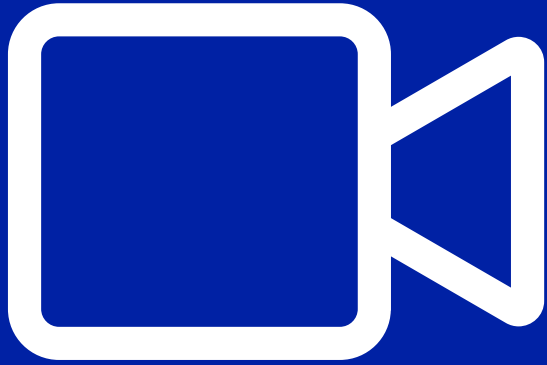


Reserving Data Transformation

Webinar Briefing

15th August 2024



This session will be recorded for offline viewing.



Please mute your microphones.



Do interact with us, using the Q&A chat functionality.

Reserving Data Transformation

Today's agenda

Section	Focus	Timing
Introduction	Today's objectives	5 mins
Why change?	Data model and Lines of Business	5 mins
Where are we now?	Our phased approach	5 mins
Change and how to prepare your teams?	Prepare for change	15 mins
	How is Lloyds helping you prepare for the change?	
FAQs from Drop in Session	Common questions answered	15 mins
Q&A	Your questions	15 mins

Why change?

Why are we changing?

Data Model Benefits

Less data required - saving time and effort to produce



More meaningful data – greater and more relevant insights



Removal of issues related to risk code allocation



More engagement- adding value to conversations with the market



Streamlined data validation process



This is a no regrets move and will form foundation of how we build other returns



Why are we changing?

