

Lloyd's Reporting and Generic Lines of Business

Update to classes since October 2023

As of April 2024

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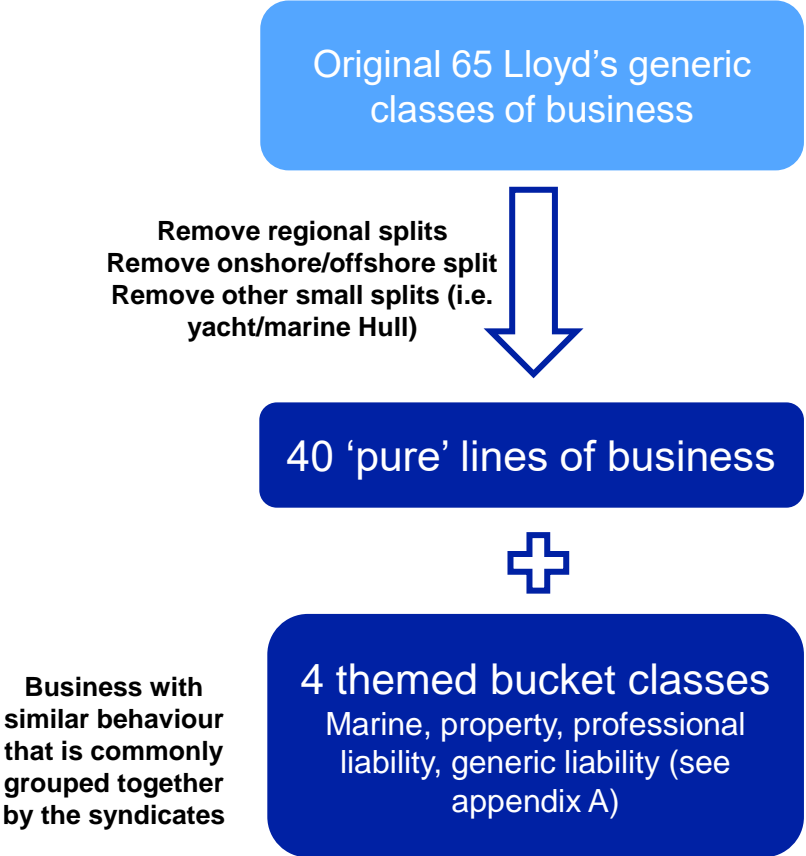
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Lloyd's Generic Lines of Business (LOB) proposal

Background: Initial proposal to the market in October

Class Structure Changes



Guiding principles

Best-efforts basis

The expectation is that managing agents will be able to provide a mapping from a syndicate reserving class to the Lloyd's Generic Lines of Business on a best-efforts basis – 80% of the premium must match the class.

Materiality

If, after mapping syndicate reserving class to the Lloyd's Generic Line of Business, any bucket class has in excess of £30m in gross net written premium, the managing agent will need to break the syndicate reserving class down to a lower level.

Summary of key changes since proposal in October 2023

1. Changes to existing buckets

Property bucket now contains agriculture & hail and terrorism

Professional liability bucket now contains cyber

2. New portfolios buckets

Three new buckets introduced to handle highly mixed reserving classes like specialty RI, ACT and other market facilities

3. Data detail flags in data model

Syndicate reserving class to LOB mappings will capture detail about region for certain classes (US, non-US, WW), energy (onshore, offshore, mixed) and portfolios (certain types only e.g. ACT)

This will collect extra detail that syndicates can tag to their reserving classes on a best-efforts basis. Reserving classes with multiple market facilities will need more detailed tagging

4. Mapping syndicate reserving class to SCOB

Mapping of syndicate reserving class to syndicate class of business (SCOB) to be included within the data model to allow Lloyd's and the market to look across underwriting and reserving returns

Key Change 1: Changes to the current 'thematic' buckets

No new thematic buckets introduced

- Some requests for other thematic buckets such as aviation or energy bucket
- Buckets need at least £50m premium across the market to be credible class on their own
- None of the new requested buckets were deemed to be credible

Property bucket now contains agriculture & hail and terrorism

- Cyber & terrorism tend to be areas that we monitor specifically during oversight
- We will lose some visibility of these classes in actuarial estimates
- We will still be able to identify reserving classes with components of cyber & terrorism by the risk code premiums and claims data so we can oversee these classes
- We assume that the market are also carefully monitoring their exposure to these elements

Professional liability bucket now contains cyber

Key Change 2: What are the new 'portfolio' bucket classes?

