

LLOYD'S

Solvency II Pillar 3

Quarterly Reporting Instructions (QSR/QAD)

31 ~~December~~March 2020

Version 1.1~~32~~



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The appendices are all available for download at this webpage:

<http://www.lloyds.com/the-market/operating-at-lloyds/solvency-ii/information-for-managing-agents/guidance-and-workshops/reporting-and-disclosure>

Summary of main changes from version 1.12

These instructions and attached specifications have been updated to reflect, among other things, the revised taxonomy (version 2.4.0) provided by EIOPA for use in Pillar 3 reporting from Q4 2020.

Changes from version 1.12 in sections 1 to 4 are shown in tracked change mode.

The **keymain** changes in these instructions compared with version 1.12 are summarised below:

General

An explanation should be provided on the QSR990 or QAD990 comments form for items where a 'warning' message appears on the CMR software. One explanation shall be sufficient in respect of a group of related items with the same warning message.

Queries – Please note where QSR/QAD 990 comments are deemed insufficient, a query will be raised and an adequate explanation is required. Also where a resubmission is compulsory, this will be stated clearly and an explanation will not suffice.

LMIF Templates (ASL, Overseas Trust Funds and PTF Commingled Funds)

QSR/QAD Specifications

Key changes are listed below however, please refer to spec and instructions to understand full extent of changes made to CMR.

QSR

QSR 002

- New cross form validation relating to RI recoverables between QSR 002 & QSR 240 + 280 + 283.
- Technical provisions guidance – reminders added regarding the treatment of unprofitable unexpired risks
- Technical provisions guidance – reminders added regarding the treatment of unprofitable unexpired risks
- Minor clarifications added to the instructions on risk margin and reinsurance contract boundary adjustment

QSR 210

- Line 19 - signage & validation amendment.
- Line 20 – new validation implemented
- Clarification that these lines are only required at Q2 and Q4

QSR 220

- EPIFP, lines 18 & 19 – validation amendment to ensure relevant field is reported according to type of undertaking.

QSR 240

- New cross form validations & amendments to existing ones related to QSR 002.
- Validation formula amendments related to fields Best Estimate – Gross & Risk margin.

QSR 280/23

- Amendments to existing validations related to QSR 002.
- Validation formula amendments related to fields Best estimate – Gross & Risk margin.

QSR 440

- Cross form validation amendments related to QSR 240.

QSR 440

- Cross form validation amendments related to QSR 280 & 283.

QAD

All forms

- ID code type – amendment to certain CAU code types to CAU/INST. Further guidance provided in spec/instructions.
- CIC country code closed list amendment

QAD 233 & 234

- Type of code or asset underlying the derivative – amendment to certain CAU code types to CAU/INST. Further guidance provided in spec/instructions.
- Buyer/Seller - Amendments to existing validations

Appendix 2 Managing agent's report

Updated to refer to version 1.1~~32~~ of the instructions.

Appendix 6: Guidance on reporting the Part VII transfer

New appendix added

Section 1: Introduction

1.1 Solvency II

1.1.1 Solvency II came into force with effect from 1 January 2016.

1.2 Pillar 3 reporting

1.2.1 Pillar 3 represents the supervisory reporting and disclosure requirements under Solvency II. Insurers are required to provide information, both for public disclosure and for private reporting to the supervisor. This is necessary to enable a harmonised approach to supervision across the European Union as well as improving the consistency of publicly disclosed information.

1.2.2 The Pillar 3 requirements include annual and quarterly quantitative reporting (the completion of standardised templates). In addition, the annual supervisory reporting requirements include an element of qualitative reporting, which insurers are required to submit with their public Solvency and Financial Condition Report (SFCR) as well as the private Regular Supervisory Report (RSR).

1.3 Application at Lloyd's

1.3.1 Solvency II applies to Lloyd's as a single undertaking – the 'association of underwriters known as Lloyd's' – as defined within the Solvency II Directive. However, within this, Lloyd's expects each managing agent to meet the full set of Solvency II tests and standards. In addition, the PRA expects that the supervisory reporting requirements for each syndicate at Lloyd's are consistent with treating it as 'any other insurer'. Therefore managing agents are required to complete Solvency II Pillar 3 returns to Lloyd's on a similar basis to other European Union insurers.

1.3.2 The basis of Lloyd's Pillar 3 reporting to the PRA is that Lloyd's provides a SFCR, RSR and quantitative reporting templates to the PRA. These returns are prepared from an aggregation of syndicate level returns made to the PRA, together with the additional data held by the Corporation, in respect of the Corporation and Central Fund, and members' funds at Lloyd's.

1.3.3 In addition Lloyd's must submit syndicate level quantitative information to the PRA.

1.3.4 This basis of submitting to the PRA affects the timetable for syndicates reporting to Lloyd's. In order to provide Lloyd's with sufficient time to review and aggregate the syndicate level data, as well as adding the data held centrally, go through Lloyd's governance process and audit requirements (applicable to some of the annual data), it is necessary for Lloyd's to collect returns from syndicates in advance of Lloyd's (and other insurers') submission deadline to the PRA.

1.3.5 Furthermore, Lloyd's uses the QSR002 and QSR210 data to help support the member level capital tests. Accordingly, as described in section 2.1.5 below, these forms are subject to audit **at Q2 and Q4 only**. For the avoidance of doubt, auditors are not required to opine on forms in the QSR that are out of scope of the audit i.e. not listed above, or the return and form level comments associated with those out of scope forms (collectively defined as 'other information'). The auditors have no responsibility to read the other information or consider whether it is consistent with the QSR or the auditors knowledge obtained during their audit, nor to express any form of assurance on the other information.

1.4 Quarterly reporting

1.4.1 The requirements for quarterly reporting are based on EIOPA Solvency II DPM and XBRL taxonomy package version 2.4.0, EIOPA filing rules and its underlying regulations.

1.5 Data requirements

1.5.1 Managing agents are required to submit data at every quarter end.

- 1.5.2 The data must be submitted using the Quarterly Solvency Return (QSR) and Quarterly Asset Data (QAD) within the Core Market Returns (CMR) system.
- 1.5.3 The return must be submitted to Lloyd's in accordance with the deadlines set out in section 2.2 below.
- 1.5.4 The specific forms to be submitted for the quarterly reporting are listed below:

Form Description	QSR Reference	EIOPA template code
Basic Information – General	QSR030	S.01.02.01
Quantitative Reporting Templates	QSR031	S.01.01.02
Balance sheet	QSR002	S.02.01.02
Members providing capital (FIS)	QSR204	Lloyd's specific requirement
Solvency II Balance Sheet Reconciliation	QSR210	Lloyd's specific requirement
Own funds	QSR220	S.23.01.01
Non-Life Technical Provisions	QSR240	S.17.01.02
Life Technical Provisions	QSR280	S.12.01.02
Health SLT Technical Provisions	QSR283	S.12.01.02
Lapses (life business only)	QSR291	S.40.01.11
Life obligations analysis: Information on homogenous risk group (required at Q4 only)	QSR292	S.14.01.10.01
Duration of technical provisions (required at Q4 only)	QSR293	S.38.01.10.01
Premiums, claims and expenses by line of business –Non-life	QSR440	S.05.01.02
Premiums, claims and expenses by line of business - Life	QSR450	S.05.01.02
Minimum capital requirement – Non-life	QSR510	S.28.01.01
Minimum capital requirement – Life	QSR511	S.28.01.01
Cash Transfer Statement (required at Q4 and annual)	QSR923	Lloyd's specific requirement
Managing agent's report	QSR910	Lloyd's specific requirement
Auditors' Report (required at Q2 only)	QSR930	Lloyd's specific requirement

Form Description	QAD Reference	EIOPA template code
Investment data – portfolio list	QAD230	S.06.02.01
Derivatives data – open positions	QAD233	S.08.01.01

Derivatives Transactions	QAD234	S.08.02.01
Collective investment undertakings-look-through approach	QAD236	S.06.03.01
Managing agent's report	QAD910	Lloyd's specific requirement

- 1.5.5 The QSR and QAD are required to be submitted electronically. ~~only although hard copy~~ **Managing agent's reports QSR910 and QAD910, signed by two directors, must also be submitted via email to: LLoyds-SolvencyReturns@lloyds.com.** The QSR910 and QAD910 formats for this purpose are attached as Appendix 2. As at Q2 a hard copy audit report (QSR930) is also required as described in 2.1.5 and 2.2 below).
- 1.5.6 This document provides instructions to managing agents in respect of completion of the QSR and QAD which have been developed within the CMR system. The QSR and QAD form specifications for this purpose are attached at Appendix 3.
- 1.6 Confidentiality of information**
- 1.6.1 The information provided by managing agents to comply with these quarterly requirements shall remain confidential to Lloyd's and the regulator.

Section 2: General instructions

The following instructions are common to the QSR and QAD.

2.1 Pillar 3 returns

- 2.1.1 The Pillar 3 returns required to be submitted by syndicates as at each quarterly end date are based on EIOPA Solvency II DPM and XBRL taxonomy package version 2.53.0, EIOPA filing rules and its underlying regulations, but tailored where necessary to cover areas of relevance to Lloyd's syndicates.
- 2.1.2 The asset data should be reported in the QAD with all the rest of the Solvency II information reported in the QSR.
- 2.1.3 The QSR is a synchronous return, similar to the QMA, while the QAD is an asynchronous return due to the high volume of data required.

Synchronous

This has been the standard approach used for returns with relatively low volume of data, for example, QMA. Below are some of the features:

- data can be input to CMR either through the user interface or in csv format
- data submitted in csv format can be edited via the user interface
- validations are done as and when the data is input
- all data can be printed

Asynchronous

This approach has been used for returns with high volume of data, for example, PMD/GQD/TPD returns. Below are some of the features:

- data is input to CMR as a series of zipped csv files
- edits to the data are made by updating the csv and re-uploading it
- validations are done when the data is uploaded
- prior to submission, a validation tool is provided to pre-process the data for format compliance
- summary data can be printed

- 2.1.4 A managing agent's report (QSR910 and QAD910) must be completed for the both QSR and QAD. The format is provided as Appendix 2 to these instructions.

2.1.5 Audit requirements (covering QSR002 and QSR210 only and required at Q2 only)

The requirement shall only apply at Q2 (~~limited~~reasonable assurance).

The risk margin is **excluded** from the scope of the audit report.

2.2 Reporting timetable

- 2.2.1 The electronic version of the completed return must be submitted by the managing agent to the CMR site by 2pm of the relevant submission date.

Quarter	Submission dates	Audited?	Type of submission
<u>Q4 2020</u>	<u>Thursday 21 January 2021</u>	<u>No</u>	<u>Electronic only*</u>
<u>Annual 2020</u>	Wednesday <u>Thursday 11 March 2021</u>	<u>Yes</u>	<u>Electronic only*</u>
<u>Q1 2021</u>	<u>Thursday 22 April 2021</u>	<u>No</u>	Electronic only*
<u>Q2 2021</u>	Wednesday 21 <u>July 2021</u>	<u>Yes</u>	Electronic only*
<u>Q3 2021</u>	<u>Thursday 21 March–October 2021</u>	<u>No</u>	Electronic only*

* Hard copies of the return are not required. ~~However, hard c~~Copies of the signed managing agent's reports (QSR910 and QAD910) and audit report (QSR930) (required at Q2 ~~/Q4~~ only) must be emailed to Lloyd's via inbox: L.Loyds-SolvencyReturns@lloyds.com submitted to Lloyd's by the designated deadline.

~~The managing agent's and audit reports should be sent to:~~

~~Tim Culshaw~~

~~Market Finance~~

~~Gallery 5~~

~~Lloyd's 1986 Building~~

~~One Lime Street~~

~~London EC3M 7HA~~

~~There is no reception area on Gallery 5 so hard copies that are to be delivered by hand must be taken to the "tenants and courier" office which is located on the lower ground floor on the left hand side of the Lloyd's building when viewed from Lime Street.~~

2.2.112.2.2 Late submissions: Failure to submit the return by the due deadline will be considered a breach of the Solvency and Reporting Byelaw (No.5 of 2007), as amended. A resubmission of the return after the deadline date will be considered a late submission.

Where a managing agent has reason to believe that it may be unable to submit the return on time it is encouraged to contact Lloyd's Market Finance~~Central Finance~~ at the earliest opportunity in advance of the deadline to discuss the matter. Failure to do so will be a factor Lloyd's will take into account in deciding whether a fine is appropriate.

If an inaccurate or incomplete submission has been submitted then Lloyd's may at its discretion regard that submission as being "late" in which case a fine may be imposed. In deciding whether to exercise that discretion Lloyd's Market Supervision and Review Committee (MSARC) will have regard to whether the managing agent itself identified the inaccuracy and brought the matter to Lloyd's attention at the earliest opportunity.

Where Lloyd's is satisfied that a fine is appropriate then the following fining regime will be applied:

Per return per syndicate – flat fine	£20,000
Per return per syndicate – additional fine per working day late	£1,000

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Persistent delays will lead to further disciplinary action.

Please note that in accordance with the above policy Lloyd's will take disciplinary action against managing agents who fail to submit market returns on time and fines will be imposed in appropriate circumstances, a policy supported by MSARC. Please refer to market bulletin Y5265 for further clarification.

2.3 Key contacts

2.3.1 Any queries about the completion of the Pillar 3 returns should be directed by e-mail to [Market FinanceCentral Finance](mailto:MarketFinanceCentral.Finance@lloyds.com) at Lloyds-SolvencyReturns@lloyds.com. All queries will be responded to by the end of the following working day. Please contact Tim Culshaw (tim.culshaw@lloyds.com) via email if a response remains outstanding at that time.

2.3.2 Please include the relevant form number(s) and a reference to the issue raised in the email header.

2.3.3 The key contacts within the Corporation of Lloyd's in relation to the Pillar 3 returns are:

Tim Culshaw	Head of Regulatory Reporting	tim.culshaw@lloyds.com
Nazia Rahman	Assistant, UK Regulatory Reporting	nazia.rahman@lloyds.com
Mukesh Bains	Assistant, UK Regulatory Reporting	mukesh.bains@lloyds.com
Aaron Dilhe	Assistant, UK Regulatory Reporting	aaron.dilhe@lloyds.com

2.4 Overview of return

2.4.1 Parallel corporate syndicates must complete and submit separate Pillar 3 returns.

2.4.2 The return must be completed in respect of all open years of account and all run-off years of account, in order to reflect the total insurance business transacted by underwriting members of Lloyd's.

2.4.3 When setting up a return, the system will generate the forms to be completed, and establish the validation rules to be adhered to, as appropriate to that syndicate's circumstances.

2.5 Basis of preparation

2.5.1 The returns must be prepared in accordance with these instructions. Where additional clarification is required this will be issued via Frequently Asked Questions (FAQs) posted on the CMR website. This will clearly set out whether the update is a change to the instructions or for guidance purposes only.

2.5.2 The return must be prepared in accordance with the Solvency II Directive (2009/138/EC), the Delegated Act (Commission Delegated Regulation (EU) 2015/35) and EIOPA Implementing Technical Standards, except where an alternative treatment is specifically required in these instructions.

2.5.3 The instructions in respect of each form state the level at which the forms should be completed. Each form must be completed at one of the following levels:

- Whole syndicate (all reporting years combined)
- Reporting year
- Pure/Underwriting year

- 2.5.4 **Whole syndicate or all reporting years combined** means all of the transactions or assets and liabilities as appropriate for the syndicate as a whole.
- 2.5.5 **Reporting year** is the 'traditional' Lloyd's method of identifying years of account and means each open year of account upon which members had a participation at the period end. For returns in 2020 this will be the 2018, 2019 or 2020 years of account during 2020 and any 2017 or prior run-off year of account which had not been reinsured to close as at 31 December 2019. When reporting on the transactions for a reporting year of account, it is necessary to include the movements on any earlier years of account previously closed into that reporting year of account unless the instructions explicitly state otherwise.
- 2.5.6 **Pure/Underwriting year** relates to the year in which the business was originally written and to which the original premiums and all subsequent transactions are signed. The pure original year may still be open, or subsequently reinsured to close into another year of account. For general (non-life) business the pure original year may be from the 1993 to the 2020 year of account, all liabilities in respect of 1992 and prior years having been reinsured into Equitas effective at 31 December 1995. When reporting on the transactions for a pure original year, only the transactions relating specifically to that pure year must be reported.

2.6 Exchange rates

- 2.6.1 All figures are to be provided in GBP. A market bulletin will be issued on the next working day following each quarter end providing suggested, but not mandatory, average and closing rates.
- 2.6.2 For the profit and loss account, all conversions will normally be made using exchange rates at the dates of the transactions (or at average rate for the period when this is a reasonable approximation) as defined under IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Lloyd's will not prescribe the actual rates to be used.
- 2.6.3 For the balance sheet, conversions must be made using closing rates of exchange in accordance with IFRS. Non-monetary items (if any) should be treated in the QSR and QAD as per IAS 21. IAS 21 requires the following at the end of each reporting period:
- Foreign currency monetary items should be translated using the closing rate
 - Non-monetary items that are measured in terms of historical cost in a foreign currency should be translated using the exchange rate at the date of the transaction
 - Non-monetary items that are measured at fair value in a foreign currency should be translated using the exchange rates at the date when the fair value was measured
- 2.6.4 Solvency II requires that all assets and liabilities should be measured at fair value, hence all foreign currency assets and liabilities should be translated at closing rate.

2.7 Reporting configuration

- 2.7.1 All forms are to be completed in currency units, not 000's, unless specified on the form. Generally, all values must be entered as positive numbers unless otherwise stipulated on the forms and instructions.

2.8 Completion of forms

- 2.8.1 All amounts on each form must be completed as indicated on the form. Additional guidance is provided in respect of each form in these instructions.
- 2.8.2 Certain figures disclosed on some forms in the return must agree or relate to figures on other forms.

2.8.3 The Pillar 3 returns must be prepared on the same underlying data as used in the preparation of the QMA. In other words, no adjustment is made in respect of post balance sheet events in the returns unless such an adjustment is made in accordance with UK GAAP for the purpose of the QMA. Furthermore, any adjustments made to technical provisions for Solvency II purposes shall be based on the underlying technical provisions reported in the QMA.

2.9 'Analysis' cells

2.9.1 Certain cells require analysis of material amounts to be provided in the analysis section (i.e. a description and details of the material amount must be disclosed). For such items, the system will generate a sequentially numbered continuation sheet. Where we have identified common reasons for an 'other' entry, use the suggested description in the analysis section where appropriate.

2.9.2 Any amount greater than £1m must be given a description that is sufficient for the reader to understand its nature. General terms such as "other," "miscellaneous," etc. should not be used for amounts greater than £1m. Descriptions given to amounts below £1m will be at the discretion of the agent given the circumstances of the syndicate and the nature of the analysis figure.

2.10 Equitas

2.10.1 The Pillar 3 returns must be prepared on a basis of recognising the reinsurance to close of all 1992 and prior non-life business into Equitas, effective as at 31 December 1995. In particular, only transactions, assets and liabilities relating to 1993 and post non-life business (and ALL life business) must be reported in the return. Any transactions occurring in the current year relating to 1992 and prior non-life business must NOT be reported in this return.

2.11 Scope of these instructions

2.11.1 These instructions are specifically for completion of the quarterly Pillar 3 reporting required for each quarter end from **31 December**~~March~~ **2020** onwards.

2.12 Use of QSR990 and QAD990 to clarify approach to completion

2.12.1 Managing agents are encouraged to use the 'comments' facility provided at QSR990 and QAD990 where they consider that this would help Lloyd's understand the approach taken in the completion of any part of the submission, if the agent considers that this could minimise the need for Lloyd's to raise a subsequent query with the agent. This does not obviate the requirement for the return to be prepared in accordance with the instructions.

2.12.2 In addition, an explanation should be provided on the QSR990 or QAD990 as appropriate for items where a 'warning' message appears on the CMR software. One explanation shall be sufficient in respect of a group of related items with the same warning.

2.12.3 Areas which the managing agent may wish to comment on include, but are not limited to:

- An explanation as to why the Solvency II results for any reporting year is significantly different from their respective UK GAAP results.
- Where there are unexpected adjustments between UK GAAP and Solvency II such as on QMA002 Line 26 "Deposits to Cedants", Line 38 "Provisions other than technical provisions" and Line 42 "Deposits from reinsurers", they should be confirmed.
- At 31 December, agents should ensure that there is consistency between the QSR and the TPD technical provisions albeit that the QSR is due beforehand (see link setting out mapping with PTD provided with QSR240 instructions).
- Explain if the elimination of the unearned premium reserve as shown in the GAAP balance sheet is different to that shown on QSR210, Line 2.

- Explain any difference between the elimination of DAC shown on QSR002 and QSR210. Agents who have grossed up DAC for reinsurance in the reanalysis column of QMA002 between Lines 28 and 51 and have consequently entered gross DAC on Line 2 of the QSR002 with the Reinsurance amount analysed on Line 87 should ensure that the net amount is shown on Line 3 of QSR210.
- Explain if there are any unusual circumstances surrounding the elimination of the margin for prudence (QSR210 Line 4) and in particular if the margin is greater than that shown on the signing actuary's opinion, with supporting commentary from the signing actuary where appropriate.
- Explanation of instances where the reinsurance receivables/payables transferred to technical provisions on Line 7 of QSR210 are different to the QSR002 amounts shown.
- We would expect to see amounts for ENIDs on QSR210, but in some cases they may be nil or very small thus requiring an explanation.
- We would expect discounting amounts to be shown as a positive amount on QSR210 (making the result better); any negative amounts should be explained.
- Explain if the change in Solvency II profit commission is not in line with the impact of the Solvency II adjustments on the result.
- At 31 December, ensure that the Solvency II adjustments on QSR210 Column 1, Line 15 reflect those relating to the closing year and that there is an equal and opposite transfer to the reinsuring year on the same line.
- At 31 December, Column 1 Line 17 (total adjustments) is expected to be nil.

Furthermore, Lloyd's would expect the managing agent to provide an explanation in respect of each item where an amount is reported in a cell where (as indicated in the instructions) Lloyd's is not expecting an item to be reported.

Section 3: form instructions for Quarterly Solvency Return (QSR)

3.1 QSR 010: Control page

Purpose of form: This form collects/confirms basic information regarding the syndicate, including the syndicate number, managing agent, reporting years of account and their status (open/closed/run-off) and pure years comprising each reporting year.

The software will generate the forms required to be completed in accordance with the data in the matrix. It is important that you check that the matrix is populated correctly.

When you set up a return, you are required to enter a person as the contact for the return. Any queries on the return will be addressed to this person together with the person who clicks the action "sign off" prior to submission of the return.

Each syndicate will have a return Administrator. The Administrator is responsible for adding/amending contact details for the return. Please ensure that all contact details are correct. Details can be updated via the 'Admin' link on the Core Market Returns menu.

We do recognise, however, that the persons signing off the return may not necessarily be those to whom queries should be sent to. If this is the case, please email [MarketFinanceCentral.Finance](mailto:MarketFinanceCentral.Finance@loyds.com) via Loyds-SolvencyReturns@loyds.com, with details of an alternative contact, who shall be included on the queries distribution list relating to the syndicate.

3.2 QSR 030: Basic Information - General (S.01.02.01)

Purpose of form: This form collects basic information regarding the syndicate which is needed to be included in the syndicate level Pillar 3 submissions made to the PRA.

Please see QSR 030 specification for detailed instructions. Please note that an additional line R0250 has been included for completion.

3.3 QSR031: Quantitative Reporting Templates (S.01.01.02)

Purpose of form: This form collects details about which EIOPA templates (and their QSR/QAD equivalents) have been completed for the syndicate. This is needed to be included in the syndicate level Pillar 3 submissions made to the PRA.

Please see QSR 031 specification for detailed instructions.

3.4 QSR 002: Overall Balance Sheet (S.02.01.02)

Purpose of form: This form presents an overall view of the balance sheet of the syndicate under Solvency II valuation rules. The analysis of the Solvency II result by reporting year is used in the quarterly members' solvency test and the calculation of the member level reporting point, required under Solvency II, as well as for Lloyd's member level capital tests.

This form is required for all reporting years combined with a breakdown of the result by reporting year on line 90.

