

MARKET BULLETIN

REF: Y4506

Title	Canadian Regulatory Reporting
Purpose	To set out the detailed timetable and procedures for the submission of the Quarter 2 2011 Canadian Reporting packs to the Canadian Regulators (OSFI)
Type	Scheduled
From	Leslie Redmond, Manager, Overseas Reporting, Market Finance, Finance Risk Management and Operations Direct Tel No: 020 7327 5490 E-mail: leslie.redmond@lloyds.com
Date	25 July 2011
Deadline	For immediate attention
Related links	Appendices

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

1. Electronic preliminary Canadian reporting packs for the quarter ended 30 June 2011 will be available to your agency on the Overseas Reporting System (ORS) today. Detailed instructions on how to use the electronic system are attached to this bulletin and can also be found in the packs by clicking on the 'Document Links' menu option.
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. Packs should be locked by close of business **on 1 August 2011** as set out in the timetable at Appendix 1. 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. A hard copy return is not required.

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 included on the S1, funded in the main LCTF, and equates to 33.1% of net liabilities for the 2011 year of account, 18.2% for the 2010 year of account and 15.8% for 2009 and all earlier years of account.

The Lloyd's actuaries are required to complete the Branch Adequacy of Assets Test (BAAT) by 12 August, and therefore no withdrawals from the Canadian regulated trust fund or the margin fund will be permitted this quarter at the normal funding date. The system will still require you to complete the cash transfer form in order to validate but, where these show a release, the form must not be submitted. Any funding of deficits is, however, still required by the funding date, as are adjustments to comply with currency requirements (see paragraph 7 below), and forms to facilitate the transfer in of monies must be submitted in the usual way.

If, at the end of the exercise, the actuaries determine that an adjustment can be made for all syndicates, we will advise you accordingly.

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 period, taking into account the year-end closures. This is because in the past it has been apparent to the Canadian regulator that many syndicates have not attempted to allocate assets reasonably, ie to those years of account where they have already advised the regulator that there are liabilities and that funding has been made. This is an ongoing cause for concern to the regulator and **you should ensure that the split by year of account is reasonable**.
5. Reinsurance recoveries are subject to audit sign-off on an annual basis only. However, if recoveries are reported for quarters 1 to 3, OSFI and the auditors may wish to review these when they look at the position for Quarter 4 2011.
6. Upon completion and finalisation of the pack you must lock it to enable Market Finance (MF) to incorporate the data into the global return. Once you have locked the pack, you will not be able to unlock it to make further amendments without contacting MF. 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 cash transfer form includes a memorandum concerning the minimum level of Canadian dollar assets which must be held as at the period end following funding adjustments. Please see Appendix 4, paragraph (2) for further details.
8. Managing agents are reminded that it is their responsibility to ensure that the electronic packs they return to MF 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 MF (Stella Farrar) separately by E-mail (stella.farrar@lloyds.com) at the same time as you submit your filing.
9. As noted in the accompanying instructions, there is a link in the electronic packs to a document setting out known system issues and their status.
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 Kate Milner (kate.milner@lloyds.com) and Jerome Kirk (jerome.kirk@lloyds.com).

Leslie Redmond
 Manager - Overseas Reporting
 Market Finance

Appendix 1**Timetable and arrangements for the quarter ended 30 June 2011**

	<u>Key Date</u>
Provision of preliminary electronic packs by MF to managing agents, for checking of underwriting data, investment data and reserves as calculated for the period end.	25 July 2011
Submission of amended electronic packs by managing agents to MF.	1 August 2011
Final aggregated and audited P&C-2 to be filed by Lloyds, in Canada.	12 August 2011
Cash Transfer forms to be returned to Donna Caddy (Settlements & Trust Funds, Chatham), value date 18 August 2011. *	11 August 2011
Late submission of this form to STFO will result in a £50 late filing fee.	

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 MF sufficient time to provide you with the answers.

*** No releases will be permitted at this stage (see paragraph 2 of covering letter) but deficits will have to be funded.**

Underwriting transactions**Appendix 2**

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 XIS are sent out to Managing Agents and Underwriters. They are asked to check these against their own systems and notify any errors to XIS. 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.”

XIS and MF 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 XIS 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 MF.

2) C600 report

To assist agents in reconciling the data in the electronic packs to their underlying accounting records, we are sending electronic versions of each agent’s C600 report via E-mail. 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 01634 887889.

3) Syndicate Reconciliation Instructions 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’.

Agents are reminded that it is their responsibility to ensure that any Canadian regulated business not processed through Xchanging is included in the packs. Please refer to Bulletin Y4329 for the definition of Canadian regulated business applicable from 1 January 2010.

6) Exchange rate

US dollar transactions processed during this quarter and balances at the period end have been translated into Canadian dollars at the rate of 0.9643. This rate was derived from Schedule B asset valuations issued by Royal Trust at 30 June 2011.

