LLOYD'S

MARKET BULLETIN

From	Head, Market Reporting (extn 5129)
Date	27 April 2006
Reference	Y3800
Subject	**Q1 2006 QMR instructions**
Subject areas	
Attachments	**Instructions**
Action points	**Agents to note**
Deadlines	**Thursday 25 May 2006**

The software for the Q1 2006 QMR will be available on Friday 28 April on the core market returns web site and the purpose of this bulletin is to provide you with the related instructions.

Main changes to forms/instructions

102 – Cumulative technical account
The balances brought forward in column 'a' are derived by the software from the Q4 QMR. The only data that needs to be input to this form is the RITC/EFL brought forward and the related claims provisions for relevant reporting years.

105/105s – Class of business performance
The forms have not changed but the instructions have been extended.

120 – Forecast result to ultimate
For syndicates with third party capital the best and worst case figures are to be reported for run-off years as well as for those naturally open years at 18 months to 36 months.

201/205 – Balance sheet
Previous instructions stated that inter year loans should be reported. The QMR balance sheet covers the syndicate as a whole therefore no amounts (CNV, GBP or USD) should be reported for inter year loans.

460 - Exposures
A revised version of this form is now included in the return and is to be completed for all years of account that are older than 36 months, and the naturally open years of orphan syndicates.

720 – Reinsurance recoverables
This form was to have been included in the Q1 return but is not now required.

Queries
Any queries concerning any aspect of the return should be submitted via e-mail to Market Reporting (lloyds-MRD-ReturnQueries@lloyds.com).

This bulletin is being sent to the compliance officers of all managing agents.

John Parry

Quarterly Monitoring Return

Instructions

Index to Forms

General instructions

In these instructions the paragraphs covering those forms that are not required at Q1 2006 are shown in grey font so that it is easier to identify the instructions relating to the Q1 2006 QMR.

1 Quarterly monitoring return (QMR)

1.1 The QMR provides the information needed to enable Lloyd's to, among other things:

- Monitor the development of all syndicates as part of its Franchise Performance function;

- Provide relevant data to members' agents to enable them to monitor the performance of syndicates to which they currently and/or may provide capital; and

- From data in the quarter 2 return, produce the Lloyd's market interim results on an annually accounted UK GAAP basis.

1.2 The QMR is prescribed under the Solvency and Reporting Byelaw (No. 13 of 1990) as amended.

2 Overview of return

2.1 A separate return must be submitted in respect of each syndicate. In the case of a mirror syndicate (ie a syndicate which is identical to another in respect of constitution, shares and members' agents participating therein) both syndicates must be included in one return.

2.2 Parallel corporate syndicates must complete and submit a separate QMR.

2.3 The return must be completed in respect of all open years of account and all run-off years of account, in order to reflect the total insurance business transacted by underwriting members of Lloyd's.

2.4 When setting up a return, the system will generate the matrix of pure years and reporting years. From this matrix the system will then generate the forms to be completed, and establish the validation rules to be adhered to, as appropriate to that syndicate's circumstances.

3 Electronic reporting

3.1 The return must be completed electronically, to be submitted using the market returns web site. No hardcopy is required for the Q1, Q3 and Q4 QMRs, just the electronic version.

3.2 Certain parts of the Q2 QMR will be used to produce the Lloyd's market interim results. Those sections must be reviewed by a recognised accountant and therefore a single hard copy version of the Q2 QMR must be filed as well as the electronic version.

3.3 The Q2 QMR return will only be considered valid if it has both a print date and a version date, and that the version date and time agrees with the version date and time which is hard coded in the website submission. The version date is generated when the QMR is 'locked' on the system. (Please refer to the software manual, to be provided with the software, for more detailed instructions). If a return is printed from an unlocked pack the system will generate a heading of 'DRAFT'. If a draft return is submitted or if the version date and time is not exactly the same as the version date and time within the electronic file, the return will be invalid and a resubmission will be required.

3.4 A hard copy validation report with the correct version date and time and showing no errors must be submitted with the hard copy return.

4 Signing and page numbering of Q2 QMR

4.1 Every sheet of paper that is submitted, including additional analysis schedules, must be sequentially numbered.

4.2 Managing Agent's Report

The Q2 QMR includes an audited section which must be covered by a separate managing agent's report. The managing agent's report must be signed and dated by the finance director and by the compliance officer or another director of the managing agent. The same person must not sign in both capacities. All pages, including additional analysis schedules, must be covered by the managing agent's report and must be included in the page numbers shown on the form. The standard report is included, but agents can amend the report on screen for additional paragraphs or non standard wordings.

4.3 Independent Review Report

The reviewed section must be reviewed by a recognised accountant. The report must be signed and dated on behalf of the recognised accountant by a partner or director. The standard scope and opinion of the independent review report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

The managing agent's report and independent review report may need to be amended as a result of a resubmission of the return.

5 Submission of the Q2 QMR

5.1 Deadline

The **2006 Q2 QMR** must be submitted by 12.00 noon on Thursday 17 August 2006. Both the electronic filing and hard copy submission must be made by this time.

5.2 Submission

The electronic annual return in respect of each managed syndicate must be submitted by the managing agent and the hard copy must be submitted to:

Manager
Market Reporting
Gallery 5, Lloyd's 1986 Building

Failure to submit the return by the due deadline will be considered a breach of the Solvency and Reporting Byelaw (No. 13 of 1990), as amended. A resubmission of the return after the deadline will be considered a late submission.
Managing agents will be subject to disciplinary action and fines will be imposed if the return is submitted after the due deadline, in accordance with the following schedule:

Per return per syndicate – flat fine	£5,000
Per return per syndicate – additional fine per working day late	£1,000

Persistent delays will lead to further disciplinary action.

6 Assistance in completing forms

6.1 Any queries about the completion of the annual return should be directed by e-mail to Market Reporting at lloyds-MRD-ReturnQueries@lloyds.com. All queries will be responded to by the end of the following working day. Please contact John Parry via e-mail (john.parry@lloyds.com) if a response remains outstanding at that time.

7 Exchange rates

7.1 Except where stated figures are to be provided in GBP (including other currencies except USD), USD and CNV£. Unless otherwise stated all conversions must be made on a UK GAAP basis.

7.2 Lloyd's will provide suggested, but not mandatory, average and closing rates via a market bulletin immediately after the quarter end.

8 Interpretation

8.1 The return must be compiled in accordance with UK GAAP and these instructions. The meaning given to expressions used in these instructions is as defined in UKGAAP, the Solvency and Reporting Byelaw, the Syndicate Accounting Byelaw or LLD unless otherwise stated.

9 Reporting configuration

9.1 All forms are to be completed in currency units, not 000's, unless specified on the form.

10 Completion of forms

10.1 All amounts on each form must be completed as indicated on the form. Additional guidance is provided in respect of each form in these instructions.

10.2 Certain figures disclosed on some forms in the return must agree or relate to figures on other forms. These cross-references are set out in the instructions.

11 **‘Analysis’ items**

11.1 Certain cells require analysis of material amounts to be provided in the analysis section provided (ie a description and details of the material amount must be disclosed). For such items, the system will generate a sequentially numbered continuation sheet. Where we have identified common reasons for an ‘other’ entry, use the suggested description in the analysis section where appropriate.

Basis of preparation

The Quarterly Monitoring Return must be prepared in accordance with the instructions. In addition, the following bases of preparation must be adhered to:

Reporting by whole account/reporting year/pure year

Each form must be completed at one of the following levels:

- Whole syndicate
- Reporting year of account
- Pure year of account

Whole syndicate means all of the transactions or assets as appropriate for the syndicate as a whole.

