

# Market Bulletin

Ref: Y5142

**Title** Non-XIS Return for 2017: Business not processed through Xchanging or via the Lloyd's Direct Reporting process

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**Purpose** To arrange the collection of all premiums and claims data relating to the 2017 calendar year, where the transactions to which these relate were not processed through Xchanging or via the Lloyd's Direct Reporting (LDR) process.

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**Type** Scheduled

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**From** Steve Yates, Senior Manager, International Reporting, International Regulatory Affairs  
Risk & Regulatory

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**Date** 12 December 2017

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**Deadline** 1. 21 December 2017 for the initial response to confirm whether or not any business has been processed outside Xchanging or LDR.  
2. 19 January 2018 for the electronic submission of the Non-XIS Return

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## Related links

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## Action required

**All** syndicates must confirm whether or not they have any data to report from transactions that were not (or will not be) processed through Xchanging or Lloyd's Direct Reporting (LDR). Confirmation should be provided by email to [joel.williamson@lloyds.com](mailto:joel.williamson@lloyds.com) no later than **Thursday, 21 December 2017**. Please note **all** syndicates must respond, including those in run-off.

Those managing agents who advise that their syndicates have processed business outside of Xchanging and LDR during 2017 will be required to submit the Non-XIS Return through Lloyd's Secure Store (see below for further information). Syndicates have until **Friday, 19**

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**January 2018** to submit the completed Return. It is important that the submission deadline is adhered to by syndicates in order for Lloyd's to continue to meet its external regulatory reporting obligations.

## **Background**

To comply with Lloyd's legal obligations to report business to overseas supervisory and fiscal authorities, Lloyd's requires accurate and complete financial data about the business of Lloyd's underwriters.

The requested information is important for maintaining Lloyd's trading status. Lloyd's uses the information to meet prudential obligations worldwide. In addition, the report is required to calculate the annual UK VAT global market recovery figures and provide an audit trail for HMRC.

Managing agents should note that to ensure tax due on insurance business reported on the Non-XIS Return is declared on time it must be advised to Lloyd's Taxation department when the business is written during the year. Manual procedures are available to capture this data but it is important that managing agents contact Lloyd's Tax Department directly if they believe they have any tax to declare. In respect of declarations of Swiss stamp duty, please be advised that managing agents will be required to submit copies of relevant policy documents to Lloyd's Switzerland if the business has not already been reported to Lloyd's Switzerland by a local broker.

Whilst most transactional data is available from Xchanging, Lloyd's only source of information about business not processed through this route or LDR is by collecting it directly from syndicates via the Non-XIS Return.

## **Changes to the Non-XIS Return**

Historically the Non-XIS Return was designed for low volume ad hoc business or business in run-off where this business had not been processed by Xchanging. However, the growing number of managing agents reporting business through this process means it is no longer immaterial.

As such, the Non-XIS Return has become inefficient for regulatory reporting and poses an increased and unacceptable risk to Lloyd's. As a result, Lloyd's is now taking steps towards the run-off and eventual withdrawal of this reporting channel for managing agents.

## **Data required**

On review of the Non-XIS Return for 2016, it is apparent that there is business written through service companies that could be reported through LDR. All new 100% non-cash service company business that is not processed through Xchanging should be processed via LDR. Further details can be found at the end of this bulletin.

The Annual Business Return captures data for the purposes of regulatory reporting for business which is not processed through Xchanging and/or LDR. It is designed to allow premium and claim amounts to be included in Lloyd's regulatory reporting to meet international prudential requirements.

In order to gain insight into the rationale for using the Return, an additional tab has been included which contains a short, **compulsory** survey to be completed by managing agents.

The data required is for original premium, additional premium, return premium, outstanding claims, paid claims and refund transactions processed by syndicates in the 2017 calendar year. This includes transactions relating to all earlier years of account and applies only to inward business. Please also ensure that syndicate service company business is included in the data supplied or, alternatively, it can be reported where applicable through LDR. **Note:** premium data is required for **all countries** from which business has been written to enable Lloyd's Tax Department to calculate the annual UK VAT global market recovery rates. However, claims data is **only required** for those countries listed in Appendix 1.

The data being submitted must **NOT** include the following transactions:

- Business processed (or due to be processed) through Xchanging or LDR.
- Profit commissions and any other non-premium or non-claim miscellaneous accounting entries.
- Outward reinsurance.
- Transactions where a non-cash entry was recorded at Xchanging.
- Claim reserves for fees only, where syndicates are not including these in their reserves for solvency purposes. Where fees are being reserved for in addition to indemnity or expense payments, the fee amount should be included in the figures on the Return.

