

MARKET BULLETIN

REF: Y4382

Title	Canadian Regulatory Reporting
Purpose	To confirm the timetable for the submission of the Quarter 1 2010 Canadian Reporting packs to the Canadian Regulators (OSFI)
Type	Scheduled
From	Leslie Redmond, Manager Overseas Reporting, Market Finance Direct tel number: 020 7327 5490 E-mail: leslie.redmond@lloyds.com
Date	17 March 2010
Deadline	For immediate attention

Related links

I am writing to confirm the timetable in respect of the annual returns which must be filed with OSFI within 45 days of the quarter end. Agents are reminded that this deadline must be met in order to ensure that Lloyd's fulfils its Canadian reporting requirements. The timetable for this filing exercise is detailed below:

	<u>Key Date</u>
Hard copy cash and investment data available to Managing Agents on request.	Friday 16 April 2010
Provision of preliminary electronic packs by MF to managing agents via the MR web-site. <u>Agents should download their packs and supporting documentation from the web-site.</u>	Friday 23 April 2010
Submission of amended electronic packs by managing agents to MF (Market Finance).	Friday 30 April 2010 – before 4pm
Cash movement instructions to be returned to David Whitby, Settlements & Trust Funds, for value date 13 May 2010. <u>There will be a £50 charge for the additional work required for instructions submitted after noon on 6 May.</u>	Thursday 6 May 2010 – before noon
Final aggregated P&C-2 to be sent to Canada by MF.	Friday 7 May 2010

It is essential that any queries generated by the packs or otherwise should be raised well in advance of the deadline dates to allow MF sufficient time to revert to you. This is particularly relevant where queries relate to RBC Dexia investment and cash balances or

where, in extremis, an adjustment is required which cannot be made to the electronic packs which agents are updating.

Detailed instructions will be provided with the preliminary packs. Individual syndicate level data is aggregated and used in a single Lloyd's filing made to OSFI for the entire market; hence it is important that agents check the accuracy of the data in the preliminary packs.

From Quarter 1 2010, certain changes come in effect regarding reinsurance recoverables, and these are set out in Appendix 1 of this bulletin.

You are reminded Q1 2010 Canadian reporting will use the existing reporting software. From next quarter Canadian reporting will be via the new web-based system similar to that which is being used for US reporting from this quarter.

This bulletin has been sent to all Compliance Officers of the managing agents. If you have any queries on the contents of this bulletin, other than reinsurance recoverables, please contact me or Stella Farrar (020 7327 6734, E-mail address stella.farrar@lloyds.com).

Leslie Redmond
Manager, Overseas Reporting
Market Finance

Appendix 1**Reinsurance Recoverables**

As detailed in Market Bulletin Y4329, dated 6 November 2009, the clarification of Part XIII of the Canadian Insurance Companies Act (Part XIII) has practical implications for Lloyd's business practices and processes. The clarification became effective 1 January 2010 and moved away from defining Canadian risks based on location of risk to location of underwriting. From this date, all business where the insured or reinsured is domiciled in Canada, or where the risk is located in Canada, needs to be written in such a way that sufficient activity is undertaken in Canada for the business to be deemed "insure in Canada a risk".

In turn, this has an impact on how syndicates can take credit for reinsurance recoverables. Syndicates should only claim credit for "registered" reinsurance where they are certain that the contract is "insure in Canada a risk". The Canadian regulator (OSFI) permits credit to be taken for certain reinsurance recoverables. Reinsurance recoverables on outstanding claims and IBNR at the end of each quarter from federally regulated and accredited provincial reinsurers may be allowed as a credit against the amounts to be funded in the LCTF but, from 1 January 2010, to be eligible as "registered reinsurance" the reinsurance has to be "insure in Canada a risk". Credit can only be taken for "unregistered reinsurance" if assets are in place in accordance with the relevant regulatory requirements.

Where credit is taken, syndicates will need to ensure that reinsurance coverages have been placed in accordance with these requirements. In all other regards, the procedure for taking credit remains unchanged.

If you have any queries about the new requirements for claiming reinsurance recoverables, please contact Maria McLoughlin in International Regulatory Affairs (020 7327 5282, E-mail address maria.mcloughlin@lloyds.com).