

# Market Bulletin

Ref: Y5230

**Title** Settlement of syndicate losses and cash calls

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**Purpose** **Revised guidance to Direct Corporate Participants (DCPs) and service providers on the procedures for settlement of syndicate losses and cash calls.**

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**Type** Scheduled

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Market Services  
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**Date** 11 January 2019

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**Deadline** Immediate

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**Related links**

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The purpose of this Market Bulletin is to provide the attached revised document entitled "Guidance note for drawdowns" to DCPs and their service providers on the procedures for settlement of syndicate losses and cash calls. The note is intended to provide DCPs and their service providers with best practice guidelines in relation to the funding of liabilities. This also consolidates a number of previous Market Bulletins and appendices into one new Market Bulletin.

The guidance note was originally prepared with the help of the agents' representatives and the LMA, to set out agents' responsibilities with regards to all aspects of settlement of syndicate losses and cash calls, but has been updated and revised for the DCPs and their

service providers. Please note the drawdown procedures in respect of members with 3<sup>rd</sup> party capital in Sections 3 and 6 of the Guidance note for drawdowns.

A timetable, detailing the approved dates for action covering all aspects of the process forms part of this guide (Appendix 1).

This revised guidance replaces the following Market Bulletins:-

<b>Date Bulletin issued</b>	<b>Bulletin number</b>	<b>Bulletin name</b>
01/11/2002	Y2906	Y2906 Settlement of losses and cash calls
11/01/2002	Y2694	Settlement of syndicate losses and cash calls
10/08/2001	Y2598	Payment of losses – Cash calls
01/10/2001	Y2463	Transfer of cash and securities from Lloyd's Deposit to the Personal Reserve sub-fund of the Premium Trust Fund to pay cash calls
20/10/1999	Y2150	Application for withdrawals from the New Central Fund
14/07/1999	Y2093	Compulsory Deposit Drawdowns
24/06/1999	Y2080	Deposit Drawdowns – Voluntary Requests
17/03/1999	Y2010	Payment of losses cash calls

It remains the managing agents' responsibility to send the cash call statement directly to DCPs. All losses will be loaded into the Distribution system on receipt and can be viewed in the system via members screen.

In all cases the Loss Payment Instruction Form supplied by the DCP team must be used when submitting the following:-

1. Payment by Bacs, Faster payment or CHAPS

Payment by this method should be made to:

National Westminster Bank Plc, CITY OF LONDON OFFICE, Chatham Customer Service Centre, Waterside Court, Chatham Maritime, Kent, ME4 4RT (Appendix 2)

**GBP**

Sort Code: 60-00-01  
 A/C No: 14945983  
 BIC: NWBKGB2L  
 IBAN: GB52NWBK60000114945983  
 A/C Title: The Corporation of Lloyd's Members Trust No.3 A/C (Sterling)

**USD**

A/C No: 40056600  
 Sort Code: 60-73-01  
 BIC: NWBKGB2L  
 IBAN: GB67NWBK60730140056600  
 A/C Title: The Corporation of Lloyd's Members Trust No.3 A/C (US Dollar)  
 Reference: Member code and member name

Note: This payment must be sent from a UK bank account in the name of the member

## 2. Transfer from Personal Reserve Fund (PRF)

Please note that in order to meet the respective loss payment dates, instructions for FAL cash transfers should be received at least 6 clear working days before the cash call payment date.

Lloyd's will exercise its role as the Regulating Trustee and commence the drawdown process if payment or payment instructions have not been received by Market Services within 21 calendar days of the cash call payment date.

The process of asset realisation within the PRF will be in the following order, until the debts are fully paid or the PRF has been exhausted

1. Cash
2. Other liquid assets such as National Savings Certificates
3. Gilts
4. Equities/Unit Trusts

However, if a member wishes to sell specific shares these sales must be actioned by the members' broker.

If debts are still outstanding after the PRF has been exhausted, a Deposit drawdown should be submitted in line with the guidance note.

Any cash realised from FAL will be paid into the Distribution Debt Allocation Matrix with subsequent payments to the Managing agent.

If you have any questions on this Bulletin, please refer to Amanda Allen on extension 2899 regarding drawdown issues and Claire Sheahan on extension 2904 for distribution issues.

# GUIDANCE NOTE FOR DRAWDOWNS - DCPs

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## **1 Introduction**

This document is intended to give guidance to agents and Direct Corporate Participants (DCPs) as to the best practice in relation to the procedures for the funding of syndicate losses and cash calls. The guidelines are not intended to detract from the general law as it applies to agents or the requirements of the Agency Agreements Byelaw (No.8 of 1988) and the standard agency agreements made under it, the relevant Lloyd's trust deeds or applicable conditions and requirements made under the Lloyd's byelaws.

## **2 Underwriting agents' responsibilities**

### **2.1 General responsibilities of agents**

Underwriting agents have a responsibility to pursue the effective collection of funds from the members for whom they act to meet their syndicate losses and cash calls so as to enable the members' underwriting liabilities to be discharged. They must therefore take all reasonable steps to effect recovery of outstanding cash calls from members, but they are not required to commence litigation against members who are in default.

A failure to take reasonable steps to effect recovery of members' outstanding cash calls is a matter which the Council of Lloyd's may take into account in exercising its powers under the Underwriting Agents Byelaw (No.42 of 2003), in particular its powers to review any permission granted to anybody to act as an underwriting agent, and to withdraw permission to act as an underwriting agent.

### **2.2 Managing agents**

Managing agents should give members as much notice as possible of the likelihood of a cash call being made.