Reporting year of account is the ‘traditional’ Lloyd’s method of identifying years of account and means each year of account upon which members had a participation during 2006. This will be for either the 2004, 2005 or 2006 years of account during 2006 and also various 2003 and prior run-off years of account which had not been reinsured to close as at 31 December 2005. **When reporting on the transactions for a reporting year of account, it is necessary to include the movements on any earlier years of account previously closed into that reporting year of account unless the instructions explicitly state otherwise**.

Pure year of account relates to the year of account in which the business was originally written and to which the original premiums and all subsequent transactions are signed. The pure original year of account may still be open, or subsequently reinsured to close into another year of account. For general (non-life) business the pure original year may be from the 1993 to the 2006 year of account, all liabilities in respect of 1992 and prior years having been reinsured into Equitas effective at 31 December 1995. When reporting on the transactions for a pure original year of account, only the transactions relating specifically to that pure year of account must be reported.

Analysis by pure year of account will be required in respect of each reporting year of account. For instance, where the syndicate started trading in 1993, has a 2004 reporting year of account into which the 2003 and prior years have closed into at 31 December 2005, and has separately accepted the RITC of a 1997 run-off year of account of another syndicate into its 2006 year of account at 31 December 2005, the analysis by pure year in respect of the 1997 and prior pure years of account will be required separately in respect of the 2004 and 2006 reporting years of account.

The instructions in respect of each form state whether the form is required at whole account, reporting year or pure year level.

Convention of data entry

Generally, all income and assets must be entered as positive numbers and all expenses and liabilities as negative numbers. The purpose of this is to enable simplified entry from trial balances held by syndicates.

Exchange rates

The return must be completed in GBP (which includes all other currencies excluding USD), USD (US dollars) and CNV (all currencies combined in converted sterling). However, cash flow information is generally required in CNV only.

For the profit and loss account, all conversions will normally be made using average rates of exchange as defined under UK GAAP. Lloyd's will not prescribe the actual rates to be used.

For the balance sheet, conversions must be made in accordance with UK GAAP. You must report the closing rate used in respect of USD in the syndicate details page of the return. Non-monetary items should be treated in the QMR on the same basis as in the syndicate annual accounts.

Where, for the syndicate annual accounts, any exchange rate movements were taken through the reserves, for the Q1 QMR the equivalent exchange differences should be reported as part of the balance brought forward on line 9 of QMR205 and not reported through line 28 of QMR110. The format of the return is to be amended to accommodate this disclosure but this will only be implemented for the Q2 submission.

Lloyd's has provided suggested, but not mandatory, average and closing rates via a market bulletin immediately after the quarter end.

Syndicate details including matrix

This collects/confirms basic information regarding the syndicate, including the syndicate number, managing agent, reporting years of account and their status (open/closed/run-off) and pure years comprising each reporting year.

The software will generate the forms required to be completed in accordance with the data in the matrix. It is important that you check that the matrix is populated correctly.

The capacity for each reporting year will be entered by the system in the capacity line, in the relevant reporting year's column. The capacity reported there is that at the return period end. Thus, if you are completing the Q1 return, the capacity reported will be that at 31 March: if any movements occur in capacity between 31 March and submission of the return, that movement will not be reflected in the capacity figure reported in the return.

The rest of the table identifies which reporting year of account currently includes the reinsurance to close of which pure years. Thus if a syndicate commenced in 2002, closed 2002 into 2003, and 2003 into 2004, both 2002 and 2003 would be flagged as being closed within 2004. Note, the table would not show 2002 closed into 2003 and then 2003 closed into 2004. If a year has passed its normal date of closure but has not closed, then it will be flagged as open.

This form also requires the closing rate of exchange used for balance sheet US dollars. Where the accounting policies of the syndicate are such that more than one rate is used in the balance sheet, then the rate to be entered in this cell is the predominant rate, normally the one used for monetary items.

QMR1 – Technical account (standard format)

All data in this form is derived, ie there is no data entry required

It presents the standard annual accounting format technical account for the calendar year and is completed automatically by the software from QMR100.

QMR100 – Technical account by reporting year

This form is completed automatically for each reporting year of account and shows the technical account for the calendar year.

All data in this form is derived automatically, in respect of each reporting year, from the data entered on QMR110.

QMR101 – Continued/discontinued split

This form is required at Q2 only. Agents must identify any material class/sector of business that is discontinued under UK GAAP and in particular FRS3.

In summary discontinued business represents any material line of business that has previously been written by the syndicate but where a strategic decision has been taken to cease underwriting that business. In addition if a decision is taken to cease underwriting a particular class of business in one geographic area but the syndicate continues or starts underwriting that business in another area, then the business in the ceased geographic area would be considered to be discontinued if material to the syndicate's overall underwriting. By way of example if a syndicate wrote property business in the US but decided to stop underwriting in the US but underwrite property business in Europe, then the previous US property business would be classed as discontinued if it was material to the syndicate.

The figures to be split are gross written premiums (lines 1 and 2) and the overall result (lines 4 and 5).

Where there is a change in the business identified as discontinued at this period end compared to the previous period, then the previous period's split of business must be amended to reflect the new analysis. The form therefore has an additional section to provide revised figures if required. If there has been no change in the analysis of the business split then there is no need to complete lines 7 to 12.

QMR102 – Cumulative technical account by reporting year

This form reports the syndicate's profit and loss account figures by reporting year of account on a cumulative basis. The form is only to be completed for CNV.

At quarter 1 the only data to be entered in this form is in column "d" where the RITC/EFL received and related claims provisions are to be reported. This will normally apply to run-off years and the 2004 reporting year.

The software picks up the cumulative aggregate annual accounting figures as at Q4 2005 and reports them in column "a". The 2006 calendar year movement is derived from QMR100 and reported in column "b". In column "b" the RITC cells are open but no data is expected to be entered here. Column "c" reports the aggregate annual accounting data as at the period end.

QMR104 – Segmental analysis

This form is required at Q2 only so that the franchisor may report segmental analysis in its market results.

The split of business in QMR104 is more detailed than required for UK GAAP. This is to enable the franchisor to provide both a segmental analysis on a UK GAAP basis and a market commentary in the Lloyd's market results using our preferred business split. A mapping from risk codes to the QMR104 business classes is available: please make the request via the Lloyds-MRD-MarketReturns e-mail address.

For the purposes of QMR104, **facultative reinsurance must be included as part of reinsurance acceptances**. This is as required under UK GAAP.

Where a syndicate has accepted the RITC of another syndicate, the impact of that RITC should be reported by the original classes, not solely as reinsurance accepted.

Lines 1a to 1d – Gross written premium

Gross written premium must be analysed according to geographic location of where the risk is closed. It is anticipated that most risks will be analysed as being closed in the UK. The total at line 1d, column p must agree to the total of gross premium written in QMR1, the technical account

Line 2 – Net premium written

The total at line 2, column p must agree to the total of premiums written, net of reinsurance in QMR1.

Line 3-5 - Net premium earned

Line 3, column p should agree with gross premium earned in QMR1(lines 3 + 6 + 10). This therefore includes "other technical income, net of reinsurance". It is anticipated that any figure in QMR1 line 10 will be immaterial. Line 4, column p must agree with outward reinsurance premiums earned in QMR1 (lines 4 + 7).

Line 6 – 8- Net claims incurred

Line 6, column p, should agree with the aggregate of the amounts for gross claims paid plus the change in the gross claims provision amount in QMR1 plus "change in other technical provisions net of reinsurance". It is anticipated that any figure in the latter category will be immaterial. Line 7, column p, must agree with the aggregate of reinsurers' share of claims paid plus the change in the gross claims provision, reinsurers' share.

