

MARKET BULLETIN

REF: Y4398

Title	Louisiana Directive 204 reporting requirements – For residential property and private passenger automobile insurance.
Purpose	To inform the Lloyd's market of Louisiana Directive 204 which requires mandatory reporting on information relating to residential property and private passenger automobile insurance on a quarterly basis.
Type	Event
From	Andrew Gurney, Senior Manager, International Regulatory Affairs General Counsel's Division
Date	13 May 2010
Deadline	Initial Report - 30 June 2010 Subsequent reports - A quarterly report due within two months at the end of each calendar quarter.
Related links	Link to Louisiana Directive 204 Louisiana Directive 204 - FAQ's

Who needs to read this Market Bulletin?

Managing Agents' Compliance Officers, Lloyd's Brokers' Compliance Officers and Lloyd's coverholders dealing with residential property and private passenger automobile business in the state of Louisiana.

Louisiana Directive 204

The aim of Directive 204 is to assist the Commissioner of Insurance to monitor the residential property and private passenger automobile insurance market.

Summary of the New Directive and Requirements for Lloyd's Syndicates

Directive 204 requires all property/casualty insurers, expressly including surplus lines insurers, conducting insurance business in the state of Louisiana to report information regarding residential property and private passenger automobile insurance to the Louisiana Department of Insurance (LDOI).

Insurers are required to file the following information¹, categorised by type of policy, type of coverage and reported at a zip code level:

- Number of policies written;
- Number of policies cancelled;
- Number of policies non-renewed;
- Dollar amount of premiums written; and
- Total amount of insurance coverage in force i.e. exposure.

Reporting Dates

An initial retroactive filing is required to be submitted via POIDRS by no later than **30 June 2010**. The retroactive quarterly reports relate to 24 calendar quarters beginning with the first quarter of 2004 through the first quarter of 2010. After the initial report has been submitted, all future quarterly update reports will be due within two months of the end of each calendar quarter.

Lloyd's Specific Issues

The reporting requirements present significant challenges for the Lloyd's market. The Central Accounting & Settlement process is unable to produce data at the required level of detail, for example at policy and zip code level, as required by Directive 204.

Lloyd's, working with its local U.S. counsel, has outlined to the LDOI the challenges Directive 204 presents to the Lloyd's market. The LDOI, have responded by (1) amending the wording of the Directive to allow submission of data directly from the local surplus lines broker, and (2) extending the deadline for the initial filing by one month to 30 June 2010 (original deadline was 31 May 2010).

Directive 204 states that the ultimate responsibility for the mandatory reporting lies with the surplus lines insurer. However, POIDRS only accepts a US address and therefore is unable to create a 'log-in' based on an international name and address. LDOI recognises that the insurer may delegate its reporting responsibility to the local surplus lines broker or coverholder and therefore the address details of the local surplus lines brokers or coverholders may be used in place of a non-US domiciled insurer in order to create a 'log-in' to enable the filing to be completed.

¹ Details of the information to be filed and how to access the LDOI's 'Periodic Online Insurance Data Reporting System' (POIDRS) can be found at [Link to Louisiana Directive 204](#).

Lloyd's has consulted and discussed Directive 204 with the LMA and relevant market committees as well as with local surplus lines brokers and coverholders. Feedback received as a result of these consultations indicates an awareness of the reporting requirements amongst surplus lines brokers and coverholders and an understanding of their role in meeting its objectives.

Next Steps

Managing Agents (the leader on subscription risks (including facilities)) should take immediate steps to arrange for the reporting requirements to be fulfilled via local surplus lines brokers and local coverholders (including those located outside of Louisiana) handling business covered by Directive 204, for both the retroactive and future quarterly reports.

Conclusion

Lloyd's, working with US counsel, will continue to seek accommodations from LDOI over the application of Directive 204 to the Lloyd's market recognising the significant challenges the filing requirements present.

Lloyd's will issue further guidance to managing agents as to the outcome of the communications when received from LDOI, but recommends that managing agents share this bulletin with their local intermediaries dealing with relevant Louisiana business and that they complete these filings on their behalf based on Directive 204's current information requirements and stated deadlines.

Further Contacts

If you have any queries about this market bulletin, please contact:

Lloyd's International Trading Advice:
Tel: 020 7327 6677
Email: lita@lloyds.com

Or:

Steve Yates
Manager
International Regulatory Affairs
+44 20 7327 5351
stephen.yates@lloyds.com