

MARKET BULLETIN

REF: Y4898

Title	Data Reporting Requirements for Delegated Underwriting Business
Purpose	To explain new data collection requirements from 1 January 2016. To explain how Lloyd's will communicate with coverholders and TPAs.
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Related links	Registration for Lloyd's Coverholder Presentations

Managing agents will be required to collect additional data with effect from 1 January 2016 from coverholders and TPAs. The purpose of this bulletin is

- To explain what is required from 1 January 2016.
- Set out the role of managing agents, coverholders and brokers in collecting this data.
- Provide a communications plan to ensure all parties are aware of these changes.

This bulletin consolidates previous advice. It contains no new data collection requirements.

What are the new data collection requirements?

Solvency II - Pillar 3

Appendix 1 of this bulletin summarises the data fields required under Pillar 3 of Solvency II.

Data is required for all direct - business (lead and follow) for the 2016 underwriting year onwards.

Conduct Minimum Standards

Appendix 2 of this bulletin sets out the minimum core data fields required by Lloyd's bulletin Y4847.

This data is required for all business that relates to –

- “High product risk” products;
- Underwritten by a coverholder through a binding authority from 1.1.16 onwards; and
- Where the Lloyd’s customer is domiciled or registered in the UK or EEA.

High product risk products are those that have been assessed as such by the managing agent having regard to Lloyd’s Conduct Minimum Standards (MS11); CR 5 “*assessing and recording product risk.*”

CR5.8 sets out a non-exhaustive list of products that will generally have a “high product risk”. Lloyd’s will expect any binding authority covered by the list in CR5.8 to be treated as “high product risk” for the purposes of Y4847 *unless* the managing agent has first discussed this with the Lloyd’s Conduct team (conduct@loyds.com).

It should be remembered that these are Lloyd’s *minimum* data requirements. Managing agents may consider it appropriate to request data / additional data for business not covered by the Lloyd’s minimum standards.

What do these requirements mean for managing agents?

You should –

1. Review the data requirements for Solvency II and identify whether, for all your *lead binding authority agreements*, you already receive all the data required to complete the return. Lloyd’s is investigating possible solutions for providing *following* markets with the required data. We will issue an update later this month.
2. Assess which of your lead binding authorities are in scope for the conduct minimum data requirements. These will be “high product risk” binding authorities relating to Lloyd’s customers domiciled or registered in the UK and EEA. Managing agents should already be undertaking such assessments as part of the implementation of the Conduct Standards.
3. Review the data requirements for conduct and identify whether, for all your ‘in scope’ binders, you already receive all the data required.

Where there are any gaps in data, you will need to liaise with the placing Lloyd’s broker(s). Our initial appraisal suggests that data should be readily available at either yours or the broker’s office, without the need to request anything further from coverholders.

What do these requirements mean for Lloyd’s brokers?

You should –

1. Review those data requirements that are set out in Appendices 1 and 2.

2. For those binding authorities that you place, review whether the data required is already being provided to your underwriters.
3. Where the data is *not* being provided, review whether that data is available from the data that you already collect from your coverholders.
4. Where the data is available, liaise with your underwriter to arrange a process for the submission of that data.

If there are any gaps in the data required, you will need to contact your coverholders to agree a process for collecting this data. If new data is not required from coverholders, existing data may not be in the format you require. You may need to ask your coverholder to present data to you differently.

What do these requirements mean for coverholders / TPAs?

You may be approached by your managing agents and/or brokers requesting additional data to support the Lloyd's conduct minimum standard for data. Data is required for business that has been designated as "high product risk" by your managing agent. If you have more than one binder or you deal with more than one managing agent, you may find that their rating for product risk is different.

You will be invited to a Lloyd's presentation on the data requirements for 2016 and beyond. These presentations will also include updates on UK complaints reporting and future MI expectations on claims performance. Presentation dates are at the end of this bulletin.

Market Liaison

How will the LMA and Lloyd's facilitate data collection requirements?

