

## *Market Bulletin*

# LLOYD'S

One Lime Street London EC3M 7HA

**FROM:** Mike FitzGerald  
**LOCATION:** 86/G5  
**EXTENSION:** 5901  
**DATE:** 8th January 2003  
**REFERENCE:** Y2966  
**SUBJECT:** US SITUS TRUST FUNDS MAJOR CLAIMS  
PROCESS  
**SUBJECT AREA(S):**  
**ATTACHMENTS:** Major Claims and CAT01G cash transfer forms  
**ACTION POINTS:** Managing agents to note amended procedures  
**DEADLINE:** **Immediate**

The purpose of this bulletin is to advise managing agents of revised procedures surrounding the sale of investments from the CRTF's and SLTF's to enable transfer of cash for the purposes of the Major Claims scheme payments.

In future, managing agents must ensure that there is sufficient cash available in the appropriate accounts one business day prior to the cash movement date. The attached major claims forms replace previously issued forms for general and CAT01G claims respectively.

Managing agents should not be unduly financially disadvantaged by this process, as any cash in the CRTF and SLTF accounts by 2.00pm New York time will be included in the CICR sweep. Any monies received after the sweep will earn interest at MMDA rate which is normal practice. Similarly, any cash in the LDTF's by 6.00pm (providing the syndicate in question normally participates in the Dublin sweep) will be invested by PFPC, and any other cash will earn interest at the usual rate, currently Call + 25bp.

Any queries relating to this bulletin should be addressed to Mike FitzGerald, on Lloyd's extension 5901, or David Cokayne on Lloyd's extension 6238.

This market bulletin has been sent to all managing agents who should provide copies to their investment managers as appropriate.

Mike FitzGerald  
Treasury Services

**CASH MOVEMENT INSTRUCTION TO LDTF FROM SLTF AND /OR \* CRTF**

**To: SETTLEMENT & TRUST FUND OPERATIONS, C/O MARKET REPORTING 86/G5**

Syndicate: \_\_\_\_\_

	I hereby instruct you to :	1999 Year of Account	2000 Year of Account	2001 Year of Account	All Years of Account (Total)
		\$	\$	\$	\$
A	debit the Syndicate's SLTF A/c No.....				
B	and debit the Syndicate's CRTF A/c No. ....				
C	and credit LDTF A/c No.....in the sum of				

**MANAGING AGENTS MUST ENSURE THAT THERE IS SUFFICIENT CASH AVAILABLE IN THE ACCOUNT ONE BUSINESS DAY PRIOR TO THE CASH MOVEMENT DATE.**

NOTE: A + B = C

**CERTIFICATION BY MANAGING AGENT**

**To: MARKET REPORTING, GALLERY 5/86, LLOYD'S; and CITIBANK NA, AS TRUSTEE**

I hereby certify, with respect to the withdrawal from the Lloyd's United States Surplus Lines/Credit for Reinsurance [please delete as applicable] Trust Funds of the amount specified in this instruction, that:

- 1) the amount being withdrawn is limited to the appropriate reserves for liabilities included in the most recent quarterly filing of the Trust Fund Minimum Amount for the relevant years of account for the underwriters comprising the above syndicate and relates to \_\_\_\_\_ [name of loss] which has been paid out of the syndicate's LDTF;
- 2) the syndicate cannot pay such claims with US dollar assets held outside of the situs trust funds without putting a significant strain on the syndicate's liquidity;
- 3) the amount hereby instructed to be withdrawn from the SLTF for any year of account for any purpose will not
  - (a) be in excess of the amount of cash available for withdrawal in the SLTF for such year of account on the settlement date; or
  - (b) cause the amount of trust fund assets in the SLTF for such year of account to be less than the Trust Fund Minimum Amount for such year of account (as adjusted for any withdrawal to pay any Claim (directly to American Policyholders or Third Parties or to the syndicate's LDTF for such payment), or to reimburse the syndicate's LDTF for such year of account for paying any Claim, by an amount not exceeding the amount reserved against such Claim in the previous quarterly filing for such year of account;
- 4) in the event that for any reason execution of the instructions of the Managing Agent or the Agent's Representative to the Trustee of the SLTF would cause the cash assets in the SLTF for any year of account to be less than zero, and the Trustee, in its discretion, chooses to execute such instruction, the Trustee is further authorized and instructed to sell such other assets, or draw down letters of credit in the SLTF for such year of account as may be necessary to provide the cash necessary to execute such instruction;
- 5) the amount hereby instructed to be withdrawn from the CRTF for any year of account for any purpose will not
  - (a) be in excess of the amount of cash available for withdrawal in the CRTF for such year of account on the settlement date; or



