

# MARKET BULLETIN

REF: Y4175

<b>Title</b>	Canadian DCAT Data Request
<b>Purpose</b>	To inform agents of additional data required by Lloyd's in order to comply with Canadian regulatory reporting requirements.
<b>Type</b>	Event
<b>From</b>	Kate Burling, Manager, Actuarial, Market Reserving & Capital 020 7327 5654 <a href="mailto:Kate.Burling@lloyds.com">Kate.Burling@lloyds.com</a>
<b>Date</b>	14 August 2008
<b>Deadline</b>	29 August 2008
<b>Related links</b>	<a href="#">Canadian Dynamic Capital Adequacy Test Data Template</a>

As part of Lloyd's Canadian regulatory reporting requirements an annual Dynamic Capital Adequacy Test (DCAT) is completed centrally on behalf of the market. One of the inputs to this is estimated Canadian premium volumes and loss ratios for the current and future years of account.

To complete the DCAT analysis Lloyd's now requires an additional data feed to obtain an estimated split of each syndicate's own business class volumes into Canadian Dollars.

Lloyd's requires data based on a sub-set of SBF form 105 (columns A to C) but for Canadian Dollar business only. The information is required separately for the 2008 and 2009 years of account. A data template is attached which shows that Lloyd's require Gross Premiums Written (gross of brokerage and commissions, and gross of reinsurance, equivalent to column C of SBF form 105), by Syndicate Class of Business, for Canadian Dollar business only.

A worked example is also attached.

Lloyd's will use the gross premium data in conjunction with information previously supplied for the syndicate on SBF form 051, to apportion the premium to risk codes that can then be aggregated into the market classes of business to be used for the DCAT analysis.

This approach is slightly different to that submitted last year.

This additional return should be completed on a spreadsheet as per the attached template. The spreadsheet is to be completed for Canadian Dollar elements only. Separate returns are required for each syndicate and for each of the 2008 and 2009 years of account, and should be based on the most up to date information available. The return will **NOT** be required to be updated if expected volumes change in the future. If the syndicate does not plan to write Canadian Dollar business, a return is still required with a statement to this effect.

Completed spreadsheets should be returned via email to [Kate.Burling@lloyds.com](mailto:Kate.Burling@lloyds.com) no later than Friday 29th August.

For technical queries please contact either Jerome Kirk (0207 327 5812 [Jerome.Kirk@lloyds.com](mailto:Jerome.Kirk@lloyds.com)) or Kate Burling (0207 327 5654 [Kate.Burling@lloyds.com](mailto:Kate.Burling@lloyds.com)) from the Market Reserving team.

**Worked example**

This example syndicate plans to write two classes of business in 2008

Class of Business Number	Class of Business	Gross premiums written
A	B	C
10	Non-marine property insurance	+
20	Property catastrophe treaty reinsurance	+

They plan to write £12m in class 10 and £16m in class 20

Class of Business Number	Class of Business	Gross premiums written
A	B	C
10	Non-marine property insurance	12,000,000
20	Property catastrophe treaty reinsurance	16,000,000

30% of class 10 business is Canadian Dollar business, and 22% of class 20 business is Canadian dollar business  
 Assuming an exchange rate of £1 = C\$2.23 (as prescribed for the 2008 SBF - please use an exchange rate in line with that used in your planning process)

Canadian Dollar portion of class 10 is:  
 $£12,000,000 \times 30\% \times 2.23 = C\$8,028,000$

Canadian Dollar portion of class 20 is:  
 $£16,000,000 \times 22\% \times 2.23 = C\$7,849,600$

The DCAT template will look like this:  
**DATA REQUIRED FOR CANADIAN DCAT - GROSS WRITTEN PREMIUM BY CLASS OF BUSINESS - CAD BUSINESS ONLY**

<b>SYNDICATE NO</b>	
<b>YOA</b>	2008

CLASS OF BUSINESS NUMBER	CLASS OF BUSINESS	CURRENCY	GROSS PREMIUMS WRITTEN FOR CLASS
A	B	C	C
10	Non-marine property ins	CAD	8,028,000
20	Property catastrophe tre	CAD	7,849,600
		CAD	
		CAD	

**Worked example**

This example syndicate plans to write two classes of business in 2009

Class of Business Number	Class of Business	Gross premiums written
A	B	C
10	Non-marine property insurance	+
20	Property catastrophe treaty reinsurance	+

They plan to write £10m in class 10 and £15m in class 20

Class of Business Number	Class of Business	Gross premiums written
A	B	C
10	Non-marine property insurance	10,000,000
20	Property catastrophe treaty reinsurance	15,000,000

35% of class 10 business is Canadian Dollar business, and 25% of class 20 business is Canadian dollar business  
 Assuming an exchange rate of £1 = C\$2.04 (as prescribed for the 2009 SBF - please use an exchange rate in line with that used in your planning process)

Canadian Dollar portion of class 10 is:  
 $£10,000,000 \times 35\% \times 2.04 = C\$7,140,000$

Canadian Dollar portion of class 20 is:  
 $£15,000,000 \times 25\% \times 2.04 = C\$7,650,000$

The DCAT template will look like this:

**DATA REQUIRED FOR CANADIAN DCAT - GROSS WRITTEN PREMIUM BY CLASS OF BUSINESS - CAD BUSINESS ONLY**

<b>SYNDICATE NO</b>	
<b>YOA</b>	2009

CLASS OF BUSINESS NUMBER	CLASS OF BUSINESS	CURRENCY	GROSS PREMIUMS WRITTEN FOR CLASS
A	B	C	
10	Non-marine property ins	CAD	7,140,000
20	Property catastrophe tre	CAD	7,650,000
		CAD	
		CAD	