

Market Bulletin

Ref: Y5402

Title	Q2 2023 QMR - major loss, exchange rate and other information
Purpose	To provide managing agents with information required for the completion of the Q2 2023 QMA, QMB and Pillar 3 returns including the list of major losses to be reported, suggested exchange rates and confirmation of the instructions.
Type	Scheduled
From	Rajen Jatar, Head of Financial Reporting, Central Finance Contact details: Lloyds-MRD-ReturnQueries@lloyds.com
Date	3 July 2023
Deadline	Please refer to Appendix 3 and Lloyds Business Timetable
Related links	N/A

This bulletin provides:

- (a) the list of major losses to be reported in QMA800u (see Appendix 1);
- (b) suggested exchange rates (see Appendix 2);
- (c) other information relevant to the completion of the Q2 2023 Quarterly Monitoring Return; and
- (d) contact details.

Deadlines

The submission dates for the returns as at 30 June 2023 relevant to this bulletin are available in Appendix 3 and at the Lloyds Business Timetable (<https://www.lloyds.com/tools-and-systems/business-timetable>).

The 2021 and 2022 forecasts as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on **Friday 25 August 2023**.

Forms and instructions

QMA

The QMA instructions “QMA Instructions_Q2_2023 FINAL Track changes v1” is the latest version of the instructions. The instructions have been made available on the MDC platform. These can be accessed by pressing the help button (an option located on the top right side of the page) within the syndicate QMA return screen.

Please note there are three additional excel templates which all syndicates are required to submit alongside the Q2 2023 QMA submission. These templates should be populated and attached to the QMA submission on the MDC platform before the return is submitted to Lloyd's:

1. *RITC and LPT Transactions within the Market*

Please see Section 8.4 of the QMA Instructions and provide details in Appendix 7 of the QMA instructions by completing the appropriate template for ceding or accepting syndicate.

2. *Major Losses*

Additional reporting on major losses is required from the market in respect of Ukraine, Inflation & COVID-19. Managing agents will be required to populate an additional Excel template and submit this to Lloyd's as part of the QMA submission (the template is available for download on the MDC platform).

(a) Ukraine

In respect of Ukraine, we highlight that we have reduced the reporting requirement since Q1 and the following is no longer required for Q2 2023:

- (i) Agents are no longer asked to signal which uncertainties have been taken into consideration in the estimation of IBNR for the Aviation class of business.
- (ii) Agents are no longer asked to describe erosion of reinsurance limits, as well as the impacts of this erosion and changes to reinsurance structures.

As a reminder, fundamentally, reporting should comply with UK Generally Accepted Accounting Practice (GAAP) and Solvency II requirements as applicable. This means that GAAP reserves must incorporate reasonably foreseeable losses and Solvency II Technical Provisions need to represent a probability weighting of all possible future outcomes.

For Ukraine, please pay particular attention to loss estimates in respect of aviation exposures. Booking zero for Ukraine aviation leasing will be challenging in light of the need for reserves to be based on reasonable probabilistic outcomes.

We would also like to reiterate the importance of identifying LIC exposed loss estimates where appropriate, in particular the country of insured domicile should be considered when allocating LIC estimates.

Further instructions can be found in tab 2, “Ukraine Guidance Note” of the QMA800u Additional QMA Return form.

(b) Inflation

In respect of Inflation reporting, the questions have been updated to primarily understand changes to methods and/or assumptions that have been made regarding the heightened inflationary environment that underpin the Q2 2023 reserving versus the Q4 2022 reserving.

We highlight that we are seeking the following information:

- (i) Details on changes to methodology for explicit inflation allowances and rationale.
- (ii) Description, rationale and validation of assumption changes. If no changes, rationale that assumptions made as at Q4 2022 reserving still hold true.
- (iii) Quantification of the explicit inflation allowances on the net best estimate reserves as at Q2 2023.

(c) COVID-19

In respect of COVID-19 reporting, we highlight we only seek the following information:

- (i) Technical information relating to reinsurance recoveries to assist us in developing a better understanding of the continued reasonableness of reinsurance recovery estimates.

