

FROM: Director, Finance & Risk Management EXTN: 6711  
 DATE: 20 December 2004 REF: Y3466  
 SUBJECT: **2005 MARKET CHARGES**

SUBJECT AREA(S):

ATTACHMENTS: Refer to paragraph 12.1

ACTION POINTS: **Market Charges will be effective from 1 January 2005**

DEADLINE(S): **Not Applicable**

The purpose of this bulletin is to summarise Lloyd's 2005 Market Charges.

## 1 New Central Fund Contributions / Members' subscriptions

1.1 Market Bulletin Y3394 dated 17 September 2004 set out the principal central charges for 2005 which were comparable with 2004 as set out below:

	2004	2005
New Central Fund contributions	1.25%	0.50%
Members' subscriptions	0.50%	0.50%
Syndicate loans to the New Central Fund		0.75%
	<u>1.75%</u>	<u>1.75%</u>
Callable New Central Fund contributions	3.00%	3.00%

1.2 The first instalment (50%) of the members' subscription for 2005 will be collected through Central Accounting on 7 January 2005. Further details are provided in MB Y3459 dated 15 December 2004.

1.3 The New Central Fund annual contribution, including any increased annual contribution for new corporate members underwriting in 2005 that meet the definitions set out in MB Y3394, together with any further contributions payable where syndicates have entered into qualifying quota share arrangements outside the Lloyd's market, and syndicate loans, are payable on 1 April 2005. Details regarding payment arrangements for contributions and syndicate loans will be advised in February. A further contribution of up to 3% remains callable at the discretion of Council.

## **2 2005 Franchise Performance & Risk Management Charge**

- 2.1 Details of the basis and rates for the 2005 FPRM charge, which are unchanged from 2004, are set out in Appendix 1 to this bulletin. The charge is payable in two instalments, the first instalment being due on 4 January 2005. Payment arrangements are set out in MB Y3459 dated 15 December 2004.

## **3 Charge in respect of syndicates in run-off**

- 3.1 The basis of the charge on run-off syndicates is unchanged in 2005. Details are set out in Appendix 2.

## **4 Compliance**

- 4.1 Capacity Markets charges in 2005 will be the same as for 2004.
- 4.2 General queries should be addressed to Jonathan Rees, ext. 6225 (email <mailto:jonathan.rees@lloyds.com>).
- 4.3 A complete schedule of charges is attached at Appendix 3.

## **5 Complaints**

- 5.1 The administration charge for UK complaints will rise from £60 to £100 from January 2005, and overseas complaints will rise from £60 to £150. Where a full investigation becomes necessary the charge rises from £300 to £400.
- 5.2 As in 2004, the operating costs of the Financial Ombudsman Service (FOS) are recovered from personal lines syndicates based on premium income figures.
- 5.3 Further details of Complaints charges and an explanation of the reasons for the increases can be found at Appendix 4.
- 5.4 General queries should be addressed to Chris White, ext. 6181 (email <mailto:chris.j.white@lloyds.com>).

## **6 Finance Directorate**

- 6.1 The foreign exchange dealing fees charged by Treasury Services, and charges to corporate groups seeking to consolidate and make their individual corporate members' FAL inter-available by the Market Reporting Department, as well as the fees payable in respect of the provision of schedule 9a syndicate data, have been maintained at 2004 levels.
- 6.2 A number of projects undertaken by the Treasury Services Department are performed for the benefit of the whole market. The projects involve compliance work, dealing with Trustees on all market Trust Funds and work focussed on improvements in the area of market liquidity, banking and investment returns. Aggregated costs on these projects are apportioned to each Trust Fund and allocated to all syndicates based on premium income. As it is not possible to forecast the range of projects that will be required during 2005 the charges are budgeted and may change.

- 6.3 The Taxation department administers the compliance, collection and payment of UK and various foreign insurance premium taxes and parafiscal charges. It makes a charge to cover the administration costs of this activity, which is levied on a flat basis for all syndicates (other than life syndicates and those motor syndicates that file their own IPT returns and have limited exposure to foreign taxes). This charge is calculated by dividing total costs by the number of relevant syndicates. The 2004 charge on this basis, which will be collected in January 2005, will be £6,270 per syndicate.
- 6.4 Due to the increase in the number of taxes that are handled and the reduction in the number of syndicates, the charge for 2005 (which will be collected in January 2006) is expected to increase to £8,430 per syndicate.
- 6.5 A complete schedule of charges is attached at Appendix 5.
- 6.6 General queries regarding these charges should be addressed to Rob Geater, ext. 5346 (email <mailto:robert.j.geater@lloyds.com>)

**7 Information Technology Group**

- 7.1 Lloyd's Information Technology Group will shortly begin the annual billing process by asking market firms to confirm their continuing requirement for managed infrastructure services. These services cover data communications, voice / telephone communications, associated cabling and Black Box Park usage. Following agreement of the requirements, invoices will be issued in early 2005.
- 7.2 The 2005 charges are 3% above the 2004 charges. A schedule setting out details of these charges can be found attached at Appendix 6.
- 7.3 Contact Name for queries:

Jerry Adley, Senior Manager, Information Technology Group, Extn 5411  
 e-mail: [jerry.j.adley@lloyds.com](mailto:jerry.j.adley@lloyds.com)

**8 Members Services Unit**

- 8.1 The 2005 charging structure will remain unchanged from 2004, with the following exceptions on member charges:
- 8.2 The taxation charges have been split to separate the element which is charged to cover LeBoeuf legal fees and the charge to cover MSU tax processing. This is purely a presentation change to improve transparency, the overall charge has not altered for 2005.

	2005 Charge		2004 Charge
	MSU	LeBoeuf	
Individual - Active /Open	£85	£125	£210
Individual - Run-off	£45	£70	£115
Corporate	£140	£210	£350
DCP	£200	£1,000	£1,200

- 8.3 The holding charge for Commercial Paper will increase from £325 per security to £700 per security. This was a new asset in 2004, therefore the charge was estimated when it was set in September 2003. However the additional ad - hoc charge of £400 per month currently levied to cover MSU overtime costs and additional US Citibank resources will cease in 2005.
- 8.4 Introduction of a compulsory drawdown charge of £100, to reflect the additional work involved in processing a compulsory rather than voluntary drawdown.
- 8.5 Introduction of a £500 deminimis for processing voluntary deposit drawdowns and partial releases, in order to avoid releasing small sums of money. Where a voluntary deposit drawdown or partial release is processed for a value under £500, a £100 charge will be levied.
- 8.6 The charges listed above exclude VAT.
- 8.7 The charges will be based on FAL as at 1 January 2005. The 2005 price list is attached as Appendix 7.
- 8.8 Point of contact: Jackie Moore 01634 392909 or via e-mail [lloyds-msu-cost-recovery-charges@lloyds.com](mailto:lloyds-msu-cost-recovery-charges@lloyds.com)

## **9 Property Services Unit**

- 9.1 Room rental charges for 2005 have increased by 3% from 2004 levels. A letter and the associated invoices have been sent to all Room occupants confirming the rates payable and charges due for 2005. Please contact Darren Cox, Estates Services on ext. 6636 (e-mail [Darren.C.Cox@lloyds.com](mailto:Darren.C.Cox@lloyds.com)) if you have any queries.
- 9.2 The charges for security passes will increase to £25 from the 2004 level of £20 to contribute to the 1986 Building security enhancements. Tenant services charges for 2005 have increased to £16.97 per sq ft per annum (2004 £16.52 per sq ft per annum) while the insurance charge has reduced to £2.31 per sq ft per annum (2004 £2.45 per sq ft per annum). Please contact Simon Harper, Property Services Business Unit Accountant on ext. 6719 (e-mail [Simon.C.Harper@lloyds.com](mailto:Simon.C.Harper@lloyds.com)) if you have any queries.
- 9.3 A complete schedule of charges is attached at Appendix 8.