Line 9 - Operating expenses

Line 9, column p should agree with net operating expenses in QMR1(line 24) and other technical charges, net of reinsurance (QMR1, line 25). It is anticipated that any figure in the latter category will be immaterial.

Lines 10 - 12 – Net technical result

The investment return will be derived by the software from QMR1 and reported in line 11, column p. Line 12, column p will then report the aggregate of the net technical result in line 10 of column p, and the investment return to give the syndicate's annual accounting result. That result must agree with the result reported on QMR1 line 26.

Line 13 – Net technical provisions

The net technical provision figures will normally be entered as negative values (ie per the balance sheet). Line 13, column p must agree with total technical provisions QMR205 (lines 1 + 2+ 3 + 5) plus total reinsurers' share of technical provisions in QMR201 (lines 19+20 + 22).

Lines 14 to 18 – Net technical result split

Agents are required to split line 10 between current and previous accident years. Line 15 is available if any element of the current reporting year's result is considered to be attributable to prior years. It is anticipated that for most syndicates this line would be blank.

The analysis in these lines is important to the disclosures that will be made in the market's results and so agents are asked to satisfy themselves that the breakdown of the profit/loss reported for each class of business is consistent with their knowledge of how that business has performed in the year.

QMR 105 – Class of business performance

Reporting basis

This form is required to be completed for the 2002 pure year and onwards, irrespective of whether the year has been closed. All entries should relate to the pure underwriting year only.

Accounting period

The data for lines 1 to 4 is on a cumulative basis from the start of the year of account, rather than for the calendar year to date.

Reporting in currency

All data should be submitted in the two main settlement currencies and in converted sterling. Cumulative figures (lines 1-4) should be converted to CNV on the same basis as for QMR102, i.e. an aggregation of each calendar year using each calendar year's average rates. Ultimate figures should be converted to CNV on the same basis as for QMR109.

Class of business breakdown

All data are broken down by the syndicate's own classes of business for each pure year of account, as approved through the Syndicate Business Forecast return for that year of account.

Gross and Net

Both gross and net data are required in this form, which was a change with effect from the 2005 Q3 return.

Claims provisions

The cumulative change in provision for reported claims (lines 3 & 4) includes reported claims only. IBNR should be excluded. Ultimate claims settled (lines 7 & 8) include all claims paid and provisions, including IBNR.

Claims handling expenses

Claims handling/loss adjustment expenses that are allocated to a class of business should be included as part of cumulative and ultimate claims on QMR105. Any claims handling/loss adjustment expenses (and change in any related provision) that are not allocated to a class of business should be excluded from QMR105 but included in the whole account technical account forms (for example, lines 12 and 17 on QMR110).

Ultimate premiums and acquisition costs

From 2005 Q3 this form collects premiums before deduction of acquisition costs, in line with UK GAAP, which is a change from the previous basis of reporting.

Reconciliation with other forms
Note that QMR105s, which was added from 2005 Q4, contains calculated totals across classes of business. Please see below for an explanation of this form and the reconciliations required.

Feedback

This data will also be used to provide Managing Agents with a quarterly report that compares the loss ratio development of each line of business for each year of account with the market average benchmarks for all of their syndicates.

QMR 105 – Class of business performance summary

This form displays calculated totals from QMR105 by pure year of account and currency, across all classes of business.

Certain reconciliations are expected between this form and others in the QMR. Where possible, validation warnings are provided if figures depart significantly (excess of 10k difference).

Reconciliation of cumulatives

Total cumulative claims (gross and net of reinsurance) should agree to the running sum of incremental figures in QMR110 for the same pure year of account and currency, where these exist.

For example:

1. For pure YOA 2006 at 2006 Q1, QMR105 totals should agree to QMR110.
2. For pure YOA 2005 at 2006 Q1, QMR105 totals should agree to QMR110 at 2006 Q1 plus QMR110 at 2005 Q4.
3. For pure YOA 2004 at 2006 Q1, there is no QMR110 running sum.

The matching items are:

QMR105s:	QMR110:
Line 1 (Cumulative gross claims paid)	Line 11 (Gross claims paid excl ULAE)
Line 2 (Cumulative reinsurers' share)	Line 13 (Reinsurers' share)
Line 3 (Cumulative…claims, gross)	Line 15 (Change…gross excl ULAE)
Line 4 (Cumulative…claims, RI share)	Line 18 (Change…RI share)

Reconciliation of ultimate projections

The CNV total ultimate premium and claims projections (gross and net of reinsurance) by class of business for the two youngest pure years of account should normally agree to the corresponding forecasts in QMR109 for the corresponding reporting year of account. However, all figures will not reconcile precisely where the reporting year of account in QMR109 contains business from older pure years of account.

The matching items are:

QMR105s CNV:	QMR109 CNV:
Line 5 (gross premiums written)	Line 3 Col C
Line 6 (outwards reinsurance premium)	Line 4 Col C
Line 7 (gross claims settled)	Line 11+15+16 Col C
Line 8 (claims settled, reinsurers' share)	No corresponding item

QMR109 – Technical account forecast

This form must be completed for all reporting years of account.

The first column of this form is derived from, and repeats, the year to date figures from QMR100. Agents must then complete the second and third columns with:

Col b - their forecast for the calendar year result to 31 December 2006 of the reporting year of account; and

Col c - the forecast to ultimate for the reporting year of account, ie the 'traditional' three year funded forecast for a year of account. The data from this column is fed to QMR120, the best and worst case forecasts. For run-off syndicates this is the forecast position for the reporting year as it will be reported cumulatively in the 31.12.06 accounts: it is not the forecast for the calendar year to 31.12.06, that is covered by col b.

The lines on QMR109 all have equivalent lines on QMR110, however, QMR109 does not have all the lines that are on QMR110. QMR109 only has those lines that the franchisor requires for analysis purposes. Thus, for instance, there are no lines for the movement in the reinsurers' share of technical provisions. However, agents do have to report total technical charges before net operating expenses on line 23: this is the equivalent of line 23 on QMR110 and is net of reinsurers' share.

The form has one line for net operating expenses. This line therefore includes acquisition costs and profit/loss on exchange as well as administrative costs. Investment return is also reported as a single figure.

When completing the two "Forecast" columns of this form, syndicates can report claims paid to date in lines 11 and 12 and use the change in provision lines to generate the relevant claims incurred level for the forecast, ie you do not need to project the level of claims that will be paid at the calendar year end (col b) or for the forecast to ultimate (col c).

QMR110 – Technical account by pure year

The data in this form is required on a pure year of account basis, as allocated to each reporting year. It is possible that business in respect of the same pure year may appear in more than one reporting year; eg the syndicate may have business originating from its own 1997 pure year subsequently reinsured to close into its 2004 reporting year of account, but have accepted business including that relating to the 1997 pure year from another syndicate into its 2006 reporting year of account. In such case the relevant 1997 pure year business attributable to the 2004 and 2006 reporting years of account must be reported separately on the QMR110s in respect of these reporting years of account.

All items are to be reported per UK GAAP, except for the analysis of changes in claims provisions and analysis of acquisition costs and expenses, which are required in more detail for Lloyd's performance management.

We have incorporated all investment return analysis on the technical account as this means we do not require a separate non-technical account.