3. GAAP Template

The GAAP Analysis template (2023 GAAP Template v1_Syndicate Number XXXX) is required to be completed and submitted alongside the QMA. The template is a summarised version of the profit and loss statement reported via QMA 100, 001 and 109u and includes key metrics to enable Lloyd's to assess syndicate performance against plan, forecast and prior year. This template will be used as the basis for discussion in the quarterly results meetings with CFOs.

Please note, "Acquisition Costs – Other" should be reported as acquisition costs, in line with the treatment in QMA form 001 for actuals. For forecast and plan, "Acquisition Costs – Other" should be treated as administration expense in line with the treatment in QMA form 109u.

The GAAP template reports technical profit, excluding other comprehensive income. To the extent syndicates have investment returns on funds in syndicates, these should be included in the investment returns reported in the GAAP template.

Please download the latest template from MDC and complete this for your Q2 submission, ensuring the appropriate tabs are updated. **Do not restate previous submissions any changes should be made through the current forecast period.**

The 2023 GAAP template has not changed from the previous template.

The following table is also to be used as a guide for the reconciliation between the QMA and the GAAP template for Actual data.

Line Reference	
GAAP Return - Actuals	QMA001
Gross written premiums	L1 L3
Outward reinsurance premiums	L2 L4
Gross earned premiums	L4 L3 + L6
Gross claims incurred	L6 L12 + L15
Reinsurers' share of claims incurred	L7 L13 + L16 + L19
Net acquisition costs	L11 L10 + L21
Administrative expenses	L12 L22 + L23 + L25
Investment return	L15 L11 + L27b
Non-technical account other income/charges	L16 L27 + L27a

The following table is also to be used as a guide for the reconciliation between the QMA and the GAAP template for Forecast data.

Line Reference	
GAAP Return - Forecast	QMA109
Gross written premiums	L1 L3
Outward reinsurance premiums	L2 L4
Gross claims incurred	L6 L14 + L15 + L18 + L19 + L20
Reinsurers' share of claims incurred	L7 L21r + L25
Net acquisition costs	L11 L10 + L27a
Administrative expenses	L12 L33a + L37 + L38
Investment return	L15 L47 + FIS (if excluded from QMA109)
Non-technical account other income/charges	L16 L48
Profit/(Loss) for the period	L17 L49

All additional templates will be available for download on the MDC platform. Instructions for the completion of each template is included in the templates themselves.

QMB

The QMB instructions remain unchanged at this quarter and are available on the MDC platform by pressing the help button within the syndicate QMB return screen. The contacts e-mail is Lloyds-QMBReturns@lloyds.com.

Pillar 3 returns

Updates have been made to QSR and QAD instructions (refer version 1.21) and these are available on CMR. The contacts e-mail is Lloyds-SolvencyReturns@lloyds.com.

Software

The software for QMA and QMB is now available in the Production environment. Software for QSR and QAD is also now available in the production environment (CMR). The contacts e-mail is itcustomersupport@lloyds.com.

Contacts

Reporting performance issues (not validation or content issues)

We would encourage all agents to report any issues they have with the performance of the software and accessing the systems as soon as they arise. This will enable the IT help desk to resolve the issue earlier in the process, monitor service levels in real time, and respond quickly as issues emerge. The contacts e-mail is itcustomersupport@lloyds.com or call 020 7327 5333. Any questions concerning the MDC platform should be directed to MDCsupport@lloyds.com.

General queries

Any queries on the returns should be submitted via e-mail to

Return	Department	E-mail
QMA	Central Finance	Lloyds-MRD-ReturnQueries@lloyds.com
QMB	Performance Management	Lloyds-QMBReturns@lloyds.com
QSR/QAD	Central Finance	Lloyds-SolvencyReturns@lloyds.com

This bulletin is being sent to the compliance officers, finance directors and QMA contacts of all managing agents.