## **10 Risk Management: admissions and individual registration charges**

- 10.1 Risk Management direct charges for 2005 are in accordance with the schedule published in September (MB Y3394), with the addition of the annual fee for run-off companies regarding maintenance of the register (£10,000.00) which was mistakenly omitted. All other 2005 charges remain unchanged from 2004.
- 10.2 General queries should be addressed to Nikki Gregory, ext. 6162 (e-mail [Nicola.A.Gregory@lloyds.com](mailto:Nicola.A.Gregory@lloyds.com)). Queries in respect of specific charges should be directed, as appropriate, to staff in the Risk Management Department.
- 10.3 A complete schedule of charges is attached at Appendix 9.

## 11 Worldwide Markets

- 11.1 The core operating charges as a percentage of gross international premiums will remain unchanged from those set for 2004: 0.30% for direct business, binding authority supplement 0.15%, reinsurance 0.11%.
- 11.2 User pays charges remain in Italy and France at unchanged rates. In addition to these charges, Worldwide Markets will seek to recover costs from specific syndicates on a user pays basis where those syndicates have requested additional work from an office, (eg the production of non-standard reports), and that additional work has resulted in significant additional cost. If this situation applies, then the cost implications will be made clear to the syndicate before proceeding with the work.
- 11.3 All queries on Worldwide Markets' charges should be referred to Helen French (ext 6355) (e mail: [helen.french@lloyds.com](mailto:helen.french@lloyds.com))
- 11.4 A complete schedule of charges is attached at Appendix 10.

## 12 Further Information

- 12.1 The charges set out in the appendices to this bulletin, where applicable, have been reviewed and approved by the Franchise Board. The notes to each schedule of charges include details of assumptions and relevant key issues together with contact names and numbers for enquiries. The appendices are cross referenced as follows:

	Appendix	Pages
Franchise Performance & Risk Management Charge	1	6-7
Charge in respect of syndicates in run-off	2	8
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- 12.2 If you have any queries regarding this bulletin please contact Rob Geater, ext. 5346 (email: [Robert.j.geater@lloyds.com](mailto:Robert.j.geater@lloyds.com)).
- 12.3 This bulletin has been sent to managing and members' agents, direct corporate members, Lloyd's brokers, market associations, and recognised accountants for information.

Luke Savage  
Director, Finance & Risk Management

### **Franchise Performance and Risk Management Charge**

- 1.1 The Franchise Performance and Risk Management charge has been calculated to recover approximately £12m from the Market in order to fund the activities of the Franchise Performance and Risk Management teams. The charge will be approximately split on the following basis:
- 96% paid by managing agents; and
  - 4% paid by members' agents
- 1.2 The principles of the charge :
- there should be a minimum fee for all agents;
  - the amount of resource required for an agent rises as the size of the agent increases. However, an agent with, for example, £500m capacity does not require five times the amount of resource as an agent with £100m capacity. The charging structure reflects this; and
  - the amount of resources needed increases with every syndicate an agent manages.
- 1.3 For 2005, managing agents will pay:
- A flat fee of £11,000 per syndicate managed;
  - a minimum fee of £15,500 for a managing agent and £20,700 for a members' agent;
  - various levies on bands of capacity, which decrease as the amount of capacity rises.
- 1.4 The charge will only be charged on active capacity for 2005. Agents which only manage syndicates in run-off will not attract a Franchise Performance & Risk Management charge but will attract a special charge as outlined in Appendix 2. An agent that commences or increases operations mid-year will attract a pro rata charge.
- 1.5 The charge will be collected in two equal instalments due by 4 January and 1 June 2005. Any payment not made by the due date will attract an interest charge at 5% over National Westminster Bank plc base rate.

1.6 The Charges will be made as follows:

**Managing Agents:**

The charge on managing agents shall be calculated as follows. The flat fee of £11,000 per syndicate should be added to the figures set out in the table below for managing agents.

Capacity of Agent	£ (minimum fee)	For each £ of capacity above the minimum capacity stated in the left hand column
£0 - £50m	15,500 plus	0.1591%
£50m - £150m	95,050 plus	0.0956%
£150m - £250m	190,650 plus	0.0796%
£250m - £500m	270,250 plus	0.0221%
Above £500m	325,500 plus	0.0201%

**Members' Agents**

The levy on members' agents (including corporate advisers) shall be calculated as follows:

Capacity of Agent	£ (minimum fee)	For each £ of capacity above the minimum capacity stated in the left hand column
£0 - £50m	20,700 plus	0.0246%
£50m - £150m	33,000 plus	0.0246%
£150m - £250m	57,600 plus	0.0123%
Above £250m	69,900 plus	0.0074%

**Syndicate Expenses**

- 1.7 As the activities underlying the Franchise Performance and Risk Management Charge relate predominantly to the day to day transaction of underwriting business at Lloyd's, it may be treated as a syndicate expense. Managing agents should ensure, however, that it is apportioned between syndicates and years of account in accordance with the Code of Practice for Underwriting Agents – Syndicate Expenses (see Regulatory Bulletin 069/2000, issued 13 September 2000). Moreover, specific disclosure should be made in the syndicate annual report and accounts of the apportionment policy adopted and a breakdown of the figures provided by reference to each year of account. Run-off charges paid in accordance with Appendix 2 should be treated in a similar fashion.
- 1.8 The foregoing approach applies to all aspects of user pays charging currently in place through the Corporation, i.e. if the charge can be determined as relating directly to the business of the syndicate itself it may be charged as a syndicate expense, subject to the disclosure requirements outlined above.

**2005 Charges in respect of syndicates in run-off**

- 1.1 The Franchise Performance and Risk Management Charge will not be applicable to agents with run-off syndicates. Instead they will pay an annual charge at a flat rate of £1 per £1,000 of reported net insurance liabilities, assessed by reference to the most recent audited accounts of the syndicate for each year of account in run-off. For this purpose a run-off syndicate means a syndicate which no longer accepts new or renewal insurance business (other than the variation or extension of risk previously underwritten or reinsured to close as earlier year of account of that syndicate). This charge is unchanged from 2004.
- 1.2 In this context, net insurance liabilities means the amounts retained by each syndicate in run-off, in respect of each year of account in run-off, to meet all known and outstanding liabilities carried forward as at 31 December 2004. If the relevant audited financial statements are unavailable and their production appears likely to be significantly delayed, an interim charge (to be adjusted if necessary on subsequent publication of the relevant audited accounts) may be assessed by reference to the most recently submitted quarterly monitoring return (QMR) made by the run-off managers to Lloyd's for the syndicate for the relevant years of account. Any payment of this charge not made by the due date will attract an interest charge at 5% over National Westminster Bank plc base rate.



