

2025 CAPITAL & PLANNING

Catastrophe Risk
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1 Introduction

The purpose of this document is to explain the catastrophe risk elements in the 2025 Capital & Planning process. Changes to the scope and reporting granularity referred to in this document will also apply to in-force reporting during 2025.

Everything here relates to catastrophe risk only. Please do not take this document as information about any other requirements of the Capital & Planning Group (CPG).

1.1 Summary of returns

Syndicates will submit information about forecast catastrophe risk in three ways:

- **within the Syndicate Business Forecast (SBF):**
 - within Form 452: AEP 1-in-30 and RDS loss-estimates
- **within the Lloyd's Capital Return (LCR):**
 - within Form 313: mean and 1-in-200 natural catastrophe loss-estimates (One-Year and Ultimate), and the split by 'LCM5 region-perils' and 'All Non-LCM'
 - Form 313 also includes a split for mean and 1-in-200 non-natural catastrophe loss estimates
- **directly to Exposure Management via Secure Share:**
 - LCM Forecasts
 - LCM/LCR Analysis of Change
 - Cat Risk Sensitivity Test
 - War and NCBR forecast exposures

This document will discuss each element in turn in sections 2 to 4.

There is a summary table of catastrophe risk reporting for 2025 CPG in section 5.

For changes to the LCM Forecasts, LCM/LCR Analysis of Change and the Catastrophe Sensitivity Test please see the LCM Forecast Returns 2025 - Guidance and Instructions EM Ref 500.

1.2 Franchise Guidelines

Please refer to the changes outlined within Market Bulletin [Y5375](#), which continue to apply.

Projected and in-force loss estimates for Realistic Disaster Scenarios (RDS), except the Alternative A&B scenarios, shall not exceed:

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

'Profit' for this purpose shall be defined as 'Profit/Loss for the period' on an Ultimate basis in the Syndicate Business Forecast (item 16 of Form 100s).

1.3 Basis for Calculating Forecast 2025 RDS Losses

For the RDS, forecast losses should be consistent with your Internal Model and any scenarios used in parameterising non-natural catastrophe risk. That is, they should be a *realistic* forecast of maximum anticipated losses, rather than an absolute maximum (which in prior years may have been reported as the upper risk appetite limit, significantly above where a syndicate would anticipate actually underwriting).

1.4 Reporting details

1.4.1 Return deadlines

For 2025, the Capital and Business Planning process is again on a phased approach, with each phase having its own SBF and LCR deadline. The reporting deadlines for the elements returned directly to Exposure Management via Secure Share align to the SBF and LCR as follows:

- With SBF: LCM Forecasts, War & NCBR exposures
- With LCR: Cat Risk Sensitivity Test, LCM/LCR Analysis of Change

1.4.2 Return methods

The SBF and LCR are submitted within Market Data Collection (MDC).

The returns direct to Exposure Management should be uploaded to **Secure Share/Catastrophe Risk Returns/2025 CPG**. Please do not attach any of these returns to Form 990 in the SBF or LCR.

1.5 Documentation

Return templates and Guidance & Instructions for all return elements are available here: [Exposure Management - Lloyd's \(lloyds.com\)](#). Copies are also available at any time from the Exposure Management team.

Please ensure that you download and use the most recent return templates to ensure that no information is omitted from your returns.

2 Syndicate Business Forecast

2.1 Changes

Lloyd's issued an updated RDS Scenario Specifications January 2024 v1.1 in July 2024. The only change is an update to the cyber narrative to improve usability. There are no changes to the underlying cyber scenario specifications.

2.2 Requirements for the 2025 SBF

The following AEP 1-in-30 and RDS should be forecast:

- 1) AEP 1-in-30 for Whole World
- 2) AEP 1-in-30 for US windstorm
- 3) AEP 1-in-30 for US & Canada earthquake
- 4) RDS Marine (2 scenarios)
- 5) RDS Loss of Major Platform
- 6) RDS Terrorism (2 scenarios)
- 7) RDS Aviation collision
- 8) RDS Liability (2 scenarios)
- 9) RDS Cyber (4 scenarios)
- 10) RDS Alternative A & B

These catastrophe risk metrics are subject to the Franchise Guidelines as per section 1.2, except for the 1-in-30 AEPs and RDS Alternative A & B.

The scenario specifications for Alt A & B state that "*managing agents should report two further realistic events that represent the most material accumulation risks that are not already covered by compulsory or de minimis scenarios.*" Natural catastrophe region/perils already covered by existing scenarios, whether included in the SBF or not, should not be used for Alt A & B.

2.3 Documentation

Guidance for completing the SBF is available in MDC.

3 Lloyd’s Capital Return

3.1 Changes

No changes for 2025.

3.2 Requirement for the 2025 LCR

3. Insurance Risk Including Catastrophe Claims

	One Year			Ultimate		
	Net Mean	Net 99.5th	Post diversified claims 99.5th	Net Mean	Net 99.5th	Post diversified claims 99.5th
	F	G	G(i)	H	I	I(i)
1 total: Catastrophe Claims						
1a split: Non-Natural Catastrophe Claims						
1b split: Natural Catastrophe Claims						
2 split: Catastrophe Losses - LCM Region-Perils & Classes Only						
3 split: Catastrophe Losses - All Non-LCM						
4 Premium Risk Claims - Excluding Natural Catastrophe Claims						
4a Premium Risk Claims - Excluding All Catastrophe						
5 Reserving Risk Claims						
6 TOTAL						
7 Diversified Credit - Between Risk Categories						
8 DIVERSIFIED TOTAL						

Row 1 relates to *all* catastrophe risk. Row 1a relates to *non-natural* catastrophe risk, while rows 1b to 3 relate to *natural* catastrophe risk only.

