

Market Bulletin

Ref: Y5432

Title 'Lloyd's Insurance Company S.A. (LIC)' - Mandate on DDM and provision of DA data for Tax requirements

Purpose **ACTION REQUIRED** for all Managing Agents writing business on behalf of 'Lloyd's Insurance Company S.A. (LIC)' This pertains to **tax data submission requirements and specifically concerns Managing Agents who have decided to opt out of DDM.**

Type Event

From James Davidson, Lloyd's Insurance Company S.A. Chief Financial Officer / Chief Operations Officer
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Related links [Sample 1 - Tax Data Collection_Belgian Indemnities Baseline Data Template.xlsx](#)
[Sample 2 - Tax Data Collection_Commission Paid To Foreign Entities Baseline Data Template.xlsx](#)

Background

LIC currently mandates to Managing Agents the submission of Risk and Claims bordereaux into the Delegated Data Manager system (DDM) for the entirety of its CAA portfolio and for Bulking Lineslips. LIC has been requested by the LMA to verify whether the mandate on DDM will remain in place, and if yes for how long, in order to enable the MA community (represented by LIMOSS) to decide on the future of the DDM engagement.

In response to this request, LIC agreed to adapt its mandate and give Managing Agents the choice to either continue submitting structured data via DDM for those that wish to maintain it as their bordereaux management system, or alternatively:

- a) provide **structured** data separately to LIC to support its tax requirements, and
- b) upload the bordereaux **files** (v5.2 reporting standards) in a specific location that LIC would have access to support its Underwriting / DA oversight requirements

The choice as to whether LIC will receive data from DDM or via the new, alternative route, has to be made at syndicate level.

Specifically for the structured data that will be required, Managing Agents not opting into any new elective service will be expected to supply LIC with the indemnity values paid to Belgian claimants/Belgian risks and aggregated non-Belgian commission values. LIC will also provide relevant Underwriters Signing Message (USM) or Syndicate Claims Message (SCM) data as a baseline.

This bulletin outlines the alternative DA data collection process requirements concerning Managing Agents who choose to opt out of DDM.

Scope

This bulletin will discuss.

1. Structured data needed to support tax reporting for LIC business.
2. Uploading and storage of bordereaux files to support LIC underwriting/oversight requirements.

The detailed process for the collection of DA data in absence of DDM has been tested in collaboration with a sub-group of Managing Agents (via LMA DAC).

1. Structured data needed to support tax reporting for LIC Business

The scope from a Financial / Tax perspective of structured data that LIC required in absence of DDM is limited to some non-IPT, non-VAT Tax requirements that are specific to being a Belgian insurance company.

Below are the details the two required tax returns and the process for collection of these returns.

→ Return #1: Indemnities paid to Belgian claimants or Belgian risks (1/2)

Scope of return

LIC must report annually to the Tax authorities the indemnities that meet any of the following criteria:

- a) paid to claimants domiciled in Belgium, **or**
- b) the Regulatory Risk Location (RRL) is in Belgium, **or**
- c) the Loss Location is in Belgium

Who will be required to submit the return?

The Leader of the CAA (always under the condition that the Leader has opted out of DDM)

Why is a separate return required to meet this obligation?

The claims payment data (in absence of DDM) that LIC holds for DA business are aggregated and not available at the granularity of claims attaching to declarations.

Frequency of data collection

Quarterly, cumulative for the calendar year:

- 1st request: after Q1 close, for Q1 data. The request will be sent out to MAs by 15th April and the deadline for the return will be on 30th April.
- 2nd request: after Q2 close, for Q1-Q2 data. The request will be sent out to MAs by 15th July and the deadline for the return will be on 31st July.
- 3rd request: after Q3 close, for Q1-Q3 data. The request will be sent out to MAs by 15th October and the deadline for the return will be on 31st October. *NB: Specifically for Q3 2024, this will be the first time that LIC will exercise this new data collection process. Please look into the "Transition Plan" section further below in the Bulletin for more information.*
- 4th request: after Q4 close, for Q1-Q4 data (i.e. full previous year). The request will be sent out to MAs by 15th January and the deadline for the return will be on 31st January.

