution channels, including mandatory information for Lloyd's China Direct (regulatory requirements – further detail in section [20.9.2](#)). See [20.9](#).
13. Multiyear policies. See [20.10](#).
14. Managing agents are required to confirm if the mid to long term plan set out in their latest Own Risk and Solvency Assessment (ORSA) or any subsequent version submitted to address Lloyd's feedback remains appropriate. This affirmation will form part of the final SBF Return in September and should be explicitly indicated in form SBF990 under the "add any return comments" section.
15. ESG Strategy See [20.11](#).
16. Catastrophe Risk Returns. Additional information regarding these requirements will be published separately in July 2025.

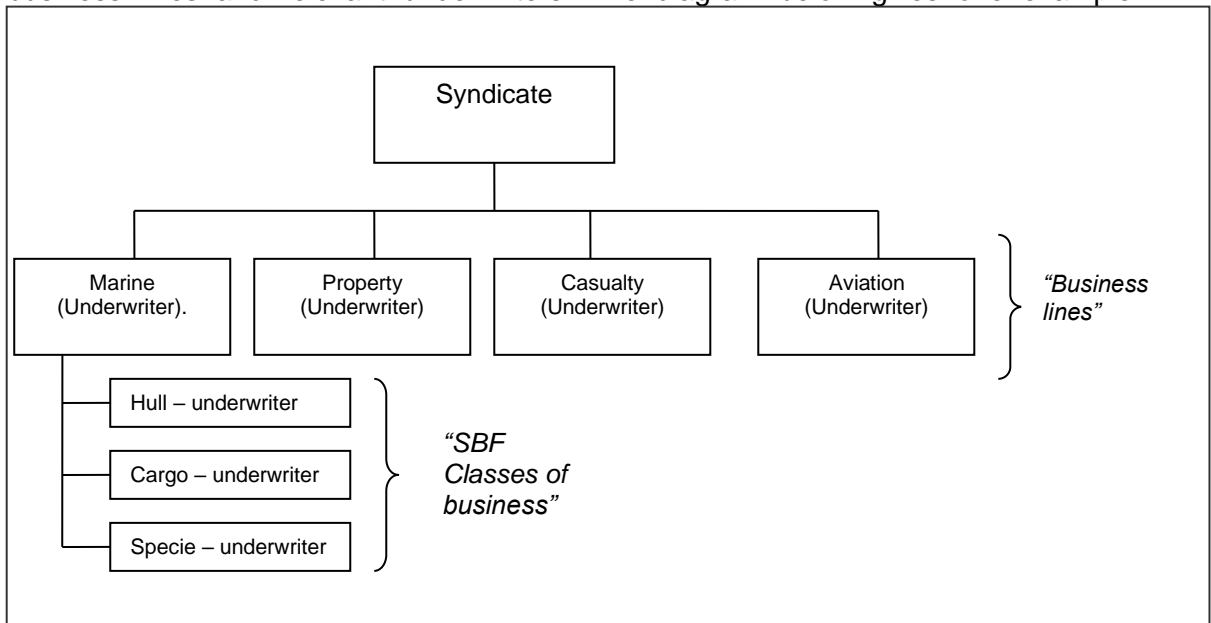
Where new risk codes are being requested under historical classes of business, this should be made clear in the required additional information in section 990.

20.2.2 Submissions should be attached to the SBF Return using the software function provided. Managing agents are required to indicate, using the tick boxes provided, those which they have submitted. Guidance with regard to the additional submissions is provided below.

20.2.3 Managing agents will be given the option to skip uploading supplementary documents which can be used for resubmissions of the 2026 business plan where documentation had already been provided with the initial submission. If a managing agent does not skip this task, then it will be mandatory to leave a comment where a file is not uploaded within a section.

20.3 Business Plan Narrative

20.3.1 Please give an organisation chart and explanatory narrative for the syndicate showing business lines and relevant underwriters. The diagram below gives one example.



