

MARKET BULLETIN

From Head, Market Reporting (extn 5129)

Date 15 May 2006

Reference Y3812

Subject **Q1 2006 QMR reduced reporting requirements**

Subject areas **Q1 2006 QMR**

Attachments none

Action points **Agents to note**

Deadlines **Thursday 25 May 2006**

Lloyd's is aware that the LMA and a number of individual managing agents have raised significant concerns regarding the level and detail of the quarterly reporting requirements for Lloyd's. We also recognise the limited time between completion of the year end and provision of data at Q1. This Market Bulletin seeks to address a number of areas in the short term for the Q1 QMR due for submission by 25 May. These measures should assist managing agents, but we appreciate that that they are interim proposals and that there is limited notice before completion of the Q1 forms. In particular, in the time available, we have been unable to liaise with members agents regarding the information provided to them for syndicates with third party capital participation.

Instructions for completion of the Q2 QMR due for submission on 17 August will be issued shortly and will take account of the feedback from managing agents and these interim proposals. In the longer term, the Directorate Plans for FPD and Finance include the key objective of reviewing and rationalising data requests. Please note, that we would stress that Franchise Performance Directorate requires the lowest feasible level of granularity of underwriting performance information for the purpose of performance management.

Forms QMR 100 and 110 (Technical Account Summary and Technical Account by Pure Year) – all syndicates

Business arrangement fees (lines 25 and 29) and personal expenses (line 30) may be combined with other acquisition costs (line 26) and other administrative expenses (line 31). The separate analysis of these items is optional.

Forms QMR 110 and 100 (Technical Account Summary and Technical Account by Pure Year) – aligned syndicates only

This form may be completed in CNV only.

However, because of validations built into the software it will be necessary to enter an amount in the GBP or USD columns. We suggest that agents either enter duplicate figures in the GBP column (this can be done easily by copying the CNV numbers in the CSV file) or enter “1” for each line in the USD column.

Form QMR 105 (Class of Business Performance) – all syndicates

Where managing agents do not manage their business at net level by class of business and completion of net data is based on high level allocations of outward reinsurance premiums and recoveries, then net data is not required. We have reviewed the quality and usefulness of the net data submitted since Q3 2005 and concluded that provision of net data and its feedback to agents, where it is based on “arbitrary” allocations is of very limited value.

Form QMR 130 (Analysis of Administrative Expenses) – aligned syndicates only

Where all years have been closed forward into the 2004 year of account or later of the reporting syndicate, Form QMR 130 does not need to be completed.

Forms QMR 201 / 205 (Balance Sheet) - aligned syndicates only

This form may be completed in CNV only.

However, because of validations built into the software it will be necessary to enter an amount in the GBP or USD columns. We suggest that agents either enter duplicate figures in the GBP column (this can be done easily by copying the CNV numbers in the CSV file) or enter “1” for each line in the USD column.

Form 710 (Reinsurance Recoverables) – all syndicates

Columns C (reinsurance premiums), R (offset), T (write-offs) and U (disputes) are optional and do not need to be completed.

The de minimis limits are increased from £10,000 to £30,000. Please continue to submit all data lines, where agents complete the form by upload from underlying systems and exclusion of data is more onerous than a full submission.

Confirm completion of column J (IBNR) is optional and does not need to be completed.

Software

It is possible that non – completion of certain entries will generate additional validation warnings. We will review the implications for validations within the software as soon as possible and provide an update via the website.

This Market Bulletin has been issued to all managing agents and members agents.

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