Lloyd's Lines of Business Benefits

Speed up the
implementation
timeline



Speak in a single
language between
Lloyd's and the
Market



Greater insights from
Lloyd's more relevant
to your business



Ability for innovation
– e.g. market-wide
capital initiatives



Alignment of plan
and performance



Ultimately remove
allocations



Reduction in effort to
provide data



Greater fungibility of
resource



No regrets move – this will form the bedrock of future reporting in Finance

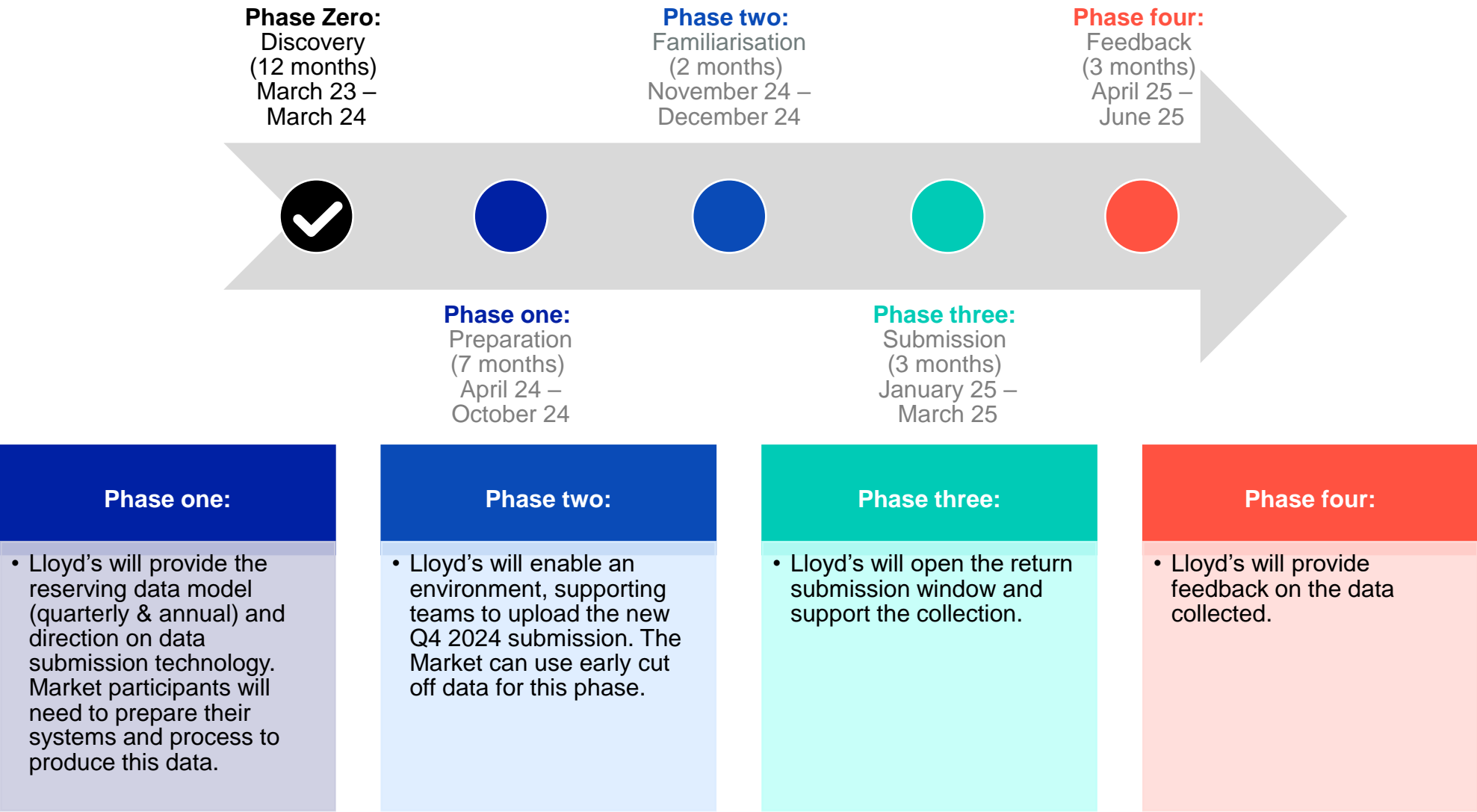
Reserving Return - Data Model Changes*

Old basis	New basis	Rationale
Risk codes	Lloyd's Line of Business, syndicate's reserving class and risk code	Gross estimates (not data) provided by Lloyd's Line of Business and syndicate reserving class, and Lloyd's will allocate to granularity required where appropriate. Gross data to be provided at risk code, Lloyd's Line of Business and syndicate reserving class.
Reinsurance at risk code	Lloyd's Line of Business and syndicate reserving class	Collect net information annually, at Lloyd's Line of Business and syndicate reserving class for the latest return period. This is required for the Lloyd's internal model. No net risk code information collected.
N/A	Inclusion of ultimate estimates	Allows for review of full underwriting year (rather than only written estimates which we collect now) which will be more consistent when looking at performance vs plan and discussing with managing agents. (Gross and net)
Once per annum	Collect gross data quarterly and estimates annually	Allows removal of the GQD return, Lloyd's oversight activities and engagement can be spread through the year given data can be used quarterly for oversight. (Gross only)
Incremental data	Cumulative data	Reduces errors and resubmissions from amalgamating incremental returns.
All history	Summarised data for 20+ pure years of account	Trivial IBNR on prior years so not required at same granularity for reserving exercise. (Gross and net)
7 currencies	Minimum USD and GBP	No currency collected in the 191 form. Currencies stored following results of reserving exercise collected in quarterly cat data and RRA. Minimum requirement is USD and GBP.
N/A	Lloyd's cat coded data	Allows for greater accuracy in reserving exercise when removing catastrophe data and therefore fewer market queries. Note: Material loss codes are not required.
N/A	LPT / ADC flag	Additional reporting for receiving syndicates. Removes distortions in data where the receiving syndicate is unable to allocate to correct risk code or year of account. Allows us to remove double count in our data.
All Solvency II data by risk code and item	Solvency II data by SII class only and only required line items	Strip the return to what is required only for South African reserving given it is in the SA regulations.
N/A	Initial expected loss ratios by reserving class	Additional reporting to assist in triaging concerns before discussing with managing agents (Gross Only)
N/A	Removal of items not being used	Remove by risk code and year of account: URP, claims outstanding other, claims outstanding discount credit and non-life annuity flag (Gross and net)

* Minor amendments may be required on conclusion of the QMA return review

Where are we now?