Where the managing agent makes a cash call, the member is not obliged to pay it unless they have first been provided with, in the case of a closed year loss, a copy of the audited annual report and accounts, and in any other case, a cash call statement signed by the agent and accompanied by a report signed by the syndicate auditor. The cash call statement and report must be in the form required by Council.

The date specified in the cash call statement for payment must be not less than 35 days from the date of service of the cash call statement.

Managing agents must ensure the regular reconciliation of their records of outstanding cash call balances with the Outstanding Balance (OB) report which is provided by Market Services and placed into the Distribution download area for each agent.

### **2.3 DCP team**

For DCP's, a managing agent's cash call will be served directly on the member via their service provider or directly to the DCP member.

A member must be given not less than 21 days' notice from the date of service of the cash call for payment of that call.

DCPs should liaise with their usual service provider, where applicable, regarding how the cash call will be funded.

If a DCP, which is aligned to a managing agent, wishes to waive their right to the notice, they must provide confirmation in writing to Market Services. This confirmation must be sent from or signed by a director of the member. They must also confirm how the cash call is being funded (direct new money or Funds In Syndicate (FIS)) and the date that the payment has been made. The Distribution team will then add the appropriate entries to the Distribution system. If a DCP wants to waive their right to notice for a personal reserve sub-fund (PRF) or voluntary deposit drawdown, this can also be accommodated. Again, written confirmation from the member waiving their right to notice is required (as above).

### **3 Lloyd's responsibilities**

Lloyd's is responsible for operating the central cash management system known as the Debt Allocation Matrix (DAM) in which all members' assets and liabilities are recorded.

In its capacity as trustee of each member's funds at Lloyd's, Lloyd's will determine how a member's funds are to be apportioned to meet particular losses/cash calls, and in doing so is not required to take into account any third party ownership of those funds. The DCP team, service providers and DCP members can view the current position and any updates via the Distribution system.

For members with assets held under 2008 and prior deeds, Lloyds' will arrange for audit reports to be produced annually to facilitate the submission of compulsory deposit drawdown requests. For members with assets held under 2009 and post deeds, a compulsory drawdown request may be actioned without an audit report being required.

### **4 Timetable – funding of losses process**

See attached Appendix 1.

### **5 Members with available funds at Lloyd's**

Where a member has available funds at Lloyd's, the usual sequence of funding syndicate losses and cash calls is as follows.

#### **5.1 Use of Funds in Syndicate or Direct New money**

Where a member and the syndicate are aligned and there are no other cash calls lodged for the member, payment may be made directly between the member and the

syndicate. Confirmation of these transfers is required by the Distribution team who will update the Distribution system accordingly to record the asset utilised, allocation and payment of the cash call. See Appendix 2.

## **5.2 Use of other funds at Lloyd's or assets outside Lloyd's**

The member may settle the outstanding losses/cash calls by way of a payment or transfer of funds held outside Lloyd's, directly to the Distribution account the assets of which are held subject to the premiums trust fund (PTF).

A Confirmation of Ownership Letter (COOL) (Appendix 2) must be completed by **all members** who wish to fund their loss/cash call with new money (pdf or scanned version is acceptable) for any sums over 5,000 or where the debt being settled is in excess of 5,000, irrespective of currency.

This should be forwarded to the Distribution team **before** the monies are sent, giving details of the source of the funds (examples attached). Monies must be sent from a verified UK bank account in the name of the **member** to the bank accounts detailed in Appendix 11. If no COOL is received within 5 working days of receipt the cash will be returned to the remitting account. If a loss is not settled on time for this reason, the member may be subject to debit interest.

**NB** Where no COOL an email must be sent to the Distribution team confirming the amount being sent and the remitting bank's details.

These requirements are based on current AML/FC guidance, however any changes will be communicated via email and the guidance updated.

The member may also utilise assets held in the PRF, and if these are insufficient those held in the Deposit

## **5.3 Use of the Personal Reserve Fund**

A member may instruct their service provider/DCP team to utilise assets held in the PRF to settle their losses and cash calls. Where Market Services receives a request from a DCP to apply PRF assets in settling such liabilities, it will act in accordance with the request. However, if the instruction involves the sale of securities, the member must arrange the sale via their own broker (where a Lloyd's Form of Appointment has been completed).

In any event, Lloyd's as Regulating Trustee of the PTF may apply a member's PRF in or towards payment of the member's outstanding liabilities on a compulsory basis. In practice, it will not usually do this until at least 21 days after the due date for payment of the debts.

## **6 Use of the Lloyd's Deposit**

### **6.1 Voluntary Drawdown**



Where a member's PRF (if any) is insufficient to settle the losses or cash calls the member may request that their Lloyd's deposit be used. For this purpose the member should complete and sign a voluntary drawdown request form (FOL3) requesting that their underwriting liabilities be funded out of assets held in the Lloyd's Deposit. Details of the asset(s) to be used should also be noted i.e. cash/Letter of Credit/Bank Guarantee and where a sale of securities is required the member must arrange the sale via their own broker (where a Lloyd's Form of Appointment has been completed).

There are different versions of the form depending on the type of member and for General and Life business (see Appendix 7) –

FOL3 B G – General Deposit

FOL3 B L – Life Deposit

FOL3 B Gcorptpo – General Deposit where third party assets are to be utilised

FOL3 B Lcorptpo – Life Deposit where third party assets are to be utilised

**\*NB. Where funds are held under a third party deed with Lloyd's, the third party owner must sign this form along with member. Where funds are held at top level (i.e. 00101 or 00201) the member must sign the FOL form. Capital providers who have not signed a Third Party deed are not required to sign any FOL form.**

A pdf copy of the completed forms is acceptable for the DCP team to action the drawdown and should be emailed to [DCPTeam@lloyds.com](mailto:DCPTeam@lloyds.com). If you are sending in the original documents please do not email pdf copies as well, as this could cause a duplicate file to be set up.

