

# MARKET BULLETIN

REF: Y4471

<b>Title</b>	<b>LLOYD'S NEW CENTRAL FUND 2011 CONTRIBUTIONS</b>
<b>Purpose</b>	To advise Managing Agents that the 2011 New Central Fund contributions, which were included in MB Y4425 issued on 19 October 2010, will be collected on 1 April 2011. All collections will be made via the Lloyd's Central Accounting System.
<b>Type</b>	Scheduled
<b>From</b>	Carolyn Smith, Financial Control Chatham Finance, Risk Management and Operations Contact details: 01634 392922 <a href="mailto:carolyn.smith@lloyds.com">carolyn.smith@lloyds.com</a>
<b>Date</b>	1 March 2011
<b>Deadline</b>	17 March 2011
<b>Related links</b>	

The principal New Central Fund contribution rates for 2011 are:

	Members (other than New Corporate Members as defined below)	New Corporate Members (Joining in 2009)	New Corporate Members (Joining in 2010)	New Corporate Members (Joining in 2011)
New Central Fund Contributions	0.50%	2.00%	2.00%	2.00%
<b>Total Rate Applicable</b>	<b>0.50%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>

## New Central Fund Contributions

The annual New Central Fund contribution rate payable by all members, other than new corporate members underwriting on new syndicates, for the 2011 year of account is 0.50%. New corporate members who joined in 2009 and 2010 will continue to pay the increased rate of 2% for their second and third years of operation at Lloyd's.

New corporate members for 2011 will pay 2.0% for each of their first three years of operations. It should be noted that if a member writes on a mix of existing and new

syndicates, then the higher rate will only be payable in respect of its participations on new syndicates.

Within the category of new corporate members the increased charges do not apply to:

- Conversion vehicles which meet the current definition of a “successor corporate member” in the Membership (Entrance Fees and Annual Subscriptions) Byelaw – i.e. in broad terms, any vehicle which is 85% owned by converting Names.
- New corporate members which only participate on *existing syndicates*.

Initial payment of contributions on account will be based on the written premium forecast within the syndicate business forecasts and subsequently adjusted to written premiums. For the purposes of charging, written premiums for a year of account will be finally determined by the audited annual syndicate returns.

Separate arrangements apply for RITC only syndicates, who will continue to be charged no more than the annual run off charge.

#### Settlement Arrangements

As advised in MB Y4425, syndicates have the option to settle their New Central Fund contributions in sterling or US dollars.

Please notify [carolyn.smith@lloyds.com](mailto:carolyn.smith@lloyds.com) by **17 March 2011** if the New Central Fund is to be paid in US dollars. It should be noted that all settlements for the 2011 year will be made in the currencies selected now. This arrangement can be changed for 2012. For those wishing to pay in US dollars the amount to be collected will be calculated by reference to the middle closing exchange rate published in the FT on 15 March 2011.

Syndicates deciding to pay in US dollars should note that any subsequent adjustment to New Central Fund contributions will be made at the prevailing exchange rate at the time of the adjustment which could give rise to a foreign exchange movement.

In April 2013 the charge will be adjusted to actual written premiums following receipt of audited annual syndicate returns.

#### 2009 Adjustment Arrangements

Syndicates were advised in MB Y4187 that the 2009 YOA final adjustment would be adjusted to actual written premiums in April 2011. To assist syndicate cashflow the adjustments will correspond with the 2011 collection. Where the original settlement was in US dollars the adjustment will also be calculated using the middle closing exchange rate published in the FT on 15 March 2011.

Advices detailing the 2011 collection and 2009 final adjustment amounts will be issued by 25 March 2011 for settlement via Central Accounting on 1 April 2011.

Any queries or feedback in relation to this market bulletin should be addressed to Carolyn Smith on ext 2922 or by email to [carolyn.smith@lloyds.com](mailto:carolyn.smith@lloyds.com)

Carolyn Smith  
Financial Control Chatham