

MARKET BULLETIN

REF: Y4251

Title	Additional Securities Limited (ASL) - 2009 Collection & Distribution
Purpose	To notify Managing Agents of the forthcoming 2009 ASL deposit collection and distribution exercise due to take place on 26 March 2009
Type	Scheduled
From	Keith Coutinho Market Finance, 020 7327 5762
Date	12 March 2009
Deadline	Queries relating to statements should be raised no later than 20 March 2009
Related links	

SYNDICATE ACCOUNTANTS WILL RECEIVE INDIVIDUAL STATEMENTS VIA CENTRAL ACCOUNTING DETAILING THEIR PARTICIPATION AND REFUND FOR 2009.

2009 Collection

As in previous years, it is proposed that collections will only be made for countries with larger deposits. The March collection will consist of the Australian statutory deposit, Brazil, Grenada, Namibia, Papua New Guinea, St Vincent's, Switzerland and Trinidad & Tobago.

Deferral of Singapore and Hong Kong Adjustment

The adjustment of Singapore, will take place at the end of July in accordance with the local requirements. Syndicates should expect a substantial increase to the funding requirement for Singapore based on current indicative deposit calculations.

The Hong Kong deposit is funded in April, however in order to simplify administration for syndicates, and subject to material increases, this adjustment will also take place at the end of July.

Switzerland

New legislation in Switzerland requires reserving to be calculated and adjusted on a monthly basis. This requirement is in direct response to the current financial climate and will be revisited once conditions stabilise. An additional margin of 10%, based

on actuarial forecasts, has been factored into the funding calculation in order to minimise multiple collections from syndicates.

Syndicates should note that if Swiss business increases above this margin, a further collection may be required from participating syndicates within a week timeframe in order to meet Swiss regulatory requirements.

Brazil

In order to establish Lloyd's as an admitted re-insurer in Brazil, Lloyd's centrally funded a statutory deposit of USD 5m. Syndicates operating in Brazil will fund the deposit from 2009 via a collection of loans based on reinsurance premium income written in 2008. Funds will be collected from syndicates USD accounts and a separate advice will be sent to syndicates.

Basis of apportionment

For those countries where collections are made, each syndicate's deposit requirement will be collected from the appropriate year of account which has given rise to the local funding requirement based on the 2008 calendar year signed premium data from XIS.

The collections for Switzerland and the deferred collection for Hong Kong are also partially based on outstanding claims as per the local regulatory funding requirements.

Single Net Adjustment per Syndicate

The actual amount due to be collected will be net of the return of the 2008 deposit principal, plus income earned to 31 December 2008 and foreign exchange gains/losses to 09 February 2009. Accordingly, a single sterling settlement to/from syndicates PTFs will be processed via central accounting on Thursday 27 March 2009.

Interest for the period 1 January to 27 March 2009 and foreign exchange gains/losses for the period 09 February to 27 March 2009 will be distributed in July 2009.

ASL Investment and Hedging policy

Where permitted by local insurance regulations and achievable within local financial markets, ASL's assets are invested in high quality money market securities of up to 12 months to maturity. However, regulations in certain jurisdictions such as Switzerland and Australia may require some assets to be invested in longer-term debt instruments which mean the capital value of these assets is affected by movements in local interest rates. A quarterly update of investment returns and terms of ASL loans is available on http://www.lloyds.com/Lloyds_Market/Services/Treasury/

ASL ceased foreign exchange hedging activities in June 2001 and Agents are reminded of this each year prior to the ASL funding exercise. As a result the sterling

value of syndicates asset invested with ASL will fluctuate in line with the local currency of the investment.

Particularly in light of the recent volatility in exchange rates agents may conclude that hedging is appropriate to their particular circumstances and are free to arrange appropriate hedging activities on behalf of such syndicates. Lloyd's Treasury Department may be able to assist in such hedging arrangements if required.

Syndicate Statements

Individual syndicate statements will be sent to managing agents through central accounting system on 13 March 2009. Due to deferral of Singapore and Hong Kong adjustments until July 2009 these have been excluded from the statements and will be issued in July.

Any queries related to these figures should be directed to either Keith Coutinho on 020 7327 5762 or Jyoti Jiwani on 020 7327 5544, or by sending an email to asl@lloyds.com. Queries should be raised no later than 5pm on Friday 20 March 2009.