Our Phased Approach



Key Milestones

August 2024	September 2024	October 2024	November 2024	December 2024	January 2025
Phase one: Preparation & Early Adopter	Phase one: Preparation & Early Adopter	Phase one: Preparation & Early Adopter	Phase two: Familiarisation	Phase two: Familiarisation	Phase three: Submission
15 Aug: August virtual briefing session and Q&A 26 Aug: RRA Early Adopter communication & logins 30 Aug: Update on CMR Validation documentation	12 Sep: September in-person drop-in 16-27 Sep: RRA Business Testing 30 Sep: RRA Early Adopter Opens	07 Oct: RRA Early Adopter Mid-point 11 Oct: RRA Early Adopter Closes 16 Oct: October virtual briefing session and Q&A	14 Nov: November virtual drop-in Nov 2024: Templates finalised for the Market to download and build submission for Jan & Mar 25 Nov 2024: CMR production opens to Market - RRA and RRQ in production (Market share DRAFT only)	12 Dec: December virtual briefing session Submission Dec 2024: Final system checks and validation of data Dec 2024: Dry run of submission process (RRQ & RRA)	Jan 2025: New RRQ (Q4 2024) Go-live (Share Submission) 30 Jan 2025: Submission upload completed before 2pm

Updates

One Language



Our intension is to move towards one universal language across Lloyd's. This will be a journey involving Finance and Markets functions.

The transition will be phased and based upon your underwriting and actuarial community feedback.

In the interim, we will require data you already produce to allow mapping of Syndicate Reserving Class to Syndicate Class of Business.

SCOB > Syndicate Reserving Mapping

Reserving Return Annual (RRA)

Mapping of SCOB to Syndicate Reserving Class

What are we asking for?	Why are we asking for it?
Mandatory <ul style="list-style-type: none">• Pure Year of Account• Syndicate Reserving Class of Business• Syndicate Class of Business Code (SCOB)• Gross Gross Premiums Ultimate• Gross Claims Ultimate	<ul style="list-style-type: none">• Provides a direct mapping from SCOB to syndicate reserving class including proportion of data in respect of the SCOB allowing Lloyd's to have a link between reserving and underwriting data leading to more informed decision making and better queries to the market.• Greater relevance of engagement with the Managing Agents when discussing reserving and underwriting as we can link the two and use the longer reserving history directly against SCOB for underwriting challenge.• The syndicates recognise the figures Lloyd's use in oversight discussions.

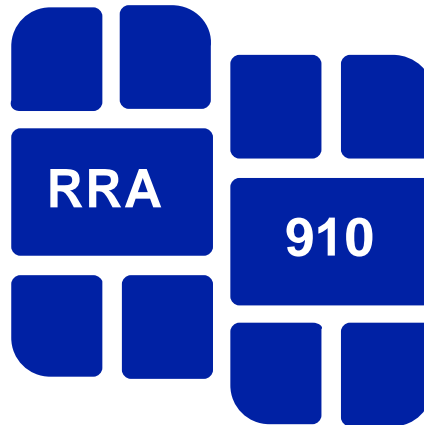


Class Mapping

Syndicate Reserving Class of Business to Lloyd's Generic Lines of Business



Signoff by 2 Directors



RRA Signoff in Form 910

We considered your feedback provided via CALM committees and Signing Actuary's on the Lloyd's validation of Class Mapping and will now ask for signoff by 2 directors alongside the RRA Signoff in Form 910.

Updated version of the RRA Instructions and Specification are now available.

