

# MARKET BULLETIN

REF: Y4260

<b>Title</b>	Q1 2009 QMR – exchange rates, major losses and other information
<b>Purpose</b>	To provide managing agents with information required for the completion of the Q1 2009 Quarterly Monitoring Return including suggested exchange rates and the list of major losses to be reported.
<b>Type</b>	Scheduled
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<b>Date</b>	1 April 2009
<b>Deadline</b>	QMA – Thursday 21 May 2009 QMB – Thursday 21 May 2009
<b>Related links</b>	

The purpose of this bulletin is to provide the suggested exchange rates (Appendix 1) and the list of major losses (Appendix 2) together with other information relevant to the completion of the Q1 2009 Quarterly Monitoring Return Parts A and B.

## Deadlines

The submission date for the Q1 QMA and QMB is 21 May 2009. Both parts are to be submitted by no later than 2:00pm on that date. The 2007 and 2008 forecasts as a percentage of capacity will be released to the Stock Exchange and included on Lloyds.com on Wednesday 27 May.

## Forms and instructions

For Q1 2009, the QMA includes a revised version of form QMA219u that is now required quarterly. The form requires the credit classification of investments into categories (sovereign debt, government agency, AAA, AA etc) and between sterling, US dollar and “all other currencies”. The QMB has also been revised to include form QMB212 on a quarterly basis (the format of this form covering concentration of investment holdings is unchanged from that at Q4 2008) and additional data checks have been included in form QMB105.

The software is currently being updated for these amendments together with resetting the pre-population fields to pick up 31 December 2008 information. The revised software is scheduled to be promoted to the production environment by 21 April. It will be in the User Acceptance Testing environment for a couple of weeks before that and agents are encouraged to take that opportunity to

check that the pre-populations are working correctly for their syndicates. Please note that while the current software will permit agents to set up Q1 2009 QMAs and QMBs, any data entered into returns set up on this basis will need to be exported and loaded to the new software when it is promoted.

The instructions have been amended for the changes advised above but agents should also note that the instructions for form QMA201 now incorporate the requirement for the inclusion of a note in QMA990 on any write downs. The other key change to the instructions is that they now include a requirement that any resubmission of a return must include a comment in the 990 form summarising why the resubmission is required. This is to be a requirement for all CMR return types.

The Q1 2009 instructions will be released through Members Services by Friday 10 April: the version will be 2009 v1.0. The instructions will be posted on the Core Market Returns site when the updated software is promoted to production.

There are no changes anticipated to the software for Q2 2009 or Q3 2009. The instructions should therefore only require updating if a significant issue is raised in the FAQ process.

#### **Q4 2009**

The instructions will need to be reissued for Q4 2009. Firstly, the timetable for the year-end process needs to be finalised. Secondly we do need to add a couple of forms to capture additional disclosures that are required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, eg on auditor remuneration. Finally, as noted in market bulletin Y4246 entitled "Lloyd's American Trust Fund (LATF)", while the LATF arrangements for non-life syndicates have been amended, there has been no change in arrangements for life syndicates. The Q4 2009 section of the current instructions therefore still refers to forms QMA250 and QMA921 but they are only to be completed by life syndicates. If there are any developments later in the year that affect the LATF reporting of life syndicates the instructions to be issued for Q4 2009 will incorporate relevant amendments.

#### **Reporting performance issues**

We would encourage all agents to report any issues they have with the performance of the software and accessing the systems as soon as they arise. This will enable the ITG help desk to help resolve the issue earlier in the process and enable us to monitor service levels in real time and respond quickly as issues emerge. The contact details for the Data Management team 020 7327 5252 (e-mail: [ITGDataManagement@Lloyds.com](mailto:ITGDataManagement@Lloyds.com)).

#### **Queries**

Any queries or comments on the return should be submitted via e-mail to Market Reporting ([lloyds-MRD-ReturnQueries@lloyds.com](mailto:MRD-ReturnQueries@lloyds.com)).

