

MARKET BULLETIN

REF: Y4527

Title	Consolidated fining policy for Lloyd's returns
Purpose	To advise managing agents of the consolidated fining policy for Lloyd's returns.
Type	Event
From	John Parry, Head, Market Finance Contact details: 020 7327 5129 john.parry@lloyds.com
Date	25 October 2011
Deadline	None
Related links	

Background and Purpose

It is a requirement of the Council of Lloyd's that Lloyd's Returns are correctly completed and submitted on time. The returns Lloyd's requires are important and enable Lloyd's to ensure that the market's reporting obligations are met. As such failure to submit a Lloyd's Return on time is a serious matter as well as being a breach of the relevant Lloyd's Byelaw and may therefore result in a fine being imposed.

Over recent years a number of bulletins have been issued setting out Lloyd's fining policies for different specific returns. These policies set out the fines that may be imposed and the approach Lloyd's takes in deciding whether to impose a fine. For transparency and convenience Lloyd's has decided to consolidate those fining policies into a single consolidated policy that will apply to all late submission of the various Lloyd's Returns.

The Market Supervision and Review Committee ("MSARC"), which is responsible for Lloyd's fining policy in respect of Lloyd's Returns, has therefore issued the attached Consolidated Fining Policy.

This Consolidated Fining Policy applies to the Lloyd's Returns listed in its Appendix. This list of Lloyd's Returns may be updated from time to time.

Please note that MSARC has extended the existing fining regime to include three Lloyd's Returns which were not previously subject to the fining regime, namely the Financial Planning Pack, the Syndicate Information Statement and the UK Tax return.

The Appendix also includes three Lloyd's Returns relating to Solvency II which it is intended to implement in full in due course. These are the Lloyd's Capital Return, the Gross Quarterly Return and the Technical Provisions Data return. It will be made clear in future Market Bulletins when the Consolidated Fining Policy will take effect in relation to these Lloyd's Returns.

Further information

If you have any queries, please contact either of the following:

Robert Smith, Manager, UK Reporting, Market Finance

Tel: 020 7327 5459

Email: robert.smith@lloyds.com

Paul Martin, Solicitor, General Counsel's Division

Tel: 020 7327 5711

Email: paul.martin@lloyds.com

CONSOLIDATED FINING POLICY

FOR LLOYD'S RETURNS

This Consolidated Fining Policy applies to the Lloyd's Returns listed in the Appendix attached to this document. The list of Lloyd's Returns to which this Consolidated Fining Regime applies may be amended by MSARC from time to time.

It is a requirement of the Council of Lloyd's that Lloyd's Returns are correctly completed and submitted on time.

Failure to submit a Lloyd's Return on time is a breach of the relevant Lloyd's Byelaw and may therefore result in a fine being imposed.

MSARC wishes to set out its policy for imposing fines in such cases:

1. Where a Managing Agent has reason to believe that it may be unable to submit a Lloyd's Return on time it is encouraged to contact the relevant Lloyd's individual 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.
2. If an inaccurate or incomplete submission has been submitted then Lloyd's may at its discretion regard that submission as being "late" in which case a fine may be imposed. In deciding whether to exercise that discretion 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.
3. 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 Lloyd's Return:

Per Lloyd's Return per syndicate – flat fine £5,000

Per Lloyd's 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 by MSARC.

This Consolidated Fining Policy has been agreed by the Market Supervision and Review Committee.

APPENDIX – LLOYD’S RETURNS

This Appendix lists the Lloyd’s Returns to which the Consolidated Fining Policy for Lloyd’s Returns applies:

Return
Individual Capital Assessment
Performance Management Data Return
Quarterly Monitoring Return - Part A
Quarterly Monitoring Return - Part B
Realistic Disaster scenario
Realistic Disaster scenario - light
Syndicate Reinsurance Programme
Syndicate Business Forecast
Solvency and Reserving Data
Financial Planning Pack
Syndicate Information Statement
UK Tax
Lloyd’s Capital Return
Gross Quarterly Return
Technical Provisions Data