Overall approach – basis of completion of QSR002

UK GAAP amounts (per QMA) – Column A

Column A must be completed in accordance with the UK GAAP balance sheet submitted as QMA002 column C, as part of the QMA, which will have been reviewed by syndicate auditors at Q2 and Q4. The UK GAAP numbers must agree and their categorisation must be consistent with the audited QMA. A comment is required on QSR990 if there are known differences in the treatment of certain items.

Specifically, it is expected that when comparing the GAAP columns between the QMA and QSR002 column A, the following categories when individually aggregated will not produce differences:

Balance sheet line	QMA 002 Column C Reference	QSR 002 Column A Reference
Investments and cash	C8+C23+C24	A30+A31+A50+A33
Reinsurance share of technical provisions	C13	A43
Insurance receivables	C14+C18	A45
Reinsurance receivables	C15+C19	A45 (for balances related to inwards reinsurance) + A46 (for balances related to outwards reinsurance)
Other assets	C31-C8-C13-C14-C15-C18-C19-C23-C24	A52-A30-A31-A43-A45-A46-A50-A33
Technical provisions	C36	A56+A60+A64+A68
Insurance payables	C39+C45	A82
Reinsurance payables	C40+C46	A82 (for balances related to inwards reinsurance) + A83 (for balances related to outwards reinsurance)
Other payables	C52-C32-C36-C39-C40-C45-C46	A88-A56-A60-A64-A68-A82-A83
Excess of assets over liabilities (members' balance)	C32	A89

Adjustments to reach a Solvency II balance – Column B

Column C must report the Solvency II valuation for each line as specified in these instructions. Accordingly, the adjustment between the UK GAAP and Solvency II valuations must be reported in column B.

Solvency II amounts – column C

The Solvency II value column (C0010) shall be completed using the valuation principles set out in the Directive 2009/138/EC, Delegated Regulation (EU) 2015/35 and EIOPA Implementing Technical Standards and in accordance with these instructions.

Column C (Solvency II amounts) - General areas for consideration

Asset and liability categories – analysis by CIC table and comparison with QAD230

Certain asset and liability categories must agree to their underlying classification in accordance with the Complementary Identification Code (CIC) Table, attached at Appendix 1.

For each syndicate level return, it is **essential** in the case of each category of asset reported on QSR002, that the amount reported on QSR002, column C agrees **exactly** with the total for the relevant category of asset reported on QAD230 as identified by CIC code on that form, by reference to the allocation of CIC codes as set out in the instructions for QSR002. The playback summary QAD230s, which is the summary of QAD230 by each asset category, can be used to reconcile between QSR002 and QAD230 and total Solvency II amount must agree between two forms. The reconciliation must be done at each syndicate level return, not at managing agent level. Agents will be required to resubmit both QSR and QAD where this is not the case.

Technical provisions

Technical provisions should be valued in accordance with Lloyd's Solvency II guidance titled "Lloyds Solvency II Technical Provisions Guidance Nov 2019". These instructions can be accessed through the following link: [Lloyds Solvency II Technical Provisions Guidance Nov 2019](#)

Field Code Changed

Treatment of SPA technical provisions within the Solvency II balance sheet

For the purpose of clarification, Lloyd's recognises that there is more than one way to report SPA technical provisions within the Solvency II balance sheet (QSR002) depending on a particular host syndicate's accounting policy with regard to the raising of payments or reinsurance accruals relating to the SPA within the host syndicate. It is for the managing agent to determine the most appropriate way of reporting these transactions, liaising with their auditors as appropriate, within this framework. Lloyd's accepts submissions of overall negative technical provisions in circumstances where these can be explained by the operation of a syndicate.

Lloyd's expectation is that, as the same accounting policy applies, a consistent treatment of cashflows should be applied for the host and SPA, i.e. if the host is accounting for a payment to the SPA, the SPA should be accounting for its receipt.

For the avoidance of doubt, the treatment prescribed in the TPD return must be followed for the purpose of that return and any reconciliation issues that arise commented on in the TPD 990.

Actuarial opinion

There is currently no requirement for an actuarial opinion to be provided on the Solvency II technical provisions. However, key GAAP adjustments arising from actuarial analysis that increase members' balances in the QSR must be consistent with the opinion of the SAO actuary, if they are to be recognised in the Lloyd's capital setting process.

There are three key adjustments that could increase members' balances which the managing agent might make to UK GAAP figures previously agreed with the SAO actuary:

- The use of a 'best estimate' of unpaid future claims on business treated as earned in the UK GAAP accounts

This refers to the earned claims reserve margin which is removed to convert to a Solvency II basis. Lloyd's will look to the signing actuary's best estimate of earned claims as a reference point when comparing to the managing agent's booked best estimate in their Solvency II balance sheet. We will not be expecting or expect to allow significant differences at 31 December or 30 June in respect of the prior year-end opinion.

- Higher future premiums

This can arise where the managing agent's finance function determine a "haircut" on the ultimate premiums that are then reported in the UK GAAP accounts. This is designed to be prudent and Lloyd's is aware that this happens. The implication for SAO actuaries is that this can lead to a lower Unearned Premium Reserve (UPR) than is technically needed (especially if $UPR = \text{ultimate premium} - \text{earned}$) and the SAO actuary would be unable to provide an opinion. This could then impact on the premium

provisions in the Solvency II balance sheet. We would expect to see the signing actuary's view of future premium if this is significantly different to the managing agent's view and this to be reported explicitly and separately to other margins in the SAO report.

- Difference in earned premium (that would increase members' balances)

This arises where the managing agent's finance function's view of earning patterns (especially for reinsurance) is materially different from the view of their actuarial function. This would also lead to potential differences in the respective functions' view on the UPR and the concept is the same as the "haircut on premiums" point. Again, this could then impact on the premium provisions in the Solvency II balance sheet and we would expect to see the signing actuary's view reflected in the Solvency II balance sheet if different from the managing agent or at least see documented evidence in the SAO report of how the signing actuary judged the approach as reasonable.

Where the adjustments in technical provisions for the above items result in a material change to members' balances, Lloyd's remind both agents and signing actuaries that if these would impact the signing actuary's ability to provide an opinion then the agent should make the signing actuary aware of these and that the signing actuary should also be specifically asking about the existence of any such items when checking for reasonableness.

The above does not include an assessment of the bound but not incepted business (BBNI) or profitability in the unearned element (except for assessing for Additional Unexpired Risk Reserve (AURR)).

Where members' balances are materially higher after these adjustments either at 31 December or 30 June, Lloyd's requires the managing agent to obtain in writing, confirmation from the SAO actuary that the adjustments are suitable for the purpose of Lloyd's capital setting. Signing actuaries should be aware that Market Reserving and Capital (MRC) at Lloyd's may request evidence to support these statements.

Lloyd's will not regard any such confirmation as constituting an actuarial opinion on the Solvency II technical provisions.

Managing agents should therefore note, that Lloyd's shall review the impact of UK GAAP adjustments reflected in the QSR002 which cause members' balances to increase in connection with the information reported in the SAO. Where Lloyd's considers the increase in members' balances reflected in the QSR002 to be excessive in this respect, Lloyd's will either ask the managing agent to resubmit the QSR002 to adjust for this, or alternatively to increase the syndicate's SCR by the 'excess' amount, which would impact directly on the capital requirements for the member(s) supporting that syndicate.

Release of "reserve margins" for capital setting

The 31 December and 30 June approaches are as follows:

QSR002 – 31 December

Lloyd's expects that all releases of "reserve margins" in respect of earned claims provisions which might be claimed for capital setting in the QSR002 to be consistent with that identified by the signing actuary in the SAO report (or a separate formal letter) by reporting year. Although the valuation principles for SAOs and Solvency II are not the same this step in the valuation process is on a consistent basis and as such Lloyd's will generally limit the release of reserve margins (on a Solvency II basis) as reported in QSR210, line 4, to the margin stated on earned reserves within the SAO report.

Lloyd's usually expects the SAO signing actuary to produce their opinion on a pure best estimate basis (under the UK GAAP definition of "reasonably foreseeable outcomes") with no allowance for prudence. Where the managing agent has included ENIDs in their UK GAAP provisions (i.e. amounts in excess of

“reasonably foreseeable” events under the UK GAAP definition of best estimate) it should claim these as “reserve margins” for capital setting (QSR210, line 4) to the extent that they are clearly identified in the SAO report. This will ensure the full margin in excess of the UK GAAP best estimate is declared in the QSR210. Information on how these should be presented in QSR210 is detailed in the instructions for that form.

However, Lloyd’s recognises that there are instances where a greater margin may be warranted, for example, if the SAO provisions are still prepared on a “prudent” basis. If this is the case and the managing agent is expecting to claim a larger margin, then the signing actuary must clearly quantify the amount and state in the SAO report or a separate formal letter, how this additional amount is arrived at and that they would have signed the opinion with the larger margin or the amount is appropriate on a Solvency II basis (explaining the differences in valuation requirements, including quantification, that lead to the higher margin).

In all cases without the additional sign-off from the SAO actuary, Lloyd’s is expecting to disallow the excess margin claimed.

QSR002 – 30 June

To require a SAO at Q2 would not be cost effective for the market. Hence, to assess the validity of the reserve margins claimed in the QSR002 as at 30 June, **Lloyd’s will use the SAO margin calculated at the previous year end at an aggregate level and will adopt a similar approach to that at 31 December as set out above.** Lloyd’s has adopted the following general approach for 30 June:

- Subject to the managing agent being satisfied that the level of margin at an aggregate level is still appropriate as at 30 June (i.e. it has not been reduced through adverse experience or releases) then a margin up to the maximum of that stated in the SAO can be claimed for capital setting.
- For Q2, the comparison to the margin as at year end can be considered based on the previous year’s Q4 exchange rates. Movements in exchange rates over the first half of the year, may result in the margin at mid year being larger than year-end. Where an increase in margin from Q4 of the previous year to Q2, is due to exchange rate movements **only**, the larger margin may be reflected in the Q2 QSR002. If this is the case a high level reconciliation between the margins, including the proportion of margin by currency and exchange rates used, must also be included on QSR990.
- For reasons other than exchange rate movements, a larger amount can only be claimed if supported by explicit work/statements made by the signing actuary at the half-year.
- In exceptional circumstances, Lloyd’s may review additional work by the managing agent (i.e. not the signing actuary) to support a higher margin. For the avoidance of doubt, if the justification offered for a higher margin is purely favourable experience or that the managing agent believes the signing actuary is being overly prudent then, in the absence of any supporting statements from the signing actuary, these will normally be disallowed. There are exceptional circumstances such as the managing agent choosing a new explicit reserve margin for the first time (i.e. a change in process) which would be supported by Board papers and analysis.

Future cash flows transferred from (re)insurance receivables/payables to technical provisions

Solvency II requires transfer of future cash flows from (re)insurance receivables/payables to technical provisions. Under contract boundary rules, the key consideration is that amounts included in (re)insurance receivables/payables are legally bound and they are to be consistent with inwards policies included at the balance sheet date. Agents should ensure that adjustments made to (re)insurance receivables/payables in relation to future cash flows agree to respective amounts included in the calculation of the technical provisions and reported in the TPD in accordance with the revised technical provisions guidance issued by Lloyd’s in November 2019. We would not expect any adjustments against reinsurance receivables in respect of recoverables on paid claims as these amounts should be left as debtors in the balance sheet.

Bound But Not Incepted (BBNI) provisions

In the calculation of technical provisions, the nature of legal obligations business should be considered for each syndicate in its own right. One particular example of this application is that for SPAs (formerly known as SPSs) with quota share business from the host syndicate that is a legal obligation, this should be included as such. A look through approach to any underlying business is not appropriate in this case as the reinsurance is itself a contract of (re)insurance. This may result in cases where the SPA's legal obligations business is a larger amount than that of the host; this is appropriate where it results from the correct application of the consideration of legal obligations business, as outlined above.

LCA balances

LCA balances are future cash flows and hence should be included in the Technical Provisions. However, any amount included in the LCA balances where the contractual settlement due date has passed by the period end date but which at the period end date have not been received should be reported as debtors in QSR002.

From a premium stand point the agent needs to consider what has been received. If the agent is notified of a premium signing which has not yet been settled and has a due date after the balance sheet date then this is a future cash flow and should be reported in technical provisions. This remains as a future cash flow in technical provisions until the cash is received by the syndicate.

From a claims standpoint, the managing agent will know when a claim has been paid and can deem the cash flow as having occurred. If it is reported in LCA balances once paid at the balance sheet date then it should be left in creditors on the balance sheet i.e. should not be considered a future cash flow in technical provisions.

In summary, managing agents need to consider the cash flow between the syndicate and LCA and decide if it is a future cash flow from the syndicate's perspective.

Reinsurance recoveries

The key defining characteristic is that recoveries are to be included to the extent that they relate to inwards business included in technical provisions. There is to be no allowance for recoveries on expected future business not existing at the balance sheet date. Expenses such as counterparty default (bad debts), reinstatement premiums, and costs associated with any special purpose vehicle (such as management or administration expenses) should be assessed and offset against recoveries.

Recoveries would remain within technical provisions for Solvency II until they are processed as paid (and collection notices issued). Hence, on Line 46 Reinsurance receivable we would not expect any adjustments (relating to claims paid) to technical provisions. The same principles would apply to any associated reinstatement or outwards adjustment premiums.

Reinsurance future premiums and contract boundaries

Under Solvency II, reinsurance premiums should be included as described in Section 8 of the November 2019 Lloyd's guidance on Technical Provisions.

The updated rules regarding reinsurance contract boundaries require the premium for all existing and legally obliged reinsurance contracts to be included to the contractual minimum. This is expected to increase the level of technical provisions. Premiums for contracts that are not yet written or legally obliged, but would apply to existing inwards business, can be treated on a principle of correspondence basis.

Example (in £m):

- (a) Total RI UPR; £40m (all contractually obliged)
- (b) The above £40m includes a contractual minimum of RI premium of £10m relating to direct inward policies not written at the balance sheet date.

JOURNAL ENTRIES TO REFLECT RI ON UPR: UK GAAP vs SOLVENCY II (BEFORE AND AFTER REVISED SOLVENCY II TREATMENT OF CONTRACT BOUNDARIES)	<u>DR</u> <u>£m</u>	<u>CR</u> <u>£m</u>
UK GAAP LEDGER ENTRIES (Same treatment before and after November 2019 Solvency II TP update)		
(1a) RI UPR (Balance Sheet)	40	
(1b) Change of gross provisions for unearned premiums, reinsurers' share Being recognition of RI unearned premium on the balance sheet		40
SOLVENCY II ENTRIES – BEFORE UPDATE (AND THUS SUPERCEDED)		
(2a) Excess of assets over liabilities (members' balances) – QSR002 column B line 89	30	
(2b) RI UPR (Balance Sheet) – QSR002 column B line 43 Being the elimination of the UK GAAP RI that is not recognised under Solvency II		30
(3a) Any Other Assets - QSR002 column B line 51	10	
(3b) RI UPR (Balance Sheet) – QSR002 column B line 43 Being the RI UPR element not supported by correspondence business transferred to Other Assets (correspondence principle valid)		10
SOLVENCY II ENTRIES – AFTER UPDATE (AND THUS BASIS NOW TO BE USED)		
(4a) Excess of assets over liabilities (members' balances) – QSR002 column B line 89	40	
(4b) RI UPR (Balance Sheet) - QSR002 column B line 43 Being the elimination of the UK GAAP RI that is not recognised under Solvency II (corresponding principle no longer valid)		40

Assuming that the RI UPR has also not been paid, hence in the UK GAAP balance there is RI payable amount of £40m, the following additional entries would be expected:

SOLVENCY II ENTRIES – BEFORE UPDATE (AND THUS SUPERCEDED)		
(5a) Reinsurance payables - QSR 002 column B line 83	30	
(5b) Reinsurance recoverables (Reinsurers' share of technical provisions) - QSR 002 column B line 43 Being transfer of reinsurance payables to technical provisions (correspondence principle applies)		30
SOLVENCY II ENTRIES – AFTER UPDATE (AND THUS BASIS NOW TO BE USED)		
(6a) Reinsurance payables - QSR 002 column B line 83	40	
(6b) Reinsurance recoverables (Reinsurers' share of technical provisions) - QSR 002 column B line 43 Being transfer of reinsurance payables to technical provisions (correspondence principle does not apply)		40

Field Code Changed

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In the above example, after applying the November 2019 updated technical provisions guidance on reinsurance contract boundaries, there is an additional £10m included in the best estimate cash flow as the full level of contractual premium (the contractual obligation is to all of the RI costs), resulting in an adverse impact on members' balance of £10m.

Information on the impact of the change to the treatment of reinsurance contract boundaries is required by reporting year of account on line 94. This information will be used centrally by Lloyd's to neutralise the effect of the change to reinsurance contract boundaries. In previous valuations this information has been collected by a separate return (please refer to [market bulletin Y4920](#)) and the LCR.

Other assets and other liabilities

These should be valued at fair value by discounting expected cash flows using a risk free rate. However, book value as per UK GAAP may be used as a proxy to the fair value for Solvency II balance sheet purposes where the impact of discounting is not material because the balances are due/payable within one year or amounts due/payable in more than one year are not material. Materiality should be determined in accordance with International Accounting Standards (IAS1) i.e. "Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial information. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances."

Profit commission

Where the profit under Solvency II would be different to that under UK GAAP, agents should recalculate the profit commission to reflect the change in the profit. Hence, the profit commission recognised in the Solvency II column should be based on the Solvency II profit.

However, where the syndicate year is closing, there is no recalculation of the profit commission in respect of the closing year as distribution will be based on the QMA (UK GAAP result). However, the effect of Solvency II valuation differences on the liabilities accepted by the reinsuring year of account, either for the same or another syndicate, should be taken into account when calculating the notional Solvency II profit commission for the reinsuring syndicate year.

Funds in syndicate (FIS)

Where a syndicate holds FIS, this should be reported within the respective investments lines i.e. QSR002, C7 to C29.

Solvency II valuation differences in respect of a year which is closing

Where a year of account is closing as at the reporting date, the result for that year has crystallised and the QMA result, based on UK GAAP will be used as the basis for distribution, without exception. This means for any reporting year of account closing at the balance sheet date, the result shown for that year in column C **must** be the same as shown in column A.

Therefore the net impact of the Solvency II valuation differences in respect of the liabilities being transferred by RITC should not be reflected in the Solvency II result in the syndicate year that is closing, but should instead be reflected in the Solvency II result in the reinsuring syndicate year, whether it is the same or another syndicate. The amounts in Column C will be valued based on Solvency II valuation. The Solvency II amounts reported in column C are expected to be positive but there are cases where these amounts can be negative for instance in respect of technical provisions best estimate where the cash in-flows are greater than cash out-flows.

Column C (Solvency II valuation) – specific line instructions

Assets

Line C1 – Goodwill (EIOPA reference R0010, C0010): This is valued nil under Solvency II

Line C2 – Deferred acquisition costs (R0020, C0010): There are no deferred acquisition costs under Solvency II given the cash flow nature of technical provisions. Hence, no amount is expected within C2.

Line C3 – Intangible assets (R0030, C0010): These are intangible assets other than goodwill. They should be valued at nil under Solvency II valuation principles, unless they can be sold separately and the syndicate can demonstrate that there is a market value for the same or similar assets that has been derived in accordance with Delegated Regulation (EU) 2015/35.

Line C4 – Deferred tax assets (R0040, C0010): This is an asset that may be used to reduce any subsequent period's income tax expense. Deferred tax assets can arise due to net loss carry-overs, which are only recorded as assets if it is deemed more likely than not that the asset will be used in future fiscal periods (i.e. where it is probable that future taxable profit will be available against which the deferred tax asset can be utilised). We do not expect syndicates to report any amount within this line since tax would apply at member level.

Line C5 – Pension benefit surplus (R0050, C0010): This is net surplus related to staff pension scheme, if applicable. We would not expect syndicates to report any amount within this line.

Line C6 – Property, plant & equipment held for own use (R0060, C0010): These are tangible assets which are intended for permanent use and property held by the undertaking for own use, but Lloyd's would not expect any amount to be reported within this line. This amount relates to assets with a CIC of ##93, ##95 and ##96 on QAD230.

Line C7 - Property (other than for own use) (R0080, C0010): This is investment property and Lloyd's is not expecting any amount to be reported within this line. Where a syndicate has investment in funds investing in real estates, this should be reported within line C21, real estate funds. This amount relates to assets with a CIC of ##91, ##92, ##94, and ##99 on QAD230.

Line C8 – Holdings in related undertakings, including participations (R0090, C0010): This is defined in Article 13(20) and 212(2) and holdings in related undertakings in Article 212(1)(b) of Directive 2009/138/EC. Lloyd's does not expect syndicates to have any participations, hence no amount is expected within this line. This amount relates to assets with a CIC of ##3# and ##4# on QAD230 that are not held in index-linked.

When part of the assets regarding related undertakings including participations refer to unit and index linked contracts, these parts shall be reported in "Assets held for index-linked and unit-linked contracts" in Line C31.

Line C9 – Equities – listed (R0110, C0010): These are shares representing corporations' capital, e.g. representing ownership in a corporation, listed on a public stock exchange. The amount reported within this line should exclude "Holdings in related undertaking, including participations", line C8. This amount relates to assets with a CIC category 3#, excluding XL3#, XT3# on QAD230.

Line C10 – Equities – unlisted (R0120, C0010): These are shares representing corporations' capital, e.g. representing ownership in a corporation, not listed on a public stock exchange. The amount reported within this line should exclude "Holdings in related undertaking, including participations", line C8. This amount relates to assets with CIC categories of XL3# and XT3# on QAD230.

Line C12 – Government Bonds (R0140, C0010): These are bonds issued by public authorities, whether by central government, supra-national government institutions, regional governments or municipal governments. This amount relates to assets (market value plus accrued interest) with a CIC category of

##1# on QAD230.

Line C13 – Corporate Bonds (R0150, C0010): These are bonds issued by corporations including those issued by government agencies, for example, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). This amount relates to assets (market value plus accrued interest) with a CIC category of ##2# on QAD230.

Line C14 – Structured notes (R0160, C0010): These are hybrid securities, combining a fixed income instrument with a series of derivative components. Excluded from this category are fixed income securities that have been issued by sovereign governments. These are all securities that have embedded all categories of derivatives, including Credit Default Swaps (CDS), Constant Maturity Swaps (CMS) and Credit Default Options (CDO). This amount relates to assets (market value plus accrued interest) with a CIC category of ##5# on QAD230.

Line C15 – Collateralised securities (R0170, C0010): These are securities whose value and payments are derived from a portfolio of underlying assets. These include Asset Backed Securities (ABS), Mortgage Backed Securities (MBS), Commercial Mortgage Backed Securities (CMBS), Collateralised Debt Obligations (CDO), Collateralised Loan Obligations (CLO) and Collateralised Mortgage Obligations (CMO). This amount relates to assets (market value plus accrued interest) with a CIC category of ##6# on QAD230.

Lines C17 to C25 – Collective investment undertaking: These should include all the funds (including money market funds) and collective investment in transferable securities that are held by the syndicate. This amount relates to assets with a CIC category of ##4# and they are not held in index-linked and unit-linked contracts on QAD230. Overseas trust funds that are managed by Lloyd's should also be reported as investment funds and the type of fund should be based on the CIC coding as set out below:

- Equity funds (C17) – CIC ##41
- Debt funds (C18) – CIC ##42
- Money market funds (C19) – CIC ##43
- Asset allocation funds (C20) – CIC ##44
- Real estate funds (C21) – CIC ##45
- Alternative funds (C22) – CIC ##46
- Alternative investment funds (C23) – CIC ##47
- Infrastructure funds (C24) – CIC ##48
- Other (C25) – CIC ##49

Line C27 – Derivatives (R0190, C0010): A financial instrument or other contract with all of the following characteristics:

- (a) These should be derivative assets that are directly held by the syndicate and hence do not include those that are held indirectly through investments funds or structured notes. This amount relates to assets with CIC assets category from A to F.
- (b) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- (c) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

(d) It is settled at a future date.

Only derivative assets should be included on this line. This amount must agree to the total Solvency II value on QAD233 where the value is positive. In the case of a negative value, please see line C79.

Line C28 - Deposits other than cash and cash equivalents (R0200, C0010): These are deposits other than transferable deposits. This means that they cannot be used to make payments at any time and that they are not exchangeable for currency or transferable deposits without any kind of significant restriction or penalty. This amount relates to assets with a CIC category of ##73, ##74 and ##79 on QAD230.

