

MARKET BULLETIN

REF: Y5022

Title Non-XIS Overseas Business Return (Canada, Australia and South Africa)

Purpose Instructions for submission of returns

Type Scheduled

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Date Thursday 22 September 2016

Deadline Tuesday 11 October 2016

Related links <http://www.lloyds.com/Thhttps://securestore.lloyds.com/sites/mf/mf05/MF05LIB01/>
<http://www.lloyds.com/~media/files/the%20market/communications/market%20bulletins/2014/12/y4843.pdf#search='Y4843'>

Please copy this bulletin to those within your organisation who are responsible for completing and reviewing the returns for overseas business processed outside of XIS and LDR (Non-XIS overseas business).

Recalculation of Lloyd's Canadian, Australian and Lloyd's South African Trust Funds – 30 September 2016

The funding requirements for the Lloyd's Canada Trust Fund (LCTF), Lloyd's Australia Trust Fund (LAusTF) and the Lloyd's South African Trust Fund (LSATF) will be recalculated as at 30 September 2016. Any business not processed through XIS or captured by Lloyd's Direct Reporting (LDR), for any class underwritten in any of these territories must be recorded on the forms available for download at the link above, in accordance with the instructions attached at Appendix 1.

The collection of Canadian regulated business not processed through XIS or LDR has been added into this process to be in a consistent format and at a consistent point in time with Australia and South Africa.

These returns are subject to the Lloyd's Overseas Returns Fining Policy (see Market Bulletin Y4843, dated 1 December 2014) and should be submitted electronically via E-mail to Lloyds-MR-OverseasReporting@lloyds.com.

The date for submission of these returns is 11 October 2016.

All data must be in original currency. Please ensure that any currencies reported are shown as a 3 letter alphanumeric currency code based on ISO 4217 e.g. AUD, CAD GBP, USD, ZAR.

If you have any queries on Canada, please contact Kishan Patel Lloyd's extension +44 (0)20 7327 5080. For queries on South Africa or Australia please contact me on Lloyd's extension +44 (0)20 7327 5490 or Hayley Youles +44 (0)20 7327 5299.

Nil returns are only required if you submitted figures last quarter and now have no data to report.

Further information on Lloyd's overseas trading arrangements is available on Crystal and can be found at <http://www.lloyds.com/Crystal/CrystalSearch.aspx>.

General queries relating to Lloyd's trading arrangements in these territories should be addressed to:

Lloyd's International Trading Advice
Ground Floor
Underwriting Room
Telephone: 020 7327 6677
Email: LITA@lloyds.com
www.lloyds.com

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**Lloyd's trading arrangements in Canada, Australia and South Africa:
Collection of information relating to relevant Canadian, Australian and South African
business not processed through XIS or Lloyd's Direct Reporting (LDR)**

Returns as at 30 September 2016 - Instructions

General

- 1 Syndicates must report details in respect of relevant Canadian, Australian and South African business **not** processed through XIS or LDR. This is to enable Lloyd's to recalculate the funding requirements for the Lloyd's Australia Trust Fund and the Lloyd's South African Trust Fund as at 30 September 2016.
- 2 **Forms Can16Q3, Aus16Q3 and SA16Q3 are available for download at the link shown in the heading of this bulletin. They must be submitted in spreadsheet format to enable direct upload into the reporting database.** If you have difficulty in downloading these forms, please contact Hayley Youles.
- 3 Details of the information specifically required in respect of Canadian, Australian and South African business are set out below.
- 4 The managing agent's report included with each return must be completed. Whilst the returns are not audited, they are subject to the Overseas Returns Fining Policy.
- 5 The returns should be submitted electronically via e-mail to Lloyds-MR-OverseasReporting@Lloyds.com. Please name the submitted files [SyndXXXX16Q3Cad](#), [SyndXXXX16Q3Aus](#) or [SyndXXXX16Q3SA](#) where "XXXX" is the syndicate number.
- 6 **The date for submission of these returns is Tuesday 11 October 2016.**

Canada

- 1 The funding requirement for the Lloyd's Canadian Trust Fund (LCTF) is due to be recalculated as at the current period end. Managing agents are reminded that it is their responsibility to ensure that the electronic packs they return to International Finance also include transactions which have **not been processed through XIS or LDR**; you must ensure that adjustments are made to add in these items to the electronic pack in addition to providing relevant data as set out below.
- 2 This process of data collection is just a formalisation of the usual data requested in previous quarters for Canadian regulated business that is **not processed through XIS or LDR**. This approach allows data to be collected from managing agents in a consistent format at a consistent point in time.
- 3 Any contract or policy of insurance or reinsurance which satisfies the FIL codes listed in the Syndicate Reconciliation Instructions file [Reconciliation Instructions](#) or Trust Fund code CR, in relation to **all currencies**, are considered Canadian regulated policies and must be reserved for in the LCTF.
- 4 To ensure the appropriate funding of the Canadian Trust Funds as at quarter-end, please report the following information on Form Can16Q3 (see link in heading of bulletin) only in respect of business **not processed through XIS or LDR** and which satisfies the definition in 3 above:
 - (i) **For all years of account from 1993 onwards: cumulative** premiums, net of brokerage (and commission) and gross of reinsurance ceded, analysed by:
 - Current syndicate
 - Original year of account
 - Transaction type (Direct/Reinsurance)
 - Risk code
 - Original currency
 - (ii) **For all years of account from 1993 onwards: cumulative** gross paid claims and gross known outstanding claims (excluding IBNR) as at the current period end analysed by:
 - Current syndicate
 - Original year of account
 - Transaction type (Direct/Reinsurance)
 - Risk code
 - Original currency of claim

