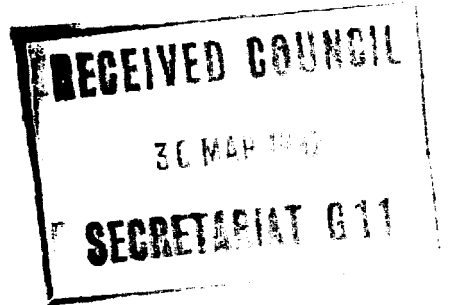


LLOYD'S OF LONDON					
CENTRAL REGISTER					
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FROM: J C Gurtenne CSL0002
 DEPARTMENT: International
 DATE: 26th March 1992
 REFERENCE: INT/BMT/HLM/0245rP33
 SUBJECT: US VIRGIN ISLANDS - BASIC MEMORANDUM

The attached basic memorandum consolidates information contained in the US Virgin Islands (USVI) Market Bulletins issued by this Department, dated 15th August, 1988, the 26th and 27th November, 1990, 15th February 1991, the 19th June, 1991 and the 11th November, 1991.

In particular, your attention is drawn to paragraphs 17.0 and 18.0 entitled "Premium Tax" and "Method of Collecting Tax" respectively. The "Overseas Broker" box on panel 1 of the slip must be completed in all cases with either the name and address of an overseas intermediary or the words "Direct Assured". Where a USVI broker is involved, the USVI premium tax on risks, or amendments to existing risks, incepting on or after 1st January, 1991 is retained by the local USVI broker. It is then paid directly to the Lloyd's representative in the USVI for onward payment to the USVI authorities.

If a risk is presented for settlement which **incepted** prior to the 1st January, 1991 this will require special coding by LPSO. The collection of the tax **will** be treated in the same manner as for direct assured business. That is the premium including the relevant tax is paid directly to the Lloyd's broker by the assured, (or in the case of a risk incepting prior to the 1st January, 1991, by the USVI broker). The tax is then retained by the Lloyd's broker and is collected quarterly through central accounting. (Further information may be found in the Basic Memorandum),

If you have any queries on this bulletin please contact Ms R Suterwalla on extension 6879 or Miss K Fraser on extension 6681.

This bulletin is being sent to all Active Underwriters and Lloyd's brokers,

JC Gurtenne
Manager
International Department

US VIRGIN ISLANDS - MARKET BULLETIN

1.0 BUSINESS WHICH CAN BE **WRITTEN** BY LLOYD'S UNDERWRITERS

1.1 Lloyd's Underwriters can write US Virgin Islands (**USVI**) business under one of the following categories

- (i) Licensed classes of business (See 3.1, **below**)
- (ii) **Reinsurance**

1.2 Every attempt is made to ensure that the procedures for bringing business to Lloyd's from the **USVI** are as simple to operate as possible. However, the **USVI** legal and regulatory requirements must be complied with in order not to jeopardise Lloyd's Underwriters' ability to continue to accept licensed business. Therefore, it is essential that the procedures contained in this circular are followed.

2.0 DEFINITION OF A **USVI** RISK

2.1 Where the location of the risk is and/or the assured is resident in the **USVI**. Examples of a USVI risk **include:-**

Vehicles, aircraft or vessels registered in the **USVI**.

Vehicles registered elsewhere, but principally garaged in the **USVI**.

Aircrafts registered elsewhere, but principally hangared in the **USVI**.

Vessels registered elsewhere, but generally moored or docked in the **USVI**.

Business operations having **a** principal place of business or domiciled in the **USVI**.

3.0 **LICENCE**

3.1 Lloyd's Underwriters are licensed insurers in the USVI for all kinds of direct insurance except life and title.

4.0 LICENSED BUSINESS

Except as noted below, Lloyd's Underwriters can accept all classes of insurance business through a USVI approved Correspondent or if unsolicited - direct from a USVI assured.

4.1 In the case of co-insured business, the other parties involved in the insurance must also be licensed in the **USVI**, or be eligible surplus lines insurers, and the business coinsured by such insurers must be eligible for export,

4.2 Lloyd's Underwriters are not authorised to **accept;**

Life
Title

5.0 **REINSURANCE**

Reinsurance can be written by Lloyd's Underwriters outside the terms of the **licence** and therefore does not require regulatory or reporting considerations.