Specifically for 2024, the first time that LIC will exercise this new data collection process will be after Q3 2024. Please look into the "Transition Plan" section further below in the Bulletin for more information.

LIC will submit to the Tax authorities the full-year data from the last request. The purpose of the quarterly frequency is to stratify the collection of data and allow sufficient time for investigations and discussions on potential data discrepancies.

Data items required

NB: The names of the data items and the additional information provided are as close as possible to the Coverholder Bordereaux Reporting Standards v5.2.

- **UMR** of the CAA.
- **Regulatory Risk Location.** If the Claimant is domiciled in Belgium, the indemnity should be reported for any RRL or Loss Location (i.e. Belgium or elsewhere). If the Claimant is not domiciled in Belgium, only Belgian RRLs or Loss Locations should be reported.
- **Location of Loss (Country).** If the Claimant is domiciled in Belgium, the indemnity should be reported for any RRL or Loss Location (i.e. Belgium or elsewhere). If the Claimant is not domiciled in Belgium, only Belgian RRLs or Loss Locations should be reported.
- **Claimant Name.** First and Last name for individuals, Company name and Tax ID for companies. Belgian Company Tax IDs can be retrieved through the following website (available in English): [Search in the Crossroads Bank for Enterprises \(CBE\) | CBE Public Search \(fgov.be\)](#)

- **Claimant's Address.** [Address], [Postcode / Zip Code or similar], [State, Province, Territory, Canton, etc.], [Country]. For Country specifically: If the RRL or Loss Location is in Belgium, the indemnity should be reported for all domiciles of the claimant (i.e. Belgium or elsewhere. If neither the RRL nor the Loss Location is in Belgium, only Belgian domiciled claimants should be reported.
- **Settlement Currency.** The currency in which the indemnity has been settled.
- **Paid This Time Indemnity.** The amount of indemnity paid to this claimant, at the level of LIC's total share on the CAA. Equivalent to the [Paid This Month Indemnity] data item of Coverholder Bordereaux Reporting Standard v5.2, but for all quarters in scope of the return.

To facilitate the exercise, LIC will provide the aggregated data that are already held at CAA level in the Syndicate Claims Message (SCM) where a Belgian FIL Code or a Belgian Country of Origin are present. This is effectively the aggregated baseline for which the Managing Agents will have to provide the break-down at claim level. It must be noted that the usage of the FIL code covers only the RRL requirements, and in some cases the Loss Location might differ – the requirement to the MAs however remains to report any additional indemnities with a Belgian Loss Location even if the RRL is not Belgian.

For example of a completed template, please refer to Sample 1.

➔ *Return #2: Commissions paid to Intermediaries established outside Belgium (2/2)*

Scope of return

LIC must report annually to the Tax authorities the commissions paid to Intermediaries (i.e. Brokers, Coverholders and/or Services Companies).

Who will be required to submit the return?

The Leader of the CAA (always under the condition that the Leader has opted out of DDM)

Why is a separate return required to meet this obligation?

The premium data (in absence of DDM) that LIC holds for DA business only include the commissions paid to the Lloyd's Broker, but do not include the break-down of the commissions of the Coverholder(s) and Local Brokers.

Frequency of data collection

Quarterly, cumulative for the calendar year:

- 1st request: after Q1 close, for Q1 data. The request will be sent out to MAs by 15th April and the deadline for the return will be on 30th April.
- 2nd request: after Q2 close, for Q1-Q2 data. The request will be sent out to MAs by 15th July and the deadline for the return will be on 31st July.

- 3rd request: after Q3 close, for Q1-Q3 data. The request will be sent out to MAs by 15th October and the deadline for the return will be 31st October.
- 4th request: after YE, for Q1-Q4 data (i.e. full previous year). The request will be sent out to MAs by 15th January and the deadline for the return will be on 28th February.

