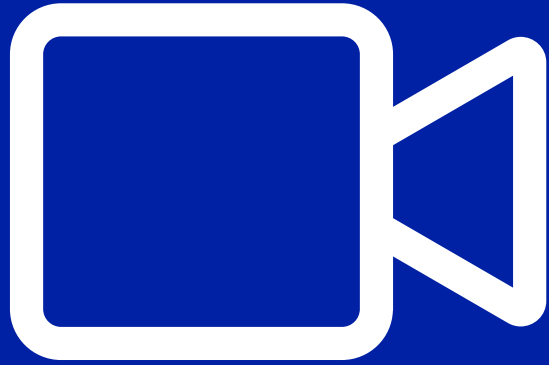


Lloyd's QMA transformation

June Briefing and Q&A

20 June 2024



This session will be **recorded** for offline viewing.



You have been **muted** automatically.



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

QMA Transformation

Today's agenda



The **aim** of the session today is to outline our plan and approach to implementing QMA transformation and discuss how you can begin to prepare for the upcoming changes



The **presenter** today will be Kathryn Edwards, Chief Accountant

Section	Focus	Timing
Introduction	<ul style="list-style-type: none"> Our journey to date The case for change 	5 mins
What does the future look like?	<ul style="list-style-type: none"> Streamlined financial reporting 	10 mins
Transition arrangements	<ul style="list-style-type: none"> Data rationalisation Our plan to go-live 	15 mins
Next steps	<ul style="list-style-type: none"> Next steps Key contacts 	5 mins
Q&A	<ul style="list-style-type: none"> Answering your questions 	20 mins

Introduction



Introduction

Our journey to date

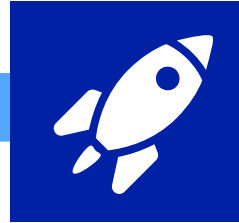
Pre-2023



We received **feedback** from market participants that the existing QMA process was *complex, time-consuming and inefficient*.



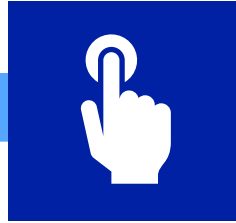
Q4 2023



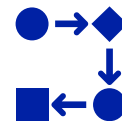
We **mobilised** the QMA rationalisation programme, with the aim of *making the process easier* for Managing Agents, and began engaging with the market to seek their feedback and inputs



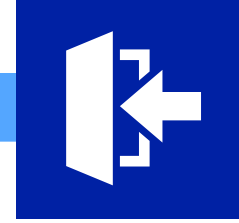
Q1 2024



We ran a **proof of concept** to test the new technology proposed as part of the solution and continued to gather feedback from the market



Q2 2024



We **reviewed and rationalised** the QMA data used within the Corporation



Today



Today we begin **formally engaging and briefing** the market on the changes we are planning to make – to help you best prepare for these



Introduction

The case for change

We have listened to your feedback on the QMA and have designed a new solution to reduce the burden on the Market

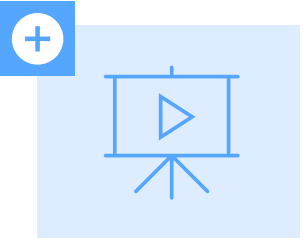
The proposed solution will bring **benefits** to both Managing Agents and Lloyd's

Benefits to Managing Agents



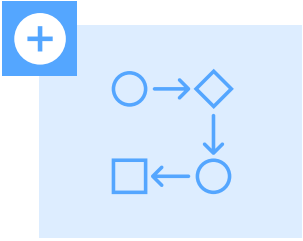
Reduced reporting burden

Reduced data volumes and elimination of duplicated data collection



Transparency of reporting

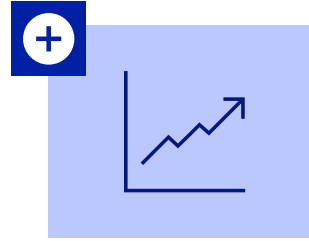
Transparency of data usage and presentation in an easy to review format



Standardisation

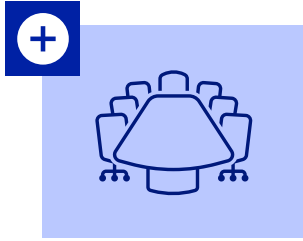
Utilises processes and technology aligned with any UK listed insurer

