

Market Bulletin

Ref: Y5122

Title Updated TPD and GQD guidance

Purpose To inform managing agents about the change to the RI currency reporting requirements and clarification of the treatment of the loss funds and SPA funds withheld.

Type Event

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Date 9 October 2017

Deadline TPD: 2:00pm Thursday 20th March 2018. GQD: Various, dates in guidance below

Related links

This bulletin provides:

- (a) TPD - Changes to the RI currency reporting requirements;
 - (b) TPD/GQD - Clarification of the treatment of loss funds;
 - (c) GQD – Clarification of the treatment of SPA funds withheld;
 - (d) 2017 reporting deadline;
 - (e) Contact details
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TPD RI Currency Reporting Change

Prior to the 2017 TPD, currency segmentation for reporting purposes was required to be performed according to the underlying original currency of the inwards business such that there was consistency between the gross and the net of reinsurance amounts at an individual currency level. From the 2017 TPD, this is no longer required and the RI currency should be reported in the original currency of the RI policy. This change is to align the TPD with the ASR submissions and avoid the complication of discounting in a currency other than the reported currency.

TPD/GQD - Loss Fund Treatment

In the TPD 199, syndicates should only report paid claims as they are settled, rather than reporting cashflows into loss funds.

Likewise, in the TPD 599, syndicates should only report the best estimate of future claims to be settled after the valuation date, rather than reporting expected future cashflows into loss funds. This is in line with Article 28 of the Solvency II acts in that these cashflows relate to payments to policyholders and beneficiaries for existing insurance and reinsurance contracts, and ensures consistency of treatment of claims payments between the TPD 199 and 599 forms.

The GQD should only report paid claims by their settlement due date, rather than on the basis of any cashflows into loss funds. This is a reflection of the fact the GQD should be on a settlement basis rather than on a pure cash flow basis. This means that the TPD and the GQD should be on the same basis for loss funds reporting.

GQD – SPA Funds Withheld

For the GQD, Lloyd's requires the SPA to report, during the funds withheld period, as though premium has been received from the parent and claims have been paid by the SPA. This approach is required to ensure that paid claims and premium patterns are not distorted by these funds withheld contracts.

Clarification on the TPD will be provided at a later stage, following discussions with the CMR sub group.

2017 TPD Deadline

The 2017 TPD return must be submitted by no later than 2:00pm on Tuesday 20 March 2018. If any concerns exist regarding the 2017 deadline, please contact MRC at the earliest opportunity.

2018 GQD Deadlines

As at 31 December 2017: 2:00pm on Tuesday 9 January 2018

As at 31 March 2018: 2:00pm on Tuesday 10 April 2018

As at 30 June 2018: 2:00pm on Tuesday 10 July 2018

As at 30 September 2018: 2:00pm on Tuesday 9 October 2018

Contacts

Reporting performance issues:

Agents are encouraged to report any issues they have with the submissions as soon as they arise. This will enable the ITG Help Desk to help resolve the issue earlier in the process and enable Lloyd's to monitor service levels in real time and respond quickly as issues emerge. The contact number for the support team is +44 (0)20 7327 5252.

Specific queries in relation to changes requirements or general queries:

Any queries on the TPD or GQD should be submitted via e-mail to James Lane (James.Lane@lloyds.com), TPD Help (TPDreturns@lloyds.com) or GQD help (GQD@lloyds.com).