Market returns showed a clear need for 'mixed business' classes

Short Tail Low Volatility Portfolios

| LOB Code | LOB Name |
|----------|---------------------------|
| AV201 | Aviation Hull & Liability |
| CO404 | Motor |
| ME501 | Energy Property |
| ME502 | Cargo, Fine Art & Specie |
| ME503 | Marine & Energy Liability |
| ME504 | Marine Hull |
| ME506 | Marine XL |
| ME508 | Power Generation |
| PD601 | Property D&F Binder |
| PD602 | Property D&F Open Market |
| PT703 | Property pro rata |
| PT704 | Property Risk XS |
| SP801 | Engineering |

Short Tail High Volatility Portfolios

| LOB Code | LOB Name |
|----------|---|
| AH101 | Accident & Health (direct) |
| AH102 | Contingency |
| AV202 | Aviation War |
| AV203 | Aviation XL |
| AV204 | Space |
| CF301 | Cyber |
| ME505 | Marine War |
| ME507 | Nuclear |
| PT701 | Agriculture & Hail |
| PT702 | Property Cat XL |
| SP802 | Extended Warranty |
| SP803 | Legal Expenses |
| SP804 | Livestock & Bloodstock |
| SP805 | Political Risks, Credit & Financial Guarantee |
| SP806 | Terrorism |

Long Tail Portfolios

| LOB Code | LOB Name |
|----------|--------------------------|
| AH103 | Pecuniary |
| CF302 | D&O |
| CF303 | Financial Institutions |
| CF304 | Professional Indemnity |
| CO401 | Casualty Treaty |
| CO402 | Employers Liability/ WCA |
| CO403 | Medical Malpractice |
| CO405 | Motor XL |
| CO406 | NM General Liability |

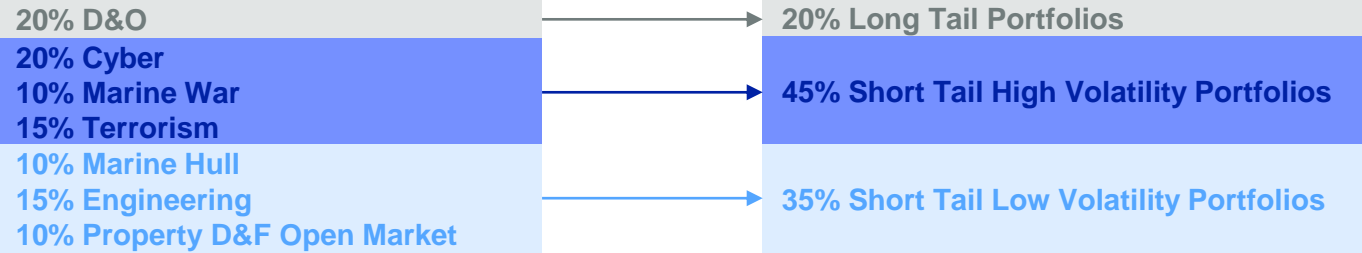
Key Change 2: How do the new portfolio buckets work?

To be eligible for the portfolio buckets, the syndicate reserving class must contain *at least four different Pure LOBs*.

Example: Inter-syndicate quota share arrangement containing

- 20% D&O
- 20% Cyber
- 10% Marine War
- 15% Terrorism
- 10% Marine Hull
- 15% Engineering
- 10% Property D&F Open Market

The syndicate reserving class should be allocated between the three portfolios buckets (instead of being allocated down to all component pure LOBs).



Key Change 3: Addition of data detail flags to the model

When we request reserving class to LOB mappings, we will also request various 'data detail' flags.

