

2022 ASR FAQ

Frequently asked questions

Form	Entries		
	Number	Date	New this issue?
QSR / ASR 210	1	08 January 2021	No
QSR / ASR 210	2	20 December 2022	Yes
QSR / ASR 210	3	20 December 2022	Yes
ASR 249 / 250 / 252	4	20 December 2022	Yes
ASR 430 / 430s / 431 / 431s	5	20 December 2022	Yes
QAD / AAD 230	6	20 December 2022	Yes
QAD / AAD 230	7	20 December 2022	Yes
QAD / AAD 230	8	20 December 2022	Yes
QAD / AAD 236	9	20 December 2022	Yes
QAD / AAD 230 & 236	10	20 December 2022	Yes
All Annual returns (ASR, AAD, ASB)	11	20 December 2022	Yes

Please see following pages for questions and responses

If further clarification is required on the QSR / QAD / ASR / AAD / ASB return, please contact UK REGULATORY REPORTING at Lloyds-SolvencyReturns@lloyds.com

QSR / QAD / ASR / AAD / ASB

Number	Question	Answer	Documents affected by change?
1. QSR / ASR 210	What discount rate should be used?	<p>As set out in the PRA's Policy Statement 24/20, from the end of the transition period following the UK's exit from the EU, the PRA will be required to publish Solvency II discount rates for each relevant currency for each reporting date from Thursday 31 December 2020. Therefore all syndicates should use the PRA's published discount rates in the calculation of technical provisions in the QSR and ASR from 31 December 2020.</p> <p>For currencies for which the PRA does not publish technical information / discount rates, it is a firm's responsibility to propose discount rates that complies with Solvency II requirements and justify its approach to its supervisor. The PRA considers that suitable approaches may include, subject to discussion with a firm's supervisor, use of:</p> <ul style="list-style-type: none"> (i) publicly available source of discount rates (eg from EIOPA). However, firms should consider carefully whether the public source complies with the Solvency II requirements, and what adjustments may be necessary before it is suitable for the calculation of its UK technical provisions; or (ii) the discount rates of one of the PRA's relevant currencies that is a suitable proxy for another currency, with adjustments where necessary. <p>Further information can be found at the following link:</p> <p>https://www.bankofengland.co.uk/prudential-regulation/key-initiatives/solvency-ii/technical-information</p>	Instructions

2. QSR / ASR 210	Use of line 4	Lloyd's has clarified in the latest instructions (Q4 / Annual 2022) that the adjustment to remove the GAAP margin of prudence within earned claims provisions should be made in <i>all</i> quarters and not just at Q2 and Q4 / Annual. Lloyd's is no longer performing testing at other quarters aside from Q4 to check that the amount of adjustment to remove prudence is restricted to that identified by the signing actuary. Lloyd's expects that each syndicate has appropriate processes and governance frameworks in place such that the adjustment to remove prudence is appropriate for the Q1, Q2 and Q3 technical provisions.	Instructions
3. QSR / ASR 210	Use of lines 19 and 20	Lloyd's has clarified in the latest instructions (Q4 / Annual 2022) that lines 19 and 20 are required for <i>all</i> quarterly submissions and not just at Q2 and Q4 / Annual. The revised instructions clarify the differences in approach between 31 December and the other quarters (pages 37-38 of the Annual instructions and pages 33 – 34 of the quarterly instructions).	Instructions
4. ASR 249 / 250 / 252	These forms are not included in the annual instructions. What are the deadlines for these?	<p>The deadlines for these forms are not included in the ASR instructions because they are dealt with separately in the Solvency II Risk and Claims User Guide published on the Lloyd's website at this link: https://www.lloyds.com/conducting-business/regulatory-information/solvency-ii/tools-and-resources/syndicate-workstreams/reporting-and-disclosure</p> <p>There are three applicable deadlines: 4 January 2023, 27 January 2023 and 13 February 2023, so syndicates should ensure that they are aware of these.</p>	Business timetable
5. ASR 430 / 430s / 431 / 431s	What are the changes to these forms for 2022 year-end reporting?	<p>Following the UK's exit from the European Union, FPS (Freedom To Provide Services) no longer exists as a concept for UK firms. Therefore, syndicates should only report in columns C0010 for home country business and all Lloyd's Brussels business; and column C0110 for non-EEA branch business in ASR 430/430s/431/431s. EEA branch business that operates outside of Lloyd's Brussels business is reported as home country in C0010. Appendix 5 to the instructions give a number of worked examples of where to report for a range of scenarios.</p> <p>The revised treatment has been confirmed with the PRA.</p>	Instructions

6. QAD / AAD 230	If we hold the same investment in multiple trust funds, eg. the same bond in both the LDTF and the SLTF, would these require separate lines in the QAD / AAD 230 now so that the correct trust fund name can be reported in this field?	A line should be entered per trust fund.	Instructions
7. QAD / AAD 230	CMR is not calibrated to accept negative accrued interest?	You will notice that some securities will show negative accrued interest. Though these are correct you will need to do the following adjustments to be able to validate your files; <ol style="list-style-type: none"> 1. Hardcode the calculated SII amount 2. Make the negative accrued Int '0' 3. Copy and paste value the SII amount into the Market Value This will ensure that $SII = \text{Accrued Int} + MV$.	Instructions
8. QAD / AAD 230	Asset liquidity: what should be entered for syndicate loans to the Central Fund?	Liquidity on syndicate loans to central fund is the time to maturity. These should all be reported as illiquid.	Instructions
9. QAD / AAD 236	Do the notional amounts for derivatives have to be reported?	It is not sufficient for the notional amount to equal zero and syndicates will be requested to resubmit if this is the case.	Instructions

<p>10. QAD / AAD 230 and 236</p>	<p>One clarification that would be useful is relating to 'Working' assets held in currencies other than GBP and not covered by specific Trust Deeds such as Australian Dollars, Euros, South African Rand etc... Are these to be included under 'UK' Trust Deeds?</p>	<p>If the assets support sterling underwriting but are held in a different currency, they can be reported in a UK trust fund, otherwise Other can be reported and the Treasury analysis team will collect information about where these assets sit in their data quality tests</p>	<p>Instructions</p>
<p>11. All annual returns (ASR, AAD, ASB)</p>	<p>Please confirm the deadline for annual (ASR, AAD, ASB) returns.</p>	<p>The deadline for submission of the ASR, AAD and ASB is Friday 10 March 2023, at 2pm.</p>	<p>Business timetable</p>