It is the responsibility of managing agents to ensure the relevant data is collected and used. However, the LMA and Lloyd's have agreed to help and facilitate the process as far as possible. Accordingly –

The LMA, through its Delegated Authorities Operations Committee (DAOC), will be releasing revised coverholder premium and claims data standards at the end of May.

Managing agents are encouraged to adopt these standards in order to help collect all data required. Brokers are also asked to support managing agents in their endeavours to use these standards. This will enable coverholders to adopt consistent reporting for all their Lloyd's relationships.

Andrew Smith, Deputy Chair of the LMA Regulatory Committee, has been asked by Lloyd's to support the Market in understanding these data requirements and monitoring where data gaps exist. Please liaise with Andrew on your progress (andrew.smith2@lloyds.com). This will help Lloyd's to compose appropriate messages for the UK coverholder roadshow planned in June and July.

Lloyd's will be organising a UK coverholder roadshow to explain the reasons behind these requirements. If you think any of the requirements outlined above might pose a challenge to coverholders, please advise the Delegated Authorities team ahead of the roadshow.

Coverholder Communication

A managing agents / brokers Town Hall event was held at Lloyd's on May 1st. This outlined all data requirements as well as updates on claims and complaints and data standards. A number of regional events have also been set up for Coverholders and TPAs. The purpose of each event is to:

1. Ensure that all coverholders and TPAs receive a consistent message.
2. Provide an explanation for the data requirements.
3. Introduce premium data standards.
4. Listen to any challenges and issues that these requirement may cause.
5. Provide an update on work done to date on UK complaints.
6. Outline requirements for claims MI.

Below is the coverholder roadshow calendar. As this is a coordinated Market initiative, we ask that brokers and managing agents send representatives wherever possible. Please ask your coverholders and TPAs to attend. We expect that any coverholders and TPAs located within reasonable traveling distance of one of these events will send a representative. A draft invitation from managing agents to coverholders and TPAs can be found at Appendix 3.

The dates are as follows:

8 June-**Malmaison Birmingham** The Mailbox, 1 Wharfside Street, Birmingham B1 2JR
10 June- **Marriott Leeds** 4 Trevelyan Square, Boar Lane, Leeds, West Yorkshire LS1 6ET
15 June- **Hilton Cardiff** Kingsway, Cardiff CF10 3HH
25 June- **The Bristol Hotel Bristol** Prince Street, Bristol BS1 4QF
29 June- **Marriott Manchester** Water Street, Manchester M3 4JQ
All of the above events will run from 09.30-13.00

Presentations will also be held at the Lloyd's Building, 1 Lime Street, London EC3H 1AN

28 July 09.00-12.30
28 July 14.00-17.00
29 July 14.00-17.00
30 July 14.00-17.00

Lloyd's European country managers will be updated on data requirements during the forthcoming International Representative Conference.

The Delegated Authorities team will work with the European country managers to ensure local Coverholders are aware of the reporting requirements. Relevant brokers and managing agents will be included in all correspondence.

If you have any questions regarding and of the above information, please contact peter.montanaro@lloyds.com

Appendix 1

Data Requirements for Solvency II Pillar 3.

Form ASR249 Movement of reported but not settled claims.

Open claims during the year, by underwriting year and line of business, including the number of claims, also reporting those claims "reduced to 0".

Form ASR 250 Loss Distribution Profile.

Incurred claims by underwriting year and line of business, the total number of claims and out of claims incurred.

Claims to be reported in £1 million bands starting from £0–1,000,000 up to £20,000,001+.

Form ASR 252 Underwriting Risks.

Risks bound by some insured. £1 million bands starting from £0 – £1,000,000 up to up to £20,000,001+.

Each band to show total number of risks, total sum insured and total annual premium.

Appendix 2

Minimum data requirement in respect of high product risk products underwritten through a binding authority
Periodic return
EEA business

Important Note - Please note that these requirements were originally issued on 5 December 2015 by bulletin Y4847. That bulletin should be referred to for further information/guidance.

The following fields of data (or information which enables the fields of data to be calculated or determined) must be obtained in respect of high product risk products¹ underwritten through a binding authority where the Lloyd's Customer is domiciled or registered within the EEA.

