

MARKET BULLETIN

From Manager - Overseas Reporting Market Reporting (extrn 5490)

Date 28 July 2006

Reference Y3855

Subject **CANADIAN REGULATORY REPORTING**

Subject areas Canadian Regulatory Reporting

Attachments Appendices 1-6

Action points **Please note the contents**

Deadlines **For immediate attention**

Please copy this letter and its attachments to those within your organisation who are responsible for reviewing and completing the Canadian packs.

1. Further to the market bulletin Y3832 dated 19 June 2006, I now confirm that electronic preliminary Canadian reporting packs for the quarter ended 30 June 2006 have been sent to your agency, via the Market Reporting web-site, together with the "agent electronic front end system" software. Detailed instructions on how to use the electronic system are also enclosed with this letter.
2. Whilst the reporting packs have been prepared centrally, the ultimate responsibility for submission of correct data rests with the managing agent of each syndicate and, as such, you must satisfy yourself that you have reviewed the whole return. Completed electronic packs should be returned to the Market Reporting web-site by the due dates as set out in the timetable attached to this letter at Appendix 1, that is, **by 4pm on 4 August 2006**. No hard copy return is required. This date is critical, as our Canadian office has to review the filing before it is submitted to our Canadian regulator (OSFI) and the deadline set by OSFI is very tight.

Please note that the reserving data has only been made available to the overseas reporting team shortly before providing you with the preliminary packs. Hence, there has only been minimal central checking. If our further work identifies any discrepancies we shall, of course, advise the market immediately.

You are advised that the Margin Fund included within the packs reflects the basic margin of 15%. The additional margin is now included in the S1 and will be funded in the main LCTF. The requirements are an additional margin which equates to 2.83% of net liabilities for the 2006 year of account, 2.37% for the 2005 year of account and 1.99% for 2004 and all earlier years of account.

3. Appendices 2, 3, 4, 5 and 6 to this letter provide general information and instructions concerning Ins-Sure underwriting transactions, reserving and trust fund assets.
4. The assets on form S1 have been allocated using the same proportions as the 'assets required' on the S1 for the previous quarter. This is because in the past it has been apparent to the Canadian regulator that many syndicates have not attempted to allocate assets reasonably, that is, to those years where they have already advised the regulator that there are liabilities and that fundings have been made. This is an ongoing cause of concern to the regulator and **you should ensure that the split by year of account is reasonable.**
5. As you are aware, the 2005 year-end audit included an examination of reinsurance recoveries for which credit was taken for solvency within the regulated Canadian trust fund. The reinsurance recoveries reported for Quarters 1 to 3 will not be subject to audit sign-off on a quarterly basis. However, if recoveries are reported for these quarters, OSFI and the auditors may wish to review these when they look at the position for Quarter 4 2006.
6. Upon completion and finalisation of the electronic version using the agents' system, you must lock the pack and create the electronic download to return to MR. Once you have locked the pack to create the electronic version for submission, you will not be able to unlock it to make further amendments without contacting MR. Prior to locking the pack, a summary of your agency's contact details will appear on the screen, and the pack should not be locked unless these are correct.
7. The electronic version of the reporting pack should be returned by submitting the file via the file transfer facility located on the Market Reporting web-site.
8. The cash transfer form includes a memorandum concerning the minimum level of Canadian dollar assets which must be held as at the quarter end following funding adjustments. Please see Appendix 4, paragraph (2) for further details.
9. Managing agents are reminded that it is their responsibility to ensure that the electronic packs they return to MR include all transactions for regulated Canadian business. This applies to transactions which have not been processed through XIS/XCS; you must ensure that adjustments are made to add in these items. Where the associated cash movements have not been transacted through the regulated bank account, please advise MR (Stella Farrar) separately by E-mail at the same time as you submit your filing.
10. If you have any queries on the contents of the packs, or on how to complete them, please contact me, on the above number, or Stella Farrar on extension 6734. Any questions on the reserves should be raised via E-mail with Jahan Anzsar (Jahan.Anzsar@lloyds.com) and Jerome Kirk (Jerome.Kirk@lloyds.com).

Leslie Redmond
 Manager - Overseas Reporting
 Market Reporting

Appendix 1**Timetable and arrangements for the quarter ended 30 June 2006**

	<u>Key Date</u>
Provision of preliminary electronic packs by MR to managing agents, (available for collection from the MR web-site) for checking of underwriting data, investment data and reserves as calculated for the quarter end.	28 July 2006
Submission of amended electronic packs by managing agents to MR (via MR web-site) .	4 August 2006 by 4pm
Final aggregated and audited P&C-2 to be filed by Lloyds, in Canada.	11 August 2006
Cash Transfer forms to be returned to Dave Whitby (Settlements & Trust Funds, CH/L4), value date 24 August 2006. As explained in Bulletin Y3832, late submission of this form to STFO will result in a £50 late filing fee.	17 August 2006 by noon

Please note that it is essential that any queries generated by the packs or otherwise should be raised well in advance of the deadline dates to allow MR sufficient time to provide you with the answers.

Ins-Sure underwriting transactions

1) Responsibility to review data

We have been asked by our auditors to remind Managing Agents that the aggregated annual P&C-2 filing is subject to audit sign-off. The text which follows is an extract from a report which was received from the auditors:

“SCM's and USM's, showing premiums, claims and expenses recorded by [Ins-Sure] are sent out to Managing Agents and Underwriters. They are asked to check these against their own systems and notify any errors to [Ins-Sure]. Whilst we note that Lloyd's are informed of errors in the USM or SCM, Managing Agents or Underwriters do not confirm that all USM's and SCM's have been reviewed and are accurate.

Managing Agents and underwriters might not check the USM's and SCM's sent to them. This may result in errors in the recording of premiums, claims and expenses not being identified and [errors in the] information being submitted in the Canadian, and other jurisdictions, solvency returns.”

Ins-Sure and MR have agreed to liaise to ensure the market documentation being issued on Canadian reporting emphasises that it is the responsibility of Managing Agents and Underwriters to ensure that the data recorded by Ins-Sure is correct. It is important that, on a quarterly basis, Managing Agents check all SCM's and USM's and the Canadian return to be submitted by Managing Agents to MR.

2) C600 report

To assist agents in reconciling the data in the electronic packs to their underlying accounting records, we include hard copy of the C600 report. Please note that the figures in the packs may not directly agree to information from the USM's or SCM's, which are not at the same level of detail and which exclude certain elements. If you have any queries relating to the data itself please contact 'Enquire' on extension 2999.

3) Syndicate Reconciliation Instructions

These are available electronically, or in hard copy on request.

4) Other issues

There are no incomplete items or corrections reports for syndicates. All data is included in the reporting pack in accordance with strict Ins-Sure calendar month/year processing and close of quarters/years. Delinked premium signings are included in the packs at the time of processing the delinked stage of the transaction. Where premiums are still due to the syndicate (transaction types DPI and DDP), a credit will be given against the reserves on form S1.

5) Underwriting adjustments

Any adjustments made to the underwriting data on the electronic reporting packs are not carried forward from one quarter to the next. This will avoid double-counting, as any such adjustments will be included in future Canadian reporting packs once the appropriate entries have been processed by Ins-Sure; you may need to advise them directly of these 'corrections'.

6) Exchange rate

US dollar transactions processed during the second quarter and balances at the quarter-end have been translated into Canadian dollars at the rate of 1.1150. This rate was derived from Schedule B asset valuations issued by Royal Trust at 30 June 2006.

Reserving and funding

1) Closed years of account

Where a year of account with Canadian regulated business has closed by way of RITC, any relevant transactions are now shown against the syndicate year into which the year of account has closed.

