

# Market Bulletin

Ref: Y5089

<b>Title</b>	Line size definitions for SBF reporting – Updated
<b>Purpose</b>	To provide details of the updated list of standard line size definitions to be used in SBFs
<b>Type</b>	Event
<b>From</b>	Brian Secrett Interim Head of Underwriting Performance Performance Management
<b>Date</b>	11 May 2017
<b>Deadline</b>	For adoption in preparing 2018 SBFs

## Related links

Lloyd's has updated its list of standard definitions to be used for reporting line sizes in Syndicate Business Forecasts (SBF). The revised list now includes a number of new definitions.

The updated consolidated list is set out at Appendix 1 and provides additional guidance on how to apply the definitions. The definitions are to be adopted by all managing agents when preparing syndicate SBFs for the 2018 and subsequent years of account.

## Background

On 26 May 2016 Lloyd's issued [Market Bulletin Y5003](#), which provided standard definitions for reporting line sizes for the main risk classifications in Lloyd's risk coding scheme (see [Market Bulletin Y4886](#)). The standardised definitions were introduced to reduce disparity in the way that line sizes were being reported and to ensure requests for dispensations from the Franchise Guidelines for larger lines could be considered on a more consistent basis.

Lloyd's has now introduced a number of additional standard definitions for classes that were not included in [Market Bulletin Y5003](#). The consolidated list is set out in Appendix 1. Definitions that are newly included are marked with an asterisk “\*”.

### **Further Information**

Should you have any further questions or require any additional information please contact:

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## Appendix 1

Class of Business	Maximum line definition	Explanatory note/ guidance
Accident & Health (direct)*	Maximum loss any one person	The limit is based on an individual life.
Accident & Health (direct)*	Maximum loss any one accident	For group policies the limit is based on known accumulations.
Personal Accident XL*	Maximum loss occurrence any one programme	A programme is an excess of loss reinsurance contract covering the same reinsured and interest.
Term Life*	Maximum loss any one life	A life is an individual, group or programme.
Contingency*	Maximum loss any one risk	A risk is an insurance contract covering the same insured and interest. For cancellation, a risk is an insured event. For non-appearance, a risk is an artist or group. For prize indemnity, a risk is a prize.
Legal Expenses*	Maximum loss any one risk	A risk covers the aggregate of claims per insured per case.
Medical Expenses*	Maximum loss any one risk	A risk is an individual person, group or programme.
Pecuniary*	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured and interest.
Property Binder	Maximum sum insured or sum of limits (whichever the lower) for all coverages in respect of a single insured	The maximum sum insured or limit in a binding authority is the largest combined limit for all coverages (BI, PD etc.) that can be issued in respect of an insured.
Property D&F	Maximum sum insured or sum of limits (whichever the lower) for all coverages in respect of a single insured	Where applicable this definition refers to the target risk in a schedule, which is the largest risk by which the limit is set. While this definition is not 'per location', syndicates are still expected to follow accumulations by location, and for known accumulations at a location they should scale their lines appropriately.
Difference in Conditions*	Maximum sum insured or sum of limits (whichever the lower) for all coverages in respect of a single insured	It is not required to aggregate non accumulating perils (e.g. quake and storm).

<b>Class of Business</b>	<b>Maximum line definition</b>	<b>Explanatory note/ guidance</b>
Engineering	PML to total contract value	The Maximum Value at Risk limit of the contract value should not exceed four times the maximum PML limit.
Extended Warranty*	Maximum limit per policy	A policy may apply separately per insured and per product.
Livestock & Bloodstock*	Maximum loss any one animal, herd or location.	Covers direct and reinsurance.
Nuclear*	Maximum loss any one site or facility	Applies to physical damage and statutory liability.
Power Generation	Maximum sum insured or sum of limits (whichever the lower) for all coverages in respect of a single insured , any one loss	A single insured is understood to refer to a single location, for example a facility or plant, and should include T&D extensions where applicable.
Terrorism	Maximum sum insured or sum of limits (whichever the lower) for all coverages in respect of a single location	A single location is a building or structure, or group of the same, on one site.
Agriculture & Hail*	Maximum aggregate loss any one programme	Limits normally based on aggregate seasonal losses.
Property Pro Rata*	Maximum loss any one occurrence	Where EMLs or PMLs are reported, a reasonable estimate of the PML percentage should be applied.
Property Catastrophe	Maximum loss occurrence any one programme	A programme is an excess of loss reinsurance contract or combination of contracts covering the same reinsured, exposure and peril. Associated reinstatement premium protections would be considered as part of the same programme. Back-up programmes can be considered as separate if they do not accumulate in the same loss occurrence.
Property Risk XS*	Maximum loss occurrence any one risk any one programme	It is recognised that risk definition may vary by reinsured.
BBB / Crime*	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured.
Cyber (CY)	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured.