Portfolio Composition

For each SBF class of business within the business plan please provide a thumbnail sketch of the account that is written to include:

- Nature of the business written, for example:
 - Typical, or average, limits written (i.e., not maximum, or normal maximum lines)
 - Types of assured e.g. Fortune 500 / 5000 or SME or sole trader, tier two airlines, Far Eastern blue-water fleets etc.
 - Geographic characteristics e.g. US, non-US, Southern Europe etc.
 - Whether primary, full value or excess business and if excess then target attachment points
 - Where appropriate, types of occupation or trade covered
 - Basis of policy coverage e.g. claims made, losses occurring etc.
 - Lead or follow split
 - Source of business e.g. service company, open market, treaty reinsurance
- Any material changes planned

The shape and makeup of the book forms part of the plan that is approved and we expect to be delivered. If the planned shape of the book is not available in practice, having approved ‘income in the plan’ under the correct risk code is not a licence to write materially different business that fits under the definition of the risk code.

Market Environment

- A brief analysis of the current competitive environment.
- A brief analysis of the expected competitive environment next year and the following year i.e. how you expect the market cycle to develop and how you intend to manage your business through it.
- What differentiates the syndicate's approach to others operating in the marketplace for this class i.e. not just Lloyd's, or London, but perhaps globally.
- What is the syndicate's underwriting strategy e.g. target customers, target market share?

Drivers of Poor Performance and Performance Improvement Plans

- Include commentary on the underperforming classes or portfolios as reported in Performance Improvement quarterly returns.
- Provide a segmental analysis which identifies the areas of underperformance.
- Describe how the syndicate plans to remediate this performance. This should be both quantitative and qualitative with reference to the market cycle for that class.

Scenario Planning

As per last year, we will place reliance on syndicates' ORSA reports and ask that any material changes to their scenario plans, are flagged in Syndicate Business Discussions (SBDs) meetings.

Lloyd's expects syndicates to run multiple scenarios to assess the impact of uncertainties, including market cycle position, rating change and price adequacy, geopolitical and other macroeconomic uncertainties. The syndicate should share these scenario plans and use the output of the scenario planning in their 2026 plan in a clear and logical manner.

20.4 Outwards Reinsurance Strategy and Plan

20.4.1 Managing agents are required to provide an overview of the high-level reinsurance purchasing strategy which outlines the syndicate's philosophy, business drivers and objectives for the purchase of reinsurance. It should outline how the purchasing strategy supports the risk appetite of the syndicate both per loss and in aggregate, in terms of retained insurance risk and how this influences the scale, breadth and attachment of the reinsurance purchased.

20.4.2 Managing agents are also required to provide commentary which details the expected reinsurance arrangements that are to protect the classes of business and exposures within the prospective year's plan. This should include:

- An explanation of how these protections compare to the high-level reinsurance purchasing strategy.

- An explanation as to how the planned reinsurance premium has been formulated and allocated across the classes of business and its adequacy.
- A supporting commentary for any material reliance on reinsurance commissions.
- A supporting commentary regarding the adequacy of the estimated outwards reinsurance premiums where the whole account or Class of Business Reinsurance Loss Ratios in the plan (after planned reinsurance commissions and profit participations have been deducted) exceed 90%.
- Details of any material reinsurer counterparty concentrations, both related and third party, in particular for any planned Class of Business where the net retention is less than 10%.
- Details of the key assumptions, expectations or dependencies which could impact the achievement of the plan, and a quantification of their materiality, along with details of any protocols or plans in place which would mitigate their potential impact.
- Details of the collateral arrangements which will support the planned reinsurance - see [19.4](#).
- Details of any proposed non-standard reinsurance arrangements - see [19.5](#).
- A brief explanation of how planned reinsurance recovery amounts were calculated. For example:
 - **Mean.** Reinsurance recovery amounts were based on a best estimate of the probability-weighted average of expected recoveries.
 - **Median.** Reinsurance recovery amounts are intended to reflect a best estimate of median recoveries.
 - **Achievable based on Gross Claims.** Reinsurance recovery amounts are intended to reflect a realistic and achievable outcome for the corresponding gross claims values if these values were to transpire in a particular year.
 - **Other.** If the syndicate's methodology is not broadly aligned with any of the above options, then further details should be provided.

