

Market Bulletin

Ref: Y5314

Title	2021 Market Returns to Exposure Management and Outwards RI teams
Purpose	To inform managing agents of the reporting deadlines for market returns to the Lloyd's Exposure Management and Outwards RI teams during 2021.
Type	Scheduled
From	Kirsten Mitchell-Wallace, Head of Portfolio Risk Management
Date	4 December 2020
Deadline	Please see individual returns below
Related links	www.lloyds.com/businessst timetable

This bulletin is to advise managing agents of the 2021 reporting dates and outline technical content updates for market returns and/or individual forms that are the responsibility of either the Lloyd's Exposure Management and/or Outwards Reinsurance teams.

Please note that Lloyd's intends to replace Secure Store with a new solution later in 2021.

Therefore, references to Secure Store in this bulletin are subject to change and the market will be advised further and well in advance.

The returns in this bulletin, along with any confirmed or likely future changes (*in italics*) are:

1 Exposure Management

- Lloyd's Catastrophe Model [LCM] Quarterly Returns
Syndicates will be asked to confirm their in-force LCM5, 1 in 200 AEP, FNL figure within the summary statistics spreadsheet.

- LCM Forecast Returns (including Cat Risk Sensitivity Tests and LCM/LCR Analysis of Change)

Syndicates are required to provide updated LCM5 forecast simulations and Rest of World summary return period metrics with any change in planned catastrophe risk.

- Realistic Disaster Scenarios

Political Risk Scenarios

Lloyd's and the LMA Political Risk & Credit panel have reviewed the guidance and various updates to existing scenarios only have been made to the 2021 version.

These will be outlined in more detail in the guidance document to follow.

There are no new or discontinued Political Risk scenarios.

Cyber Scenarios

Lloyd's will again collect nine Cyber scenarios within the Supplementary Information of the RDS return – three "old" Lloyd's scenarios, three "new" Lloyd's scenarios (based on those released in April 2020) and three "syndicate's own" scenarios.

It is intended that the three "new" Lloyd's Cyber scenarios will be incorporated into the formal RDS framework from 1 July 2021 onwards, and these will then no longer be collected as Supplementary Information. The "syndicate's own" three scenarios will continue to be required. Further details will be provided with the RDL Guidance & Instructions.

Liability Scenarios

Lloyd's will require managing agents to return estimated losses to six new Liability scenarios (released in April 2020) as a data collection exercise in early 2021. A second data collection will follow in Q2 2021, and it is intended that a number of these scenarios will also be incorporated into the formal RDS framework from 1 July 2021. Further details will be provided shortly, regarding the data collections, and then with the RDL Guidance & Instructions.

- Annual Solvency II Return form - Top 20 U/W Risks
Deadline of 10 March 2021. Return for 2021 will specifically include risks written through Lloyd's Europe.
- Treatment of Outwards Reinsurance recoveries for RDS and LCM reporting
No changes.

2 Reinsurance

- Syndicate Reinsurance Structure (SRS) Return
No changes to data requirements, some minor updates in instructions & guidance.
- Quarterly Monitoring Report – Part A (QMA) Form 710u
No changes to data requirements, some minor updates in instructions & guidance.
- Quarterly Monitoring Report – Part A (QMA) Form 800u
No changes to the Outwards Reinsurance data requirements.
- Quarterly Monitoring Report – Part B (QMB) Forms 100, 100s and 105s
No changes to the Outwards Reinsurance data requirements.
- Annual Related Party Disclosures and Declaration – Outwards Reinsurance Forms
Changes will be made to the data requirements and guidance notes; further details will be issued in Feb 2021.

3 Other

International Regulatory and Market Development initiatives that require supporting data collections during 2021.

- New NCBR data collection
Managing agents will be required to complete a new NCBR data collection template. This is separate to the War and NCBR return which will continue to be collected within the supplementary information of the RDS return. Guidance for completing the new data collection will accompany the template.
- OSFI Earthquake Exposure Data Form
No changes.
- War & NCBR
No changes.
- New Zealand Earthquake Return
No changes.
- South Africa ORSA
No changes.
- Lloyd's Europe
No changes to the Standard Formula Return.
- Credit Risk
No changes.

