

# Market Bulletin

Ref: Y5250

<b>Title</b>	New Spanish Consorcio (Tax) Reporting Requirements
<b>Purpose</b>	To advise Lloyd's underwriters, brokers and coverholders of new Consorcio reporting requirements for Spain
<b>Type</b>	Event
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<b>Date</b>	2 May 2019
<b>Deadline</b>	1 June 2019

Lloyd's Underwriters and Lloyd's Brussels have an obligation to report Spanish Consorcio charges collected from policyholders to the Consorcio Compensacion de Seguros (CCS). The CCS acts as a catastrophe insurer compensating losses arising from a number of natural perils, e.g. floods, earthquakes etc., which occur in Spain.

From 1 January 2019, the CCS has introduced a new online reporting tool and requires all insurers covering Spanish risks to report, at individual policy level, any Consorcio charges due. This is a fundamental change, as Consorcio charges were previously reported by risk type at Lloyd's Market level. The new tool also requires the postcode of the location of the Spanish risk(s) to be captured for each individual policy.

As the postcode of the location of the risk is not currently captured by Lloyd's, the reporting of this information will become mandatory from **1 June 2019**.

## Coverholder Business – Lloyd's Brussels

Spanish risks bound by coverholders are reported to Lloyd's Brussels via DA SATS. From 1 June 2019 the tax amounts, the tax rate and the postcode of the Spanish location of the risk must be reported in DA SATS via the bordereau for all Spanish risks. Any Spanish risk that does not include the required details will be rejected. To comply with the Spanish reporting

requirements, please ensure all bordereaux are reported in DA SATS in a timely fashion. Please refer to **Appendix 2** for important information regarding the mandatory reporting requirements for Lloyd's Brussels.

The Coverholder Reporting Standards will be updated to include the mandatory fields not already in Section 13 for Lloyd's Brussels.

### **Coverholder Business – Lloyd's Underwriters**

All policies written under a binding authority which cover Spanish risks must include certain mandatory information, details of which are set out in **Appendix 3**.

### **Open Market Placements – Lloyd's Brussels or Lloyd's Underwriters**

Xchanging have been instructed to record the postcode of the location of the risk for all open market placements covering Spanish risk.

It is the responsibility of the Lloyd's underwriter and Lloyd's broker to ensure that, for risks located in Spain, the postcode of the location of each Spanish risk is recorded in the tax section of the insurance documentation or tax schedule presented to Xchanging.

Additional premiums and return premiums attaching to policies incepting before 1 January 2019 should be processed with the additional information requirements.

After 1 June 2019, failure to provide the required information will result in Xchanging querying the work package, leading to potential delays to the business and premium being processed.

### **Further information**

The business reported to the CCS for the period 1 January to 31 May will need to be amended in line with the requirements of the new system by Lloyd's Tax Department.

Appendix 1 provides guidance on how to assign the postcode to the risk location depending on the type of risk being covered.

Appendix 2 sets out the additional information that must be reported on the bordereau for Lloyd's Brussels policies.

Appendix 3 sets out the additional information that must be reported on the bordereau for Lloyd's Underwriters policies.

For further guidance on the application of Spanish Consorcio please consult Lloyd's Crystal or contact Lloyd's Tax Department:

Charlie Dyer on +44 (0) 20 7327 6836 or email at [charlie.dyer@lloyds.com](mailto:charlie.dyer@lloyds.com); or  
Mary O'Brien on +44 (0) 20 7327 6852 or email at [mary.obrien@lloyds.com](mailto:mary.obrien@lloyds.com)

### **Appendix 1 – How to assign a postcode to the risk location**

The EU risk location rules for Spanish risks apply. A risk is located in Spain for tax purposes if it relates to:

- fixed and/or moveable property (excluding goods in transit) situated in the territory, or
- motor vehicles, ships, yachts or aircraft registered in the territory, or
- travel risks of a duration of four months or less taken out in the territory, or
- any other type of risk (not listed above) where the insured is habitually resident in the territory or, in the case of a corporate insured, its business establishment to which the risk relates is situated in the territory.

The postcode for fixed property should be the postcode where the property is situated.

For vehicles (including motor vehicles, ships, yachts and aircraft) the postcode at the address to which the vehicle is registered should be reported. If there is no registration address, then the postcode of the Spanish policyholder's address should be reported.

For risks that are not associated with fixed property or vehicles (such as casualty risks or moveable property including goods in transit risks) the postcode of the Spanish policyholder's address should be reported

Risks that are associated with a non-Spanish policyholder for which no Spanish address/postcode is available are considered to be located at the address of Lloyd's Spain.

The address and postcode for Lloyd's Spain is:

Lloyd's Iberia Representative, S.L.U.

C/ Pinar 7, 1º drcha.