20.4.3 Managing agents are required to provide confirmation that multi-year reinsurance protections on matching period, coverage, and terms (both vertically and horizontally) are in place to protect any multi-year policies written by the syndicate – see [20.10](#).

20.4.4 Managing Agents are required to provide details of assumptions made with regard to current market conditions, in particular if they anticipate any misalignment between inwards written policies and outwards reinsurance, the continued uncertainty in the outwards reinsurance market, inflation and risk adjusted rate changes, or other concerns. The scale and impact on outwards reinsurance premiums, commissions, and recoveries as well as pressure on limits / retentions, counterparties and general capacity, must be considered and commented on.

20.5 Franchise Guideline Dispensations

20.5.1 Managing agents seeking Lloyd's approval for a syndicate to operate outside Franchise Guidelines in respect of Realistic Disaster Scenarios (RDS) or for any syndicate class

line size are required to supply the following information:

- **Catastrophe Risk (RDS metrics)**

Syndicates requesting dispensations from Franchise Guidelines for RDS metrics (i.e. gross loss shall not exceed 80% of the sum of ECA plus profit and final net loss shall not exceed 30% of the sum of ECA plus profit) must discuss provide details of the business objective and discuss with Exposure Management prior to submission.

The franchise guidelines for the “Alternative RDS A” & “Alternative RDS B” are only applicable to syndicates that do not submit an LCR or have an internal model.

- **Gross Lines size**

Current Gross Line size profiles by class of business showing risk numbers, sums insured and premiums.

Details of matching reinsurance by both amount and basis of coverage (LOD/RAD etc.).

- **Net Line size**

Any class, where the Net Retained Line is lower than the Franchise Guidelines (i.e. less than 10% of the Gross Line) which therefore require Lloyd’s approval, the syndicate is required to provide details of the business objective / rationale to support the dispensation request, along with a summary of the planned reinsurance protections and reinsurer panel.

In respect of the maximum Net Line size vs. ECA plus profit Franchise Guideline, any syndicate requiring a dispensation (where the maximum net line size >30% of ECA plus profit) should provide a rationale around the independence of the risks for individual policies, specifically explaining why it is reasonable that the syndicate should not capitalise for multiple line size losses.

20.6 Related Parties Transactions

Managing agents are required to provide a brief summary of the planned Related Parties Transactions. Please also refer to [19.5](#) and [20.4](#) regarding Outwards Reinsurance Related Party transactions.

Please note that annual Related Party Disclosure & Declaration submission will be required in Q1 of each year.

20.7 Peer review

20.7.1 Each syndicate must provide details of their independent expert review panel including which classes they review, terms of reference, frequency of reviews, to whom the reviewers have to report and their employment status.

20.8 Multiple Platforms

20.8.1 Where the syndicate is one platform within a larger insurance group, which operates both within and outside of the Lloyd’s market, the managing agent should provide the group’s protocol for allocating business to be written as between the Lloyd’s syndicate and the non-Lloyds entities.

20.9 Lloyd's Overseas Distribution Channels

20.9.1 Where the syndicate operates or intends to operate on Lloyd's overseas distribution channels, include a business plan narrative in the SBF990 and include planned premiums and loss ratios for each distribution channel, split by syndicate class of business. This should be submitted on a basis consistent with form SBF105 of the SBF Return.

20.9.2 Where the syndicate is planning to write business through Lloyd's China, the following additional information would be required from the managing agent, to ensure compliance as set by the National Administration for Financial Regulation (NAFR).