Drawdowns can be made at any point but DCPs may need to consider Coming into Line requirements.

## **6.2 Deposit to PRF Transfer**

To reduce the time associated with deposit drawdowns, members may elect in advance of anticipated losses/cash calls to transfer cash and securities from their deposit to their PRF. Bank Guarantees, Letters of Credit, third party or inter-available assets **are not** eligible for transfer. The transfer will enable the prompt settlement of liabilities without the need for submitting deposit drawdown paperwork.

Where the assets are held under a 2008 or prior DTD a Deed of Release is required (please contact the DCP team to obtain the correct version) along with confirmation of the assets to be transferred. Where the deed is from 2009 or later then the Deposit to PRF Transfer letter (see Appendix 8) must be completed. By completing these documents the member is confirming that they regard the voluntary transfer as being for their benefit.

The relevant document should be submitted to the DCP team within Market Services for the transfer to be actioned. Ordinarily this type of transfer would be a one-off annual transaction; however more may be actioned if a market changing event occurs, with the final deadline for receipt being 1<sup>st</sup> December.

### 6.3 Compulsory Drawdown

Where a member has funds available in their deposit but is unwilling to request a voluntary deposit drawdown, the managing agent of the syndicate concerned, should submit a compulsory drawdown request (FOL1) (see Appendix 7). The timing of the submission of the compulsory drawdown is dependent on the type of deeds covering the members deposit and the funds to be drawn against, please see Appendix 1.

#### **Realisation of Assets**

The DCP can nominate the assets to be utilised but if they do not, then the process of asset realisation will be in the following order until the maximum withdrawal amount is reached.

Cash

Other Liquid assets such as National Savings Certificates

Gilts

Equities/Unit Trusts

Bank Guarantees/Letters of Credit/Life policies

#### **Third Party Assets**

Where assets are held under different ownerships within the Deposit it is important that the DCP confirms which assets are to be used when submitting the compulsory drawdown. As stated in **Lloyd's Responsibilities** (above), assets are allocated to debts in order, without regard to the ownership of those assets.

If the DCP **does not** give instructions as to which assets to use Lloyd's will apply the asset realisation order above, unless an 'Order of Drawdown' has previously been agreed with Lloyd's. Inter-available funds will always be drawn after all top level funds.

#### **Example**

00101 – £95,000 BG	00145 – £ 100,000 Stock	00189 - £ 125,000 Cash
£15,000 Cash	£ 35,000 Cash	

Compulsory drawdown submitted to cover cash call for £50,000

The cash held on 00189 will be drawn to cover the debt if no instructions are received and no order of drawdown has been previously agreed with Lloyd's. The cash will be taken from whichever ownership holds sufficient to pay the entire amount. This is entirely at Lloyd's discretion, so it is important that instructions are provided where ever possible.

However, if there are insufficient assets within the third party to cover the liabilities the remaining FAL will then be drawn, following the asset order above.

## **7 Debit Interest**

Interest on late payment may be charged to members depending upon the amount of time a debt remains outstanding. It is calculated by Market Services in January and is based upon the following parameters:-

- 1) The interest rate applied is 2% above the Bank of England base rate
- 2) Interest only becomes chargeable 2 weeks after the due date for the call.
- 3) Interest is calculated on a daily basis
- 4) Any losses/calls in dollars are converted to sterling using the prevailing Lloyd's year-end rate
- 5) Interest can only be applied once a syndicate has passed its 36 month lifespan
- 6) There is a minimum charge that can be applied at syndicate level (currently £100)

We do not generally allow syndicates to charge interest to their own corporate members and charging interest is at the discretion of the managing agent. Market Services will advise the syndicate how much interest is due and, if required, apply it as a debt of the member.

## **8 Withdrawals from New Central Fund**

### **8.1 DCP Members with insufficient funds at Lloyd's**

Lloyd's will instigate any drawdowns required from the New Central Fund.

### **8.2 Request Withdrawal from New Central Fund**

An Undertaking is provided by Council giving approval for a New Central Fund drawdown for DCPs. A copy is passed to the Distribution team who then issue the FOL5 for sign off by the relevant managing agent. This is returned to the Distribution team to arrange for the New Central Fund withdrawal to be made and the call settled.

### **8.3 Repayment to New Central Fund**

Any asset received which forms part of the PTF will be applied to reduce any outstanding New Central Fund debt, as long as all other liabilities have been cleared.

# 1.1 Settlement Process Indicative Timetable

## Appendix 1

Service of cash call statement	T - 35	Managing agent must give not less than 35 days' notice from date of service cash call for payment to member	Members' obligations in respect of cash calls are set out in clause 7 of the standard managing agent's agreement and clause 9 of the standard members' agent's agreement.
<b>VOLUNTARY FUNDING</b>			
Agents will be notified of the date by which FAL holdings should be liquidated and instructions given to MS to realise the same	T - 35		
Voluntary drawdown form submitted by members' agent	Between T - 21 and T - 4		Voluntary drawdown requests should be submitted promptly by the members' agent.
SRF non-cash assets	T - 10	If insufficient cash is held in SRF then investments will be liquidated approximately 10 working days prior to the due date of the cash call	SRF must be used to settle any cash calls to extent that assets in that fund are available; before any other FAL or assets outside Lloyd's may be used. Three clear days' notice of MS's intention to sell assets will be given.
SRF cash	Between T - 10 and T - 4	SRF cash transferred to the member's personal reserve sub-fund (PRF) of the premiums trust fund (PTF)	
Syndicate credited	T + 0	Transfer from PRFs to syndicate PTFs via ARCs/BACS/Swift by due date for payment of cash	
<b>NON VOLUNTARY FUNDING</b>			
PRF non-cash assets (no instruction received from members' agent)	T + 21	Sell orders placed to liquidate sufficient cash to pay calls normally 21 days after due date for payment of cash call	Lloyd's as Regulating Trustee has power to liquidate PRF assets. Agents will be advised of members in relation to whom PRF assets need to be sold. Three clear days' notice of MS's intention to sell assets will be given.
PRF cash (no instruction from members' agent)	T + 21	PRF cash transferred to syndicate PTF after 21 days of due date for payment of cash call	