2) Methodology

The reserves for all years of account at the end of the year have been calculated in accordance with the methodology already advised to you in market bulletin Y2358 dated 8 August 2000. These reserves have been included in the pack and are gross of reinsurance. It should be noted that the IBNR figures in the pack have been adjusted for estimated future premiums to be received.

The method for calculating the amount of credit that can be claimed for reinsurance recoveries, and what the procedures are for getting this credit, were covered in market bulletin Y2529, dated 18 April 2001. It should be noted that inter-syndicate reinsurance will not normally be allowed as an authorised reinsurance when calculating the amount of reinsurance credit.

Appendix 4**Trust Fund assets**

Please note that we have used Royal Trust electronic data as the source of the investment data in the packs.

1) Trust Fund market valuation

The packs issued to agents are based on the Schedule B trust fund valuations provided by Royal Trust.

The values of cash and securities held as at the quarter end for all years of account have been entered at form 40.10 'Summary of Investments' according to the type of assets. The cash position calculated by our system is based on Canadian dollars and converted US dollars at the rate of exchange advised by Royal Trust.

There is also a schedule for each of your syndicates where investments are, or have been, held (the Investment Summary), which should enable you to check the figures in form 40.10. This can be printed from the contents screen of the Canadian Reporting System.

Investment income for the calendar year is now calculated as follows:

- Accrued income carried forward at 30 June 2006
- **Plus** interest received in calendar year 2006
- **Plus** accrued income element of sales in calendar year
- **Minus** accrued income element of purchases in calendar year
- **Minus** accrued income brought forward at 1 January 2006

Realised and unrealised gains are calculated as the difference between sale proceeds or quarter end market values and book values. Book values are calculated as 1 January 2006 market values for assets held at that date and cost for assets purchased during 2006.

2) Cash Transfer Forms

The blank cash transfer form included in the pack should be completed before the pack is returned. The completed forms must be returned to Dave Whitby (Settlements & Trust Funds, CH/L4) in hard copy before noon on 17 August 2006. The transfers will have a value date of 24 August 2006.

Please note that a memorandum note will now appear on the form to show you the minimum Canadian dollar assets which must be held as at the quarter end following funding adjustments. This is to ensure that the requirements of OSFI are met, namely that a minimum level of Canadian dollars is maintained at 75% of the LCTF liabilities at the quarter end or, where US dollar liabilities exceed 25% of the LCTF liabilities, the entirety of Canadian dollar liabilities is funded in Canadian dollars.

3) Margin Fund Transfers

The margin fund has to be maintained at 15% of assets required on form S1. The additional margin is now included on form S1 and is funded in the main LCTF (see covering market bulletin for the percentages).

Appendix 5**Reinsurance Recoverables**

The Canadian P&C 2 regulatory filing S1 solvency test permits credit to be taken for admissible reinsurance recoveries, thereby reducing the amount syndicates have to fund in the LCTF. As stated in the covering market bulletin, these recoveries are now subject to audit, on an annual basis.

Market Bulletin Y2529 provided details on how credit may be taken for reinsurance recoveries to reduce the amount to be held in the regulated funds. However, since only a few syndicates currently take credit in their quarterly filing, it was felt necessary to explain the process in more detail to encourage syndicates to take credit, where appropriate.

1. Credit will be permitted for any reinsurance recoverable on outstanding and IBNR claims in respect of regulated business, where the contract is placed with a reinsurer regulated by the Office of the Superintendent of Financial Institution (OSFI). These reinsurers fall into two categories:
 - a) An approved Canadian Property and Casualty Insurance Company or
 - b) The branch of a foreign company.

For a complete list of companies approved by OSFI, see their web site <http://www.osfi-bsif.gc.ca>, choose the "English" language option followed by "Who we regulate", then "Insurance Companies" and the "Property and Casualty Insurance Companies". Click on either 'Canadian Property and Casualty Insurance Companies' (category (a) above) or 'Foreign Property and Casualty Insurance Companies' (category (b) above). ***Contracts placed with non-Canadian branches of reinsurers falling into category (b) are deemed to be admissible***

2. To assist managing agents, Market Reporting monitor OSFI's lists and where possible allocate the relevant LORS Code, to enable syndicates using this code in their systems to match it automatically against their records.
3. In those cases where the reinsurance is purchased for a whole account and is not specific to Canadian regulated business, it will be necessary to determine a basis for allocation. One appropriate basis was included in the earlier Market Bulletin (reference Y2529) but other approaches would be acceptable, provided they are agreed with the Lloyd's Actuary in advance. Similar principles should be applied when determining the amounts recoverable on specific reinsurances covering Canadian situs business.
4. The name of the reinsurer will need to be recorded in the quarterly Canadian reporting pack on forms 70.20 and 70.22 and the total summarised on Form S1.

Detailed instructions for entering reinsurance recoverables into the Canadian reporting packs are set out on page 6 of the agents' instructions.

Please note that, although Lloyd's syndicates are on OSFI's list of approved reinsurers, a Lloyd's syndicate which has placed reinsurance with another Lloyd's syndicate cannot claim credit for this, and Lloyd's syndicates are not included in the list of approved reinsurers in the Canadian reporting packs.

For further information please contact Bruce Tompson, on Lloyd's extension 5603.

Where managing agents are taking credit for reinsurance recoveries, it is essential that they complete the schedule included in the hard copy version of this bulletin and return it at the same time that they return the electronic updates to MR. An electronic copy is available on request from Stella Farrar on extension 6734. Following discussion with the auditors, this form has now been considerably simplified. As in earlier quarters, agents may submit additional supporting documentation with this form if they wish to do so.

Note on Zenith Recoverables

Please note that the Zenith Insurance Company included in the list of regulated insurers is a Canadian domiciled company. It should not be confused with a company of the same name with LORS code B00984 which is domiciled in California and which is not regulated by OSFI.

Reinsurance placed with the Canadian Zenith company is an admissible reinsurance recoverable, that placed with the Californian Zenith company is not admissible.

Appendix 6

Check List

Step	Description	Notes	Done?
1	Check the underwriting transactions.	<ul style="list-style-type: none"> . The 'Agents Database' button should be used to access the reports and/or downloads which can be run to assist with data checking. . Syndicate reconciliation instructions have been provided electronically and these explain how detailed checking may be performed. . If it is necessary to amend any underwriting data this is done via the 'U/W Adj.' Button – see instructions for guidance. 	
2	Review the reserves figures.	<ul style="list-style-type: none"> . Upon review if any possible changes are identified these must in the first instance be advised to the Lloyd's actuary. . Forms 67.32 and 67.34 (direct and reinsurance business by YOA) should be used to enter any agreed adjustments to the IBNR. . Outstanding claims ('Loss in adj.') are adjusted using the 'U/W Adj.' Button. 	
3	Check cash and investment flow schedules (Forms 20.12 Cash and Investments).	<ul style="list-style-type: none"> . Asset movements should be agreed back to agents' records from Royal Trust Canada. . Provide analysis where required. . If other data requires amendment agents must contact MR. 	
4	Check the asset (RTC) balances and investment income.	<ul style="list-style-type: none"> . Assets should be agreed back to agents' records from Royal Trust Canada. . Assets should be allocated reasonably across years of account – see full instructions. . If totals require amendments agents must contact MR. 	
5	Enter any permissible reinsurance recoveries- <i>i.e.: where it can be demonstrated that they will come from Canadian regulated companies.</i>	<ul style="list-style-type: none"> . Separate guidance on taking credit was issued. . Where it has been agreed that credit may be taken this is entered, by YOA, via forms 70.20 and 70.22 - see instructions for guidance. 	