While this form is to be completed for all pure years of account, non-underwriting items are to be reported only in those pure years that are also reporting years. By way of example, a syndicate that has underwritten since 1993 with all closed years reinsured into 2004, need only report premium and claims information for the 1993 to 2003 pure years (this may include the need to report brokerage and commission on lines 24 to 27 if appropriate) but only needs to report expenses and investment return data in the 2003 pure year to cover it and all preceding years. Where a syndicate is in run-off, commissions, expenses and investment return will be reported in the pure year that is in run-off.

Lines 3 – gross premiums written: this is to be reported on the UK GAAP basis and thus gross of acquisition costs and will normally be entered as a positive figure.

Lines 6, 7 and 8 – the gross change in provision for unearned premiums is to be entered as a negative figure to unearn premium in the period and a positive to earn premium in the period. The figure is to be stated gross of brokerage. The change in reinsurers' share is entered in line 7 with the opposite signage to line 6.

Line 10 – other technical income net of reinsurance: we do not expect to see anything reported here. Normally a general insurer would have to report its life business in a life technical account but, if the life business is immaterial to its overall figures it can report the life business on this line in its general technical account. This circumstance does not apply to Lloyd's syndicates.

Lines 11, 12 and 13 – gross claims paid are to be reported on line 11, normally entered as negatives, excluding ULAE: the ULAE on gross claims paid is to be reported on line 12 to assist in the analysis of loss development. The reinsurers' share of claims paid is entered at line 13, normally as a positive figure.

Lines 15 to 20 – the change in gross provision for claims is split between that on reported claims, on IBNR and the ULAE element. Amounts are to be entered as negative where the provision is to be increased in the period, as positive if the provision is to be reduced. The change in the reinsurers' share is entered as a single figure, with the opposite signage to the gross claims figure.

Line 22 – change in other technical provisions net of reinsurance: we do not expect to see anything reported here.

Line 24 to 26 – acquisition costs: where acquisition costs include business arrangement fees these should be reported separately on line 25 and not on line 24.

Line 27 – change in deferred acquisition costs: enter as positive if the provision is to increase in the period, as a negative if it is to decrease.

Line 28 – profit/loss on exchange: this must include realised exchange differences on the sale or purchase of $US and other settlement currencies, together with differences on the revaluation of other currency assets and liabilities. Any profit or loss realised on the sale of a currency option must also be included on this line.

Line 29: it is accepted that there is an interpretation that permits recognition of business arrangement fees as administrative expenses. Where administrative expenses include business arrangement fees, these should be reported separately on line 29.

Line 30: all standard personal expenses are to be treated as administrative expenses.   The aggregate of all standard personal expenses must be reported on line 30.   Standard personal expenses are those broadly chargeable in proportion to a member's participation and include managing agent's fees; Lloyd's subscriptions; New Central Fund contributions and managing agent's profit commission.   The managing agent may elect to defer a proportion of the personal expenses, eg managing agent fees, as a prepayment.   Managing agents' profit commission on naturally open years is to be accrued on the basis of earned profit to date as at 12 and 24 months as appropriate.

Non-standard personal expenses including members' agents' fees do not form part of standard personal expenses and are instead treated as a debtor from members on QMR201 lines 34 and 46.

Line 31: this must exclude claims management costs which must be reported as claims paid (lines 11 and 12).

Line 34 – other technical charges, net of reinsurance: we do not expect to see anything reported by syndicates on this line.

Lines 37 to 44 – gross investment gains and losses: any gains from investments must be shown on lines 38 and 39 and any losses on line 40 and 41. You must not report only the net gain or loss for the syndicate year as a whole.

Line 45 – other charges: personal expenses must not be reported on this line but instead on line 30. We do not expect to see anything reported on line 45.

Lines 47 to 56 report the amount of RITC/EFL brought forward and also the utilisation in the period of the gross and net IBNR. For the avoidance of doubt, all syndicates must complete this section.

The utilisation figures are calculated by the software but the RITC/EFL brought forward figures must be entered for those pure years that have been closed.

The RITC/EFL brought forward section will normally only need to be completed for those pure years that have been closed into another pure year.

Of the IBNR brought forward, lines 47, 50 and 53 should be entered as negatives with lines 48 and 51 entered as positives, all restated at the current balance sheet rate.

QMR120 – Forecast result to ultimate

The central column is derived from the reporting year of account forecast to ultimate from QMR109. Agents must then put a range around the key metrics for reporting to members' agents and, in the case of the forecast as a percentage of capacity, the Stock Exchange. The forecasts reported to the Stock Exchange are those for reporting years of account at 18 months and up to and including 36 months.

For the avoidance of doubt, all syndicates, including wholly aligned, must complete the best and worst case columns for reporting years at 18 months up to 36 months. In addition, syndicates with third party capital and reporting years greater than 36 months should also complete the best/worst case columns for the run-off years. The run-off information will not be included in the Stock Exchange announcement but will be fed to the members' agents.

The net operating expenses figure does include standard personal expenses but non-standard personal expenses do not form part of the forecast result.

Although the software still has the "button" to generate forecast figures at +/- 2.5% of stamp capacity, this facility has been disabled as agents found that the analysis figures that it generated for premiums, claims etc were not reflective of their own forecasts. Data for the best and worst case columns must be entered into the form.

The forecast result at line 9 will include any movement on prior years reinsured into the relevant reporting year as will the percentage figures in line 10. That prior year movement is to be reported separately at line 11: the difference between lines 9 and 11 will then be the pure year forecast result.

QMR130 – Analysis of administrative expenses – other

Note: All syndicates must complete this form as it is required for analysis purposes both at syndicate and market level.

This provides a breakdown of lines 26 "acquisition costs – other" and 31 "administrative expenses – other" in QMR100 and will thus use the same rates of exchange as used in the technical account. The breakdown is by the main categories used in the previous QMR. The form only requires amounts to date, there is no budgetary information.

Expenses are to be entered as negative values, while the credits against expenses are to be entered as positive values. Where an element of syndicate expenses are re-allocated to gross claims as unallocated claims handling expenses, the individual expense category should be completed gross of the transfer, with the re-allocation reported on the line for transfers to claims handling. We would normally expect the amount at that line to agree to the aggregate of the cnv amounts reported in line 12 of QMR100.

Where a part of syndicate expenses are transferred to acquisition costs that transfer should be reported in QMR130 in the line “Other credit against expenses”. The amount so transferred will normally agree to the aggregate of the cnv amounts reported in line 26 “acquisition costs – other” of AR100

Where a run-off syndicate has reserved for expenses these should be reported by the relevant expense category with the credit then reported in the final line.

The balance of expenses will normally agree to the aggregate of the cnv amounts reported on line 31 “administrative expenses – other” on AR100.

QMR201: Balance sheet – assets
QMR205: Balance sheet - liabilities

The QMR balance sheet is in the same format as that required in the annual return but is only completed on an “all years of account combined” basis.

All lines are to be reported as per UK GAAP, except for the analysis of changes in claims provisions and bad debt provisions, which are required in more detail for Lloyd’s performance management.

<u>QMR201 – assets (normally data will be positive and at balance sheet rate(s))</u>

Lines 1 to 17 - financial investments: syndicate assets must be analysed in the manner and detail as set out on QMR201. The definitions of each category on lines 1 to 17 are included in the eligible asset rules. Assets must be disclosed and analysed in accordance with this bulletin and shown in the category that best matches their description. For example, if a syndicate holds listed equities these would be shown on line 1, and any fixed interest approved securities on line 5. Your attention is drawn to the instruction below regarding the treatment of assets held in the US situs trust funds.

The syndicate loan to the Central Fund is to be reported at line 13a. If any other disclosure is made of the loan to the Central Fund, then a note should be included in the comment section on how it has been reported.