**Compliance Department**  
**2005 Market Charges**

Capacity Markets

Capacity Markets charges in 2005 will be the same as for 2004, as set out below.

Type of charge	Charge £
Approval of capacity offer by means of announced auction offer	1,900
Approval of formal capacity offer (cash only)	5,000
Approval of formal capacity offer (with shares or a share alternative)	6,200
Approval of conversion scheme (with interavailability)	9,600
Approval of conversion scheme (with reverse interavailability or transition)	10,600

Lloyd's reserves the right to levy an additional fee on promoters to cover, for example:

- additional costs incurred in processing particularly complex schemes, especially where features not directly necessary to the scheme are included; and
- the reimbursement of any external legal (or other professional) fees incurred by Lloyd's in developing a particular scheme. An example of this is where bespoke trust deeds are prepared for reverse interavailability schemes.

Every effort will be made to make promoters/sponsors aware of the possibility of an additional charge at an early stage in the process.

**Contact Name for Queries**

Jonathan Rees (ext. 6225)

**Complaints Department**  
**2005 Market Charges**

- 1.1 At the present time the budgeted costs of the Complaints department exceed the income generated by the current level of charges. The department is therefore seeking to recover a higher proportion of costs on a user pays basis where it is felt to be economically justified. For 2005 the department proposes to introduce a range of charges which more closely reflect the work involved in the various stages of the complaints process.
- 1.2 With effect from January 2005 the administration charge for UK complaints will rise from £60 to £100. The administration charge for overseas complaints will rise to £150 reflecting the extra work involved in progressing these complaints.
- 1.3 At this initial stage syndicates are given the opportunity of resolving matters without incurring the full investigation fee. If, however, a full investigation becomes necessary an additional charge will be incurred. For 2005 the current charge of £300 will be increased to £400.
- 1.4 Despite best endeavours a small number of complainants will insist on referring matters to the FOS which will result in a minimum charge by the FOS of £360 for each case. At the present time this is borne by Lloyd's but with effect from 2005 these additional costs will be recovered from the syndicates involved.
- 1.5 The operating costs of the FOS are borne by the insurance industry as a whole through a combination of case fees and a general levy on member firms. The FOS's general levy charged to Lloyd's is recovered from personal lines syndicates based on premium income figures. The recovery will continue to be made in 2005.

COMPLAINTS CHARGES 2005		
DESCRIPTION	CURRENT CHARGE	PROPOSED CHARGE
Administration fee for UK complaints	£60	£100
Administration fee for overseas complaints	£60	£150
Additional fee for full investigation (all complaints)	£300	£400
Recovery of Financial Ombudsman Service (FOS) case fee	Case fee not currently recovered	FOS case fee (normally £360) to be recovered.
Recovery of FOS Levy	Charge applied by FOS is recovered from Personal Lines syndicates	Facility to recover charge to be maintained

- 1.6 The market charges will improve the recovery rate but there are also certain tasks carried out by the department which ensure that the Franchisor complies with all aspects of the FSA complaint handling rules. It is felt appropriate that these costs are borne by the Franchisor.

## **Finance Directorate - 2005 Market Charges**

### **Foreign Exchange Dealing Fees**

The Treasury Department makes a charge for undertaking foreign exchange activity on behalf of Lloyd's market participants.

Foreign exchange dealing instructions may be received directly from managing agents or indirectly in connection with other activities, including the Lloyd's Currency Conversion Service.

Charges vary between 0.03% and 0.05% of the sterling value of transactions, although the minimum charge is £10. Charges are levied by adjusting the exchange rate at which deals are transacted, by reference to the relevant market rate. No separate charge is made.

As a result of the large volumes of foreign exchange business transacted by the Treasury Department, it is able to obtain very competitive dealing rates from its counterparties. This means that the exchange rates achieved remain advantageous when compared to retail rates, despite the charge made by the Department.

### **Provision of Schedule 9a Information to Corporate Members**

#### **Introduction**

Corporate members of Lloyd's are required to prepare their accounts in accordance with Schedule 9a of the Companies Act 1985. Market Reporting Department (MRD) offers a "central facility" to provide corporate members with the data that they need in order to be able to prepare their accounts in accordance with Schedule 9a. MRD is able to provide this facility by advising on the data requirements, collecting the syndicate data in the relevant format from managing agents, processing it and providing outputs in the Schedule 9a format for each subscribing member. If the central facility was not available, it would be necessary for individual corporate members to contact the managing agent of each syndicate on which they participate in order to negotiate arrangements to obtain this information, which would not be otherwise provided by managing agents. It is likely that the cost to a corporate member of having to obtain the data this way would be greater than the fees charged for the Lloyd's facility.

## Fees

Each corporate member that wishes to subscribe to this service is required to pay a fee as prescribed under the Syndicate Accounting Byelaw (No. 18 of 1994) as amended. This fee is calculated by reference to the highest overall premium limit (OPL) of the corporate member concerned and number of syndicates (disregarding syndicate years of account for this purpose) in which the corporate member participates.

The prescribed fees (excluding VAT) for the December 2004 facility are set out below and vary with respect to the size (in terms of OPL) of the corporate member. They are unchanged from last year.

OPL for member*	Fee per syndicate participation*	Maximum fee**
£15,000,001 or greater	£125	£3,750
£10,000,001 to £15,000,000	£100	£3,000
£5,000,001 to £10,000,000	£70	£2,100
£2,000,001 to £5,000,000	£35	£1,050
£2,000,000 or less	£35	£700
Members participating on 2001 or prior run-off years only	£35	£700

- OPL is defined as the highest OPL written for any year of account within the last three years of account (i.e. 2002 to 2004 years of account).
- Fees are calculated per syndicate (not syndicate year) participation and are exclusive of VAT at 17.5%

## Key assumptions

The fee structure for 31 December 2004 Schedule 9a reporting has been prepared on the assumption that the level of subscription to the central facility and Market Reporting Department's costs incurred in providing this facility, do not change materially from those relating to the 2003 exercise.

## Other significant matters

No established alternative source in order for corporate members to obtain this data currently exists. As noted above, however, the cost incurred by corporate members making their own arrangements to obtain the information directly from managing agents is likely to be somewhat higher.

**Corporate Inter-available FAL**

Corporate groups may wish to rationalise their Lloyd's operations and reduce the number of underwriting subsidiaries. Lloyd's has developed a mechanism and the documentation to deal with the provision of Funds at Lloyd's to support both the business being run off by the ceasing corporate members and the increased level of underwriting by the continuing corporate member.

A fee is payable by those corporate groups seeking to consolidate and make their individual corporate members' FAL inter-available. This charge seeks to recover principally legal costs incurred by Lloyd's in respect of such consolidations. The fee is £1,000 (excluding VAT) per ceasing member subject to a maximum of £10,000 per corporate group consolidation.

**Projects Relating to all Syndicates**

A number of projects undertaken by the Treasury Services Department are performed for the benefit of the whole market. The projects involve compliance work, dealing with Trustees on all market Trust Funds and work focussed on improvements in the area of banking and custody. Aggregated costs on these projects are apportioned to each Trust Fund and allocated to all syndicates based on net premium income. As it is not possible to forecast the range of projects that will be required during 2005, the charges are budgeted, and may change.