6	Submit update to MR.	<ul style="list-style-type: none"> . See instructions for guidance on: . Completion of compliance officer sign-off. . Locking packs. . Creating file for submission. 	
7	Fund the LCTF and the Margin Fund.	<p>Complete and sign the cash transfer forms in the packs.</p> <p>See instructions for guidance.</p>	

Canadian Reporting Regulated Business Guidance Notes



Updating Reporting Packs using the Electronic Agent System

Quarter Ended 30 June 2006

Canadian Reporting Guidance notes - Electronic "Agent" System Quarter Ended 30 June 2006

Introduction

Market Reporting (MR) provides software and electronic preliminary packs on a quarterly basis for each syndicate which has written Canadian regulated business for any of its open years of account. This software allows agents to make all of the changes listed below under 'What can be updated?' electronically.

The preliminary packs include figures for the following:

- assets held at Royal Trust Canada (Royal Trust);
- cash and investment flow data obtained from Royal Trust;
- underwriting and expense transactions processed by XIS;
- underwriting transactions processed through Montreal (as this data is received by MR immediately prior to the issue of preliminary packs, limited central validation will be performed);
- reserves - calculated centrally.

Please check the preliminary packs and amend the pre-filled data where necessary.

Please also note that both the guidance notes and checklists have been prepared as though there were no years of account in Run-off.

Provision of data

The data is available for collection from the Market Returns web-site. The web-site provides the agent system and agent data separately. Once the agent system has been installed the agent data can then be installed.

To install the system, double click on the "CD2006Q2" file and follow the instructions. Once installed, double click on the file "2006Q2" and click on 'unzip' to unzip the data automatically into the system.

When installing the system, all other applications should be closed.

If, on installation, an error appears referring to a missing OCX file, agents should contact MR to obtain an update to install the missing file. This will also install missing DLL files.

If, during installation, a message appears saying 'unable to start DDE communication with the desktop' click on 'ignore'. The installation of the system will then proceed normally.

Agents must ensure that directory names are correctly specified when installing the system. For example, directory names should not include spaces and should use a drive mapping rather than the full server and path name.

If the system has been installed on a network, the following steps may be necessary to give access to additional users. Make the user a member of the Novell Groups necessary to access

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the system's directories. Create a Windows Program Manager icon for the system on the user's PC.

What can be updated?

The agents' version of the Canadian reporting system allows agents to update the electronic packs to:

- 1 amend premiums, claims, brokerage and commission, and outstanding claims;
- 2 reallocate assets etc across the years of account;
- 3 amend reserves;
- 4 provide details of reinsurances recoveries for which credit may be taken;
- 5 amend syndicate contact details (this does not form part of the printed packs);
- 6 amend cash and investment flow data;
- 7 complete the cash transfer form.

Certain forms allow direct agent entry. Please see the section below on accessing the system. These are:

<u>Form</u>	<u>Direct Entry</u>
20.12	Cash flow – NB some fields require a password to unlock;
20.12	Investment flow – NB all fields require a password to unlock;
40.05	Summary of Investments;
40.10	Summary of Investments (by year of account);
67.32	IBNR by province and class (and by year of account) for direct business;
67.34	As for 67.32, but for reinsurance business;
70.20	Reinsurance ceded to registered reinsurers (by year of account) including marine business.
70.22	As for 70.20 except that marine business is excluded.

A full index of forms has been provided at the back of these guidance notes.

How to update the packs

These notes are intended as a user guide to entering amendments using the electronic system.

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Before attempting to follow these instructions, please ensure that the software and the data are loaded onto the system. Please ensure that the system meets the minimum specifications as set out below.

Pannell Kerr Forster has produced a systems manual, and a set of installation instructions, which provide additional guidance.

The system will run under Microsoft Windows 95, 98, 2000, Windows NT or Windows XP. A local hard disk is required for storage of work files. The colour screen must be at least SVGA (a VGA screen will not display the screens), and will need to be set to a minimum of 800 x 600 pixels. An HP compatible laser printer is recommended. It is strongly recommended that high performance PCs are used, on a fast file server and with fast laser printers.

Accessing the system, syndicates and forms:

- 1 Select the icon that allows access to the Canadian reporting system.
- 2 Type the number of one of your syndicates into the box on screen, or click on the 'Select' button, in which case you will be given a drop-down menu showing all of your syndicates. Right click on the syndicate you wish to access.
- 3 Click on the 'OK' button to access the syndicate (or click on 'Cancel' to be given the option to quit the system).
- 4 This will access a *contents screen*, which lists all forms relevant to the syndicate. Certain forms permit entry directly to them. To see only these forms, tick the 'Agent Entry Only' box, which is under the list of forms (this box is ticked in the default setting).
- 5 Alternatively, to see all forms, tick the 'All Forms' button.
- 6 If you are accessing the forms to update them, rather than just to view them, you may wish to click on the 'Amend All' button (bottom left-hand side) at this stage. Alternatively, each updateable form has an 'Allow changes?' button. This can be set within the form, and you will need to set it each time you enter a new form.
- 7 To access any form, simply move the cursor to that point on the list and double click.
- 8 Once you are within a form, you may move backwards and forwards between forms by using the arrows at the top of the screen. Alternatively, you can close the form by clicking on the 'x' in the top right-hand corner, and this will take you back to the *contents screen*. On forms 70.20 and 70.22 there are 'save' and 'undo' buttons and a 'close' button.
- 9 Use of the buttons to move between forms is not available on certain forms and, in these cases, the arrows will not be highlighted.
- 10 Once you have finished a session on a particular syndicate, click the 'Close' button in the *contents screen* to return to the screen which allows you to select a syndicate.

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- 11 At the end of a session, select the 'Cancel' button at the first screen, that is, the screen where you selected the syndicates to work on. This will then prompt you to confirm that you wish to quit the system.

Order in which to approach exercise:

There is no prescribed order in which the exercise must be approached. We would suggest that you follow the order set out in the high level instructions and checklist issued alongside these detailed instructions.

Underwriting Adjustments:

Underwriting data may be reviewed by using both the main forms within the pack and the year of account analysis forms. Additionally, there is a button marked 'Agent Database' on the *contents screen*. By selecting this, agents will be able to run reports specifying precisely what output they require (e.g.: for specific years, business types, provinces, risk codes etc). The output may be reviewed on screen, printed or exported to an Excel spreadsheet. Whilst in the screen view of the report, you may find a particular risk code by clicking on the letters at the foot of the screen.

Adjustments can be made via the 'U/W Adj' button on the *contents screen*. Please follow the sign convention in the table below:

	Increase	Decrease
Premiums	+ ve	- ve
Claims	- ve	+ ve
Brokerage & Commission	+ ve	- ve
Losses in Adjustments *	- ve	+ ve

*This is the outstanding claims element of gross reserves.

To make an adjustment, click on the 'Add new' button and then identify the adjustment type (e.g.: premium). Enter whether the adjustment relates to direct or reinsurance business, whether it is London or Montreal data, the year, the risk code, the province code (there is an index of these on the right-hand side of the screen) and the amount of the adjustment.

If you need to amend any adjustment you have already entered, highlight the required adjustment from the window at the bottom left of the screen and click on the 'Amend' button. The details will then appear on screen and, after making the amendments, click on 'Save' (or 'Undo' to ignore any changes made).

If you require a print of the adjustments you have made, click the button with the printer symbol whilst in the *Underwriting Adjustments Maintenance* screen.

