

Title Lloyd's Coverholder Reporting Standards Version 5.1

Purpose To update Lloyd's Coverholder Reporting Standards

Type Scheduled

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Date 23 July 2018

Deadline

Related links <https://www.lloyds.com/market-resources/delegated-authorities/compliance-and-operations/reporting-standards>

Lloyd's is making changes to Lloyd's Coverholder Reporting Standards (the standards). The changes reflect mandatory tax and regulatory requirements. Lloyd's intends to issue Version 5.1 of the standards in Q3 2018.

Summary of changes

- There are no changes for the US or Canada.
- There are changes for Australia, South Africa, Spain, the UK and Lloyd's Brussels.
- Existing requirements of the Hong Kong Risk (HKR) and Hong Kong Claims (HKC) Returns are being included.
- There are changes to the premium and claims standards.
- Lloyd's premium standards have always included risk data, but these changes introduce risk standards for Hong Kong and for Lloyd's Brussels.

A background to the standards, full details of the changes and what this means for key stakeholders are provided below.

Lloyd's will have access to data from the new central delegated authorities submission, access and transformation services (DA SATS) for tax and regulatory reporting purposes.

Lloyd's recommends the use of DA SATS in all territories as this may remove the need for existing or new returns. If you do intend to utilise DA SATS to meet Lloyd's country specific reporting requirements, please contact the relevant country manager in the first instance.

The coverholder or TPA may either submit data directly to DA SATS, or provide data to the Lloyd's broker or syndicate to submit to DA SATS.

For any risks or claims incepting on coverholder appointment agreements or binding authority agreements, with Lloyd's Brussels Subsidiary, Lloyd's syndicates should ensure that data is provided to DA SATS.

The Lloyd's Brussels subsidiary will not support business written by service companies submitted via Lloyd's Direct Reporting (LDR) and data for all service company business should be submitted to DA SATS.

The class of business standards agreed through the London Target Operating Model (LM TOM) do NOT form part of version 5.1 and underwriters will continue to request this additional class specific information. Lloyd's local offices will also need to request additional information to facilitate tax and regulatory reporting locally.

Next steps

- Lloyd's will publish an updated version of Lloyd's Coverholder Reporting User Guide and other materials on Lloyd's website - <https://www.lloyds.com/market-resources/delegated-authorities/compliance-and-operations/reporting-standards>
- Lloyd's will request changes to DA SATS
- Lloyd's will request changes to the Market Business Glossary Tool
 - The Market Business Glossary provides clear guidance on risk, premium, claim and reference data
 - All market stakeholders are entitled to access the Market Business Glossary
 - Register here <https://glossary.londonmarketgroup.co.uk/register>
 - Access the Market Business Glossary here – <https://glossary.londonmarketgroup.co.uk/>
- Lloyd's will request changes to the relevant ACORD standards
 - All Lloyd's coverholders are eligible for a free custom ACORD membership. Lloyd's coverholders will have access to ACORD delegated authority data standards, information, training, and other valuable resources.
 - Coverholders should register here - www.acord.org

Background

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.

The purpose of the standards is to make it easier to work with the Lloyd's market by creating a consistent request for data from coverholders and third party administrators (TPAs). The standards state the core set of regulatory, tax, premiums and claims information coverholders and TPAs are required to report into the Lloyd's market for all classes of business in all territories.

By using the Lloyd's standards, all coverholders and TPAs can be assured that they are meeting all Lloyd's tax and regulatory requirements, and therefore it is strongly encouraged that all coverholders and TPAs adopt these standards.

In response to market request Lloyd's mandated that all Lloyd's syndicates request and collect data consistent with the requirements in Lloyd's Coverholder Reporting Standards where these apply for any risks and claims attached to any binding authority agreements incepting or renewing from July 2017 onwards.

What has changed since version five?

The new version of the standards includes the requirements from version five together with the following:-

Australia

These changes apply in Australia for reporting to the Australian Prudential Regulation Authority (APRA) on public and product liability and professional indemnity insurance from 1 January 2019.

Risk/premiums - There is an existing requirement to provide the occupation or trade of the insured (CR0324). CR0324 will now be for a description of the occupation in any territory and a new field will be available for any Australia specific codes. This is not a new requirement; it is a new way of providing the same information.

Claims - When a claim is closed heads of damage, that is a breakdown of the total settlement amount, must be given across a series of new fields - past economic loss; future economic loss; past medical, hospital, caring and related services; future medical, hospital and related services; future caring services; general damages; interest; plaintiff legal costs; defendant legal costs; investigation costs and other. This is mandatory for any finalised claims; to be reported in the period in which the claim was finalised only. For example the first time a claim status (CR0137), is closed and the reserve indemnity (CR0130) and reserve fees (CR0131) are zero.

Hong Kong

Inclusion of existing requirements.