**Premium Tax Administration**

The Taxation department administers the compliance, collection and payment of UK and various foreign insurance premium taxes and parafiscal charges. It makes a charge to cover the administration costs of this activity, which is levied on a flat basis for all syndicates (other than life syndicates and those motor syndicates that file their own IPT returns and have limited exposure to foreign taxes). This charge is calculated by dividing total costs by the number of relevant syndicates. The 2004 charge on this basis, which will be collected in January 2005, will be £6,270 per syndicate.

Due to the increase in the number of taxes that are handled and the reduction in the number of syndicates, the charge for 2005 (which will be collected in January 2006) is expected to increase to £8,430 per syndicate.

**Finance Directorate Contacts:-**

Foreign Exchange Dealing Fees - Gary White Extn.5340.

Schedule 9a Fees - Paul Appleton Extn.6433.

Corporate Inter-available FAL - Kevin Nethersell Extn.6253

Projects Relating to all Syndicates – Keith Coutinho Extn.5762.

Premium Tax Administration - Maureen McLeod Extn.6860

Ref	Chargeable Item	Customer	Unit of Charge	2005 Price per Unit	Benchmark Prices	2004 Price per Unit
				(excl. VAT)		(excl. VAT)
1	<b>Foreign Exchange Dealing fees</b>	Managing Agents / Syndicates	Transaction value	0.03% to 0.05% dependant on transaction size. Minimum charge £10	0.25%	0.03% to 0.05% dependant on transaction size. Minimum charge £10
	Foreign exchange and currency translation services provided by the Treasury department, including operation of the Lloyd's Currency Conversion Service					
2	<b>Provision of Schedule 9a data to corporate members</b>	Corporate Members	Per syndicate participation	£125 (discount of up to 72% for low OPL)	No comparison	£125 (discount of up to 72% for low OPL)
	Charges to corporate members for completion of Schedule 9a as required by the Companies Act 1985. Service provided by Market Reporting					

Ref	Chargeable Item	Customer	Unit of Charge	2005 Price per Unit (excl. VAT)	Benchmark Prices	2004 Price per Unit (excl. VAT)
3	<b>Corporate Inter-Available FAL</b>	Corporate Members	Per corporate member	£1,000 (subject to £10,000 max.)	No comparison	£1,000 (subject to £10,000 max.)
	Charges to corporate members seeking to consolidate and making their individual corporate members' FAL inter-available.					
4	<b>Projects relating to all Syndicates</b>	All Syndicates	Per £1,000 of sterling premium income	£0.061	No comparison	£0.052
	Various projects for the benefit of the whole market. These projects incur a charge per working day. The aggregated charges are then apportioned to each Trust Fund and across all syndicates according to premium income.					
5	<b>Premium Tax Administration Charges</b>	All Syndicates	per syndicate	£8,430	No comparison	£6,700
	Charge levied in arrears to all syndicates (other than those motor syndicates that file their own IPT returns directly and have limited exposure to foreign premium taxes) to recover the costs of administration of insurance premium tax and foreign taxes. Collected from interest earned on IPT prior to payment to Customs & Excise					

## **Information Technology Group – 2005 Market Charges**

### **Introduction**

- 1.1 The Lloyd's Information Technology Group will shortly begin the annual billing process by asking market firms to confirm their continuing requirement for managed infrastructure services. These services cover data communications, voice / telephone communications, associated cabling and Black Box Park usage. Following agreement of the requirements, invoices will be issued in early 2005.
- 1.2 The 2005 charges are 3% above the 2004 charges.
- 1.3 Contact name for queries:  
Jerry Adley, Senior Manager, Information Technology Group,  
e-mail: [jerry.j.adley@lloyds.com](mailto:jerry.j.adley@lloyds.com)



<b>Chargeable Item</b>	<b>Customer</b>	<b>Unit of Charge</b>	<b>2005 Price per Unit</b>	<b>2004 Price per Unit</b>
<b>LIN Network Annual Fee – Ethernet</b>	Market	Per Connection	<b>£8,524</b>	£8,276
Covers the cost of management of Ethernet connection to the LIN				
<b>LIN Network Annual Fee - Serial Port</b>	Market	Per Connection	<b>£8,524</b>	£8,276
Covers the cost of management of Serial connection to the LIN				
<b>LIN Network Annual Fee - Fast Ethernet</b>	Market	Per Connection	<b>£13,068</b>	£12,687
Covers the cost of management of Fast Ethernet connection to the LIN				
<b>LIN Net Work Annual Fee - Entry level Serial</b>	Market	Per Connection	<b>Various</b>	Various
Covers the cost of management of Entry Level Serial connection to the LIN				
<b>LIN Network Annual Fee - Additional for Ethernet Service Providers</b>	Market	Per customer	<b>£1,136</b>	£1,103
Additional £1,136 per customer from 2nd up to 10th customer - Maximum £10,224				
<b>LIN Network Annual Fee - Additional for Fast Ethernet Service Providers</b>	Market	Per customer	<b>£1,591</b>	£1,545
Additional £1,591 per customer from 2nd up to 10th customer - Maximum £14,319				
<b>LIN Network set-up – Ethernet</b>	Market	Per Connection	<b>£3,899</b>	£3,785
set-up costs of Ethernet connection to the LIN				
<b>LIN Network set-up - Serial Port</b>	Market	Per Connection	<b>£3,899</b>	£3,785
set-up costs of Serial connection to the LIN				
<b>LIN Network set-up - Fast Ethernet</b>	Market	Per Connection	<b>£3,899</b>	£3,785
set-up costs of Fast Ethernet connection to the LIN				
<b>LIN Network set-up - Entry Level Serial</b>	Market	Per Connection	<b>Various</b>	Various
set-up costs of Entry Level Serial connection to the LIN				

<b>Chargeable Item</b>	<b>Customer</b>	<b>Unit of Charge</b>	<b>2005 Price per Unit</b>	<b>2004 Price per Unit</b>
<b>DR Invocation Tests</b>	Market	Per 8 hour period	<b>£670</b>	£650
LIN DR testing outside bi-annual dates				
<b>Tailored Invocation Plan - Set up</b>	Market	Per Customer	<b>£1,236</b>	£1,200
Available to member who connect through NDR and Sungard				
<b>Tailored Invocation Plan - Annual fee</b>	Market	Per Customer	<b>£618</b>	£600
Available to member who connect through NDR and Sungard				
<b>LIN ISP 64K</b>	Market	Per Connection	<b>£2,841</b>	£2,758
Rental of an Internet browsing facility at 64K bps				
<b>LIN ISP 128K</b>	Market	Per Connection	<b>£4,159</b>	£4,038
Rental of an Internet browsing facility at 128K bps				
<b>LIN ISP 256K</b>	Market	Per Connection	<b>£4,908</b>	£4,765
Rental of an Internet browsing facility at 256K bps				
<b>LIN ISP 512K</b>	Market	Per Connection	<b>£6,409</b>	£6,222
Rental of an Internet browsing facility at 512K bps				
<b>LIN ISP 1M</b>	Market	Per Connection	<b>£9,410</b>	£9,136
Rental of an Internet browsing facility at 1M bps				
<b>LIN ISP 2M</b>	Market	Per Connection	<b>£12,271</b>	£11,914
Rental of an Internet browsing facility at 2M bps				
<b>LIN ISP - shared</b>	Market	Per Connection	<b>£2,674</b>	£2,596
Rental of an Internet browsing facility shared with other users @ 2M bps				

