

# MARKET BULLETIN

REF: Y4282

<b>Title</b>	Lloyd's Risk Code Scheme
<b>Purpose</b>	To notify the market of changes and clarification to Lloyd's risk codes
<b>Type</b>	Event
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<b>Date</b>	26 May 2009
<b>Related links</b>	<a href="#">Lloyd's Risk Codes</a>

## 1. Introduction

1.1 During April 2009, Lloyd's Franchise Performance Directorate was in consultation with the LMA/Market on risks which required further granularity. The aim is to ensure that the codes remain as relevant as possible to the business being written and that risks are correctly being coded under the correct risk code.

## 2. Overview of Changes to Lloyd's Risk Codes

2.1 The review process has resulted in:

- a) the breakdown of risk code XL (NM Liability Excess of Loss) into two codes split territorially:

Old Risk Code/ Description	Business to be reallocated to new Risk Codes/ Descriptions
<b>XL:</b> NM Liability Excess of Loss	<ul style="list-style-type: none"> <li>• <b>XF:</b> NM Liability Excess of Loss in USA</li> <li>• <b>XG:</b> NM Liability Excess of Loss Excl USA</li> </ul>
<b>W2:</b> US Workers Compensation	<ul style="list-style-type: none"> <li>• <b>W5:</b> US Workers Compensation Per Person Exposed</li> <li>• <b>W6:</b> US Workers Compensation Catastrophe Exposed</li> </ul>

- b) the introduction of one new risk code 'EC' which is specific to the construction element of risk code ET (Energy Search Prod vessels and Offshore Prop Excl WRO). Note: ET from 01/01/2010 will exclude Offshore Construction.

New Risk Code	Description
EC	Energy Construction Offshore Property & Search Prod Vessels Excl WRO

2.2 All changes will be effective from 1<sup>st</sup> January 2010. Therefore all policies which incept on or after this date should be coded using the revised set of risk codes, together with any returns submitted to Lloyd's.

2.3 The SBF return, submission date for mid June 2009 for year of account 2010, should use the new risk codes.

### 3. Clarification and Guidance to Risk Code PG (Power Generation)

3.1 The Risk Code of **Operational Power (PG)** was introduced at 1<sup>st</sup> January 2008 (bulletin [Ref:Y4056](#)) following a number of power generation losses that had adversely affected the Property Direct and Facultative and Onshore Energy classes. Until then, operational power risks had been classified under various Property codes (P1 - P6), Onshore Energy code (EF) and Non-marine Construction (CA - Engineering including machinery and boilers).

3.2 The code covers physical damage and business interruption to plant dedicated to the generation and distribution of electricity (coal, gas, hydro, geothermal, wind and wave). The main perils being Fire, Natural Perils (flood) and Machinery Breakdown, the latter being the main historical cause of loss. The PG risk code will continue to exclude construction which should be coded CA.

3.3 The code PG should not be confused with Onshore Energy (EF) which covers onshore production, refinement and processing of oil, gas and sulphur. However syndicates writing liabilities arising out of power generation should continue to code these risks as EA (onshore claims made) or EB (onshore losses occurring).

### 4. Guidance Notes and Attachments

4.1 Lloyd's Risk Code guidance notes and Risk Code listings will be updated accordingly and are available via [Lloyds.com/risk\\_codes](http://Lloyds.com/risk_codes).

4.2 If you have any questions please contact:

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