

Market Bulletin

Ref: Y5242

Title	Non-XIS Overseas Business Return (Lloyd's Part VII Transfer)
Purpose	Information on new market reporting requirement in support of Lloyd's Part VII transfer – submission of quarterly return to capture data on current and historical business processed outside XIS and LDR for territories where Lloyd's trading rights are expected to be affected by Brexit.
Type	Scheduled
From	Emma Potter, Central Reserving, Market Reserving and Capital E-mail: emma.potter@lloyds.com
Date	28 th March 2019
Deadline	10 th May 2019
Related links	SecureStore Lloyd's Fining Policy Y4843

Please copy this communication to those within your organisation who are responsible for completing and reviewing the returns for overseas business processed outside XIS and LDR ("Non-XIS" business) and to your Brexit and/or Part VII Programme team.

The date for submission of this return is 10th May 2019. It must be submitted electronically using SecureStore.

Only provide data which has not, and will not be, processed through XIS or LDR.

Territories where Lloyd's trading rights are expected to be impacted by Brexit – as at 31st March 2019

Lloyd's requires a complete view of the business in respect of territories where Lloyd's trading rights are expected to be impacted by Brexit and written from 1993 to support a transfer of historical business through a Part VII transfer to the Lloyd's Brussels subsidiary. Any business not processed through XIS or captured by Lloyd's Direct Reporting (LDR), for any class underwritten within the scope of the transfer must be recorded on the form available for download from SecureStore, in accordance with the instructions attached at Appendix 1.

All data must be in original currency. Please ensure that any currencies reported are shown as a 3 letter alphanumeric currency code based on ISO 4217 e.g. AUD, CAD, EUR, GBP, USD, ZAR, CHF, NZD.

Lloyd's is continuing with its plans to ensure that all insurance and reinsurance policies can be serviced by the Lloyd's market beyond the date of the UK's withdrawal from the European Union, including the payment of valid insurance claims. To achieve this, Lloyd's is proposing to transfer all non-life business written by the Lloyd's market from 1993 that is expected to be impacted by Brexit related changes to trading rights. This will be transferred to Lloyd's Brussels and undertaken via an insurance business transfer under Part VII of the UK's Financial Services and Markets Act 2000.

Lloyd's is intending to use centrally held data from XIS and LDR to identify the business that will be transferred via the Part VII transaction. To ensure that all relevant business is identified and transferred appropriately, Lloyd's requires Syndicates to submit a quarterly Non-XIS return commencing 31/03/2019 for territories where Lloyd's trading rights are expected to be impacted by Brexit, in respect of business that has not, and will not be, processed through XIS or LDR.

This Lloyd's Part VII Non-XIS return includes all business written since 1993 (not just that reported within the quarter). Further details, including the territories deemed within scope of the transfer, are provided within the instructions document.

In acknowledgement of this Lloyd's Part VII data return being new and requiring information on all business written since 1993, the non-XIS deadline (for Brexit-affected business only) is extended to 10th May 2019 for the 2019 Q1 collection. Non-XIS returns for other territories as at 2019Q1 still have a deadline of 9th April 2019. The deadline for the Lloyd's Part VII Non-XIS return as at 2019Q2 will be 8th July 2019 in line with the other Q2 Non-XIS returns.

Failure by any one syndicate to provide data by the deadline jeopardises Lloyd's ability to meet the proposed timelines of the Part VII Court process. Hence, these returns are subject to the Lloyd's Overseas Returns Fining Policy (see Market Bulletin Y4843, dated 1 December 2014.)

We will take action against agents that miss the deadline. Agents should bear this in mind when planning the completion and submission of the required form.

Where a Managing Agent has reason to believe that it may be unable to meet the due date it must contact us at the earliest opportunity in advance of the deadline to discuss the matter. Failure to do so will be a factor that Lloyd's will take into account in deciding whether a fine is appropriate.

Lloyd's may, at its discretion, impose a fine in respect of returns which are submitted by the deadline but are either inaccurate or incomplete. In deciding whether to exercise that discretion, the Market Supervision and Review Committee (MSARC) will have regard to whether the Managing Agent itself identified the inaccuracy and brought the matter to the attention of Lloyd's at the earliest opportunity.

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 return other than where MSARC is satisfied that an alternative fine is appropriate:

Per return per syndicate – flat fine	£5,000
Per 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.

Instructions

Full instructions are available in SecureStore under "shared files" in the Non-XIS section. Consistent with other Non-XIS returns, the returns must be approved, signed and dated, on behalf of the directors of the underwriting agent, by the finance director and by the compliance officer or another director of the managing agent. Each person must only sign in one capacity.

Nil returns are required.

Please check the correctness of the data prior to submission as resubmissions after the deadline will be regarded as late and therefore potentially subject to a fine.

Further information on Lloyd's overseas trading arrangements is available on Crystal and can be found at <http://www.lloyds.com/Crystal/CrystalSearch.aspx>.

Emma Potter
Senior Manager, Central Reserving
Market Reserving and Capital