[Reserving Data Transformation](#)

Reserving Return

Corrected Terminology from Previous Update

The Reserving Return will now only require cat and major loss event data and estimates, not material loss codes.



Material loss codes are events that are currently reported in the QMA, but not specified in the QMA market bulletin. The definition of these events are:

- 1) Ultimate expected to be in excess of £1m to the Syndicate
- 2) Other material cats: specifically monitored by the Managing Agent.

We have also made this clear in the instructions that we are only collecting Cat Code and Major loss event information, as set out in the market bulletin, and the material loss code requirement has been removed.

LLOYD'S

Reserving Return - Key changes since December 2023

Change	Detail
1. ULAE	<ul style="list-style-type: none">Unallocated Loss Adjustment Expense (ULAE) Reserves will be collected only in the Reserving Return.This data will also be temporarily gathered in the QMA for a short period of time enabling us to stop using the QMA later.
2. Cat Data	<ul style="list-style-type: none">The QMA 800 form will have changes, which will be detailed in the QMA project updates.The Reserving Return will now only require cat event data and estimates, not major loss events.Cat data in the RRQ will cover all catastrophe (cat) codes mentioned in the QMA market bulletin.Cat estimates in the RRA will be for the cat codes that need to be reported in the Q4 QMA.

- More instructions will follow in the reserving return guidelines.
- The final data model and specifications will be shared after this webinar.
- This means that for now, there's some overlap in data collection, but it's part of a transition plan. The focus is shifting to specific catastrophe-related data, and more details will be provided to guide this process.

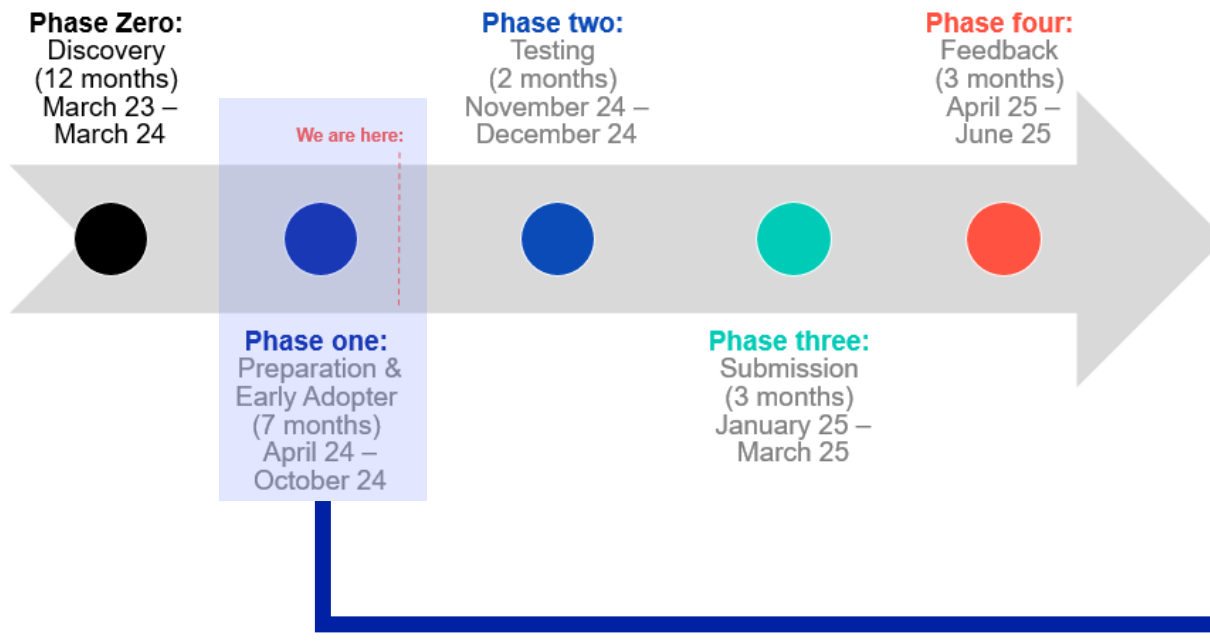
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Getting ready for change

Preparing for change

Tips for approaching change within your organisation

As we progress through **phase one**, focussed on **preparation and early adopters**, we advise you **prioritise the key actions below**:



Preparation phase top tips

Assess the impact of the change: understand and consider how the change will affect different parts of the organisation and plan accordingly.