Core policy data – linked to a unique policy reference

1. Name of policyholder
2. Policy type (e.g. by risk code / other type agreed with Underwriters)
3. Policy Renewal – yes / no
4. Policy period (inception date / expiry date)
5. Unique policy reference
6. Total premium to be paid by Lloyd's Customer
7. Total other fees to be paid by Lloyd's Customer in connection with this Product
8. Total IPT
9. Amount to be paid to insurer(s) (net of commissions/brokerage)

Cancellation data – dynamic data by reference to unique policy reference

10. Date of cancellation
11. Reason for cancellation (by reference to drop-down menu) [main reason or multiple reasons if applicable]
 - a. Product unsuitable / misunderstood
 - b. Product too expensive
 - c. Alternative product purchased
 - d. Cover overlapped with pre-existing cover
 - e. Product cancelled within cooling off period
 - f. Product cancelled by underwriter

¹ See CR5 in respect of assessing product risk

- g. Poor service/complaint
- h. Cover no longer required
- i. Other (administrative reason)
- j. Not known

Complaints data – dynamic data by reference to unique policy reference

- 12. Date of complaint
- 13. Reason for complaint (by reference to drop-down menu) [main reason or multiple reasons if applicable]
 - a. Claim – coverage / terms and conditions
 - b. Claim – delay
 - c. Claim – quantum
 - d. Claim – standard of/duration/delay of repair
 - e. Cancellation / refund
 - f. Customer service
 - g. Product suitability
 - h. Other

- 14. Complaint upheld / rejected by coverholder
- 15. Date complaint upheld / rejected

Claims data –dynamic data by reference to unique policy reference

- 16. Date claim made
- 17. Claim open / closed / reopened
- 18. Amount claimed (where known)
- 19. TPA remuneration
- 20. Date coverage agreed (in whole or in part)
- 21. Date claim amount agreed (in whole or in part)
- 22. Date claim paid
- 23. Settlement value
- or
- 24. Date claim denied
- 25. Reason for denial (by reference to drop-down menu) [main reason or multiple reasons if applicable]
 - a. Non-disclosure
 - b. Non-payment of premium
 - c. Claims process not followed
 - d. Claim excluded/not covered
 - e. Claim within excess
 - f. Fraud
 - g. Other

Appendix 3

DRAFT INVITATION FROM MANAGING AGENTS TO COVERHOLDERS

Dear (coverholder contact),

As you may know, from 01 January 2016, Lloyd's managing agents will require additional data in order to assess management of conduct risk.

To help explain the background to these, the practical implications for Coverholders and to provide updates on other matters relating to coverholder business, Lloyd's and representatives from the Lloyd's Market will be presenting at a series of regional events. Each event will cover:

- An overview of conduct risk and the new regulatory environment
- Lloyd's data requirements to satisfy conduct minimum standards
- An update on progress made in the collection of UK complaints data
- An update on requirements for future claims management information
- An explanation of available Lloyd's data standards

The session is also an important opportunity for you to feedback any challenges, observations or recommendations that you may have. We are keen that a representative from your office attends at least one of these events.

Regional dates, times and locations are listed below and you can [register to attend one of these sessions here](#).

8 June **Malmaison Birmingham** The Mailbox, 1 Wharfside Street, Birmingham B1 2JR
10 June **Marriott Leeds** 4 Trevelyan Square, Boar Lane, Leeds, West Yorkshire LS1 6ET
15 June **Hilton Cardiff** Kingsway, Cardiff CF10 3HH
25 June **The Bristol Hotel Bristol** Prince Street, Bristol BS1 4QF
29 June **Marriott Manchester** Water Street, Manchester M3 4JQ
(all the above 09.30-13.00)

There will also be sessions held at the Lloyd's Building, 1 Lime Street, London EC3H 1AN which you can attend instead:

28 July 09.00-12.30
28 July 14.00-17.00
29 July 14.00-17.00
30 July 14.00-17.00