

Market Bulletin

Ref: Y5318

Title	Y5318 Q1 Review of Syndicate Business Plans
Purpose	To provide information on Q1 Review of Syndicate Business Plans
Type	Event
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Deadline	n/a
Related links	n/a

Q1 Review of 2021 Syndicate Business Plans

Performance management remains one of Lloyd's three key priorities. Ensuring that business plans only proceed if they are logical, realistic and achievable is an important element of that. In recent communications (Syndicate Business Discussion letters, Lloyd's Oversight Plan and Syndicate Oversight letter), we emphasised how important we consider the need to re-review the agreed 2021 plans in Q1 2021 to provide assurance that these plans continue to be logical, realistic and achievable in the light of actual market performance.

This note confirms the basis on which Lloyd's will complete that review.

As a first step, Lloyd's will use the updated performance data from the 2020 Q4 QMB as the basis for a review of the 2021 Syndicate Business Plans. We will then seek to understand the key drivers of change from the 2020 Q2 QMB, on which the 2021 plans

were agreed, to the 2020 Q4 QMB data. As a final step, we will seek to gain comfort that the bridge from 2020 Q4 data to the agreed 2021 plans remain logical, realistic and achievable. Where Lloyd's remains concerned that the updated performance data indicates that the approved 2021 plan may no longer be logical, realistic and achievable, syndicates may be required to resubmit their 2021 plan for consideration.

To support this analysis we will require all syndicates (apart from Syndicates In A Box and new syndicates starting underwriting from 1 January 2021 onwards) to submit completed bridges that show movements between the key data points with reference to Key Performance Indicators and supporting narrative using a Lloyd's template format, which we will provide to you.

The bridges will need to identify all the key drivers of performance and demonstrate that 2021 plans remain logical, realistic and achievable. **The completed bridge will need to be supplied to Lloyd's on the 11 February 2021 along with the Q4 QMB return. Please ensure that the data used to create the bridges aligns with Q4 QMB data.**

In addition, the bridges will be used in Lloyd's assessment of the continued appropriateness of syndicates' 2021 capital modelled loss ratios, considering actual experience on the 2020 YOA as at 2020 Q4. Further details on how the bridges will be used within this assessment will be provided in due course.

The bridge templates will be shared with all managing agents by 15 January 2021. Guidance will also be provided for the completion of the bridges and narrative. It is important that only this template is used to allow for consolidation of data for all market participants.

We anticipate that the Q1 2021 plan review process will be completed by 30 March 2021.

If you have any further questions, please contact your Syndicate Performance Manager or Oversight Manager.

Kind regards,

Tony Chaudhry
Head of Performance Management
Lloyd's