Line C29 – Other investments (R0210, C0010): Other investments not covered already within investments reported above. This cell is an analysis cell. All material amounts included in this cell must be separately listed in the analysis table (see section 2.9 'analysis cell' above for details of materiality). This amount relates to assets with a CIC category of ##09 on QAD230.

Line C31 – Assets held for unit-linked & index-linked contracts (R0220, C0010): These are assets held for insurance products where the policyholder bears the risk (classified in line of business 31 as defined in Annex I of Delegated Regulation (EU) 2015/35). Lloyd's would not expect any amount reported within this line.

Line C32 – Loans & mortgages to individuals (R0250, C0010): These are financial assets created when creditors lend funds to debtors - individuals, with collateral or not, including cash pools. This amount relates to assets with a CIC category of ##8#, excluding ##86 on QAD230.

Line C33 – Other loans & mortgages (R0260, C0010): These are financial assets created when creditors lend funds to debtors - others, not classifiable as loans & mortgages to individuals, with collateral or not, including cash pools. This amount relates to assets with a CIC category of ##8#, excluding ##86 on QAD230.

[From Q1 2019 onwards](#) For the 2019 and 2020 years of account, there is a requirement for syndicates to make loans to the Central Fund (refer to market bulletin Y5236, [Y5312 and Y5295 issued on 20 February 2019](#) for further details). Lloyd's considers that the loans meet the criteria to be recognisable as an asset under FRS 102 2.27 and meet the conditions to be recognisable as a basic financial instrument under FRS 102 section 11. Syndicates should report these loans as part of assets on their balance sheet, and these loans should be accounted for within "Syndicate loans to the Central Fund" on QMA 201 line 13 (part of financial investments). However, in QMA 002 it is expected that syndicate reclassify the loans into line 1, shares and other variable yield securities.

In order to maintain consistency, for Pillar 3 reporting purposes, the loans should be reported in QSR/ASR 002 line 10 (R0120) "Equities - unlisted" and classified as CIC code XT34 in the QAD/AAD 230.

Consistency of where syndicates report these loans is essential so that Lloyd's can make required eliminations in production of the market financial statements and Pillar 3 returns.

Line C34 – Loans on policies (R0240, C0010): These are loans to policyholders collateralised on policies (underlying technical provisions). We do not expect syndicates to have this type of asset. This amount relates to assets with a CIC category of ##86 on QAD230.

Lines C36 & 37 – Reinsurance recoverables (Non-life excluding health (R0290, C0010) and health similar to non-life (R0300, C0010): Reinsurers' share of technical provisions relating to non-life and health similar to non-life should be reported within the appropriate lines.

Line C39 - Reinsurance recoverables (Health similar to life (R0320, C0010)): Reinsurers' share of technical provisions relating to health similar to life should be reported within this line.

Line C40 - Reinsurance recoverables (Life excluding health and index-linked and unit-linked (R0330, C0010)): Reinsurers' share of technical provisions relating to life should be reported within this line.

Line C42 – Life index-linked and unit-linked (R0340, C0010): Reinsurers' share of technical provisions relating to life index-linked and unit-linked should be reported within this line. Syndicates do not write this type of business hence no amount is expected to be reported within this line.

Line C43 - Sub-total reinsurance recoverables (R0270, C0010): Lines C38 + C41 + C42 must equal to recoverables reported on forms QSR 240 + QSR 280 + QSR 283.

Line C44 – Deposits to cedants (R0350, C0010): These are deposits relating to reinsurance accepted. This amount relates to assets with a CIC category of ##75 on QAD230.

Line C45 – Insurance and intermediaries receivables (R0360, C0010): These are amounts due by policyholders, intermediaries, other insurers, and linked to insurance business, but that are not included in technical provisions. Includes also amounts overdue by policyholders and insurance intermediaries (e.g. premiums due but not yet received). It shall include receivables from reinsurance accepted. For Solvency II column (C0010) this cell should only include amounts past-due.

Line C46 – Reinsurance receivables (R0370, C0010): These are amounts payment by reinsurers and linked to reinsurance business that are not included in reinsurance recoverables (RI share of technical provisions). It may include creditors from reinsurers that relate to settled claims of policyholders or beneficiaries and payments in relation to other than insurance events or settled insurance claims, for example commissions. For Solvency II column (C0010) this cell should only include amounts past-due.

Line C47 – Receivables (trade, not insurance) (R0380, C0010): Includes amounts owed by employees or various business partners (not insurance-related), including public entities.

Line C48 – Own shares (held directly) (R0390, C0010): These are own shares held directly by the undertakings. Syndicates do not have shares, hence no amount is expected within this line.

Line C49 – These are amounts due in respect of own fund items or initial fund called up but not yet paid in R0400, C0010): This would mainly relate to Funds in Syndicate (FIS) that has been called up but had not been paid by year end. We do not expect syndicates to have any unpaid FIS, hence no amount is expected within this line.

Line C50 – Cash and cash equivalents (R0410, C0010): These are notes and coins in circulation that are commonly used to make payments, and deposits exchangeable for currency on demand at par and which are directly usable for making payments by cheque, draft, giro order, direct debit/credit, or other direct payment facility, without penalty or restriction. These are assets classified with CIC codes ##71 and ##72 on QAD230.

Bank accounts shall not be netted off, thus only positive accounts shall be recognised in this item and bank overdrafts shown within liabilities unless where both legal right of offset and demonstrable intention to settle net exist.

Line C51 – Any other assets, not elsewhere shown (R0420, C0010): This cell is an analysis cell. All material amounts included in this cell must be separately listed in the analysis table (see section 2.9 'analysis cell' above for details of materiality).

Line C52 – Total assets (R0500, C0010): This is the overall total amount of all assets.

Liabilities

Technical provisions (lines C53 to C73)

These should be valued in accordance with Lloyd's Solvency II guidance titled "Lloyds Solvency II Technical Provisions Guidance Nov 2019". These instructions can be accessed through the following link: [Lloyds Solvency II Technical Provisions Guidance Nov 2019](#)

Treatment of unexpired risks

- [The Solvency II best estimate should include the best estimate from a distribution of all possible future outcomes and therefore should consider appropriate scenarios reflecting the inherent uncertainty in the year end reserve estimates.](#)
- [Where unearned premium is unprofitable at a level which the Managing Agent considers the business is managed together consideration should be given to inclusion of an unexpired risk reserve \(URR\) on a UK GAAP basis.](#)
- [URR included in the GAAP balance sheet should be removed in preparing the SII balance sheet, along with UPR and DAC.](#)
- [When calculating the premium provision element of the SII best estimate, the assumptions used regarding future profit should be consistent with those that required the URR to be established in the GAAP balance sheet, i.e. expected losses should be recognised on the Solvency II balance sheet immediately even if unearned.](#)

Risk margin

A risk margin increases the discounted best estimate technical provisions to the theoretical value needed to transfer the obligations to another insurance entity. The approach is to determine the cost of providing an amount of own funds equivalent to the Solvency Capital Requirement (SCR).

The calculation of the risk margin **as at 31 December** should be based on the following year's SCR submitted to Lloyd's in [September via the most recent](#) Lloyd's Capital Return (LCR), [plus any capital add-on notified by Lloyd's by 31 December](#). However, if a revised SCR has been produced then this should be used. [Adjustments to or recalculation of the risk margin should be in particular carried out if there are material deviations between the projected technical provisions used in the LCR and technical provisions reported in this return. If the syndicate does not have an approved internal model and capital is set based on the syndicate benchmark model, the risk margin will also be set by the SBM and provided to the syndicate.](#)

Calculation of the risk margin **as at any quarter end other than 31 December** should be based on the latest available SCR related to the current reporting year. This may be the SCR used for the previous December calculation, or subsequent recalculation. The SCR should not relate to a future valuation period. For example, when reporting as at 30 September, the SCR used in the calculation of the risk margin should not be the 2021 underwriting year SCR to be submitted in September 2020. Where the risk profile has materially changed since the 31 December valuation, a re-calculation of the SCR should be performed as at the quarter end and the risk margin determined from this. Where there has been no material change to the risk profile a simplification is allowed for an individual line of business and guidance on this can be found on page 35 of the Lloyd's Solvency II technical provisions guidance referred to above.

The SCR to be used for the calculation of the risk margin is the 'one year' SCR, not the SCR to ultimate and should be based on current obligations on the balance sheet only (i.e. not allowing for business to be written in the future which is not included on the Solvency II balance sheet).

In discounting technical provisions, managing agents should use the risk free yield curves [published by EIOPA](#) early in the following quarter. For the Q2 ~~and Q4~~ audited QSRs the actual yield curves for the reporting date should be used. For unaudited QSRs yield curves from a previous reporting date may be used if not materially different to that for the current quarter end.

Technical Provisions calculated as a whole: Separate calculation of the best estimate and risk margin are not required where the future cash-flows associated with insurance obligations can be replicated using

financial instruments for which a market value is directly observable. The portfolio must be replicable/hedgeable. Lloyd's does not expect syndicates to calculate technical provisions as a whole, however, where a syndicate has transferred its liabilities to another syndicate through RITC and the technical provisions transferred cannot be split into best estimate and risk margin, the price payable can be considered to be the market price of the technical provisions and hence should be reported within "technical provisions calculated as a whole".

Managing agents should note that Lloyd's shall review the impact of GAAP adjustments reflected in the QSR002 which cause members' balances to increase (improve) in connection with the information reported in the SAO. Where Lloyd's considers the increase in members' balances reflected in the QSR002 to be excessive in this respect, Lloyd's will either ask the managing agent to resubmit the QSR002 to adjust for this, or alternatively to increase the syndicate's SCR by the 'excess' amount, which would impact directly on the capital requirements for the member(s) supporting that syndicate. Lloyd's does not require auditors to examine the calculation of the SCR, which is used to derive the risk margin, or the risk margin itself as reported on QSR002 lines 55/59/63/67 and QSR210 line 13.

Reconciliation with Technical Provisions Data return (TPD) – 31 December only

The technical provisions amounts reported in the QSR002 return as at year-end should agree to the TPD albeit that the QSR002 is prepared beforehand. Please see link to mapping with TPD provided with the QSR240 instructions.

Lines C69-72 – Technical provisions – index linked and unit linked (R0690-R0720, C0010): Syndicates do not write this type of business, hence no amount is expected to be reported within these lines.

Line C73 – Other technical provisions (R0730, C0010): These are other technical provisions arising from UK GAAP. This line should be nil.

Other liabilities

Line C74 – Contingent liabilities (R0740, C0010): These are liabilities that are contingent, therefore off-balance sheet according to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The standard defines a contingent liability as:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) A present obligation that arises from past events if:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

These are neither related to insurance, nor financing nor lease; they are, for example, related to legal expenses (with an expected probability of less than 50%).

The amount of contingent liabilities recognised in the balance sheet should follow the criteria set in Article 11 of the Delegated Regulation (EU) 2015/35.

Line C75 – Provisions other than technical provisions (R0750, C0010): These are liabilities of uncertain timing or amount, excluding the ones reported under "Pension benefit obligations". The provisions are recognised as liabilities (assuming that a reliable estimate can be made) when they represent obligations

and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, for example, provisions for legal expenses or deferred income reserve.

Line C76 – Pension benefit obligations (R0760, C0010): These are the total net obligations related to employees' pension scheme, if applicable according to the pension scheme.

Line C77 – Deposits from reinsurers (R0770, C0010): These are amounts received from reinsurer or deducted by the reinsurer according to the reinsurance contract.

Line C78 – Deferred tax liabilities (R0780, C0010): these are the amounts of income taxes payable in future periods in respect of taxable temporary differences. We do not expect syndicates to report any amount within this line since tax would apply at member level.

Line C79 – Derivatives (R0790, C0010): These should be derivative liabilities that are directly held by the syndicate and hence do not include those that are held indirectly through investments funds or structured notes. Only derivative liabilities should be included in this line. This amount must agree to total Solvency II value on QAD233 where the value is negative. Derivatives assets shall be reported under Line 27.

Line C80 - Debts owed to credit institutions (R0080, C0010): Debts, such as mortgage and loans, owed to credit institutions, excluding bonds held by credit institutions (it is not possible for the undertaking to identify all the holders of the bonds that it issues) and subordinated liabilities. This shall also include bank overdrafts.

Line C81 – Financial liabilities other than debts owed to credit institutions (R0810, C0010): This includes bonds issued by the undertaking (whether they are held by credit institutions or not), structured notes issued by the undertaking itself (not by SPV) and mortgage and loans due to other entities than credit institutions. Subordinated liabilities should not be included here.

Line C82 – Insurance and intermediaries payable (R0820, C0010): These are amounts payable to policy holders, insurers and other business linked to insurance. This would relate to amounts that not been transferred to technical provisions i.e. overdue amounts. This includes amounts payable to (re)insurance intermediaries (e.g. commissions due to intermediaries but not yet paid by the undertaking). Excludes loans & mortgages due to other insurance companies, if they only relate to financing and are not linked to insurance business (such loans and mortgages shall be reported as financial liabilities). It shall include payables from reinsurance accepted. For Solvency II column (C0010) this cell should only include amounts past-due.

These excludes loans & mortgages due to insurance companies, if they are not linked to insurance business but are only related to financing (and are therefore included in financial liabilities).

Line C83 – Reinsurance payables (R0830, C0010): These are amounts payable to reinsurers (in particular current accounts) other than deposits and linked to reinsurance business, but that are not included in reinsurance recoverables i.e. not transferred to RI share of technical provisions. These include debtors to reinsurers that relate to settled claims of policy holders or beneficiaries. These include payables to reinsurers that relate to ceded premiums. For Solvency II column (C0010) this cell should only include amounts past-due.

Line C84 – Payables (trade, not insurance) (R0840, C0010): This includes amounts due to employees, suppliers, etc. and not insurance-related, similar to receivables (trade, not insurance) on the asset side; includes public entities.

Line C85 – Subordinated liabilities not in basic own funds (BOF) (R0860, C0010): These are debts which rank after other debts when the company is liquidated, only subordinated liabilities that are not classified in BOF should be presented here. We do not expect syndicates to report any amounts within this line.

Line C86 – Subordinated liabilities in BOF (R0870, C0010): These are debts which rank after other debts when the company is liquidated, only subordinated liabilities that are classified in BOF should be presented here. We do not expect syndicates to report any amounts within this line.

Line C87 – Any other liabilities, not elsewhere shown (R0880, C0010): This includes any liabilities not included in the other balance sheet items. Where an adjustment is made in line 16 of the QSR 210 for an earned margin load or an unearned profit load a corresponding adjustment should also be made here. Where this approach is being used please provide appropriate commentary.

Line C88 – Total liabilities (R0900, C0010): This is the overall total amount of all liabilities.

Line C89 - Excess of assets over liabilities (members' balances): This is the total of undertaking's excess of assets over liabilities, valued in accordance with Solvency II valuation basis.

Additional validation of technical provisions between QSR002 and QSR240

Analysis of the Excess of assets over liabilities (Members' balances) – lines C90 to C93

Analysis of line C89 Excess of assets over liabilities (members' balances) by reporting year of account is required so that a Solvency II balance by reporting year may be allocated to members for the purpose of the quarterly solvency test and calculation of the member level reporting point required under Solvency II. In addition this information is also required for the Lloyd's member level capital tests.

Syndicates that reported "amounts due from members" on QMA215 and transferred this amount on Line 32 in Column B to "Other debtors" on QMA002 will not need to enter it on Line 91 of QSR002. This is because the GAAP results from QMA360 and those now reflected in Column C of Line 32 of QMA002 would have been unaltered. If this adjustment is not done on QMA002, then the "amounts due from members" needs to be entered on Line 91 of QSR002, Column A.

Syndicates that entered "Funds in syndicate" on QMA202 whereby these items were a part of "Balance due from members" on Line 32, Column C of QMA002 will need to enter this amount on Line 91 of QSR002, Column A.

As noted above, where the syndicate year of account is closing at the reporting date, the result for distribution is determined on a UK GAAP basis and thus column B for the relevant year of account must be zero. This means for any reporting year of account closing at the balance sheet date, the result shown for that year in column C must be the same as shown in column A. The net impact of the Solvency II valuation differences in respect of the liabilities of the closing year being transferred should be reflected in column B for the reinsuring syndicate year, whether it is the same or another syndicate.

The Solvency II balance sheet as at 31 December may include future profit relating to contracts assigned to the following reporting year of account (i.e. 2021 for 31 December 2020). Syndicates should report this future profit on column B of the respective reporting year of account.

Reinsurance contract boundary change impact – line 94

This captures the impact on the technical provisions of the change to the treatment of reinsurance contract boundaries set out in Lloyd's November 2019 updated technical provisions guidance as described above. This must be provided by reporting year of account and shown as a positive figure (i.e. the value of the increase to the technical provisions resulting from the change).

[This impact should be the figure that would be calculated in the relevant YOA row of LCR Form 571 Question 1 column D if the syndicate was to submit an LCR as follows:](#)

- [LCR submitted for Year End Coming-Into-Line for YOA X+1 soon after the Q2 QSR submission for year X, or](#)
- [LCR submitted for Mid-Year Coming-Into-Line for YOA X+1 soon after the Q4 QSR submission for year X](#)

3.5 QSR204: Members Providing Capital (FIS)

Purpose of form: This data is required for the conduct of the Solvency II quarterly members' solvency test including the calculation of the member level reporting point.

This form must be completed in respect of funds in syndicate only (FIS) not funds at Lloyd's (FAL).

If the syndicate has one corporate member then the code for that member should be entered in column A and the total of the assets included within QSR002 entered in column C, as a positive.

If the syndicate has more than one corporate member then the code for each member should be entered in column A and each member's share of the total assets included within QSR002 entered in column C.

The total of QSR204 column C must equal QSR002 Column C, line 92.

3.6 QSR210: Solvency II Balance Sheet Reconciliation

Purpose of form: This form provides a detailed overview of Solvency II Balance Sheet Reconciliation.

Basis of completion

The figures should be entered undiscounted (discounting is reported on line 12) and the signage should be as per the specification and instructions below.

Solvency II valuation differences in respect of a year which is closing

In the case of a year of account which is closing at the reporting date, the individual Solvency II valuation differences per lines 2 to 13 and 16 (but not in respect of line 14 profit commission, see below) should be reported in the column of the closing year. Then the net amount of these differences should be entered as an opposing entry on line 15, which will result in line 17 for the closing syndicate year being zero.

The net impact of the Solvency II valuation differences in respect of the closing syndicate year (but not in respect of line 14 profit commission, see below) should be recognised on line 15 of the reinsuring syndicate year, whether it is the same or another syndicate.

Profit commission is accounted for separately from other Solvency II valuation differences being transferred between years, as assessment of notional Solvency II profit commission on the reinsuring syndicate will be affected by the Solvency II result for the pure year as well as the impact of the Solvency II valuation differences on the liabilities represented by the RITC received.

Reinsurance to close into a different syndicate

Example, Syndicate A's 2018 reporting year of account closing into Syndicate B's 2019 reporting year of account

Syndicate A – Ceding syndicate

- On QSR002 – Solvency II adjustments in respect of the liabilities represented by the 2018 year of account RITC must be analysed in column B with the reverse of the net impact of these adjustments reported within line 51 “any other assets” or line 87 “any other liabilities”, depending on the impact of the Solvency II adjustments on the members' balances i.e. where the Solvency II adjustments have a positive impact on the members' balances, the adjustment should be reported within line 87 and vice versa. Lines 51 and 87 are analysis cells, hence clear descriptions should be provided in respect of the reported amounts. The impact of this is that there will be zero impact on the result for the reinsured year due to Solvency II adjustments.
- On QSR210 – Solvency II adjustments in respect of the liabilities represented by the 2018 year of account RITC are reported within the respective lines. To eliminate these adjustments, a reverse entry should be reported within line 15. Thus line 17 for the reinsured year will be zero.

Syndicate B – Reinsuring syndicate

- On QSR002 – the net Solvency II adjustments in respect of the liabilities reinsured from the 2018 year of account of Syndicate A must be reported within line 51 “any other assets” or line 87 “any other liabilities” depending on the impact of the Solvency II adjustments on the members’ balances i.e. where the Solvency II adjustments have a positive impact on the members’ balances, the adjustment should be reported within line 51 and vice versa. Lines 51 and 87 are analysis cells, hence clear descriptions should be provided in respect of the reported amounts.
- On QSR210 – the net Solvency II adjustments in respect of the liabilities reinsured from the 2018 year of account of Syndicate A must be reported within line 15. Hence, under the 2019 year of account, the breakdown of the Solvency II adjustments reported within lines (2-13 & 16) should not include Solvency II adjustments resulting from the RITC. However, any notional profit commission arising as a result of the RITC should be reported within line 14.

UK GAAP members’ balance (line 1)

This must agree to QSR002 line 90, column A for the respective reporting year of account and shall be automatically populated by the system.

Elimination of 100% UPR requirement (line 2)

The UPR provision (net of reinsurers’ share) is a UK GAAP item and is not relevant for Solvency II. Thus its removal or elimination is being shown on this line as an expected positive entry which improves Line 1, members’ balance. The total amount for all the years of account should agree to the net amount of QMA002, column C, lines 11 (Reinsurers’ share of unearned premiums) and line 33 (Provision for unearned premiums).

Elimination of deferred acquisition cost (DAC) (net of RI DAC) (line 3)

There is no DAC under Solvency II, thus the net DAC amount needs to be eliminated on this line as a normally negative amount (reduction in members’ balance). On QMA002 Line 28, syndicates would have grossed up DAC by the related RI in column B to show a gross DAC value on this line. The corresponding double entry of the RI on DAC adjustment would be made in column B of Line 51, Accruals and deferred income, of that form. These gross and RI DAC values would be replicated in column A of QSR002 on Line 2 (DAC gross) and Line 87 (DAC RI value) with the net of these being entered on QSR210 Line 3.

Elimination of margin of prudence within earned claims provisions and RI bad debt (line 4)

UK GAAP earned technical provisions may contain an element of prudence in the future anticipated insurance losses whereas the Solvency II amount is determined using a probability weighted average of all possible outcomes which takes account of all uncertainties in its best estimate cash flow. Thus any element of prudence which exceeds the probability weighted best estimate within the UK GAAP basis technical provisions must be eliminated here. This will be a positive adjustment and will improve the net result. The amount of the adjustment to remove prudence will be restricted to that identified by the signing actuary in the SAO template and report (or separate formal letter).

Future premiums included in technical provisions incepted contracts (net of acquisition costs) (line 5)

This represents the cash flows on “existing” contracts at the balance date which are recognised once the syndicate becomes party to the contract (subject to contract boundaries) and which are yet to be received. This line requires premiums (net of acquisition costs) on incepted contracts. This will be the sum of earned and unearned future premium and should be net of RI on future premium. This will normally be a positive adjustment (and hence a favourable impact on the members’ balance) but may be negative where the gross future premium is less than future RI premium. All relevant cash flows are to be included including premiums

paid in instalments, inwards reinstatements from an incurred reinsurance claim and other 'minimum and deposit' (M&D) adjustments.

Future premiums included in technical provisions – unaccepted contracts (net of acquisition costs) (line 6)

Under Solvency II, insurance contracts are recognised if the insurer is bound to the contract as at the balance sheet date, even if the coverage has not incepted. Accordingly, premiums (net of acquisition costs) in respect of contracts bound but not incepted must be reported on this line. This will normally be a positive adjustment but may be negative where future reinsurance premium is greater than future gross premium. Items to consider would be: tacit or automatic renewals, premiums written before the valuation date but incepting afterwards and pipeline renewals through binder business.

(Re)insurance receivables/payables transferred to Technical Provisions (line 7)

Under Solvency II, (re)insurance receivables/payables shown within the respective lines on the UK GAAP balance sheet are reallocated and shown as part of Solvency II technical provisions, where these amounts are not overdue. The net adjustment must be reported on this line and may be a positive or negative. This amount should agree to the adjustments made on the balance sheet within the (re)insurance receivables/payables lines in respect of future premiums (net of acquisition costs).

The key principle is to ensure that items on this line are consistent with the Lloyd's technical provisions guidance, in particular the inclusion of all reinsurance premiums for existing or legally obliged contracts, to the extent this is contractually obliged.