**CAT01G MAJOR CLAIMS SCHEME**

**Appendix B**

**CASH MOVEMENT INSTRUCTION TO LDTF FROM SLTF AND /OR \* CRTF**  
**To: SETTLEMENT & TRUST FUND OPERATIONS, C/O MR 86/G5**

Syndicate: \_\_\_\_\_ Cash Transfer Value Date : \_\_\_\_\_

	I hereby instruct you to :	1999 Year of Account	2000 Year of Account	2001 Year of Account	All Years of Account (Total)
		\$	\$	\$	\$
A	debit the Syndicate's SLTF A/c No.....				
B	and debit the Syndicate's CRTF A/c No. ....				
C	and credit LDTF A/c No.....in the sum of				

**MANAGING AGENTS MUST ENSURE THAT THERE IS SUFFICIENT CASH AVAILABLE IN THE ACCOUNT ONE BUSINESS DAY PRIOR TO THE CASH MOVEMENT DATE.**

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- 1) the amount being withdrawn is limited to the appropriate reserves for liabilities included in the most recent quarterly filing of the Trust Fund Minimum Amount for the relevant years of account for the underwriters comprising the above syndicate and relates to \_\_\_\_\_ [name of loss] which has been paid out of the syndicate's LDTF;
- 2) the syndicate cannot pay such claims with US dollar assets held outside of the situs trust funds without putting a significant strain on the syndicate's liquidity;
- 3) the amount hereby instructed to be withdrawn from the SLTF for any year of account for any purpose will not
  - (a) be in excess of the amount of cash available for withdrawal in the SLTF for such year of account on the settlement date; or
  - (b) cause the amount of trust fund assets in the SLTF for such year of account to be less than the Trust Fund Minimum Amount for such year of account (as adjusted for any withdrawal to pay any Claim (directly to American Policyholders or Third Parties or to the syndicate's LDTF for such payment), or to reimburse the syndicate's LDTF for such year of account for paying any Claim, by an amount not exceeding the amount reserved against such Claim in the previous quarterly filing for such year of account);
- 4) in the event that for any reason execution of the instructions of the Managing Agent or the Agent's Representative to the Trustee of the SLTF would cause the cash assets in the SLTF for any year of account to be less than zero, and the Trustee, in its discretion, chooses to execute such instruction, the Trustee is further authorized and instructed to sell such other assets, or draw down letters of credit in the SLTF for such year of account as may be necessary to provide the cash necessary to execute such instruction;
- 5) the amount hereby instructed to be withdrawn from the CRTF for any year of account for any purpose will not
  - (a) be in excess of the amount of cash available for withdrawal in the CRTF for such year of account on the settlement date; or

**CAT01G MAJOR CLAIMS SCHEME**

- (b) cause the amount of trust fund assets in the CRTF for such year of account to be less than the Trust Fund Minimum Amount for such year of account (funded at 100% of assumed liabilities) as adjusted for any withdrawal to pay, or to reimburse the syndicate's LDTF for payment of, claims with respect to American Reinsurance Policies by an amount not exceeding the amount reserved against such claims in the previous quarterly filing for such year of account); or
  - (c) be made when the CRTF for any other year of account of such syndicate is funded at an amount that is less than the Trust Fund Minimum Amount (funded at 100% of assumed liabilities), adjusted as aforesaid, for such year of account;
- 6) in the event that for any reason execution of the instructions of the Managing Agent or the Agent's Representative to the Trustee of the CRTF would cause the cash assets in the CRTF for any year of account to be less than zero, and the Trustee, in its discretion, chooses to execute such instruction, the Trustee is further authorized and instructed to sell such other assets, or draw down letters of credit in the CRTF for such year of account as may be necessary to provide the cash necessary to execute such instruction.

Authorised Signatory \_\_\_\_\_ Name \_\_\_\_\_  
Director/Partner

Name of Managing Agent \_\_\_\_\_ Date \_\_\_\_\_

Contact Name \_\_\_\_\_ Tel \_\_\_\_\_

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**Please return the completed form to: David Cokayne, Market Reporting, G5/86**

For Market Reporting use only	
Date received	
Reviewed by:	

*\*Delete as appropriate*