- For example, syndicates can tag reserving classes as 'US' (if mostly US business), 'non-US' (if mostly non-US business) or 'worldwide' (if a true mix of US and non-US).
- If we want to do deep-dive analysis of a LOB at regional level, we can split the data using these flags.
- We'll also introduce a 'portfolio' flag to identify reserving classes that contain components of market facilities e.g. ACT, MFT

Proposed data detail flags:

(The specifics of the flags will be provided soon)



For classes that previously had a US/non-US split



For energy classes



For syndicate reserving classes that contain elements of market facilities e.g. ACT

- Property D&F (Open Market)
- Property D&F (Binders)
- Property Cat XL
- Casualty Treaty
- Employers' Liability/WCA
- NM General Liability
- D&O
- Financial Institutions
- Professional Indemnity

This gives us the granularity needed for oversight whilst preserving the ease for the market

Key Change 4: Mapping syndicate reserving class to syndicate class of business (SCOB)

To drive alignment across Lloyd's and our oversight of the market, we'll start to collect a mapping between reserving class and SCOB.

This will:

- ✓ Drive better engagement across Lloyd's
- ✓ Drive better engagement with the market
- ✓ Allow for greater transparency for both the market and Lloyd's

Appendices

A. Full Lloyd's Generic Lines of Business structure

Pure lines

Highlight indicates change to name of LOB

| Lloyd's High Level Line of Business | Lloyd's Generic Line of Business | LOB Code | Risk Codes | Original L60 |
|-------------------------------------|--------------------------------------|----------------|---|--|
| Accident & Health | Personal Accident & Medical Expenses | AH101 | K, KA, KB, KC, KD, KG, KK, KP, KS, KT, SA | Accident & Health (direct) |
| | | | KM | Medical Expenses |
| | | | DX, KL, KX | Personal Accident XL |
| | Contingency | AH102 | PA, PC, PF, PN, PO, PU, PW, PZ | Contingency |
| | Pecuniary | AH103 | P, PB, PE, PP, PS, TT | Pecuniary |
| Term Life | AH104 | TL | Term Life | |
| Aviation | Aviation Hull & Liability | AV201 | 1, 2, 3, 4, 5, 6, 7, 8, 9, H, L, Y1, Y2, Y3, Y4, Y5, Y6, Y7, Y8, Y9 | Airline/ General Aviation |
| | | | H2, L2 | Airline |
| | | | AO, AP, PX | Aviation Products/ Airport Liabilities |
| | | | H3, L3 | General Aviation |
| | Aviation War | AV202 | AW, RX | Aviation War |
| | Aviation XL | AV203 | AR, AX, HX, LX, X1, XY, XZ | Aviation XL |
| | Space | AV204 | CX, SC, SL, SO, SX, ZX | Space |
| Cyber | CF301 | CY, CZ, RY, RZ | Cyber | |
| Casualty FinPro | D&O | CF302 | D3, D7, D9 | Directors & Officers (non-US) |
| | | | D2, D6, D8 | Directors & Officers (US) |
| | Financial Institutions | CF303 | BB | BBB/ Crime |
| | | | D5, F3 | Financial Institutions (non-US) |
| | Professional Indemnity | CF304 | D4, F2 | Financial Institutions (US) |
| | | | PI, PM | Professional Indemnity |
| | | | E3, E5, E7, E9, ED, EE, F5 | Professional Indemnity (non-US) |
| | | | E2, E4, E6, E8, F4 | Professional Indemnity (US) |