<b>IT GROUP - 2005 MARKET CHARGES</b>				
<b>Chargeable Item</b>	<b>Customer</b>	<b>Unit of Charge</b>	<b>2005 Price per Unit</b>	<b>2004 Price per Unit</b>
<b>LIN ISP set-up - All bands</b>	Market	Per Connection	<b>£557</b>	£541
set-up cost of the provision of an Internet browsing facility for all dedicated bps.				
<b>LIN DR Back Office Service</b>	Market	Per Connection	<b>Various</b>	Various
Rental of service provider connection to LIN DR				
<b>LIN DR Back Office Service set-up</b>	Market	Per Connection	<b>Various</b>	Various
Set-up of service provider connection to LIN DR				
<b>LIN ISDN Remote Access - Support</b>	Market	Per Connection	<b>£1,421</b>	£1,380
<b>LIN Workstation Dial Service -Support</b>	Market	Per Device	<b>£408</b>	£397
<b>LIN Workstation Dial Service -Provide</b>	Market	Per Device	<b>£106</b>	£103
<b>Vertical Copper - Support</b>	Market	Per Cable	<b>£569</b>	£552
Cost of point-to-point cable links				
<b>Fibre Optic Cable - Support</b>	Market	Per Cable	<b>£1,364</b>	£1,324
Cost of point-to-point fibre links				
<b>Fibre Optic Cable - Provide</b>	Market	Per Cable	<b>£1,363</b>	£1,324
Cost of provision of point-to-point fibre links				
<b>BBP Rack Space</b>	Market	Per Unit	<b>Various</b>	Various
Rental of rack space in Black Box Parks				
<b>Low Speed Data</b>	Market	Per Grapevine	<b>£829</b>	£805
Rental of low-speed communications links within Lloyd's buildings				

<b>IT GROUP - 2005 MARKET CHARGES</b>				
<b>Chargeable Item</b>	<b>Customer</b>	<b>Unit of Charge</b>	<b>2005 Price per Unit</b>	<b>2004 Price per Unit</b>
<b>Mid Speed Data Link</b>	Market	Per Link	<b>£829</b>	£805
Rental of mid-speed communications links within Lloyd's buildings				
<b>Virtual Private Network (via a workstation) Set-up fee</b>	Market	Per connection	<b>£106</b>	£103
Set-up of a secure,data encrypted tunnel through to the LIN.				
<b>Virtual Private Network (via a workstation only)</b>	Market	Per connection	<b>£454</b>	£441
Rental of a secure,data encrypted tunnel through to the LIN.				
<b>Virtual Private Network (via LAN) Extension set-up fee</b>	Market	Per connection	<b>£2,869</b>	£2,785
Set-up of a secure,data encrypted tunnel through to the LIN.				
<b>Virtual Private Network (via LAN) Primary set-up fee</b>	Market	Per connection	<b>£3,899</b>	£3,785
Set-up of a secure,data encrypted tunnel through to the LIN.				
<b>Virtual Private Network (via LAN) Extension support 128K bps</b>	Market	Per connection	<b>£1,337</b>	£1,298
Rental of a secure,data encrypted tunnel through to the LIN at 128K bps.				
<b>Virtual Private Network (via LAN) Extension support 256K bps</b>	Market	Per connection	<b>£2,037</b>	£1,978
Rental of a secure,data encrypted tunnel through to the LIN at 256K bps				
<b>Virtual Private Network (via LAN) Extension support 512K bps</b>	Market	Per connection	<b>£3,523</b>	£3,420
Rental of a secure,data encrypted tunnel through to the LIN at 512K bps				
<b>Virtual Private Network (via LAN) Extension and Primary support 1M bps</b>	Market	Per connection	<b>£6,493</b>	£6,304
Rental of a secure,data encrypted tunnel through to the LIN at 1M bps				
<b>Virtual Private Network (via LAN) Extension and Primary support 2M bps</b>	Market	Per connection	<b>£12,434</b>	£12,072
Rental of a secure,data encrypted tunnel through to the LIN at 2M bps				
<b>LIN DR Set-up fee optional connection - Token Ring</b>	Market	Per Connection	<b>£3,899</b>	£3,785
Alternative route to LIN in the event of a disaster				
<b>LIN DR Set-up fee optional connection - Serial or Ethernet</b>	Market	Per Connection	<b>£3,899</b>	£3,785
Alternative route to LIN in the event of a disaster				
<b>LIN DR Set-up fee optional connection - Fast Ethernet</b>	Market	Per Connection	<b>£3,899</b>	£3,785
Alternative route to LIN in the event of a disaster				

<b>Chargeable Item</b>	<b>Customer</b>	<b>Unit of Charge</b>	<b>2005 Price per Unit</b>	<b>2004 Price per Unit</b>
<b>LIN end to end set-up fee</b>	Market	Per Connection	<b>Various</b>	Various
The provision of an end to end LIN connection				
<b>LIN DR Annual Fee optional connection - Serial or Ethernet</b>	Market	Per Connection	<b>£2,615</b>	£2,539
<b>LIN DR Annual Fee optional connection - Fast Ethernet</b>	Market	Per Connection	<b>£6,704</b>	£6,509
<b>LIN DR Annual Fee optional connection - ISDN LAN</b>	Market	Per Connection	<b>£1,422</b>	£1,380
<b>LIN end to end</b>	Market	Per Connection	<b>Various</b>	Various
Rental and management of an end to end LIN connection				
<b>Block Wiring</b>	Market	Negotiated	<b>Various</b>	Various
Charge for use of BT block wiring to support private PBX's				
<b>Standard Extension (7940)</b>	Market	Per Extension	<b>£457</b>	£444
Rental for Lloyd's extension number and a Lloyd's supplied analogue or IP telephone.				
<b>Telephone Handset (7960)</b>	Market	Per Handset	<b>£101</b>	£98
Rent for a handset which visually displays additional lines				
<b>Lloyd's 8000 Extensions</b>	Market	Per Extension	<b>£457</b>	£444
Rental for Lloyd's 8000 range of extension numbers				
<b>VoIP Add-on Unit</b>	Market	Per Unit	<b>£123</b>	£119
Rent for a VoIP Add-on Unit, which supplies extra programmable keys				
<b>Additional Telephone Socket</b>	Market	Per Socket	<b>£62</b>	£60
Support for an additional analogue telephone on an existing analogue extension				
<b>Fax / Modem Line</b>	Market	Per Line	<b>£214</b>	£208
Supply of a fax/modem link on a Lloyd's extension number				
<b>Voicemail</b>	Market	Per Unit	<b>£87</b>	£84
Supply of a Featurenet voice mailbox				
<b>IP Conference Unit</b>	Market	Per Unit	<b>£185</b>	£180

## Members Services Charges 2005

### MSU Customer Categories for Charges

The overall price list for MSU services is split by customer category:-

- A. Individual Members
- B. Corporate Members
- C. Direct Corporate Participants
- D. Managing Agents
- E. Members' Agents

**All charges set out in the attached price list are to be paid by the relevant members of the Lloyd's community and exclude VAT**

The 2005 charging structure will remain unchanged from 2004, with the following exceptions on member charges:

1. The taxation charges have been split to separate the element which is charged to cover LeBoeuf legal fees and the charge to cover MSU tax processing. This is purely a presentation change to improve transparency, the overall charge has not altered for 2005.

