

**FROM:** Director, Worldwide Markets  
**LOCATION:** 86 / G12  
**EXTENSION:** 5998  
**DATE:** 26 June 2003  
**REFERENCE:** Y3084  
**SUBJECT:** SWITZERLAND: LICENCE TO TRANSACT  
CREDIT BUSINESS  
**SUBJECT AREA(S):** To confirm the successful conclusion of Lloyd's  
application for a licence to underwrite 'Credit' business  
in Switzerland  
**ATTACHMENTS:** None  
**ACTION POINTS:** **Underwriters and Brokers to note**  
**DEADLINE:** **Immediate**

**1.0 Lloyd's licence to write Swiss 'credit' business confirmed.**

This Bulletin is to advise the market that the Swiss Federal Department of Justice and Police has granted Lloyd's application for a licence to write Credit insurance in Switzerland. Accordingly, Lloyd's is authorised to insure all risks falling under Class No. 14 ("Credit") of Annex 1 to the Indemnity Insurance Ordinance (i.e. Federal Ordinance on Direct Non-life Insurance; SR 961.711). This means that Lloyd's is now authorised to write all classes of non-life insurance with the single exception of legal assistance (Class 17).

**2.0 Requirement for an equalisation reserve**

Underwriters and underwriting agents are reminded that a condition of this licence is that Lloyd's establishes and maintains an equalisation reserve for this business. The requirement for an equalisation reserve is in addition to the localised deposit ("bound assets") made for all classes of business in Switzerland. The level of the equalisation reserve is based on Swiss Credit premium written in the preceding five years, calculated annually per syndicate. The business forming the basis for the equalisation reserve is written under risk codes CF, CN and CR.

The equalisation reserve is currently maintained in the form of a collateralised letter of credit. Syndicates' contributions to the equalisation reserve are collected as part of the annual deposit and reserve collection exercise carried out by ASL on behalf of Lloyd's.

### **3.0 Stamp Duty status of 'Credit' business**

The market is reminded that insurance premiums relating to business qualifying as 'Credit' are in principle subject to stamp duty. However, an exemption applies for 'Credit' business if the debtor's residence is not in Switzerland.

### **4.0 Further information**

For further information please contact:

#### **in Switzerland,**

Graham West, General Manager, Switzerland,

Telephone: +41 (0)1 261 3310

E-mail: [graham.west@lloyds.com](mailto:graham.west@lloyds.com)

#### **in London,**

Andrew Smith, Senior Manager, Worldwide Markets

*relating to the new authorisation, the regulatory requirements for an equalisation reserve, and the types of business which qualify under Swiss rules as 'Credit'*

Telephone +44 (0)207 327 5349

E-mail [andrew.d.smith@lloyds.com](mailto:andrew.d.smith@lloyds.com)

Mike FitzGerald, Finance Executive, Treasury Services

*relating to the administration of the equalisation reserve.*

Telephone +44 (0)207 327 5901

E-mail [michael.fitzgerald@lloyds.com](mailto:michael.fitzgerald@lloyds.com)

This bulletin is being sent to all compliance officers, underwriting agents, active underwriters and Lloyd's brokers.

Julian James

Director

Worldwide Markets