

Lloyd's 2025 March Re-assessment Guidance

Any changes since prior year are highlighted in red text.

Following year-end, all syndicates are required to re-assess their capital based on actual positions at year-end. Managing agents should update the model to include the actual technical provisions within the unaudited QSRs and make allowance for any changes in business plans, risk profile and rates of exchange. If ASRs are not available at the time of March re-assessment, managing agents should make reasonable efforts to use the latest view of technical provisions at the point of running the model.

In a similar vein, managing agents should not use the latest approved SBF if there is a more recent version of the business plan that is being used internally at the syndicate. It is this more up-to-date version that should be used for the March re-assessment and, generally, for ongoing monitoring of capital. We highlight that the self-uplift in the modelled loss ratio (over and above the plan loss ratio) should be, at a minimum, maintained at the same level as in the LCR approved in September/October.

Lloyd's requires all syndicates to re-run their models to assess the movement and submit the movement in capital requirement in the March re-assessment template which will be available on the website after the year-end exchange rates have been published.

The modelled impact of the RICB is expected to be the same as reported in the Q4 QSR where a March re-submission is made. **The modelled impact of the risk margin in a re-submission is expected to be consistent with that reported in the Q4 QSR, including that a 4% cost of capital should be used for all risk margin calculations.** Where there are material differences between the Q4 QSR and ASR, Lloyd's will centrally adjust these to match the audited ASRs when they are available. If the syndicate is close to the 10% threshold for resubmission and aligning the modelled TPs with the carried TPs (i.e. the TPs reported in the ASR) would exceed the threshold then the syndicate may be asked to make a resubmission or be loaded. Differences between carried and modelled TPs should be explained and addressed appropriately within capital submissions, with model developments planned to resolve them if appropriate.

In line with the approach taken in 2024, Lloyd's will not be making an adjustment to capital through the QCT process to adjust the risk margin in the ECA calculation to be consistent with that included in the Technical Provisions. As such, the change in risk margin should contribute the uSCR 10% movement analysis when assessing if any LCR resubmissions are required – in the past, it did not contribute. The March re-assessment template allows for this change.

If the March Reassessment template indicates a 10% (or greater) absolute movement in uSCR, prior to any adjustment for latest foreign exchange and RICB movement **(which will be centrally adjusted by Lloyd's as part of the QCT process)**, then a full capital submission is usually required in March.

Waived loadings were not applied for the 2025 YOA, as described in section 5.3 of the [2025 LCR instructions](#). These were previously applied where underlying issues were not identified as material in aggregate and were below the minimum threshold of 5%. Therefore, there is now no reduction in the 10% threshold for upwards capital movement relating to waived loads. In line with this change, Table 1a in the "March SCR" tab, into which any waived loads were previously populated, has been removed from the template.

Major model changes can be submitted to Lloyd's in line with the [Model Change Guidance](#), but this will NOT lead to a change in the capital requirement in the QCT if the major model change does not result in a material change in uSCR. If an MMC causes a movement in capital greater than 10%, but in combination with minor changes the total SCR in the March re-assessment template shows under 10% movement, the submission should be made in accordance with the major model change process not as part of the March re-assessment process.

If a March re-assessment LCR submission is required then the submission should be accompanied by a Model Change Template, Analysis of Change (from the previous submission), Methodology documentation (or confirmation that there were no changes from the previous submission) and Validation documentation. The AoC and validation should be proportionate to the nature and level of the change. In general, this means that a full AoC and validation report is not necessary for March, however, any model changes should be validated. Agents should consider if the previous validation findings remain valid, and rerun tests if the nature of any model change and/or risk profile changes requires this.

As part of the March re-assessment process, any planned increase in LCM5 catastrophe risk will be reviewed separately by Exposure Management to ensure adherence with market messaging in respect of the catastrophe

risk appetite ratio. Therefore, while the change in catastrophe risk may not lead to a change in uSCR of more than 10% and hence a capital resubmission, Lloyd's may load capital to maintain the catastrophe risk appetite ratio.

If any changes to the SBF or LCR prospective loss ratios are made as part of the March re-assessment, this may trigger a review of any loss ratio loadings applied.

Syndicates whose capital is set on the Lloyd's Standard Model are also required to reassess their capital based on actual positions at year-end, however they are not required to complete a March reassessment template. An LSM resubmission is only required if the uSCR moves by more than 10% when measured from the previously approved uSCR (including any management adjustments). If the uSCR moves by less than 10%, syndicates should provide positive confirmation of this to Lloyd's via email to their Capital Point of Contact and cc the SCR Returns mailbox (SCR>Returns@lloyds.com).

Additionally to the re-submissions, Lloyd's will adjust syndicates SCRs centrally as outlined above. A quarterly statement detailing the capital adjustments processed by Lloyd's, as part of the mid-year CIL/Q2 QCT exercise, will be sent to all managing agents on working day 35 of Q2. The FX item above does not apply to syndicates that resubmit their LCR in March, for these only risk margin and RICBs will be adjusted in line with the ASR data where necessary.