<b>Class of Business</b>	<b>Maximum line definition</b>	<b>Explanatory note/ guidance</b>
Directors & Officers (US & Non US)*	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured.*
Employers Liability*	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured.*
Financial Institutions (US & Non US)*	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured.*
NM General Liability (US direct)*	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured. *
GL (Non US)	Maximum loss any one risk	A risk is an insurance contract or combination of contracts covering the same insured.
Medical Malpractice*	Maximum loss any one risk	A risk is an (re) insurance contract or combination of contracts covering the same (re) insured. *
Political Risk (PR, CF)	Maximum loss any one risk	A risk is an asset, or a group of assets.
Trade Credit (CR)	Maximum loss any one obligor	Multiple contracts may be issued to one obligor.
UK Motor*	Maximum loss any one risk	A risk may be a single vehicle or fleet. Unlimited cover may apply to bodily injury where cover is statutory.*
Overseas Motor*	Maximum loss any one risk	A risk may be a single vehicle or fleet. Unlimited cover may apply to bodily injury where cover is statutory.*
Motor XL*	Maximum loss occurrence any one programme	A programme may be exposed to a single vehicle or insured.*
Fine Art and Specie	Maximum indemnity per assured, per location, per occurrence, all heads of cover	While this definition is not 'per location', syndicates are still expected to follow accumulations by location and for known accumulations at a location they should scale their lines appropriately.
Marine Cargo	Maximum indemnity any one risk, per assured	A risk is a vessel, aircraft, postal sending, conveyance, pipeline or location.

<b>Class of Business</b>	<b>Maximum line definition</b>	<b>Explanatory note/ guidance</b>
Marine Hull	Maximum loss first party physical damage any one vessel	Physical damage relates to Hull, Machinery and Increased Value. Ancillary coverages are not included (e.g. collision damage, sue and labour).
Yacht*	Maximum loss first party physical damage any one vessel	To include P&I limit where applicable
Marine Liability	Maximum loss any one risk, per insured	A risk is the total exposure for a single insured across all layers of a programme. (for P&I the limit is applied per vessel).
Marine War	Maximum loss first party physical damage any one vessel or P&I, whichever the greater	Physical damage relates to Hull, Machinery and Increased Value. P&I relates to War coverage. The larger limit, physical damage or P&I, should apply.
Marine XL*	Maximum loss occurrence any one programme	To cover multiple marine interests per reinsured, e.g. hull, cargo, P&I.
Aviation (including GA)	Maximum loss any one original insured aircraft, any one loss occurrence, all interests combined.	Maximum loss to combine limits on interests in all policy sections that could potentially aggregate (e.g. aircraft hull and liability limit combined).
Aviation War*	Maximum loss any one interest, any one loss occurrence.	For Hull or Spares, whichever the greater limit.
Aviation XL*	Maximum loss occurrence any one programme	A programme is an excess of loss reinsurance contract or contracts covering the same reinsured and interest.
Space*	Maximum loss any one launch or satellite.	
Energy Onshore	Maximum sum insured or sum of limits (whichever the lower) for all coverages in respect of a single insured, any one loss.	Where applicable this definition refers to the target risk in a schedule. Where there are known accumulations (e.g. multiple interests from joint ventures) lines should be scaled appropriately.
Energy Onshore Liability*	Maximum loss any one risk	A risk is the total exposure for a single insured across all layers of a programme.

Class of Business	Maximum line definition	Explanatory note/ guidance
Energy Offshore	Maximum loss any one risk	A risk is a facility, complex, plant or mobile unit and coverage may include OEE, LOPI/BI, ROW and TPL where applicable. Where there are known accumulations (e.g. multiple interests from joint ventures) lines should be scaled appropriately.
Energy Offshore Liability*	Maximum loss any one risk	A risk is the total exposure across all layers of a programme for a facility, complex, plant, mobile unit per Insured.
Energy Construction	Maximum loss any one risk	A risk is a facility, plant or mobile unit and coverage may include OEE, DSU and TPL where applicable.

**Notes:**

For the avoidance of doubt, these definitions are designed to be used solely for the purposes of Lloyd’s business plan reporting.

The purpose of these definitions is to arrive at single risk exposures, not per event, RDS or catastrophe exposures. Where the term ‘occurrence’ is used it is in the per risk, not per event meaning of the word, except for property cat.

While in certain classes, these definitions do not accommodate all heads of cover, with the exception of Engineering, the intention is not to accommodate ‘PML’ limits.

**Marine Hull** Syndicates are not expected to aggregate ancillary coverages and will report their maximum loss for first party physical damage any one vessel.

**Marine Liability** Note that ‘per vessel’ sits alongside ‘maximum loss any one risk’. This means the limit will not apply to loss events involving multiple vessels

**Definitions:**

**Maximum Sum Insured** Is defined as the sum of all insured exposures (including uplifts and additional extensions) under a single policy. It does not provide any allowance for PML adjustments.

**Sum of Limits** Refers to the sum of maximum single risk loss limits

**Offshore Energy Complex** is defined as connected platforms

**Property Pro Rata** - PMLs and EMLs where stated refer to individual risk limits.