Benefits to Lloyd's



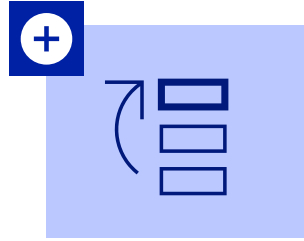
Reporting acceleration

Releasing market results in line with listed peers



More efficient governance

Oversight focused at the right level, with more time for understanding and insight



Agility

Scalable and flexible process, eliminating manual workarounds

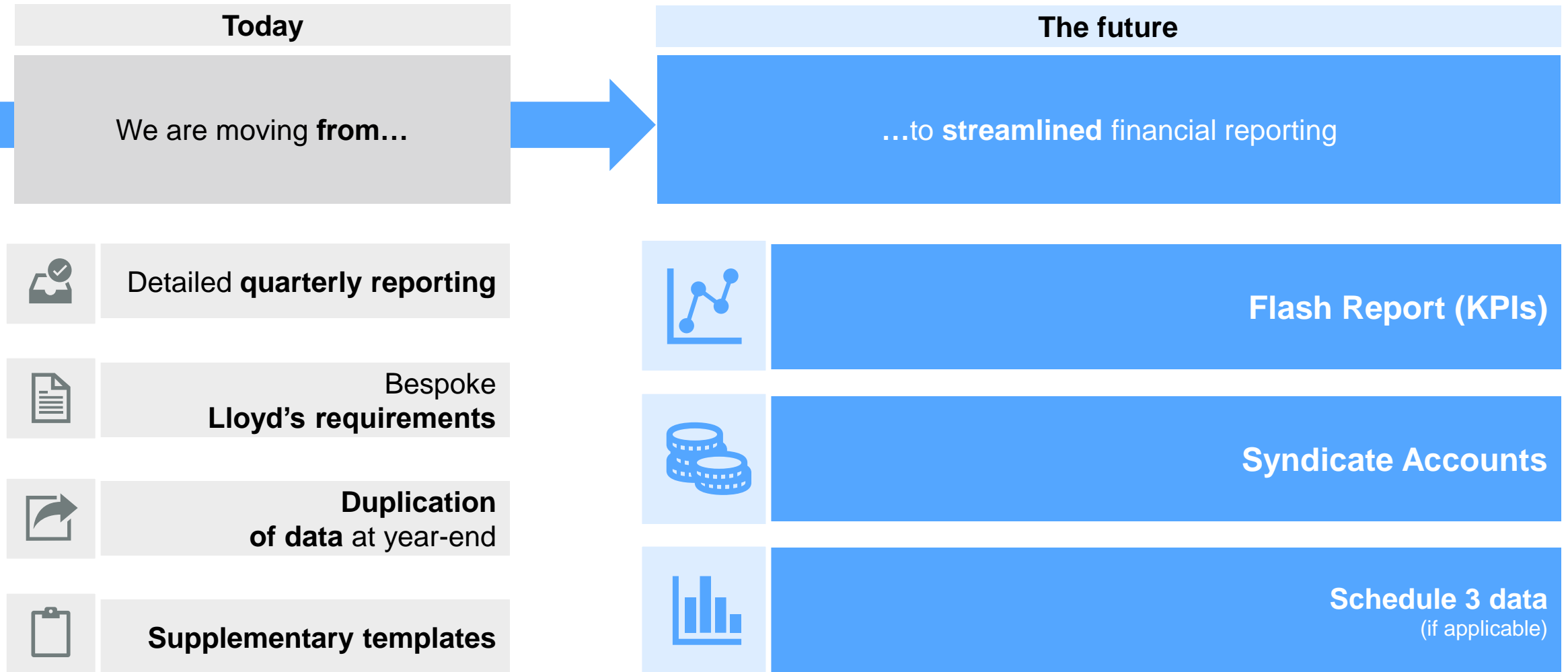


What does the future look like?



What does the future look like?

We have designed a solution to eliminate the QMA and replace with streamlined financial reporting



Flash Report

The new Flash Report is inspired by quarterly trading updates provided by listed companies

QX 20XX Flash Report		Syndicate XXXX			
	GAAP FY Plan	GAAP Plan YTD	GAAP Actual YTD	Variance	GAAP FY Re-Forecast
Key Financial Information					
Gross Written Premium					
Underwriting Result					
Investment Return					
Profit/(Loss) Before Tax					
Key Performance Ratios					
Net Earned Premium					
Claims Incurred, Net of Reinsurance:					
- Attritional Claims					
- Major Claims					
- Prior Year Strengthening / Releases					
Administrative Expenses					
Acquisition Costs					
Loss Ratio					
Attritional Claims Ratio					
Major Claims Ratio					
Prior Year Ratio					
Expense Ratio					
Admin Exp Ratio					
Acquisition Cost Ratio					
Combined Ratio					