	2005 Charge		2004 Charge
	MSU	LeBoeuf	
Individual - Active /Open	£85	£125	£210
Individual - Run-off	£45	£70	£115
Corporate	£140	£210	£350
DCP	£200	£1,000	£1,200

2. The holding charge for Commercial Paper will increase from £325 per security to £700 per security. This was a new asset in 2004, therefore the charge was estimated when it was set in September 2003. However the additional adhoc charge of £400 per month currently levied to cover MSU overtime costs and additional US Citibank resources will cease in 2005.
3. Introduction of a compulsory drawdown charge of £100, to reflect the additional work involved in processing a compulsory rather than voluntary drawdown.
4. Introduction of a £500 deminimis for processing voluntary deposit drawdowns and partial releases, in order to ensure efficient use of MSU resources. Where a voluntary deposit drawdown or partial release is processed for a value under £500, a £100 charge will be levied.

The charges listed above exclude VAT.

The charges will be based on members' Funds at Lloyd's (FAL) position as at 1 January 2005. The 2005 price list is enclosed.

Point of contact: Jackie Moore 01634 392909 or via e-mail [loyds-msu-cost-recovery-charges@lloyds.com](mailto:loyds-msu-cost-recovery-charges@lloyds.com)

<b>A: INDIVIDUAL MEMBERS</b>				
<b>Chargeable Item</b>	<b>Frequency</b>	<b>Price 2005</b>	<b>VAT status – Note 4</b>	<b>Description of Service</b>
Base service charge	Annual	£310	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£50	Outside Scope	Single charge for administration of bank or building society accounts within funds at Lloyd's (FAL)
UK securities (per holding)	Annual	£45	Outside Scope	Per holding, charge for administration of UK securities held in FAL
Foreign securities (per holding)	Annual	£225	Outside Scope	Per holding, charge for administration of foreign securities held in FAL
Commercial paper (per holding)	Annual	£700	Outside Scope	Per holding, charge for administration of commercial paper held in FAL
Guarantees/ Letters of Credit	Annual	£95	Outside Scope	Single charge for administration of guarantees or letters of credit held in FAL
Life Policy	Annual	£210	Outside Scope	Single charge for administration of life policy held in FAL
Merrill Lynch Monitoring	Annual	£300	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
Special Reserve Fund	Annual	£55	Outside Scope	Single charge for administration of Special Reserve Fund
MSU Taxation (other than resigning member)	Annual	£85	Standard Rate	MSU processing charge for UK, US and Canadian tax return data in respect of member (other than resigning member)
MSU Taxation – resigning member	Annual	£45	Standard Rate	MSU processing charge for UK, US and Canadian tax return data in respect of resigning member
LeBoeuf Taxation (other than resigning member)	Annual	£125	Standard Rate	LeBoeuf charge for filing US tax return in respect of member (other than resigning member)
LeBoeuf Taxation – resigning member	Annual	£70	Standard Rate	LeBoeuf charge for filing US tax return in respect of resigning member
US Resident	Annual	£325	Standard Rate	Single charge for filing US resident tax return data
MAPA participation (other than resigning member)	Annual	£105	Standard Rate	Single charge for administration of MAPA participations
MAPA participation – resigning member	Annual	£20	Standard Rate	Single charge for administration of MAPA participations
Compulsory Drawdown	Per Request	£100	Outside Scope	To cover additional costs incurred in processing compulsory drawdown
Voluntary Drawdown	Per Drawdown under £500	£100	Outside Scope	To ensure efficient use of MSU resources, a deminimis of £500 has been introduced
Partial Release	Per Release under £500	£100	Outside Scope	To ensure efficient use of MSU resources, a deminimis of £500 has been introduced
Company Report and Accounts	Per Request	£15	Standard Rate	Fee for provision of company report and accounts
Enquiries	Per half-hour	£40	Standard Rate	Fee for handling general enquiries
Duplicate Requests – including payments	Per duplicate	£40	Standard Rate	Fee for provision of duplicate items
Coming into Line Extension	Per Day per £5m or part thereof	£50	Outside Scope	Fee for granting extension to coming into line deadline – based on amount of FAL outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	Variable	Exempt	Charge for administration of cash held in FAL at the rate of 0.125% per annum

<b>B: CORPORATE MEMBERS</b>				
<b>Chargeable Item</b>	<b>Frequency</b>	<b>Price 2005</b>	<b>VAT status – Note 4</b>	<b>Description of Service</b>
Base service charge	Annual	£625	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£50	Outside Scope	Single charge for administration of bank or building society accounts within funds at Lloyd's (FAL)
UK securities (per holding)	Annual	£45	Outside Scope	Per holding, charge for administration of UK securities held in FAL
Foreign securities (per holding)	Annual	£225	Outside Scope	Per holding, charge for administration of foreign securities held in FAL
Commercial paper (per holding)	Annual	£700	Outside Scope	Per holding, charge for administration of commercial paper held in FAL
Guarantees/ Letters of Credit	Annual	£95	Outside Scope	Single charge for administration of guarantees or letters of credit held in FAL
Merrill Lynch Monitoring	Annual	£300	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
Covenant & Charge – Additional monitoring charge	Annual	£300	Outside Scope	Single charge for monitoring of securities held in FAL under Covenant & Charge arrangements
Interavailable FAL (per participant)	Annual	£165	Outside Scope	Per participant, charge to successor member for administration of FAL made interavailable to it
MSU Taxation	Annual	£140	Standard Rate	MSU processing charge for UK, US and Canadian tax return data
LeBoeuf Taxation	Annual	£210	Standard Rate	LeBoeuf charge for filing US tax return
US Resident	Annual	£325	Standard Rate	Single charge for filing US resident tax return data
MAPA participation (other than resigning member)	Annual	£105	Standard Rate	Single charge for administration of MAPA participations
MAPA participation – resigning member	Annual	£20	Standard Rate	Single charge for administration of MAPA participations
Compulsory Drawdown	Per Request	£100	Outside Scope	To cover additional costs incurred in processing compulsory drawdown
Voluntary Drawdown	Per Drawdown under £500	£100	Outside Scope	To ensure efficient use of MSU resources, a deminimis of £500 has been introduced
Partial Release	Per Release under £500	£100	Outside Scope	To ensure efficient use of MSU resources, a deminimis of £500 has been introduced,
Company Report and Accounts	Per Request	£15	Standard Rate	Fee for provision of company report and accounts
Enquiries	Per half-hour	£40	Standard Rate	Fee for handling general enquiries
Duplicate Requests – Including payments	Per duplicate	£40	Standard Rate	Fee for provision of duplicate items
Coming into Line Extension	Per Day per £5m or part thereof	£50	Outside Scope	Fee for granting extension to coming into line deadline – based on amount of FAL outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	Variable	Exempt	Charge for administration of cash held in FAL at the rate of 0.125% per annum



