

MARKET BULLETIN

REF: Y4975

Title LLOYD'S NEW CENTRAL FUND 2016 CONTRIBUTIONS

Purpose To advise Managing Agents that the 2016 New Central Fund contributions, which were included in MB Y4928 issued on 30 September 2015, will be collected on 1 April 2016. All collections will be made via the Lloyd's Central Accounting System.

Type Scheduled

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Finance and Operations
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Date 3 March 2016

Deadline 11 March 2016

Related links

The principal New Central Fund contribution rates for 2016 are:

	Members (other than New Corporate Members as defined below)	New Corporate Members (Joining in 2014)	New Corporate Members (Joining in 2015)	New Corporate Members (Joining in 2016)
New Central Fund Contributions	0.35%	1.40%	1.40%	1.40%
Total Rate Applicable	0.35%	1.40%	1.40%	1.40%

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 2016 year of account is 0.35%. New corporate members pay increased contributions at 1.40% of written premiums for each of their first three years of operations. A new corporate member is one which joins Lloyd's in 2014, 2015 or 2016.

New corporate members for 2016 will pay 1.40% 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 gross written premium forecast within the syndicate business forecasts and subsequently adjusted to gross written premiums. For the purposes of charging, gross written premiums for a year of account will be finally determined by the audited annual syndicate returns.

Transitional arrangements will be in place for the 2016 year. When calculating the final charge a 10% cap and collar on the changes to annual subscriptions and central fund contributions (overall) to 0.80% in total so that no member is advantaged or disadvantaged by more than 10% for the change to GWP basis (from stamp premium).

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 Y4928, syndicates have the option to settle their New Central Fund contributions in sterling or US dollars.

Please notify carolyn.smith@lloyds.com by **11 March 2016** if the New Central Fund is to be paid in US dollars. It should be noted that all settlements for the 2016 year will be made in the currencies selected now. This arrangement can be changed for 2017 year. For those wishing to pay in US dollars the amount to be collected will be calculated by reference to the end of day exchange rate on 9 March 2016.

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 2018 the charge will be adjusted to actual gross written premiums following receipt of audited annual syndicate returns.

2014 Adjustment Arrangements

Syndicates were advised in MB Y4722 that the 2014 YOA final adjustment would be adjusted to actual written premiums in April 2016. To assist syndicate cashflow the adjustments will correspond with the 2016 collection. Where the original settlement was in US dollars the adjustment will also be calculated using the end of day exchange rate on 9 March 2016.

Advices detailing the 2016 collection and 2014 final adjustment amounts will be issued by 29 March 2016 for settlement via Central Accounting on 1 April 2016.

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

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