Managing agents should note that regulatory or market obligations may sometimes require additional reporting that could not have been scheduled in advance. We will try to let you know as far in advance as is possible.

For information about *Secure Store*, please visit [this link](#) on Lloyds.com.

Lloyd's intends to replace *Secure Store* with a new solution in 2021; separate market communications will follow in due course.

1 EXPOSURE MANAGEMENT

1.1 AEP 1-in-30 and RDS Franchise guidelines

Lloyd's Franchise Guidelines for catastrophe risk are as follows:

For the 'AEP 1-in-30 Whole World' metric, projected and in-force loss estimates shall not exceed:

- 110% of ECA plus Profit for Gross Losses; and
- 45% of ECA plus Profit for Final Net Losses.

For all other cat risk metrics, projected and in-force loss estimates shall not exceed:

- 80% of ECA plus Profit for Gross Losses; and
- 30% of ECA plus Profit for Final Net Losses

'Profit' for this purpose shall be defined as 'Profit/Loss for the period' on an Ultimate basis in the SBF.

1.2 Lloyd's Catastrophe Model quarterly in-force returns

The Lloyd's Catastrophe Model [LCM] Quarterly Return is submitted directly to Exposure Management via Secure Store.

As before, the 1 October submission is subject to a 'materiality of change' threshold.

The reporting day is always the penultimate Thursday of the month. In future, this may be extended by an extra week, once all LCM returns are free from validation errors and require no manipulation by Lloyd's.

The 2021 reporting dates are as follows:

Name	As-at date	Reporting date	Via
LCM 1/1	1 January 2021	Noon, Thursday 18 February 2021	Secure Store
LCM 1/4	1 April 2021	Noon, Thursday 20 May 2021	Secure Store
LCM 1/7	1 July 2021	Noon, Thursday 19 August 2021	Secure Store
LCM 1/10*	1 October 2021*	Noon, Thursday 18 November 2021*	Secure Store*

* The 1 October submission is only required if movement in estimated losses since 1 July exceeds defined thresholds.

All LCM and associated returns should be submitted to the 'Lloyd's Catastrophe Model' Secure Store.

1.3 Lloyd's Catastrophe Model forecast return

Lloyd's will require two LCM forecast returns in 2021.

- One provides an updated view of 2021 forecasts (submitted only if there is a change in planned catastrophe risk)
- The other provides 2022 forecasts for the 2022 business planning and capital-setting process.

All forecasts of syndicate estimated losses into the prospective calendar year should be consistent with the equivalent Lloyd's Capital Return [LCR] and the Internal Model.

1.4 Catastrophe Risk Sensitivity Tests

The Catastrophe Risk Sensitivity Test forms a regular part of the forecasting requirement and is designed to replicate examples of potential parameter error in syndicates' representations of catastrophe risk. The results inform Lloyd's as to the scale of additional reinsurance recoveries, and the extent and effects of diversification within syndicates' own Internal Models.

1.4.1 Uplifting catastrophe losses

The sensitivity tests are conducted by increasing forecast catastrophe losses relative to those used in the Internal Model run that generates the LCR – the 'base run'. All other assumptions in the base run are maintained, thus isolating the effect of larger-than-expected natural catastrophe losses.

Full instructions for the exercise, including the template for returning data, will be published closer to the time.

1.5 LCM/LCR analysis of change

This return allows Lloyd's to understand any differences in syndicates' forecast 1-in-200 between the LCM Forecast return and LCR Form 313.

The 2021 reporting dates are as follows:

Name	Applied to	Reporting date	Via
Forecast Return (2021 update)		With resubmission of 2021 SBF	Secure Store
Forecast Return (2022 CPG)		2022 SBF submission date	Secure Store
Catastrophe Risk Sensitivity Tests	latest 2022 LCR	2022 LCR submission date	Secure Store
LCM/LCR Analysis of Change	latest 2022 LCR	2022 LCR submission date	Secure Store

1.6 Realistic Disaster Scenarios

Realistic Disaster Scenarios are submitted to Lloyd's via CMR twice per year.

Development work in respect of both Cyber and Liability exposure management may lead to revised scenarios for the 01/07 reporting.