Amendments to Assets: **NB Please ensure that you have read note 4 in the covering Market Bulletin**

The system will allow you to amend the allocation by year of account of the asset values

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at the quarter end on form 40.10. If you need to change the overall totals, please contact MR (Stella Farrar on extension 6374).

Click on the 'Syndicate screen' button on the *contents screen*. The *syndicate screen* has a tick box to 'Allow manual allocation year', and this box must be ticked before amendments can be made to the YOA allocations.

Having ticked the box, close this screen and select form 40.10 for the year of account you wish to amend. You can then over key any of the figures where you are simply moving assets between years of account.

Alternatively, it is possible to enter directly and automatically apply revised allocations by keying the revised percentage splits. Click on the 'Syndicate screen' button, make sure the 'Allow manual allocation year' box is **unticked** and then click on the 'Allocation %s' button. By clicking on the 'Amend' tick box, it is possible to enter directly the revised allocation percentage splits. To save the changes, click on 'OK' and recalculate the pack. These percentage allocations can also be amended via the 'Allocation %' button on form 40.10.

Updating for reserves (after consultation with the Lloyd's Actuary):

If you need to change the Outstanding Claims figures, you may do this by following the procedures set out above in the paragraph on 'Underwriting Adjustments'.

To amend IBNR, select form 67.32 or 67.34 for the appropriate year and enter the updated figures in the relevant fields. These forms are used for adjustment purposes only and will be combined with the centrally calculated reserves, which appear on forms 67.31 and 67.33.

The reserves data, together with the total figures for assets, will be used, by year of account, on form S1 and S2 to calculate the funding position. It will not be possible to make adjustments directly to these forms, as any corrections would have to be made to the underlying data.

Updating forms 70.20 and 70.22 for reinsurance recoveries:

These forms allow agents to enter data for outstanding reinsurance recoveries due at the reporting period end in respect of Canadian regulated business. Although the reinsurance protections have been purchased using monies from outside the regulated Canadian fund, and although the recoveries will not be paid into this fund, the Canadian regulator (OSFI) has allowed for a credit to be taken into account where the recovery is due from a Canadian regulated insurer.

Upon entering forms 70.20 or 70.22 (either may be selected), which have to be completed by year of account, a selection of Canadian reinsurers can be viewed using the scroll bar. To print a full list of these reinsurers, press the printer button whilst in any of these forms. Select a reinsurer by double clicking on it. The standing data will

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then be displayed in the fields above (this includes reference code, name, affiliated status and registered status). The amount of recoveries at the period end should be entered in the white boxes. The total will appear for 70.20, and the amount for 70.22 will be derived. After entering the amounts, click on the 'Save' button.

Please note the affiliated status relates to ownership and will vary from syndicate to syndicate. The default is as non-affiliated, but may be altered.

Data may also be entered for aggregate claims incurred, if appropriate, towards the bottom left hand side of the form. Single entries only are required per year of account (i.e.: this is not completed at reinsurer level). To save these entries, and upon completing all entries for recoveries for a particular year, click on 'Close' to save the data which has been entered and quit the data entry screen.

Form 70.20 has a facility to export the list of registered reinsurers, together with their LORS codes, to a text file which can then be updated with details of reinsurance recoveries and re-imported back into the Canadian pack.

Updating contact details:

To amend these details (which do not appear in the packs), select the 'Syndicate screen' button towards the bottom of the *contents screen*.

You can then over-type the contact name and telephone number for the syndicate.

Note that you are also required to provide a facsimile number and Market Mail (or e-mail) contact address for each syndicate. Until this information is entered, you will be unable to lock the pack and generate the final electronic download to MR.

Click on the 'Close' button to save the changes, or use the 'Escape' key to abandon them.

Calculation and validation rules

Once you have updated a pack, using the agent electronic system, it should be recalculated. To do this, click on the 'Calc All' button on the *contents screen*. You will then be prompted to confirm that you wish to recalculate all forms. Once this is complete, the yellow fields immediately to the right of the 'Calc All' button will be updated to show the latest validation date, time, number of errors and number of warnings.

To examine any remaining errors or warnings in more detail, you may print the control sheet using the 'Control sheet' button in the print section of the *contents screen*.

The narrative for errors is self-explanatory, showing the nature of the error, the relevant form and line references and the figures that do not agree. All errors must be cleared. Warnings preceded by the wording 'MUST VERIFY' will require positive confirmation. Until this is done, the system will not permit the final electronic download to be created. To positively

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confirm the warnings, from the *contents screen* click on the 'Verify' button (the yellow box shows the current number of outstanding verifications required). Answer 'Yes' to 'Verify validation rule warnings'. To verify a displayed warning, click on the 'Change verification?' tick box and type 'Yes' in the 'Enter yes to verify' white box.

Please note that each pack requires "sign-off". (There is a Finance Director form, which should be printed from the syndicate screen, signed by the Finance Director, and retained for your records). Once "sign-off" has been obtained, the warning message that advises that this is required must be verified. NB Sign-off by the compliance officer was required previously.

The control report shows the calculation and validation status of the pack. To show all rules on the control report, mark the 'Show Rules' tick box on the *contents screen* prior to calculating or, if you have already calculated the packs, simply click on the 'Validate' button. In this case, all rules will be shown on the control report, including those that were completed successfully.

Printing packs

The *contents screen* also has various buttons to allow you to print all forms, those forms which are part of the filing for P&C 2, selected pages, the control sheet, investment summary and investments for MR (see below for the cash transfer form and the compliance form).

Agents should note that, prior to the creation of the electronic update for return to MR, all printed forms will appear with the word 'draft'.

When using the 'Select' button, a menu listing all available forms will be shown. Place the cursor in turn over each form you wish to print and double click so that a '+' sign appears to the left-hand side of the line. Select the 'OK' button to print, or 'Cancel' to quit this screen.

Creating electronic downloads to return to MR

Once you have updated the packs as far as possible, the packs should be locked. The pack automatically locks after verification. To lock the pack, click on the 'Verify' button in the *Contents Screen*. The system will then recalculate and lock the pack. Once locked, the button will change to 'Unlock'. You cannot make further changes to a locked pack without first unlocking it. If you unlock a pack to perform further work on it, you will be asked to re-select the syndicate.

Once the pack is locked, a button will appear on the syndicate control screen, reading 'Create File for Lloyd's'. When this button is selected, the system creates the file that is to be returned to MR. You will not be able to create this file until all warnings have been verified. This file will be created in a new directory named 'lolloys'. The status under the 'Create File for Lloyd's' button will now show <File Created>.

Final electronic packs

Once you have created the electronic version of a syndicate's packs for return to MR, you will not be able to unlock the packs (and make further amendments) without first obtaining a syndicate specific password from MR.

**Canadian Reporting Guidance notes - Electronic "Agent" System
Quarter Ended 30 June 2006**

Return to MR

Please **return** electronic updates for each syndicate via the web-site.

The due date is **Friday 4 August 2006. Packs should be submitted before 4pm.**

Please remember that the cash transfer forms are also due for submission to Settlements and Trust Funds before 12 noon on Thursday 17 August 2006. Funding will take place on Thursday 24 August 2006.

Failure to submit forms to STFO on time will result in a £50 late filing fee.

G:\Stella\Canada\Can 2006 Q2\MBulls\AGAINST.doc

Canadian Reporting – High Level Instructions

Individual syndicate level data is aggregated and used in a single filing made to the Canadian regulator (OSFI) which is submitted on behalf of the entire market.

Although individual syndicate level packs are not filed, it is important that agents check the accuracy of the data in the preliminary packs in order to ensure that the market's consolidated filing is correct. This data also forms the basis of the funding which syndicates have to maintain in the Lloyd's Canadian Trust Fund and in the Margin Fund.