Line 18 - deposits with ceding undertakings: these are defined in Article 14 of the EC Insurance Accounts Directive as follows:

“In the balance sheet of an undertaking which accepts reinsurance this item shall comprise amounts owed by the ceding undertakings and corresponding to guarantees, which are deposited with those ceding undertakings or with third parties or which are retained by those undertakings.

These amounts may not be combined with other amounts owed by the ceding insurer to the reinsurer or set off against amounts owed by the reinsurer to the ceding insurer.

Securities deposited with ceding undertakings or third parties which remain the property of the undertaking accepting reinsurance shall be entered in the latter's accounts as an investment, under the appropriate item."

Amounts in relation to letters of credit provided to reinsureds are not to be reported as these are not eligible assets.

Lines 19 to 24 - reinsurers' share of technical provisions: this represents the reinsurers' share of the gross technical reserves for the year of account and must be split between reported claims (line 19), IBNR claims (line 20), unexpired risk provision (line 21), unearned premiums (line 22) and other (line 23). We are not expecting anything to be reported on line 23.

Lines 25 to 48 – debtors: the analysis must be split between debtors due within one year (lines 25 to 36) and those due after one year (lines 37 to 48).

Lines 25/26/37/38 – debtors arising out of direct insurance operations: all debts due from Xchanging Ins-sure Services are to be treated as due from intermediaries (lines 26/38).

Line 27/39 – Salvage and subrogation recoveries: this is as defined by LLD as:

'Any right of any member under a contract of insurance (and vested in a premium trust fund) to take possession of and dispose of property because he has made a payment or has become liable to make a payment in respect of a loss to that property'.

Line 28/41: inter-syndicate loans (including outstanding interest thereon) made to another syndicate must be reported on line 28 and or 41. Analysis of each counterparty syndicate must be provided in the analysis schedule provided.

Line 29/42: the QMR balance sheet covers the syndicate as a whole therefore no amounts (CNV, GBP or USD) should be reported on these lines or their equivalent in 205.

Line 34/47: the cumulative amount of non-standard personal expenses chargeable to members including members' agents' fees and other non-standard personal expenses, as well as unpaid cash calls made on all years of account, which were due by the quarter end, and any interest or other amount arising on the unpaid debts, and any other amount owed by members, must be entered here. Amounts in relation to continuous solvency transfers must appear within QMR205 line 10 and not be included here.

Line 51 - tangible assets: it is not expected that syndicates will have any assets that would be disclosed here.

Line 53: only cash in hand (ie petty cash and other physical notes and coins held by the syndicate) is to be disclosed here and will not, therefore, normally be a material figure.

Line 54 - overseas deposits:

US situs trust funds
In view of the fact that a very significant proportion of the US situs trust funds (ie the US Credit for Reinsurance Trust Fund and the US Surplus Lines Trust Fund) are now held as investments, the assets within these trust funds must be reported as allocated between the various investment categories on lines 1 to 17 and cash in line 52: they must not be included in aggregate as overseas deposits on line 54. The assets of the LATF and LCTF must be similarly treated in the return.

Other overseas deposits
Please disclose other semi-static overseas regulatory deposits on line 54 'overseas deposits' and analyse these amounts in the space provided. These funds include the Joint Asset Trust Funds, Canadian Margin Fund, Illinois Trust Fund, Kentucky Trust Fund, Australian Trust Funds and South African Trust Funds.

Line 59 is calculated by the software; the aggregate of this line and line 37 on QMR205 must equal 0.

QMR203: Analysis of amounts due from members

This form is an analysis of lines 34 and 47 of the balance sheet and captures non-standard personal expenses (the data will therefore normally be entered as positive values and use balance sheet exchange rates). This form reflects the balance sheet position and thus reflects the cumulative non standard personal expenses charged for the reporting year of account.

Line 1/6: this includes all amounts advanced to members' agents in respect of their fees.

Line 2/7: this includes all non-standard personal expenses, including but not limited to, interest on unpaid cash calls, USFIT and CANFIT, Schedule 9a fees and other expenses.

Line 3/8 – unpaid cash calls:.report any amounts relating to unpaid cash calls on these lines.

Line 4/9: these lines pick up any additional amounts not reported in the previous lines.

QMR205 – liabilities (the figures on this form will normally be entered as negative values and will use balance sheet exchange rates)

Lines 1 to 7 – technical provisions (gross amount): gross technical reserves must be reported here, split between reported claims excluding ULAE (line 1), IBNR claims excluding ULAE (line 2), ULAE (line 3), unexpired risk provision (line 4), unearned premiums (line 5), and other (line 6). We are not expecting anything to be reported on line 6.

Line 8 – (Profit)/loss for the period: this is the annually accounted result for the period after standard personal expenses and is entered automatically by the software from QMR1 line 26. Amounts due from members in respect of non-standard personal expenses (including members' agents' fees) are treated as debtors (QMR201 lines 34/47).

Line 9 – result brought forward: this is the cumulative result on an annual accounting basis up to the previous 31 December. Where the closing rate/net investment method of foreign exchange translation is used then the exchange differences arising from the retranslation of the opening net investment and, if applicable, the movement from average to closing rates, should be reported as part of the balance on line 9.

Line 10 – (cash calls made)/distributions to date: this is the cumulative cash calls due less transfers made to members since the commencement of the year of account, to the current period end.

Line 13 **-** deposits received from reinsurers: these are defined as follows:

"In the balance sheet of an undertaking ceding reinsurance this item shall comprise amounts deposited by or withheld from other insurance undertakings under reinsurance contracts. These amounts may not be merged with other amounts owed to or by the other undertakings in question.

Where an undertaking ceding reinsurance has been received as deposit securities which have been transferred to its ownership, this item shall comprise the amount owed by the ceding undertaking by virtue of the deposit.

Deposits with ceding undertakings and deposits received from reinsurers may include any sums in the nature of advance payments or receipts to provide security for future claims."

Amounts in relation to letters of credit provided to the syndicate by reinsurers are not to be reported.

Lines 14 to 33 – creditors: the analysis must be split between creditors due within one year (lines 14 to 23) and those due after one year (lines 24 to 33). This is for the purpose of UK GAAP disclosure in the Lloyd's market accounts.

Line 34: inter-syndicate loans (including outstanding interest thereon) received from another syndicate must be reported on line 34. Analysis of each counterparty syndicate must be provided in the analysis schedule provided.

Line 35: the QMR balance sheet covers the syndicate as a whole therefore no amounts (CNV, GBP or USD) should be reported on this line or the equivalent in 201.

Line 37: this is calculated by the software. Line 37 + QMRR201 line 59 must equal 0.

QMR290: Opening balance sheet – standard format

This form is only required at quarter 2 and is to be used as part of the production of the Lloyd's market interim result. The data will be generated by the software from the previous year-end return.

QMR3: Cashflow statement

This form is only to be completed at quarter 2 and is to be used as part of the production of the Lloyd's market interim result.

Line 1 is taken directly from QMR310, line 14.

If it is necessary to enter one or more figures in lines 2 to 4, 7 and 9 then an explanation of the entry must be given in the additional analysis schedule of the appropriate cell.

The main entries expected on QMR3 will be fed from QMR 610 being the distribution profits fed into line 5, Continuous Solvency Transfer into line 6 and distribution loss/cash calls made/(calls not paid) fed into line 8

These will be taken directly from the reconciling items on balance due to/(from) members.

