

MARKET BULLETIN

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Title	Lloyd's Overseas Returns Fining Policy
Purpose	To advise managing agents of the Overseas Returns Fining Policy for Lloyd's returns
Type	Event
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Lloyd's returns are required to be correctly completed and submitted on time to ensure that overseas reporting obligations are met. Failure to submit a return on time is a serious matter.

The Lloyd's Asia Regulatory Returns and Compliance Reports Fining Policy was introduced in 2013 specifically to address the regulatory returns and compliance reports submitted to Lloyd's Asia and the Monetary Authority of Singapore. The Market Supervision and Review Committee ('MSARC'), which is responsible for Lloyd's fining policy, has extended the existing fining regime to include additional Lloyd's returns, namely:

- Hong Kong Risk Return
- Hong Kong Claim Return
- Australian Reinsurance Pool Corporation (ARPC) Quarterly and Annual Returns
- Quarterly and Annual Non-XIS Returns
- US Trading Quarterly and Annual Regulatory Returns
- Listing of Lloyd's Syndicates as Eligible Surplus Lines Insurers in the United States Annual Return
- Canadian P&C-2
- Canadian Provincial Returns

MSARC has therefore issued the attached new Lloyd's Overseas Returns Fining Policy which incorporates the Lloyd's Asia Regulatory Returns and Compliance Reports Fining Policy.

Further information

If you have any questions, please contact:

Lloyd's International Trading Advice

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Lloyd's Overseas Returns

Fining Policy

This Policy applies to the regulatory returns and compliance reports listed in the Appendix attached to this document ("Returns"). The list of Returns to which this Policy applies may be amended by MSARC from time to time.

It is a requirement of the Council of Lloyd's under this Policy that Returns, whether required to be filed with Lloyd's or an overseas regulator, are correctly completed and submitted on time.

Whilst Returns may be submitted by Service Companies, Coverholders or other entities in respect of business in overseas countries or territories ("Intermediary"), this requirement of Council applies to the Managing Agent who is ultimately responsible in respect of the business to which the Return relates.

Failure to submit a Return on time is a breach of this Policy and may therefore result in a fine being imposed by Lloyd's.

Lloyd's may also recoup any fine imposed on it by an overseas regulator as a result of the late submission of a Return.

Restitution of fines imposed by an overseas regulator on Lloyd's

Lloyd's will require a Managing Agent in accordance with paragraph 5 of the Overseas Underwriting Byelaw to pay to Lloyd's directly or reimburse Lloyd's in respect of fines which may be imposed upon Lloyd's by an overseas regulator as a result of a failure to meet the deadlines for submission of the Returns.

Lloyd's own fines

In addition to the recouping of any fine imposed by the overseas regulator, MSARC wishes to set out its policy for imposing Lloyd's own fines on a Managing Agent in such cases:

1. Where the Intermediary or Managing Agent has reason to believe that it may be unable to submit a Return on time it must contact the relevant Lloyd's individual at the earliest opportunity in advance of the deadline to discuss the matter. Failure to do so will be a factor Lloyd's will take into account in deciding whether a fine is appropriate.
2. Lloyd's may in its discretion impose a fine in respect of Returns which are submitted by the deadline but are either inaccurate or incomplete. In deciding whether to exercise that discretion MSARC will have regard to whether the Intermediary or Managing Agent itself identified the inaccuracy and brought the matter to Lloyd's attention at the earliest opportunity.
3. Where Lloyd's is satisfied that a fine is appropriate then the following fining regime will be implemented in respect of the late submission of a Return other than where MSARC is satisfied that an alternative fine is appropriate:

Per Return per syndicate – flat fine £5,000

Per Return per syndicate – additional fine per working day late £1,000

Persistent delays will lead to further disciplinary action.

These levels of fines will be annually reviewed by MSARC.

This Policy has been agreed by the Market Supervision and Review Committee.

APPENDIX – LLOYD’S OVERSEAS RETURNS FINING POLICY

Regulatory returns and compliance reports required to be filed with the Monetary Authority of Singapore:

Lloyd’s Asia Monthly Compliance Report
Quarterly Form 1 (Fund Balance Sheet)
Quarterly Form 2 (Fund Profit and Loss Account)
Quarterly Form 3 (Statement of Premiums, Claims and Underwriting Results in respect of General Business)
Annual Unaudited Form 3 (Statement of Premiums, Claims and Underwriting Results in respect of General Business)
Quarterly Selected Income & Expenditure Supplementary Return
Quarterly Lloyd's Asia Return
Quarterly Covering note
Annual Form 1 (Fund Balance Sheet)
Annual Form A1A (Ageing of Outstanding Premiums & Agents' Balances of Service Company)
Annual Form A1B (Statement of Reinsurance Recoverables)
Annual Form A1C (Balance due from Other Insurance Funds/Shareholders Fund/Corporations Related to Syndicate or Service Company)
Annual Form A1D (Breakdown of Other Assets)
Annual Form A1E (Balance due to Other Insurance Funds/Shareholders Fund/Corporations Related to Syndicate or Service Company)
Annual Form A1F (Breakdown of others)
Annual Form A1G (Surplus)

Annual Form A1H (Information in respect of reduction in unearned premium reserves due to reinsurance ceded to reinsurers in respect of General Business)
Annual Form 2 (Fund Profit and Loss Account)
Annual Form A2A (Outward Reinsurance Premiums)
Annual Form A2B (Investment Revenue)
Annual Form A2C (Breakdown of Other Income)
Annual Form A2D (Management Expenses)
Annual Form A2E (Breakdown of Other Expenses)
Annual Form 3 (Statement of Premiums, Claims and Underwriting Results in respect of General Business)
Annual Lloyd's Asia Return
Annual Covering Note
Annual Form 4(a) (Claims Payments (net basis))
Annual Form 4(b) (Claims Liabilities (net basis))
Annual Form 4(c) (Earned/written Premiums & IBNR Reserves (net basis))
Annual Form 5 (Certificate on the Accounts of the General Business (revised Director's certificate))
Annual Form 6 (Report of the Auditor Appointed to Audit the Accounts of the General Business)
Annual Form 7 (Auditor's Supplementary Report)
Annual Service Company Accounts
Annual Loss Reserves – Lloyd's Asia Business Managing Agent's Report

Annual Statement of Actuarial Opinion
Annual Syndicate Actuarial Report
Annual Syndicate Report & Accounts

Regulatory Returns required to be filed with Lloyd's:

Hong Kong Risk Return
Hong Kong Claim Return
Australian Reinsurance Pool Corporation (ARPC) Quarterly Return
Australian Reinsurance Pool Corporation (ARPC) Annual Return
Quarterly Non-XIS Returns
Annual Non-XIS Return
US Trading Quarterly and Annual Regulatory Return
Listing of Lloyd's Syndicates as Eligible Surplus Lines Insurers in the United States Annual Return
Canadian P&C-2
Canadian Provincial Returns