Report of debts sent to members' agents in respect of members with deposit (Assets held under 2009 and Post deeds only)	T + 28	Identification of members who commenced underwriting in 2009 onwards, for whom a compulsory deposit drawdown is necessary (member has no other FAL available except deposit)	Assets held under deeds (2009 and Post) - MS will provide a spreadsheet to agents confirming the members for whom a compulsory drawdown can be submitted.
Drawdown schedule sent to members' agents in respect of members with deposit (All debts - including assets held under 2008 and prior deeds).	T + 42	Identification of members for whom a compulsory deposit drawdown is necessary (member has no other FAL available except deposit)	Assets held under deeds (2008 and prior) - The audit report details all of the member's outstanding liabilities and will be accompanied by an email indicating that members' agent should make a request for a compulsory deposit drawdown.

# Settlement Process Indicative Timetable

## Appendix 1

Details of members with outstanding cash calls and insufficient FAL issued to agents in form of a drawdown schedule	T + 42	Identification of members in respect of whom recovery proceedings may be required or a request for a Central Fund withdrawal made	Where syndicate debts remain unpaid, MS will issue details of those members with insufficient FAL to meet the call
Members' agents submit FOL 5	T + 43 to T + 56	Where : 1) In the case of an overseas member every year of account on which the member participated has been closed by reinsurance and the aggregate amount outstanding in respect of the members' closed year losses is less than £10,000 2) In the case of a UK member the aggregate amount in respect of the members' outstanding liabilities is less than £2,500 3) A request for payment from the New Central Fund has been accepted within the last 3 years.	FOL 5 request should be submitted without delay for consideration by LLD.
Members' agents follow up with member for payment	T + 43	Members' agents should write to members requesting immediate settlement of outstanding amounts or if member in financial difficulties, provision of Financial Declaration	Members should be requested to complete and return a Financial Declaration within 28 days of receipt of the request from their agent
Members' agents return FOL 1 Forms to initiate compulsory deposit drawdown	T + 70	Agents should complete and return FOL 1(D) within 28 days	
Members' agents should write to members failing to provide Financial Declaration	T + 72	Where members fail to provide a Financial Declaration it must be assumed that assets are available to meet outstanding cash call	

# Settlement Process Indicative Timetable

## Appendix 1

Members' agent submit Financial Declaration and request for NCF withdrawal on form FOL 5 to LLD	T + 43 to T + 102	Agents should submit the forms to LLD without delay following receipt from member of satisfactory Financial Declaration	
Managing agents should commence recovery proceedings against defaulting member. Members' agents should, where requested, co-ordinate recovery proceedings against defaulting members on behalf of managing agents.	T + 102		Agents should advise MS of the progress of any recovery proceedings

APPENDIX 2

TO: DCPTEAM@LLOYDS.COM  
 MARKET SERVICES, THE CORPORATION OF LLOYD'S, FIDENTIA HOUSE,  
 WALTER BURKE WAY, CHATHAM MARITIME, CHATHAM, KENT ME4 4RN

LOSS PAYMENT INSTRUCTION FORM

<b>Corporate Member:</b>	
<b>Membership Number:</b>	

Please execute the following loss/cash call funding option(s)\*:

<b>Funding Option</b>	<b>Additional Information*</b>
<i>Payment of sterling by CHAPS.</i>	Amount being remitted £ Details of remitting bank: Date of payment:
<i>Payment of US dollars by SWIFT</i>	Amount being remitted \$ Details of remitting bank: Date of payment:
<i>Transfer from Personal Reserve.</i>	Transfer cash to the sum of £                                      and/or \$
<i>Initiate draw down on Lloyd's Deposit.</i>	Transfer cash to the sum of £                                      and/or \$  Draw down on the following Bank Guarantee(s)/Letter(s) of Credit: <i>Issuing/Confirming Bank:</i>  <i>Reference Number:</i>  <i>Amount of draw down:</i>

\*Please insert details as applicable.



**CONFIRMATION OF OWNERSHIP**  
**member/THIRD PARTY FAL PROVIDER**

Member Name \_\_\_\_\_ Member No \_\_\_\_\_

Third Party Name (if applicable) \_\_\_\_\_

Please complete as appropriate

<b>Member's FAL</b> <input type="checkbox"/>	<b>OR</b>	✓ <b>Third Party FAL</b> <input type="checkbox"/>	<b>OR</b>	✓ <b>Distribution</b> <input type="checkbox"/>
		Total value of New Asset		Total value of New Asset
Non Life <input type="checkbox"/>		£ _____		Life Deposit <input type="checkbox"/>
Non Life PRF Deposit <input type="checkbox"/>		£ _____		Life PRF Deposit <input type="checkbox"/>
Distribution <input type="checkbox"/>		£ _____		

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Please provide the Asset Type(s)  
and list on attached schedule:

Cash ☐

Letter of Credit ☐

Bank Guarantee ☐

Securities ☐

Please provide a written summary below of source of funds and how the assets were acquired:

Where cash is provided, please confirm the Bank Account details where it is to be transferred **from**

Bank Name \_\_\_\_\_

Account Name \_\_\_\_\_

Sort Code \_\_\_\_\_

Account No. \_\_\_\_\_

This bank account must be verified by Lloyd's before the cash will be accepted by Lloyd's

I confirm that this transaction, or the series of transactions of which this transaction is a part, is not being carried out for the purpose of evading any tax or duty in any jurisdiction. I further confirm that I understand that Lloyd's approval of this transaction is not, and will not be portrayed to any person as being, an agreement by Lloyd's that the outcome of the transaction for tax purposes in any jurisdiction is as contemplated by the party/ies to the transaction.