Content:

- Limited to key KPIs on a GAAP (calendar year) basis

Commentary:

- Commentary on key KPI movements to be provided in any format - ideally an extract from commentary provided for internal governance

Submission:

- Initially collected via Excel template
- Commentary can be any file format (pdf, word, etc)
- Timing of submission is intended to be earlier than the interim / annual syndicate accounts to enable Lloyd's to understand key messages at the market level

Syndicate Accounts

Sourcing data from existing reports

Syndicate Accounts are a **statutory reporting requirement** under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008



Key changes

- Introduction of a **pro-forma template** with minimum disclosure requirements
- Requirement to submit with **XBRL** tagging (audited)
- Introduction of an **interim report**
- Can be submitted in **any currency**



Your choice

- No restrictions on the look and feel – it can still be **branded**
- You can provide **additional disclosures** if desired
- **Accounting policy** choice is not restricted by instructions – it just needs to be UK GAAP compliant



Other info

- Lloyd's will provide **example disclosures** for basis of preparation / accounting policies as guidance (not mandated)
- **No new data** collected that doesn't already exist in the QMA / Syndicate Accounts
- There will be **no change to underwriting year accounts**

Syndicate Accounts Continued - what is XBRL?

XBRL is an industry standard for ingesting data

Syndicate accounts (PDF)

Syndicate accounts are produced in PDF which is human-readable, but difficult to ingest into financial systems

Statement of profit or loss and comprehensive income:
 Technical account - General business
 For the year ended 31 December 20x2

	20x2	20x1
	€000	€000
Gross premiums written	5 362,500	338,400
Outwards reinsurance premiums	(87,000)	(90,000)
Premiums written, net of reinsurance	275,500	248,400
Change in the gross provision for unearned premiums	17 (25,000)	45,000
Change in the provision for unearned premiums reinsurers' share	17 7,000	(12,000)
Earned premiums, net of reinsurance	297,500	281,400
Allocated investment return transferred from the non-technical account	10 7,140	7,000
Claims paid		
Gross amount	5 (120,000)	(147,000)
Reinsurers' share	5 32,000	41,000
	(88,000)	(106,000)
Change in the provision for claims		
Gross amount	17 (66,300)	(63,500)
Reinsurers' share	17 36,200	36,000
Claims incurred, net of reinsurance	(118,100)	(133,500)
Net operating expenses	7 (108,840)	(113,200)
Balance on the technical account - general business	40,000	41,700



XBRL taxonomy

We are using an XBRL reporting taxonomy which is aligned to the Syndicate account structure.