When writing business on a Direct basis, the below information must be provided in the form SBF990:

- The split of Direct (i.e. Chinese language local insurance policy issued) vs. Reinsurance (including Facultative) business premium forecast GWP GBP for Lloyd's China by syndicate class of business. When in doubt over whether business is Direct or Reinsurance under NAFR requirements, managing agents should contact Lloyd's China.
- The split of business between the Beijing vs. Shanghai branch office, in GWP GBP at the syndicate class of business level.
- Please note, when completing Forms 100 and 105 for the China Direct distribution channel, the GWP figure entered should represent 100% of the premium to be underwritten. The reinsurance cede of 20% should be shown as 'outwards reinsurance premiums'. If there is any additional reinsurance cover purchased (i.e., worldwide XOL cover etc., this would be included here also). The 100% (gross) and 80% (net) figures should be accounted for in other relevant Lloyd's returns – i.e., in Form 443 where these gross and net figures are shown at distribution level.

When writing business on both a Direct and/or Reinsurance basis, the following information must be provided in the form 990:

- Details of maximum line size for each class of business written through Lloyd's China, even if they are within Franchise Guidelines.
- Where already operating on the distribution channel, managing agents must provide written confirmation that staff are fully compliant and understand Lloyd's China processes through a formal induction by Lloyd's China.
- Where already operating on the distribution channel, managing agents must provide written confirmation that referral procedures for risks outside of local underwriter authority are in place.
- Managing agents should note that participation on the distribution channel is on a represented basis only – i.e. underwriters must be located in Lloyd's China.

20.9.3 Where the syndicate is planning to write business through Lloyd's Europe, the following additional information would be required from the managing agent.

- Managing Agents are asked to include information on the following in their 2026 narrative in respect of business on the Europe platform:

- Class of business – material changes including GWP, method of placement, business mix and territorial changes;
 - Information on the strategy supporting any material growth including in new classes, if applicable;
 - Any other changes which will impact the delivery of the Europe plan
- SBF051 - All business must be reported using Direct risk codes.
 - SBF990 - Facultative and Non-Proportional Treaty (XoL) business can be placed through Lloyd's Brussels. It can also be placed through London. However, Proportional Treaty business could only be placed, if it followed a bespoke manner similar to processing of DA business. Please provide information about the premium income and classes of business if you are planning to write this via the Europe distribution channel.
 - Please note that the Lloyd's Europe Distribution channel SBF:
 - should not report the reinsurance commission charge within this return; and,
 - should not report SPAs syndicate plan as they are not allowed to write though Lloyd's Europe.

20.9.4 Exemption for Service Companies in the non-subscription markets of Singapore, Australia and Dubai

Service Companies in the non-subscription markets of Singapore, Australia and Dubai will be allowed to exceed their planned gross income provided the additional element is reinsured to other Lloyd's syndicates' service companies in these regions and counted against the gross plans of those reinsuring syndicates (i.e. the net plan should not be exceeded by anyone).

The exception has been extended to cover the 2026 YOA. In subsequent years, business that is expected to continue should be included in the SBF approval process including the expected reinsurance arrangements as normal. Where this is not practical, the syndicate should discuss the extension of the exemption rule with their Account Manager.

Syndicates need to meet specific conditions to be exempted:

- Only **Outperforming and Good** syndicates qualify for the gross line sizes dispensation rule.
- Qualifying syndicates are permitted to overwrite their agreed business plans by the amount of new business proportionally (retro)ceded to the Lloyd's market (service companies in Singapore, Australia and Dubai) **to a limit of 25% of the agreed business plan for the relevant service company.**
- Larger max line sizes exceeding those approved in the SBF may be permitted as a special acceptance on request as long as the net position is unchanged. Requests for approval should be discussed with the Syndicate Performance team before any commitment is made.
- The arrangement would apply only to business ceded under straightforward proportional reinsurance terms.
- The permission applies to business written as a result of **new arrangements**

with ONLY Lloyd's syndicates and other Lloyd's Service Companies.