EIOPA have suggested that reinsurance recoveries may be (i) calculated directly as the probability-weighted average of future recoverable cash flows or (ii) calculated indirectly as the difference between the gross and net best estimates. However, it is expected that syndicates will use current methods such as direct net projections or net to gross projections. In any event, this methodology will produce different amounts as calculated under UK GAAP with the only common element being the earned reinsurance elements which will create equal and opposite adjustments within QSR 210 Lines 5 and 7.

Net premium provision - net future claims cost incepted (including ALAE and ULAE) (line 8)

The future claims cost in respect of existing and contractually bound written business at the balance sheet date where the premiums have been recognised in line 5 above, should be reported on this line. This will be a negative adjustment. This line should not include ENID amounts as this should be reported within line 11 but should include ULAE relating to these future claims and bad debt provision.

Net premium provision - net future claims cost unaccepted (including ALAE and ULAE) (line 9)

The future claims cost in respect of existing and contractually bound written business at the balance sheet date where the premiums have been recognised in line 6 above, should be reported on this line. This will be a negative adjustment. This line should not include ENID amounts as this should be reported within line 11 but should include ULAE relating to these future claims and bad debt provision.

Additional expenses not included under UK GAAP (line 10)

Under Solvency II, managing agents should take into account all expenses that would be incurred in servicing existing policies to final run-off and consists of allocated costs which are directly assignable to a claim as well as unallocated costs. Unallocated costs would include a share of the relevant overhead expenses e.g. professional fees, investment management fees, IT costs, and other administration expenses not conventionally included under UK GAAP. This share should be assessed on the basis that the syndicate continues writing new business. It is expected that expense provisions will be higher under Solvency II; as such a negative adjustment would be expected. Acquisition costs are excluded as they are reported within

future premium. ULAE on premium provision should be excluded from this line as they are included within line 8 for incepted business and line 9 for unaccepted business.

Events not in data (ENIDs) (line 11)

Technical provisions under UK GAAP only make allowance for items that are implicitly included within the data or are 'reasonably foreseeable'. Added to this would be a margin for prudence where an additional loading is required. This is eliminated on line 4 (see above). Under Solvency II, technical provisions consist of a probability weighted average of all possible outcomes which takes account of all uncertainties. This will include latent claims or very extreme high severity, low probability claims which are similarly considered as being over and above the parameters of the best estimate cash flow as an additional loading. Such items are known as ENIDs and adjustment will need to be made to identify their inclusion in Solvency II technical provisions. This will lead to an increase in technical provisions and must be reported on this line as a negative adjustment.

Discounting (line 12)

The net discounting applied to the Solvency II best estimate must be reported here. This will be a positive adjustment. The discount rates applied should be as provided by EIOPA as at the valuation date.

Risk margin (line 13)

The explicit risk margin which is calculated for Solvency II technical provisions must be shown here as a negative adjustment. The total risk margin for all years of account (line 13, 'total' column) must agree to QSR002, lines 55+59+63+67, column C.

Change in profit commission provision (line 14)

For Solvency II, managing agents should calculate 'notional' profit commission based on the Solvency II result. The difference between the UK GAAP profit commission and the 'notional' Solvency II profit commission should be reported here. This will be a negative item if the profit commission increases, otherwise a positive adjustment.

The 'notional' Solvency II profit commission is only calculated for a reporting year of account which is naturally open or in run-off at the reporting date. Where the reporting year is closing, there is no adjustment made to the provision made for profit commission on a UK GAAP basis. This is because the net impact on any Solvency II valuation differences for the closing year is transferred to the reinsuring year (see below), as the distribution to members in respect of a closing year shall be based solely on the UK GAAP per QMA.

Therefore nothing is entered on line 14 in respect of a year closing at the reporting date. The 'notional' Solvency II profit commission in respect of the syndicate year of account accepting the RITC should reflect the impact of the Solvency II valuation differences in respect of the RITC being assumed.

Where Solvency II adjustments are negative (i.e. reduces members' balance), negative notional profit commission may be determined but only to the extent of the already booked positive UK GAAP profit commission. Therefore, cumulative notional Solvency II profit commission reflected in the Solvency II balance sheet (QSR002) should not be negative. In the event that there are no entries on this line or the Solvency II adjustment is not in line with the Solvency II change in result, Lloyd's will require an explanation on QSR990.

Transfer of Solvency II valuation difference to reinsuring syndicate year (line 15)

Where the reporting year of account is closing as at the reporting date, then the UK GAAP balance per QMA shall be used for distribution purposes, without exception, and the impact of any underlying Solvency II valuation differences on the liabilities being transferred by RITC should be assumed by the reinsuring syndicate year.

Therefore, for the closing year, the net impact of any valuation differences for Solvency II reported in lines 2 to 13 (as above there will be no entry on line 14 for the closing year) and Line 16 must be reversed out as a single net adjustment on line 15. In such a case, line 17 must be zero and line 18 must equal line 1.

For the reinsuring year of the same syndicate, the reverse of the entry made in line 15 for the closing year shall be made, which will thus reflect the Solvency II valuation adjustments in respect of the reinsured year. Hence line 15, 'total' column will be nil.

Where the syndicate year has closed into another syndicate, whether managed by the same or another managing agent, the reverse of the entry made in line 15 for the closing syndicate year shall be reported in the QSR210 of the reinsuring syndicate year. In addition, details of the reinsuring/ceding syndicate and YOA should be provided in the QSR990 of both the reinsuring and ceding syndicate.

Note that for the QSR as at any date other than 31 December, we would not be expecting any amount to be reported within this line.

Other adjustments (line 16)

The sum of any other adjustments must be reported here. Where the total of "other" adjustments is more than £1m, individual adjustments making up the amount must be separately listed in the analysis table with clear descriptions provided. Where a loading is being included due to the earned margin test or the profit in unearned premium test these should be communicated within QSR 990 as well as in the analysis table.

Where a loading has been applied for the restriction of line 4 of QSR 210 (Elimination of margin for prudence within earned claims provisions and RI bad debt) or restriction of profit in unearned premium based on lines 19/20 of QSR 210 the adjustment can be included as part of line 16 of the QSR 210 (Other Adjustments). A corresponding entry should be included on the QSR 002 so that the members balances reconcile and can be included within line 87 (Any other liabilities, not elsewhere shown). Where this approach is being used please provide appropriate commentary.

The preferred format is for an adjustment to be made to line 4 or line 8 of the QSR 210 rather than line 16

Total adjustments (line 17)

This is the sum of lines 2 to 16 and the amount must agree to QSR002 line 90 column B for the respective reporting year. Where the year is closing at the reporting date, the entry in line 17 must be zero.

Solvency II members' balance (line 18)

This is the sum of lines 1 and 17 and the amount must agree to QSR002 line 90 column C for the respective reporting year.

Unearned incepted ultimate premium (Line 19)

This line is only required at Q2 and annual submissions.

The total unearned incepted premium must be reported here. It should be net of RI and should be considered as the ultimate equivalent to the entry for line 5 which only contains the portion related to future premiums. This should be a positive entry.

The unearned incepted loss ratio that will be derived in conjunction with Line 20 (-Line 20 divided by Line 19) must not be greater than that corresponding to the value identified by the Signing Actuary in the SAO template and report (or formal letter). We expect a consistent premium basis (i.e. Net-Gross or Net-Net with consistent assessment of DAC) as reported by the Signing Actuary, although it is not necessarily the case that the ultimate premium identified would be the same.

At the end of June, the same test will be used assuming the same profitability of unearned premiums as at year end but on an aggregate basis across all reporting years.

Any adjustment can be made in Other Adjustment (Line 16) and will have to flow into the balance sheet QSR002 with corresponding entry in any other liabilities, not elsewhere shown (Line 87) and will also have to flow into any other relevant forms such as the QSR240. This will be treated as an adjustment for capital setting purposes. Where an adjustment is made, commentary should be included on QSR990 and commented on in the QSR 210 analysis table. For the avoidance of doubt an offset cannot be applied between any surplus in the earned and unearned margins when deriving the solvency load. If an adjustment is not made in Line 16 a comment should be included in the QSR990 with the amount of capital load expected.

- Subject to the managing agent being satisfied that the level of profit is still appropriate as at 30 June (i.e. there has not been a change in reinsurance programme or deterioration in expected unearned loss ratios) then a profit percentage up to the maximum of that stated in the SAO template can be claimed for capital setting.
- A larger percentage profit can only be claimed if there has been a change in the mix of business included within the unearned premium but the class level loss ratio assumptions being applied to the unearned premium are unchanged, or if supported by explicit work/statements made by the Signing Actuary at the half-year. Comments should be included within the QSR990. Where new classes of business are being written that have not had an SAO review at year-end an SAO will not be required but clear commentary on the profit in unearned premium not including the new business against the SAO should be included within the QSR990 comments.
- In exceptional circumstances, Lloyd's may review additional work by the managing agent (i.e. not the Signing Actuary) to support a higher profit. For the avoidance of doubt, if the justification offered for a higher profit is a difference in view of unearned loss ratios between the syndicate and Signing Actuary, this will be disallowed.

Unearned incepted ultimate claims (Line 20)

[This line is only required at Q2 and annual submissions.](#)

The total unearned incepted claims must be reported here. That includes ALAE, ULAE and bad debt provision and should be considered as exclusively the claims portion of line 8 which reports all future costs. This should be a negative entry. Explanations for any difference between Line 8 and Line 20 must be included within the QSR990 comments.

This entry will be used in conjunction with line 19 to produce the profit in unearned premium to compare with the SAO template as described in the Guidance for Line 19.

This is expected to be estimated on a consistent basis to the Signing Actuary but does not have to be the same amount. [The amount is expected to be negative.](#)

3.7 QSR220: Own Funds (S.23.01.01)

Purpose of form: *This form provides a detailed overview of the syndicate's own funds.*

This form is required for all reporting years combined.

The syndicate should report funds in syndicate (FIS) on this form but funds at Lloyd's (FAL) should be excluded. All items of own funds should be reported in Tier 1. If the managing agent considers that this is not appropriate, it should contact Lloyd's.

Line 1 – Members' contributions (R0040, C0020): This is the amount of capital contributed by and held by syndicates. Only FIS should be reported on this line. FIS is Tier 1 (unrestricted), hence we would expect that only B1 is completed.

Line 2 – Reconciliation reserve (R0130): The reconciliation reserve represents reserves (e.g. retained earnings), net of adjustments (e.g. foreseeable distributions). It also reconciles differences between the accounting valuation and Solvency II valuation. In the case of syndicates, the value on this line will equal members' balances, less foreseeable distributions and FIS (if applicable).

Line 3 – Other items approved by supervisory authority as basic own funds not specified above (R0180): This is the total of any items of basic own funds not identified above. We don't expect syndicates to have any amount reported within this line.

Line 5 – Total available own funds to meet the SCR (R0500): This is the total own funds of the syndicate, comprising basic own funds after adjustments plus ancillary own funds, that are available to meet the SCR. In the case of syndicates, this is the total amount of basic own funds.

Line 6 – Total available own funds to meet the MCR (R0510): This is the total own funds of the syndicate, comprising basic own funds, that are available to meet the MCR.

Line 7 – Total eligible own funds to meet the SCR (R0540): At least 50% of the SCR should be covered by Tier 1 own funds and a maximum of 15% may be covered by Tier 3. Also, restricted Tier 1 eligible funds to cover SCR cannot be more than 20% of the total Tier 1 funds used to cover SCR. The balance of the restricted Tier 1 funds may be included as Tier 2 funds. Lloyd's expect that all syndicates' own funds would fall under unrestricted Tier 1 funds.

Line 8 – Total eligible own funds to meet the MCR (R0550): At least 80% of the MCR should be covered by Tier 1 eligible own funds with the balance being covered by Tier 2 basic own funds.

Line 9 – Solvency Capital Requirement (SCR) (R0580): This is the total SCR of the syndicate and should correspond to SCR amount reported in QSR510, line 19 for non-life syndicates and QSR511, line 8 for life syndicates.

The SCR to be reported should be the agreed one year SCR amount, including any relevant one year capital add-ons (loadings / adjustments). This is the one year SCR agreed by Lloyd's Capital and Planning Group (CPG).

For Q1 2020 QSR reporting, the SCR figure should be the 2020 agreed one year SCR, including capital add-ons (loadings / adjustments). For subsequent reporting in Q2 and Q3 2020, the 2020 agreed one year SCR, including capital add-ons (loadings / adjustments) should still be provided or a subsequent updated 2020 SCR, including capital add-ons (loadings / adjustments) if this has been agreed with Lloyd's CPG.

Line 10 – Minimum Capital Requirement (MCR) (R0600): This is the MCR of the syndicate and should correspond to the total MCR disclosed in QSR510, A24 or QSR511, A13 for non-life and life syndicates respectively.

Line 13 – Excess of assets over liabilities (R0700, C0060): This amount should agree to the excess of assets over liabilities amount reported in QSR002, C89 (R1000,C0010).

Line 14 – Foreseeable distributions (R0720, C0060): The equivalent line in EIOPA's specification defines this as 'these are the dividends, distributions and charges foreseeable by the undertaking'. For this purpose, this is the net amount expected by the managing agent to be distributed to or called from members supporting the syndicate over the next 12 months following the balance sheet date in respect of the result recognised as at the balance sheet date across all reporting years of account. However, if the net amount calculated for foreseeable distributions is negative, please enter zero.

Line 15 – Other basic own fund items (R0730, C0060): This is the sum of “members’ contributions (Funds in syndicate – FIS) (line 1)” and “other items approved by supervisory authority as basic own funds not specified above (line 3)”.

Line 16 – Restricted own fund items due to ring fencing (R0740, C0060): This line should be nil.

Line 18 & 19 – Expected profits included in future premium (EPIFP) – Life (R0770, C0060)/non-life (R0780, C0060): These are the expected profits included in future premiums and that are recognised in technical provisions. Only one line is **expected** to be completed i.e. either line 18 or line 19 for life and non-life respectively. **However, where a non-life syndicate has annuities stemming from non-life insurance contracts, line 18 should also be completed with EPIFP from these insurance contracts.**

The following is the definition of EPIFP split between incepted and un-incepted business:

- **For incepted business:** take the future premium relating to incepted business and subtract the anticipated claims and expenses, related to this future premium only. These anticipated claims are not the same as the incepted insurance losses since these insurance losses include anticipated losses in respect of premiums already received. Expenses should be treated similarly.
- **For un-incepted business:** on the assumption that no premiums have been received for un-incepted business, simply take the un-incepted premium within the premium provisions and subtract the un-incepted claims and expenses within the premium provisions.

The calculation of EPIFP is to be reported:

- Net of taxation payments which are, or expected to be, charged to policy holders or are required to settle the insurance or reinsurance obligations;
- Gross of taxation payments of the insurance undertaking;
- Gross of reinsurance, as the best estimate is to be calculated gross, and the EPIFP in the reconciliation reserve is based on the best estimate.

The technical provisions used for calculating EPIFP should not include the risk margin.

All the amounts should be determined on a Solvency II basis.

3.8 QSR240: Non-life Technical Provisions (By line of business – Part A) (S.17.01.02)

Purpose of form: *This form reports an overview of the non-life technical provisions by Solvency II line of business and split into main components; best estimate (gross and net), reinsurance recoverable, claims/premiums provisions and risk margin.*

This form is required for all reporting years combined.

The technical provisions should be valued in accordance with Lloyd’s Solvency II guidance titled “Lloyds Solvency II Technical Provisions Guidance Nov 2019”. These instructions can be accessed through the following link: [Lloyds Solvency II Technical Provisions Guidance Nov 2019](#).

Technical provisions calculated as whole (R0010, R0290, R0320): This is the amount of technical provisions in the case of replicable or hedgeable (re)insurance obligations, as defined in Article 77.4 of the Framework Directive. The best estimate and risk margin are calculated together where future cash flows associated with the (re)insurance obligations can be replicated reliably using financial instruments for which a reliable market value is observable. In this case, the value of technical provisions should be determined on the basis of the market value of those financial instruments. Lloyd’s does not expect syndicates to calculate technical provisions as a whole, however, where a syndicate has transferred its liabilities to another syndicate through RITC and the technical provisions transferred cannot be split into best estimate and risk margin, the price payable can be considered to be the market price of the technical provisions and hence

Field Code Changed

Field Code Changed

should be reported within “technical provisions calculated as a whole”.

The valuation of the best estimate should be calculated separately in respect of premium provisions and claims provisions.

Classification of business as direct business should be based on the insured i.e. insurance contracts issued to policyholder either directly by the syndicate or through an intermediary should be classified as “direct” business.

This form requires reporting of technical provisions by Solvency II lines of business. Agents also submit similar information by risk codes, via the Technical Provisions Data return (TPD). To assist in the completion of this form, there is already an existing mapping between risk codes and Solvency II lines of business that was provided as part of the TPD reporting. This may be accessed via the following link: [Risk code mapping to Solvency II class of business.](#)

Field Code Changed

Cross form validations with QSR 002: The amounts reported in this form should agree to the amount reported in the balance sheet as follows:

(i) Total technical provisions must agree with QSR 002 column C as below:

Item	QSR240 Col Q	QSR002 Col C
TPs calculated as a whole	Line 1 + 12	Line 53 + 57
Best estimate	Line 9 + 13	Line 54 + 58
Risk margin	Line 11 + 14	Line 55 + 59
Gross technical provisions	Line 15	Line 56 + 60
Reinsurance recoverable	Line 16	Line 38

~~(i) Total technical provisions calculated as a whole (Q1 – R0010, C0180) should be equal to QSR002 (C53 – R0530, C0010 + C57 – R0570, C0010)~~

~~Specifically, technical provisions which are assigned to the following columns A to C and M in QSR240, must be reported as 'health (similar to non-life)' on QSR002 column C:-~~

~~Column A Medical expenses~~

Item	QSR240 Cols A+B+C+M	QSR002 Col C
TPs calculated as a whole	Line 1 + 12	Line 57
Best estimate	Line 9 + 13	Line 58
Risk margin	Line 11 + 14	Line 59
Reinsurance recoverable	Line 16	Line 37

~~(iii) All other technical provision items on QSR240, i.e. for columns D to L and N to O and P, in aggregate must be reported as 'non-life excluding health' on allocated to the equivalent lines on QSR002 Col C, for non-life excluding health.~~

Item	QSR240 Cols D to L + N to P	QSR002 Col C
TPs calculated as a whole	Line 1 + 12	Line 53
Best estimate	Line 9 + 13	Line 54
Risk margin	Line 11 + 14	Line 55
Reinsurance recoverable	Line 16	Line 36

Risk margin: If best estimate is greater than zero then corresponding risk margin should also be greater than zero. Otherwise if best estimate is nil, corresponding risk margin ~~must also should~~ be nil.

3.9 QSR280: Life Technical Provisions (S.12.01.02)

Purpose of form: This form reports an overview of life technical provisions (TP) by Solvency II line of business.

This form is required for all reporting years combined. The form should be completed by life syndicates, however non-life syndicates with annuities arising from non-life insurance contracts other health insurance should complete the form. Where applicable, the non-life syndicates should complete column H only, “annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations” and the life syndicates should complete all other relevant columns/lines of business.

The segmentation required on this form should reflect the nature of the risks underlying the contract (substance), rather than the legal form of the contract (form).

This form requires reporting of technical provisions by Solvency II lines of business. Syndicates have already been submitting similar information by risk codes, via the Technical Provisions Data return (TPD). To assist in the completion of this form, there is already an existing mapping between risk codes and Solvency II lines of business that was provided as part of the TPD reporting. This may be accessed via the following link: [Risk code mapping to Solvency II class of business](#)

Field Code Changed

Cash flows (out and in): These are discounted cash flows.

Future expenses and other cash out- flows: As per Article 78(1) of the Directive, these are expenses that will be incurred in servicing insurance and reinsurance obligations, and other cash-flow items such as taxation payments which are, or are expected to be, charged to policyholders, or are required to settle the insurance or reinsurance obligations.

Future premiums: These are cash-flows from future premiums and include premiums from accepted reinsurance business (gross of acquisition costs).

Other cash in-flows: This does not include investment returns, which are not other cash-in flows for best estimate calculation purposes.

Cross form validations with QSR 002: The amounts reported in this form should be less than or equal agree to that reported in the balance sheet as follows:

Item	QSR280 Col F	QSR002 Col C
TPs calculated as a whole	Line 1 + 7	Line 65
Best estimate	Line 3 + 8	Line 66
Risk margin	Line 6 + 9	Line 67
Reinsurance recoverable	Line 2 + 4	Line 40

Risk margin: Additional validations have been implemented where if gross estimate is greater than zero, corresponding risk margin must also be greater than zero. Otherwise if gross estimate is nil, corresponding risk margin must is-also be nil.

3.10 QSR283: Health SLT Technical Provisions (S.12.01.02)

Purpose of form: This form reports an overview of health SLT technical provisions (TP) by Solvency II line of business.

This form is required for all reporting years combined. The form should be completed by life syndicates, however non-life syndicates with annuities arising from non-life insurance contracts relating to health insurance should also complete this form. Where applicable, the non-life syndicates should complete column E only, “annuities stemming from non-life insurance contracts and relating to health insurance obligations” and the life syndicates should complete all other relevant columns/lines of business.

SLT means: Similar to life techniques.

The segmentation required on this form should reflect the nature of the risks underlying the contract (substance), rather than the legal form of the contract (form).

Cross form validations with QSR 002: The amounts reported in this form should agree to that reported in the balance sheet as follows:

Item	QSR283 Col F	QSR002 Col C
TPs calculated as a whole	Line 1 + 7	Line 61
Best estimate	Line 3 + 8	Line 62
Risk margin	Line 6 + 9	Line 63
Reinsurance recoverable	Line 2 + 4	Line 39

~~Total technical provisions calculated as a whole (F1—R0010, C0210) should be equal to QSR002, C61 (R0620, C0010)~~

Risk margins: Additional validations have been implemented where if gross estimate is greater than zero, corresponding risk margin must also be greater than zero. Otherwise if gross estimate is nil, corresponding risk margin ~~must is~~ also ~~be~~ nil.

3.11 QSR291: Lapses (life business only)

Purpose of form: This form provides details of lapsed and surrendered life business contracts during the period compared with those in place at the beginning of the period. This data is collected for the purpose of Lloyd's Financial Stability Reporting requirements to the PRA.

This form is required for all reporting years combined. This form is to be completed by life syndicates.

Line 1A – Number of life contracts (policies, not IFRS4 contracts) fully or partially lapsed or surrendered during the reporting period

Line 1B – Number of life contracts at the beginning of the period

Line 1C – Ratio of 1A/1B, calculated by the CMR software

Line 2A – Volume (the amount of technical provisions) of life contracts fully or partially lapsed or surrendered during the reporting period

Line 2B – Volume of life contracts at the beginning of the period

Line 2C – Ratio of 2A/2B, calculated by the CMR software

3.12 QSR292: Life Obligation Analysis (EIOPA ref: S.14.01.10)

Purpose of form: This form analyses information on homogenous risk groups. **This form is only required at Q4 for the purpose of Lloyd's annual Financial Stability Reporting requirements to the PRA.**

This form is required for all reporting years combined and should be completed by both non-life and life syndicates.

The form includes information about life insurance contracts (direct business and accepted reinsurance) as well as annuities stemming from non-life contracts.

All insurance contracts shall be reported even if classified as investments contracts on an accounting basis. In case of products unbundled, the different parts of the product should be reported in different lines, using different ID codes.

Data shall be reported by Homogeneous Risk Group.

HRG code: Homogenous Risk Group Internal ID code used by the syndicate for each Homogeneous Risk Group. See definition in Article 80 of Directive 2009/138/EC. The ID code shall be consistent over time.

Best Estimate and technical provisions as a whole: Amount of gross best estimate and technical provisions as a whole calculated by Homogeneous Risk Group.

Annualised guaranteed rate (over average duration of guarantee): This is the average guaranteed rate to the policyholder over the remaining life time of the contract expressed as a percentage. This is only applicable where a guaranteed rate is provided in the contract. It is not applicable for unit linked contracts. The data entry for this cell should be expressed as a percentage as opposed to a factor, eg 7.25% would be entered as 7.25.