Appendix 3

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.

Please note that the definition of Canadian business has changed following the clarification of Part XIII of the Canadian Insurance Companies Act (Part XIII). As a result syndicates should only claim credit for "registered" reinsurance where they are certain that the contract is "insure in Canada a risk". Please see appendix 5 for further information.

Appendix 4

Trust Fund assets

Please note that we have used RBC Dexia 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 RBC Dexia.

The values of cash and securities held as at the year end for all years of account have been entered at form 40.07 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 RBC Dexia.

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 40.07. This can be printed by clicking on the PDF icon in the Investments screen.

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

- Accrued income carried forward at 30 June 2011
- **Plus** interest received in calendar year 2011
- **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 2011

Realised and unrealised gains are calculated as the difference between sale proceeds or year-end market values and book values. Book values are calculated as 1 January 2011 market values for assets held at that date and cost for assets purchased during 2011.

2) Cash Transfer Forms

The blank cash transfer form included in the pack must be completed before the pack can be finalised and returned. The signed form must be returned to Donna Caddy (STFO, Chatham) in hard copy on Thursday 11 August 2011. The transfers will have a value date of 18 August 2011. As set out in paragraph 2 of the covering letter, deficits must be funded, but withdrawals are not permitted this quarter.

Please note that there is a memorandum note on the form to show you the minimum Canadian dollar assets which must be held as at the period 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 period 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.

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 Y4329 advised that Part XIII of the Canadian Insurance Companies Act (Part XIII) was clarified with effect from 1 January 2010. The clarification moved away from defining Canadian risks based on location of risk to location of underwriting.

If syndicates wish to take credit for reinsurance recoverables, they will first need to consider each individual contract to establish whether the contract has been placed in such a way that meets the definition of “insure in Canada a risk”.

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) and placed in such a way that it meets the definition of “insure in Canada a risk”. 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” and then “Insurance Companies”. Click on either ‘Canadian Property and Casualty Insurance Companies’ (category (a) above) or ‘Foreign Property and Casualty Insurance Companies’ (category (b) above).

2. To assist managing agents, Market Finance 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 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. Again syndicates should ensure that any such contracts have been placed in such a way that meets the definition of “insure in Canada a risk”.
4. Syndicates are only permitted to claim for unregistered reinsurance where appropriate collateral is held in accordance with OSFI requirements.
5. The name of each reinsurer will need to be recorded on form 70.20 and the total summarised on form S1.

Detailed instructions for entering reinsurance recoverables into the Canadian reporting packs are set out on pages 5 and 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 Vivienne Russell on Lloyd's extension 5288.

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.

Check List

Appendix 6

Step	Description	Notes	Done?
1	Check the underwriting transactions.	<ul style="list-style-type: none"> . The 'Agents Database' link 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.' link – 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. . If it is necessary to amend the IBNR figures this is done via the 'U/W Adj.' link – see instructions for guidance. 	
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 RBC Dexia. . 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 RBC Dexia. . Assets should be allocated across years of account – see full instructions. . If totals require amendments agents must contact MF. 	
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 form 70.20 - see instructions for guidance. 	
6	Submit update to MF.	<ul style="list-style-type: none"> . See instructions for guidance on: . Completion of Finance Director sign-off. . Locking packs. 	

CANADIAN REPORTING GUIDANCE NOTES ELECTRONIC "AGENTS' " SYSTEM QUARTER ENDED 30 JUNE 2011

Introduction

Market Finance (MF) provides electronic preliminary packs for each syndicate which has written Canadian regulated business for any of its open years of account on the Overseas Reporting System (ORS). These can be accessed by logging on at www.lloyds.com, click on My Account, View/Update Lloyd's account details and then select the Overseas Reporting System.

Once you have logged onto the ORS you will be able to make all changes listed below under 'What can be updated?'

The preliminary packs include figures for the following:

- assets held at RBC Dexia Canada (RBC);
- cash and investment flow data obtained from RBC;
- underwriting and expense transactions processed by XIS;
- underwriting transactions processed through Montreal (as this data is received by MF 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.

How to update the packs

Accessing the system, syndicates and forms.

Enter the web address detailed above and log on to the ORS using the credentials that you have been provided with to gain access to this site.

If you have permission to access the returns for more than one managing agent the first screen that you will see will ask you to select one of them. To do this click on the radio button next to the appropriate managing agent under the select column then click on the select button in the top left hand corner of the screen.

On the page that appears after logging in (and selecting a managing agent if applicable) you will be required to enter your User Preferences which you should do as follows:

Country – Canada

Reporting Period – 2011 Q2 (this will normally pre-populate)

CANADIAN REPORTING GUIDANCE NOTES - ELECTRONIC "AGENT" SYSTEM

QUARTER ENDED 30 JUNE 2011

Trust Fund – Lloyd's Canada Trust Fund

Syndicate – select from drop down box, except where you only manage one syndicate in which case this field will be pre-populated.