- **Open market business only** (no delegated business)

Syndicates will be required to notify their Account Manager and Syndicate Performance Manager, provide written confirmation of Board approval, and written confirmation that the conditions have been met alongside an SBF submission.

20.10 Multi-Year Policies

20.10.1 It is Lloyd's expectation that policy periods do not exceed 12 months. However, it is acknowledged that there may be exceptions. In these instances, reference should be made to the Chairman's Strategy Guidelines (CSG) wording:

- a) Non-cancellable policies covering a period of greater than 18 months should be recorded as multi-year policies.
- b) Multi-year policies should either have matching reinsurance cover* or be limited to the agreed maximum net exposure to the class of business as set out in the syndicate's business plan.

*outwards reinsurance is expected to match with regard to period, coverage and terms both vertically and horizontally.

For each class of business in form SBF105, please provide details of those policies which are written on a multi-year basis with an explanation of how the Franchise Guidelines are being met, and whether the premium for these policies is expected to increase or decrease.

If the syndicate requires a Franchise Guideline dispensation the syndicate is required to provide details of the business objective / rationale to support the dispensation request.

20.11 Sustainability Strategy

20.11.1 Following Lloyd's Thematic Feedback & Guidance, published in April 2023, we request syndicates provide an update on changes that have been made since last year and any actions that have been taken following the deployment of your ESG / Sustainability strategy, including how this is taken into account in your 2026 business planning process.

Managing agents should consider showing progress and actions implemented across governance, operations, underwriting and investments, in line with areas covered by the Thematic Feedback.

Any supporting documentation should be provided as a separate document from the business plan narrative and uploaded to the 'Sustainability strategy submission' SecureShare site.

20.12 Supplementary Information

20.12.1 You may need to provide supplementary information to support your business plan.

20.13 Underwriting of war, civil war and related perils

20.13.1 Permission to underwrite: Syndicates planning to underwrite policies that cover War and/or Nuclear, Chemical, Biological or Radiological (NCBR) perils (including incidentally) are required to gain Lloyd's specific approval in advance.

This forms part of the Capital & Planning Process and also applies to mid-year changes of plan.

As with the SBF itself, all syndicates should submit the separate War and NCBR template regardless of whether permission to write War and NCBR perils is being sought. The 'Nil return' check box should be used where no War or NCBR exposure is planned.

Lloyd's will compare the forecast aggregates by region to the information you provide for in-force aggregates alongside the 2026 RDS return as part of Supplementary Information.

20.13.2 Accumulation Risk: Lloyd's requires syndicates to understand and monitor potential accumulation risk arising from War and NCBR exposures. (Please refer to market bulletin Y4972 published on 1 March 2016.) The template includes forecast War/NCBR aggregate exposures by defined region.

Documentation: Both the War/NCBR template itself and the related Guidance & Instructions will be sent to syndicates by the end of July 2025. Extra copies are available from Lloyd's Exposure Management.

The documents are:

- War/NCBR submission template
- War/NCBR Guidance & Instructions

20.13.3 Submission: Syndicates should submit the revised War/NCBR template via Secure Share within the "Catastrophe Risk Returns/2026 CPG" folder at the same time as submitting the 2026 SBF through MDC.

21 RISK CODES

The in-force risk codes list can be obtained from the Lloyd's website, [Risk codes - Lloyd's \(lloyds.com\)](https://www.lloyds.com)

22 RDS / AEP LIST

Please refer to the RDS / AEP list in MDC.

