

Market Bulletin

Ref: Y5162

Title	Non-XIS Overseas Business Return (Canada, Australia, South Africa, Switzerland and New Zealand)
Purpose	Instructions for submission of returns to capture data processed outside of XIS and LDR
Type	Scheduled
From	Leslie Redmond, Manager, International Finance, Market Finance Direct Tel No: +44 (0)20 7327 5490 E-mail: leslie.redmond@lloyds.com
Date	5 March 2018
Deadline	10 April 2018
Related links	SecureStore Lloyd's Fining Policy 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).

The date for submission of these returns is 10 April 2018. They must be submitted electronically using SecureStore.

Failure by any one syndicate to provide data by this deadline jeopardises Lloyd's ability to meet external regulators' deadlines for the entire market. Hence, these returns are subject to the Lloyd's Overseas Returns Fining Policy (see Market Bulletin Y4843, dated 1 December 2014.)

It is very important that the forms are completed and submitted by the due date. We will take action against agents that miss this deadline. Agents should bear this in mind when planning the completion and submission of the required forms.

Where a Managing Agent has reason to believe that it may be unable to meet the due date it must contact us 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.

In addition to any fines the overseas regulators may impose, Lloyd's may at 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, the Market Supervision and Review Committee (MSARC) will have regard to whether the Managing Agent itself identified the inaccuracy and brought the matter to Lloyd's attention at the earliest opportunity.

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.

Recalculation of Lloyd's Canadian, Australian and South African Trust Funds, Swiss Bound Assets and reporting of Lloyd's New Zealand regulated liabilities – 31 March 2018

The funding requirements for the Lloyd's Canada Trust Fund (LCTF), Lloyd's Australia Trust Fund (LAusTF), Lloyd's South African Trust Fund (LSATF) and Lloyd's Swiss Bound Assets will be recalculated as at 31 March 2018. Furthermore, the valuation of Lloyd's New Zealand regulated liabilities will be recalculated to be reported as at 31 March 2018. 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.

This is the first quarter for which this data is being requested for the territories of Switzerland and New Zealand.

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, CHF, NZD.

Please check the correctness of the data prior to submission as resubmissions after the deadline will be regarded as late.

If you have any queries on Canada, please contact Kishan Patel Lloyd's extension +44 (0)20 7327 5080. For queries on Switzerland or New Zealand, please contact Emma Potter Lloyd's extension +44 (0)20 7327 5654. 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

Leslie Redmond
Manager, Overseas Reporting
Market Finance

Appendix 1

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

Returns as at 31 March 2018 - Instructions

General

- 1 Syndicates must report details in respect of relevant Canadian, Australian, South African, Swiss and New Zealand 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, the Lloyd's Canadian Trust Fund, the Lloyd's South African Trust Fund and Lloyd's Swiss Bound Assets and the reporting requirement for the Lloyd's New Zealand regulated liabilities as at 31 March 2018.
- 2 **Forms Can18Q1, Aus18Q1, SA18Q1, Sw18Q1 and NZ18Q1 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, South African, Swiss and New Zealand business are set out below.
- 4 The managing agent's report included with each return must be completed. Whilst the forms show Finance Director, if they are not available or another director is more appropriate please annotate the form accordingly.
- 5 The data collected feeds into returns which are subsequently audited. Therefore they must be correct and on time. They are subject to the Overseas Returns Fining Policy.
- 6 The returns should be submitted electronically via SecureStore. Please name the submitted files "SyndXXXX18Q1Cad", "SyndXXXX18Q1Aus", "SyndXXXX18Q1SA", "SyndXXXX18Q1Sw" or "SyndXXXX18Q1NZ" where "XXXX" is the syndicate number.
- 7 **Please note all returns must be submitted as an Excel file so that we can upload them into our databases. We also require pdf scanned versions with signatures.**
- 8 **The date for submission of these returns is Tuesday 10 April 2018.**

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 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.
- 3 To ensure the appropriate funding of the Canadian Trust Funds as at quarter-end, please report the following information on Form Can17Q4 (see link in heading of bulletin) only in respect of business **not processed through XIS or LDR** and which satisfies the definition in 2 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 **Aus17Q4** (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 2016, 2017 and 2018 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

Additional information required:

1. Where there has been a movement in calendar year premiums for the three most recent years of account please ensure that it is consistent with the movement in cumulative premiums (and vice-versa).
2. Where there has been a large paid loss and no/little movement in outstanding claims, or where there has been a large movement in outstanding claims and little/no movement in paid losses please provide an explanation.