Click on Update on the Action menu above User Preferences to confirm the information you have entered.

On the left hand side of the screen under Navigation are the menu options that you need in order to access the pack forms, reports and reference data that you need. These are grouped as follows:

Packs

- Syndicate – gives you access to all the pack forms for updating and viewing as applicable.
- Output – allows you to create PDF and XLS versions of forms and reports in the pack.

Reference Data

- Syndicate – allows you to view/amend asset allocation percentages and select/deselect the manual allocation options, view year of account history, update your contact and address details and update the directors' details.
- Import/Export Data – allows you to export an Excel version of the reinsurance recoverables data.

System Management

- Internal Reports – allows you to generate and view the error summary reports, underwriting adjustments report, IBNR details report and investment schedule in PDF and XLS.

Queue Management

- In Progress – shows you which functions, such as pack recalculations, have yet to be completed and their status.
- Recent Activity – shows you a record of activity in the last 48 hours.
- Available Downloads – shows all PDF documents that have been created and are ready to be downloaded.

Cash Transfers

- Access and complete the Cash Transfer form.

CANADIAN REPORTING GUIDANCE NOTES - ELECTRONIC "AGENT" SYSTEM QUARTER ENDED 30 JUNE 2011

To access any form, point your cursor over the form name (which will underline the form) and click. Form names in black may only be opened in PDF or XLS format so to access these click on the appropriate icon on the right hand side.

Once you are within a form you may move to other forms by using the drop down list under the filter menu but **before navigating to another form you must recalculate the form you are in to save any data that you have entered**. Alternatively, after recalculating the form you can return to the list of forms by clicking on the syndicate trust fund link at the top of the screen.

At the end of a session click on 'Log out' in the top right hand corner of the screen.

Where there are known issues with the Reporting System, a document will be posted to the Quick Links area detailing them, advising of any workarounds or whether the issue has been resolved.

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

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
70.20	Reinsurance ceded to registered reinsurers (by year of account) including marine business.

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

CANADIAN REPORTING GUIDANCE NOTES - ELECTRONIC "AGENT" SYSTEM QUARTER ENDED 30 JUNE 2011

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 the forms within the pack. Additionally, there is a link marked 'Agent Database' in the top part of the syndicate screen. By selecting this, agents will be able to run pure quarter or calendar year reports specifying precisely what output they require (ie for specific years, business types, provinces, risk codes etc). The output may be reviewed on screen, printed or exported to an Excel spreadsheet.

Adjustments can be made via the 'Underwriting Adjustments' link in the top part of the syndicate screen. Please follow the sign convention in the table below:

	Increase	Decrease
Premiums	+ ve	- ve
Claims	- ve	+ ve
Brokerage & Commission	+ ve	- ve
Outstanding Claims*	- ve	+ ve
IBNR	- ve	+ ve

To make an adjustment, click on the 'Add new' button and then identify the adjustment type (eg 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 and the amount of the adjustment. **Please note that the province code "XX" relates to "Out of Canada" business – if you do not know the province, please select the code "ZZ".**

*Changes to outstanding claims do not affect overall unpaid amounts, they simply change the balance of unpaid claims between IBNR and known outstandings. To change overall unpaids, please change the IBNR amount.

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 'Print Preview' button.

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 at the quarter end on the Syndicate Reference screen. If you need to change the overall totals, please contact MF (Stella Farrar on extension 6374).

CANADIAN REPORTING GUIDANCE NOTES - ELECTRONIC "AGENT" SYSTEM QUARTER ENDED 30 JUNE 2011

Click on the 'Syndicate' option under 'Reference' in the menu options and click on the 'Asset Allocation Percentages' option. Click on the 'Edit' button against the year you wish to change, enter the new percentage and click on 'Update'. The allocation for the latest year of account cannot be updated directly; it is a balancing figure bringing the total allocations to 100%.

When you are satisfied with the allocation for each year, click on 'Maintain' in the menu options and click on the 'Recalculate' button to update the pack.

Updating form 70.20 for reinsurance recoveries:

This form allows 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 and meets the definition of "insure in Canada a risk". Guidance on the definition of "reinsure in Canada a risk" is given in Appendix 5 of the Market bulletin.

Upon entering form 70.20, which has to be completed by year of account, a list of reinsurers can be viewed by clicking on the 'View' icon (pair of binoculars). A reinsurer can be selected by clicking in the check box next to it and then clicking on the 'Select' button. The standing data will 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 top box labelled 'Total Including Marine'. After entering the amount, click on the 'Save' button. Please ignore any reference to form 70.22, this is now obsolete.