The steps to take are

- 1** Check the underwriting transactions
- 2** Review the reserves figures
- 3** (a) Check cash and investment flow schedules
(b) Update where required
- 4** Check the investment income and Royal Trust asset balances
- 5** Enter any permissible reinsurance recoveries
- 6** Check and complete the cash transfer form in accordance with the rules for currency compliance
- 7** Submit the update to MR
- 8** Fund the LCTF and the Margin Fund

The full instructions set out in greater detail how each of these steps is to be achieved. To assist with the process, a checklist is attached.

Index to forms within P&C-2 (Quarterly system)

Form number	Description	Agent entry?	Form by YOA?	Data sources	Purpose
20.12 Cash	Year to date cash flow	Yes	Combined	Royal Trust (see note 3)	To assist in reconciling cash flow and underwriting data
20.12 Investments	Year to date investment flow	Yes	Combined	Royal Trust (see note 3)	To assist in identifying and eliminating any unexplained elements in investment movement during the year
20.30	Statement of income	No	Combined	Underwriting items from Ins-Sure and Montreal, investment items from Royal Trust	To show how the income for the year is made up
S1	Solvency test – LCTF funding including additional margin	No	At YoA level	Assets from 40.10, liabilities from 60.30	To match assets and liabilities by YoA to show funding requirement
S2	Solvency test – basic 15% Margin Fund requirement	No	Combined	Share of Margin Fund assets from STFO, 15% requirement from S1	To show basic Margin Fund requirement
40.05	Summary of investments NEW FORMAT	No	Combined	Royal Trust (see note 3)	To analyse investments and related income into long and short term
40.10	Summary of investments OLD FORMAT	Yes	At YoA level and combined	Royal Trust (see note 3)	Filed to OSFI for information only
40.90	Summary of investments and insurer's portfolio limits	No	Combined	Royal Trust (see note 3)	An exhibit showing groupings of investments relative to statutory portfolio limits stipulated by OSFI
60.20	Premiums and claims	No	At YoA level and combined	Ins-Sure/Montreal	To show a summary analysis of underwriting data
60.30	Claims and adjustment expenses	No	At YoA level and combined	Ins-Sure/Montreal	To show a summary of claims and reserves data
67.31	IBNR – direct	No	At YoA level	Lloyd's actuary	To show centrally derived IBNR
67.32	IBNR – direct (adjustments)	Yes	At YoA level	Agent adjustments (see note 1)	To adjust IBNR
67.33	IBNR – reinsurance	No	At YoA level	Lloyd's actuary	To show centrally derived IBNR
67.34	IBNR – reinsurance (adjustments)	Yes	At YoA level	Agent adjustments (see note 1)	To adjust IBNR
70.20	Reinsurance ceded to registered reinsurers (including marine)	Yes	At YoA level and combined	Managing Agent	Annually filed to OSFI – but included to allow agents to enter RI recoverables

70.22	Reinsurance ceded to registered reinsurers (excluding marine)	Yes	At YoA level and combined	Managing Agent	Annually filed to OSFI – but included to allow agents to enter RI recoverables
80.10	Commission	No	At YoA level and combined	Ins-Sure (see note 2)	To show brokerage & commission
N/A	Cash transfer form	Yes	No	Pack	To ensure funding is made

Key

AO = Accounting Operations
M = Lloyd's Canada Office in Montreal

Royal Trust = Royal Trust Canada
STFO = Settlement and Trust Fund Operations,
Chatham

Notes

1. Analysis of IBNR adjustments entered by agents on forms 67.32 and 67.34 is required at province level in the annual packs. Unlike in the quarterly packs, data may not be entered in the column headed "State not known".
2. Premiums, claims, outstanding claims (losses in adjustment) and brokerage can be adjusted via the 'U/W Adj.' Button rather than directly on the forms within the pack.
3. The data is for the main LCTF only; margin fund data is not included.

1. Agents are asked to note that the process of reconciliation on XIS data can be no more than a check for reasonableness. Absolute reconciliation to all parts of the pack is neither necessary nor possible.
2. Paid and outstanding claims must be reconciled to the SCM, not the USM.
3. Premiums and brokerage/commissions must be reconciled to the USM.
4. To assist reconciliation in difficult areas, such as treaty business where data is not consistently available on USM or SCM at element level, a separate report, the C600, will be available to syndicates.
5. The minimum level of checking required from syndicates is a review of the packs for reasonableness and reconciliation of the XIS data in respect of signed premiums, paid and outstanding claims and brokerage/commission at syndicate and year of account level.
6. Scheme Canada premium and claims data provided in the P&C2 packs supplied by MR has been received from Montreal using a 'reported' basis, that is, business reported to and recorded by the Montreal office in a given period.

Scheme Canada **premium and paid claim** data advised to syndicates on the USM is provided from Montreal on a 'settlement' basis, that is, it only includes those risks that are due to settle in a particular month, irrespective of when they were first reported and written in to the Montreal office system. This represents the effect of terms of trade. Scheme Canada **outstanding claims** data can be reconciled to SCM data for all contracts that are subject to 30 days terms of trade for claims settlement. For year end, the December bordereau will have been processed and advised to syndicates via SCM by early February. For each subsequent close of quarter, the service level from Xchanging is to have the majority (98%) of SCMs available to syndicates by the close of the month following the bordereau month concerned.

Syndicates are not specifically required to reconcile this part of the P&C2, since all the data is Canadian regulated and has come to London through a process which can be audited.

7. Risk code mapping to Canadian Class of Business is attached. For 2001 processed business onwards, marine yacht business will be the only category of Lloyd's marine business shown in the reporting packs under the heading 'marine'. This is because all other Lloyd's marine business is regarded as non-regulated and does not form part of the new arrangements with OSFI.
8. There are no incomplete items or corrections reports for syndicates. All data is included in the reporting pack in accordance with strict XIS calendar month/year processing and XCS close of quarters/years.

9. Delinked premium signings are included in the MR packs at the time of processing the delinked stage of the transaction. No specific allowance is shown against reserves for premiums that have not yet been received. However, the actuarial calculation of reserves takes future premiums into account, and therefore no adjustment is necessary for these items.
10. See Appendix 1 for the reporting categories output by XIS to MR, together with explanatory notes which mirror those used for US reporting.
11. All claims data can be reconciled at province level using the province code supplied on the SCM in the formatted narrative line. Premium data cannot be reconciled at province level using USM data.
12. The data to be used for reconciliation from the USM **for business processed from 1/1/2001** is as follows:

Field
Syndicate number
Year of account
Risk Code
Trust fund code value CR
Gross premium in original currency
Brokerage/commission that is US\$ or CAN\$

The “item held” rate of exchange will need to be used for signings where the original currency is convertible and the settlement currency is US\$ or CAN\$.

13. The data to be used for reconciliation from the SCM **for business processed from 1/1/2001** is as follows:

Field
Syndicate number
Year of account
Risk Code
Trust fund code value CR
Paid Claim amount in original currency that is US\$ or CAN\$
Outstanding claim amount that is US\$ or CAN\$

The Process of Reconciliation

This is the process that syndicates should follow for reconciling totals:

1. Identify the transactions that qualify as regulated business. Isolate entries with a CR trust fund code.
2. Identify the period for which the reporting is being carried out and select only those transactions that fall within this period, i.e. the calendar processing quarter. NB: outstanding claims are the final “snapshot” position at the end of the quarter.
3. Exclude all LORS transactions, and make sure that only inwards business is identified.
4. Select only those qualifying categories that are shown in Appendix 2.
5. Separate direct from reinsurance business using the last of the four FIL code characters. Where the FIL code ends in a ‘1’, direct business is indicated, where it ends in 2, 3 or 4 reinsurance business is indicated. Refer to the attached FIL code list for more details.
6. Sort the items by syndicate, year of account and risk code.
7. Apply the risk code grouping/mapping supplied by MR.
8. Aggregate the figures by these sort criteria.
9. The resulting total figures should be compared with the MR reporting schedules.