Label	URI	Profile	Name	Abstract	Type	Period Type	Balance
1000 - Statement of profit or loss (Legal Insurance)	NO:0000		StatementOfProfitOrLossLegalInsurance	Yes	LegalInsuranceType	Duration	
Business operating in loss (Non-technical account)	NO:0000		BusinessOperatingInLossNonTechnicalAccount	Yes	BusinessOperatingInLossType	Duration	
Technical Account - Long Term Business (Operating)	NO:0000		TechnicalAccountLongTermBusinessOperating	Yes	TechnicalAccountLongTermBusinessOperatingType	Duration	
Technical Account - General business (Operating)	NO:0000		TechnicalAccountGeneralBusinessOperating	Yes	TechnicalAccountGeneralBusinessOperatingType	Duration	
Earned premiums, net of reinsurance	L205.01.01.00.00.00.00		EarnedPremiumsNetOfReinsurance	Yes	MonetaryItemType	Duration	credit
Gross premiums written	L205.01.01.01.00.00.00.00		GrossPremiumsWritten	Yes	MonetaryItemType	Duration	credit
Outwards reinsurance premiums	L205.01.01.02.00.00.00.00		OutwardsReinsurancePremiums	Yes	MonetaryItemType	Duration	debit
Change in the net provision for unearned premiums	L205.01.01.03.00.00.00.00		ChangeInNetProvisionForUnearnedPremiums	Yes	MonetaryItemType	Duration	credit
Change in gross provision for unearned premiums	L205.01.01.03.01.00.00.00		ChangeInGrossProvisionForUnearnedPremiums	Yes	MonetaryItemType	Duration	credit
Change in provision for unearned premiums, reinsurers' share	L205.01.01.03.02.00.00.00		ChangeInProvisionForUnearnedPremiumsReinsurersShare	Yes	MonetaryItemType	Duration	credit
Allocated investment return transferred from the non-technical account	L205.01.01.04.00.00.00.00		AllocatedInvestmentReturnTransferredFromNonTechnicalAccount	Yes	MonetaryItemType	Duration	credit
Claims incurred, net of reinsurance	L205.01.01.05.00.00.00.00		ClaimsIncurredNetOfReinsurance	Yes	MonetaryItemType	Duration	debit
Claims paid - gross amount	L205.01.01.05.01.00.00.00		ClaimsPaidGrossAmount	Yes	MonetaryItemType	Duration	debit
Claims paid - reinsurers' share	L205.01.01.05.02.00.00.00		ClaimsPaidReinsurersShare	Yes	MonetaryItemType	Duration	debit
Change in the net provision for claims	L205.01.01.06.00.00.00.00		ChangeInNetProvisionForClaims	Yes	MonetaryItemType	Duration	debit
Change in provision for claims - gross amount	L205.01.01.06.01.00.00.00		ChangeInProvisionForClaimsGrossAmount	Yes	MonetaryItemType	Duration	debit
Change in provision for claims - reinsurers' share	L205.01.01.06.02.00.00.00		ChangeInProvisionForClaimsReinsurersShare	Yes	MonetaryItemType	Duration	debit
Change in the net provision for claims, net of reinsurance	L205.01.01.06.03.00.00.00		ChangeInNetProvisionForClaimsNetOfReinsurance	Yes	MonetaryItemType	Duration	debit
Long term business provisions - gross amount	L205.01.01.07.00.00.00.00		LongTermBusinessProvisionsGrossAmount	Yes	MonetaryItemType	Duration	debit
Long term business provisions - reinsurers' share	L205.01.01.07.01.00.00.00		LongTermBusinessProvisionsReinsurersShare	Yes	MonetaryItemType	Duration	debit
Net operating expenses	L205.01.01.08.00.00.00.00		NetOperatingExpenses	Yes	MonetaryItemType	Duration	debit
Balance on the technical account - general business subtotal	L205.01.01.09.00.00.00.00		BalanceOnTechnicalAccountGeneralBusinessSubtotal	Yes	MonetaryItemType	Duration	debit
Balance on the technical account - Long Term Business subtotal	L205.01.01.09.01.00.00.00		BalanceOnTechnicalAccountLongTermBusinessSubtotal	Yes	MonetaryItemType	Duration	debit
Non-technical account - Long Term Business (Operating)	NO:0000		NonTechnicalAccountLongTermBusinessOperating	Yes	LegalInsuranceType	Duration	
Non-technical account - General business (Operating)	NO:0000		NonTechnicalAccountGeneralBusinessOperating	Yes	LegalInsuranceType	Duration	
Balance on the technical account - Long Term Business	L205.01.01.09.01.00.00.00		BalanceOnTechnicalAccountLongTermBusiness	Yes	MonetaryItemType	Duration	debit

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 For the year ended 31 December 20x2

	20x2	20x1
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Tagged Syndicate Accounts (iXBRL)

By 'tagging' the PDF accounts with this taxonomy, we create an iXBRL file which is human-readable and can be ingested into financial systems for processing



Tagged accounts will be submitted via an **online portal** for validation and decomposition; before being published on lloyds.com

Schedule 3 Data

We will continue to provide the Schedule 3 service

Background: Corporate members of Lloyd's, that are UK incorporated entities, are deemed to meet the definition of an **insurance company** under the *Companies Act 2006* and the *Financial Services and Markets Act 2000*. Consequently, they are required to comply with the regulations outlined in *Section 6(1)b of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008*, including the **preparation of insurance accounts under Schedule 3**.

Corporate member name [<<< Back to Toc](#)

Statement of Profit or Loss
 Technical account – General business
 For the year ended 31 December 2024
 Figures in thousands of Pounds