3.13 QSR293: Duration of technical provisions (EIOPA ref: S.38.01.10)

Purpose of form: *This form analyses information on duration of technical provisions. This form is only required at Q4 for the purpose of Lloyd's annual Financial Stability Reporting requirements to the PRA.*

This form is required for all reporting years combined and should be completed by both non-life and life syndicates.

Duration of technical provisions, Life excluding unit-linked: Macaulay duration (the weighted average maturity of cash flows) of technical provisions, life business excluding unit-linked products without investment guarantees. This item is to be completed by life syndicates.

Duration of technical provisions, Non-Life: Macaulay duration of technical provisions (the weighted average maturity of cash flows) for non-life business. This item is to be completed by non-life syndicates.

3.14 QSR440: Premiums, claims and expenses (by line of business) (S.05.01.02)

Purpose of form: *This form reports written premiums, premiums earned, claims and expenses incurred by Solvency II lines of business.*

This form is required for all reporting years combined.

This template shall be reported from an accounting perspective, i.e. UK GAAP but using Solvency II lines of business. Undertakings shall use the recognition and valuation basis as for the published financial statements, no new recognition or re-valuation is required, except for the classification between investment contracts and insurance contracts when this is applicable in the financial statements. This template shall include all insurance business regardless of the possible different classification between investment contracts and insurance contracts applicable in the financial statements.

This form is completed on a year-to-date basis i.e. from 1 January to the reporting date.

Classification of business as direct business should be based on the insured i.e. insurance contracts issued to policyholders either directly by the syndicate or through an intermediary should be classified as "direct" business.

Premiums written (R0110, R0120, R0130, R0140, R0200): Premiums written comprise all premiums receivable for the period under cover provided by the contracts entered into and incepting during the reporting period, regardless of whether these are wholly due for payment in the reporting period. This should also include any adjustments arising in the reporting period to such premiums receivable in respect of business written in prior reporting periods. These are to be reported gross of acquisition costs.

Additional warning validations have been implemented between QSR440 and QSR240. If net premiums written is not greater than or equal to zero, an amount is expected to be reported on QSR240 technical

provisions.

Claims incurred (R0310, R0320, R0330, R0340, R0400): Claims incurred in the reporting period as defined in Directive 91/674/EEC where applicable: the claims incurred means the sum of the claims paid and the change in the provision for claims during the reporting period related to insurance contracts arising from relevant line of business. This shall exclude claims management expenses and the movement in provisions in claims management expenses.

Changes in other technical provisions (R0410, R0420, R0430, R0440, R0500): Changes in other technical provisions as defined in Directive 91/674/EEC where applicable. **Nothing is expected to be reported on this line.**

Expenses incurred (R0550): All technical expenses, including claims management expenses, incurred by the syndicate during the reporting period, on accrual basis.

Other expenses (R1200): Other expenses not covered by above mentioned expenses and not split by lines of business. It should not include non-technical expenses such as tax, interest expenses, losses on disposals. This cell is an analysis cell. All material amounts included in this cell must be separately listed in the analysis table (see section 2.9 'analysis cells' above for details of materiality).

~~Additional warning validations have been implemented between QSR440 and QSR240. If net premiums written is greater than or equal to zero, an amount is expected to be reported on QSR240 technical provisions.~~

3.15 QSR450: Life premiums, claims and expenses (by line of business) (S.05.01.02)

Purpose of form: *This form reports written premiums, premiums earned, claims and expenses incurred by Solvency II lines of business.*

This form is required for all reporting years combined.

This template shall be reported from an accounting perspective, i.e. UK GAAP but using Solvency II lines of business. Undertakings shall use the recognition and valuation basis as for the published financial statements, no new recognition or re-valuation is required.

This form is completed on a year-to-date basis i.e. from 1 January to the reporting date.

This is a life form, however this is also applicable for those non-life syndicates with annuities stemming from non-life insurance contracts. In the case of non-life syndicates with annuities stemming from non-life contracts, only the two annuities columns will require to be completed i.e. annuities stemming from non-life insurance contracts and relating to health insurance obligations and annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations.

The line requirements are the same as those on QSR440, hence refer above for definitions of the terms.

Additional warning validations have been implemented between QSR450 and QSR280/283. If net premiums written is ~~not greater than or~~ equal to zero, an amount is expected to be reported on relevant fields of QSR280/283 technical provisions.

3.16 QSR510: Minimum Capital Requirement – Non-life (S.28.01.01)

Purpose of form: *This form provides details of the input and output of the minimum capital requirement (MCR) calculation.*

This form is required for all reporting years combined.

The calculation of the MCR combines a linear formula with a floor of 25% and a cap of 45% of the SCR. The MCR is subject to an absolute floor, expressed in euro, depending on the nature of the undertaking (as defined in Article 129 (1) (d) of the Directive 2009/138/EC).

The written premiums should be for the preceding 12 months to the reporting date e.g. as at 31 December 20XX this would be from 1 January 20XX to 31 December 20XX and should be net of reinsurance premiums ceded which corresponds to these premiums.

The definition for written premium (Article 1(11) of Delegated Regulation (EU) 2015/35) is as follows: 'in relation to a specified time period, the premiums due to an insurance or reinsurance undertaking during that time period regardless of the fact that such premiums may relate in whole or in part to insurance or reinsurance cover provided in a different time period'.

The above definition is not GAAP but rather on the basis of Solvency II valuation (cash flow basis).

Hence if bound but not incepted contracts (BBNI) are due during the period under consideration, then these should be considered as written premium, for example:

	Total Premium (£m)	Due before 202019 (£m)	Due in 202019 (£m)	Due after 202019 (£m)
202019 YoA (Incepted by 202019 year-end)	35	10	20	5
202019 YoA (Unincepted by 202019 year-end)	75	-	50	25
20219 YoA (Unincepted by 202019 year-end)	15	-	10	5
Total	125	10	80	35

In this example, the written premium for the year ended 31 December 202019 on a UK GAAP basis would be £35m (the top left most cell); this would include £10m for premium for 202019 YoA (unincepted by 20198 year-end) but due in 20198. The written premium on a Solvency II basis for the same period is only the amounts due to be received (whether received or not) in the 202019 calendar year and this would be £80m. This has a floor equal to zero by line of business – i.e. if the written premium for the period for a particular line of business is negative, then zero should be reported for that line of business.

The technical provisions should be net of reinsurance recoverables and should be without the risk margin (i.e. sum of the net best estimate and technical provisions calculated as a whole should be used) and after deduction of the amounts recoverable from reinsurance contracts and SPVs. Again, this has a floor equal to zero by line of business - i.e. if the technical provisions for a particular line of business are negative, then zero should be reported for that line of business.

Line 19 – SCR (R0310, C0070): This should agree to the SCR amount reported in QSR220, A9.

Lines 20 & 21 – MCR cap (R0320, C0070) and floor (R0330, C0070): MCR should fall between 25% (floor) and 45% (cap) of the syndicate's SCR as reported on line 19.

Line 23 – Absolute floor of the MCR (R0350, C0070): MCR reported shall have an absolute floor of:

- (i) EUR 2,500,000 for non-life insurance undertakings, including captive insurance undertakings, except in the case where all or some of the risks included in one of the classes 10 to 15 listed in Part A of Annex 1 of the Solvency II Directive (2009/138/EC) are covered, in which case it shall be no less than EUR 3,700,000. EUR 3,700,000 for life insurance undertakings, including captive insurance undertakings

(ii) EUR 3,600,000 for reinsurance undertakings, except in the case of captive reinsurance undertakings, in which case the MCR shall be no less than EUR 1,200,000.

We would expect that most non-life syndicates will be writing at least one of the classes 10-15 and hence the expected absolute floor to be reported within line 23 would be EUR 3,700,000. The amount should be translated to GBP using the closing rate at the end of the period.

Additional validations have been added between QSR510 and QSR440. Where field Net (of reinsurance) Written premiums in the last 12 months has been reported for a LOB, it should be greater than or equal to corresponding LOB reported on QSR440 for net written premiums (line 5).

3.17 QSR511: Minimum Capital Requirement – Life (S.28.01.01)

Purpose of form: This form provides details of the input and output of the minimum capital requirement (MCR) calculation.

This form is required for all reporting years combined.

The technical provisions should be net of reinsurance recoverables and should be without the risk margin (i.e. sum of the net best estimate and technical provisions calculated as a whole should be used) and after deduction of the amounts recoverable from reinsurance contracts and SPVs. This has a floor equal to zero by line of business - i.e. if the technical provisions for a particular line of business are negative, then zero should be reported for that line of business.

The non-life syndicates with annuities arising from non-life insurance contracts should also report on this form the MCR arising from these contracts. Hence, relevant amounts should be reported within lines 4 and 5.

Syndicates are not expected to be writing with profit and unit linked insurance contracts, hence lines 1 to 3 should be zero.

Line 5 - Total Capital at risk for all life (re)insurance obligations (R0250, C0060) - Net (of reinsurance/SPV) total capital at risk: These are the total capital at risk, being the sum in relation to all contracts that give rise to life insurance or reinsurance obligations of the capital at risk of the contracts.

Line 8 – SCR (R0310, C0070): This should agree to the SCR amount reported in QSR220, A9 (R0580, C0010).

Lines 9 & 10 – MCR cap (R0320, C0070) and floor (R0330, C0070): MCR should fall between 25% (floor) and 45% (cap) of the syndicate's SCR as reported on line 8.

Line 23 – Absolute floor of the MCR (R0350, C0070): MCR reported shall have an absolute floor of:

(iii) EUR 2,500,000 for non-life insurance undertakings, including captive insurance undertakings, except in the case where all or some of the risks included in one of the classes 10 to 15 listed in Part A of Annex 1 of the Solvency II Directive (2009/138/EC) are covered, in which case it shall be no less than EUR 3,700,000.

(iv) EUR 3,700,000 for life insurance undertakings, including captive insurance undertakings

(v) EUR 3,600,000 for reinsurance undertakings, except in the case of captive reinsurance undertakings, in which case the MCR shall be no less than EUR 1,200,000.

We would expect that life syndicates would report the absolute floor of the MCR (line 12) as EUR 3,700,000 but translated to GBP using the closing rate at the end of the period.

3.18 QSR923: Cash Transfer Statement

Purpose of form: This form provides a detailed overview of Cash Transfer Statement. This form is only required at Q4

The Cash Transfer Statement must be completed in accordance with the instructions below.

Basis of completion

All syndicates with an open reporting year (naturally open or run-off) must use the QSR923 to report the open year transfers.

Open year profit transfers are at the discretion of the managing agent. Any transfers will be subject to the managing agent's sign-off that they have no liquidity or other concerns such as, for example, fundamental uncertainty regarding the ultimate outcome of the open year of account.

In making the decision to transfer monies from syndicate PTFs, managing agents will be exercising powers conferred on them by clause 14(b) (iv) of the PTD, clause 14(a) (ii) of the Lloyd's American Instrument and Article 4.1(D) of the LATD to direct the managing agent's trustees or the managing agent's dollar trustees to transfer funds from the syndicate PTFs and/or LDTFs and/or LATFs.

An agent must therefore act prudently and should ensure that it retains sufficient assets to cover its reasonable estimate of the liabilities. It should therefore be reasonably satisfied in making its decision that the retained assets will allow it to meet all liabilities as they are expected to fall due. In addition, by approving the cash transfer managing agents are providing a negative assurance that no material adverse development has occurred since the 31 December year end.

Completing the form

For the avoidance of doubt, if a syndicate is making an open year cash transfer, then the tick box "Confirmation of Open Year Profit Release" on the QSR923 for the year of account should be "ticked" and resulting validations on the form adhered to.

Where a managing agent proposes to make a transfer it must:

- (i) Prepare cash flow projections for the business of the syndicate in order to satisfy itself that the transfer of syndicate funds will not cause cash flow difficulties in the future;
- (ii) Complete and return QSR923 within the QSR;
- (iii) Use the balance sheet rate of exchange for US Dollars in order to calculate the sterling equivalent of any cash transfer to be effected in US dollars.

Any cash* to be transferred from syndicate PTFs (Sterling, LDTF and, for life syndicates only, LATF) will be included for payment via Central Accounting Settlement on the same date as the closed year results are collected (*excluding where the members participate in accelerated profit distribution).

Managing agents should ensure that any open year profits transferred are in accordance with the profits in the underlying currency. Agents should not remit funds directly but ensure that their Central Settlement Accounts have sufficient funds to support settlement on the relevant date.

Impact of QSR002

The maximum available for transfer is the lower of the QSR002 (Solvency II Balance Sheet) column A or C line 90 for the relevant reporting year of account.

Agents must submit a hard copy QSR923 with the other hard copy reports relating to the QSR.

Lloyd's American Trust Fund (LATF) (Life syndicates only)

Transfers from open years will also be permitted from the LATF. Transfers from the LATF will be available for release into members' personal reserve fund (PRF) accounts to meet non LATF liabilities once the member is LATF solvent across all syndicate participations. The LATF solvency exercise is conducted centrally by [Market Finance](#) [Central Finance](#) and Market Services. Where members are not LATF solvent, Market Services will retain any LATF balances in separate member level LATF accounts.

Transfers from the LATF cannot exceed any surplus reported on QMA250 line 28. Any LATF profits (either via DD File results or open year transfers) available for release are dependent upon completion of the LATF Solvency Test.

Approval

This form is to be signed by the agent's Compliance Officer and one Director for each reporting year where an entry is made on any of lines 4, 6 and 7 inclusive and is to be submitted to Lloyd's as part of the hard copy return. Hardcopies of all QSR923s are required, even where no transfer is to be made. This will avoid the need for us to contact any syndicates that report an open year solvency surplus but leave QSR923 blank, to check that this is the intention rather than an oversight. A nil return does not require board approval, the signature of one director or compliance officer will be sufficient.

Section 4: form instructions for Quarterly Asset Data (QAD)

4.1 QAD010: Control page

Purpose of form: This form collects/confirms basic information regarding the syndicate, including the syndicate number and managing agent.

When you set up a return, you are required to enter a person as the contact for the return. Any queries on the return will be addressed to this person together with the person who clicks the action "sign off" prior to submission of the return.

Each syndicate will have a return Administrator. The Administrator is responsible for adding/amending contact details for the return. Please ensure that all contact details are correct. Details can be updated via the 'Admin' link on the Core Market Returns menu.

We do recognise, however, that persons signing off the return may not necessarily be those to whom queries should be sent to. If this is the case, please email [Market-FinanceCentral.Finance via Lloyds-SolvencyReturns@lloyds.com](mailto:Market-FinanceCentral.Finance@Lloyds-SolvencyReturns@lloyds.com), with details of an alternative contact that will be included on the queries distribution list relating to the syndicate.

Due to the volume of data being reported in the Quarterly Asset Data (QAD), this return is asynchronous. Hence syndicates will not be able to view the forms as they appear on the specifications, but will get playback summaries (QSD230s, QAD233s, QAD234s and QAD236s) of the information loaded into CMR.

4.2 QAD230: List of assets (Investment Data – Portfolio List) (S.06.02.01)

Purpose of form: This form should reflect the list of all assets directly held by the syndicate (i.e. not on a look-through basis) and included in the balance sheet classifiable as asset categories 0 to 9 (i.e. CIC##0# to CIC##9#).

This form is required for all years combined.

QSR002 balance sheet and QAD230 detailed asset listing must agree by asset category

For each syndicate level return, it is **essential** in the case of each category of asset reported on QSR002, that the amount reported on QSR002 column C agrees **exactly** with the total for the relevant category of asset reported on QAD230 as identified by CIC code on that form, by reference to the allocation of CIC codes as set out in the instructions for QSR002. The playback summary QAD230s, which is the summary of QAD230 by each asset category, can be used to reconcile between QSR002 and QAD230 and total Solvency II amount must agree between two forms. The reconciliation must be done at each syndicate level return, not at managing agent level. Agents will be required to resubmit both QSR and QAD where this is not the case.

This template contains an item-by-item list of assets held directly by the syndicate (i.e. not on a look-through basis), classifiable as asset categories 0 to 9. In case of unit-linked and index-linked products managed by the syndicate, the assets to be reported are also only the ones covered by asset categories 0 to 9, e.g. recoverables and liabilities related to these products should not be reported. The following exceptions apply (EIOPA cell references are reflected in Lloyd's QAD form specifications document):

- a) Cash in hand (CIC##71) shall be reported in one line per currency, for each combination of items (EIOPA cell reference: C0060, C0070, C0080 and C0090). Lloyd's do not expect Syndicates to report any significant amount with CIC ##71.
- b) Transferable deposits (cash equivalents) (CIC##72) and other deposits with maturity of less than one year shall be reported in one line per pair of bank and currency, for each combination of items (EIOPA cell reference: C0060, C0070, C0080, C0090 and C0290).
- c) Mortgages and loans (CIC##8#) to individuals, including loans on policies, shall be reported in two lines, one line regarding loans to the administrative, management and supervisory body, for each

combination of items (EIOPA cell reference: C0060, C0070, C0080, C0090 and C0290) and another regarding loans to other natural persons, for each combination of items (C0060, C0070, C0080, C0090 and C0290).

- d) Deposits to cedants (CIC##75) shall be reported in one single line, for each combination of items (EIOPA cell reference: C0060, C0070, C0080 and C0090).
- e) Plant and equipment for the own use (CIC##95) of the syndicate shall be reported in one single line, for each combination of items (EIOPA cell reference: C0060, C0070, C0080 and C0090).
- f) Cash balances collateralising Letters of Credit (LOCs) shall be reported with CIC XT79 in one line per pair of issuing bank and currency, for each combination of items (EIOPA cell reference: C0060, C0070, C0080, C0090 and C0290)

In the case of investment funds, these should be included in this form at a total level and not on a look-through basis, as the look-through is reported on QAD236 i.e. only one line per fund should be reported on this form.

This form will be used for collecting information required for the Lloyd's Internal Model (LIM) as well as for reporting to the PRA. To ensure that adequate information for LIM is available, the original EIOPA template has been tailored to include fields to collect information on funds in syndicate (FIS). The two fields that have been added are market value (Non-FIS) and market value (FIS).

Syndicate loans

~~For the 2019 and 2020 years of account, there is a requirement for syndicates to make loans to the Central Fund (refer to market bulletin Y5236, Y5312 and Y5295 for further details). From Q1 2019 onwards, there is a requirement for syndicates to make loans to the Central Fund (refer to market bulletin Y5236 issued on 20 February 2019 for further details).~~ Lloyd's considers that the loans meet the criteria to be recognisable as an asset under FRS 102 2.27 and meet the conditions to be recognisable as a basic financial instrument under FRS 102 section 11. Syndicates should report these loans as part of assets on their balance sheet, and these loans should be accounted for within "Syndicate loans to the Central Fund" on QMA 201 line 13 (part of financial investments). However, in QMA 002 it is expected that syndicate reclassify the loans into line 1, shares and other variable yield securities.

In order to maintain consistency, for Pillar 3 reporting purposes, the loans should be reported in QSR/ASR 002 line 10 (R0120) "Equities - unlisted" and classified as CIC code XT34 in the QAD/AAD 230.

Consistency of where syndicates report these loans is essential so that Lloyd's can make required eliminations in production of the market financial statements and Pillar 3 returns.

~~All the syndicate loans will be coded in QAD230. Each syndicate loan should be reported separately on the QAD and identified using the appropriate asset ID code and item title.~~

The syndicate loans should be reported in the QAD230. Please use template attached in appendix 5 and update yellow cells according to guidance in instructions/specification, then copy and paste relevant rows into QAD 230 csv.-as set out below:

Funds managed by Lloyd's Treasury & Investment Management (LTIM) (ASL, Overseas Trust Funds and PTF Commingled Funds) will be reported as directly held assets and reported in QAD 230 with reduced look-through information provided by LTIM in QAD236.

Syndicates will receive the LMIF template from LTIM each quarter end containing the asset level data required for QAD230 and QAD236. Syndicates need to input the value of the syndicate's holding within "Syndicate Valuation" on the summary tab and update the exchange rate. The new LMIF template will automatically populate your detailed QAD 230 form. When reporting these investments, please include the corresponding LMIF Fund Code in the "Fund Number" column. Detailed fund numbers and fund names are listed below. If you use LMIF templates for reporting, the fund number should be pre-populated.

Cash Sweep Investment Funds will continue to be reported as investment funds and look-through on QAD236 will be provided on the new LMIF templates.

For queries regarding LMIF data, please email: TreasuryAnalysis@lloyds.com

Fund numbers and fund names

Additional Securities Limited (ASL)

The ASL Lloyd's Asia and ASL Singapore assets are managed together and should therefore be combined in your submission under ASL Singapore (ASLSG0001)

LMIF Fund Number	Investment Fund Name
ASLAU0001	ASL – Australia
ASLBS0001	ASL – Bahamas
ASLBR0001	ASL – Brazil
ASLKY0001	ASL - Cayman Islands
ASLGD0001	ASL – Grenada
ASLCN0001	ASL – China
ASLHK0001	ASL - Hong Kong
ASLNA0001	ASL – Namibia
ASLSG0001	ASL – Singapore
ASLVC0001	ASL - St Vincent & Grenadines
ASLCH0001	ASL – Switzerland
ASLTT0001	ASL – Trinidad

Overseas Securities Trust Funds (OSTF)

LMIF Fund Number	Investment Fund Name
AJATF2001	Australian JATF(2)
ATF000001	Australian Trust Fund
CMF000001	Canadian Margin Fund
ITF000001	Illinois Trust Fund
JATFRE001	JATF Reinsurance
JATFSL001	JATF Surplus Lines
KJATF0001	Kentucky JATF
KTF000001	Kentucky Trust Funds
SATTF0001	South Africa Transitional Fund
SATF00001	South Africa Trust Fund

PTF Commingled Funds

LMIF Fund Number	Investment Fund Name
PTFCA0001	Canadian PTF Commingled Account
LCBACA001	LCBA CAD Commingled Account
LCBAUS001	LCBA USD Commingled Account

Cash Sweep Investment Funds

As these are collective investment schemes these will continue to be reported in same way i.e. one line under CIC XL43 on the QAD 230 and one line under CIC XL39 on the QAD 236 on LMIF templates.

LMIF	Investment Fund Name
FIERACAD1	FIERA Canadian Dollar Short Term Blended Investment Account (RBC Sweep)
FIERAUSD1	FIERA US Dollar Short Term Blended Investment Account (RBC Sweep)
WALF00001	Western Asset (US Dollar) Liquidity Fund (WALF) previously Citi Institutional Liquidity Fund (CILF)
WAIGR0001	Western Asset Institutional Government Reserves Fund

Issue Type

EIOPA does not provide specific CIC sub-categories for investments issued by government agencies, investments issued with a government guarantee, reverse repurchase agreements, securities with floating coupon or private equity, but Lloyd's requires these assets to be identified for modelling purposes. Therefore, please complete the Issue type field for agency, government guaranteed instruments, reverse repurchase agreements and floating rate notes as per the below table.

Asset Type	Issue Type
Agency	AGENCY
Floating Rate Notes	FRN
Government Guaranteed	GOVTGTD
Private Equity	PRIVEQ
Reverse Repurchase Agreements	REVREPO
Other	NA

Alternative Investment Funds

Lloyd's are aware that for some alternative investment funds it is not deemed reasonable to obtain a look-through, in these cases please report the CIC code that is most representative of the fund mandate, with the level of look-through "M" on the QAD 236 and use one of the following **Issue Types** if applicable (the same issue type can also be applied to the QAD 230). If none of the below Issue Types apply or if you are unable to assign a CIC code to the fund according to the investment mandate then please continue to report CIC XL39 and the level of look-through "O".

Fund Type Description	Issue Type
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High Yield and Emerging Market Debt Fund	HYEM
Emerging Market Debt Fund	EMDE
High Yield Debt Fund	HIYI
Hedge Fund	HEDG
Property Equity Fund	PREQ
Senior Secured Loans Fund	SSLS
Commodities Fund	COMM
Absolute Return Funds	ARF
Emerging Equity Central Fund (Lloyd's Internal Use Only)	EMCF

An agency is a government-sponsored enterprise with an explicit full faith and credit guarantee from the Government. This means that there is an unconditional commitment by the government to back the interest and the principal of the debt issued by the agency. Therefore AGENCY Issue Type should be used only when **both** these conditions are satisfied:

- The issuer is a government-sponsored enterprise
- The issuer has an explicit full faith and credit guarantee from the Government

The Government National Mortgage Association (GNMA) is one example of agency that is currently backed by the full faith and credit of the U.S. government, therefore all the securities issued by this entity should have AGENCY Issue Type.

