

MARKET BULLETIN

REF: Y4721

Title	New Version of Lloyd's Coverholder Reporting Standards
Purpose	To advise coverholders, brokers, managing agents and their various service providers of changes to the Coverholder Reporting Standards
Type	Linked to the launch of the Coverholder Reporting Standards Version 3
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Date	26 September 2013
Deadline	The standards have been updated to reflect current tax and regulatory requirements and the new model binder wordings. The new standards apply from this date forwards.
Related links	www.lloyds.com/coverholderreportingstandards http://www.lloyds.com/the-market/i-am-a/delegated-authority/operations/reporting-standards

Background

Lloyd's has introduced standards for coverholders to report premium and claims information to Lloyd's brokers and syndicates; and has worked with ACORD to introduce standards for coverholders to report US property exposures (ACORD ER3001).

The standards are mandatory for all new coverholders approved since April 2011, and are encouraged as good practice for existing coverholders.

Since the last release of the standards in September 2011:-

- A small number of tax and regulatory changes mean that additional or different information is required.
- Lloyd's Market Association (the LMA) has introduced new model binding authority wordings which make reference to coverholder reporting.

Summary of changes

A new version of the Coverholder Reporting Standards has been issued. This is version 3, dated 25 September 2013.

Premium Reporting Standards

No new fields have been introduced in the premium reporting standards, but there are changes to some of the conditions under which information needs to be supplied; these are detailed below and in the updated user guide.

US Property Exposure Reporting

There are no changes to the US property exposure reporting requirements.

ELTO Reporting Standards

There are no changes to the ELTO reporting requirements.

Claims Reporting Standards

There are no changes to the claims reporting requirements.

ACORD XML

ACORD XML can now be used to meet the requirements of the claims reporting standards. ACORD XML can now be used to meet the requirements of the premium reporting standards.

Tools to help you

The User Guide and the Spread-sheet Template for Premium Reporting have been updated and can be found here: -

<http://www.lloyds.com/the-market/i-am-a/delegated-authority/operations/reporting-standards>

Quick link – www.lloyds.com/coverholderreportingstandards

Details of the changes to the premium reporting standards

The following changes to the premium reporting standards are included in the new version:-

- 1 Sum insured currency (CR0051) and Sum insured amount (CR0052)** - In addition to previously specified requirements, now also required for:- Employers Compensation business in Hong Kong; France, for GAREAT I reporting and Iceland, to calculate stamp duty. The definition for Sum Insured (CR0052) has also been updated. Sum insured is no longer needed for Papua New Guinea.
- 2 Insured full address details (CR0038) and Insured postcode (CR0040)** - In addition to previously specified requirements, now also required for:- Portugal, to calculate fire brigade charges; Kentucky, for municipal tax calculations and for reporting to the Australian reinsurance pool corporation.
- 3 Location of risk full address details (CR0046) and Insured postcode (CR0049)** - In addition to previously specified requirements, required for:- Portugal, to calculate fire brigade charges; Kentucky, for municipal tax calculations and for reporting to the Australian reinsurance pool corporation.
- 4 New or renewal (CR0022)** - In addition to previously specified requirements, required for:- Liability business in Australia for the National Claims and Policy database and Iceland to calculate stamp duty.

- 5 **NAIC Code (CR0037)** - The definition for NAIC code has been updated. This field is required for US reinsurance business only.
- 6 **New Jersey SLA No (CR0098)** - The definition of New Jersey SLA No has been updated. This field is required when providing details of US surplus lines risks placed with New Jersey surplus lines brokers only.
- 7 **Acessori (CR0063)** - The definition of Accessori has been updated. This field is required for Italian premium transactions only.
- 8 **Local offices** - Details of the requirements for coverholders to report to local offices have been included on the Coverholder Reporting Standards web page and in a series of separate supplements:- www.lloyds.com/coverholderreportingstandards

A new section has been introduced in the user guide which summarises these requirements.

In addition to existing local office reporting requirements:-

- Further clarification has been given to the requirements for reporting to Lloyd's Australia.
- Coverholders who write personal accident and/or life policies where there is a beneficiary to the contract and the risk is located in Portugal are now required to provide Lloyd's Iberia with a Registry of Life and Accident Policies.
- Coverholders who write PI insurance for receivers/solvency practitioners in Spain are required to provide Lloyd's Iberia with Registry of PI insurance for receivers and insolvency practitioners.
- Further clarification has been given to the requirements for reporting to Lloyd's US Virgin Islands.