The reporting day is the final Thursday of the relevant month. The RDS and RDL return dates are as follows:

Name	As-at date	Reporting date	Via
RDS	1 January 2021	Noon, Thursday 25 March 2021	CMR
RDL	1 July 2021	Noon, Thursday 26 August 2021	CMR

1.6.1 Supplementary Information

There are no changes currently planned to the supplementary information template.

1.7 Annual Solvency II return for Top 20 U/W risks

As was the case last year and as part of Solvency II Pillar 3 reporting, Lloyd's is required to report the market's largest overall exposures to the Prudential Regulation Authority. This is similar to the ASR251 return, with which you will be familiar from your own syndicate reporting. The requirement is to report the Society's top twenty net exposures by EIOPA high-level class of business.

Please note that this return is separate from – and additional to – the individual syndicate ASR251 returns.

As in 2020, to satisfy OSFI regulatory requirements, this return includes a tab for Canadian specific risks.

For 2021, as part of Solvency II Pillar 3 reporting, this return will specifically include Lloyd's Europe risks.

Further guidance on the selected Unique Market References will follow and as before the completed template should be submitted via the Secure Store folder - "Lloyd's Catastrophe Model/ASR251 Form".

The deadline for completion is Wednesday 10 March 2021.

1.8 Cyber

For 01/01/2021 reporting the format will remain as for 01/07/2020; that is, one Cyber RDS will remain within the formal RDS return, and nine scenarios will be collected within the Supplementary Information. Further information will be provided within the RDS Guidance & Instructions.

Following further consultation with the LMA Cyber Risk Strategy Group, for 01/07/2021 reporting the intention is to incorporate three *additional* Cyber RDSs into the formal RDL return, with further information provided within Scenario Specifications and the RDL Guidance & Instructions. From this point, Supplementary Information reporting will only include three “syndicate’s own” Cyber scenarios.

The current Realistic Disaster Scenario for Cyber will remain subject to Franchise Guidelines; a decision as to the applicability of Franchise Guidelines to the new scenarios will be made during H1 2021, in consultation with the LMA.

Four Cyber RDSs will be required in Form 452 of the 2022 SBF.

1.9 Liability

As previously signposted, Lloyd’s will shortly be collecting estimated underwriting losses to the six new Liability scenarios that were released in April 2020.

Instructions will be issued by mid-December 2020 and will include a set of “damage ratios” to be applied to exposures in-force as at 01/07/2020 as well as full guidance and instructions. The deadline for this data collection exercise to be returned to Lloyd’s Exposure Management (via Secure Store) will be Noon on 1 February 2021.

A second data collection exercise will follow, with instructions published in March 2021, to be returned by Noon on 30 April 2021. This return will be extended to collect reserving impacts as well as underwriting losses.

Following further consultation with the LMA Exposure Management Working Group, for 01/07/2021 reporting the intention is to incorporate a selection of new Liability RDSs into the formal RDL return, with further information provided within Scenario Specifications and the RDL Guidance & Instructions.

The current Realistic Disaster Scenarios for Liability will remain subject to Franchise Guidelines; a decision as to the applicability of Franchise Guidelines to the new scenarios will be made during H1 2021, again in consultation with the LMA.

The new Liability RDSs will also be required in Form 452 of the 2022 SBF, alongside the existing two RDSs.

2 REINSURANCE

2.1 Syndicate Reinsurance Structure (SRS)

The SRS return is the core submission for the reporting of in-force reinsurance contracts to Lloyd's. The information provided is used to satisfy Lloyd's reporting and oversight requirements and is also the source for Lloyd's Solvency II Pillar 3 reporting to the PRA in respect of Treaty and Facultative arrangements.

For 2021 the SRS return is to be submitted to Lloyd's twice.

The reporting deadline for the SRS Q1 is 18 February 2021, this allows time to validate the submissions received and for any potential resubmissions in advance of the PRA reporting deadline.

The 2021 reporting dates are as follows:

Name	As-at date	Date return open in CMR	Reporting Deadline date	Via
SRS Q1	1 January 2021	4 January 2021	Noon, Thursday 18 February 2021	CMR
SRS Q3	1 July 2021	1 July 2021	Noon, Thursday 22 July 2021	CMR

SRS Q1 2021

The core data and reporting requirements for this return will largely follow that of the Q3 2020 return. Some changes to the guidance notes are being made.

