

# MARKET BULLETIN

REF: Y4951

<b>Title</b>	Solvency II Pillar 3
<b>Purpose</b>	1.To remind managing agents of reporting requirements 2.To inform managing agents of test run for ASR249,250 and 252 reporting
<b>Type</b>	Event
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<b>Date</b>	18 December 2015
<b>Deadline</b>	3 June 2016

## **1. To remind managing agents of reporting requirements**

In order to meet the reporting requirements for Solvency II Pillar 3, there is a requirement that managing agents are able to collect specific data from their coverholders and TPAs.

If managing agents have already instructed their coverholders and TPAs to adopt the Lloyd's Coverholder Reporting Standards then there is no further requirement as all required data fields are contained within those standards.

For those coverholders and TPAs that are not reporting in accordance with Lloyd's Coverholder Reporting Standards, managing agents need to ensure that the following data is reported to them as a minimum from January 2016.

With respect to risks and premiums; the coverholder will need to provide details of the sum insured, the total premium and the class of business, and any currency information.

With respect to claims; the coverholder or TPA will need to provide details of the claim reference, the status of the claim, the class of business, the indemnity paid this month and any indemnity reserves; and any currency information.

Further details of these requirements are provided in appendix 1 and 2two below.

In addition managing agents are expected to either know or be able to calculate the UMR, original signing number and date, year of account, slip type, coverholder name and risk and FIL codes.

Appendix 1 – risk and premium requirements

References given below refer to Lloyd's Coverholder Reporting Standards User Guide

<http://www.lloyds.com/~media/files/the%20market/i%20am%20a/coverholders/reporting%20standards/coverholder%20reporting%20standards%20user%20guide%20v4.pdf>

**Class of business, risk code and section no** (mandatory for coverholder to provide one of these)

Binder section no – CR0007 - page 75 user guide

The number of the section from the binding authority contract which authorises this class of business to be written.

Lloyd's risk code – CR0016 – page 76 user guide

Lloyd's categorises information on risks and premiums using a series of risk codes. If you are familiar with these, then please specify the risk code for this transaction.

[http://www.lloyds.com/The-Market/Operating-at-Lloyds/Resources/Risk\\_codes](http://www.lloyds.com/The-Market/Operating-at-Lloyds/Resources/Risk_codes)

Class of business – CR0017 – page 76 user guide

A free text description of the class of business

**Sum insured currency and amount**

Sum Insured – Currency CR0051 – page 83 user guide

The currency in which the sum insured is expressed. It is recommended that the ISO 4217, 3 letter alphanumeric currency codes are used. More details can be found here:-

[http://www.iso.org/iso/home/standards/currency\\_codes.htm](http://www.iso.org/iso/home/standards/currency_codes.htm)

Sum Insured – Amount CR0052 – page 83 user guide

The total amount of the sum insured expressed in the sum insured currency. EIOPA (the European Insurance and Occupational Pensions Authority, one of the three European Supervisory Authorities) has defined the Sum Insured as the highest amount that the insurer can be obliged to pay out before taking into account possible original deductible of the policyholder.

**Total premium, sum of instalments – CR0021 – page 76 user guide**

The total gross premium which is being paid, that is the sum of premiums being paid as instalments before any additions or deductions. This should be expressed in the original currency. This should exclude any terrorism premium such as US TRIA or fees which are being shown as separate transactions – see comments re gross premium. Any premiums for endorsements should be excluded. Any fees or interest charged for paying by instalments should be excluded.

## Appendix 2 – claims requirements

References given below refer to Lloyd's Coverholder Reporting Standards User Guide

<http://www.lloyds.com/~media/files/the%20market/i%20am%20a/coverholders/reporting%20standards/coverholder%20reporting%20standards%20user%20guide%20v4.pdf>

### Claim reference – CR0104 page 91 user guide (mandatory)

Note - there is no other claim reference. The unique claim reference for the claim being reported, this is normally generated by the coverholder or TPA.

**Class of business, risk code and section no** (mandatory for coverholder to provide one of these)

Binder section no – CR0007 - page 75 user guide

The number of the section from the binding authority contract which authorises this class of business to be written.

Lloyd's risk code – CR0016 – page 76 user guide

Lloyd's categorises information on risks and premiums using a series of risk codes. If you are familiar with these, then please specify the risk code for this transaction.

[http://www.lloyds.com/The-Market/Operating-at-Lloyds/Resources/Risk\\_codes](http://www.lloyds.com/The-Market/Operating-at-Lloyds/Resources/Risk_codes)

Class of business – CR0017 – page 76 user guide

A free text description of the class of business

### Claim status – CR0105 – page 91 user guide

The status of the claim as a result of the transaction. This can be one of the following:

- > Open
- > Open – Coverage agreed
- > Open – Amount agreed
- > Open – Claim paid, fees outstanding
- > Open – Fees paid, claims outstanding
- > Open – Claim and fees paid
- > Closed
- > Closed this month
- > Re-opened
- > Closed but Subrogation/Recovery being pursued
- > Withdrawn

(Withdrawn - Any claim where the policyholder has discontinued part or all of their claim)

### Original currency – CR0109 – page 92 user guide

The currency in which the claim will be paid to the claimant. It is recommended that the ISO 4217, 3 letter alphanumeric currency codes are used. More details can be found here:-

[http://www.iso.org/iso/home/standards/currency\\_codes.htm](http://www.iso.org/iso/home/standards/currency_codes.htm)

### Paid this month – indemnity – CR0126 – 93 user guide

The amount of the claim that is to be collected from the Lloyd's syndicate this month.