Line 5: Profits paid	= - QMR610 Col 1 line 24 Distribution profit
Line 6: CST	= - QMR610 Col 1 line 27 CST
Line 8: Cash calls	= - QMR610 Col 1 lines 24 + 25 + 26 + 28

Since Distributions, cash calls and CSTs exchange rates are predetermined, the foreign exchange movement on these balances is taken automatically from QMR610 line 22 to QMR310 line 12.

The total per QMR3 line 10 should agree to QMR3 line 14.

Net investment of cash flows

Line 11 shall be taken from QMR320 col3 line 1.
Line 12 should include all of QMR320 col3 lines 2, 7, 8 and 11.
Line 13 should include all of QMR320 col3 lines 3, 4, 5, 6, 9, 12 and 13.

QMR310: Cashflow – reconciliation of operating profit to net cash flow from operating activities

This form is only to be completed at quarter 2 and is to be used as part of the production of the Lloyd's market interim result.

Most of the lines on this form are derived from elsewhere in the return. The derivations are:

Line 1: QMR1, line 26.
Line 2: Realised/unrealised gains and losses on investments and cash shall be

taken from QMR320 column c line 14 “Changes to market value and currency on cash and investments at period end”. Note these include foreign exchange gains and losses on these balances.
Line 3: QMR290 (lines14+18+23)-QMR201 (lines 28+29+36+41+42+49+55)
Line 4: QMR290, (lines 25 and 27) - QMR201(lines 56+ 58).
Line 5: QMR290, lines 12+13+16+17+26) – QMR201 (lines 25+26+27+30+33+37+38+39+43+46+57).
Line 6: QMR290, line 11 – QMR201(line 24).
Line 7: - QMR205 (line 7) + QMR290, line 34.
Line 8: - QMR205 (line 12) + QMR290, line 35.
Line 9: - QMR205 (lines (14+15+16+17+26+27+28+29) + QMR290, (lines 37+38+43+44).
Line 10: - QMR205 lines (11+21+22+23+24+33+34+35+36) + QMR290, (lines 41+47)
Line 11: - QMR205 (line 38)+ QMR290, (line 49).
Line 12: -QMR610 Col1 line 26

If it is necessary to enter an additional figure, line 13 is available as an analysis cell and an explanation of the entry must be given in the additional analysis schedule.

Line 14 – Net cash flow from operating activities
Line 14 will be picked up by QMR3 line 1

QMR320: Cashflow – movement in cash and investments

This form is only to be completed at quarter 2 and is to be used as part of the production of the Lloyd’s market interim result.

The only entries expected are those splitting out these investment classifications and cash flows from cash at bank and in hand and overseas deposits.

Column a is automatically generated from QMR290.

Column b lines 3 to 9 and 11 to 13 are generated from QMR330, col 3 lines 1 to 12. Entries have to be made in lines 1 and 2.

Column c is calculated from the other columns once all entries have been made. This reflects unrealized changes to market value and exchange rates.

Column d is derived from the respective lines in QMR201 and QMR205.

QMR330: Cashflow – net cash inflow/(outflow) on portfolio investments

This form is only to be completed at quarter 2 and is to be used as part of the production of the Lloyd’s market interim result. The form is very similar to that used in the former annual accounting return (AA8d).

QMR330 reflects the net purchases and sales of investments throughout the year. Purchases are to be entered in column a as negative values and sales as positive values in column b. The software will then calculate an inflow/(outflow) figure in column c.

QMR350: Cashflow summary all YOA by calendar year

This form is to be completed at each quarter, including Q2. The form is very similar to that in the “old” QMR, but the figures in the first column represent those for the period 1 January to the current quarter end, not just for the current quarter as was the case in the “old” QMR.

Gross premium income is gross of acquisition costs and net operating expenses now include acquisition costs.

Opening free funds in column one should be retranslated at the current quarter end exchange rates. The same figure will appear in column “b” of row 1.

All other lines in the form are also translated at period end rates rather than average rates. This is to avoid the need to separate out profit or loss on exchange.

QMR360: Analysis of result and cash calls

The purpose of this form is to report a cumulative result by reporting year and to indicate the likely distribution dates(s). The software picks up the annual accounting result for the current period (a profit is reported as a positive on QMR360 as it is in QMR100. Agents must then report on row 2 the cumulative result at the previous year-end together with any cash calls/CST on row 4 to give the cumulative balance remaining for distribution. The aggregate of row 2 across the reporting years will normally agree with line 9 of AR205 but with the signage reversed. Similarly, the aggregate of row 4 should agree to line 10 of QMR205, with the signage reversed. Agents are then required to complete rows 6 to 12 to indicate when the balance, as reported to date, is to be paid or called and on row 14 the likely date of closure, normally a 31 December date. It is accepted that this may mean that rows 6 to 12 may therefore report a loss collection even though the agent has an expectation that, ultimately, the syndicate will make a profit for that reporting year.

QMR460 – Exposures

This form is only to be completed in respect of syndicate years of account that are older than 36 months, and the naturally open years of orphan syndicates. The essence of the form is to capture information relating to exposure during the current year, whether by way of ‘pure’ exposure or as a consequence of extended reporting provisions.

At Q1, provide the actual figures for that Quarter and forecasts for each of the three subsequent quarters of that year of account. After Q1, columns must be re-stated in order to monitor development through the year, as the actual figures become available.

Data is to be provided separately by year of account for each of the following three categories.

<u>"Binders"</u>

Binders encompass binding authorities and agency agreements, together with participations in consortia and lineslips, unless the information held on consortia and lineslip participations supports their inclusion in the ''Long Term Individual Risks' section of this form.

You should include a binder within the total number shown for those using a claims made form only if its individual declarations definitely have live sunset periods, or they have live extended claims reporting periods, or the equivalent.

If a binder on which you are reporting has declarations under it which are in their own right binding authorities, you should nonetheless report it as one binder within the overall "total number of binders" each Quarter. It would be helpful if you would briefly report on such situations within the comments section.

<u>"Long Term Individual Risks"</u>

These are risks written separately on a direct insurance or facultative reinsurance basis, where the policy period exceeds 24 months, or where they feature a mandatory renewal obligation of some kind, such that the total period of exposure will effectively exceed 24 months.

Do <u>not</u> include data on declarations under "Binders". As referred to above, if sufficient information is held to allow exposure arising from consortia or lineslips then it should be reported here and not in the 'Binders' section.

You should include an individual long term risk within the total number shown for those using a claims made form only if it has a live sunset period, or a live extended claims reporting period, or the equivalent.

The "value" to be declared in each case will be the largest sum insured under the policy, but noting always that:

(i) for package and combined policies and the like, please nonetheless select the policy limit which is catastrophe exposed (e.g. Property, rather than Public Liability).

(ii) Do not factor in reinstatements of cover.

If a risk can reasonably be defined as being both a long term individual risk and a catastrophe exposed individual risk, please include the relevant data under <u>both</u> categories. For the avoidance of doubt, use the same "value" under both categories.

<u>"Catastrophe Exposed Individual Risks"</u>

These are risks written separately on a direct insurance or facultative reinsurance basis, where the class of business is considered by the Managing Agent to be catastrophe exposed (e.g. property, marine hull, marine cargo, energy, War and Political Risks. It is accepted that the constituents of this category may well vary from one Managing Agent to the next. The comments section can usefully be used by Agents in this regard).

Do not include data on declarations under “Binders”.

The “value” to be declared in each case will be the largest sum insured under the policy, but noting always that:

(i) for package and combined policies and the like, please nonetheless select the policy limit which is catastrophe exposed (e.g. Property, rather than Public Liability).

(ii) Do not factor in reinstatements of cover.

All categories

Please provide any additional information which you consider will help us interpret your data in the comments section, or by attaching a supplementary document to the return.