	2024				2023			
	2024 UY	2023 UY	2022 UY	Total	2023 UY	2022 UY	2021 UY	Total
<i>Earned premiums, net of reinsurance</i>				-				-
Gross premiums written				-				-
Outwards reinsurance premiums				-				-
Premiums written, net of reinsurance				-				-
Change in the gross provision for unearned premiums				-				-
Change in the provision for unearned premiums reinsurers' share				-				-
Earned premiums, net of reinsurance				-				-
Allocated investment return transferred from the non-technical account				-				-
Other technical income, net of reinsurance				-				-
<i>Claims paid</i>				-				-
Gross amount				-				-
Reinsurers' share				-				-
Change in the provision for claims				-				-
Gross amount				-				-
Reinsurers' share				-				-
Claims incurred, net of reinsurance				-				-
<i>Net operating expenses</i>				-				-
Acquisition costs				-				-
Change in deferred acquisition costs				-				-
Administrative expenses				-				-
Reinsurance commissions and profit participation				-				-
Other technical charges, net of reinsurance				-				-
Change in the equalisation provision				-				-
Bonuses and rebates, net of reinsurance				-				-
Balance on the technical account – general business				-				-

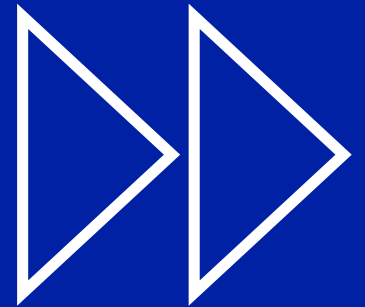
Non-technical account – General business
 For the year ended 31 December 2024
 Figures in thousands of Pounds

	2024				2023			
	2024 UY	2023 UY	2022 UY	Total	2023 UY	2022 UY	2021 UY	Total
Balance on the technical account – general business				-				-
Investment income				-				-
Realised gains on financial investments				-				-
Unrealised gains on investments				-				-
Investment expenses and charges				-				-
Realised losses on financial investments				-				-
Unrealised losses on investments				-				-
Investment return - transferred to technical account				-				-
Gain/(Loss) on foreign exchange				-				-
Other income				-				-
Other expenses				-				-
Profit or loss for the financial year				-				-

New Schedule 3 template:

- The role Lloyd's plays in collecting and calculating Schedule 3 data delivers **significant efficiency** to the market
- The Schedule 3 template **mirrors the disclosures in the Syndicate Accounts**, with additional columns for YOA data
- The template applies the same taxonomy as the Syndicate Accounts, and is required to be **XBRL tagged**
- An **Excel template** will be provided to support preparation of this data; however the data will be ingested by Lloyd's using the XBRL tagging
- **Audit** requirements remain unchanged
- Only applicable to syndicates who **subscribe** to the service
- We aim to provide this data to users **faster** than at present

Transition arrangements



QMA Rationalisation Results

We have significantly streamlined the data we will need to collect as part of the 'QMA Delta'



From this...

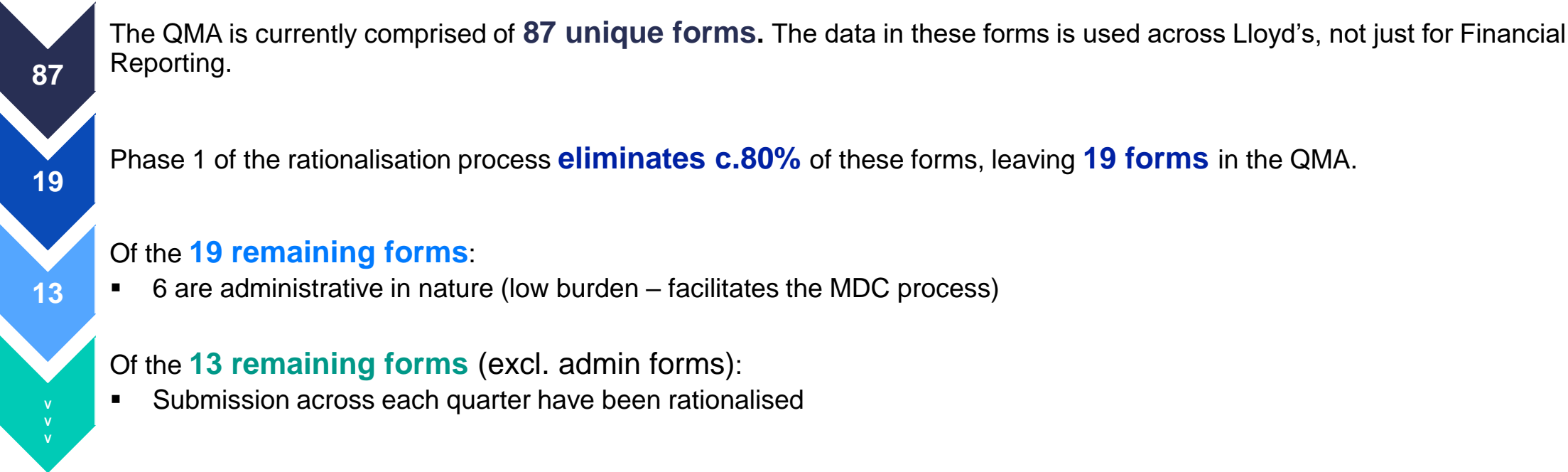



To this!