<b>C : DIRECT CORPORATE PARTICIPANTS</b>				
<b>Chargeable Item</b>	<b>Frequency</b>	<b>Price 2005</b>	<b>VAT Status – Note 4</b>	<b>Description of Service</b>
Base Service Charge	Annual	£2,500	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£50	Outside Scope	Single charge for administration of bank or building society accounts within funds at Lloyd's (FAL)
UK Securities (per holding)	Annual	£190	Outside Scope	Per holding, charge for administration of UK securities held in FAL
Foreign Securities (per holding)	Annual	£350	Outside Scope	Per holding, charge for administration of foreign securities held in FAL
Commercial Paper (per holding)	Annual	£700	Outside Scope	Per holding charge for administration of commercial paper held in FAL
Guarantees/ Letters of Credit	Annual	£205	Outside Scope	Single charge for administration of guarantees or letters of credit held in FAL
Merrill Lynch Monitoring	Annual	£300	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
Covenant & Charge – Additional monitoring charge	Annual	£300	Outside Scope	Single charge for monitoring of securities held in FAL under Covenant & Charge arrangements
Interavailable FAL (per participant)	Annual	£165	Outside Scope	Per participant, charge to successor member for administration of FAL made interavailable to it
MSU Taxation	Annual	£200	Standard Rate	MSU processing charge for UK, US and Canadian tax return data
LeBoeuf Taxation	Annual	£1,000	Standard Rate	LeBoeuf charge for filing US tax return
US Resident	Annual	£325	Standard Rate	Single charge for filing US resident tax return data
MAPA Participation (other than resigning member)	Annual	£105	Standard Rate	Single charge for administration of MAPA participations
MAPA Participation – resigning member	Annual	£20	Standard Rate	Single charge for administration of MAPA participations
Compulsory Drawdown	Per Request	£100	Outside Scope	To cover additional costs incurred in processing compulsory drawdown
Voluntary Drawdown	Per Drawdown under £500	£100	Outside Scope	To ensure efficient use of MSU resources, a deminimis of £500 has been introduced
Partial Release	Per Release under £500	£100	Outside Scope	To ensure efficient use of MSU resources, a deminimis of £500 has been introduced
Company Report and Accounts	Per Request	£15	Standard Rate	Fee for provision of company report and accounts
Enquiries	Per half-hour	£40	Standard Rate	Fee for handling general enquiries
Duplicate Requests – Including payments	Per duplicate	£40	Standard Rate	Fee for provision of duplicate items
Coming into Line Extension	Per Day per £5m or part thereof	£50	Outside Scope	Fee for granting extension to coming into line deadline – based on amount of FAL outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	Variable	Exempt	Charge for administration of cash held in FAL at the rate of 0.125% per annum

### Third party and other charges applicable to all members

Note	
1	<p>Where third party costs are incurred by MSU in providing a service, these will be charged to the member concerned (e.g. bank charges, Citibank global custody fee, Companies House filing fee, Crest settlement charges, legal fees, postage and packaging, stamp duty).</p> <p>NB Corporate members may also incur charges in relation to mergers and acquisitions or special circumstances where additional specialist input is required to incorporate the impact and change in the US tax return.</p>
2	<p>MSU reserves the right to charge on a time and materials basis for each trade (per security) above the following levels -</p> <p style="text-align: center;"><b>Individual and Corporate Members:</b></p> <p>UK securities –trading more than twice a year  foreign securities –trading more than twice a year  commercial paper –more than 13 maturities a year</p> <p style="text-align: center;"><b>Direct Corporate Participants:</b></p> <p>UK securities –trading more than four times a year  foreign securities –trading more than four times a year  commercial paper –more than 13 maturities a year</p>
3	Full details of each service are available upon request
4	VAT Status to be confirmed

<b>D: MANAGING AGENTS</b>			
<b>Chargeable Item</b>	<b>Frequency</b>	<b>Price 2005</b>	<b>VAT status – Note 3</b>
System support re: MQ-ADEG	Annual	£300	4
System support re: MQ-ADEG files	Per file	£5	4
QMR licence and maintenance	Annual	£800	4
Register of Agents' Charges	Per register	£20	3
Management of cash calls/loss payments - per syndicate year	Per currency cash call/loss result	£300	4
Management of cash calls/loss payments – per bespoke member	Per bespoke member	£10	4
Management of cash calls/loss payments – per MAPA	Per MAPA	£600	4
Filing of Syndicate Federal Excise Tax Return	Per annum	£650	4
Syndicate Stamp processing	Per member or per MAPA, per syndicate yoa	£5	4
Enquiries	Per ½ hour	min £40	4
Duplicate advices	Per item	£40	4
Management of continuous solvency transfer single member syndicate	Per transfer	£500	4
Management of continuous solvency transfer spread member syndicate	Per transfer	£1,000	4
Management of continuous solvency transfer spread member syndicate with MAPA participations	Per transfer	£2,500	4

**Note**

- 1 Where third party costs are incurred by the MSU in providing a service, these will be charged to the agent concerned (e.g. stamp duty, bank charges, postage and packaging, legal fees, Crest fines).
- 2 Full details of each service are available on request.
- 3 Value Added Tax (VAT)
  1. Outside scope of VAT
  2. Exempt
  3. Zero
  4. Standard rate (currently 17½%)

The rates shown are subject to confirmation by Customs and Excise.

<b>E: MEMBERS' AGENTS</b>				
<b>Chargeable Item</b>	<b>Frequency</b>	<b>Price 2005</b>	<b>VAT status – note 3</b>	
System support re: MQ-ADEG	Annual	£300		4
System support re: MQ-ADEG files	Per file	£5		4
QMR licence and maintenance	Annual	£500		4
Member Enquiry System (minimum charge £125 per quarter)	Per underwriting Member per quarter	£2 (note 4)	<i>b</i>	4
Register of agents' charges	Per register	£20		3
Agency Agreement	Per Agreement	£20		3
Distribution – rejected payments	Per item	£15		4
CIL extension requests	Per £5m or part thereof per day	£50		1
Enquiries	Per ½ hour	Min £40		4
Duplicate advices	Per item	£40		4

**Note:**

- 1 Where third party costs are incurred by the MSU in providing a service, these will be charged to the agent concerned (e.g. stamp duty, bank charges, postage and packaging, legal fees, Crest fines).
- 2 Full details of each service are available on request.
- 3 Value Added Tax (VAT)
  5. Outside scope of VAT
  6. Exempt
  7. Zero
  8. Standard rate (currently 17½%)

The rates shown are subject to confirmation by Customs and Excise

- 4 This charge may be increased if additional services are provided

## **Property Services Unit - 2005 Market Charges**

### **Market Services**

#### **Introduction**

2005 Room Rental charges increase by 3% on the 2004 levels.

#### **Key Assumptions**

Property Services reserves the right to review its decision should it transpire that the demand for Underwriting space in 2005 is significantly less than that for 2004.

### **Security Passes**

#### **Introduction**

The charges for security passes will increase to £25 from the 2004 level of £20 to contribute to the 1986 Building security enhancements.