I confirm that I am the beneficial owner of the assets and that they are free from any lien, charge or other encumbrance. I have taken advice on, and will be responsible for, any tax implications arising from this transaction.

**Signed by Member / Third Party Depositor**

*(For Distribution, assets must be provided by the Member)*

Signature \_\_\_\_\_

Name of signatory \_\_\_\_\_

Date \_\_\_\_\_

Capacity in which  
signing \_\_\_\_\_

I was one of the founding partners of (Company Name) owning X% which I sold when I retired in (year). This generated some of the funds equating to £XXXX and the remainder I have been paid as dividends and bonus over the XXyears I worked at (Company Name)

I inherited £XXXX from my late father who died in (year).

(Company Name) is an insurance company based in (Country). The funds were acquired through operations as Insurance Company, including accumulated profits and investment income based on regulated investment guidelines. (Copy of latest report and accounts should be submitted).

Securities purchased 10 years ago. Funds for the purchase were received from an employee annual bonus scheme between (year to year) plus value growth since originally purchased.

I purchased a property (address of property) in (year) for £XXXX and subsequently sold this in (year) for £XXXX. A profit of £XXXX was made.

## APPENDIX 2

To: The Council of Lloyd's

### MEMBER'S REQUEST FOR VOLUNTARY RELEASE OF FUNDS TO MEET UNDERWRITING LIABILITIES

Name of corporate member ..... ("the Corporate Member")  
Member No. ....

Name of third party depositor ..... ("the Depositor")<sup>1</sup>

It is understood that the Corporate Member has incurred underwriting liabilities at Lloyd's. Without prejudice to the Corporate Member's right to dispute the validity of those liabilities, the Corporate Member requests that liabilities up to £..... and/or US\$ ..... be funded out of assets held at Lloyd's or otherwise held in the Corporate Member's funds at Lloyd's (including those held in a third party deposit provided by the Depositor).

The Corporate Member and (if applicable) the Depositor agree in relation to any payment required to be made out of any such assets for such purpose that:

- (a) Lloyd's may at its discretion realise, drawdown on or disperse such assets in any order and at any time and the Corporate Member and (if applicable) the Depositor hereby waive the need for compliance with any formalities in relation thereto;
- (b) any financial institution which has issued any guarantee or letter of credit which forms any part of such assets can make payments pursuant to any such guarantee or letter of credit without the need for compliance by Lloyd's, any members' agent or that financial institution with any formalities provided for in any such guarantee or letter of credit, any trust deed or any relevant agreement;
- (c) the amount realised from any realisation or drawdown of any such assets is at the Corporate Member's and (if applicable) the Depositor's risk and Lloyd's shall not be responsible, or have any liability, for any loss or damage arising from any such realisation or drawdown, including its timing.

Signature(s) ..... Date .....

Signed on behalf of the Corporate Member by ....., a director of the Corporate Member.

Signature(s) ..... Date .....

Signed by or on behalf of the Depositor by ..... (name)

**Note 1** The Corporate Member's Lloyd's deposit cannot be regarded as a current account for the funding of losses and/or cash calls. A request for a voluntary release will be dealt with as expeditiously as possible but without any liability on Lloyd's part for any interest or other expenses incurred by the Corporate Member after the date of the request.

**Note 2** Please list below (or on attached sheet) which assets the Corporate Member and Depositor (if applicable) wish to be utilised to realise the required amount. While Lloyd's will endeavour to comply with the wishes of the Corporate Member/Depositor it can neither be bound nor restricted by such wishes.

**FOL3(B) (Corporate Member)**

<sup>1</sup> Complete if applicable

## LOSS / CASH CALL PAYMENTS: VOLUNTARY FUNDING OPTIONS &amp; PROCEDURE

General	
OPTION	<p>(a) A Loss Payment Instruction Form must be completed and returned to Market Services to either accompany payment or as an instruction of the funding method to be applied.</p> <p>(b) Losses and cash calls will be paid to the respective syndicate via Lloyd's Centralised Distribution system. Failure to provide cleared funds by the deadline stated within the accompanying letter to these procedural notes could result in late settlement of the loss/cash call. The syndicate(s) will have the option to apply an interest charge above London Clearing Banks base rate until such time as the unpaid amount(s) is settled.</p> <p>(c) Please carefully note the timings of the different funding options in the table below. Failure to supply funds or notify Market Services in good time could result in late payment of the loss/cash call.</p> <p>(d) Any Member wishing to draw down against the Lloyd's Deposit to settle the loss/cash call must complete and submit a 'Member's Request for Voluntary Release of Funds to meet Underwriting Liabilities' form to Market Services.</p> <p>(e) The terms of the relevant Deposit Trust Deeds prohibit the use of FAL draw down proceeds to settle some Premiums Trust Fund debts, which includes such items as Market Services charges, Lloyd's Advisor expenses, Canadian and US Federal Income taxes. Such debts must be settled either from syndicate profits or new money payments from the Member.</p>
	PROCEDURE