Rajen Jatar

Appendix 1

Major losses

The XIS catastrophe codes and Major Loss Tracking Codes (MLTC) which must be reported in the Q2 2023 QMA800u are:

No.	Code	Loss name	Loss date
1	10P	New Zealand Earthquake	4 September 2010
2	11C	New Zealand Earthquake	22 February 2011
3	11N	Losses arising from New Zealand earthquake at Sumner	13 June 2011
4	MADO	Collapse of Madoff Investment Securities LLC	-
5	13A	Cyclone Oswald affecting Queensland and New South Wales, Australia.	27 to 29 January 2013
6	14F	Brisbane and South-East Queensland Storm	27 to 28 November 2014
7	SUBS	Losses arising from sub prime	-
8	16N	New Zealand earthquake, South Island near Hammer Springs	14 November 2016
9	FPSO	Losses arising from Kwame Nkrumah in the jubilee oil field	20 March to 31 Dec 16
10	17D	Tropical cyclone Debbie (Australia)	27 March 2017
11	17F#	Hurricane Harvey	24 August 2017
12	17G#	Hurricane Irma	1 September 2017
13	17H	Hurricane Maria	17 September 2017
14	17L#	Northern California wildfires	8 October 2017
15	17N	Thomas wildfire in Santa Barbara and Ventura Counties	4 December 2017
16	18G	Typhoon Jebi	29 August 2018
17	18J	Hurricane Michael	6 October 2018
18	18K	Camp Wildfire	8 November 2018
19	18L	Woolsey Wildfire	8 November 2018
20	USCC	Capture costs arising out of climate change litigation for claims originating in the US	1 January 2018
21	RWCC	Capture costs arising out of climate change litigation for claims not originating in the US	1 January 2018
22	USOC	Capture claim payments and costs arising out of opioid claims origination in the US	1 January 2018
23	RWOC	Capture claim payments and costs arising out of opioid claims not origination in the US	1 January 2018
24	RCMB	Claims arising out of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in Australia	1 November 2017
25	BOEI	Losses arising out of accidents and groundings of the Boeing 737 MAX Aircraft from October 2018	October 2018
26	19E	Typhoon Faxai	6 September 2019
27	19F	Typhoon Hagibis	10 October 2019
28	CHLR	2019 Chilean Protests	1 October 2019
29	20A	Australian Wildfires within 2019	1 August 2019
30	20B#	Australian hailstorms	20 January 2020
31	20E	Tornadoes affecting Tennessee, United States	2 March 2020

32	MAFU	Losses arising out of vessel engine problems resulting or connected to the implementation of the IMO 2020 regulations and use of low sulphur fuels	1 January 2020
33	CORO	Losses arising from or connected to the current outbreak of novel coronavirus (2019-nCov) that was first reported from Wuhan, China	31 December 2019
34	20G	Tornadoes affecting Tennessee, United States	12 April 2020
35	EASY	Claims arising over the cyber-attack data breach impacting EasyJet airline.	January 2020
36	20H	Hailstorm affecting Calgary, Alberta	13 June 2020
37	20K	Explosion in the Port of Beirut, Lebanon	4 August 2020
38	20M#	Hurricane Laura commencing 23 August and ongoing	23 August 2020
39	20N	California wildfires	1 July 2020
40	20P	Derecho severe weather situation affecting the US mid-west including Iowa, Illinois and other States	10 August 2020
41	20Q	Hurricane Sally	14 September 2020
42	20R	Hurricane Delta	5 October 2020
43	20S	Hurricane Zeta	24 October 2020
44	20T	Hurricane Eta	3 November 2020
45	20U	Oregon Wildfires	5 August 2020
46	TEPF*	Alleged price fixing practices related to Teva Pharmaceuticals, attributable to the 2016 Year of Account.	1 January 2020
47	ONEA	Open Apus Container Collapse	30 November 2020
48	MAEE	Maersk Essen Container Loss	16 January 2021
49	21A#	US Winter Storm	12 February 2021
50	21B	New South Wales flooding	18 March 2021
51	EVGI	To encompass all losses arising out of the Suez Canal blockage by the Ever Given	23 March 2021
52	KASY	Kaseya Ransomware attack	2 March 2021
53	21C	European flooding	12 July 2021
54	21D	Civil Unrest in South Africa	8 July 2021
55	21E	Tropical Storm Henri	20 August 2021
56	21F	Hurricane Ida	27 August 2021
57	21G	Pacific Northwest floods including British Columbia, Canada and Washington State, USA	12 November 2021
58	21H	Tornado outbreak affecting Kentucky, Arkansas, Illinois, Missouri and Tennessee in the period 10 and 11 December 2021	11 December 2021
59	22A	Storm Dudley, affecting the UK and Europe	16 February 2022
60	22B	Storm Eunice, affecting the UK and Europe	18 February 2022
61	22C	Storm Franklin, affecting the UK and Europe	20 February 2022
62	22D	Eastern Australia floods, affecting QLD and NSW	27 February 2022
63	WMIN	To encompass all claims arising out of the Fire at Walmart distribution centre in Indiana, USA	16 March 2022
64	OSPU	Claims arising out of the oil spill involving vessel Mare Doricum near the Repsol refinery at La Pampilla, Peru	January 2022

