

MARKET BULLETIN

REF: Y4548

| | |
|----------------------|---|
| Title | RDS framework update to Lloyd's Managing Agents |
| Purpose | To provide an update to all managing agents for the 2012 RDS and RDL returns to be submitted to the Exposure Management team. |
| Type | |
| From | Trevor Maynard, Head of Exposure Management Performance Management Directorate 020 7327 6141 trevor.maynard@lloyds.com |
| Date | 21 December 2011 |
| Deadline | Please see individual returns below |
| Related links | Business Timetable on Lloyds.com |

PURPOSE

With reference to Market Bulletin [Y4507](#) titled 'Lloyd's Management of Model Change' that clarified Lloyd's position with regards to the 2012 RDS framework and the implications of the RMS view of risk in v11, the main purpose of this bulletin is to provide an update to Managing Agents on the RDS returns for 2012 and 2013, and to provide notification of a strategic review.

STRATEGIC REVIEW

Starting 2012, the Lloyd's Exposure Management team will undertake a strategic review of the Lloyd's Exposure Management framework and methodology.

The review will include items such as those included in the following non-exhaustive list:

- To review and assess the applicability of the current Lloyd's RDS Franchise Guidelines
- Suitability of the current RDS framework
- Monitoring of exposures in regions not well served by catastrophe models
- Incorporation of the Lloyd's Catastrophe Model results into the framework

Any changes will involve consultation with stakeholders.

2012 AND 2013 RDS FRAMEWORK DELIVERABLES

2012 RDS

Market Bulletin [Y4507](#) states that for the 1st January 2012 RDS return, the natural catastrophe industry loss levels detailed in Lloyd's RDS Scenario Specification document will remain unchanged. Please note that for clarification purposes, there are no new supplementary requests to accompanying the 2012 RDS return that Managing Agents have not already provided in previous RDS/RDL returns, however, syndicates writing Political risks will be subject to a revised set of scenarios with the addition of a new Nigerian event.

The RDS Scenario Specification document, the Guidance & Instructions and all supporting files will be sent / made available to Managing Agents by Friday 6th January 2012.

RDL 2012

Managing Agents will be required to submit supplementary information for a War scenario (Ref: [Y4483](#)) to capture static and non-static risks. This War scenario will be developed in conjunction with the LMA and guidance for it will be contained within the RDL instructions, released mid-2012.

2013 RDS

As we are undertaking a strategic review of exposure management at Lloyd's we have decided not to change the US Windstorm RDS levels for 1/1/2013 as this would pre-empt the findings of the review. We are however mindful of exposure movements and changes to perceptions of risk levels in this region and will take this into account when considering whether Franchise Guideline dispensations may be granted.

CHANGES TO FRANCHISE GUIDELINES

As previously announced, effective 1st January 2012, the RDS Franchise Guidelines will change from Capacity to Gross Net Premium. These guidelines are in the scope of our exposure management review and may be subject to further change.

TIMETABLE REMINDER

The RDS and RDL returns are submitted to Lloyd's twice per annum via the Core Market Returns (CMR) system. The reporting date for the 2012 RDL return has been extended by one week to separate it from the LCM.

The RDS and RDL return dates are as follows:

| RDS return | As At Date | Reporting Date |
|------------|------------------------------|---|
| RDS | 1 st January 2012 | Noon, Thursday 22 nd March 2012 |
| RDL | 1 st July 2012 | Noon, Thursday 30 th August 2012 |

SPECIAL PURPOSE SYNDICATES

For the avoidance of doubt and to ensure consistency with other reported data, managing agencies should complete separate returns for Special Purpose Syndicates for the above rather than reporting consolidated figures.

FURTHER INFORMATION

Should you have any further questions or require any additional information please contact my colleagues, below:

| | | |
|-----------------|---------------|--|
| David Clouston | 020 7327 5719 | david.clouston@lloyds.com |
| David Singh | 020 7327 6496 | david.singh@lloyds.com |
| Phil Holt | 020 7327 5983 | phil.holt@lloyds.com |
| Suzanne Laurent | 020 7327 6402 | suzanne.laurent@lloyds.com |

Trevor Maynard
Head, Exposure Management and Reinsurance
Performance Management Directorate
020 7327 6141
trevor.maynard@lloyds.com