

# 2026 CAPITAL & PLANNING

Catastrophe Risk  
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# 1 Introduction

The purpose of this document is to explain the catastrophe risk elements in the 2026 Capital & Planning process. Changes to the scope and reporting granularity referred to in this document will also apply to in-force reporting during 2026.

This guidance is focused on catastrophe risk only, do not rely on this document in isolation as information about any other requirements of the planning and capital setting process.

## 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 (including LCM5+).
  - LCM/LCR Analysis of Change
  - Cat Risk Sensitivity Test
  - War and NCBR forecast exposures
  - Non-Natural Catastrophe Materiality Data – this is a new return for 2026 to support the movement to using risk-based data, as opposed to GWP data alone, in defining Non-Natural Catastrophe (NNC) materiality in the future.

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

There is a summary table of catastrophe risk reporting for 2026 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 2026 - Guidance and Instructions EM Ref 540.

## 1.2 Franchise Guidelines

### 1.2.1 Realistic Disaster Scenarios (RDS)

For syndicates with their own internal models the projected and in-force loss estimates for 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).

For syndicates using the Lloyd's Standard Model (LSM) the Franchise Guidelines noted above also apply to the syndicates Alternative A&B scenarios, as they better capture the specific risks associated with the business written by these syndicates.

Please refer to the [Requirements for New Entrants](#) documentation for additional information.

### 1.2.2 Tail Risk

The 99.8<sup>th</sup> percentile (1-in-500 year return period) of insurance claims shall not exceed 135% of the 99.5<sup>th</sup> percentile (1-in-200 year return period) of insurance claims. Both measures refer to the total modelled insurance claims net of reinsurance on an ultimate basis as reported to Lloyd's in the LCR submission (Form 311).

For syndicates that do not have an internal model for insurance claims and do not calculate the 99.8<sup>th</sup> percentile, this does not apply. Instead, the 99.8<sup>th</sup> percentile (1-in-500 year return period) of Final Net LCM WWAP shall not exceed ECA plus Profit.

Final Net LCM WWAP metrics will be calculated by Lloyd's based on syndicates' latest approved LCM Forecast submissions.

Please note that the tail risk franchise guideline has changed this year for syndicates which do not have an internal model.

Please refer to [Supplemental Requirements and Guidance](#) for information regarding Franchise Guidelines.

## 1.3 Basis for Calculating Forecast 2026 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 2026, 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, Non-Natural Catastrophe Materiality Data Return

### 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/2026 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 updated RDS Scenario Specifications 2025 v1 in January 2025.

For 2026 planning, we require syndicates to complete the Aviation collision scenario based on a new methodology, which will also be reflected in the updated 2026 RDS Scenario Specifications due to be released in January 2026.

In addition, Lloyds also require syndicates to complete the new Non-Natural Catastrophe Materiality Data Return. This additional requirement is explained in more detail in section 4.5 of this document.

### 2.2 Requirements for the 2026 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 Complex
- 6) RDS Terrorism (2 scenarios)
- 7) RDS Aviation collision – new methodology (see below)
- 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 Aviation Collision RDS Methodology Update 2026

In response to market feedback and as mentioned in the March 2025 Market Messages, some minor updates are being implemented to make the Aviation Collision RDS more plausible and appropriate.

Syndicates will be expected to report for 2026 business planning on this amended basis. The RDS Scenario Specifications document will also be updated to reflect this change when it is next revised and released in January 2026.

#### 2.3.1 Aviation Collision RDS Scenario: Guidance

The scenario remains a *de minimis* scenario. Managing agents need only report this scenario if Gross Loss is greater than 10% or Final Net Loss is greater than 3% of the sum of 2026 Economic Capital Assessment [ECA] and Expected Profit.

#### 2.3.2 Aviation Collision RDS Scenario: New Methodology

The scenario has received minor changes including the removal of the previous liability caps which have been replaced with a requirement for syndicates to state their methodology and assumptions for defining appropriate liability losses. Syndicates must also continue to provide the supporting information outlined below in Form 990 of their forecast SBF return.