SRS instructions to support the Q1 2021 return will be issued in December 2020.

Future Changes to SRS

It is possible that the PRA may make further changes to the Solvency II Pillar 3 reporting requirements and guidance notes during 2021. As a result, the reporting requirements and guidance and instructions for the SRS will continue to be subject to continuous review by Lloyd's. If changes are required managing agents will be notified in advance.

Any questions on the SRS return should be directed to the Lloyd's Outwards Reinsurance team.

2.2 Quarterly Monitoring Report – part A (QMA)

Form 710U Reinsurance Recoverables

Form 800 Major Losses

QMA Form 710u 'Reinsurance Recoverables' is the core Lloyd's submission for the reporting of UK GAAP based balance sheet reinsurance recoverables, by reinsurer.

QMA Form 800u 'Major Losses' is the core Lloyd's submission for the reporting the estimated / actual level of reinsurance recoveries receivable for major losses.

The information provided is used to satisfy Lloyd's reporting and oversight requirements.

A separate Market Bulletin for the QMA returns to be submitted during 2021 will be issued separately by Lloyd's Market Finance.

Whilst the overall QMA return is not managed by the Lloyd's Outwards Reinsurance team any technical outwards reinsurance questions on the QMA 710u or 800u forms should be directed to the Lloyd's Outwards Reinsurance team.

2.3 Quarterly Monitoring Report – part B (QMB)

QMB Forms 100, 100s and 105s are the core Lloyd's submissions for the reporting of Year of Account estimates / actual outwards reinsurance premiums, commission and recoveries.

The information provided is used to satisfy Lloyd's reporting and oversight requirements.

Whilst the overall QMB return is not managed by the Lloyd's Outwards Reinsurance team any technical outwards reinsurance questions on the QMB should be directed to the Lloyd's Outwards Reinsurance team.

2.4 Annual Related Party Disclosures and Declaration – Outwards Reinsurance

As outlined in the [Performance Management Supplemental Requirements and Guidance](#), Lloyd's requires managing agents to disclose Related Party and Other Transactions which may give rise to a conflict of interest, for each current year of account and those envisaged for the prospective year of account.

Contained within this return is a specific outwards reinsurance reporting requirement which is to be completed for each syndicate managed by a managing agent. This applies to live, run-off, RITC and special purpose arrangement syndicates.

All Related Party Disclosures and Declarations should be submitted to the 'Related Parties Disclosure' Secure Store.

The deadline for completion is Thursday 25 March 2021.

The instructions for the "2021 Related Party Disclosures and Declaration" submission will be issued by Lloyd's in February 2021. Any outwards reinsurance specific technical questions on this return should be directed to the Lloyd's Outwards Reinsurance team.

3 OTHER

3.1 New NCBR data collection

Lloyd's requires syndicates to complete a new NCBR data collection template for 2021.

Guidance for completing the new NCBR data collection will accompany the template.

This data will be collected alongside the RDS return and should be submitted to the 'RDS Supplementary Information' folder in the 'Lloyds Catastrophe Model' Secure Store.

3.2 OSFI Earthquake exposure data form

The Canadian regulator, the Office of the Superintendent of Financial Institutions [OSFI], requires Lloyd's to submit an annual Earthquake Exposure Data Form. Full details of the requirement, and examples of the Form, can be found [here on OSFI's website](#).

As with the ERRO return, Lloyd's as the licensed entity makes a single submission on behalf of the market, based on syndicate data submitted as part of the RDS return.

The 2021 return will continue to state the percentage of business that is Canadian regulated and will also include PTIVs for Canadian regulated business that is outside of Canada. Guidance on how these are to be calculated will be provided with the submission documentation.

This data will be collected alongside the RDS return and should be submitted to the 'Lloyd's Catastrophe Model' Secure Store.

3.3 War & NCBR

Lloyd's requires syndicates to understand and report potential accumulation risk arising from War and NCBR exposures.

Please refer to [Market Bulletin Y4972](#) published on 1 March 2016.