Exceptions

There are a few situations where data supplied on the USM and SCM will not achieve a clean reconciliation. For this reason, syndicates are provided with additional reports called C600.

1. Claims processed prior to 1/1/2001 will not have the province code shown on the SCM.
2. Some Canadian reinsurance claims processed since 1988 carry FIL codes CN*2/3/4. These were current until the end of 1999, when they were put into a run-off status. At that time, the new CD** FIL codes were introduced and these fit the new Canadian regulated definition more precisely. The former codes are not sufficiently detailed to be classified as either Canadian regulated or non-regulated, since they do not contain a country of origin for the reassured factor. As country of origin is not an advised field, syndicates cannot identify which signings qualify for reporting. Therefore, where syndicates are reconciling paid or outstanding claims positions on older years of account, a true reconciliation will not be achieved. If the SCM data is used against FIL codes CN*2/3/4 then the position will be overstated.
3. Some items of Canadian regulated premium (trust fund code CR) are expressed in an original currency other than US\$ or CAN\$, and settled in US\$ or CAN\$. Syndicates must use the “item” rate of exchange to convert the gross original currency to the settlement currency before comparing the figures to the reporting schedules. There are very few signings of this type.
4. A very small number of Canadian regulated claims, processed prior to 2001, are expressed in an original currency of US\$ and settled in CAN\$, or in an original currency of CAN\$ and settled in US\$. These claims are being cancelled and replaced with the original currency and associated figures converted to match the settlement currency. This will result in clean data that can be included in any extracts for reconciliation.
5. FIL code XXX1 (0A), when used in conjunction with CAN\$ as a settlement currency, denotes Canadian regulated business. Data could be advised in a syndicate’s books in this manner.

To facilitate future checking, syndicates may want to derive their own internal codes for labelling entries that are identified as included in the P&C2 reporting reconciliation process.

Appendix 1**1.0 LIST FOR PREMIUMS, APs, RPs, TREATIES, CLAIMS AND REFUNDS**

XIS has applied the new CD** FIL codes listed below to all original premiums, APs, RPs and treaty premiums since 4th January 2000. Corrections and cancellations of pre 2000 premium signings will continue to show the CN** FIL code.

All new claims established on COSS from 4th January 2000 should also be allocated the new CD** codes. Existing claims advised prior to January 2000 should continue to carry the existing CN** FIL codes (see section 2.0).

Scheme Canada business is allocated FIL code CNG1 for both premium and claims signings processing up to the end of the 2000 business year. The new code of CDG1 will start to be advised to syndicates via the daily messages from the start of the 2001 business year.

4 Character FIL code	2 Character FIL/tax code	Description	Notes	Trust fund code
CDA1	VM	Non-Canadian coverholder, Canadian dollar non-regulated business.	Equivalent to CNA1/CNB1 CAN\$ non-regulated	CN
CDA2	VO	Non-Canadian coverholder, Canadian dollar non-regulated facultative reinsurance business. Also, outward reinsurances of this business.	New code for general CAN\$ reinsurance business, other than regulated. e.g. RI of Lloyd's.	CN
CDA3	VQ	Non-Canadian coverholder, Canadian dollar non-regulated excess of loss reinsurance business. Also, outward reinsurances of this business.	New code for general CAN\$ reinsurance business, other than regulated. e.g. RI of Lloyd's.	CN
CDA4	CU	Non-Canadian coverholder, Canadian dollar non-regulated treaty reinsurance business. Also, outward reinsurances of this business.	New code for general CAN\$ reinsurance business, other than regulated. e.g. RI of Lloyd's.	CN
CDB1	CW	Canadian coverholder non-marine, aviation or motor non-regulated full binding authority business.	New codes for Canadian coverholders producing non-Canadian regulated business.	CN
CDB2	VA	Canadian coverholder non-marine, aviation or motor non-regulated full binding authority facultative reinsurance business. Also, outward reinsurances of this	New codes for Canadian coverholders producing non-Canadian regulated business.	CN

4 Character FIL code	2 Character FIL/tax code	Description	Notes	Trust fund code
		business.		
CDC1	ML	Canadian coverholder Canadian regulated full binding authority non-marine, aviation or motor insurance business, excluding scheme Canada.	Equivalent to CNC1. This business is subject to the Canadian allowance.	CR
CDC2	VB	Canadian coverholder Canadian regulated full binding authority non-marine, aviation or motor reinsurance business, excluding scheme Canada. Also, outward reinsurances of this business.	Equivalent to CNC2. This business is subject to the Canadian reinsurance allowance.	CR
CDD1	MZ	Canadian coverholder non-marine, aviation or motor non-regulated limited binding authority business.	New codes for Canadian coverholders producing non-Canadian regulated business.	CN
CDD2	VC	Canadian coverholder non-marine, aviation or motor non-regulated limited binding authority facultative reinsurance business. Also, outward reinsurances of this business.	New codes for Canadian coverholders producing non-Canadian regulated business.	CN
CDF1	VN	Canadian coverholder Canadian regulated limited binding authority non-marine, aviation or motor insurance business, excluding scheme Canada.	Equivalent to CNF1. This business is subject to the Canadian allowance.	CR
CDF2	VD	Canadian coverholder Canadian regulated limited binding authority non-marine, aviation or motor reinsurance business, excluding scheme Canada. Also, outward reinsurances of this business.	Equivalent to CNF2. This business is subject to the Canadian reinsurance allowance.	CR
CDG1	VP	Canadian coverholder Canadian regulated full binding authority business, Scheme Canada only.	Equivalent to CNG1. This business is subject to the Canadian allowance.	CR
CDG2	VE	Canadian coverholder Canadian regulated full binding authority reinsurance business, Scheme Canada only. Also, outward reinsurances of this business.	New code. This business is subject to the Canadian reinsurance allowance.	CR

4 Character FIL code	2 Character FIL/tax code	Description	Notes	Trust fund code
CDL1	VX	Canadian wet marine licensed business, subject to provincial premium tax and/or sales taxes, excluding business bound under a Canadian binding authority.	Equivalent to CNI1	CN
CDM1	CO	Canadian wet marine licensed business, <i>not</i> subject to any provincial premium tax or sales tax, excluding business bound under a Canadian binding authority.	Equivalent to CNU1	CN
CDM2	CP	Canadian wet marine facultative reinsurance, other than business bound by a Canadian coverholder.	Equivalent to CND2	CN
CDM3	CQ	Canadian wet marine excess of loss reinsurance other than business bound by a Canadian coverholder.	Equivalent to CND3	CN
CDM4	CR	Canadian wet marine treaty reinsurance other than business bound by a Canadian coverholder.	Equivalent to CND4	CN
CDN1	CS	Wet marine insurance business, other than Canadian licensed, bound by a Canadian coverholder under a limited binding authority.	New Code.	CN
CDN2	VF	Wet marine reinsurance business, other than Canadian licensed, bound by a Canadian coverholder under a limited binding authority. Also, outward reinsurances of this business.	New Code.	CN
CDP1	CV	Wet marine insurance business, other than Canadian licensed, bound by a Canadian coverholder under a full binding authority.	New Code.	CN
CDP2	VG	Wet marine reinsurance business, other than Canadian licensed, bound by a Canadian coverholder under a full binding authority. Also, outward reinsurances of this business.	New Code.	CN

