

MARKET BULLETIN

REF: Y5068

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| Title | LLOYD'S NEW CENTRAL FUND 2017 CONTRIBUTIONS |
| Purpose | To advise Managing Agents that the 2017 New Central Fund contributions, which were included in MB Y5044 issued on 8 December 2016, will be collected on 3 April 2017. All collections will be made via the Lloyd's Central Accounting System. |
| Type | Scheduled |
| From | Carolyn Smith, Financial Control Chatham Finance and Operations Contact details: 01634 392922 carolyn.smith@lloyds.com |
| Date | 3 March 2017 |
| Deadline | 15 March 2017 |

The principal New Central Fund contribution rates for 2017 are:

| | Members (other than New Corporate Members as defined below) | New Corporate Members (Joining in 2015) | New Corporate Members (Joining in 2016) | New Corporate Members (Joining in 2017) |
|--------------------------------|--|---|---|---|
| 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 2017 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 2015, 2016 or 2017.

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. In October 2019 the charge will be adjusted to actual gross written premiums following receipt of audit review June 2019 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

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

Please notify carolyn.smith@lloyds.com by **15 March 2017** if the New Central Fund contribution is to be paid in US dollars. It should be noted that all settlements for the 2017 year will be made in the currencies selected now. This arrangement can be changed for 2018 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 13 March 2017.

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.

2015 Adjustment Arrangements

Syndicates were advised in MB Y4849 that the 2015 YOA final adjustment would be adjusted to actual written premiums in April 2017. To assist syndicate cashflow the adjustments will correspond with the 2017 collection. Where the original settlement was in US dollars the adjustment will also be calculated using the end of day exchange rate on 13 March 2017.

Advices detailing the 2017 collection and 2015 final adjustment amounts will be issued by 27 March 2017 for settlement via Central Accounting on 3 April 2017.

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

Carolyn Smith
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