[Realistic Disaster Scenarios - Lloyd's \(lloyds.com\)](https://www.lloyds.com)

23 Reporting for London, Asia, Japan, China, Dubai and Europe

The SBF Return collects data about the expected premium income, claims and profitability by distribution channel. The distribution channel data is recorded on four of the forms in the SBF, namely:

- SBF051 – A mapping of the syndicate's own lines of business to Lloyd's risk codes and distribution channel.
- SBF100 – A technical account (premiums /claims /reinsurance /acquisition costs/ management costs/ profit/ investment income/ combined ratio) per distribution channel. A return must be completed for each distribution channel identified on SBF051.
- SBF105 – A split of expected premium income and claims by line of business per distribution channel. A return must be completed for each distribution channel/class of business identified on SBF051.
- SBF443 - This form includes details of absolute maximum, normal maximum gross and net retained lines by class of business. A return must be completed for all distribution channels for each class of business identified on SBF051.
- SBF990: see section [20.9](#) for detail.
- Please note that all service companies located in the Dubai International Finance Centre (DIFC) must provide a business plan completed for the Dubai distribution channel. This also applies to those syndicates that are not located in the Lloyd's Dubai office.

Special Purpose Arrangement

Instructions for the 2026 Year of Account

Contacts:

Regarding Completion of the SBF return: Lloyds-SBFReturns@lloyds.com
or direct to your SP manager.

Regarding MDC platform accessibility/usage: mdcsupport@lloyds.com

24 Overview of return for SPAs

24.1 A Special Purpose Arrangement (SPA) is a syndicate that writes a single contract of reinsurance of another syndicate (and no other business), where both syndicates are under the management of the same managing agent or such other syndicate as the Council may designate as a Special Purpose Arrangement syndicate.

24.2 The SPA must complete a full SBF. It must also complete all other Lloyd's mandatory returns (e.g. RDS, PMDR, SRS, QMA, QMB etc).

24.3 As SPAs are for one year only, there is no capacity to be traded in the auctions. So the SPA will follow the deadlines of the host(s) – aligned or non-aligned.

24.4 The host syndicate should include the income, claims, acquisition costs, lines sizes and losses for the SPA within the gross figures of the host.

24.5 The general SBF instructions can be followed for completion of the SPA and the host with the addition of the following specific instructions. If you require any guidance on completion of the SBF please refer to Syndicate Performance in the first instance.

25 Host / SPA specific instructions

25.1 SPA reinsurance contracts can transfer risk on a variety of different structures as such the reporting instructions for each arrangement will vary by SPA and host. It is therefore important that the SBF reflects, and is consistent with, the specific risk cession, premium calculations, and loss recovery terms of the reinsurance contract in place.

25.2 The SPA should be treated as any other reinsurance arrangement and the reporting within the SBF should be consistent with the terms of the reinsurance contract. The only differences for host's completion of the SBF forms are:

- a) Form 105 – column D must be used to report the Outwards Reinsurance Ceded to SPA from the host. This should correspond with the Gross Written Premium reported for the SPA.

25.3 SBF100 and SBF105

25.3.1 The Gross Written Premium for the SPA should reflect the reinsurance premium ceded (before deduction of reinsurance commissions payable to the host) calculated in a manner consistent with the terms of the SPA reinsurance contract, e.g. % of host syndicates (i) Gross Written Premium, (ii) Gross Net Premium, (iii) Net Net Premium; and

should not be artificially grossed up or netted down.

- 25.3.2** Any reinsurance commissions (ceding, overriding) payable from the SPA to the host syndicate should be treated as Acquisition costs (brokerage and commissions) in the SPA forms 100 and 105, and shown in the host syndicate's SBF as "Outwards reinsurance commissions received".
- 25.3.3** Any reinsurance profit participations or profit commissions payable from the SPA to the host syndicate should be treated as Acquisition costs (brokerage and commissions) in the SPA forms 100 and 105 and shown in the hosts syndicate's SBF as "Outwards reinsurance profit participations received".
- 25.3.4** Any brokerage, commission, or fees payable by the SPA to an intermediary for the placement of the reinsurance contract between the host syndicate and the SPA should be treated as Acquisition costs (brokerage and commissions) in the SPA forms 100 and 105.
- 25.3.5** Syndicate classes of business; The class of business split as provided in the SBF should be the same class of business split that the host syndicate uses to manage its own book. These classes of business are carried forward to the QMB (Quarterly Monitoring Return B). For SPAs, the Class of Business split should reflect the hosts(s) classes that are subject to the quota-share to the SPA.
- 25.3.6** Shared / Common Account Reinsurance between host and SPA; If the SPA QS is on a gross loss cession basis from the host syndicate and the SPA shares common account reinsurance with the host, the SPA and the host syndicate should only report their respective shares of the allocated outwards reinsurance premiums, reinsurance commissions receivable and reinsurance recoveries from these arrangements in their respective SBFs.

