

Market Bulletin

Ref: Y5289

Title	Financial Services Compensation Scheme (FSCS) reporting
Purpose	To advise the market of the procedures and timetable for collection of information in connection with FSCS reporting as at 31 December 2019
Type	Event
From	Tim Culshaw, Senior Manager, UK Regulatory Reporting Market Finance 0207 327 6408 tim.culshaw@lloyds.com
Date	08 April 2020
Deadline	Friday 1 st May 2020
Related links	Template for completion

Background

In connection with FCA and PRA rules relating to the calculation of contributions to the Financial Services Compensation Scheme (FSCS) retail pool, the Society of Lloyd's ("Lloyd's") is required to provide an annual report to the FCA and PRA with information relating to premium and liabilities in respect of relevant retail business (see below for the scope of this).

Action by managing agents

In accordance with this, managing agents are required to submit data in respect of relevant business for each managed syndicate as at 31 December 2020 to Lloyd's by completing the template available for download [here](#) and emailing it to Lloyds-solvencyreturns@lloyds.com **by Friday 1st May 2020**. This is to enable Lloyd's to submit the aggregate Lloyd's level numbers to the PRA and FCA by 31 May 2020. Each managing agent must submit a signed return, even if it is a nil return.

The CFO or another director of the managing agent must confirm that the information submitted has been prepared in accordance with the instructions, and must complete the sign-off to this effect provided on the template.

Reporting rules

The reporting rules are set out in FCA Handbook FEES 6.5 and in the PRA Policyholder Protection Rulebook (details set out in FCA CP17/36 and PRA Instrument 2017/39, see Notes below).

For the purposes of interpreting these provisions, the Handbook refers to the PRA Policyholder Protection Rulebook for the tariff measures and definitions. Using those definitions, the business which Lloyd's needs to report against for this purpose is set out below:

- gross written premiums for the year preceding that in which the date for submission by Lloyd's of the required report falls for 'protected contracts with eligible claimants'
- For best estimate liabilities - 'protected contracts with eligible claimants'

The definitions for protected contracts and eligible claimants are in the PRA Policyholder Protection Rulebook (see Notes below).

The definitions of "gross written premiums for fees purposes" and "best estimate liabilities for fees purposes" is set out in the PRA Fees Rulebook (see PRA PS 28/17 Appendix 2 in Notes below).

Accordingly, Lloyd's needs managing agents to provide this gross written premium and best estimate liabilities information **but ONLY in respect of the relevant business** written on behalf of their syndicates so that it can, in turn, fulfil its own reporting obligations to the FCA and PRA.

The reported figures should include the proportion of relevant business written by a managing agent on behalf of the syndicates under its management as both lead and follow.

These figures may be sourced from the annual Pillar 3 reporting templates but it should be noted that **only** the relevant business which falls within the scope of "protected contracts with eligible claimants" should be reported. The Pillar 3 reporting references to the Lloyd's Annual Solvency Return (ASR) templates which syndicates complete are set out on the template.

Questions regarding this request should be directed to Lloyds-solvencyreturns@lloyds.com.

Template

The template to be completed as at 31 December 2019 is set out below. **The template must be submitted as an Excel file** and is available for download [here](#).

Information required for Financial Services Compensation Scheme (FSCS) purposes		
31 December 2019		
Syndicate number		
Please report the following, in accordance with the specifications provided in the explanatory note and guidance from the PRA and FCA referenced therein, in respect of all 'protected contracts with eligible claimants' ONLY:		
		£
Gross written premium for the year ended 31 December 2019 - general business		
Gross written premium for the year ended 31 December 2019 - life business		
Gross best estimate liabilities as at 31 December 2019 - general business		
Gross best estimate liabilities as at 31 December 2019 - life business		
Gross written premium and gross best estimate liabilities are defined using the Pillar 3 EIOPA and Annual Solvency Return (ASR) templates as summarised below.		
Please ONLY report amounts in respect of 'protected contracts with eligible claimants'. Nil returns		
Item	EIOPA template reference	ASR reference
Gross written premiums - General business	S.05.01.01 C0200 (R0110+R0120+R0130)	ASR440 Q1+Q2+Q3
Gross written premiums - Life business	S.05.01.01 C0300 R1410	ASR450 G1
Gross best estimate liabilities - general business	S.17.01.01 C0180 (R0010+R0370+ R0380+R0410+R0420) plus S.12.01.01 C0090+C0140+C0190 (R0010+R0030)	ASR240 Q1 plus ASR241 Q3+Q4+Q8+Q9 plus ASR280 G1+F1+G3+F3 plus ASR283 E1+E3
Gross best estimate liabilities - life business	S.12.01.01 C0150+C0210-C0090-C0140-C0190 (R0010+R0030)	ASR280 H1-G1-F1+H3-G3-F3 plus ASR283 F1-E1+F3-E3
Questions regarding this request should be directed to lloyds-solvencyreturns@lloyds.com		
Managing agent's sign-off		
I confirm that this information has been prepared in accordance with the instructions provided by Lloyd's in the market bulletin 'Financial Services Compensation Scheme (FSCS) Reporting' dated 31 March 2020.		
Signed		
Name		
Position		Must be CFO or another director
Date		

Notes

Relevant Links to FCA and PRA rules

- FCA CP 17/36 – sets out the final rules on the new reporting requirements (refer to FEES 6.5.13 at page 23 of Appendix 2 and pages 36-37 for the tariff base) from 1 April 2018: <https://www.fca.org.uk/publication/consultation/cp17-36.pdf>
- PRA PS28/17: final rules for determining FSCS levies for class B1 (general insurance) and C1 (life insurance)
 - The policy statement:
<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2017/ps2817.pdf?la=en&hash=2ED5724C7F02D90B9BE9402801265D2375DE5736>
 - Appendix 2: Instrument 2017/38: includes changes to FEES Rulebook with definitions for gross written premium and best estimate liabilities
<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2017/ps2817app2.pdf>
 - Appendix 3: Instrument 2017/39: changes to the Policyholder Protection Rulebook for reporting from 1 April 2018
<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2017/ps2817app3.pdf?la=en&hash=D4660D2566B678CC02C9F99CF9C8AC490B7A12CE>
- PRA Policyholder Protection Rulebook: Part 1 Application and Definitions for eligible claimants and protected contracts
<http://www.prrulebook.co.uk/rulebook/Content/Part/213382/23-01-2018>