**28006** Madrid

## Appendix 2 – Lloyd’s Brussels bordereau mandatory reporting requirements

### **Bordereau Submission to Xchanging**

A new requirement for each bordereau reporting Spanish risk submitted to Xchanging has been introduced. The **Broker Reference 2** field (Box 11) **must** be completed on each London Premium Advice Note (LPAN) submitted to Xchanging with an eight-character alphanumeric reference combining the last 4 digits of the UMR followed by the bordereau period in the format MMY, e.g. **XXXX0119** for the January 2019 submission.

After 1 June 2019, failure to provide the required information in the Broker Reference 2 field (LPAN Box 11) will result in Xchanging querying the work package, leading to potential delays to the business and premium being processed.

### **Bordereau Submission to DA SATS**

From 1 June 2019 all bordereau containing Spanish risks must be reported via DA SATS before the last day of the month following the end of the relevant bordereau period.

The following mandatory information **must** also be included on the monthly bordereau reported into DA SATS for each individual policy covering a Spanish risk and each Spanish tax applicable must be reported separately:

- 1) UMR (CR0005)
- 2) Reporting period end date (CR0002) – **(Must be in the format MMY which corresponds to the bordereau period provided in Broker Reference 2 field in the submission to Xchanging)**
- 3) Insured full name (CR0035)
- 4) Certificate reference (CR0029)
- 5) Policy inception date (CR0030)
- 6) Policy expiry date (CR0031)
- 7) Risk location postcode **(NEW Requirement!)**
- 8) Tax 1
  - Tax 1 - Tax Type - **Consorcio charge to fund the winding up of insurance companies (formerly CLEA)** (CR0078)
  - Tax 1 - Amount of taxable premium (CR0079)
  - Tax 1 - Rate of tax – 0.15% (CR0081)
  - Tax 1 - The amount of tax/levy (CR0083)
- 9) Tax 2
  - Tax 2 - Tax Type - **Premium tax** (CR0078)
  - Tax 2 - Amount of taxable premium (CR0079)
  - Tax 2 - Rate of premium tax – 6% (CR0080)
  - Tax 2 - The amount of tax/levy (CR0083)
- 10) Tax 3

- Tax 3 - Tax Type - **Consortio charge to fund the insurance of extraordinary risks** (CR0078)
- Tax 3 - Amount of sum insured (CR0079)
- Tax 3 - Fixed rate (CR0081)
- Tax 3 - The amount of tax/levy (CR0083)

#### 11) Tax 4

- Tax 4 - Tax Type - **Consortio charge to fund the national guarantee fund** (CR0078)
- Tax 4 - Amount of third party liability element of the premium (CR0079)
- Tax 4 - Rate of tax (CR0081)
- Tax 4 - The amount of tax/levy (CR0083)

The Coverholder Reporting Standards will be updated to include the mandatory fields not already in Section 13 for Lloyd's Brussels.

**Appendix 3 – Lloyd’s Underwriters bordereau mandatory reporting requirements**

From 1 June 2019 all bordereaux containing Spanish risks written by a Lloyd’s syndicate must contain the following mandatory information for each individual policy:

- 1) UMR (CR0005)
- 2) Reporting period end date (CR0002)
- 3) Insured full name (CR0035)
- 4) Certificate reference (CR0029)
- 5) Policy inception date (CR0030)
- 6) Policy expiry date (CR0031)
- 7) Risk location postcode **(NEW Requirement!)**
- 8) Tax 1
  - Tax 1 - Tax Type - **Consorcio charge to fund the winding up of insurance companies (formerly CLEA)** (CR0078)
  - Tax 1 - Amount of taxable premium (CR0079)
  - Tax 1 - Rate of tax – 0.15% (CR0081)
  - Tax 1 - The amount of tax/levy (CR0083)
- 9) Tax 2
  - Tax 2 - Tax Type - **Premium tax** (CR0078)
  - Tax 2 - Amount of taxable premium (CR0079)
  - Tax 2 - Rate of premium tax – 6% (CR0080)
  - Tax 2 - The amount of tax/levy (CR0083)
- 10) Tax 3
  - Tax 3 - Tax Type - **Consorcio charge to fund the insurance of extraordinary risks** (CR0078)
  - Tax 3 - Amount of sum insured (CR0079)
  - Tax 3 - Fixed rate (CR0081)
  - Tax 3 - The amount of tax/levy (CR0083)
- 11) Tax 4
  - Tax 4 - Tax Type - **Consorcio charge to fund the national guarantee fund** (CR0078)
  - Tax 4 - Amount of third party liability element of the premium (CR0079)
  - Tax 4 - Rate of tax (CR0081)
  - Tax 4 - The amount of tax/levy (CR0083)