#### **Key Assumptions**

There is a continued need for a security pass system for entry into Lloyd's buildings.

### **Tenants' Service Charge**

#### **Introduction**

The office accommodation on Galleries 7-10 attracts a service charge for the provision of all day-to-day services. Apart from telephone and data charges, tenants have a fully inclusive service charge covering their needs. Service charges will increase by 3% increase on the 2004 level.

#### **Key Assumptions**

Property Services has outsourced the running of the services of the 1986 Building. The costs will be reviewed throughout 2005 and any savings that can be achieved will be passed on to the tenants.

### **Tenants' Insurance Charge**

#### **Introduction**

2005 charges have been reduced by 6% on the 2004 level.

#### **Key Assumptions**

It has been assumed that there will be no additional increase to the projected rate from July 2005, but Property Services reserves the right to pass on any increases in costs.

### **Contact Name for Queries**

Simon Harper (Extn. 6719), John Mitchell (Extn. 6548).

Ref	Chargeable Item	Customer	Means of Collection	Unit of Charge	2005 Price per Unit (excl. VAT)	Benchmark Prices	2004 Price per Unit (excl. VAT)
<b>1</b>	<b>Room Rent</b>	G1&2	Invoice	per sq. ft.	<b>£369</b>	Prior years	<b>£357</b>
	Charges for underwriting space on the Ground Floor to Gallery 2. This is charged on a net footprint area of the space occupied by underwriting boxes. Hybrids will be charged in line with the Company Market tenants from 2005.	Ground	Annually in Advance		<b>£554</b>		<b>£536</b>
		Hybrids					<b>£692</b>
		Underwriters					
<b>2</b>	<b>Security Passes</b>	Market wide	Invoice	per pass	<b>£25</b>	N/A	<b>£20</b>
	The charge for security passes where applicable. These have increased from 2004 to contribute to the 1986 Building security enhancements.	Non-u/w working members			<b>£26</b>	N/A	<b>£21</b>
<b>3</b>	<b>Tenant Service Charge</b>	Tenants	Invoice	per sq. ft.	<b>£16.97</b>	No comparable benchmark. Costs reviewed by DTZ.	<b>£16.52</b>
	Tenants on Galleries 7-10 of the 1986 building have a fully inclusive service charge based on square footage occupied	1986 Building	Quarterly in advance				
<b>4</b>	<b>Tenant Insurance Charge</b>	Tenants	Invoice	per sq. ft.	<b>£2.31</b>	N/A	<b>£2.45</b>
	Tenants on Galleries 7-10 of the 1986 building pay this on the square footage occupied.	1986 Building	Quarterly in advance				

**NB:** Excluded from the above are tenant's rental charges for Galleries 7-10 which are reviewed every five years and agreed on an individual basis, and the Gallery 2 Company Market (including Hybrids).

**Risk Management**  
**Market Charges for 2005**

**Admissions**

With the exception of the charge for syndicate pre-emptions, which is no longer applicable, the current charges will continue unchanged in 2005 and are set out below.

Type of Charge	Notes	Charges for 2005 £
New agent		100,000
New syndicate		50,000
Change in controller (underwriting agent)		5,000
New corporate member	1	25,000
New money nameco	1	4,700
Initial application (conversion schemes)	1	1,850
Additional subscriber namecos (conversion schemes)	1	420
Private successor vehicles	1	1,850
Interavailable fee	2	150
Annual charge for approved run off service providers		10,000
Change in controller (corporate member)		150
Change in director (corporate member)		150
Approval of syndicate mergers (per transaction)		5,000
New accredited broker		5,000

**Notes**

1. Income from this source is split between Admissions (25%) and MSU Members' Funds Department (75%).
2. All income from this source is allocated to MSU.

Lloyd's will continue its admission function, to vet the fitness, propriety and competence of those entering the market, working closely with the FSA to harmonise the processes and documents involved.

### Individual Registration

Agents will continue to be charged in respect of the individuals they sponsor on the following basis:

- application for registration - £200 per application (unchanged from 2004);
- an annual charge to agents for the department to maintain the register - £40 per registration (unchanged from 2004). Invoices will be sent out on an annual basis in respect of all registrations at 1 January in that year.

The costs of individual registration in the case of applications to establish an agent or syndicate will be covered by the appropriate application charge(s).

For the avoidance of doubt, any addition to the register of a sponsor, whether by way of a new application or transfer of a registration, requires the prepayment of £200.

### VAT

The charges listed above exclude VAT.

### **Contact Names for Queries**

General Queries: Nikki Gregory (ext. 6162)



## Worldwide Markets – 2005 Market Charges

### Core operating charges

The core operating charges for 2005 will remain unchanged when compared with those set for 2004:

Charges applicable to gross international premiums	Direct	Binding authority supplement *	Reinsurance
	0.30%	0.15%	0.11%

\* in total, gross binding authority premiums will be charged at 0.45%

### Cost base

The core operating charges fund aggregate Worldwide Markets costs, net of local and user pays income. For 2005 the net costs are budgeted to be £30m. Details of the charges for 2005 which will be made on a user pays basis are provided at 1.5 below.

### Premium assumptions

Gross international (ie excluding UK and Channel Islands) premiums will continue to be used as the basis for the core operating charges. For the purposes of calculating the 2005 operating charges set out above, it has been assumed that gross international premium income remains unchanged compared with 2004:

Estimated gross international P I 2005:

Direct*	Reinsurance	Total
£5.8bn	£6.7bn	£12.5bn

\* includes binding authority component estimated at £2.3bn

The core operating charges will continue to be collected from syndicates on a quarterly basis and in the quarter following the year end, adjustments will be made to ensure in the aggregate, the amounts collected from syndicates are equal to the costs for the year and that at individual syndicate level, the amounts collected in respect of direct and reinsurance business are equal to that syndicate's proportionate share of the aggregate premiums. This might result in amounts being repaid to individual syndicates or further collections being made. In making any adjustments, the coverholder supplement will remain at 50% of the overseas operating charge on direct business.

## 2005 user pays charges

The following user pays charges will apply in 2005:

		<b>2005 charge</b>	2004 comparison
<b>Italy</b>	A premium and claims processing fee based on gross premiums flowing through the Italian office	0.75% of gross premium income	No change
	A public tender fee dependent on premium generated	Euro 500/1,000/1,500	No change
<b>France</b>	A local administrative charge for the Paris Bourse work on co-insurance premiums	1.2% of net premiums	No change
	Fee on co-insurance claims not dealt with via the Paris Bourse	Euro 15.2	No change

In addition to these charges, Worldwide Markets will seek to recover costs from specific syndicates on a user pays basis where those syndicates have requested additional work from an office, and that additional work has resulted in significant additional cost. If this situation applies, then the cost implications will be made clear to the syndicate before proceeding with the work. Such charges are likely to be on a time and materials basis and could include the following in respect of Canadian operations:

- the production of non-standard reports
- significant charges incurred by Lloyd's in the event of late payments by coverholders of Scheme Canada settlements
- costs of data entry by Lloyd's after full transition to Lineage
- costs of reconciliation of Scheme Canada statistics and records with underwriter, Lloyd's broker or coverholder records.

### Further information

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