The updated scenario narrative is as follows:

Assume a collision between two aircraft over a major city, anywhere in the world, using the syndicate's two highest airline exposures. Assume a total liability loss in line with your own assumptions\*. Consider including losses from major product manufacturer's product liability policy(ies) and/or an air traffic control liability policy(ies), where applicable.

Consideration should also be given to other exposures on the ground.

**\*It is imperative that the following are clearly stated using the event commentary facility in form 990:**

- An outline of the methodology used to generate an appropriate scenario PML
- All assumptions applied, including but not limited to:
  - The name of the major city over which the event occurs
  - The name of the airlines involved in the collision
  - The airlines policy limits and syndicate's line and exposure per policy
  - Maximum hull value per aircraft involved
  - Maximum liability per aircraft involved
  - Name of each product manufacturer and the applicable policy limits
  - Name of the air traffic control authority and the applicable policy limit

## 2.4 Documentation

Guidance for completing the SBF is available in MDC.

## 3 Lloyd's Capital Return

### 3.1 Changes

There are no changes to the 2026 LCR requirements which are set out below.

#### 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)                           |
| <b>1 total: Catastrophe Claims</b>                                    |          |            |                                |          |            |                                |
| <b>1a</b> split: Non-Natural Catastrophe Claims                       |          |            |                                |          |            |                                |
| <b>1b</b> split: Natural Catastrophe Claims                           |          |            |                                |          |            |                                |
| <b>2</b> split: Catastrophe Losses - LCM Region-Perils & Classes Only |          |            |                                |          |            |                                |
| <b>3</b> split: Catastrophe Losses - All Non-LCM                      |          |            |                                |          |            |                                |
| <b>4 Premium Risk Claims - Excluding Natural Catastrophe Claims</b>   |          |            |                                |          |            |                                |
| <b>4a Premium Risk Claims - Excluding All Catastrophe</b>             |          |            |                                |          |            |                                |
| <b>5 Reserving Risk Claims</b>  |          |            |                                |          |            |                                |
| <b>6 TOTAL</b>  |          |            |                                |          |            |                                |
| <b>7 Diversified Credit - Between Risk Categories</b>                 |          |            |                                |          |            |                                |
| <b>8 DIVERSIFIED TOTAL</b>  |          |            |                                |          |            |                                |

### 3.2 Requirement for the 2026 LCR

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 2025.

Please see Section 4.2 for more detail on the [LCM/LCR Analysis of Change](#) and Lloyd's expectations around alignment of modelling approaches.

Please note that row 1a should be consistent with the gross losses collected in the non-natural data materiality collection as outlined in section 4.5 [Non-Natural Catastrophe Materiality Data Collection](#).

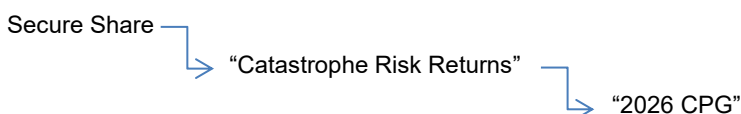
### 3.3 Documentation

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 2026 - Guidance and Instructions EM Ref 540.**

### 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 2026 forecast return (i.e. for the 2026 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 2026' spreadsheet, which contains summary information, LCM5, LCM5+, Rest of World, and World Wide All Perils 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 2026 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 2026 year with syndicates expected to monitor 2026 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.

Please note that additional granularity of information on LCM5+ region-peril return period loss information is requested for the 2026 LCM Forecast Return in order to support Lloyd's validation of syndicate LCM5+ simulation level data.