| Lloyd's High Level Line of Business | Lloyd's Generic Line of Business | LOB Code | Risk Codes | Original L60 |
|-------------------------------------|----------------------------------|------------------------|--|--------------------------------------|
| Casualty Other | Casualty Treaty | CO401 | XG, XH | Casualty Treaty (non-US) |
| | | | X4, XD, XF, XL, XQ | Casualty Treaty (US) |
| | Employers Liability/ WCA | CO402 | WC | Employers Liability |
| | | | W3, W4 | Employers Liability/ WCA (non-US) |
| | | | W2, W5, W6 | Employers Liability/ WCA (US) |
| | Medical Malpractice | CO403 | GH, GM, GN, GO, GP, GQ, GT | Medical Malpractice |
| | Motor | CO404 | MD, ME, MF, MG, MH, MI, MM, MN, MP | Overseas Motor |
| | | | M2, M3, M4, M5, M6, M7, MA, MB, MC, MK, ML, PQ | UK Motor |
| | Motor XL | CO405 | XM, XN | Motor XL |
| | NM General Liability | CO406 | EP, NA, NC, NR, NS, PL | NM General Liability (non-US direct) |
| UA, UC, UR, US | | | NM General Liability (US direct) | |
| Energy Property | ME501 | EC | Energy Construction | |
| | | EM, EN, ET, EW, EY, EZ | Energy Offshore Property | |
| | | EF | Energy Onshore Property | |
| | | FC, V, VL | Cargo | |
| Cargo, Fine Art & Specie | ME502 | FA | Fine Art | |
| | | CT, FR, GS, JB | Specie | |
| Marine & Energy | Marine & Energy Liability | ME503 | EG, EH | Energy Offshore Liability |
| | | | EA, EB | Energy Onshore Liability |
| | Marine Hull | ME504 | G, GC | Marine Liability |
| | | | B, T, TS | Marine Hull Yacht |
| | Marine War | ME505 | Q, QX, W, WB, WX | Marine War |
| | Marine XL | ME506 | GX, OX, SR, TX, VX, X2, X5, XE, XT | Marine XL |
| | Nuclear | ME507 | NL, NP, NV | Nuclear |
| | Power Generation | ME508 | PG, R1, R2, R3, R4 | Power Generation |

| Lloyd's High Level Line of Business | Lloyd's Generic Line of Business | LOB Code | Risk Codes | Original L60 |
|-------------------------------------|---|----------|--|---|
| Property (D&F) | Property D&F Binder | PD601 | DC | Difference in Conditions |
| | | | B4, B5, HP | Property D&F (non-US binder) |
| | | | B2, B3 | Property D&F (US binder) |
| | Property D&F Open Market | PD602 | F, PD | Property (direct & facultative) |
| P3, P5, P7 | | | Property D&F (non-US open market) | |
| P2, P4, P6 | | | Property D&F (US open market) | |
| Property Treaty | Agriculture & Hail | PT701 | AG, HA | Agriculture & Hail |
| | Property Cat XL | PT702 | X3, XJ, XP, XR, XU, XX | Property Cat XL (Non-US) |
| | | | XA | Property Cat XL (US) |
| | Property pro rata | PT703 | TR | Property pro rata |
| | Property Risk XS | PT704 | XC | Property Risk XS |
| Specialties | Engineering | SP801 | CA, CB, CC | Engineering |
| | Extended Warranty | SP802 | WA, WS | Extended Warranty |
| | Legal Expenses | SP803 | LE | Legal Expenses |
| | Livestock & Bloodstock | SP804 | N, NB, NX | Livestock & Bloodstock |
| | Political Risks, Credit & Financial Guarantee | SP805 | BS, CF, CN, CP, CR, FG, FM, FS, PR, SB | Political Risks, Credit & Financial Guarantee |
| | Terrorism | SP806 | 1E, 1T, 2E, 2T, 3E, 3T, 4E, 4T, 5T, 6T, 7T, 8T, BD, QL, RS, RW, TE, TO, TU, TW, WL | Terrorism |
| | Lloyd's Japan | SP807 | LJ | Lloyd's Japan |
| | RITC | SP808 | TC | RITC |