The calculation methodologies for natural catastrophe risk are the same as for 2024.

3.3 Documentation

LCR Guidance & Instructions can be downloaded [here](#).

4 Direct to Exposure Management

The following returns should be made directly to Exposure Management via Secure Share. The folder structure is:



Any questions about access to Secure Share folders should be addressed to the Aggregation team (contact details on page 2).

For changes to the LCM Forecasts, LCM/LCR Analysis of Change and the Catastrophe Sensitivity Test please see the LCM Forecast Returns 2025 - Guidance and Instructions EM Ref 500.

4.1 LCM Forecasts

This return allows Lloyd's to understand forecast natural catastrophe risk for individual syndicates and the market as a whole. It is a key input to Lloyd's Internal Model under Solvency II, and fundamental to the Society's overall Catastrophe Risk Appetite.

The LCM 2025 forecast return (i.e. for the 2025 calendar year) consists of:

- **Forecast model output (i.e. YLT or ELT model output, split by region/peril and class of business)**
- **The 'LCM Forecasts 2025' spreadsheet, which contains summary information and Rest of World return period losses**

Forecast model output takes the same structure as in-force returns submitted via YLT and ELT formats, however rather than reflecting in-force exposures, forecast output must represent a calendar year view of risk, consistent with the Internal Model.

Where there is a material change in planned catastrophe risk for 2025 at any time after the first SBF submission, managing agents should always submit revised forecasts along with a revised SBF and (if applicable) a revised LCR. This applies throughout the 2025 year with syndicates expected to monitor 2025 in-force returns against the approved plan. Please contact your Exposure Management Manager if you have any questions relating to resubmissions including what constitutes a material change.

4.1.1 Documentation

Guidance & Instructions: "LCM Forecast Returns 2025" Ref EM500 (sections 2 - 4)

Return templates: LCM_Forecast_2025_EM501_Synd0000_v1
ELT_2025Forecast_SY0000.csv
YLT_2025Forecast_SY0000.csv

Please ensure the LCM validation tool is run on csv templates before submitting. The validation tool is located in Secure Share/Catastrophe Risk Returns/Guidance Notes and Template.

4.2 LCM/LCR Analysis of change

This return allows Lloyd's to understand any differences in syndicates' forecast net 1-in-200 between the LCM Forecast and LCR Form 313 returns. The External Validator of Lloyd's Internal Model also takes this information into account.

There should be consistency of method between syndicates' catastrophe risk forecasts in the LCM Forecast and those in the LCR. The LCM/LCR Analysis of Change requires syndicates to specify the 'starting-point' i.e. the LCM5 forecast view, and the individual components of any material differences between the LCM Forecast and the LCR.

4.2.1 Documentation

Guidance & Instructions: "LCM Forecast Returns 2025" Ref EM500 (section 5)

Return template: LCM_LCR_AOC_EM502_Synd0000_v1

4.3 Catastrophe Risk Sensitivity Test

Lloyd's must consider how uncertainty within syndicate models may affect the representation of catastrophe risk within Lloyd's Internal Model (LIM). The Catastrophe Risk Sensitivity Test is intended to assess the impact of greater-than-expected natural catastrophe losses on syndicates' capital positions, taking into account potential reinsurance recoveries and the effects of diversification in syndicates' own Internal Models.

The US Windstorm test remains the same. As before, syndicates should also report the results of a 25% uplift for the most material region/peril other than US Windstorm.

4.3.1 Documentation

Guidance & Instructions: "LCM Forecast Returns 2025" Ref EM 500 (sections 6-8)

Return template: Cat_Sensitivity_2025_EM503_Synd0000_v1

4.4 War & NCBR Forecasts

Lloyd's will use the information in this return to:

- *maintain a comprehensive view of all syndicates permitted to underwrite War/NCBR*
- *understand syndicates' aggregate exposures to War/NCBR in defined countries and regions*
- *understand the market's overall aggregate exposures in the defined countries and regions*
- *consider approaches to exposure-based measuring of accumulation risk for these classes*

Syndicates are required to gain Lloyd's express permission in advance to underwrite War and/or NCBR¹, as part of the business-planning process. Syndicates must also provide forecast War/NCBR exposure information by defined country and region, split by class of business.

Rather than include this data in the SBF itself, there is a supplementary reporting template. Please see the relevant Guidance & Instructions for details of the return.

4.4.1 Documentation

Guidance & Instructions: "War & NCBR 2025" Ref EM504

Return template: 2025_War_NCBR_Forecast_EM505_Synd0000_v1

¹ except for 'Exempted Classes' – see the Guidance & Instructions

5 Tables

5.1 Summary of Reporting Requirements for 2025 CPG

	Catastrophe risk forecast element	Submitted via	Due on	Guidance	Return template
1	AEP 1-in-30 Whole World	SBF Form 452	Phased submission deadline	in MDC	n/a
2	AEP 1-in-30 US Windstorm				
3	AEP 1-in-30 US & Canada Earthquake				
4	RDS Marine (two scenarios)				
5	RDS Loss of Major Complex				
6	RDS Terrorism (two scenarios)				
7	RDS Aviation Collision				
8	RDS Liability risks (two scenarios)				
9	RDS Cyber (four scenarios)				
10	RDS Alternative A & B				
11	LCM Forecasts (inc CSV templates)	Secure Share ²	Phased submission deadline	EM500	EM501
12	War and NCBR forecast exposures			EM504	EM505
13	Catastrophe capital data (mean/1-in-200)	LCR Form 313	Phased submission deadline	Click here	In MDC
14	LCM/LCR Analysis of Change	Secure Share ²	Phased submission deadline	EM506	EM502
15	Cat Risk Sensitivity Test				EM503

² The Secure Share folder is "Catastrophe Risk Returns/2025 CPG"