### Reserve indemnity – CR0130 – page 93 user guide

The amount outstanding which the coverholder or TPA still expects the Lloyd's syndicate to pay out in respect of the claim or claim item.

## **2. To inform managing agents of test run for AS249, 250 and 252 reporting**

Lloyd's is developing a process to assist the market in discharging its reporting obligations under Solvency II Pillar 3 with respect to the following forms which are due first to be submitted by Lloyd's to the PRA in May 2017 for the 2016 reporting period, and each subsequent year:

ASR 249 Movement of reported but not settled (RBNS) claims

ASR 250 Loss distribution profile (non-life)

ASR 252 Underwriting risks (non-life) – mass risks

This process will only apply to business processed through Xchanging and it will apply 'live' from 2017, initially in respect of the 2016 reporting year. To support this process managing agents must complete and submit the forms at Appendix A (claims) and B (risks) for all their syndicate's **lead** risks and claims that are processed through Xchanging in a block (referred to below as 'blocked data').

A test of this process is to be run in Q2 2016. These are the steps that must be followed for this test run:

### **Step 1 – by 3 June 2016**

Managing agents submit the forms at Appendix A and B for the following blocked data:

Appendix A All lead claims open at 31 December 2015 and all subsequent claims movements from 1 January 2016 until 31 March 2016

Appendix B All risks written between 1 January 2016 to 31 March 2016

### **Step 2 – by 30 June 2016**

Managing agents must collect from the central database lead and follow data for all Xchanging business, both blocked and non-blocked.

### **Step 3 – by 29 July 2016**

Managing agents to combine Xchanging data with non-Xchanging data and submit combined data to Lloyd's.<sup>1</sup>

Managing agents should note that the time frame for the live reporting in 2017 is likely to be as follows<sup>2</sup>

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<sup>1</sup> The method for delivery and collection of data will be communicated to managing agents by 29 January 2016.

<sup>2</sup> The live timetable is subject to variation depending on the findings from the test run. The timetable for 2018 and following will be different.

Step 1	Lead syndicates submit standard format (see Appendix A and B) to central data base for Xchanging risks and claims	14 February 2017
Step 2	Managing agents collect lead and follow data from the central database	14 March 2017
Step 3	Managing agents submit to Lloyd's combined Xchanging and non-Xchanging data within ASR249, ASR250 and ASR252	6 April 2017

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**Appendix A - blocked claims data ASR 249 and 250**

UMR/OSND	SII LOB	YO A	Claim status at 31/12/2015	Claim Status at 31/12/2016	Paid movement in Year	Number of claims	Gross OS Claims as at 31/12/15	Non-Cumulative paid claims during 2016	Gross OS Claims as at 31/12/16
For Each UMR/OSND	For Each Line of Business (given by Risk Code)	Loss Distribution Indicator	For Each YoA	Closed	Closed	No			
				Closed	Closed	Yes			
				Closed	Open	No			
				Closed	Open	Yes			
				Open	Closed	No			
				Open	Closed	Yes			
				Open	Open	No			
				Open	Open	Yes			
				Reported in year	Closed	No			
				Reported in year	Closed	Yes			
				Reported in year	Open	No			
				Reported in year	Open	Yes			

Note that these forms must be completed in GBP for each:

- Unique Market Reference at Original Signing Number and Date level
- SII line of business (risk code mappings to be provided in due course)
- Year of account
- Each 'loss distribution indicator', ie Incurred Claim Banding: **GBP 0-20m at GBP1m increments, and GBP20m+**

**In order to complete this form managing agents will need to obtain the following data in relation to all claims reported on a bordereau and/or processed through Xchanging in a block:**

- Coverholder or TPA Name
- Unique Market Reference
- Broker/TPA/coverholder claim reference
- Risk code
- Claim status
- Paid this Month – Indemnity (including indemnity fees)
- Reserve indemnity (including indemnity fees)
- Year of account

Original Signing Number and Date

**Appendix B - ASR 252**

UMR	SII LOB	Sum Insured Bucket	Number of underwriting risks	Total sum insured	Total annual premium
For Each UMR	For Each Line of Business (given by Risk Code)	For each sum insured bucket			

Note that this form must be completed for the 2016 year of account for each:

- Unique Market Reference at Original Signing Number and Date level
- SII line of business (risk code mappings to be provided in due course)
- Sum insured bucket

**In order to complete this form managing agents will need to obtain the following data in relation to all risks reported on a bordereau:**

- UMR
- Syndicate Reference
- Underwriting Year
- Risk Code
- Sum Insured
- Premium
- OSND