65	UKRA	Losses directly arising from Russia's invasion of Ukraine commencing February 2022 (i.e., a physical damage loss on a factory located in Ukraine)	February 2022 & Ongoing
66	UKCL	Losses indirectly arising from or in consequence of Russia's invasion of Ukraine commencing February 2022 (including losses caused by the impact of sanctions)	February 2022 & Ongoing
67	JUVW*	Losses directly arising from storms Volker and Wolfgang with hurricane gusts, hail and heavy rain in West and Central-Europe	21 to 25 June 2021
68	HAMM*	Losses directly from a fire occurred at the Hammerfest LNG (liquefied natural gas) plant located on the island of Melkoya, near Hammerfest, northern Norway,	28 September 2020
69	22E	Hurricane Fiona, affecting the Caribbean and Eastern Coast of North America.	18 September 2022 and ongoing
70	FHSS	French Hailstorms: Thunderstorms, heavy rain and hailstorms affecting France.	3 to 5 June 2022
71	SQAF	Storm Qiara affecting France.	18 to 26 June 2022
72	NDST	Several blasts destroyed undersea gas pipelines Nord Stream AG 1 and 2 on the bed of the Baltic Sea between Russia and Germany. In late September, Norway and Denmark reported four leaks in both the Nord Stream 1 and Nord Stream 2 pipelines in the Baltic Sea, near the island of Bornholm.	26 September 2022
73	22F	Hurricane Ian	27 September 2022
74	22G	Hurricane Nicole	10 November 2022
75	22H	North American Winter Storm Elliott	22 December 2022 and ongoing
76	22I	Atmospheric rivers, California, USA. Commencing 26 December 2022 to 31 December 2022	26 December 2022
77	23A	Floods, landslides and sinkholes, California, USA. Commencing 1 January 2023 and ongoing	01 January 2023
78	23C	Earthquakes in the Middle East in the period 6 February 2023 and 8 February 2023	06 February 2023
79	23CA	Earthquakes in the Middle East in the period 6 February 2023 and affecting Turkey	06 February 2023
80	23CB	Earthquakes in the Middle East in the period 6 February 2023 and affecting Syria	06 February 2023
81	23B	New Zealand flooding in the period 27 January 2023 and ongoing	27 January 2023
82	23D	Tropical Cyclone Gabrielle in the period 5 February 2023 to 16 February 2023 and affecting Eastern Australia and New Zealand 5 February 2023 and 16 February 2023	05 February 2023
83	23E	Armed Conflict in Sudan. Commencing 15 April 2023 and ongoing	15 April 2023 and ongoing

– A number of state level codes were issued for these losses, but for the purposes of the QMA800u, all losses relating to the storm, wherever located, should be reported under the single code provided.