Robert Smith

## Rates of Exchange

The settlement currency rates as at 31 March 2009 (balance sheet) and the average currency rates (profit and loss account) over the three month period to 31 March 2009 are as follows (to the £):

	Period end	Average
US dollars	1.43	1.44
Canadian dollars	1.80	1.79
Euro	1.08	1.10
Australian dollar	2.06	2.16
Danish krone	8.04	8.20
Hong Kong dollar	11.11	11.14
Japanese yen	141.57	134.54
New Zealand dollar	2.51	2.70
Norwegian krone	9.68	9.86
Singapore dollar	2.18	2.17
South African rand	13.63	14.27
Swedish krona	11.85	12.05
Swiss franc	1.63	1.65

The above rates may be used in your QMR submission but are not compulsory, i.e. you may use your own rates but they should not be materially different from those in the table.

**QMB105 validations**

As noted in the main body of the bulletin, the Q1 2009 return is the first to include a number of data checks in form QMB105. At Q1 the checks will be warnings but the intention is to upgrade these to validations at Q2.

One of the checks is to ensure that the dollar rate used to derive the CNV figure is within acceptable limits (CNV is the total of the values in GBP and USD (converted into GBP)). This check will use the period end US\$ rate that is reported in form QMB010. The software will initially pick up the period end US\$ rate shown but if a syndicate uses a different period end US\$ rate then it is possible to overwrite the cell in QMB010. This test will have a tolerance of 50%  $\leq$  dollar rate in QMB010  $\leq$  200%. If the period end rate reported in QMB010 is the 1.43 in the table above the tolerance will be between 0.72 and 2.86.

**Major losses**

The XIS catastrophe codes which must be reported in the Q1 2009 QMB800 are:

1	05H	Hurricane Katrina
2	05L	Hurricane Rita
3	05M	Hurricane Wilma
4	07A	Windstorm Kyrill
5	07J	California Fires – October 2007
6	08B	Explosion at Severstal furnace, Dearborn USA – 5 January 2008
7	08C	Pipe failure & fire at Varanus Island, Western Australia – 3 June 2008
8	08E	Hurricane Gustav
9	08F	Hurricane Ike
10	09A	Windstorm Klaus – 23 & 34 January 2009
11	09B	Australian wildfires – From 07 February 2009
12	09C	Continental Airlines/Colgan air flight 3407 – 12 February 2009
13	FINC	Turmoil in financial markets post Lehman Brothers
14	MADO	Collapse of Madoff Investment Securities LLC
15	SUBS	Losses arising from sub prime
16	STAN	Stanford financial corporation alleged fraud

Agents are reminded that if they have any loss to be reported on QMB800 that does not have an XIS catastrophe code they need to ensure that the loss has been allocated a major loss code. Details of the procedure for obtaining a major loss code will be issued in an e-mail on 3 April 2009. The deadline for submission of requests for new major loss codes to Market Finance is Thursday 30 April.

Major loss codes assigned for 2008/2009 to date are:

1	08ZA	Hon Hai (Brazil)
2	08ZB	Australia Floods (January 2008)
3	08ZC	Australia Floods (February 2008)
4	08ZD	Kolon Chemical (Korea)
5	08ZE	Fonterra Icepak (New Zealand)
6	08ZF	Satellite AMC 14
7	08ZG	Lehman Brothers – Japanese loan fraud only
8	08ZH	US Tornadoes (Feb 2008)
9	08ZI	China Earthquake
10	08ZJ	Taca Airlines crash (Honduras)
11	08ZK	Damage to Subsea flowline pipe
12	08ZL	Princess of Stars capsized (Philippines)
13	08ZM	BHP Billiton (Queensland)
14	08ZN	SAG Mill outage (Peru)
15	08ZP	Alon Refinery fire (Texas)
16	08ZQ	Imperial Sugar explosion (Georgia)
17	08ZR	Universal Studios fire (California)

18	08ZS	Satellite Nigcosat
19	08ZT	Damage to subsea pipeline, India – 6 <sup>th</sup> June 2008
20	08ZU	Damage to piggyback pipeline, India 2 <sup>nd</sup> July 2008
21	08ZW	Maersk Oil and Gas
22	08ZX	Mississippi River Oil Spill

**Please note:**

Major loss code 08ZB has previously been assigned to the Australia floods in January 2008, to also include losses relating to BHP Billiton. However, can you now please use code 08ZM for specific BHP losses, and continue to use 08ZB for any other losses relating to the floods.

Code 08ZG should only be used for losses relating to Lehman Brothers/Marubeni Corp Japanese loan fraud.

Code 08ZV has been superseded by CAT code 08C. Please use 08C for losses relating to the pipe failure and fire, Varanus Island.