

Market Bulletin

Ref: Y5120

Title	US Trading Regulatory Reporting – Hurricanes Harvey and Irma
Purpose	To advise the market of additional reporting requirements in respect of Hurricanes Harvey and Irma that might enable a deferral of funding for the increase in the Q3 CRTF liabilities
Type	Event
From	Leslie Redmond, Manager International Finance, Market Finance (MF) Finance Directorate Direct Tel No: +44 (0)20 7327 5490 Email: leslie.redmond@lloyds.com
Date	28 September 2017
Deadline	31 October 2017
Related links	Secure Store Lloyd's US situs credit for reinsurance trust deed

Please copy this letter to those within your organisation who are responsible for reviewing and completing the US reporting packs.

This bulletin provides

- a) Instructions for the reporting of the amount of gross reserves disclosed within the Credit for Reinsurance Trust Fund reporting packs of your syndicates for these major loss events.
- b) The mechanism for issuing revised cash transfer forms to the Market if a deferral of funding is permitted.

As advised in Market Bulletin Y5115 the US Reporting packs will be available on the Overseas

Reporting System on Friday 13 October 2017. Since that bulletin was issued two major hurricanes have made landfall in the USA which raises the possibility that clause 5.1(c) of the Credit for Reinsurance Trust Deed might be triggered for the current funding process. We have therefore included a form within the return for the reserves relating to these events to be reported. Should any other major loss event occur between the issuing of this bulletin and the quarter end it too will be included on this form.

We will not know whether this clause has been satisfied until all the reporting packs have been locked. Therefore, please complete the packs in the usual way and ensure that the cash transfer form in the pack has been completed for the full funding amount required.

Reporting the gross reserves in respect of Major Loss Events

Once you have calculated your gross reserves and entered these on Forms RIQ 4/4a of the reporting software navigate to the page listing the pack forms. Under Quick Links click on Update Disasters which opens a form. On this form enter the gross reserve amount for each event in whole numbers that is included within the total reported gross reserves for each year of account.

Revised cash instruction forms

Once all of the syndicate packs have been locked Lloyd's will calculate whether the market Trust Fund Minimum Amount (TFMA) has increased sufficiently to meet the funding deferral criteria. If it has we will contact the New York Insurance Regulator to seek their approval for a funding deferral and will send a market communication to all compliance officers advising you of the outcome by 7 November 2017.

If a funding deferral is approved revised cash transfer forms, taking account of the permitted deferral, will be created for all syndicates and placed in Secure Store within the relevant managing agent's folder. For syndicates which have no loss event reserves to report, or those that are due a net release prior to applying any permitted deferral, the original version of the cash transfer form in the pack must be used. The revised cash transfer forms that will be produced for the remaining syndicates will be after applying the deferral amount that they are permitted to take. The deferral will be the lower of the increase in the TFMA and the value of reserves reported for the loss events by year of account. For the 2017 year of account the amount deferred will be further restricted so that it cannot be greater than the reported underwriting loss on Form RIQ 3. In addition to this no syndicate is permitted to take a net release from the trust fund as a result of any deferral so restrictions will be applied to prevent this.

Cash transfer forms must be submitted to Settlements & Trust Funds as per the timetable in Y5115. All of the deadline dates in this timetable remain unchanged; they were set to take account of a potential funding deferral.

If you have any queries on the contents or completion of the packs please contact me on the above number, David Cokayne on extension 6238 (E-mail david.cokayne@lloyds.com), or send an email to Lloyds-MR-OverseasReporting@lloyds.com

Leslie Redmond
Manager International Finance
Market Finance