A. Full Lloyd's Generic Lines of Business structure

Themed bucket classes

Highlight indicates new addition to bucket

| Lloyd's High Level Line of Business | Bucket Class | LOB Code | Risk Codes | Original L60 | Lloyd's High Level Line of Business | Bucket Class | LOB Code | Risk Codes | Original L60 |
|--|--------------------------------------|--|----------------------------|--------------------------------------|-------------------------------------|---------------|----------|------------------------------------|---------------------------|
| Casualty FinPro | Professional Liability Bucket | CF30B | CY, CZ, RY, RZ | Cyber | Marine & Energy | Marine Bucket | ME50B | FC, V, VL, WL | Cargo |
| | | | BB | BBB/ Crime | | | | EG, EH | Energy Offshore Liability |
| | | | XG, XH | Casualty Treaty (non-US) | | | | EA, EB | Energy Onshore Liability |
| | | | X4, XD, XF, XL, XQ | Casualty Treaty (US) | | | | FA | Fine Art |
| | | | D3, D7, D9 | Directors & Officers (non-US) | | | | B, T, TS | Marine Hull |
| | | | D2, D6, D8 | Directors & Officers (US) | | | | G, GC | Marine Liability |
| | | | D5, F3 | Financial Institutions (non-US) | | | | Q, QX, W, WB, WX | Marine War |
| | | | D4, F2 | Financial Institutions (US) | | | | GX, OX, SR, TX, VX, X2, X5, XE, XT | Marine XL |
| | | | GH, GM, GN, GO, GP, GQ, GT | Medical Malpractice | | | | CT, FR, GS, JB | Specie |
| | | | EP, NA, NC, NR, NS, PL | NM General Liability (non-US direct) | | | | O | Yacht |
| | | | UA, UC, UR, US | NM General Liability (US direct) | | | | DC | Difference in Conditions |
| | | | E3, E5, E7, E9, ED, EE, F5 | Professional Indemnity (non-US) | | | | EM, EN, ET, EW, EY, EZ | Energy Offshore Property |
| | | | E2, E4, E6, E8, F4 | Professional Indemnity (US) | | | | EF | Energy Onshore Property |
| | | | Casualty Other | Generic Liability Bucket | | | | CO40B | XG, XH |
| X4, XD, XF, XL, XQ | Casualty Treaty (US) | XA | | | Property Cat XL (US) | | | | |
| W3, W4 | Employers Liability/ WCA (non-US) | B4, B5, HP | | | Property D&F (non-US binder) | | | | |
| W2, W5, W6 | Employers Liability/ WCA (US) | P3, P5, P7 | | | Property D&F (non-US open market) | | | | |
| XM, XN | Motor XL | B2, B3 | | | Property D&F (US binder) | | | | |
| EP, NA, NC, NR, NS, PL | NM General Liability (non-US direct) | P2, P4, P6 | | | Property D&F (US open market) | | | | |
| UA, UC, UR, US | NM General Liability (US direct) | TR | | | Property pro rata | | | | |
| MD, ME, MF, MG, MH, MI, MM, MN, MP | Overseas Motor | AG, HA | | | Agriculture & Hail | | | | |
| M2, M3, M4, M5, M6, M7, MA, MB, MC, MK, ML, PQ | UK Motor | XC | | | Property Risk XS | | | | |
| | | 1E, 1T, 2E, 2T, 3E, 3T, 4E, 4T, 5T, 6T, 7T, 8T, BD, QL, RS, RW, TE, TO, TU, TW | | | Terrorism | | | | |

A. Full Lloyd's Generic Lines of Business structure

Portfolios buckets

Short Tail Low Volatility Portfolios

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| CO404 | Motor |
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| ME502 | Cargo, Fine Art & Specie |
| ME503 | Marine & Energy Liability |
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| ME508 | Power Generation |
| PD601 | Property D&F Binder |
| PD602 | Property D&F Open Market |
| PT703 | Property pro rata |
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| SP801 | Engineering |

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| AH102 | Contingency |
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| AV203 | Aviation XL |
| AV204 | Space |
| CF301 | Cyber |
| ME505 | Marine War |
| ME507 | Nuclear |
| PT701 | Agriculture & Hail |
| PT702 | Property Cat XL |
| SP802 | Extended Warranty |
| SP803 | Legal Expenses |
| SP804 | Livestock & Bloodstock |
| SP805 | Political Risks, Credit & Financial Guarantee |
| SP806 | Terrorism |

Long Tail Portfolios

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|----------|--------------------------|
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| CF302 | D&O |
| CF303 | Financial Institutions |
| CF304 | Professional Indemnity |
| CO401 | Casualty Treaty |
| CO402 | Employers Liability/ WCA |
| CO403 | Medical Malpractice |
| CO405 | Motor XL |
| CO406 | NM General Liability |