Gross QS cessions with shared / common account reinsurance protections can create accounting complications so it is recommended that such arrangements are discussed with Lloyd's Outwards Reinsurance team in advance.

25.4 SBF167 PREMIUM INCOME SPLIT BY RISK CODE

- 25.4.1** This section has been generated based on the information provided in the Risk Code Mappings section and Underwriting Performance Forecast (SBF105) section.
- 25.4.2** The Gross Written Premium will include SPA premiums. The Stamp Gross Written premium will exclude SPA premiums and the Stamp Net Written Premium will also exclude SPA premiums.

25.5 SBF420 CAPACITY INFORMATION

- 25.5.1** This section provides a breakdown of the SPA's estimated capacity, for the prospective year of account. It also provides expected member participations of aligned corporate members.
- 25.5.2** The Estimated Level of Support column will show the total capacity of the syndicate split by various types – this includes new and existing capacity.
- 25.5.3** For the Host, any SPA capacity should be excluded.

25.6 SBF443 UNDERWRITING CONTROLS

- 25.6.1** This form includes details of absolute maximum, normal maximum gross and net retained lines by class of business.
- 25.6.2** The SPA gross line sizes by class of business should reflect the absolute maximum and normal maximum gross lines being ceded by the host to the SPA in accordance with the QS reinsurance contract and should be gross of any reinsurance shared with the host to protect these lines of business.
- 25.6.3** The SPA net retained lines by class of business should be after the benefit of all reinsurance protecting the lines of business, whether shared with the host or purchased independently (if any).

25.7 SBF452 CATASTROPHE RISK

- 25.7.1** For AEP and RDS planning and reporting, the SPA should be considered simply as a reinsurer of the Host syndicate. Recoveries from the SPA should be treated in the same way as recoveries from any other reinsurer.
- 25.7.2** In particular, the SPA is not a Qualifying Quota Share arrangement. This means that the Host syndicate must report AEP 1-in 30 and RDS Gross losses before deducting recoveries from the SPA, as with any other reinsurer. Franchise Guidelines are assessed on the same basis. This rule applies regardless of the capital structure or other financial relationship between host and SPA.
- 25.7.3** Lloyd's acknowledges that this does lead to 'double counting' of Gross losses across the Host and SPA, as with all intra-syndicate reinsurances.
- 25.7.4** Losses should be reported for Gross, Net and Final Net.
- 25.7.5** SPA Gross losses should reflect the losses being ceded by the host to the SPA in accordance with the QS reinsurance contract and should be gross of any reinsurance shared with the host to protect these lines of business.
- 25.7.6** SPA Net retained losses should be after the benefit of all reinsurance protecting the SPAs gross losses, whether shared with the host or purchased independently (if any).

25.8 SBF990 Additional required information

- 25.8.1** The SPA should have a business plan narrative of its own which explains its relationship to the host syndicate and its raison d'être. Syndicates should supply a copy of the proposed draft SPA reinsurance contract wording as part of its business plan submission to Lloyd's, and confirmation that the SBF has been completed on a basis consistent with the contract.
- 25.8.2** Following plan approval, a copy of the final SPA reinsurance contract is to be provided to Lloyd's.

25.9 Other SBF forms

- 25.9.1** All other SBF forms, where no specified SPA instructions have been set should be completed following the SBF instructions issued for the stand-alone syndicates.