South Africa

- 1 The Non-XIS collection for South Africa is now under the new basis of reporting to remove the requirement to submit two versions of the same dataset.
- 2 The funding requirement for the Lloyd's South African Trust Fund (LSATF) is due to be recalculated as at the current period end.
- 3 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.

- 4 In connection with the above, you are asked to report the following information on **Form SA18Q1** (see link in heading of bulletin) by original syndicate year of account:
 - (i) **Gross known outstanding claims (excluding IBNR) as at 31 March 2018 and gross claims paid during the quarter period 1 January 2018 to 31 March 2018, analysed by**
 - Insurance type
 - Risk code
 - Date first advised
 - Claim reference
 - Claim status
 - Original currency
 - (ii) **Premiums, gross of brokerage (and commission) and gross of reinsurance ceded, and Premiums, net of brokerage (and commission) and gross of reinsurance ceded written during the quarter period 1 January 2018 to 31 March 2018, analysed by**
 - Insurance type
 - Risk code
 - Original currency

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>

Switzerland

- 1 The Non-XIS collection for Switzerland is being undertaken for the first time as at 31st March 2018 to ensure completeness of the funding for this territory.
- 2 The funding requirement for the Lloyd's Swiss Bound Assets is due to be recalculated as at the current period end.
- 3 Any contract or policy of insurance which satisfies the following definition is considered Swiss policies and must be reserved for in the Lloyd's Swiss Bound Assets:

A Swiss policy is defined as a short-term policy which relates to:

- The policyholder (a natural or legal person) is domiciled or residing in Switzerland, or
- The contract insures a person (a natural or legal person) domiciled or residing in Switzerland, or
- The contract insures property situated in Switzerland (this includes vehicles, aircraft and ships that are generally operating in or physically present in Switzerland).

- 4 In connection with the above, you are asked to report the following information on **Form Sw18Q1** (see link in heading of bulletin) by original syndicate year of account:
 - (i) **For all years of account from 1993 onwards: gross known Outstanding claims (excluding IBNR) and cumulative gross claims Paid** as at the current period end, analysed by
 - Original syndicate
 - Original year of account
 - Insurance type
 - Risk code
 - Original currency
 - Claim reference
 - Claim status
 - (ii) **For all years of account from 1993 onwards: Cumulative Premiums**, gross of brokerage (and commission) and gross of reinsurance ceded, and **Cumulative Premiums, net of brokerage** (and commission) and gross of reinsurance ceded, analysed by
 - Original syndicate
 - Original year of account
 - Insurance type
 - Risk code
 - Original currency

New Zealand

- 1 The Non-XIS collection for New Zealand is being undertaken for the first time as at 31st March 2018 to ensure completeness of the regulatory reporting for this territory.
- 2 The valuation of the Lloyd's New Zealand regulated liabilities is due to be recalculated as at the current period end.
- 3 Any contract or policy of insurance or reinsurance which satisfies the following definitions are considered New Zealand regulated business and the reserves for which must be reported as part of Lloyd's regulatory returns:

A New Zealand contract is taken to mean any contract or policy of insurance where:

- Any risks where the address or principal office of the insured is in New Zealand
- The insured person is resident inside New Zealand
- The contract is entered into for the purposes of a business carried on by the person in New Zealand through a fixed establishment in New Zealand.

Whereas a New Zealand reinsurance contract means any contract or policy of reinsurance where:

- The registered office of the ceding company that has reinsured with Lloyd's underwriters is in New Zealand
- The ceding company that has reinsured with Lloyd's underwriters is not incorporated in New Zealand, but the contract is made with a branch office in New Zealand of that company.

- 4 In connection with the above, you are asked to report the following information on **Form NZ18Q1** (see link in heading of bulletin) by original syndicate year of account:
 - (i) **For all years of account from 1993 onwards: gross known Outstanding claims (excluding IBNR) and cumulative gross claims Paid** as at the current period end, analysed by
 - Original syndicate
 - Original year of account
 - Insurance type
 - Risk code
 - Original currency
 - Claim reference
 - Claim status
 - (ii) **For all years of account from 1993 onwards: Cumulative Premiums**, gross of brokerage (and commission) and gross of reinsurance ceded, and **Cumulative Premiums, net of brokerage** (and commission) and gross of reinsurance ceded, analysed by
 - Original syndicate
 - Original year of account
 - Insurance type
 - Risk code
 - Original currency