APPENDIX 2

<p>1. <i>Payment of sterling by CHAPS.</i></p>	<p>Payment should be made to the following account:  National Westminster Bank Plc, 1 Princes Street, London EC2R 8PA  Sort Code: 60-00-01  A/C No: 14945983  IBAN: GB52NWBK60000114945983  A/C Title: The Corporation of Lloyd's Members Trust No. 3 A/C</p> <p><u>Please Note:</u> Details of the Member's name and Member number must be included in the CHAPS payment reference when your bank remits the money. <b>Care should also be taken in case your bank deducts an administrative charge from the amount being remitted, resulting in underpayment of the loss/cash call.</b> Please complete the attached Loss Payment Instruction Form and also send email notification of the amount and date of the remittance to <a href="mailto:dcpteam@lloyds.com">dcpteam@lloyds.com</a> to avoid delays allocating the money to the Member's account.</p>
<p>2. <i>Payment of US dollars by SWIFT.</i></p>	<p><b>Cleared funds must be received at least 4 working days before the loss payment/cash call date(s).</b></p> <p>Payment should be made to the following account:  National Westminster Bank Plc, 1 Princes Street, London EC2R 8PA  Sort Code: 60-00-01  SWIFT/BIC Code: NWBKGB2L  IBAN: GB67NWBK60730140056600  A/C Title: The Corporation of Lloyd's Members Trust No. 3 Dollar A/C</p> <p><b>FULL DETAILS IF REQUIRED ARE BELOW:-</b>  Chase Manhattan Bank, New York, PO Box 469, NY10081  ABA 021000021  SWIFT/BIC Code: CHAS-US-33</p> <p><u>Please Note:</u> Details of the Member's name and Member number must be included in the SWIFT payment reference when your bank remits the money. <b>Care should also be taken in case your bank deducts an administrative charge from the amount being remitted, resulting in underpayment of the loss/cash call.</b> Please complete the attached Loss Payment Instruction Form and also send email notification of the amount and date of the remittance to <a href="mailto:dcpteam@lloyds.com">dcpteam@lloyds.com</a> to avoid delays allocating the money to the Member's account.</p>
<p><b>Timing</b></p>	<p><b>Cleared funds must be received at least 4 working days before the loss payment/cash call date(s).</b></p>

## APPENDIX 2

<p>3. <i>Transfer from Personal Reserve (where available).</i></p> <p><b>Timing</b></p>	<p>The Loss Payment Instruction Form should be used to instruct Market Services when the loss or cash call is to be funded from the Personal Reserve. Please state precisely the amount of cash to be transferred.</p> <p><b>At least 4 working days' notice will be required to transfer Personal Reserve cash.</b></p>
<p>4. <i>Draw down on Lloyd's Deposit.</i></p> <p><b>Timing</b></p>	<p>The Loss Payment Instruction Form and 'Member's Request for Voluntary Release of Funds to meet Underwriting Liabilities' should be returned to the Market Services at the earliest opportunity. Please state precisely the amount of cash to be transferred and/or details of each investment<sup>2</sup>/Bank Guarantee/Letter of Credit to be liquidated.</p> <p><b>Market Services will action the draw down expeditiously. The procedure and timing will depend upon the type of asset(s) in the Deposit.</b></p> <p>NB - The terms of the relevant Deposit Trust Deeds prohibit the use of FAL draw down proceeds to settle some Premiums Trust Fund debts, which includes such items as Market Services charges, Lloyd's Advisor expenses, Canadian and US Federal Income taxes. Such debts must be settled either from syndicate profits or new money payments from the Member.</p>

<sup>2</sup> Please email [dcpteam@lloyds.com](mailto:dcpteam@lloyds.com) if securities held in FAL are to be sold by your investment manager, including estimated trade & settlement dates if known

## APPENDIX 2

### LOSS / CASH CALL PAYMENTS: COMPULSORY DRAWDOWN FUNDING PROCEDURE

Should Market Services not receive funding instructions, or the loss or cash call remains unpaid for 21 calendar days after the loss payment or cash call date, then Lloyd's will exercise its role as Regulating Trustee and begin the compulsory draw down process.

Any Personal Reserve cash held will be utilised first. Following that, and if debts remain unpaid, the Lloyd's Deposit will be liquidated in the following order until all the debts are fully paid.

1. Cash.
2. Gilts.
3. Equities / Bonds / Unit Trusts.  
N.B. The most recently purchased asset will be realised first in order to minimise Capital Gains Tax exposure, as applicable.
4. Bank Guarantees/Letters of Credit.

To: The Council of Lloyd's

**MEMBER'S REQUEST FOR VOLUNTARY RELEASE OF FUNDS  
TO MEET UNDERWRITING LIABILITIES  
(GENERAL)**

Name of Member .....("The Member")      Member No.  
.....

I am advised that I have incurred underwriting liabilities at Lloyd's. Without prejudice to my right to dispute the validity of those liabilities, I request that liabilities up to £.....

and/or US\$ ..... be funded out of assets held at Lloyd's or otherwise held in my funds at Lloyd's. I agree in relation to any payment required to be made out of any such assets for such purpose that

- (a) Lloyd's may at its discretion realise, drawdown on or disperse such assets in any order and at any time and I hereby waive the need for compliance with any formalities in relation thereto;
- (b) any financial institution which has issued any guarantee or letter of credit which forms any part of such assets can make payments pursuant to any such guarantee or letter of credit without the need for compliance by Lloyd's, any members' agent or that financial institution with any formalities provided for in any such guarantee or letter of credit, any trust deed or any relevant agreement;
- (c) the amount realised from any realisation or drawdown of any such assets is at my risk and Lloyd's shall not be responsible, or have any liability, for any loss or damage arising from any such realisation or drawdown, including its timing.