Further information on how to interpret the definition and apply it to individual risks and the Trust Fund arrangements can be found on Crystal at <http://www.lloyds.com/Crystal/CrystalSearch.aspx>

Australia

- 1 The funding requirement in respect of the Lloyd's Australia Trust Fund (LAusTF) and the Lloyd's Australia Joint Asset Trust Fund No. 2 (LAusJATF2) is due to be recalculated as at the current period end, although only the LAusTF will be adjusted this quarter.
- 2 Any contract or policy of insurance or reinsurance which satisfies the following definitions is considered an Australian policy and must be reserved for in the Lloyd's Australia Trust Fund (LAusTF) and the Lloyd's Australia Joint Asset Trust Fund No. 2 (LAusJATF2):
 - Real property, fixtures or buildings located in Australia;
 - Any other property of any kind (including but not limited to ships, aircraft, yachts and other moveable property) and any other risk of any kind where:
 - The insured is a body corporate and has a registered office or principal place of business in Australia;
 - The insured is a natural person who has a residential address or place of business in Australia

Where the currency in which the contract or policy is expressed and in which the premium is paid is Australian dollars.

Reinsurance

- The registered office of the ceding company which has reinsured with the relevant underwriter is in Australia;
- A contract made with or through a branch office in Australia of a ceding company, where the ceding company is incorporated out of Australia.

Where the currency in which the contract or policy is expressed and in which the premium is paid is Australian dollars.

The following are excluded from the reserving requirements for the Australian Trust Funds:

- (a) 1992 and prior business and any later business which has been reinsured by Equitas; and
 - (b) Policies where the currency in which the contract or policy is expressed and in which the premium is paid is not Australian dollars.
- 3 Further information on how to interpret the definition and apply it to individual risks and the Trust Fund arrangements can be found on Crystal at <http://www.lloyds.com/Crystal/CrystalSearch.aspx>.
 - 4 To ensure the appropriate funding of the Australian Trust Funds as at quarter-end, please report the following information on Form **Aus16Q3** (see link in heading of

bulletin) only in respect of business **not** processed through XIS or LDR and which satisfies the definition outlined in 2 above:

- (iii) **For the 2014, 2015 and 2016 pure years of account only (do not include business that has RITC'd into these years of account): cumulative** premiums, net of brokerage (and commission) and gross of reinsurance ceded, as at the current period end analysed by:
 - Originating syndicate year
 - Risk code
 - **Original** currency

- (iv) For all years of account from 1993 onwards, **calendar year** premiums, net of brokerage (and commission) and gross of reinsurance ceded, for the **calendar year to date**, analysed by:
 - Originating syndicate year
 - Risk code
 - **Original** currency

- (iii) **For all years of account (1993 onwards): calendar year** gross paid and gross known outstanding claims (excluding IBNR) as at the current period end analysed by:
 - Originating syndicate year
 - Risk code
 - **Original** currency of claim

South Africa

- 5 The funding requirement for the Lloyd's South African Trust Fund (LSATF) is due to be recalculated as at the current period end.

- 6 Any contract or policy of insurance or reinsurance which satisfies the following definitions are considered South African policies and must be reserved for in the LSATF:

A South African short-term insurance policy is defined as a short-term policy which relates to:

- Risks in respect of immovable property, including buildings, fixtures and other fixed improvements, located in South Africa; or
- Any other risks where:
 - The insured is a natural person resident in South Africa; or
 - In any other case, the insured has its registered office or principle place of business in South Africa; and

- Reinsurance contracts where the reinsured has its registered office in South Africa.

A 'short-term' policy is defined in Section 1 of the Short-Term Insurance Act 1998 ('the Act') as "an engineering policy, guarantee policy, liability policy, miscellaneous policy, motor policy, accident and health policy, property policy or transportation policy or a contract comprising a combination of any of those policies and includes a policy whereby any such contract is renewed or varied". For the respective definitions of the above-mentioned policies, reference should be made to Section 1 of the Act.

7 In connection with the above, you are asked to report the following information on **Form SA16Q3** (see link in heading of bulletin):

- (i) **Gross known outstanding claims (excluding IBNR)** as at 30 September 2016, analysed by **original currency** of outstanding claim; **and**
- (ii) **Premiums, net of brokerage (and commission) and gross of reinsurance ceded**, written during the 12 month period 1 October 2015 to 30 September 2016, analysed by **original currency**.

Analysis at risk code level is **NOT** required for Form SA16Q3.

Further notes on how to interpret this definition and apply it to individual risks can be found on Crystal at <http://www.lloyds.com/Crystal/CrystalSearch.aspx>.