Develop a clear plan: outline the steps needed to implement the change, including timelines, resources and responsibilities.

Identify potential risks and obstacles as soon as you can: so you can develop contingency plans and address them.

Preparing for change

Phase one checklist

Project and change management

- ☐ **Align leaders** around the case for change
- ☐ **Identify all stakeholders who are supporting or affected by the change** and ensure that they are aware of any impact
- ☐ **Secure resources** to align to this change
- ☐ **Hold regular meetings with identified stakeholder groups** to seek progress updates and reinforce change benefits
- ☐ Detail the activities, owners, and due dates to ensure **successful go-live**



Preparing for change

Phase one checklist

Tools - Core Market Returns (CMR) & Mapping Tool

- ☐ **Understand** the impact on individuals so that they are able to effectively embrace the change
- ☐ Work with your IT team / service provider to ensure your able to **utilise the Mapping Tool**
- ☐ **Confirm your** team have appropriate security credentials to connect to CMR
- ☐ **Upskill users** who will be using CMR



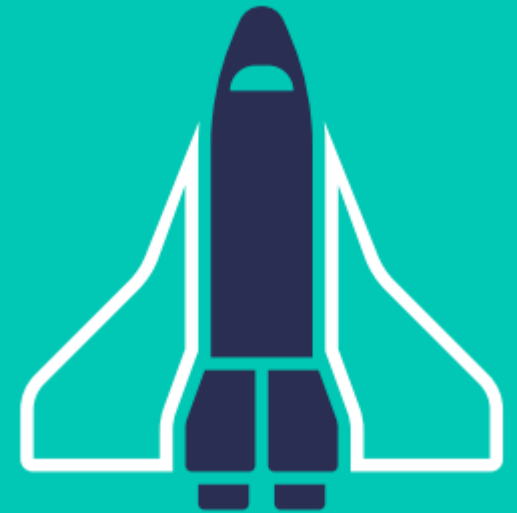
Preparing for change

Phase one checklist

Reserving Return

- ☐ Ensure the team have **reviewed specifications and instructions**
- ☐ Identify and document current processes that will be **impacted**
- ☐ **Build** your processes to meet requirements
- ☐ Work with your IT team / service provider to **make updates** (if necessary)
- ☐ Update your **internal documentation**
- ☐ **Validate** your data produced
- ☐ Obtain various approvals
- ☐ Test your **draft submission**
- ☐ **Submit** your return
- ☐ Gather **feedback** on how well the change delivered

Note: Ensure you've kept up-to-date with the Market Bulletin for the latest updates



Preparing for change

Phase one: Early Adopter

We've commenced our pilot phase with selected RRQ early adopters. If you've been selected to be a part of this group, you'll have now been informed.

The early adopter test phase will allow us:

- **Test the new returns process** ahead of full implementation
- **Correct errors using direct feedback** from early adopter participants

We have another pilot commencing 30th September for the RRA process. **If you'd like to be a part of our RRA early adopter group**, please get in touch before 25th August via email TPDtransformation@lloyds.com.



Preparing for change

Key actions you need to take

1

Keep up to date with email communications

If you are a **key point of contact**, you will have received our first email to this group on 1 August.

The email communications sent out from the TPD transformation inbox will allow you to **cascade key messages and actions you and your teams need to complete**.