As outlined in the War & NCBR 2021 SBF Guidance and Instructions (EM Ref 331), syndicates underwriting policies that cover War and/or NCBR (including incidentally) are required to report in-force aggregate exposures by defined region as part of the RDS return as at 1 January 2021.

This data will be collected as part of the RDS Supplementary Information and should be submitted to 'Lloyd's Catastrophe Model' Secure Store.

3.4 New Zealand Earthquake return

The Reserve Bank of New Zealand (RBNZ) requires regulated entities in New Zealand to report in-force aggregate exposures by high-level class of business.

For Lloyd's, this involves reporting as-at 30 June and 31 December. Lloyd's as the licensed entity will make a single submission on behalf of the market, based on syndicate data submitted with the RDS and RDL returns.

This data will be collected as part of the RDS Supplementary Information and should be submitted to 'Lloyd's Catastrophe Model' Secure Store.

3.5 South African ORSA

As part of Lloyd's ORSA reporting in South Africa, we are required to provide an indication of the market's exposure to earthquake risk in that region.

Since 2018 this return has formed part of the RDS Supplementary Information and should be submitted to 'Lloyd's Catastrophe Model' Secure Store.

Managing agents will be required to report static property exposures to South African earthquake, aggregated by CRESTA zone, as at 1 January 2021.

3.6 Lloyd's Europe

Standard Formula Return

A Standard Formula Return for Lloyd's Insurance Company S.A. will again be required for 2022 business planning and should be submitted in August 2021, via [Secure Store](#).

The purpose of this return is to collect data which will allow Lloyd's to complete a Standard Formula solvency capital calculation for 2022.

The return is compulsory for all syndicates except Special Purpose Arrangements, which are exempt. Managing agents must submit nil returns in respect of any syndicates (other than SPAs) that do not intend to underwrite through Lloyd's Europe in 2022.

Likewise, a year-end 2021 Standard Formula Return will be required in November 2021. The purpose of this return is to collect data for year-end reporting.

3.7 Credit Risk

Lloyd's requires syndicates to understand and monitor potential accumulation risk arising from Credit Risk exposures. This collection is on behalf of the Class of Business team at Lloyd's; please direct any questions to ClassofBusinessReview@lloyds.com.

Only syndicates writing or planning to write GWP of GBP 1 million or more in risk codes CR, CF, FG and FM combined should submit the template.

Exposures to be reported are as at 1 January and 1 July and will therefore be collected alongside the RDS return via Secure Store. Likewise, the template and guidance will be issued at the same time as the RDS.

4 ADMINISTRATIVE

4.1 Fining

Lloyd's requires that returns are correctly completed and submitted on time. Where returns are submitted late, are inaccurate or incomplete then this can put at risk the ability of Lloyd's teams to meet business timetable service levels, prepare aggregate market level data or meet reporting deadlines for the submission of data to UK or overseas regulators.

The Lloyd's policy has been issued under [Market Bulletin Y5265](#) and this sets out the approach to the imposition of fines for late, inaccurate or incomplete returns to Lloyd's.

This Market Bulletin includes but is not limited to the Lloyd's SRS, RDS and RDL returns.

The LCM return does not yet fall within the fining regime. However, the LCM deadlines must be met to allow Lloyd's to fulfil its own regulatory obligations.

4.2 Syndicate level Reporting

For the avoidance of doubt and to ensure consistency with other reported data, managing agents are required to complete a separate return for each managed syndicate – including parallel syndicates and special-purpose arrangements (SPA) – rather than reporting consolidated figures.

4.3 Syndicates in Run-off

Run-off syndicates with material, relevant exposures as at the dates shown in section 1.2 above are required to submit returns. Forecast material exposures are subject to the reporting requirements in section 1.3.

Run-off and RITC syndicates with in-force outwards reinsurance &/or balance sheet reinsurance recoverables as at the dates shown in section 2 above are required to submit returns.

4.4 Exchange rates

Exchange rates are updated quarterly and will be advised via market bulletins.

4.5 Further information

Should you have questions or require additional information please contact the following:

Exposure Management questions should be directed to:

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Lloyd's Catastrophe Model questions should be directed to:

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