The Federal National Mortgage Association (FNMA) known as Fannie Mae and The Federal Home Loan Mortgage Corporation (FHLMC) known as Freddie Mac are examples of government sponsored entities that currently do not have an explicit full faith and credit guarantee from the U.S. government, therefore all the securities issued by this entity should have the Issue Type "NA".

A government guaranteed instrument is issued by a simple corporation (e.g. Citibank). The only difference with a standard corporate bond is that it offers a full faith and credit guarantee that interest and principal payment will be made by the Government. In this case the syndicate should report GOVTGTD Issue Type.

For floating rate notes, Lloyd's would expect the FRN Issue type to be used only for fixed income securities with a "simple" floating coupon (i.e. Coupon = LIBOR + % spread) and not for securities with a variable and more complex coupon (e.g. credit-linked notes and other structured products with the coupon linked to the performance of a reference asset - or basket of assets - to an index or to a specific event).

Where a floating rate note is also classifiable (as per the guidance above) as an agency bond or as a government guaranteed issue, please report the Issue type as AGENCY and GOVTGTD, respectively, rather than as FRN.

For reverse repurchase agreements, Lloyd's also requires syndicates to identify the asset type of the collateral; when reporting a reverse repurchase agreement in QAD230, the CIC field should be completed using the asset class of the collateral. When reporting a reverse repurchase agreement in QAD 236 the CIC and the Underlying asset category fields should also be completed using the asset class of the collateral.

Supra-national bonds

These are bonds issued by public institutions established by a commitment between national states, e.g. issued by a multilateral development bank as listed in Annex VI, Part 1, Number 4 of the Capital Requirements Directive (2006/48/EC) or issued by an international organisation listed in Annex VI, Part 1, and Number 5 of the Capital Requirements Directive (2006/48/EC). These are:

Multilateral banks

- International Bank for Reconstruction and Development
- International Finance Corporation
- Inter-American Development Bank
- Asian Development Bank
- African Development Bank
- Council of Europe Development Bank
- Nordic Investment Bank
- Caribbean Development Bank
- European Bank for Reconstruction and Development
- European Investment Bank
- European Investment Fund
- Multilateral Investment Guarantee Agency.

International organisations

- European Community
- International Monetary Fund
- Bank for International Settlements.

Portfolio (C0060): Distinction between life, non-life, shareholder's funds, general (no split) and ring fenced funds. One of the options in the following closed list shall be used:

- 1 - Life (**L**)
- 2 - Non-life (**NL**)
- 3 - Ring fenced funds (**RF**)
- 4 - Other internal fund (**OIF**)
- 5 - Shareholders' funds (**SF**)
- 6 - General (**G**)

The split is not mandatory, except for identifying ring fenced funds, but shall be reported if the undertaking uses it internally. When an undertaking does not apply a split "general" shall be used. We do not expect syndicates have shareholders' funds.

Fund number (C0070): This is applicable to assets held in ring-fenced or other internal funds (defined according to national markets). If none is available this item shall not be reported, please leave cell blank. The number is attributed by the undertaking, corresponding to the unique number assigned to each fund. This number has to be consistent over time and should be used to identify the funds in other templates. It shall not be re-used for a different fund.

For Lloyd's Managed Investment Funds (LMIF), this field must be reported using the correct fund number. This information can be found on pages 51-52 or latest LMIF templates issued by LTIM at each quarter end.

Asset held in unit linked and index linked funds (Y/N) (C0090): There are two options for reporting i.e. "Y" or "N" and since syndicates do not write unit linked and index linked contracts, the option to be reported should be "N".

ID code (C0040): All assets reported in QAD230 should be allocated a unique ID code and where there are multiple holdings of the same asset these should be aggregated and reported as one line.

Asset ID code using the following priority:

- ISO 6166 code of ISIN when available. An ISIN code must be the correct one for the reported instrument. It must be 12 characters long, for example: "US5949181045"
- Other recognised codes (e.g.: CUSIP, Bloomberg Ticker, Reuters RIC)
- Code attributed by the undertaking, when the options above are not available. This code must be unique and kept consistent over time.

When the same asset ID Code needs to be reported for one asset that is issued in two or more different currencies, it is necessary to specify the ID code and the ISO 4217 alphabetic code of the currency, as in the following example for ID code reported was "ISIN ID code+currency" (i.e. UK1234567890+USD). Please note that the symbol "+" must be part of the code. The "ID code type" shall refer to option "CAU" and the option of original ID code type, ID code type should be reported as "CAU/ISIN" not "ISIN".

In the case of cash at bank, the bank account number may be used as ID code. Where this is not possible, a unique ID should be allocated and this should be used in all future submissions. In the case of investment funds, the ID code reported in this form should be the investment fund code (LMIF code if the fund is a LTIM fund or a cash sweep investment fund) and, for the same investment fund, this code should be the same as the investment fund code reported in QAD236.

ID code type (C0040): Type of ID Code used for the "Asset ID Code Type Derivative ID Code" item. One of the options in the following closed list must be used:

- 1 - **ISIN** (ISO 6166 for ISIN code)
- 2 - **CUSIP** (The Committee on Uniform Securities Identification Procedures number assigned by the CUSIP Service Bureau for U.S. and Canadian companies)
- 3 - **SEDOL** (Stock Exchange Daily Official List for the London Stock Exchange)
- 4 - **WKN** (Wertpapier Kenn-Number, the alphanumeric German identification number)
- 5 - **BT** (Bloomberg Ticker-Bloomberg letters code that identify a company's securities)
- 6 - **BBGID** (The Bloomberg Global ID)
- 7 - **RIC** (Reuters instrument code)
- 8 - **FIGI** (Financial Instrument Global Identifier)
- 9 - **OCANNA** (Other code by members of the Association of National Numbering Agencies)
- 10 - **CAU/INST/LMIF** (Cash Sweep Investment Funds – Western Asset & Fiera)
- 11 - **CAU/INST/LloydsCF** (Syndicate loans to the central fund)
- 13- **CAU/CINS** (An extension to the CUSIP numbering system, which is used to uniquely identify securities offered outside of the United States and Canada)
- 99 - **CAU/INST** (Code attributed by the undertaking or unknown)

When the same "ID Code" needs to be reported for one asset that is issued in 2 or more different currencies, the "ID Code Type" shall refer to option "**CAU/ID code type**". The following combination of ID code types should be used if one asset has been issued in 2 or more different currencies:

99/1-**CAU/ISIN** (Specific case for ISIN codes with two currencies)

99/2-**CAU/CUSIP** for same CUSIP code with two or more currencies

99/3-**CAU/SEDOL** for same SEDOL code with two or more currencies

99/4-**CAU/WKN** for same WKN code with two or more currencies

99/5-**CAU/BT** for same BT code with two or more currencies

99/6-**CAU/BBGID** for same BBGID code with two or more currencies

99/7-**CAU/RIC** for same RIC code with two or more currencies

99/8-**CAU/FIGI** for same FIGI code with two or more currencies

99/9-**CAU/OCANNA** for same OCANNA code with two or more currencies

[99/TBC-CAU/MAL for multiple assets & liabilities](#)

[99/TBC-CAU/INDEX for indexes](#)

This is presented in the CMR as a closed list and it is included in the reference data. For each investment fund, the ID code type reported on this form should be the same as the Investment fund code type reported in QAD236.

Assets pledged as collateral (C0100): This identifies assets in the balance sheet that have been pledged as collateral, i.e. collateral pledged (CP), collateral for reinsurance accepted (CR), collateral for securities borrowed (CB), repos (R) and not applicable (NA). For partially pledged assets two lines for each asset should be reported, one for the pledged amount and other for the remaining part.

Item title (C0190): Identify the reported item by filling the name of the asset (or the address in case of property), with the detail settled by the syndicate. This item is not applicable for CIC##95 – Plant and equipment (for own use) as those assets are not required to be individualised, CIC ##71 and CIC ##75.

Issuer name (C0200): An issuer is defined as the entity that offers securities representing parts of its capital, debt, derivatives etc., for sale to investors. In the case of cash at bank, the issuer name should be the name of the bank where the cash is held (CIC ##72). For investment funds, the issuer name is the name of the fund manager. This item is not applicable for Property (CIC category ##9#) and CIC code ##71, ##75.

Issuer code (C0210): This should be completed with legal entity identifier (LEI) code. Where a code does not exist, syndicates should leave this field blank. LEI is a unique identifier (20-digit, alpha-numeric code) associated with a legal person or structure that is organized under the laws of any jurisdiction (excluding natural persons) and created in accordance with the international standard ISO 17442. LEIs will enable consistent and unambiguous identification of parties to financial transactions, including non-financial institutions. LEI codes must be valid codes. Any invalid codes will result in the return being rejected.

Issuer code type (C0210): This is the type of issuer code must be reported as "LEI" or "None". Where the issuer code field was left blank because the code does not exist, "None" must be reported in this field.

Issuer sector (C0230): Please identify the economic sector of issuer based on the latest version of NACE code (as published in an EC Regulation). Please see Appendix 4 for NACE codes. NACE codes should not be used where there is a "No" in the "usable" column. This is applies to a small number of NACE codes. The letter reference of the NACE code identifying the Section shall be used as a minimum for identifying sectors (e.g. 'A' or 'A0111' would be acceptable) except for the NACE relating to Financial and Insurance activities (K category), for which the letter identifying the Section followed by the 4 digits code for the class shall be used (e.g. 'K6419').

The following shall be considered:

- Regarding CIC category 4 – Collective Investments Undertakings, the issuer sector is the sector of the fund manager;
- Regarding CIC category 7 – Cash and deposits (excluding CIC## 71 and CIC##75), the issuer sector is the sector of the depositary entity
- Regarding CIC 8 – Mortgages and Loans, other than mortgage and loans to natural persons the information shall relate to the borrower;
- This item is not applicable for CIC## 71, CIC## 75 and CIC category ##9# – Property;
- This item is not applicable to CIC category ##8# – Mortgages and Loans, when relating to mortgage and loans to natural persons.

This item is not applicable for CIC code ##71, ##75, ##9#. If it is not applicable, please leave the cell **blank**.

Issuer group (C0240): This is the name of the ultimate parent undertaking of the issuer. For cash at bank, the group is in relation to the ultimate parent undertaking of the bank. For investment funds, the group relation is in relation to the fund manager. This item is not applicable for CIC ##9#, ##71, ##75, please leave the cell **blank**.

Issuer group code (C0250): This is legal entity identifier (LEI) code. Where a code does not exist, syndicates should leave this field **blank**. LEI codes must be valid codes. Any invalid codes will result in the return being rejected. **Issuer group code type (C0250):** This is the type of the issuer group code i.e. LEI or None. Where the issuer group code field was left blank because the code does not exist or not applicable, "None" must be reported in this field. This item is not applicable for CIC ##9#, ##71, ##75. If it is not applicable, "None" must be reported in this field.

Issuer country (C0270): This is the country where the legal seat of issuer is located. For investment funds, the country is relative to the fund manager. The legal seat, for this purpose, should be understood as the place where the issuer head office is officially registered, at a specific address, according to the commercial register (or equivalent). The International Organisation for Standardisation (ISO) alpha 2 codes should be used, i.e. two letter country codes. For example, "US" to denote United States, except for supranational issuers and European Union institutions where "XA" and "EU" should be used respectively. This item is not applicable for CIC ##8#, ##9#, ##71, ##75, please leave the cell **blank**.

Country of custody (C0110): This is ISO 3166-1 alpha-2 code of the country where undertaking assets are held in custody. For identifying international custodians, such as Euroclear, the country of custody will be the one where the custody service was contractually defined. Where there are multiple custodians, the country of the biggest custodian should be reported i.e. one that holds securities with the highest value. This item is not applicable for CIC ##71, ##75, ##95 and ##8#. If custodian is reported, country of custody must also be reported otherwise, if it's not applicable, please leave the cell **blank**.

Regarding CIC Category ##9#, excluding CIC ##95 – Plant and equipment (for own use), the issuer country is assessed by the address of the property.

Currency (ISO code) (C0280): This is the currency of the issue and the code should be the ISO code as defined in ISO 4217 alphabetic code, for example, "USD" for US dollars. This item is not applicable for CIC ##8#, ##75 and ##95. Regarding CIC category 9, excluding CIC##95, the currency corresponds to the currency in which the investment was made.

CIC (C0290): This refers to Complementary Identification Code (CIC) and it is the EIOPA Code used to classify securities. Please see Appendix 1 for the CIC table. When classifying an asset using the CIC table, syndicates should take into consideration the most representative risk to which the asset is exposed. The code should comprise of four characters, for example, ES15 denoting, treasury bonds listed in Spain. When identifying the location of the asset, the country ISO code where the asset is traded should be used. When determining CIC for supranational issuers and European Union institutions "XA" and "EU" should not be

used, but instead the country ISO code where the security is traded/listed should be used. If this is traded in more than one country, then the country used for valuation reference should be used.

Holdings in related undertakings, including participations (Participation) (C0310): This is defined in article 13(20) of the Solvency II Directive as "ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking".

Please identify if an equity and other share is a participation. One of the options in the following closed list shall be used:

- 1 - Not a participation
- 2 – Is a participation, not in a collective investment undertaking
- 3 – Is a participation, in a collective investment undertaking

Lloyd's would not be expecting any syndicate to have participations hence the expected selection is "1"

External rating (C0320): This is the issue rating of the asset at the reporting reference date as provided by the nominated credit assessment institution (ECAI). Applicable to CIC categories ##1#, ##2#, ##5# and ##6# and ##8# (Mortgages and Loans, other than mortgages and loans to natural persons), where available. The syndicate must report the external rating (only the rating symbol, without any outlook) that in their perspective is best representative and used internally for SCR calculations. If an issue rating is not available, "NR" should be reported. The rating reported should be as per the closed list provided in the CMR as part of the reference data.

Syndicates do not necessarily need access to the ratings for all three rating agents mentioned as long as you have sufficient coverage to ensure that you can assign a rating from at least one of the rating agents to cover 95% of the overall Solvency II amount for assets modelled as corporate bonds which are as follows: CIC Asset Categories ##1#, ##2#, ##5#, ##6# and ##8# **excluding** CIC Sub Categories ##11, ##13, ##15, ##16, ##24, ##51, ##56, ##57, ##58, ##59 as these are not modelled as corporate bonds.

This item is not applicable to assets for which undertakings using internal model use internal ratings. If undertakings using internal model do not use internal rating, this item shall be reported.

Nominated ECAI (Rating agency) (C0330): This is the rating agency giving the external rating and should be selected from a closed list provided in the CMR as part of the reference data. Applicable at least to CIC categories 1, 2, 5, 6 and 8 (Mortgages and Loans, other than mortgages and loans to natural persons), where available. This item shall be reported when External rating (C0320) is reported.

Syndicates do not necessarily need access to the ratings for all three rating agents mentioned as long as you have sufficient coverage (including ratings provided in LMIF templates) to ensure that you can assign a rating from at least one of the rating agents to cover 95% of the overall Solvency II amount for assets modelled as corporate bonds which are as follows: CIC Asset Categories ##1#, ##2#, ##5#, ##6# and ##8# **excluding** CIC Sub Categories ##11, ##13, ##15, ##16, ##24, ##51, ##56, ##57, ##58, ##59 as these are not modelled as corporate bonds. Similar to the external rating, where a security is not rated, "N/A" should be reported.

Duration (C0360): This is the 'residual modified duration' in years. Modified duration calculated based on the remaining time for maturity of the security, counted from the reporting reference date. For assets without fixed maturity, the first call date should be used. Effective duration can be used if the bond has an embedded option. The duration shall be calculated based on economic value. Only applies to CIC categories 1, 2, 4 (when applicable, e.g. for collective investment undertakings mainly invested in bonds), 5 and 6.

Quantity (C0130): This depends on the type of assets (e.g. number of shares for equity, number of units for investment funds). Quantity shall not be reported if Par amount is reported. This item must be reported for CIC ##3# and ##4#.

Par amount (C0140): This field was introduced in the template so as to separate quantity (for shares and investment funds). Principal amount outstanding measured at par amount, for all assets where this item is applicable, and at nominal amount for CIC code ##72, ##73, ##74, ##75, ##79 and ##8. This item must be reported for CIC ##1#, ##2#, ##5#, ##6#, ##7#, ##8# and ##9#.

Unit Solvency II price (C0370): This depends on the type of assets (amount in GBP for shares or units held in investment funds). This is not applicable for CIC categories ##1#, ##2#, ##5#, ##6#, ##7#, ##8# and ##9#.

Unit Percentage of Par Amount Solvency II Price (C0380): Amount in percentage of par value, clean price without accrued interest, for the asset, if relevant. Percentages must be reported using **decimal notation** rather than in percentages (e.g. 9.31% must be reported as 0.0931).

This item shall be reported if a "Par amount" information has been provided.

This item shall not be reported if item "Unit Solvency II price" is reported.

Valuation method (C0150): Identify the valuation method used when valuing assets. One of the options in the following closed list shall be used:

- 1 - QMP (quoted market price in active markets for the same assets)
- 2 - QMPS (quoted market price in active markets for similar assets)
- 3 - AVM (alternative valuation methods)
- 4 - AEM (adjusted equity methods (applicable for the valuation of participations))
- 5 - IEM (IFRS equity methods - applicable for the valuation of participations)
- 6 - MV (Market valuation according to article 9(4) of Delegated Regulation 2015/35)

Acquisition value (C0160): Total acquisition value for assets held, clean value without accrued interest. This is not applicable to CIC categories ##7# and ##8#.

Total Solvency II amount (C0170): This is the Solvency II value of the investments and value calculated as defined by article 75 of the Directive 2009/138/EC. This corresponds to:

- The multiplication of "Quantity" by "Unit Solvency II price" plus "Accrued interest" if applicable (Quantity x Unit Solvency II price + Accrued interest) for the following CIC categories; ##3# and ##4. It must also equal to the sum of "Market value (Non-FIS)", "Market value (FIS) and Accrued interest; or
- The multiplication of "Par amount" (principal amount outstanding measured at par amount or nominal amount) by "Unit Percentage of Par Amount Solvency II Price" plus "Accrued interest" (Par amount x Unit Percentage of Par Amount Solvency II Price + Accrued interest) for the following CIC categories; ##1#, ##2#, ##5# and ##6#. It must also equal to the sum of Market value (Non-FIS), Market value (FIS) and Accrued interest.
- **Please note, the return will be queried or required to be resubmitted if there is greater than 1000/-1000 deviation between Total Solvency II amount and value calculated by use of the above formulae.**

For assets under CIC code ##71 and ##9#, this shall indicate the Solvency II value of the asset.

Maturity date (C0390): This is only applicable for CIC categories ##1#, ##2#, ##5#, ##6#, ##8#, ##74, ##79 and corresponds always to the maturity date, even for callable securities. Maturity data should be blank (not reported) for CIC categories: ##3#, ##4#, ##71, ##72, ##73, ##75, ##9#, ##09. For asset-backed securities syndicates are requested to report the expected maturity date, rather than the final (legal) maturity date. The date should be reported in ISO date format i.e. YYYY/MM/DD and for perpetual securities, the date should be reported as 9999/12/31. This date should be greater than the reporting end date.

Accrued interest (C0180): Quantify the amount of accrued interest after the last coupon date for interest bearing assets. This value is also part of item Total Solvency II amount.

Market value (Non-FIS): This is the market value (clean value) of the securities held in the premium trust funds (PTFs) in respect of open and run-off reporting years of account. Where the valuation basis adopted in the QMA is the same as that required for Solvency II, the total market value (Non-FIS) should tie back to the amounts reported in the QMA201.

Market value (FIS): This is the market value (clean value) of the securities held as, either separately or commingled within the syndicates PTFs, in respect of funds in syndicates (FIS). Where the valuation basis adopted in the QMA is the same as that required for Solvency II, the total market value (FIS) should tie back to the amounts reported in the QMA202.

Where securities are commingled, that is, investments in respect of FIS and open/run-off years of account (Non-FIS) are not managed separately, only one entry per security should be reported with the amounts presented in the appropriate columns.

Issue type: This is the means of identifying investments issued by a government agency, government guaranteed bonds, floating rate notes, private equity, alternative investment funds and reverse repurchase agreements for capital modelling purposes. Please use the appropriate code as listed on page 5347. If none of the specific options is applicable please report "NA". The following issue types: HYEM, EMDE, HIYI, HEDG, PREQ, SSLS, COMM, ARF should only be reported for investment funds i.e. where the CIC category is ##4#.

Matching portfolio numbers (C0080): Number which is attributed by the undertaking, corresponding to the unique number assigned to each matching adjustment portfolio as prescribed in Article 77b(1)(a) of Directive 2009/138/EC. This number has to be consistent over time and should be used to identify the matching adjustment portfolio in other templates. It shall not be re-used for a different matching adjustment portfolio. The Lloyd's market does not currently hold any matching adjustment portfolio therefore we expect nothing to be reported in this field. Please leave this field blank, and should the situation change, then the syndicate should inform Lloyd's prior to making the quarterly submission.

Custodian (C0120): Name of the financial institution that is the custodian.

In case of the same asset being held in custody in more than one custodian, each asset shall be reported separately in as many lines as needed in order to properly identify all custodians. However, the same ISIN code with the same currency shall be aggregated into one line entry and report the most representative custodian within that line. For the same ID code that has more than one currency, please report the ID code as "ID code+currency code", as in the following example: "UK1234567890+USD". Please note that the symbol "+" must be part of the code. Please report ID code type as "CAU/ISIN" not "ISIN".

When available, this item corresponds to the entity name in the LEI database. When this is not available it corresponds to the legal name.

This item is not applicable for CIC category 8 – Mortgages and Loans-, CIC 71, CIC 75 and for CIC category 9 – Property.

Infrastructure investment (C0300): Please identify if the asset is an infrastructure investment.

Infrastructure investment is defined as investments in or loans to utilities such as toll roads, bridges, tunnels, ports and airports, oil and gas distribution, electricity distribution and social infrastructure such as healthcare and educational facilities.

One of the options in the following closed list shall be used:

1 – Not an infrastructure investment (NII)

2 – Infrastructure non-qualifying: Government Guarantee (Government, Central bank, Regional government or local authority)

3 – Infrastructure non-qualifying: Government Supported including Public Finance Initiative (Government, Central bank, Regional government or local authority)

4 – Infrastructure non-qualifying: Supranational Guarantee/Supported (ECB, Multilateral development bank, International organisation)

9 - Infrastructure non-qualifying: Other non-qualifying infrastructure loans or investments, not classified under the above categories

12 - Infrastructure qualifying: Government Guarantee (Government, Central bank, Regional government or local authority)

13 – Infrastructure qualifying: Government Supported including Public Finance Initiative

14 – Infrastructure qualifying: Supranational Guarantee/Supported (ECB, Multilateral development bank, International organisation)

19 - Infrastructure qualifying: Other not covered above

20 – European Long Term Investment Fund (ELTIF investing in infrastructure assets and ELTIF investing in other – non infrastructure – assets)

Please note “number” must be entered as accepted value.

Credit quality step (C0340): Please identify the credit quality step attributed to the asset, as defined by article 109a(1) of Directive 2009/138/EC. This is only applicable to any assets which credit quality step needs to be attributed for the purpose of SCR calculation.

The credit quality step shall in particular reflect any readjustments to the credit quality made internally by the undertakings that use the standard formula.

This item is not applicable to assets for which undertakings using internal models, use internal ratings. If undertakings using internal models do not use internal ratings, this item should be reported.

One of the options in the following closed list shall be used:

- 0 - Credit quality step 0
- 1 - Credit quality step 1
- 2 - Credit quality step 2
- 3 - Credit quality step 3
- 4 - Credit quality step 4
- 5 - Credit quality step 5
- 6 - Credit quality step 6
- 9 - No rating available

Internal rating (C0350): Internal rating of assets for undertakings using an internal model to the extent that the internal ratings are used in their internal modelling. If an internal model undertaking is using solely external ratings this item shall not be reported.

This is applicable at least to CIC categories 1, 2, 5, 6 and 8 (Mortgages and Loans, other than mortgages and loans to natural persons), where available.

Where internal rating is not available, “NR” should be reported.