#### 4.1.1 Documentation

Guidance & Instructions: "LCM Forecast Returns 2026" Ref EM540 (sections 2 - 4)

Return templates: LCM\_Forecast\_2026\_EM541\_Synd0000\_v1

ELT\_2026Forecast\_SY0000.csv

YLT\_2026Forecast\_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 2026" Ref EM540 (section 5)

Return template: LCM\_LCR\_AOC\_EM542\_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 2026" Ref EM 540 (sections 6-8)

Return template: Cat\_Sensitivity\_2026\_EM543\_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 NCBR<sup>1</sup>, 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, that has been updated for 2026 to address market feedback.

### 4.4.1 Documentation

Guidance & Instructions: "War & NCBR 2026" Ref EM544

Return template: 2026\_War\_NCBR\_Forecast\_EM545\_Synd0000\_v1

## 4.5 Non-Natural Catastrophe Materiality Data Collection

*Lloyd's are currently reviewing the calculations used to define syndicate-level materiality, which is used as a basis to calculate Principle 2 syndicate expected maturities for Principles Based Oversight (PBO). The purpose of the review is to eventually implement updates across NC and NNC that:*

- *Improve transparency so that syndicates can calculate their own expected maturities as their businesses develop,*
- *To better align the size and concentration metrics used across both natural and non-natural catastrophe,*
- *To ensure that the Principle 2 materiality metrics remain in line with market capability,*

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<sup>1</sup> except for 'Exempted Classes' – see the Guidance & Instructions

- *And for NNC specifically, to move from using purely GWP as a basis for calculating materiality and expected maturity, to using a more risk-based foundation.*

In order to do this work effectively for NNC, Lloyd's need to collect some data from syndicates in an additional return, to be completed as part of the business planning process. The return will collect the Gross Ultimate 1-in-200 year return period Value at Risk (VaR) data for NNC (which should be consistent with the FNL perspective in Form 313 of the LCR). This is a similar request as per the PRA IMO return, which Lloyd's have attempted to use, but issues with timing, consistency and completeness now require us to ask for this data separately.

Lloyd's will also be asking for qualitative information to support the numbers submitted. Specific guidance is contained within the return template.

If a syndicate resubmits their LCR, a resubmission of this return will also be required.

#### **4.5.1 Documentation**

Guidance & Instructions: Found in template, and "CPG 2026 – Cat Risk Reporting" Ref EM546

Return Template: Non\_Nat\_Cat\_Materiality\_EM559\_Synd0000\_v1

## 5 Tables

### 5.1 Summary of Reporting Requirements for 2026 CPG

|    | Catastrophe risk forecast element                   | Submitted via             | Due on                            | Guidance                   | Return template |
|----|---|---------------------------|-----------------------------------|----------------------------|-----------------|
| 1  | AEP 1-in-30 Whole World                             | SBF Form 452              | <b>Phased submission deadline</b> | 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 – <b>new methodology</b>     |                           |                                   |                            |                 |
| 8  | RDS Liability risks (two scenarios)                 |                           |                                   |                            |                 |
| 9  | RDS Cyber (four scenarios)                          |                           |                                   |                            |                 |
| 10 | RDS Alternative A & B                               |                           |                                   |                            |                 |
| 11 | LCM Forecasts (inc CSV templates)                   | Secure Share <sup>2</sup> | <b>Phased submission deadline</b> | EM540                      | EM541           |
| 12 | War and NCBR forecast exposures                     |                           |                                   | EM544                      | EM545           |
| 13 | Catastrophe capital data (mean/1-in-200)            | LCR Form 313              | <b>Phased submission deadline</b> | Click <a href="#">here</a> | In MDC          |
| 14 | LCM/LCR Analysis of Change                          | Secure Share <sup>2</sup> | <b>Phased submission deadline</b> | EM546                      | EM542           |
| 15 | Cat Risk Sensitivity Test                           |                           |                                   |                            | EM543           |
| 16 | Non-Natural Catastrophe Materiality Data Collection |                           |                                   |                            | EM559           |

<sup>2</sup> The Secure Share folder is "Catastrophe Risk Returns/2026 CPG"