It should be noted that where data is supplied by syndicates for certain countries where trust fund or audit requirements exist, it may be necessary for Lloyd's to carry out subsequent investigation with the syndicates concerned in order to verify that the correct procedures and settlements have taken place. This is likely to involve requesting a transaction-level supplementary file of data from syndicates to enable further analysis and enquiry.

In addition, it may be necessary to ask syndicates to carry out specific supporting actions to ensure that the business is properly reported at the required level of detail; for example, adjusting US surplus lines trust fund reporting packs or ensuring that the appropriate taxes are paid.

Two new columns have been added to Form A and B of the Non-XIS Return template for 2017. These columns are to be used to record whether a coverholder or service company

has been used and, if so, the PIN of that coverholder or service company. Managing agents have access to PIN information through the BAR system.

### **Secure Store**

Lloyd's Secure Store is a secure web-based facility providing a single, convenient, secure location, where information can be delivered between Corporation departments and market entities.

In preparation for the submission of your Non-XIS Return, please arrange to obtain the relevant access to Secure Store by undertaking the following:

- Establish a Lloyds.com account, if you have not already.
- Once registered with Lloyds.com, you will need to contact your devolved administrator for them to give you the relevant permissions, to access Secure Store. If you are not sure who your devolved administrator is, please contact the Delegated Authorities helpdesk on +44 (0)20 7327 6275 or [coverholders@lloyds.com](mailto:coverholders@lloyds.com).
- Once your devolved administrator has granted you the relevant permissions, please use the following link to access Secure Store: [Access Secure Store](#)
- Please note the 2017 Non-XIS Return template will only be available via the Secure Store facility: 'Non-XIS' – '- Shared Files' – 'Annual Return'.
- The template will be made available on Friday, 15 December 2017.
- Please note Secure Store viewing is at managing agent level, not syndicate level. Your devolved administrator has licence to add associated syndicate users under the managing agent to enable the submission of returns in the managing agent folder.
- A copy of the Secure Store User Guide is available via the Secure Store facility: 'Non-XIS' – '- Shared Files' – 'Annual Return'.

### **Lloyd's Direct Reporting (LDR)**

LDR was launched for 100% non-cash service company business in 2013 and provides an opportunity for managing agents to use LDR to report business that meets LDR requirements and is not processed through Xchanging. All new 100% non-cash service company business that is not processed through Xchanging should be processed via LDR.

Further information, including contact details, can be obtained on the LDR website: <http://www.lloyds.com/the-market/operating-at-lloyds/direct-reporting>

**Further information****Non-XIS Return**

If there are questions on the completion of the Non-XIS Return, please contact:

**Joel Williamson**

Tel: + 44 (0)20 7327 5811

Email: [Joel.Williamson@lloyds.com](mailto:Joel.Williamson@lloyds.com)

**Taxation**

If there are any questions in relation to reporting premium taxes or other taxes, please contact:

**Mary O'Brien**

Tel: +44 (0) 20 7327 6852

Email: [mary.obrien@lloyds.com](mailto:mary.obrien@lloyds.com)

**Charlie Dyer**

Tel: +44 (0) 20 7327 6386

Email: [Charlie.Dyer@lloyds.com](mailto:Charlie.Dyer@lloyds.com)

**Regulatory Reporting Country List**

Antigua & Barbuda	Latvia
Australia	Liechtenstein
Austria	Lithuania
Bahamas	Luxembourg
Barbados	Malta
Belgium	Mauritius
Belize	Namibia
Bermuda	Netherlands
Brazil <sup>1</sup>	New Zealand
British Virgin Islands	Norway
Bulgaria	Poland
Canada	Portugal
Cayman Islands	Romania
Colombia	San Marino
Croatia	Singapore
Cyprus	Slovakia
Czech Republic	Slovenia
Denmark	South Africa
Dominica	South Korea
Estonia	Spain
Finland	St. Kitts & Nevis
France (Metropolitan France - Including CUs <sup>2</sup> , DOMs <sup>3</sup> , Saint Martin & Saint Barthelemy)	St. Lucia
Germany	St. Vincent & Grenadines
Gibraltar	Sweden
Greece	Switzerland
Grenada	Trinidad & Tobago
Hong Kong	UK
Hungary	US Minor Outlying Islands
Iceland	US Virgin Islands licensed
Ireland	US – Illinois licensed
Israel	US – Kentucky licensed
Italy	US – other states
Jamaica	Vanuatu
Japan <sup>4</sup>	Zimbabwe

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<sup>1</sup> Reinsurance only

<sup>2</sup> CUs - French Guiana, Martinique and Mayotte

<sup>3</sup> DROMs - Guadeloupe and Reunion

<sup>4</sup> Only in respect of business meeting the requirements of Market Bulletin Y4607