2

Review the new materials we have added to our website, including:

1. An **updated version of the RRA instructions and specification**. We've considered feedback provided by Chief Actuaries and Signing Actuaries on the Lloyd's validation of class mapping.
2. A range of **FAQs** covering: the mapping process, Lloyd's Line of Business, Reserving Return Quarterly (RRQ) and Reserving Return Annual (RRA).

You can download these key documents on the website (as shown below).

Reserving Return Annual (RRA)

[Download Reserving Return Annual Specifications July 2024](#) ↓

[Download Reserving Annual Quarterly Instructions - July 2024](#) ↓



3

Checkout our mapping tool

An initial version of the tool is available for you to test. You can use this tool to help determine appropriate Lloyd's lines of business mappings.

You don't need to submit files from this tool, but feedback shared via email on any additional functionality you would like to see would be appreciated.

You can download the tool on the website (as shown below).

LOB Mapping Tool

Download class mapping tool for testing within your own environment. Note: This is a beta version for internal validation only.

[Download Line of business mapping tool](#) ↓

[Download Line of business mapping tool instructions](#) ↓



Questions





FAQ

Are the changes to risk codes for 2025 included in the LOB Mapping Tool?

Changes to risk codes announced for 2025 via the QMA Market Bulletin are not currently included in the LOB Mapping Tool. They will be included when we release a new version of the Tool that incorporates your feedback.

What are the LOB Codes for the Portfolio Buckets?

- SP80B: Short Tail Low Volatility Portfolios
- SP81B: Short Tail High Volatility Portfolios
- SP82B: Long Tail Portfolios



FAQ

Who will need to flag their submission for retrospective reinsurance arrangements (i.e. Loss Portfolio Transfers (LPT) and Adverse Development Cover (ADC))?

Only the accepting syndicate needs to complete the LPT/ADC Ceding Syndicate Number field within the Form 091. The population of the ceding syndicate number within the LPT/ADC Ceding Syndicate Number field serves two functions:

1. The first is that when this field is populated, it will change the Lloyd's Line of Business field to 'Optional' within all the forms, and it will also change the Risk Code field to 'Optional' within the Form 191. If the LPT provider has the data, this allows them to report any data on a look through basis, but if this is not possible, they can just report it at the Syndicate Reserving Class of Business level. If the latter is the case, the accepting syndicate must ensure that the Lloyd's Line of Business and Risk Code fields are left blank, enabling Lloyds to identify an LPT allocation is required.

2. The second is to then allow us to link the accepting syndicate data to the ceding syndicate and, if required, to perform the allocation.

The ceding syndicate will submit the data as usual and we will link this to the accepting syndicate, through the LPT/ADC Receiving Syndicate Number flag, by YOA and Syndicate Reserving Class.

The risk code splits in the ceding syndicates data will then be used to allocate the accepting syndicate data down to risk code level. A similar approach will also be done to allocate to line of business.



FAQ

Who will need to flag their submission for carve-out Reinsurance to Close (RITC), arrangements?

Submitting syndicates which are subject to a 'split RITC' or a 'carve out RITC', where business is ceded to the accepting syndicates at a risk code or syndicate reserving class level, will need to split out the business impacted using the flag that is available within the RRA/RRQ.

This will allow us to identify which risk codes/syndicate reserving classes should be moved from the submitting syndicate to the accepting syndicate following the RITC. This will only be required for the submission period in which the RITC takes place.

For example, if the RITC is expected to take place as at 31/12/2025, within your 2025 YE submission you should include this flag. The following submissions will not require this flag. This flag is not required for split/carve out RITC's of specific full underwriting years.

Questions



Appendices

Glossary of terms

RRQ – Reserving Return Quarterly (replaces GQD, previously known as ROD-Q)

RRA - Reserving Return Annual (replaces TPD, previously known as ROD-A)

LOB – Lloyd's Line of Business (supersedes Lloyd's Generic *Class* of Business)

Pure Line/Pure LOB – LOBs that contain a single type of business

Buckets – LOBs that contain a mixture of types of business