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Reserving Return (Quarterly and Annual)

Frequently Asked Questions v2.0

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Contents

1. Version Control

Version	Question	Date	Comments
1.0	All	15 Dec 2023	Initial Release
2.0	All	July 2024	Amendments to Section A Q2, Section A Q4 and Section B Q3. Additional Questions added relating to the Lloyd’s Line of Business mapping to Syndicate reserving Class of Business

2. Glossary of terms

Term	Definition
RRQ	Reserving Return Quarterly (replaces GQD, previously known as ROD-Q)
RRA	Reserving Return Annual (replaces TPD, previously known as ROD-A)
LOB	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
RI	Reinsurance business
ENIDs	ENID stands for "Events Not In Data" and refers to events that have not been historically realised

LLOYD'S

3. Frequently Asked Questions

A. General

Q1. 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.

LLOYD'S

Q2. 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.

Q3. When will the new returns need to be submitted?

The Reserving Return Quarterly (RRQ) will be submitted broadly along the same timelines as the Gross Quarterly Data (GQD) was, i.e. approximately two weeks after quarter-end.

The exception will be the first submission (Q4 2024) which will have an additional 2 weeks before it is due at the end of January 2025.

The Reserving Return Annual (RRA) will look to follow a similar timeline that was in place for the Technical Provisions Data (TPD) and will be due at the end of March.

Precise timings for both can be found in the 'Return Instructions' document.

Q4. Do the forms 081 and 091 need to be submitted if I have no geographically split classes or energy classes (081), or am not a syndicate that has accepted retrospective reinsurance arrangements (091)?

Yes. A 'nil' return is required with a header line, on a separate CSV file, for both forms.

Q5. Will Lloyd's still be providing Playback Summaries of the cumulative data and will the Chief Actuary still need to sign-off on them?

No. As the data being submitted is now on a cumulative basis, playback summaries will no longer be produced by Lloyd's and therefore their sign off by the Chief Actuary, will no longer be required.

B. Reserving Return Quarterly (RRQ)

Q1. How many Pure Years of Account do I need to provide data for?

The RRQ return will require data only from the latest 20 Pure Years of Account back from the year of the submission.

For example, a 2024 Q1 submission will be required to include a breakdown for all Pure Years of Account back to and including 2005. This will roll-forward each submission year so the 2025 Q1 submission will only then be required to report back to and include 2006.

Q2. Which set of FX rates should be used to convert to GBP in the RRQ?

The syndicate’s own latest quarter-end FX rates should be used to convert all values to GBP. This will include the re-basing of historical development points in the Form 191.

Q3. Which catastrophe codes do I need provide Paid and Outstanding Claim data for?

Only catastrophe coded claims, as per the QMR Market Bulletin, should be included.

Q4. How is the quarterly catastrophe coded data different to the data already captured in the QMA800u form?

The level of granularity captured within the QMA800u form does not include the Syndicate Class of Business so therefore cannot be used as a proxy for this requirement.

LLOYD'S

C. Reserving Return Annual (RRA)

Q1. How many Pure Years of Account do I need to provide estimates for?

The RRA return will require estimates only from the latest 20 Pure Years of Account from the year of the submission.

For example, a 2024 Q1 submission will be required to include a breakdown for all Pure Years of Account back to and including 2005.

This will roll-forward each submission year so the 2025 Q1 submission will only then be required to report back to and include 2006. There is a separate form (Form 293) to capture prior years of account's Outstanding Claims and IBNR.

Q2. Which currencies will be permitted in the RRA?

Report whatever settlement currencies your reserving exercise is stored in. As a minimum requirement all forms, where settlement currency has been requested, will need to include values for both GBP and USD. CNV will also be required in the 193 form.

Q3. Do we need to provide ENID estimates separately?

ENID (Events not in data) estimates will no longer be required to be reported separately. They will however still need to be included within the main provision field as they would have been in the TPD.

Q4. What will the Ultimate Premium split be used for by Lloyd's?

As part of our Reserving Oversight process, we will be aiming to have discussions with syndicates on the basis of their projection methodology.

For most syndicates this will be their ultimate projections and therefore we will requirement their Ultimate Premiums. In addition, they will be used as part of our calculation of earned estimates.

Q5. Can you clarify what is required for the Initial Expected Loss Ratio (IELR) form?

The IELR is the loss ratio expectation being used for a reserving class of business and year of account by the actuaries in their reserve estimation where they are using a credibility or exposure-based method.

This could be on a gross or net basis and by attritional, large or catastrophe. Where this is being used by the actuaries in their estimation, please provide this information in the return.

LLOYD'S

Q6. Currently, our Solvency II Line of Business code is derived from Risk Code. How should we map the new Lloyd's Line of Business to Solvency II Line of Business code for the Technical Provisions form?

As part of our shift toward using the new Lloyd's Line of Business codes, we are working to align them with the existing Solvency II Line of Business codes. A list of these codes, along with some examples of how the syndicate should map to them, is included in both the RRQ and RRA Return Instructions.

Q7. Is there a definition of management margin e.g., Booked Ultimates in GAAP less Best Estimate Ultimates?

Management margin is the margin included within the UK GAAP reserves in excess of the best estimate.