QMA Rationalisation Results

Phase 1 effective Q4 2024



The result	Q1 / Q3	Q2	Q4
	2 forms to be submitted at Q1 / Q3 (vs.19 at present)	4 forms to be submitted at Q2 (vs.33 at present)	13 forms to be submitted at Q4 (vs.65 at present)

These will be submitted alongside the Flash Report and Syndicate Interim and Annual Accounts (and Schedule 3 data where applicable)

QMA Delta

Continued QMA reporting during 2025

'QMA Delta'

Select forms will be required to remain in MDC following the first stage of the rationalisation, whilst Lloyd's completes an internal data project throughout 2025 (phase 2).

What's left...

Tax / Regulatory Reporting

- 102 (UK & US Tax)
- 114 (US Tax)
- 203/206 (US Tax)
- 223 (US Tax)
- 112 (Canada Reg.)
- 250 (LATF)

Detailed Oversight

- 800u (Major Losses)
- 710u (Reinsurance)
- 350u (Liquidity)

YOA Forecast

- 120u (Forecast to ultimate)

Reference data

- 360 (Distribution)
- 630 (RITC)

Admin

- 010/010A (Control Page)
- 9XX Series
 - 900 (Contact details)
 - 910 (MA Sign Off)
 - 921 (LATF opinion)
 - 930 (Auditors Report)
 - 990 (Comments)

Why is QMA 710u/800u still required

How is your data used within Lloyd's?



We **collect the data from you**, so we can **report on your behalf**

QMA 710u – Reinsurance Recoveries

- New York Regulators Return (for NY licensing)
- International Association of Insurance Supervisors Annual Return
- ORSA reporting for Canada, South Africa & Switzerland
- Rating agencies data analysis
- Supporting PRA queries and data requests

Frequency to be reduced to **Q2/Q4 only**

QMA 800u – Major Losses

- Supporting queries and regulatory reporting requirements for UK & international territories:
 - PRA reporting (inc. Ukraine)
 - South African reporting and funding requirements
 - Australian reporting
 - Canadian global reporting
 - NBB (Brussels) reporting
- Global and International central reserving analysis

Commitment to **rationalise the number of CAT** codes collected

Future State Reporting Overview

Effective from Q4 2024, throughout 2025

	Q1 / Q3	Q2	Q4
Flash Report	<ul style="list-style-type: none"> Flash Report (KPIs) Commentary 	<ul style="list-style-type: none"> Flash Report (KPIs) Commentary 	<ul style="list-style-type: none"> Flash Report (KPIs) Commentary
Syndicate Accounts	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> Interim Proforma Syndicate Accounts (Tagged)[^] 	<ul style="list-style-type: none"> Annual Syndicate Accounts (Tagged)[^] Schedule 3 (Tagged)[^] (subscribers only)
QMA Delta <i>(to be rationalised in 2025)</i>	<ul style="list-style-type: none"> Forecast to Ultimate (120u) Major Losses (800u) + supplementary templates RITC / LPT[#] template 	<ul style="list-style-type: none"> Forecast to Ultimate (120u) Major Losses (800u) + supplementary templates RITC / LPT[#] template Reinsurance (710u) Liquidity (350u) 	<ul style="list-style-type: none"> Forecast to Ultimate (120u) Major Losses (800u) + supplementary templates RITC / LPT[#] template Reinsurance (710u) Liquidity (350u) Tax[^] (102, 203*, 206*, 223,114) Canadian Regulatory[^] (112) LATF[^] (250*) Distribution[^] (360) RITC Arrangements (630)