SCR calculation approach for CIU (C0292): Options 1 – 4 are only applicable to CIC category ##4#, all other CIC codes should report “9” – Not applicable.

If applicable, please identify the approach taken for the SCR calculation for the purposes of the look-through required in QAD236 (S.06.03.01), from the options below:

1 - A full look through was applied for the purposes of SCR calculation according to 84(1) of Delegated Regulation 2015/35;

2 - "Simplified" look through was applied on the basis of the target underlying asset allocation or last reported asset allocation and for which the data groupings is used according to 84(3) of Delegated Regulation 2015/35;

3 - "Simplified" look through was applied on the basis of the target underlying asset allocation or last reported asset allocation and for which no data groupings is used according to 84(3) of Delegated Regulation 2015/35;

4 - "Equity risk type 2" was applied article 168(3) of Delegated Regulation 2015/35;

9 - Not applicable, to be reported by all CIC excluding ##4#.

We expect all syndicates to select option 9. If a managing agent believes another option is appropriate this should be discussed with Lloyd's prior to submission.

4.3 QAD233: Derivatives Data – Open Positions (S.08.01.01)

Purpose of form: *This form reports information on all derivatives held by the syndicate. It provides information on risks and risk mitigating strategies followed through the use of derivatives.*

The derivatives categories referred to in this template are the ones defined in Annex IV – Assets Categories of Commission Implementing Regulation (EU) 2015/2450 and references to CIC codes refer to Annex V – CIC table of this Regulation. This template contains an item-by-item list of derivatives held directly by the syndicate (i.e. not on a look-through basis), classifiable as asset categories A to F.

Information shall include all derivatives contracts that existed during the reporting period and were not closed prior to the reporting reference date.

If there are frequent trades on the same derivative, resulting in multiple open positions, the derivative can be reported on an aggregated or net basis, as long as all the relevant characteristics are common and following the specific instruction for each relevant item.

Derivatives are considered assets if their Solvency II value is positive or zero. They are considered liabilities if their Solvency II value is negative. Both derivatives considered as assets or considered as liabilities shall be included. The value of the open contracts at the end of the reporting period should agree to QSR002, lines C27 (for assets) and C79 (for liabilities).

Lloyd's expect syndicates to report one line for each derivative, except for derivatives which have more than one currency as these derivatives should be split into the components and reported in different lines.

Forward exchange rate agreements, currency swaps and interest rate and currency swaps, for example, should be populated as two entries (one for each currency); a long (buy) leg and a short (sell) leg.

Portfolio (C0060): Distinction between life, non-life, shareholder's funds, general (no split) and ring fenced funds. One of the options in the following closed list shall be used:

1 - Life (**L**)

2 - Non-life (**NL**)

3 - Ring fenced funds (**RF**)

4 - Other internal fund (**OIF**)

5 - Shareholders' funds (**SF**)

6 - General (G)

The split is not mandatory, except for identifying ring fenced funds, but shall be reported if the undertaking uses it internally. When an undertaking does not apply a split "general" shall be used. We do not expect syndicates have shareholders' funds.

Fund number (C0070): This is applicable to assets held in ring-fenced or other internal funds (defined according to national markets). If none is available this item shall not be reported, please leave cell blank. The number is attributed by the undertaking, corresponding to the unique number assigned to each fund. This number has to be consistent over time and should be used to identify the funds in other templates. It shall not be re-used for a different fund.

~~For Lloyd's Managed Investment Funds (LMIF), this field must be reported using the correct fund number. This information can be found on pages 51-52 or latest LMIF templates issued by LTIM.~~

ID code (C0040): This should be ISIN if available, other recognised code (CUSIP, Sedol, Bloomberg ticker etc.) or syndicate's specific if nothing else is available. An ISIN code must be the correct one for the reported instrument. It must be 12 characters long, for example: "US5949181045".

When a derivative is reported in multiple lines (e.g. a foreign exchange contracts, a currency swap or an interest rate and currency swap reported in two lines, one for each leg) the same ID code should be used for all the related entries.

When the same asset ID Code needs to be reported for one asset that is issued in two or more different currencies, it is necessary to specify the ID code and the ISO 4217 alphabetic code of the currency, as in the following example for ID code reported was "**ISIN ID code+currency**" (i.e. **UK1234567890+USD**), Please note that the symbol "+" must be part of the code. The "ID code type" shall refer to option "CAU" and the option of original ID code type, ID code type should be reported as "**CAU/ISIN**" not "**ISIN**".

ID code type (C0040): ID code type should be one of the closed list:

- 1 - **ISIN** (ISO 6166 for ISIN code)
- 2 - **CUSIP** (The Committee on Uniform Securities Identification Procedures number assigned by the CUSIP Service Bureau for U.S. and Canadian companies)
- 3 - **SEDOL** (Stock Exchange Daily Official List for the London Stock Exchange)
- 4 - **WKN** (Wertpapier Kenn-Number, the alphanumeric German identification number)
- 5 - **BT** (Bloomberg Ticker-Bloomberg letters code that identify a company's securities)
- 6 - **BGGID** (The Bloomberg Global ID)
- 7 - **RIC** (Reuters instrument code)
- 8 - **FIGI** (Financial Instrument Global Identifier)
- 9 - **OCANNA** (Other code by members of the Association of National Numbering Agencies)
- 13- **CAU/CINS** (An extension to the CUSIP numbering system, which is used to uniquely identify securities offered outside of the United States and Canada)
- 99 - **CAU/INST** (Code attributed by the undertaking or unknown)

When the same "ID Code" needs to be reported for one asset that is issued in 2 or more different currencies, the "ID Code Type" shall refer to option "**CAU/ID code type**". The following combination of ID code types should be used if one asset has been issued in 2 or more different currencies:

99/1-**CAU/ISIN** (Specific case for ISIN codes with two currencies)

99/2-**CAU/CUSIP** for same CUSIP code with two or more currencies
99/3-**CAU/SEDOL** for same SEDOL code with two or more currencies
99/4-**CAU/WKN** for same WKN code with two or more currencies
99/5-**CAU/BT** for same BT code with two or more currencies
99/6-**CAU/BBGID** for same BBGID code with two or more currencies
99/7-**CAU/RIC** for same RIC code with two or more currencies
99/8-**CAU/FIGI** for same FIGI code with two or more currencies
99/9-**CAU/OCANNA** for same OCANNA code with two or more currencies
[99/TBC-CAU/MAL for multiple assets & liabilities](#)
[99/TBC-CAU/INDEX for indexes](#)

Counterparty name (C0260): Name of the counterparty of the derivative. When available, this item corresponds to the entity name in the LEI database. When not available, corresponds to the legal name.

The following shall be considered:

- Name of the exchange market for exchanged traded derivatives; or
- Name of Central Counterparty (CCP) for Over-The-Counter derivatives where they are cleared through a CCP; or
- Name of the contractual counterparty for the other Over-The-Counter derivatives.

Counterparty code (C0270): This is legal entity identifier (LEI) or blank.) i.e. an ISO code that identifies the counterparty. Where a code does not exist, syndicates should leave this field blank. LEI codes must be valid codes. Any invalid codes will result in the return being rejected.

Counterparty code type (C0270): This is the type of counterparty code i.e. “LEI” or “None”. Where the counterparty code field was left blank because the code does not exist, “None” must be reported in this field.

External rating (C0290): This is the rating of the counterparty of the derivative at the reporting reference data as provided by the nominated credit assessment institution (ECAI). Only applicable to Over-The-Counter derivatives.

This item is not applicable to derivatives for which undertakings using internal model use internal ratings. If undertakings using internal model do not use internal rating, this item shall be reported.

This field must always be filled in, if an issuer rating is not available, “NR” should be reported.

New validations have been implemented where if nominated ECAI is reported, external rating must be reported. Otherwise, where Nominated ECAI is N/A, external rating must also be NR to maintain consistency in data.

Nominated ECAI (Rating agency) (C0300): This is the credit assessment institution (ECAI) giving the external rating in external rating (C0290) and should be selected from a closed list. Applicable at least to CIC categories 1, 2, 5, 6 and 8 (Mortgages and Loans, other than mortgages and loans to natural persons), where available. Similar to the external rating, where the information is not available, “N/A” should be reported.

This item shall be reported when External rating (C0290) is reported.

Counterparty group (C0330): Name of the ultimate parent entity of counterparty. When available, this item corresponds to the entity name in the LEI database. When not available, corresponds to the legal name.

Counterparty group code (C0340): This is legal entity identifier (LEI) or blank. Where a code does not exist, syndicates should leave this field blank. LEI codes must be valid codes. Any invalid codes will result in the return being rejected.

Counterparty group code type (C0340): This is the type of counterparty group code i.e. LEI or None. Where the counterparty group code field was left blank because the code does not exist, "None" must be reported in this field.

Contract name (C0360): This is the name of the derivative contract.

Asset or liability underlying the derivative (C0090): This is the asset or liability underlying the derivative contract. This should be reported in the form of the ID code and it should be provided for derivatives that have a single underlying instrument in the syndicate's portfolio.

Currency (ISO code) (C0370): This is the currency of the derivative and should be presented as the ISO currency code, for example, CAD for Canadian Dollar. For derivatives that have more than one currency, it should be split into the components and reported in different lines. This field must be populated.

Forward exchange rate agreements (CIC ##E2), currency swaps (CIC ##D2) and interest rates and currency swaps (CIC ##D3) should be populated as two entries (one for each currency); a long (buy) leg and a short (sell) leg.

CIC (C0380): This refers to Complementary Identification Code (CIC) and it is the EIOPA Code used to classify securities. Please see Appendix 1 for the CIC table. When classifying an asset using the CIC table, syndicates should take into consideration the most representative risk to which the asset is exposed to. The code should comprise of four characters, for example, FIC3 denoting, put option on currency listed in Finland.

Bonds futures should be classified under A2 as "Interest rate futures". Please avoid using CIC ##A9 Other Futures if at all possible.

Use of derivatives (C0110): This describes the use of derivative i.e. micro / macro hedge (MI/MA), efficient portfolio management (EPM). Micro hedge refers to derivatives covering a single financial instrument, forecasted transaction or liability. Macro hedge refers to derivatives covering a set of financial instruments, forecasted transactions or liabilities.

One of the options in the following closed list shall be used:

- 1 - Micro hedge (MI)
- 2 - Macro hedge (MA)
- 3 - Matching assets and liabilities cash-flows used in the context of matching adjustment portfolios - (MAT)
- 4 - Efficient portfolio management, other than "Matching assets and liabilities (EPM) cash-flows"

Delta (C0120): This measures the rate of change of option value with respect to changes in the underlying asset's price. This is only applicable to CIC categories ##B# and ##C# (Call and put options), with reference to the reporting date. This shall be reported as a decimal.

Notional amount (C0130): The amount covered or exposed to the derivative. For futures and options this corresponds to contract size multiplied by the trigger value and by the number of contracts reported in that line. For swaps and forwards it corresponds to the contract amount of the contracts reported in that line. When the trigger value corresponds to a range, the average value of the range shall be used.

The notional amount refers to the amount that is being hedged / invested (when not covering risks). If several trades occur, it shall be the net amount at the reporting date.

Lloyd's expect the notional amount to be reported always in GBP and as a positive value. When a derivative is reported in two or more lines (e.g. a foreign exchange contracts, a currency swap or an interest rate and

currency swap reported in two lines, one for each leg), the same GBP equivalent notional amount should be reported in both lines.

Buyer / Seller (Long or short position) (C0140): Identify whether the derivative contract was bought or sold. Only for futures, forwards and options, swaps and credit derivatives contracts.

The buyer and seller position for swaps is defined relatively to the security or notional amount and the swap flows. A seller of a swap owns the security or notional amount at the contract inception and agrees to deliver during the contract term that security or notional amount, including any other outflows related to the contract, when applicable.

A buyer of a swap will own the security or the notional amount at the end of the derivatives contract and will receive during the contract term that security or notional amount, including any other inflows related to the contract, when applicable.

One of the options in the following closed list shall be used, with the exception of Interest Rate Swaps:

- 1 – L (Buyer)
- 2 – S (Seller)

For interest rate swaps one of the options in the following closed list shall be used:

- 3 - FX-FL: Deliver fixed-for-floating
- 4 - FX-FX: Deliver fixed-for-fixed
- 5 - FL-FX: Deliver floating-for-fixed
- 6 - FL-FL: Deliver floating-for-floating

Premium paid to date (C0150): The payment made (if bought), for options and also up-front and periodical premium amount paid for swaps, since the moment the undertaking entered in the derivative. If the cost is zero, report "0".

Premium received to date C0160): The payment received (if sold), for options and also up-front and periodical premium amounts received for swaps, since the moment the undertaking entered in the derivative.

Number of contracts (C0170): These are the number of derivative contracts in the portfolio and it should be the number of contracts entered into. The number of contracts should be the ones outstanding at the end of the period.

Contract size (dimension) (C0180): The deliverable quantity of commodities or financial instruments underlying futures and option contracts that are traded on an exchange. The way the contract size is defined varies according with the type of instrument (e.g. for equity futures and options it is the number of shares to be delivered per derivative contract at maturity, for index futures and options it is the reference amount underlying each contract, for bond and interest rate futures and options it is the principal value underlying each contract).

Only applicable for futures and options.

Trigger value (C0390): Reference price for futures, strike price for options, currency exchange rate or interest rate for forwards, etc.

For bond and interest rate futures the trigger shall be the bond price as a ratio of the par amount.

Not applicable to CIC ##D3 - Interest rate and currency swaps. For CIC ##F1 - Credit default swaps it should not be completed if not possible.

In the case of more than one trigger over time, please report the next trigger occurring.

When the derivative has a range of trigger values, please report the set separated by comma ',' if the range is not continuous and report the range separated by '-' if it is continuous.

Unwind trigger of contract (C0400): Please identify the event that causes the unwinding of the contract, out of the regular expiration or term conditions. One of the options in the following closed list shall be used: please select the number for the appropriate option:

- 1 - bankruptcy of the underlying or reference entity
- 2 - adverse fall in value of the underlying reference asset
- 3 - adverse change in credit rating of the underlying assets or entity
- 4 - novation i.e. the act of replacing an obligation under the derivative with a new obligation or replacing a party of the derivative with a new party
- 5 - multiple events or a combination of events
- 6 - Other events not covered by the previous options
- 9 - No unwind trigger

Maximum loss under unwinding event (C0190): This is the maximum amount of loss if an unwinding event occurs and it should be reported as negative value. This is applicable to CIC category ##F#. Where a credit derivative is 100% collateralised, the maximum loss under an unwinding event is zero.

Swap outflow amount (C0200): This is the amount delivered under the swap contract, during the reporting period. It corresponds to the interest paid for interest rate swap (IRS) and amounts delivered for currency swaps, credit swaps, total return swaps and other swaps. This is applicable to CIC code ##D#. In the cases where the settlement is made on a net basis then only Swap outflow amount or inflow amount shall be reported.

Swap inflow amount C0210): This is the amount received under the swap contract, during the reporting period. It corresponds to interest received for IRS and amounts received for currency swaps, credit swaps, total return swaps and other swaps. It is only applicable to CIC code ##D#. In the cases where the settlement is made on a net basis then only Swap outflow amount or inflow amount shall be reported.

Swap delivered currency (C0410): This is the currency of the short leg of the swap and it should be in form of ISO currency code. This is only applicable for currency swaps (CIC ##D2) and interest rate and currency swaps (CIC ##D3).

Swap received currency (C0420): This is the currency of the long leg of the swap and it should be in form of ISO currency code. This is only applicable for currency swaps (CIC ##D2) and interest rate and currency swaps (CIC ##D3).

Initial date (C0220): This is the date of the trade of the derivative contract. When various trades occur for the same derivative, only the first trade date of the derivative and only one line for each derivative (no different lines for each trade) should be reported. The date should be reported in ISO date format (YYYY/MM/DD). In case of novation, the novation date becomes the trade date for that derivative.

Maturity date (C0250): This is the contractually defined date of close of the derivative contract, whether at maturity date, expiring date for options (European or American), etc. The date should be reported in ISO date format (YYYY/MM/DD). The maturity date is expected to be greater than the reporting end date.

Duration (C0230): This is the residual modified duration of the derivative, in years, for derivatives for which a duration measure is applicable (e.g. duration should be reported for interest rate and bond future contracts CIC ##A2). This is calculated as the net duration between in and out flows from the derivative, when applicable.

Valuation method (C0250): This is the valuation method used when valuing assets. Valuation method should one of the closed list:

- 1 - QMP (quoted market price in active markets for the same assets)

- 2 - QMPS (quoted market price in active markets for similar assets)
- 3 - AVM (alternative valuation methods)
- 6 - MV (Market valuation according to article 9(4) of Delegated Regulation 2015/35)

Total Solvency II amount (Non-FIS): This is the market value of the derivatives (i.e. the value of the derivative contract and not of the underlying asset) held in the premium trust funds and can be positive, negative or zero. Derivative assets (profits) should be reported as positive with liabilities (losses) as negative values.

When a derivative is reported in two or more lines (e.g. a foreign exchange contracts reported in two lines, one for each leg), the syndicate should report the total Solvency II amount (Non-FIS) on only one line i.e. either on the buy (L) side or on the sell (S) side.

Total Solvency II amount (FIS): This is the market value of the derivatives (i.e. the value of the derivative contract and not of the underlying asset) held as funds in syndicates (FIS) and can be positive, negative or zero. Derivative assets (profits) should be reported as positive with liabilities (losses) as negative values.

When a derivative is reported in two or more lines (e.g. a foreign exchange contracts reported in two lines, one for each leg), the syndicate should report the total Solvency II amount (FIS) on only one line i.e. either on the buy (L) side or on the sell (S) side.

Total Solvency II amount (C0240): This is the market value of the derivative (i.e. the value of the derivative contract and not of the underlying asset) as of the reporting date and it should be equal to the sum of Total Solvency II amount (Non-FIS) and Total Solvency II amount (FIS). It can be positive, negative or zero. Derivative assets (profits) should be reported as positive values with derivative liabilities (losses) as negative values.

For every derivative Lloyd's expect the total Solvency II amount (in absolute terms) to be lower than the notional amount.

Where CIC is XL## or XT##, solvency II value cannot be nil.

Type of code of asset or liability underlying the derivative (C0090): Type of ID Code used for the "Instrument underlying the derivative" item. One of the options in the following closed list must be used:

- 1 - **ISIN** (ISO 6166 for ISIN code)
- 2 - **CUSIP** (The Committee on Uniform Securities Identification Procedures number assigned by the CUSIP Service Bureau for U.S. and Canadian companies)
- 3 - **SEDOL** (Stock Exchange Daily Official List for the London Stock Exchange)
- 4 - **WKN** (Wertpapier Kenn-Number, the alphanumeric German identification number)
- 5 - **BT** (Bloomberg Ticker-Bloomberg letters code that identify a company's securities)
- 6 - **BBGID** (The Bloomberg Global ID)
- 7 - **RIC** (Reuters instrument code)
- 8 - **FIGI** (Financial Instrument Global Identifier)
- 9 - **OCANNA** (Other code by members of the Association of National Numbering Agencies)
- 13- **CAU/CINS** (An extension to the CUSIP numbering system, which is used to uniquely identify securities offered outside of the United States and Canada)
- 99 - **CAU/INST** (Code attributed by the undertaking or unknown)

When the same "ID Code" needs to be reported for one asset that is issued in 2 or more different currencies, the "ID Code Type" shall refer to option "**CAU/ID code type**". The following combination of ID code types should be used if one asset has been issued in 2 or more different currencies:

99/1-**CAU/ISIN** (Specific case for ISIN codes with two currencies)

99/2-**CAU/CUSIP** for same CUSIP code with two or more currencies

99/3-**CAU/SEDOL** for same SEDOL code with two or more currencies

99/4-**CAU/WKN** for same WKN code with two or more currencies

99/5-**CAU/BT** for same BT code with two or more currencies

99/6-**CAU/BBGID** for same BBGID code with two or more currencies

99/7-**CAU/RIC** for same RIC code with two or more currencies

99/8-**CAU/FIGI** for same FIGI code with two or more currencies

99/9-**CAU/OCANNA** for same OCANNA code with two or more currencies

99/TBC-CAU/MAL for multiple assets & liabilities

99/TBC-CAU/INDEX for indexes

~~This item is not reported for derivatives which have as underlying more than one asset or liability.~~

Credit quality step (C0310): Please identify the credit quality step attributed to the asset, as defined by article 109a(1) of Directive 2009/138/EC. Applicable to any asset which credit quality step needs to be attributed for the purpose of SCR calculation. The credit quality step shall in particular reflect any readjustments to the credit quality made internally by the undertakings that use the standard formula.

This item is not applicable to assets for which undertakings using internal models use internal ratings. If undertakings using internal models do not use internal ratings, this item shall be reported.

One of the options in the following closed list shall be used:

- 0 - Credit quality step 0
- 1 - Credit quality step 1
- 2 - Credit quality step 2
- 3 - Credit quality step 3
- 4 - Credit quality step 4
- 5 - Credit quality step 5
- 6 - Credit quality step 6
- 9 - No rating available

Internal rating: Internal rating of assets for undertakings using an internal model to the extent that the internal ratings are used in their internal modelling. This is applicable at least to CIC categories 1, 2, 5, 6 and 8 (Mortgages and Loans, other than mortgages and loans to natural persons), where available. If an internal model undertaking is using solely external ratings this item shall not be reported.

Where internal rating is not available, "NR" should be reported.

4.4 QAD234: Derivatives Transactions (S.08.02.01)

Purpose of form: *This form reports information on all derivatives which existed during the reporting period, but were closed prior to the reporting date. It provides information on risks and risk mitigating strategies followed through the use of derivatives.*

This form is required for all years combined.

This template contains an item-by-item list of closed derivatives held directly by the undertaking (i.e. not on a look-through basis), classifiable as asset categories A to F. When a contract is still open but has been reduced in size the closed portion shall be reported. Derivatives are considered assets if their Solvency II value is positive or zero. They are considered liabilities if their Solvency II value is negative. Both derivatives considered as assets or considered as liabilities shall be included.

Closed derivatives are the ones that were open at some point of the reference period (i.e. last quarter if template is submitted quarterly or last year if template is only submitted annually) but were closed before the end of the reporting date. If there are frequent trades on the same derivative, the derivative can be reported on an aggregated or net basis (indicating only the first and the last trade dates), as long as all the relevant characteristics are common and following the specific instruction for each relevant item.

Most of the fields are a duplicate of those reflected in QAD233 and hence the syndicate should refer to explanations provided above under QAD233 in order to complete this form.

Portfolio (C0060): Distinction between life, non-life, shareholders' funds, general (no split) and ring-fenced funds.

One of the options in the following closed list shall be used:

- 1 - Life (L)
- 2 - Non-life (NL)
- 3 - Ring fenced funds (RF)
- 4 - Other internal fund (OIF)
- 5 - Shareholders' funds (SF)
- 6 - General (G)

The split is not mandatory, except for identifying ring fenced funds, but shall be reported if the undertaking uses it internally. When an undertaking does not apply a split "general" shall be used. We do not expect syndicates have shareholders' funds.

Fund Number (C0070): Applicable to derivatives held in ring fenced funds or other internal funds (defined according to national markets). If none is available this item shall not be reported, please leave cell blank. The number is attributed by the undertaking, corresponding to the unique number assigned to each fund. This number has to be consistent over time and should be used to identify the funds in other templates. It shall not be re-used for a different fund.

For Lloyd's Managed Investment Funds (LMIF), this field must be reported using the correct fund number. This information can be found on pages 51-52 or latest LMIF templates issued by LTIM.

One of the options in the following closed list shall be used:

- 1 - Unit-linked or index-linked (Y)
- 2 - Neither unit-linked nor index-linked (N)

ID code (C0040): This should be ISIN if available, other recognised code (CUSIP, Sedol, Bloomberg ticker etc.) or syndicate's specific if nothing else is available. An ISIN code must be the correct one for the reported instrument. It must be 12 characters long, for example: "US5949181045".

When a derivative is reported in multiple lines (e.g. a foreign exchange contracts, a currency swap or an interest rate and currency swap reported in two lines, one for each leg) the same ID code should be used for all the related entries.