4 Character FIL code	2 Character FIL/tax code	Description	Notes	Trust fund code
CDR2	MC	Canadian regulated non-marine, aviation and motor facultative reinsurance, other than business bound by a Canadian coverholder.	Equivalent to CNH2 to CNT2. This business is subject to the Canadian reinsurance allowance.	CR
CDR3	MD	Canadian regulated non-marine, aviation and motor excess of loss reinsurance, other than business bound by a Canadian coverholder.	Equivalent to CNH3 to CNT3. This business is subject to the Canadian reinsurance allowance.	CR
CDR4	ME	Canadian regulated non-marine, aviation and motor treaty reinsurance, other than business bound by a Canadian coverholder.	Equivalent to CNH4 to CNT4. This business is subject to the Canadian reinsurance allowance.	CR
CDT1	MI	Canadian wet marine licensed business bound under a limited binding authority held by a Canadian coverholder.	New Code. Some of this business may be subject to provincial premium taxes, depending on the class of business and province concerned.	CN
CDT2	VH	Canadian wet marine licensed reinsurance business bound under a limited binding authority held by a Canadian coverholder. Also, outward reinsurances of this business.	New Code.	CN
CDV1	MQ	Non-marine, aviation and motor Canadian regulated business on a direct assured basis, subject to Canadian allowance. (Non Canadian coverholder business)	Equivalent to CNV1. This business is subject to the Canadian allowance.	CR
CDW1	MR	Non-marine, aviation and motor Canadian regulated business routed via a Canadian correspondent, subject to Canadian allowance. (Non Canadian coverholder business)	Equivalent to CNW1. This business is subject to the Canadian allowance.	CR
CDX5	CH	Scheme Canada FDO.	Equivalent to CNX5	CR

4 Character FIL code	2 Character FIL/tax code	Description	Notes	Trust fund code
CDY1	MY	Canadian marine licensed business bound under a full binding authority held by a Canadian coverholder.	Equivalent to CNY1. Some of this business may be subject to provincial premium taxes, depending on the class of business and province concerned.	CN
CDY2	VI	Canadian marine reinsurance business bound under a full binding authority held by a Canadian coverholder. Also, outward reinsurances of this business.	New code.	CN
CDZ5 Will be deleted.		Canadian regulated non-Scheme Canada FDO, e.g. early policy preparation scheme, treaty FDOs and facility FDOs.	Equivalent to CNZ5. This can be applied to direct or reinsurance business. Can be applied to any currency.	CR
XXX1	0A	Non-marine, aviation and motor Canadian regulated business routed via a Canadian correspondent, subject to Canadian allowance. (Non Canadian coverholder business)	Equivalent to CNW1 and CDW1. XXX1 was current until July 1997, but some business is still running off using this code and it may therefore appear on current signings.	CR when used on Canadian dollar settlements only.

2.0 FIL LIST FOR PRE 2000 PROCESSED CLAIMS AND ALL CORRECTIONS

The following table lists all the CN** FIL. These FIL codes will appear on corrections of pre 2000 premium signings processed in 2000 or later, instead of the CD** codes. They will also be used on movements against existing claim entries that were advised prior to 31 December 1999.

4 Character FIL code	2 Character FIL code	Description	Non-US Trust Fund Code
CNA1	JA	All other CAN\$ direct (not reinsurance) marine business, that does not fall within the licensed definitions and is not subject	CN

4 Character FIL code	2 Character FIL code	Description	Non-US Trust Fund Code
		to Canadian allowance.	
CNB1	JB	All other CAN\$ direct (not reinsurance) non-marine and aviation business, that does not fall within the licensed definitions and is not subject to Canadian allowance.	CN
CNC1	JC	Non-marine and aviation business bound under a full binding authority by a Canadian coverholder, processed outside Scheme Canada.	CR
CNC2	JK	Non-marine and aviation facultative reinsurance business bound under a full binding authority by a Canadian coverholder, processed outside Scheme Canada.	CR
CND2	JJ	Canadian Marine facultative reinsurance business not bound under a binding authority granted to a Canadian Coverholder (excluding reinsurances of Lloyd's syndicates)	CN
CND3	JS	Canadian Marine reinsurance excess of loss business not bound under a binding authority granted to a Canadian Coverholder (excluding reinsurances of Lloyd's syndicates)	CN
CND4	JS	Canadian Marine reinsurance treaty business not bound under a binding authority granted to a Canadian Coverholder (excluding reinsurances of Lloyd's syndicates)	CN
CNE1	JD	Outgoing Canadian Dollar reinsurances of business coded JA, OA, JB, JJ, OJ since 1975 and JN since 1988 excluding <u>limited binding authorities</u> .	CN
CNE3	JL	Outgoing Canadian Dollar reinsurances of business coded JS and OS since 1975 and JT since 1988.	CN
CNF1	JE	Non-marine and aviation business bound under a limited binding authority by a Canadian coverholder, processed outside Scheme Canada.	CR
CNF2	JM	Non-marine and aviation facultative reinsurance business bound under a limited binding authority by a Canadian	CR

4 Character FIL code	2 Character FIL code	Description	Non-US Trust Fund Code
		coverholder, processed outside Scheme Canada.	
CNG1	JC	Scheme Canada accounting entries.	CR
CNH2	JN	Property Personal – facultative reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNH3	JT	Property Personal - excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNH4	JT	Property Personal – treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNI1	JF	Canadian direct (not reinsurance) marine licence business, not bound under a binding authority granted to a Canadian Coverholder, that is subject to Canadian Premium Tax or Sales Tax	CN
CNJ2	JN	Property – Commercial facultative reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNJ3	JT	Property – Commercial excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNJ4	JT	Property – Commercial treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNK2	JN	Aircraft - Hull and/or Liability facultative reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.

4 Character FIL code	2 Character FIL code	Description	Non-US Trust Fund Code
CNK3	JT	Aircraft - Hull and/or Liability excess of loss reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNK4	JT	Aircraft - Hull and/or Liability treaty reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNL2	JN	Automobile – Liability facultative reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNL3	JT	Automobile – Liability excess of loss reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNL4	JT	Automobile – Liability treaty reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNM2	JN	Automobile - Personal Accident facultative reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNM3	JT	Automobile - Personal Accident excess of loss reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNM4	JT	Automobile - Personal Accident treaty reinsurances in CAN\$.	CR if the country of origin is also "Canada", other wise CN.
CNN2	JN	Automobile – Other; facultative reinsurances in CAN\$.	CR if the country of origin is also "Canada",

4 Character FIL code	2 Character FIL code	Description	Non-US Trust Fund Code
			other wise CN.
CNN3	JT	Automobile – Other; excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNN4	JT	Automobile – Other; treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNO2	JN	Boiler & Machinery facultative reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNO3	JT	Boiler & Machinery excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNO4	JT	Boiler & Machinery treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNP2	JN	Fidelity facultative reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNP3	JT	Fidelity excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNP4	JT	Fidelity treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNQ2	JN	Hail facultative reinsurances in CAN\$.	CR if the country of origin is also

4 Character FIL code	2 Character FIL code	Description	Non-US Trust Fund Code
			“Canada”, other wise CN.
CNQ3	JT	Hail excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNQ4	JT	Hail treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNR2	JN	Legal Expenses facultative reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNR3	JT	Legal Expenses excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNR4	JT	Legal Expenses treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNS2	JN	Liability facultative reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNS3	JT	Liability excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNS4	JT	Liability treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNT2	JN	Accident and Sickness facultative reinsurances in CAN\$.	CR if the country of