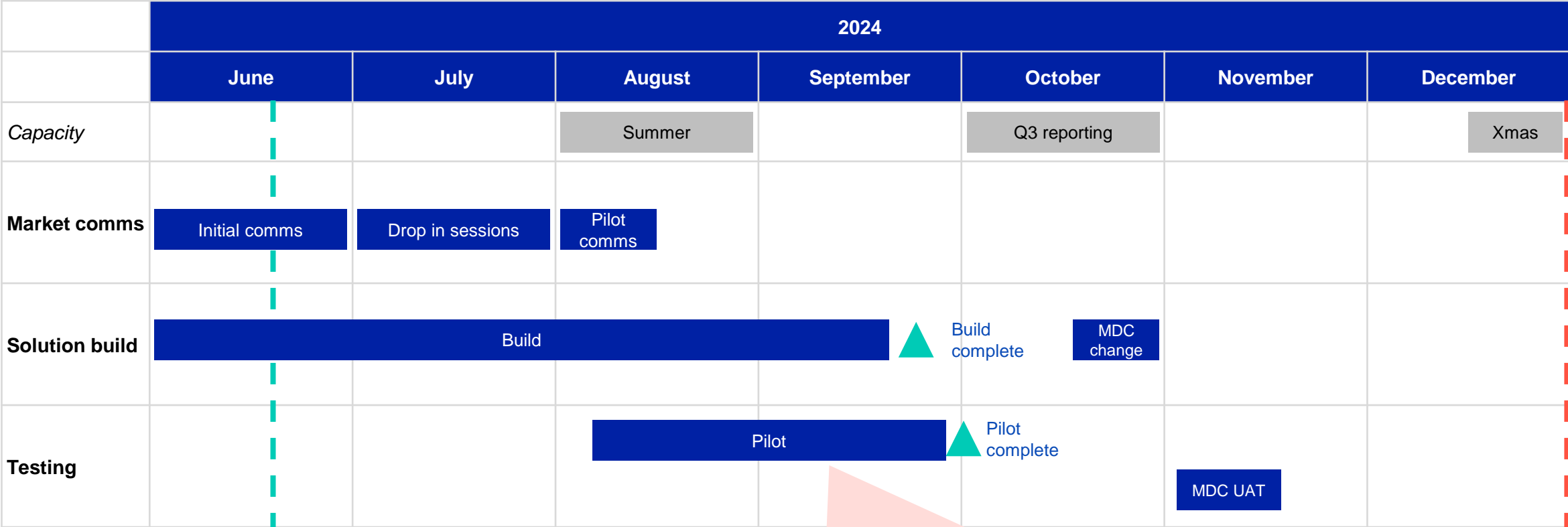
[^] Audit requirement

* Life Syndicates Only

[#] As applicable (impacts a small number of syndicates)

Our plan to go live

We are already building the solution which will go-live in 2025



Today


Go live

Pilot conducted with select group of Managing Agents

- The new submissions (Syndicate Accounts, Flash Report, Schedule 3) will be prepared using FY23 data.
- Auditors will be engaged throughout the process (no sign-off required)

Proposed Submission Timeline

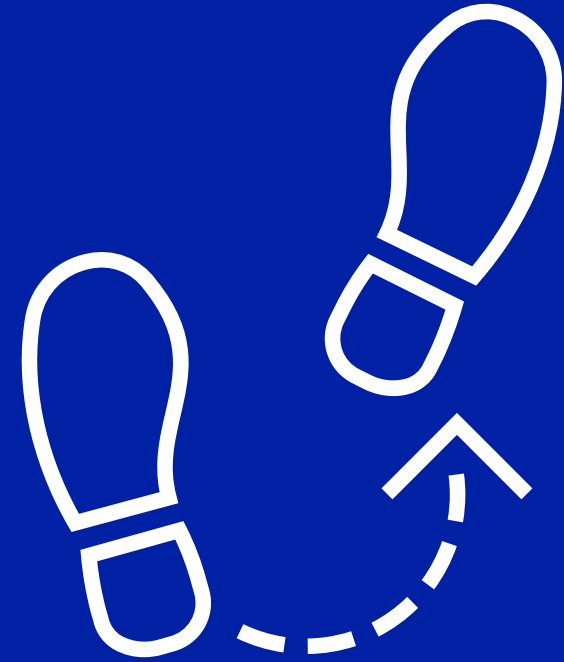
Transition and future state

Current State		Future State			
YE 2023			YE 2024 (Transition)	Future State: YE 2025+ (Indicative dates)	
QMA Submission (un-audited)	Tue 13 th Feb 2024 (44 calendar days)		Flash Report Submission (un-audited)	Thu 13 th Feb 2025 (44 calendar days)	Thu 29 th Jan 2026 (29 calendar days)
QMA Submission (audited)	Tue 27 th Feb 2024 (58 calendar days)		Syndicate Accounts Submission Tagged (audited)	Thu 20 th Feb 2025 (51 calendar days)	Thu 12 th Feb 2026 (43 calendar days)
Syndicate Accounts Submission (audited)	Tue 27 th Feb 2024 (58 calendar days)		QMA Delta Submission (audited)	Thu 27 th Feb 2025 (58 calendar days)	NA
Market results released	Thu 28 th Mar 2024 (43 calendar days)		Schedule 3 submission (audited)	Thu 27 th Feb 2025 (58 calendar days)	Thu 12 th Feb 2026 (43 calendar days)
			Market results released	Thu 20 th Mar 2025 (27 calendar days)	Thu 5 th Mar 2026 (20 calendar days)