- 9 **New model binder wordings** - An introduction has been provided to the requirements of the new model binder wording with respect to coverholder reporting.
- 10 **XML** - An introduction has been given to the ACORD XML which can now be used to meet the requirements of these reporting standards.
- 11 **Mocha** - Mocha is used for capturing the information required to create certificates but cannot be used to produce all the information required by these standards. References to the use of Mocha have been removed.

Background to Lloyd's Coverholder Reporting Standards

Coverholders are given authority to write risks on behalf of Lloyd's syndicates via binding authority contracts. Part of the contractual agreement is that the coverholder regularly reports risk, premium and claims information to the Lloyd's syndicate. Such information is required to ensure the correct movement of monies between coverholders, brokers and Lloyd's syndicates; to manage exposures and claims; and to ensure Lloyd's is able to meet

its tax and regulatory reporting obligations and so maintain its licences in different territories.

A multitude of differing information requests from syndicates and brokers has made it hard for coverholders to do business with Lloyd's. The receipt of varying submissions from coverholders has made it hard for syndicates and brokers to work with the information supplied by coverholders.

The standards state the minimum information coverholders are required to report into the Lloyd's market. The standards are intended for use for all classes of business in all territories. The standards include a series of mandatory fields which must always be reported; and a series of conditional fields which will be required in some circumstances, for example for certain classes and territories.

The standards are mandatory for all coverholders approved since April 2011. The continuing changes to the tax and regulatory environments create challenges for stakeholders in ensuring that their reports are and remain compliant. By using the Lloyd's standards, all coverholders can be assured that they are meeting all Lloyd's tax and regulatory requirements, and therefore it is strongly encouraged that all coverholders adopt these standards.

What are the benefits of the standards?

- A clear statement of the information coverholders and TPAs need to provide for the whole of the Lloyd's market.
- A reduction in re-keying information and the need for manual intervention.
- More informed decision making.
- Standard information flows.
- A consistent list of requirements around which processes and systems can be designed.

Supporting Materials

The following materials are available:-

- A detailed user guide.
- Spreadsheet templates which can be used for reporting, or as a model to help design reports from systems.
- ACORD XML messages which can be used for reporting.

These can be found on: <http://www.lloyds.com/coverholderreportingstandards>

Broker and Managing Agent Specific Requirements

Brokers and managing agents are expected to help ensure that new coverholders adopt the standards and that existing coverholders gradually move towards using the standards.

Brokers and managing agents are requested to:

- Look at the information being received from coverholders, to check that all mandatory information is included together with any relevant conditional fields.
- Look at the changes to the standards to see if any new information is required.
- Talk to coverholders about the standards. Make sure they understand the new guidance.

- Discuss the standards as part of conversations about the renewal of binder contracts.
- Come up with a plan for any action required.
- Talk to Lloyd's about any questions or concerns you might have.

New Coverholder Specific Requirements

New coverholders are expected to include all mandatory fields and any relevant conditional fields in the submissions they make to the Lloyd's market. New coverholders are expected to build their reports to include such information.

Existing Coverholder Specific Requirements

Existing coverholders who are already using the standards are requested to review the changes to see if any new information is required.

Existing coverholders who are not yet using the standards are requested to review their current submissions to check that all mandatory information is included together with any relevant conditional fields.

Coverholders are expected to agree any planned changes with their brokers and syndicates and to gradually implement these.

Coverholders are requested to:

- Talk to your brokers and syndicates in London, you may not need to take any action yet.
- Look on <http://www.lloyds.com/coverholderreportingstandards> for more relevant documents and information, including a detailed user guide, spreadsheet templates and links to ACORD XML.
- If you manually create spreadsheets for your reports, or are currently submitting paper reports; consider using Lloyd's premium reporting spreadsheet tool.
- If you are already, or plan to start using, XML; it is recommended that you review the standard ACORD XML which can be used to meet the reporting requirements.
- If you produce reports from a system, talk to your system vendor about the changes which might be needed.
- Agree a plan with your broker in London and the syndicates you work with for any changes needed.
- Talk to your broker, syndicates or Lloyd's about any questions or concerns you might have.

System Vendors

System vendors who are already using the standards are requested to review the changes to see if any new information is required.

System vendors who are not yet using the standards are encouraged to build a standard report from their system in the recommended spreadsheet layout and to create the standard ACORD XML.