Signature(s) ..... Date .....

If signature not of member please indicate authority to sign (e.g. executor).

**Note 1**      The Member's Lloyd's deposit cannot be regarded as a current account for the funding of losses and/or cash calls. A request for a voluntary release will be dealt with as expeditiously as possible but without any liability on Lloyd's part for any interest or other expenses incurred by the Member after the date of the request.

**Note 2**      Please list below (or on attached sheet) which assets you wish to be utilised to realise the required amount. While Lloyd's will endeavour to comply to your wishes it can neither be bound nor restricted by such wishes.

FOL3(B)(G)



To: The Council of Lloyd's

**MEMBER'S REQUEST FOR VOLUNTARY RELEASE OF FUNDS  
TO MEET UNDERWRITING LIABILITIES  
(LONG TERM)**

Name of Member ..... ("The Member")      Member No: .....

I am advised that I have incurred underwriting liabilities at Lloyd's. Without prejudice to my right to dispute the validity of those liabilities, I request that liabilities up to £.....

and/or US\$ ..... be funded out of assets held at Lloyd's or otherwise held in my funds at Lloyd's. I agree in relation to any payment required to be made out of any such assets for such purpose that

- (a) Lloyd's may at its discretion realise, drawdown on or disperse such assets in any order and at any time and I hereby waive the need for compliance with any formalities in relation thereto;
- (b) any financial institution which has issued any guarantee or letter of credit which forms any part of such assets can make payments pursuant to any such guarantee or letter of credit without the need for compliance by Lloyd's, any members' agent or that financial institution with any formalities provided for in any such guarantee or letter of credit, any trust deed or any relevant agreement;
- (c) the amount realised from any realisation or drawdown of any such assets is at my risk and Lloyd's shall not be responsible, or have any liability, for any loss or damage arising from any such realisation or drawdown, including its timing.

Signature(s) ..... Date .....

If signature not of member please indicate authority to sign (e.g. executor).

**Note 1**      The Member's Lloyd's deposit cannot be regarded as a current account for the funding of losses and/or cash calls. A request for a voluntary release will be dealt with as expeditiously as possible but without any liability on Lloyd's part for any interest or other expenses incurred by the Member after the date of the request.

**Note 2**      Please list below (or on attached sheet) which assets you wish to be utilised to realise the required amount. While Lloyd's will endeavour to comply to your wishes it can neither be bound nor restricted by such wishes.

FOL3(B)(L)

To: The Council of Lloyd's

**MEMBER'S REQUEST FOR VOLUNTARY RELEASE OF FUNDS  
TO MEET UNDERWRITING LIABILITIES  
(LONG TERM)**

Name of corporate member ..... ("the Corporate Member")  
Member No. ....

Name of third party depositor ..... ("the Depositor")<sup>1</sup>

It is understood that the Corporate Member has incurred underwriting liabilities at Lloyd's. Without prejudice to the Corporate Member's right to dispute the validity of those liabilities, the Corporate Member requests that liabilities up to £..... and/or US\$ ..... be funded out of assets held at Lloyd's or otherwise held in the Corporate Member's funds at Lloyd's (including those held in a third party deposit provided by the Depositor).

The Corporate Member and (if applicable) the Depositor agree in relation to any payment required to be made out of any such assets for such purpose that:

- (a) Lloyd's may at its discretion realise, drawdown on or disperse such assets in any order and at any time and the Corporate Member and (if applicable) the Depositor hereby waive the need for compliance with any formalities in relation thereto;
- (b) any financial institution which has issued any guarantee or letter of credit which forms any part of such assets can make payments pursuant to any such guarantee or letter of credit without the need for compliance by Lloyd's, any members' agent or that financial institution with any formalities provided for in any such guarantee or letter of credit, any trust deed or any relevant agreement;
- (c) the amount realised from any realisation or drawdown of any such assets is at the Corporate Member's and (if applicable) the Depositor's risk and Lloyd's shall not be responsible, or have any liability, for any loss or damage arising from any such realisation or drawdown, including its timing.

Signature(s) ..... Date .....

Signed on behalf of the Corporate Member by ....., a director of the Corporate Member.

Signature(s) ..... Date .....

Signed by or on behalf of the Depositor by ..... (name)

**Note 1**            The Corporate Member's Lloyd's deposit cannot be regarded as a current account for the funding of losses and/or cash calls. A request for a voluntary release will be dealt with as expeditiously as possible but without any liability on Lloyd's part for any interest or other expenses incurred by the Corporate Member after the date of the request.

**Note 2**            Please list below (or on attached sheet) which assets the Corporate Member and Depositor (if applicable) wish to be utilised to realise the required amount. While Lloyd's will endeavour to comply with the wishes of the Corporate Member/Depositor it can neither be bound nor restricted by such wishes.

**FOL3(B)(L) (Corporate TPO)**

<sup>1</sup> Complete if applicable

To: The Council of Lloyd's

**MEMBER'S REQUEST FOR VOLUNTARY RELEASE OF FUNDS  
TO MEET UNDERWRITING LIABILITIES**

Name of corporate member ..... ("the Corporate Member")  
Member No. ....