Points to note:

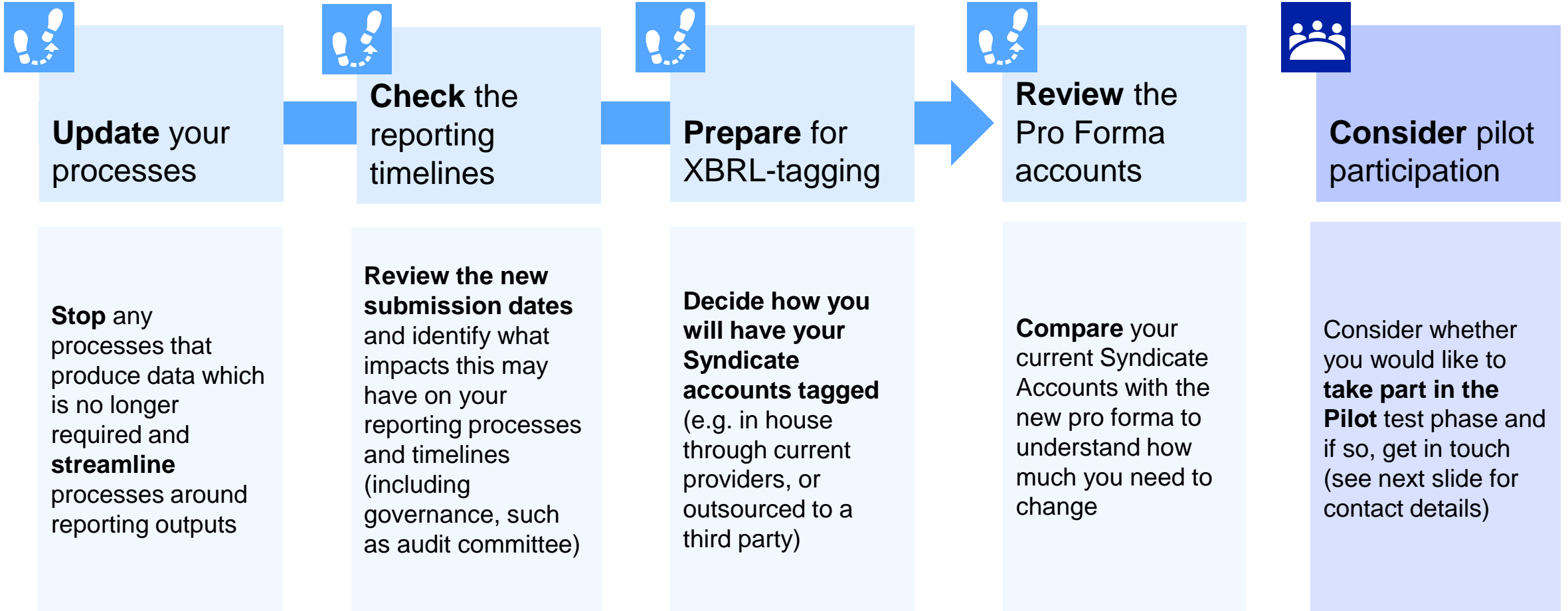
- Early submission of Flash Report to Lloyd's enables formulation of key messages
- 1st Year Implementation : significant reduction in data collection with small reduction to timeline
- Future state timeline allows market results to be released in the first week of March in line with peers
- Future state timeline to be reviewed following first year of reporting to reflect process efficiencies realised

Next steps



Practical next steps

There are some key next steps to take to prepare for the new solution



Contact details and drop-in sessions

We are holding a drop-in session next week to help answer any initial questions you may have

To support you as you prepare for the new solution, **we will be hosting drop-in sessions**. We encourage you to attend and ask any questions you may have.

The **drop-in sessions** will be:



Next Wednesday 26 June, 10:00 - 12:00, Coffee room 1



Thursday 18 July, time and location to be confirmed

In the meantime, if you have any **questions**, please reach out to...
reporting.rationalisation@lloyds.com



Questions



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