When the same asset ID Code needs to be reported for one asset that is issued in two or more different currencies, it is necessary to specify the Asset ID code and the ISO 4217 alphabetic code of the currency, as

in the following example for ID code reported was "ISIN code+currency" (i.e. UK1234567890+USD). Please note that the symbol "+" must be part of the code. The "ID code type" shall refer to option "CAU" and the option of original ID code type, ID code type should be reported as "CAU/ISIN" not "ISIN".

ID code type (C0040): ID code type should be one of the closed list options:

1 - **ISIN** (ISO 6166 for ISIN code)

2 - **CUSIP** (The Committee on Uniform Securities Identification Procedures number assigned by the CUSIP Service Bureau for U.S. and Canadian companies)

3 - **SEDOL** (Stock Exchange Daily Official List for the London Stock Exchange)

4 - **WKN** (Wertpapier Kenn-Number, the alphanumeric German identification number)

5 - **BT** (Bloomberg Ticker-Bloomberg letters code that identify a company's securities)

6 - **BBGID** (The Bloomberg Global ID)

7 - **RIC** (Reuters instrument code)

8 - **FIGI** (Financial Instrument Global Identifier)

9 - **OCANNA** (Other code by members of the Association of National Numbering Agencies)

13- **CAU/CINS** (An extension to the CUSIP numbering system, which is used to uniquely identify securities offered outside of the United States and Canada)

99 - **CAU/INST** (Code attributed by the undertaking or unknown)

When the same "ID Code" needs to be reported for one asset that is issued in 2 or more different currencies, the "ID Code Type" shall refer to option "CAU/ID code type". The following combination of ID code types should be used if one asset has been issued in 2 or more different currencies:

99/1-**CAU/ISIN** (Specific case for ISIN codes with two currencies)

99/2-**CAU/CUSIP** for same CUSIP code with two or more currencies

99/3-**CAU/SEDOL** for same SEDOL code with two or more currencies

99/4-**CAU/WKN** for same WKN code with two or more currencies

99/5-**CAU/BT** for same BT code with two or more currencies

99/6-**CAU/BBGID** for same BBGID code with two or more currencies

99/7-**CAU/RIC** for same RIC code with two or more currencies

99/8-**CAU/FIGI** for same FIGI code with two or more currencies

99/9-**CAU/OCANNA** for same OCANNA code with two or more currencies

[99/TBC-CAU/MAL for multiple assets & liabilities](#)

[99/TBC-CAU/INDEX for indexes](#)

~~This item is not reported for derivatives which have as underlying more than one asset or liability.~~

The following shall be considered:

- Name of the exchange market for exchanged traded derivatives; or
- Name of Central Counterparty (CCP) for Over-The-Counter derivatives where they are cleared through a CCP; or Name of the contractual counterparty for the other Over-The-Counter derivatives.

Counterparty Code (C0250): Only applicable to Over-The-Counter derivatives, regarding contractual counterparties other than an exchange market and Central Counterparty (CCP). Identification code should

use the Legal Entity Identifier (LEI) if available. If none is available this item shall not be reported; please leave cell blank. LEI codes must be valid codes. Any invalid codes will result in the return being rejected.

Type of counterparty code (C0250): Only applicable to Over-The-Counter derivatives. Identification of the code used for the "Counterparty Code" item. One of the options must be used: "LEI" or "None".

Notional amount of the derivative (C0120): The notional amount refers to the amount that is being hedged / invested (when not covering risks). If several trades occur, it shall be the net amount at the reporting date. The amount covered or exposed to the derivative.

For futures and options corresponds to contract size multiplied by the trigger value and by the number of contracts reported in that line. For swaps and forwards it corresponds to the contract amount of the contracts reported in that line.

For CIC XL## or XT##, notional amount of the derivative should not be nil.

Buyer / Seller (Long or short position) (C0130): Identify whether the derivative contract was bought or sold. Only for futures, forwards and options, swaps and credit derivatives contracts.

The buyer and seller position for swaps is defined relatively to the security or notional amount and the swap flows. A seller of a swap owns the security or notional amount at the contract inception and agrees to deliver during the contract term that security or notional amount, including any other outflows related to the contract, when applicable.

A buyer of a swap will own the security or the notional amount at the end of the derivatives contract and will receive during the contract term that security or notional amount, including any other inflows related to the contract, when applicable.

One of the options in the following closed list shall be used, with the exception of Interest Rate Swaps:

- 1 – L (Buyer)
- 2 – S (Seller)

For interest rate swaps one of the options in the following closed list shall be used:

- 3 - FX-FL: Deliver fixed-for-floating
- 4 - FX-FX: Deliver fixed-for-fixed
- 5 - FL-FX: Deliver floating-for-fixed
- 6 - FL-FL: Deliver floating-for-floating

Premium paid to date (C0140): The payment made (if bought), for options and also up-front and periodical premium amounts paid for swaps, since inception.

Premium received to date (C0150): The payment received (if sold), for options and also up-front and periodical premium amounts received for swaps, since the moment the undertaking entered in the derivative.

Profit and loss to date (C0160): This is the amount of profit and loss arising from the derivative since the moment the undertaking entered in the derivative, realised at the closing/maturing date. This corresponds to the difference between the value (price) at sale date and the value (price) at acquisition date. This amount could be positive (profit) or negative (loss).

Number of contract (C0170): Number of similar derivative contracts reported in the line. For Over-The-Counter derivatives, e.g. one swap contract, 1 shall be reported, if ten swaps with the same characteristics, 10 shall be reported.

The number of contracts shall be the ones entered into and that were closed at the reporting date.

Contract size (dimension) (C0180): The deliverable quantity of commodities or financial instruments underlying futures and option contracts that are traded on an exchange. The way the contract size is defined varies according with the type of instrument (e.g. for equity futures and options it is the number of shares to be delivered per derivative contract at maturity, for index futures and options it is the reference amount underlying each contract, for bond and interest rate futures and options it is the principal value underlying each contract).

This is only applicable for futures and options.

Swap outflow amount (C0200): Amount delivered under the swap contract (other than premiums), during the reporting period. Corresponds to interest paid for interest rate swaps and amounts delivered for currency swaps, credit swaps, total return swaps and other swaps.

In the cases where the settlement is made on a net basis then only either swap outflow or swap inflow amount shall be reported. This is only applicable to CIC ##D# and ##F#.

Swap inflow amount (C0210): This is the amount received under the swap contract (other than premiums) during the reporting period. Corresponds to interest received for interest rate swaps and amounts received for currency swaps, credit swaps, total return swaps and other swaps.

In the cases where the settlement is made on a net basis then only either swap outflow or inflow amount shall be reported. This is only applicable to CIC ##D# and ##F#.

Solvency II value (C0230): This is the market value of the derivative (i.e. the value of the derivative contract and not of the underlying asset) as of the reporting date and it should be equal to the sum of Total Solvency II amount (Non-FIS) and Total Solvency II amount (FIS). It can be positive, negative or zero. Derivative assets (profits) should be reported as positive values with derivative liabilities (losses) as negative values.

For every derivative Lloyd's expect the total Solvency II amount (in absolute terms) to be lower than the notional amount.

Where CIC is XL## or XT##, solvency II value cannot be nil and where CIC is ##E2, ##D2 or ##D3, amount can only be reported on one leg, either "L" or "S".

Type of code of asset or liability underlying the derivative (C0090): This should be ISIN if available, other recognised code (CUSIP, Sedol, Bloomberg ticker etc.) or syndicate's specific if nothing else is available. An ISIN code must be the correct one for the reported instrument. It must be 12 characters long, for example: "US5949181045".

One of the options in the following closed list must be used:

- 1 - **ISIN** (ISO 6166 for ISIN code)
- 2 - **CUSIP** (The Committee on Uniform Securities Identification Procedures number assigned by the CUSIP Service Bureau for U.S. and Canadian companies)
- 3 - **SEDOL** (Stock Exchange Daily Official List for the London Stock Exchange)
- 4 - **WKN** (Wertpapier Kenn-Number, the alphanumeric German identification number)
- 5 - **BT** (Bloomberg Ticker-Bloomberg letters code that identify a company's securities)
- 6 - **BBGID** (The Bloomberg Global ID)
- 7 - **RIC** (Reuters instrument code)
- 8 - **FIGI** (Financial Instrument Global Identifier)

9 - **OCANNA** (Other code by members of the Association of National Numbering Agencies)

10- **CAU/INST/LMIF** (Cash Sweep Investment Funds – Western Asset & Fiera)

13- **CAU/CINS** (An extension to the CUSIP numbering system, which is used to uniquely identify securities offered outside of the United States and Canada)

99 - **CAU** (Code attributed by the undertaking or unknown)

When the same "ID Code" needs to be reported for one asset that is issued in 2 or more different currencies, the "ID Code Type" shall refer to option "**CAU/ID code type**". The following combination of ID code types should be used if one asset has been issued in 2 or more different currencies:

99/1-**CAU/ISIN** (Specific case for ISIN codes with two currencies)

99/2-**CAU/CUSIP** for same CUSIP code with two or more currencies

99/3-**CAU/SEDOL** for same SEDOL code with two or more currencies

99/4-**CAU/WKN** for same WKN code with two or more currencies

99/5-**CAU/BT** for same BT code with two or more currencies

99/6-**CAU/BBGID** for same BBGID code with two or more currencies

99/7-**CAU/RIC** for same RIC code with two or more currencies

99/8-**CAU/FIGI** for same FIGI code with two or more currencies

99/9-**CAU/OCANNA** for same OCANNA code with two or more currencies

[99/TBC-CAU/MAL for multiple assets & liabilities](#)

[99/TBC-CAU/INDEX for indexes](#)

4.5 QAD236: Investment Funds (look-through approach) (S.06.03.01)

Purpose of form: *This form reports information for each investment fund at a security by security level.*

This form is required for all years combined.

This template contains information on the look through of collective investment undertakings or investments packaged as funds, including when they are participations, by underlying asset category, country of issue and currency. Considering proportionality and specific instructions of the template, the look through shall be performed until the asset categories, countries and currencies are identified. In case of funds of funds the look-through shall follow the same approach.

Items shall be reported with positive values unless otherwise stated in the respective instructions.

All the investment funds reported in the balance sheet (QSR002) and QAD230 (CIC ###4#) should be reported on this form. The syndicate should ensure that reconciliation between this form, QAD230 and the balance sheet is carried out at a fund level as well as in aggregate. The level of look-through on investment funds should ensure that all material risks are captured. Solvency II requires this form to be reported at asset category level. However since this form is required for LIM purposes, additional fields (similar to those required in QAD230) have been added and the form will be required to be completed at security level. Look-through should be performed based on the following three options:

- Standard (S): This is the security level look-through. Where there are a number of iterations of the look-through approach (for example, where an investment fund is invested in other investment funds), the number of iterations should be sufficient to ensure that all material market risks are captured. When performing a standard look-through, syndicates should report only one line for each underlying security,

even if the underlying security is a derivative with more than one currency (e.g. a forward exchange rate agreement). In the case of derivatives that are part of an investment fund, these should not be reported in QAD233.

- **Mandate (M):** This option is acceptable where a full security level look-through is not possible. For collective investment schemes that are not sufficiently transparent, the investment mandate/fund's prospectus guidelines should be used as a reference. It should be assumed that the scheme invests in accordance with its mandate in such a manner as to produce the maximum overall capital requirement
- **Other (O):** Where security level and mandate look-through options are not possible, funds should be treated as equity and classified as "Other". This assumes a high level of investment risk and will always have a CIC of XL39. We also request that the option of "Other" is used when reporting those investments in Lloyd's Treasury & Investment Management (LTIM) Funds (ASL, Overseas Trust Funds and PTF Commingled Funds) and the primary sweep accounts (as listed above previously). Lloyd's will then apply the full "Standard" look-through on behalf of the syndicate. This means that for all investment funds reported with a level of look-through of "O", only one line per fund should be reported on this form.

Considering that this information is also being collected for LIM purposes, where possible, syndicates are required to use a security level look-through for investment funds and to refer to the investment mandate/prospectus if this is not possible. Please note that only one level of look-through per investment fund should be reported. Where there is a combination of standard and mandate look-through approaches within a single investment fund, please report the level of look-through as "M" mandate for the whole fund.

Investment fund code (C0010): This should be ISIN if available, other recognised code (CUSIP, Sedol, Bloomberg ticker etc.) or a code attributed by the syndicate's ~~specific~~ if nothing else is available. LMIF code should be used if the fund is a Lloyd's Treasury & Investment Management (LTIM) fund or a cash sweep investment fund. For each investment fund, the investment fund code reported on this form should be the same as the respective ID code reported in QAD230.

Investment fund code type (C0010): Type of ID Code used for the "Investment fund Code" item and this should be one of the following: ISIN, CUSIP, Bloomberg, LMIF, undertaking specific and other. This is presented in the CMR as a closed list and it is included in the reference data. For each investment fund, the Investment fund code type reported on this form should be the same as the ID code type reported in QAD230.

ID code: This is the ID code of the securities in which a fund is invested. This should be ISIN if available, other recognised code (CUSIP, CINS, Sedol, Bloomberg ticker etc.) or undertaking specific if nothing else is available. An ISIN code must be the correct one for the reported instrument. It must be 12 characters long, for example: "US5949181045".

When the same asset ID Code needs to be reported for one asset that is issued in two or more different currencies, it is necessary to specify the ID code and the ISO 4217 alphabetic code of the currency, as in the following example for ID code reported was "**ISIN ID code+currency**" (i.e. **UK1234567890+USD**). Please note that the symbol "+" must be part of the code. The "ID code type" shall refer to option "**CAU**" and the option of original ID code type, ID code type should be reported as "**CAU/ISIN**" not "**ISIN**".

Where the level of look-through of a fund is "S" or "M", Lloyd's expect the ID codes to be the ID codes of the underlying securities and to be different from the investment fund code. There should be no duplicate ID codes reported within the same investment fund. Indicative ID codes can be used for "M" (e.g. FUNDXYEQTY, FUNDXYGOVT, ~~etc etc~~).

Where the level of look-through is "O", Lloyd's expect the ID code to be the same as the investment fund code.

ID code type: ID code type should be one of the closed list:

- 1 - **ISIN** (ISO 6166 for ISIN code)
- 2 - **CUSIP** (The Committee on Uniform Securities Identification Procedures number assigned by the CUSIP Service Bureau for U.S. and Canadian companies)
- 3 - **SEDOL** (Stock Exchange Daily Official List for the London Stock Exchange)
- 4 - **WKN** (Wertpapier Kenn-Number, the alphanumeric German identification number)
- 5 - **BT** (Bloomberg Ticker-Bloomberg letters code that identify a company's securities)
- 6 - **BBGID** (The Bloomberg Global ID)
- 7 - **RIC** (Reuters instrument code)
- 8 - **FIGI** (Financial Instrument Global Identifier)
- 9 - **OCANNA** (Other code by members of the Association of National Numbering Agencies)
- 10- **CAU/INST/LMIF** (Cash Sweep Investment Funds – Western Asset & Fiera)
- 13- **CAU/CINS** (An extension to the CUSIP numbering system, which is used to uniquely identify securities offered outside of the United States and Canada)
- 99 – **CAU/INST** (Code attributed by the undertaking or unknown)

When the same "ID Code" needs to be reported for one asset that is issued in 2 or more different currencies, the "ID Code Type" shall refer to option "**CAU/ID code type**". The following combination of ID code types should be used if one asset has been issued in 2 or more different currencies:

- 99/1-**CAU/ISIN** (Specific case for ISIN codes with two currencies)
- 99/2-**CAU/CUSIP** for same CUSIP code with two or more currencies
- 99/3-**CAU/SEDOL** for same SEDOL code with two or more currencies
- 99/4-**CAU/WKN** for same WKN code with two or more currencies
- 99/5-**CAU/BT** for same BT code with two or more currencies
- 99/6-**CAU/BBGID** for same BBGID code with two or more currencies
- 99/7-**CAU/RIC** for same RIC code with two or more currencies
- 99/8-**CAU/FIGI** for same FIGI code with two or more currencies
- 99/9-**CAU/OCANNA** for same OCANNA code with two or more currencies

Item title: Identify the reported item by filling the name of the asset (or the address in case of property), with the detail settled by the syndicate. This item is not applicable for CIC 95 – Plant and equipment (for own use) as those assets are not required to be individualised, CIC ##71 and CIC ##75. Where the level of look-through of a fund is "S" or "M", Item title should refer to the securities in which the fund is invested.

Where the level of look-through is "O", Lloyd's expects the Item title to be the name of the investment fund.

Issuer group: This is the name of the ultimate parent undertaking of the issuer. Where the level of look-through of a fund is "S", the issuer group should be the ultimate parent undertaking of the issuer of the securities in which a fund is invested. For cash at bank, the group is in relation to the ultimate parent undertaking of the bank.

Where the level of look-through is "O" or "M", the issuer group should be the ultimate parent undertaking of the fund manager.

Issuer group code: This is legal entity identifier (LEI) or None. Where a code does not exist, syndicates should leave this field **blank** LEI codes must be valid codes. Any invalid codes will result in the return being rejected.

Issuer group code type: This is the type of the issuer group code i.e. LEI or None. Where the issuer group code field was left blank because the code does not exist, "None" must be reported in this field.

External rating: This is the rating given by an external rating agency and is only applicable to CIC categories ##1#, ##2#, ##5# and ##6#. The syndicate must report the external rating (only the rating symbol, without any outlook) that in their perspective is best representative and used internally for SCR calculations. This field must always be populated, therefore where a security is not rated, "NR" should be reported. The rating reported should be as per the closed list provided in the CMR as part of the reference data.

Rating agency: This is the rating agency giving the external rating and should be selected from a closed list provided in the CMR as part of the reference data. Similar to the external rating, where a security is not rated, "N/A" should be reported.

Duration: This is the 'residual modified duration' in years. Modified duration calculated based on the remaining time for maturity of the security, counted from the reporting reference date. For assets without fixed maturity the first call date should be used. Effective duration can be used if bond with an option embedded. The duration shall be calculated based on economic value. It only applies to CIC categories ##1#, ##2#, ##5# and ##6#. Duration is expected to be zero when the level of look-through is "O".

CIC: This is the Complementary Identification Code (CIC) of the securities in which a fund is invested. Please see Appendix 1 for the CIC table. When classifying an asset using the CIC table, syndicates should take into consideration the most representative risk to which the asset is exposed. The requirement to provide "look-through" data to underlying exposures of mutual funds and investment funds means that the "investment funds" (CIC category ##4#) should not be used. In the case where no look-through is performed, i.e. level of look-through is reported as "O", this is treated as equity other, and the reported CIC should be XL39.

Underlying asset category (C0030): Identify the assets categories, receivables and derivatives within the collective investment undertaking. One of the options in the following closed list shall be used:

- 1 - Government bonds
- 2 - Corporate bonds
- 3L - Listed equity
- 3X - Unlisted equity
- 4 - Collective Investment Undertakings
- 5 - Structured notes
- 6 - Collateralised securities
- 7 - Cash and deposits
- 8 - Mortgages and loans
- 9 - Properties
- 0 - Other investments (including receivables)
- A - Futures
- B - Call Options
- C - Put Options
- D - Swaps
- E - Forwards
- F - Credit derivatives
- L - Liabilities (any negative holdings for indirectly held derivatives)

Category "4 - Collective Investment Units" shall be used only for non-material residual values for both 'funds of funds' and any other fund.

Country of issue (Geographical zone of issue) (C0040): Breakdown of each asset category identified in “Underlying asset category” by issuer country. Please identify the country of localisation of the issuer.

The localisation of the issuer is assessed by the address of the entity issuing the asset.

One of the options shall be used:

- ISO 3166-1 alpha-2 code
- XA: Supranational issuers
- EU: European Union Institutions
- AA: aggregated countries due to application of threshold

This item is not applicable to Categories 8 and 9 as reported in “Underlying asset category”.

Currency (ISO code) (C0050): This is the currency of the issue and the code should be the ISO code as defined in ISO 4217 alphabetic code, for example, USD for US dollars.

Total Solvency II amount (Non-FIS): This is the Solvency II value (including accrued interest) of the securities held in the premium trust funds (PTFs), in respect of open and run-off reporting years of account. Where the valuation basis adopted in the QMA is the same as that required for Solvency II, the total Solvency II amount (Non-FIS) should tie back to the amounts reported in the QMA201 (plus respective accrued interest reported as receivable in the QMA).

Total Solvency II amount (FIS): This is the Solvency II value (including accrued interest) of the securities held as, either separately or commingled within syndicates PTFs, in respect of funds in syndicates (FIS). Where the valuation basis adopted in the QMA is the same as that required for Solvency II, the total Solvency II amount (FIS) should tie back to the amounts reported in the QMA202 (plus respective accrued interest reported as receivable in the QMA).

Where securities are commingled, that is, investments in respect of FIS and open/run-off years of account (Non-FIS) are not managed separately, only one entry per security should be reported with the amounts presented in the appropriate columns.

Total Solvency II amount (C0060): This is the total Solvency II value (including accrued interest) of the securities and it should be equal to the sum of Total Solvency II amount (Non-FIS) and Total Solvency II amount (FIS). The “Total Solvency II amount” for each investment fund code reported on QAD236 should agree to the “Total Solvency II amount” for the corresponding ID code reported on QAD230. Hence the sum of “Total Solvency II amount” for all entries on QAD236 should equal the sum of “Total Solvency II amount” for all investment fund entries on QAD230 (i.e. where the third character of the CIC on QAD230 is “4”). Liabilities (L) shall be presented as a positive number, unless the item is a derivative liability.

Issue type: This is the means of identifying investments issued by a government agency, government guaranteed bonds, floating rate notes, private equity, alternative investment funds and reverse repurchase agreements for capital modelling purposes. Please use the appropriate code as listed on page [5347](#). If none of the specific options is applicable please use “NA”.

Level of look-through: This indicates the level of look-through performed and selection should be as follows:

- Standard (S) – look-through is performed at security by security level
- Mandate (M) – where investment funds are not sufficiently transparent, investment mandates should be used
- Other (O) – If the above is not achievable, the funds should be reported as “equity other”.

Depending on the level of look-through, some of the fields will not be required to be reported. All the fields (apart from “duration” that is not required when the level of look-through is “O”) are required to be completed.

Maturity date: This is only applicable for CIC categories ##1#, ##2#, ##5#, ##6#, ##8#, ##74, ##79# and corresponds always to the maturity date, even for callable securities. Maturity data shall be blank (not reported) for CIC categories: ##3#, ##4#, ##71, ##72, ##73, ##75, ##9#, ##09. For asset-backed securities Syndicates are requested to report the expected maturity date, rather than the final (legal) maturity date. The date should be reported in ISO date format i.e. YYYY/MM/DD and for perpetual securities, the date should be reported as 9999/12/31. This date should be greater than the reporting end date. Where level of look-through is "O", Maturity Date should be blank.

Fund number (C0070): This is applicable to assets held in ring-fenced or other internal funds (defined according to national markets). If none is available this item shall not be reported, please leave cell blank. The number is attributed by the undertaking, corresponding to the unique number assigned to each fund. This number has to be consistent over time and should be used to identify the funds in other templates. It shall not be re-used for a different fund.

For Lloyd's Managed Investment Funds (**LMIF**), this field must be reported using the correct fund number. This information can be found on pages 51-52 or latest LMIF templates issued by LTIM.

Notional amount: This field relates only to CIC categories #A, #B, #C, #D, #E, #F – please report the notional amount of the derivative where applicable and available.

Appendices

Appendix 1 - EIOPA Complementary Identification Code (CIC) Table



Appendix 1 - EIOPA
CIC table (revised).xls

Appendix 2 - Managing agent's reports (QSR910 and QAD910) (updated) & Auditor's Report (QSR 930)



Appendix 2 - QSR910
and QAD910 Q1 2020



QSR910 &
QAD910.doc

Field Code Changed

Appendix 3 – QSR and QAD forms and specifications



Appendix 3a QSR
Specification Q1 2020



Appendix 3b QAD
Specification Q1 2020



QSR_Return_Specifi
cations.xlsx



QAD_Return_Specifi
cations.xlsx

Field Code Changed

Field Code Changed

Appendix 4: NACE CODES



NACE code.xlsx

Appendix 5: CF syndicate loan template



QAD 230 - CF
Syndicate Loan Tem

Field Code Changed

Appendix 6: additional guidance on reporting the Part VII transfer



Part VII transfer
addendum for instruc

Field Code Changed