Name of third party depositor ..... ("the Depositor")<sup>1</sup>

It is understood that the Corporate Member has incurred underwriting liabilities at Lloyd's. Without prejudice to the Corporate Member's right to dispute the validity of those liabilities, the Corporate Member requests that liabilities up to £..... and/or US\$ ..... be funded out of assets held at Lloyd's or otherwise held in the Corporate Member's funds at Lloyd's (including those held in a third party deposit provided by the Depositor).

The Corporate Member and (if applicable) the Depositor agree in relation to any payment required to be made out of any such assets for such purpose that:

- (a) Lloyd's may at its discretion realise, drawdown on or disperse such assets in any order and at any time and the Corporate Member and (if applicable) the Depositor hereby waive the need for compliance with any formalities in relation thereto;
- (b) any financial institution which has issued any guarantee or letter of credit which forms any part of such assets can make payments pursuant to any such guarantee or letter of credit without the need for compliance by Lloyd's, any members' agent or that financial institution with any formalities provided for in any such guarantee or letter of credit, any trust deed or any relevant agreement;
- (c) the amount realised from any realisation or drawdown of any such assets is at the Corporate Member's and (if applicable) the Depositor's risk and Lloyd's shall not be responsible, or have any liability, for any loss or damage arising from any such realisation or drawdown, including its timing.

Signature(s) ..... Date .....

Signed on behalf of the Corporate Member by ....., a director of the Corporate Member.

Signature(s) ..... Date .....

Signed by or on behalf of the Depositor by ..... (name)

**Note 1** The Corporate Member's Lloyd's deposit cannot be regarded as a current account for the funding of losses and/or cash calls. A request for a voluntary release will be dealt with as expeditiously as possible but without any liability on Lloyd's part for any interest or other expenses incurred by the Corporate Member after the date of the request.

**Note 2** Please list below (or on attached sheet) which assets the Corporate Member and Depositor (if applicable) wish to be utilised to realise the required amount. While Lloyd's will endeavour to comply with the wishes of the Corporate Member/Depositor it can neither be bound nor restricted by such wishes.

**FOL3(B) (Corporate Member)**

<sup>1</sup> Complete if applicable

To: the Trustees of each Lloyd's deposit for general business of each member of the Society named in the attached Schedule to this Notice

**MEMBERS' AGENT'S NOTIFICATION  
(GENERAL BUSINESS)**

This notification relates to the members of the Society whose names are set out in the attached Schedule to this notification (each a *Member*) and is given in accordance with the terms of each trust deed governing each relevant Lloyd's deposit for general business.

As at [                      ] <sup>1</sup>, each Member had:

- (i) the unsatisfied liabilities in respect of open or run-off years of account; and/or
- (ii) the unfunded losses in respect of closed years of account,

shown therein in respect of each such member.

This Agency accordingly notifies the Trustees:

- (a) where so indicated in respect of (i) above that there are insufficient assets available in the Premiums Trust Fund of a Member to meet his Lloyd's obligations; and/or
- (b) where so indicated in respect of (ii) above, a Member has sustained on a closed underwriting account an ascertained loss which has not been funded.

This Agency considers that a drawdown from each Member's Trust Fund for general insurance business is appropriate in an amount not more than the amount(s) shown therein in respect of such Member's name in the relevant sub-column(s) headed "Drawdown Amount Considered Appropriate" of the Schedule.

AGENT

AGENT'S STAMP

Signature <sup>2</sup> .....

Position .....

Date .....

<sup>1</sup> Insert the date of the Agents Information (AI) file (which is an extract from the debt allocation matrix) on which this notification is based.

<sup>2</sup> This Notice must be signed by a duly authorised partner or director of the Agency.

**SCHEDULE  
(GENERAL BUSINESS)**

A	B		C		D	
Name and number of Member	Unsatisfied liabilities in respect of open or run-off years of account		Unfunded losses in respect of closed years of account		Drawdown amount considered appropriate	
	£	USD	£	USD	£	USD

To: the Trustees of each Lloyd's deposit for long term business of each member of the Society named the attached Schedule to this Notice

**MEMBERS' AGENT'S NOTIFICATION  
(LONG TERM BUSINESS)**

This notification relates to the members of the Society whose names are set out in the attached Schedule to this notification (each a *Member*) and is given in accordance with the terms of each trust deed governing each relevant Lloyd's deposit for long term business.

As at [                      ] <sup>1</sup>, each Member had:

- (i) the unsatisfied liabilities in respect of open or run-off years of account; and/or
  - (ii) the unfunded losses in respect of closed years of account,
- shown therein in respect of each such member.

This Agency accordingly notifies the Trustees:

- (a) where so indicated in respect of (i) above that there are insufficient assets available in the Premiums Trust Fund of a Member to meet his Lloyd's obligations; and/or
- (b) where so indicated in respect of (ii) above, a Member has sustained on a closed underwriting account an ascertained loss which has not been funded.

This Agency considers that a drawdown from each Member's Trust Fund for long term insurance business is appropriate in an amount not more than the amount(s) shown therein in respect of such Member's name in the relevant sub-column(s) headed "Drawdown Amount Considered Appropriate" of the Schedule.

AGENT

AGENT'S STAMP

Signature <sup>2</sup> .....

Position .....

Date .....

<sup>1</sup> Insert the date of the Agents Information (AI) file (which is an extract from the debt allocation matrix) on which this notification is based.

<sup>2</sup> This Notice must be signed by a duly authorised partner or director of the Agency.

**SCHEDULE  
(LONG TERM BUSINESS)**

A	B		C		D	
Name and number of Member	Unsatisfied liabilities in respect of open or run-off years of account		Unfunded losses in respect of closed years of account		Drawdown amount considered appropriate	
	£	USD	£	USD	£	USD