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

Updating contact details:

To amend these details (which do not appear in the packs) click on the Edit button. You can then over-type the contact name and telephone number for the syndicate. Click on the update button to save the changes, or click cancel to abandon them.

Calculation and validation rules

Once you have updated the pack, using the agent electronic system, each pack should be recalculated by clicking on the Recalculate button. Once this is complete, click on the Validation link to check whether there are any errors that must be cleared or warnings to be verified.

A control sheet detailing errors and warnings may be printed out by clicking on the PDF symbol next to the Control Sheet form on the syndicate screen.

CANADIAN REPORTING GUIDANCE NOTES - ELECTRONIC "AGENT" SYSTEM QUARTER ENDED 30 JUNE 2011

The narrative for errors is self-explanatory. It shows the nature of the error, the relevant form and line references and the figures that do not agree. Warnings proceeded by the wording 'MUST VERIFY' will require positive confirmation. Until this is done, the system will not allow you to lock the pack. To positively confirm the warnings, click on the Validation link and click on the Select check box then click on Verify. One of the verifications required is a confirmation that the Finance Director has reviewed the pack.

Printing packs

You can print packs or selected pages by clicking on the PDF icon under Quick Links and printing this or by going to the Output menu and making your selections. **Agents should note that prior to locking the pack all printed forms will appear with the word 'draft'. The final pack without the word 'draft' can only be printed once the pack has been locked.**

Return to MF

Once you have updated the packs as far as possible, eliminating all errors and verifying, where required, all warnings, you must lock it to finalise it.

To lock a pack and submit it to Market Finance simply click on the 'Lock' button. Once locked the pack can only be unlocked by Market Finance so please ensure it has been thoroughly reviewed before doing so.

The due date for completing and locking packs is **Monday 1 August 2011**.

Please remember that the cash transfer forms are also due for submission to Settlements and Trust Funds on Thursday 11 August 2011. Funding of deficits (see paragraph 2 of covering letter) will take place on Thursday 18 August 2011.

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

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 RBC asset balances
- 5** Enter any permissible reinsurance recoveries
- 6** Check and complete the cash transfer form in accordance with the rules for currency compliance (see paragraph 2 of covering letter)
- 7** Correct errors and clear validations (to include confirmation of Finance Director's review)
- 8** Submit the update to MF
- 9** Fund the LCTF and the Margin Fund – see paragraph 2 of the main bulletin

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	RBC (see note 2)	To illustrate cash movement during the year
20.12 Investments	Year to date investment flow	No	Combined	RBC (see note 2)	To illustrate investment movement during the year
20.30	Statement of income	No	Combined	Underwriting items from Ins-Sure and Montreal, investment items from RBC	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 40.07, 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
40.07	Summary of investments	No	Combined	RBC (see note 2)	To analyse investments and related income into long and short term
60.20	Premiums and claims	No	Combined	Ins-Sure/Montreal	To show a summary analysis of underwriting data
60.30	Provincial and territorial exhibit of claims incurred including adjustment expenses	No	Combined	Ins-Sure/Montreal	To show claims incurred and adjustment expenses by province
70.20	Reinsurance ceded	Yes	At YoA level and combined	Managing Agent	To allow agents to enter recoverables
80.10	Commission	No	Combined	Ins-Sure/Montreal	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

RBC = RBC Dexia Canada
STFO = Settlement and Trust Fund Operations, Chatham

Notes

1. Premiums, claims, outstanding claims, reserves and brokerage can be adjusted via the 'Underwriting Adjustments' link rather than directly on the forms within the pack.
2. 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 C602, will be available to syndicates in electronic format.
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. 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.
8. 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.
9. See Appendix 1 for the reporting categories output by XIS to MR, together with explanatory notes which mirror those used for US reporting.

10. 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.
11. 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\$
Qualifying category - "I" denotes profit commission which is excluded from the gross premium figures

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\$.

12. 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 C602.

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. 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. This relates to business processed prior to 1/1/2001 and therefore only applies to old claims, old premiums and corrections or cancellations thereof.

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 following 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 code of CDG1 is 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 business.	New codes for Canadian coverholders producing non-Canadian regulated business.	CN

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
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
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
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 to Canadian allowance.	CN
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</u> binding authorities.	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 coverholder, processed outside Scheme Canada.	CR
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 <u>is</u> 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.
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”, 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 “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 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)
	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	) Deductions
	I	PCM	) Deductions
9	I	PCM	) Deductions
	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 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 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 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)

BROKERAGE AND COMMISSIONS (for Treaty and Non-Treaty items) –

2.1 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.

2.2 Profit Commissions (Non-Treaty) - PCM

PAP - Prem Profit Commission) QCat = 'T'
 PRP - Prem Profit Commission)

PCM items are excluded from gross premium figures and are included as a deduction.

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.