As noted in section 2.21 to the current QMA instructions, if a 2023 event receives a loss code after this bulletin has been published, notification that the event is required in the QMA800u will be made through inclusion in the FAQs.

Agents are reminded that if they have any major loss to be reported on QMA800u that does not have an XIS catastrophe code they need to ensure that the loss has been allocated a major loss code. Any

agent wishing to request a new major loss code should send an e-mail to Lloyds-MRD-ReturnQueries@lloyds.com or MajorLossCodes@lloyds.com and the relevant procedures and template will be provided by return. The deadline for submission of requests for new major loss codes to Central Finance is Friday **28 July 2023**.

Major loss codes

Additional (non-XIS) catastrophe codes where QMA800u reporting is required are as follows:

No.	Code	Loss name	Loss date
1	13WH	Inpex Ichthys LNG	2013 onwards
2	18ZC	Papua New Guinea Earthquake	26 February 2018
3	18YB	Marriott Cyber Breach	7 September 2018
4	18ZJ	Typhoon Trami	30 September 2018
5	19ZA	Townsville Flood	27 January 2019
6	19ZD	Star Centurion sinking following collision with Antea	13 January 2019
7	19ZE	Philadelphia Energy Solutions (PES Group) - gas refinery butane tank explosion and subsequent fire	21 June 2019
8	19ZF	Grand Bahama Shipyard – Dock Accident at Grand Bahama Shipyard involving Vessel Oasis of the Seas	1 April 2019
9	19ZV	ITC - Deer Park - Damage caused by fire	18 March 2019
10	19YB	US Winter Storms	March 2019
11	19YF	Explosion Fire at Port Neches Chemical Plant, Texas, USA	November 2019

Please note:

Major loss codes relating to 2021 and prior are still maintained in the database. Syndicates are asked to report on major losses in accordance with the QMA800u instructions.

Appendix 2

Rates of Exchange

The settlement currency rates as at 30 June 2023 (balance sheet), and average currency rates (profit and loss account) for the six months to 30 June 2023 are as follows (to the £):

	Accounts etc		GQD
	Period end	Average	In-quarter average*
US dollars	1.27	1.23	1.25
Canadian dollars	1.68	1.66	1.68
Euro	1.17	1.14	1.15
Australian dollar	1.91	1.82	1.87
Danish krone	8.68	8.50	8.57
Hong Kong dollar	9.96	9.67	9.82
Japanese yen	183.77	166.47	172.35
New Zealand dollar	2.08	1.98	2.03
Norwegian krone	13.62	12.92	13.42
Singapore dollar	1.72	1.65	1.68
South African rand	24.03	22.48	23.40
Swedish krona	13.73	12.94	13.20
Swiss franc	1.14	1.12	1.13

It is not a requirement that the above rates are used in your QMR submission but they may be used in the absence of another source for these indices.

* All original currencies that are reported in the GQD under 'currency code' OTH should be converted to Sterling either at the rates of exchange suggested by Lloyd's in this Market Bulletin or at the agent's chosen exchange rates (bearing in mind that outstanding claims should be converted at period-end spot rates).

Appendix 3

Key Deadlines

The below table provided the key upcoming deadlines and are available at the Lloyds Business Timetable (<https://www.lloyds.com/tools-and-systems/business-timetable>). All returns must be submitted by no later than 2:00pm on the deadline date or it will be considered late.

Category	Return Type	Period	Deadline
Syndicate Reporting	QMA	Q2 2023	2:00pm, Friday 4 August 2023 (audited)
	QMA Review Queries (Lloyds)	Q2 2023	Thursday 10 August 2023
	QMA Responses	Q2 2023	Wednesday 16 August 2023
	QMA (Resubmissions)	Q2 2023	2:00pm, Wednesday 16 August 2023 (audited)
	QMB	Q2 2023	2:00pm, Thursday 3 August 2023
	QSR/QAD	Q2 2023	2:00pm, Friday 21 July 2023 (unaudited)
Managing Agents Reporting	QF1	Q2 2023	2:00pm, Friday 28 July 2023