6.0 SURPLUS LINES

Lloyd's Underwriters are not authorised to write surplus lines business in the **USVI**.

7.0 LLOYD'S REPRESENTATIVE

7.1 Mr Henry L **Feuerzeig** acts in the capacity of the Lloyd's representative in the **USVI**:-

Mr Henry L **Feuerzeig**
Dudley Topper and **Feuerzeig**
Suite E, Drakes Passage, 2nd Floor
PO Box 756 Charlotte **Amalie**
St Thomas, US Virgin Islands 00804

Tel: 0101 809 774 4422
Fax: 0101 809 776 3860

Lloyd's US General Counsel is LeBoeuf, Lamb, Leiby and MacRae.

8.0 SERVICE OF SUIT

Under the **USVI** Insurance Code, **all** domestic, foreign or alien insurers must have a designated and authorised agent in the USVI to receive all legal process. Service of process **should** be served either on Mr Henry L **Feuerzeig**, Lloyd's Representative in the **USVI** or on the **USVI** Insurance Commissioner.

9*0 FOREIGN INSURANCE LEGISLATION (FIL) CODES

Classes of Business	Business received from a USVI broker	Business received directly from the assured
Fire (+Allied Perils)	VIG1	VIA 1
Inland Marine (Inland/transit)	VIH1	VIB 1
Ocean Marine	VII1	VIC 1
Auto	VIJ1	VID1
Casualty (liability)	VIK 1	VIE 1
All other risks	VIL1	VIF1

All business coded with the above FIL Codes will be converted to the two character **FIL** Code 6B which **will** appear on Underwriters' **advices**, together with an advice legend of "NUS USNT". The FIL Codes will only **be** applied to risks settled in US dollar currency. All such business is not subject to US income tax.

9.1 Claim/refund forms relating to USVI business must be marked "US Virgin Islands" in the title box immediately underneath the word "form" on the LCCF (London **Claim** Collection Form).

9.1.1 These **FIL** codes are used for all Virgin Islands transactions passing through the **LPSO/LUCRO**.

10.0 CORRESPONDENTS AND BINDING **AUTHORITY** COMMITTEE (**CABAC**)

10.1 Before a USVI broker can send any non-marine or aviation **facultative** business to a Lloyd's broker for placement, or under a binding authority granted by Lloyd's Underwriters, the USVI broker must first be approved by the CABAC.

All USVI **coverholders** must be **CABAC** approved irrespective of the class of business being written.

10.1.1 The USVI broker must **also:-**

a) Sign the "Statement of Agreement to serve as an Insurance Agent" pursuant to Title 22, section 753, of the USVI Code.

b) Receive a **licence** from the Commissioner of Insurance in the **USVI**.

LPSO will not process any business emanating from a USVI broker who **has** not completed this process.

10.2 Further details about this procedure can be obtained from the Correspondents Department.

11.0 BINDING AUTHORITY

11.1 Should any binding authority be granted by Lloyd's Underwriters to USVI correspondents, the maximum term of that binding authority should not exceed twelve months.

11.1.1 A local broker must be CABAC approved before being granted any form of binding authority by Lloyd's Underwriters.

11.1.2 In connection with Binding Authorities written jointly by Lloyd's Underwriters and companies. Lloyd's brokers must insist that the USVI Broker issues a separate document for Lloyd's Underwriters' proportion.

11.1.3 Immediate advice of cancellations or non-renewals of binding authority must be given to the Lloyd's Policy Signing Office (**LPSO**) so that records can be kept up to date. This is particularly important as a certificate signed by a USVI broker may be held to bind a Lloyd's Underwriter, even though the binding authority under which the certificate had been issued had lapsed or been **cancelled**.

11.1.4 Lloyd's brokers issuing certificates to **assureds** in the USVI written under worldwide binding authorities must, when presenting USVI premiums bordereaux for signature at **LPSO**, identify the USVI declarations and indicate the name of any local intermediary involved.

11.2 The Lloyd's representative does not need to be involved in this procedure.

12.0 POLICY FORMS AND WORDING

12.1 The USVI Insurance Code requires the filing of policy forms with the Commissioner of Insurance 30 days prior to their use.

