

SEPARATE BANK ACCOUNTS CLAUSE (UK)

(For use in conjunction with LMA Binding Authority Agreements)

SECTION 27 is amended to read as follows:

SEPARATE BANK ACCOUNTS

All monies received by the Coverholder under this Agreement, in respect of premium from insureds, reinsureds or their brokers or from the Underwriters in respect of claims and premium refunds shall be deemed to be received by the Coverholder on behalf of and at the risk of the Underwriters and:

- 27.1 shall be received by the Coverholder as assets of the Underwriters' Lloyd's Premiums Trust Funds (or, in the case of US Dollar denominated business as assets of the Underwriters' Lloyd's Dollar Trust Funds) and
- 27.2 shall on receipt be deposited immediately into a client bank account held by the Coverholder on the statutory trust or the non-statutory trust in accordance with CASS 5.3 or CASS 5.4 respectively of the FSA's Client Assets Sourcebook for the purposes there set out and on the basis that the Underwriters are to be treated by the Coverholder as its clients for purposes of CASS 5.3 to CASS 5.6 and that their interests under the trusts in CASS 5.3.2 R or CASS 5.4.7 R are to be subordinated to the Coverholder's clients who are not insurance undertakings.
- 27.3 This Section provides authority from the Underwriters for the Coverholder to retain for its own use and benefit any interest which shall accrue, in accordance with the terms of the Agreement, to the account described in 27.2 above.
- 27.4 Each of the Underwriters hereby consents to the co-mingling by the Coverholder in the said client bank account of all funds received by the Coverholder and paid by or due to the Underwriters in accordance with the Agreement with other monies received by the Coverholder from or on behalf of other insurers and policyholders.