4 Character FIL code	2 Character FIL code	Description	Non-US Trust Fund Code
			origin is also “Canada”, other wise CN.
CNT3	JT	Accident and Sickness excess of loss reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNT4	JT	Accident and Sickness treaty reinsurances in CAN\$.	CR if the country of origin is also “Canada”, other wise CN.
CNU1	JG	Canadian direct (not reinsurance) marine licence business, not bound under a binding authority granted to a Canadian Coverholder, that is <u>not</u> subject to Canadian Premium Tax or Sales Tax	CN
CNV1	0A	Canadian direct (not reinsurance) non- marine licence business received on a direct assured basis, without the intervention of a Canadian or United States intermediary	CR
CNW1	0A	Canadian direct (not reinsurance) non- marine licence business, not bound under a binding authority granted to a Canadian Coverholder, subject to Canadian allowance.	CR
XXX1	0A	Canadian direct (not reinsurance) non- marine licence business, not bound under a binding authority granted to a Canadian Coverholder, subject to Canadian allowance.	CR when used on Canadian dollar settlements only.
CNX5	0B	Scheme Canada FDO entries.	CN
CNY1	JC	Canadian direct (not reinsurance) marine business bound under a binding authority by a Canadian Coverholder, processed outside Scheme Canada.	CN
CNZ5	0B	Early Policy FDO entries.	CN
XXX5	0B	Non Scheme Canada FDO entries	CN

Appendix 2

REPORTING CATEGORIES FOR RECONCILIATION OF DATA

TTY ELE	Qualifying Category	Reporting Category	OTHER
	A	PPM)
40/41		PPM)
	B	PDP	) Deferred TOTAL premium
61		PDP	)Multiple entries per Statement
	S	PRR	)PREMIUM SIGNED (Gross)
	E	PPT)
5	A/E	PPT)
6	A/E	PPT)
	I	PCM)
9	I	PCM)
	D,H,U,T	PNS)
7		PNS	) Net figures
	A,B,D, E,H,I, U,S	BAC	)Deductions
42,43,44, 45,46,47, 48		BAC)
	P	PCL	)Paid Claims
	P	CLX)
	P	OCL	)Outstanding Claims
	P	OCX)
	B	ODP	)Unsettled deferred's(ODP shows currently outstanding amount)
83		ODP)
94	U	OPR)
	M	OCR	)Funds Withheld
	K	OCA)
	S,V	PRO	)Net figures
	P	OLC	Outstanding for LOC
	A,C,D, E,I,H	UPI	)Net figures

40,41		UPI	)Net figures
4	C	UPI)
5	A/E	UPI	)Cash in Transit
6	A/E	UPI)
9	I	UPI	)Cash in Transit
7		UPI)
THESE 2 CATEGORIES ARE NEW AND APPLY TO CANADIAN BUSINESS ONLY			
	B	DDP	)Delinked deferred's - net
	A,C,D, E,I,H	DPI	)Delinked cash - net

1) PREMIUMS SIGNED

The Gross amounts supplied under this heading relate to items *processed this quarter*. It comprises the following six **Output** Code types:

PPM PDP PRR PPT PCM PNS

For Canadian business delinked transactions may be included in any of the following as they progress from being delinked to settled:

1.1 Premiums - PPM

PPM - Premiums)
PAP - AP's)QCAT = 'A'
PRP - RPs)

1.2 Deferred Premiums - PDP

PPM - Deferred Prms)
PAP - Deferred AP's)QCAT = 'B',
PRP - Deferred RPs)

1.3 Premium Reserves - PRR

PPM - Reserve Prm)
PAP - Reserve AP)QCat = 'S'
PRP - Reserve RP)

1.4 Premium Portfolio Transfers (in and out) - PPT

PPM - Prm Portfolio Xfer in)
PAP - Prm Portfolio Xfer in)QCat = 'E'
PRP - Prm Portfolio Xfer out)

1.5 Profit Commissions (Non-Treaty) - PCM

PAP - Prem Profit Commission) QCat = 'I'
PRP - Prem Profit Commission)

1.6 Unspecified Premiums - PNS

PPM - Interest)
PAP - Interest) QCat = 'D'
PRP - Interest)

PPM - Reinstatement AP)
PAP - Reinstatement AP) QCat = 'H'
PRP - Reinstatement AP)

PPM - Reserve Premium Portfolio Transfer (in))
PAP - Reserve Premium Portfolio Transfer (in)) QCat = 'T'
PRP - Reserve Premium Portfolio Transfer (out))

PPM - Premium Reserve Deferred A/C Prm)
PAP - Premium Reserve Deferred A/C AP) QCat = 'U'
PRP - Premium Reserve Deferred A/C RP)

2) BROKERAGE AND COMMISSIONS (for Treaty and Non-Treaty items) - BAC

The Brokerage amounts supplied under this heading relates to items processed this quarter. It comprises the following Output Code only - BAC

For Canadian business delinked transactions may be included in the following:

PPD - Premium Deductions - derived from each Premium, AP & RP (PPM, PAP, PRP), where QCat not equal C or V.

3) PAID LOSSES / LOSSES PAID (deducting salvage) (for Treaty & Non-Treaty items)

The data under this heading is defined on the same basis as for US Trade. It relates to items processed this reporting period and comprises two output codes:-

PCL - PAID CLAIMS (LOC Drawdown, Refunds & Recoveries- Treaty & Non-Treaty and Loss Portfolio Transfers in and out)

CLX - PAID CLAIM EXPENSES (Treaty & Non-Treaty)

4) UNPAID LOSSES & LOSS ADJUSTMENT EXPENSES (for Treaty & Non-Treaty items)

The data under this heading is defined on the same basis as for US Trade. It is a 'Snapshot' relating to the latest position as at the end of the reporting period and comprises the following two output code types:

OCL - OUTSTANDING CLAIMS
OCX - OUTSTANDING CLAIM EXPENSES

5) DEFERRED INSTALMENTS OUTSTANDING

The data under this heading represents a 'Snapshot' **relating to items that are still outstanding (from the parameter date)**. The deferred figures are Net figures.

It comprises the following one Output Code type: - **ODP**

For Canadian business delinked transactions are EXCLUDED

6) FUNDS HELD BY OR DEPOSITED WITH REASSURED/COVERHOLDERS (Funds Withheld) (Treaty & Non-Treaty)

The data under this heading is defined on the same basis as for US Trade. The data supplied under this heading relates to items **processed this quarter** and comprises the following four output code types:-

OCA - OUTSTANDING CLAIM ADVANCES (for Treaty and Non-Treaty items)
OCR - OUTSTANDING CLAIM RESERVE (for Treaty and Non-Treaty items)
PRO - OUTSTANDING PREMIUM RESERVE (Non-Treaty items)
OPR - OUTSTANDING TREATY PREMIUM RESERVE (Treaty items only)

7) OUTSTANDING LETTERS OF CREDIT (LOC Balances)

The data under this heading is defined on the same basis as for US Trade. It comprises the following one Output Code type:-

OLC - LETTER OF CREDIT CASH OUTSTANDING

8) PREMIUMS AND AGENTS BALANCES IN THE COURSE OF COLLECTION (CASH IN TRANSIT)

The data under this heading relates to non-deferred items signed this reporting period, but where their APD has 'crossed the Reporting Boundary'. The figures are Net.

The Output Code value on the Report File is **'UPI'**

For Canadian business Delinked transactions are EXCLUDED, as they are separately identified.