12.1.1 Filing will be made by Lloyd's representative (Mr Henry L **Feuerzeig**) after consultation with Lloyd's US General Counsel and the appropriate Underwriters' association.

12.1.2 Standard NMA, LAUA and Institute (Marine) forms, as well as certain ISO and private wordings, which currently are in use in the USVI have been lodged with the Department of Insurance.

13.0 MARKING OF SLIPS

13.1 The address of the **USVI** broker should be shown in the 'overseas brokers' box on Panel 1 of the standard slip, If there is no intermediary then the words 'Direct Assured' should be shown.

14.0 COVERNOTE AND PREMIUM PROCEDURE

14.1 It is not necessary to send USVI insuring documents to the Lloyd's representative for countersignature.

14.1.1 A cover note issued by the USVI broker to evidence the coverage placed with companies should be a separate and distinct document from that used to evidence the coverage placed with Lloyd's Underwriters.

16.0 **POLICY/CERTIFICATE** PROCEDURE

15,1 It is not necessary to send USVI insuring documents to the Lloyd's representative for countersigning.

15.1.1 A policy or certificate issued by the **USVI** broker to evidence the coverage placed with companies should be a separate and distinct document from that used to evidence the coverage placed with Lloyd's Underwriters.

16.0 REPORTING REQUIREMENTS

16.1 Each quarter, the Lloyd's representative prepares and submits to the Department of Insurance, a return of USVI premiums received, premiums returned to policyholders, claims paid and incurred, together with allocated loss adjustment expenses. This information is collected by the Lloyd's representative together with the taxes remitted to him by the USVI broker.

16.1.1 Direct assured business is collected by the International Department from LPSO reports and forwarded to the Lloyd's representative.

17.0 PREMIUM TAX

17.1 Underwriters are liable for a premium tax of 5% on gross premiums and gross additional premiums on all licensed business. This tax should be shown on the Broker's slip and allowed by Underwriters to Lloyd's Brokers. Similarly, return premiums will be subject to a refund to Underwriters of 5% of the gross return premium,

17.1.1 The gross amount shown on Panel 1 of the Lloyd's brokers' slip should show the full 100% amount of the risk, inclusive of the amount of premium tax brokerage and/or commission, The relevant percentage of tax should then be deducted from this figure, together with the brokerage and/or commission in order to arrive at the correct net premium due to Underwriters.

18.0 METHOD OF COLLECTING TAX

18.1 On **1st** January, 1991, a new procedure was introduced which requires the local **USVI** broker to retain the tax and to pay this directly to the **Lloyd's** representative in the **USVI**, for onward payment to the USVI authorities. It is therefore no longer necessary for Lloyd's brokers to account for taxation on risks or amendments to existing risks (except for direct assured business) which **incept** on or after **1st January, 1991**. This includes **additional** and return premiums received by the local **USVI** broker after 1 January 1991, but which relate to risks originally **incepting** prior to this date.

18.1.1 For premiums received prior to 1st January, 1991, and on **all** direct **assured** business, tax will continue to be collected from the **Lloyd's** broker. In these cases, the Lloyd's broker should receive the premium tax, together with the premium, from the USVI broker, or in the case of "direct assured" business, directly from the assured.

The taxes will be deducted from the total gross premium and retained by the Lloyd's broker. When the relevant slip is presented to LPSO for signing, the gross premium will be recorded by means of an FIL Coding (see Section 1.6).

18.1.2 Based upon this information, the amount of tax payable is calculated and a collection is subsequently carried out each quarter through **Central** Accounting, to collect the appropriate amount of tax from the Lloyd's broker.

18.1.3 Each quarter a schedule is produced which includes the signing number date and tax due to be paid for each transaction. This is sent to the Lloyd's broker in advance of the collection date, in order for the information to be checked. The total amount collected is then forwarded to the **USVI** authorities via the Lloyd's representative.

19.0 LEVY

19.1 A levy is charged on all **USVI** risks with an LPSO signing date of 2nd January, 1992 or later, and is collected annually in arrears through Central Accounting. The CA tabulation number allocated for the purpose of the collection is 841.

19.1.1 No deduction from gross premiums for the levy should be made by Lloyd's brokers when calculating the "net absolute premium"* due to Underwriters.

19.1.2 Based on the estimated income and expenditure for 1992, the levy rate is 1.9 1% of gross premium income.