QMR610: Reconciliations

This form is only to be completed at quarter 2 and is to be used as part of the production of the Lloyd’s market interim result. The form is required to ensure that provisions for claims, unearned premiums, deferred acquisition costs and members balances attributable to underwriting participations reconcile between the opening and closing balance sheets.

For each of these reconciliations the software derives the movement in period and period end balance as per the technical account in QMR1 and the balance sheet in QMR201 and 205. The opening balances are derived from the opening balance sheet, QMR290.

Where a difference is reported on the reconciliation the reconciling items should be analysed in the additional rows at the end of each table. One reconciling item, exchange adjustment, is expected and has already been included in all the tables and must be used where appropriate.

In the table for “balance due to/(from) members” there are five additional reconciling items. The amount to be reported under “Distribution profit” and “Distribution loss” should in total agree to the RX04 amount (at previous 31 December rates of exchange) in the DD files submitted to MSU in the current year. The amount to be reported under “cash calls” is the total of any open year cash calls made for the syndicate with a due date in the current calendar year.

The movement in any losses / cash calls made but not yet paid should be input into line 26. This amount has come into the reconciliation because lines 34 and 46 of QMR201 are included within balance due to/from members. A further analysis line 27 is to be used to report any continuing solvency transfer made in the calendar year.

If any other reconciling items are required then an explanation should be provided in the first column of the relevant table. If the difference cannot be reconciled please e-mail Market Reporting:

lloyds-MRD-ReturnQueries@lloyds.com

to agree how the return should be submitted. A return must not be submitted with an unreconciled balance.

QMR620: Reconciliations, exchange differences

This form is only to be completed at quarter 2 and is to be used as part of the production of the Lloyd's market interim result. The form is required to provide additional analysis of the exchange differences arising in the reconciliations of the provisions for claims, unearned premiums, deferred acquisition costs and members balances can be significant and this form is required to provide additional analysis of those differences.

This form requires the analysis by currency of the exchange differences. The closing rates for the previous year end, the average rates for the 6 months to the period end and the period closing rates are to be entered manually. If a single average rate has not been used for a currency in the technical account then the closest approximation to an average rate should be used.

For columns a to h lines brought forward, movement and carried forward, these amounts should be completed in local currency.

Col i represents the totals of columns a to h converted into GBP. Brought forward balances are converted at opening exchange rates. Movement balances are converted at average exchange rates and carried forward balances are converted at the closing exchange rates per lines 1, 2 and 3 respectively.

For the brought forward balance we would expect the total to agree to the opening balances per the reconciliations on QMR610.

For the movement balance we would expect the total to agree to the movement balance per the reconciliations on QMR610.

For the carried forward balance, we would normally expect this to agree to the closing balance where the only reconciling item in the reconciliation relates to exchange differences.

The exchange movement line should normally represent the difference between the opening balance converted at opening rate plus the movement converted at average rate less the carried forward balance converted at closing rate.

The exchange movement line should be in GBP for each of columns a to h. Column i will equal the sum of columns a to h for exchange movements and should agree to the appropriate exchange difference per QMR610. This is a calculated cell.

If the balance due to members' reconciliation generates an exchange difference, a full explanation of the amounts giving rise to the difference should be provided in the text box in the third tab of IR620.

QMR710: Reinsurance recoverables

General information

Most of the data in this form is balance sheet data and hence should be translated using the balance sheet rates. However, column (c) reports premium ceded and the rates to be used for this column are those used for line 4 of QMR110, “outward reinsurance premiums”.

Signage on this form will vary from column to column as set out in the following notes.

Data in this form are provided on an “aggregate of all years” basis. The one exception is column C, premium ceded, where the only information required is for the current reporting year of account, ie in 2005, the 2005 year of account.

De Minimis Provision: there is an aggregate requirement such that where the recoverable amount exceeds £10,000, a breakdown must be provided. Reinsurance recoverables which aggregate to under £10,000 may be shown as a single line under “de minimis”.

Affiliated reinsurers/split: For the purposes of this form, an affiliate is defined as an entity that is within the holding company system or a party that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the syndicate. This split is likely to be more important for syndicates with capacity largely provided by corporate members. An affiliate includes a parent or subsidiary and partnerships, joint ventures, and limited liability companies. The software defaults each reinsurer entry to non-affiliate.

Control is defined as per the annual IID return, i.e. the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through (a) the ownership of voting securities, (b) by contract other than a commercial contract for goods or non-management services, (c) by common management, or (d) otherwise. Control shall be presumed to exist if an insurer and its affiliates directly or indirectly, own, control, hold the power to vote, or hold proxies representing 10% or more of the voting interests of the entity.

The 10% ownership threshold shall be measured at the holding company level. For example, if one member of an affiliated group has a 5% interest in a company and a second member of the group has an 8% interest in the same company, the total interest is 13%, and therefore, each member of the affiliated group shall be presumed to have control. These presumptions can be overcome by predominant evidence to the contrary. However, they shall stand until overcome by such predominant contradictory evidence. An insurer with 10% or more of the voting interest shall evaluate all facts and circumstances relating to the investment and reach a judgement about whether the presumption of control is overcome. The corollary is required to demonstrate control when an insurer owns less than 10% of the voting interest of an investee.

Information per column

Columns A (LORS Code, name of reinsurer)

To select a reinsurer click on the drop down box in column B and start to type the reinsurer name until the relevant name is highlighted. This column includes the domicile of the reinsurer to assist in identifying the correct company. Alternatively click on the drop down box for LORS Code and enter the relevant LORS code. Where a reinsurer does not have a LORS code, enter "Other1" in the LORS code box. If a second reinsurer with an unknown LORS code is to be entered, enter "Other2". If a third reinsurer with an unknown LORS code is to be entered, enter "Other3".

Column B – Affiliates

The column defaults to non-affiliate to indicate that the current reinsurer is not an affiliate (as defined above) of the syndicate. If the reinsurer is an affiliate of the syndicate then “affiliate” must be entered in this column.

Where this form is being completed by csv upload the affiliate or non-affiliate reference of AFF or NONAFF should be entered in the CSV as follows:
Base element, value, LORS code, AFF (or NONAFF)

Column C – Premium ceded (normally entered as negative)

The premium ceded information required in this column is that in relation to the current reporting year of account at its 3, 6, 9 or 12 month stage. No premium ceded data is required in relation to any reporting years of account that are at the 15 months or older stage of development, ie if the syndicate does not have a 2005 year of account, column c will be 0. The data should agree to the premium ceded in the relevant reporting year of account in QMR 100, line 4. Please note premium ceded figures should be entered as negative numbers unless they relate to return premiums receivable from reinsurers.

Columns D to H – Reinsurance recoverable before provision for bad debts, by age on gross paid losses(normally entered as positive figures).

Enter into columns D to G the figures for reinsurance recoverables as at the period end on paid losses, split by the age of the debts as per the column headings. The figures to be entered are after reinstatement premiums, net of bad debts which have already been written off but gross of bad debt provisions. The total of column H, aggregated with that of column O, will normally agree to the total column of the “Conv£” line of “reinsurance recoveries due but not received” in QMR201. If this is not the case then a note should be included in QMR990 confirming the nature of the reconciling items.

Columns I & J- Reinsurance Recoverable on Unpaid Losses and IBNR (normally entered as positive figures)
The reinsurance recoverable on reserves is split into the recoverables due on noted outstandings and in respect of IBNR. The information in respect of noted outstandings must be reported in column I quarterly on all years of account combined, including the youngest year. Recoverables in respect of IBNR must also be completed quarterly in column J but only need to be restated where there has

been a material movement in the figures. The managing agent should determine whether a change is material. The amounts should be disclosed after reinstatement premiums and net of bad debts that have already been written off. The associated bad debt provisions must be similarly analysed and reported.