Where business is being written through a Hong Kong domiciled coverholder or service company, regardless of the location of the actual risk or claim; there is an existing requirement that the coverholder, or other relevant stakeholder, submit a separate risk and a separate claim return within 15 days of the end of the month to Lloyd's of London. These are currently submitted through Lloyd's Core Market Returns (CMR) system.

The intention of the standards is to have one statement of all requirements for all coverholders, however, the full requirements for Hong Kong were not previously included in Lloyd's Coverholder Reporting Standards.

Risk/claims - All of the data requirements for these returns have been included in the new version of the standards including the creation of various new fields as required. This should make it easier to see where data requirements in the returns are the same as in the standards and will help us to develop better processes for reporting these requirements in the future.

Spain

We need to declare risks located in certain Spanish regions and ensure the premium tax is paid to the correct regional authority; as per market bulletin Y5188, these requirements apply for all new policies incepting or renewing on or after 1 July 2018.

- For risks located in Navarra (NV), Alava (AL), Guipuzcoa (GU) or Vizcaya (VZ), the region (CR0048) is now mandatory.
- The address of the insured (CR0038) and postcode (CR0040) is mandatory for risks located in the following Spanish regions - Spain Navarra (NV).
- The insured identification number or NIF is mandatory for risks located in the following Spanish regions - Spain Navarra (NV). This is a new field.

South Africa

New requirements apply where the location of risk country (CR0050) is South Africa or the insured country (CR0041) is South Africa for all risks incepting from 1 January 2019 and any claims from 1 January 2019.

Risk/premiums - The insured policyholder type (CR0278) is mandatory for retail, where all business is for personal consumption outside of the purchaser's trade. The list of cover types has been updated (CR0377) and three new fields have been provided so that reporting may be split across levels 1, 2 and 3.

Claims - Reason for denial (CR0312) is now mandatory where denials (CR0107) = "Y".

UK

New requirements apply where the location of risk country (CR0050) is the UK; or the insured or reinsured country (CR0041) is the UK for all risks incepting from 1 January 2019.

Risk/premiums - To meet the requirements of the UK Regulator General Insurance Stress Test we need to know the occupation, trade or industry of the insured where the insured or risk are in the UK. It is mandatory to provide the standard industrial classification or SIC code of the insured (new field). The insured occupation description (CR0324) may also be provided.

Lloyd's Brussels

New requirements apply for any risks incepting on coverholder appointment agreements, or binding authority agreements, with Lloyd's Brussels Subsidiary and for any fees for any claims on any risks incepting on coverholder appointment agreements, or binding authority agreements, with Lloyd's Brussels Subsidiary.

Risks - we need to know about the details of risks within the timeframe specified in the coverholder appointment agreement; the following to be provided

- CR0001 Reporting period start date
- CR0002 Reporting period end date
- CR0005 Unique Market Reference (UMR)
- CR0013 Coverholder name
- Either CR0016 Lloyd's risk code or CR0017 Class of business description
- CR0019 Type of insurance
- CR0020 Original currency of premium
- CR0021 Total gross written premium
- CR0022 Risk transaction type
- CR0029 Certificate reference
- CR0030 Risk inception date
- CR0031 Risk expiry date
- CR0035 Insured or reinsured full name
- CR0041 Insured or reinsured country
- CR0050 Location of risk country
- CR0051 Total sum insured currency
- CR0052 Total sum insured amount
- CR0053 Deductible/excess currency (not currently requested for EU)
- CR0054 Deductible/excess amount (not currently requested for EU)
- CR0055 Deductible/excess basis (not currently requested for EU)
- CR0057 Effective date of transaction – where this applies
- CR0058 Expiry date of transaction – where this applies
- Either CR0061 Commission % or CR0235 Coverholder commission amount for the whole risk (note CR0235 is a new field)

Claims - Lloyd's Brussels is responsible for calculating and paying VAT due to the Belgian tax authority including VAT on claims fees paid. A breakdown of the paid this month fees (CR0127) should be provided in new fields:-

- Paid this month – fee billed to insurer – invoices paid with EU VAT applied – gross figure
- Paid this month – fee billed to insurer – EU VAT paid
- Paid this month – fee billed to insurer– invoices paid with no EU VAT applied – ONLY those exempt from Belgian VAT
- Paid this month – fee billed to insurer – all other invoices paid with no EU VAT applied

Where there is no breakdown of the fees reported, Belgian VAT (currently 21%) will be applied to the total paid this month fees (CR0127).

What does this change mean for coverholders?

For many coverholders and TPAs, the implementation of the new version of the standards will have no impact as there are no changes to reporting requirements for the business they write.

Coverholders and TPAs who are already using the standards are requested to review the changes to see if any new information is required. Coverholders and TPAs 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 and TPAs are expected to agree any planned changes with their Lloyd's brokers and syndicates and to gradually implement these.

What does this change mean for Lloyd's brokers and syndicates?

Lloyd's brokers and syndicates are expected to help ensure that coverholders adopt the standards. Lloyd's brokers and syndicates 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.

What does this change mean for 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 which includes the data requested by the standards.

Other key contacts

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