Specifically for 2024, the first time that LIC will exercise this new data collection process will be after Q3 2024. Please look into the "Transition Plan" section further below in the Bulletin for more information.

LIC will submit to the Tax authorities the full-year data from the last request. The purpose of the quarterly frequency is to stratify the collection of data and allow sufficient time for investigations and discussions on potential data discrepancies. This is the maximum frequency that LIC can support.

Data items required

NB: The names of the data items and the additional information provided are as close as possible to the Coverholder Bordereaux Reporting Standards v5.2 to facilitate the understanding of requirements

- **UMR** of the CAA.
- **Lloyd's Broker information.** Broker Name, Number, Company Tax ID, Address ([Address], [Postcode / zip or similar], [State, Province, Territory, Canton, etc.], [Country]). To note, LIC requires data on the Company Tax IDs only for Belgian companies. These can be retrieved through the following website (available in English): [Search in the Crossroads Bank for Enterprises \(CBE\) | CBE Public Search \(fgov.be\)](#)
- **Coverholder information** Coverholder Name, PIN, Company Tax ID, ([Address], [Postcode / zip or similar], [State, Province, Territory, Canton, etc.], [Country]). To note, LIC requires data on the Company Tax IDs only for Belgian companies. These can be retrieved through the following website (available in English): [Search in the Crossroads Bank for Enterprises \(CBE\) | CBE Public Search \(fgov.be\)](#)
- **Settlement Ccy.** The currency in which the premiums have been settled.
- **Gross Premium.** The gross premium settled in settlement currency, at the level of LIC's total share on the CAA.
- **Net Premium.** The net premium settled in settlement currency, at the level of LIC's total share on the CAA.
- **Lloyd's Broker Commission amount.** The Brokerage amount of the Lloyd's Broker in settlement currency, at the level of LIC's total share on the CAA.

- **Coverholder commission amount.** The Coverholder commission amount in settlement currency, at the level of LIC's total share on the CAA.
- **Local Broker Commission amount.** The Brokerage amount of the Local broker in settlement currency, at the level of LIC's total share on the CAA.
- **Other Fees & Deductions amount.** The amount of any other fees & deductions in settlement currency, at the level of LIC's total share on the CAA

To facilitate the exercise, LIC will provide the gross and net premium data that are already present in the Underwriters Signing Message (USM). These are effectively the aggregated data for which the Managing Agents will have to provide the break-down of commissions amongst the Lloyd's Broker, the Local Broker and the Coverholder, and any other fees & deductions that may have been part of the premium transaction.

For example of a completed template, please refer to Sample 2.

2. Uploading and storage of bordereaux files to support LIC underwriting/oversight requirements.

LIC is currently undertaking an internal review around rationalising its requirements for underwriting/DA oversight including storage of bordereaux. We expect this review to complete by 31st May 2024 at which stage we will inform the market of any changes.

No additional data or reporting will be asked of the market following this review. If this review concludes that bordereaux storage is still needed, Velonetic central services specifically the IMR will be used for storage to limit the impact on market firms. LIC would use the IMR to support its Underwriting/DA oversight needs.

Transition Plan

LIC is in contact with LIMOSS to obtain the list of syndicates that will opt out. For these Managing Agents, a Point of Contact (POC) will have to be established for the collection of required data. LIC Operations Team will reach out to the MAs in due course to collect this information.

For the transition in 2024, the data for the first half of year (Q1 and Q2) will be taken from DDM for all Managing Agents as the platform will still be active until then. The new data collection process (always for the MAs that have opted out of DDM) for 2024 will be used for the second half of year (Q3 and Q4), therefore the first request to Managing Agents will be in **October 2024**. From 2025 and onwards, the process will follow its standard frequency – i.e. quarterly, cumulatively for the calendar year, as described above.

Contact

If you have any queries regarding this communication, please reach out to us via LIC Info - LloydsEurope.Info@lloyds.com