Columns K to O – Provision for bad and doubtful debts on paid losses
Enter into cells K to N the figures (normally reported as negatives) for provisions for bad debts on reinsurance recoverables as at the period end on paid losses, split by the age of the underlying debts as per the cell headings. Where a "general" provision is made against a specific group of reinsurers, that provision should be split over those reinsurers. However, where a general provision is made against reinsurance debtors overall, then that provision should be included as a separate line called "general provision". The relevant entry is included in the drop down box for column A, name of reinsurer.

The total figure in column O, aggregated with the total of column H, will normally agree to the total column of the "Conv£" line of "reinsurance recoveries" in QMR201.

Columns P & Q – Provision for bad and doubtful debts on unpaid losses and IBNR (normally entered as negatives)
The provision for bad and doubtful debts on reinsurance recoverable on reserves is split into that in respect of outstandings and in respect of IBNR. The provision relating to noted outstandings must be reported in column P quarterly on all years of account combined, including the youngest year. Provisions on recoverables in respect of IBNR must be completed quarterly in column Q but only need to be restated where there has been a material movement in the figures.

Column R – Legal right of off-set (amounts owed to reinsurer, normally entered aas a negative)
Enter into column R any amounts owed to a particular reinsurer which are considered to mitigate a large and/or old amount the reinsurer owes to the syndicate. This column has not been included to capture all amounts owed to reinsurers. It has been included because some agents have cited large amounts due to a reinsurer as being a factor in their decision as to whether or not there is a need to provide for a debt from the same reinsurer. Thus this column should only be used where the credit amount has a bearing on the need for a provision for bad debt on reinsurance recoverables on paid losses and unpaid losses and IBNR.

Column S – Collateral on hand to secure recoverable amounts (normally enter as a positive figure)
Insert any collateral (letters of credit, deposits or funds withheld) that secures paid and unpaid loss recoverables from an individual reinsurer.

Column T – Write-offs (normally enter as a negative)
Enter into this cell the amount of any debt that has already been written-off against the reinsurer in respect of any amounts recoverable.

Column U – Amount in dispute (normally enter as a positive)
If a dispute does exists with the company which may affect the recoverability of all or part of the balances shown then please enter in column V the amount of

recoverable in columns I, J or K which is the subject of that dispute. A dispute exists, for the purposes of this disclosure, when the reinsurer has contested the validity of coverage, or the ceding or assuming insurer has initiated arbitration or otherwise instituted legal actions concerning any amount claimed to be recoverable.

QMR720 – Reinsurance Creditors

This form is no longer required and has been deleted from the software.

QMR800 – Top 10 Catastrophe losses, plus any material losses (all figures normally reported as negative)

This Form is intended to focus on the losses on the current reporting years of account but it should also report any material losses on closed years where there is still significant movement. The losses which are required to be reported on this form cover the current and previous three reporting years of account and meeting the following criteria:

i) All losses which are material to a syndicate (see below).
ii) The top 10 (normally, more if there is significant loss activity) losses which have been given a catastrophe code by XCS must be included on QMR800, even where this entry is a ‘nil return’. These losses will be advised by market bulletin from Market Reporting soon after the close of the relevant quarter.

A material loss to a syndicate must be included on this form. Market Reporting should be advised of any new material losses that do not have a code issued by XCS. Details of the new loss should be reported on the standard template and e-mailed to MajorLossCodes@lloyds.com: Market Reporting will then provide a code for use in the QMR.

A loss is normally regarded as material to a syndicate if the "Incurred Gross Loss" or the "Estimated Ultimate Net Loss" exceeds 5% and 1% respectively of the syndicate’s capacity for the relevant reporting year of account. In the majority of cases, however, the Managing Agent’s judgement will determine whether the loss is material to the syndicate.

Details of gross paid, gross outstanding and gross ultimate loss are to be reported in columns “c” to “e”: these amounts should be entered as negative values. The ultimate loss, net of reinsurers’ share, is reported in column “f”, normally as a negative value. Both the sterling and US$ tabs will produce a total that agents can use to confirm that entries have been made correctly.

The estimated ultimate net loss represents the net cost to the syndicate, i.e. including reinstatement premiums payable and receivable, co-reinsurance payable etc but should not take account of the potential impact of any whole account stop loss. Comments on the potential impact of whole account stop loss should be provided within the comments form.

Where a material loss affects more than one reporting year, the amount of the loss for each relevant reporting year of account should be separately disclosed.

The losses may be entered in any order. The software will then report the losses with the youngest first and finishing with the oldest.

The software will also produce a control total. This is a simple addition of all the entries in each column and ignores currency. The control total is provided to assist agents in checking that data has been entered/imported to the form correctly.

QMR860: Technical account and RITC/EFL by pure year

This form has been included to provide third party capital providers with the equivalent of the old QMR Form 3 on reserving.

All lines on this form are generated automatically by the software from QMR110: Certain lines have been aggregated, eg the split of investment return in QMR110 is reported as a single line in QMR860.

QMR861: Technical account and RITC by reporting year

This form has been included to provide third party capital providers with technical account and RITC information by reporting year. The information is all derived from form QMR860.

QMR863: Technical account forecast

This form has been included to provide third party capital providers with technical account forecast information on premiums written and earned. The data is derived from QMR109.

QMR865: Cumulative technical account

This form has been included to provide third party capital providers with the cumulative technical account by reporting year. The data is derived from QMR102 but the IBNR figures are omitted and calculations reworked.

QMR867 and QMR868: Balance sheet

These forms have been included to provide third party capital providers with balance sheet details. The data is derived from QMR201 and QMR205 except that, as for the technical account, IBNR movement is excluded. The figures for gross IBNR, reinsurers share thereof and claims expenses **brought forward** at the previous year-end are derived from QMR861, lines 37, 38 and 43.

QMR870: Premium by class

This form has been included to provide third party capital providers with the equivalent of the old QMR Form 19 on premium. All figures in this form are generated by the software. The ultimate gross premium estimate figures are taken from QMR 105 and the gross written premium to date figures are taken from the quarterly PIM form. The original data is provided at syndicate class of business level. That data is reanalysed by the software and reported on QMR870 by Lloyd's risk categories.

QMR900: Sign-off

This form is completed automatically by the software from standing data.

QMR910: Managing agent's report

This report is only required at Q2 and is the managing agent's report on those sections of the QMR that provide the information needed to produce the Lloyd's interim results.

The report must be approved, signed and dated, on behalf of the directors of the underwriting agent, by the finance director and by the compliance officer or another director of the managing agent. The same person must not sign in both capacities.

The syndicate number and page numbers must be entered. The page numbers entered in the managing agent's report must include all forms in the reviewed return (ie the software will include a print routine that only prints the forms of the QMR that are relevant to the interim results) and any additional pages of analysis. The standard scope and opinion of the independent review report will be included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

QMR930: Independent review report

This report is only required at Q2 and is the independent review report on those sections of the QMR that provide the information needed to produce the Lloyd's interim results.

Each report must be signed and dated on behalf of the recognised accountant by a partner or director.

The standard scope and opinion of the independent review report are included within the software. Where additional paragraphs or non-standard wordings are required, these can be included with the hard copy submission only.

QMR990: Comments

This form enables managing agents to provide comments on the return. Any comments, however, which provide additional analysis or amplification of the disclosures made in the reviewed part of the QMR must be covered by the managing agent's and independent review report.