

Market Bulletin

Ref: Y5408

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|----------------|---|
| Title | 2024 Members' subscriptions, Central Fund contributions and other Market Charges |
| Purpose | Notification of 2024 charges, contributions, subscriptions and payment dates |
| Type | Scheduled |
| From | Burkhard Keese, CFO Tel: +44 (0)20 7327 6509 email: burkhard.keese@lloyds.com |
| Date | 29th September 2023 |

The purpose of this bulletin is to set out the charges applicable to Lloyd's members for 2024.

Summary of charges for 2024

Market charges remain in line with 2023 charges with the exception of:

- Increased rate of 1.05% for Central Fund Contributions for new members from 1 January 2024 has been removed
- Members Subscriptions and Central Fund Contributions will be calculated by reference to approved syndicate business forecast submissions as at May 2024
- Member Services charges (section 3.1) have been updated to reflect a simplification of the cash service process, resulting in a reduction in the cash service charge. User pays charges have also been updated such that the flat fee used for Trustee/Regulatory Services for Corporates and Direct Corporate Participants has been replaced by a tiered charging structure based on the valuation of Funds at Lloyd's
- Tax Services (section 3.2) and Corporate Real Estate (section 3.7) have been uplifted for inflation, the first increase since 2018

Please note, all charges quoted in this document are shown before any VAT charge. Any charges in this document which attract VAT are marked *

1. Market-wide Charges

Contact: Carolyn.Smith@lloyds.com

| Market charge | 2024 Rate | Calculation Basis |
|----------------------------|-----------|--|
| Members' Subscription | 0.36% | GWP per approved business plan |
| Central Fund Contributions | 0.35% | GWP per approved business plan. RITC syndicates are based on notional capacity. |

1.1 Members' Subscriptions

Annual subscriptions are payable in two instalments;

- the first instalment of 0.18% shall be paid 15 January 2024, and
- the second instalment of 0.18% shall be paid 3 June 2024.

Members Subscriptions are based on the Syndicate Business Forecast (SBF) as approved in January. If new business plans are submitted and approved before 24 May, the second instalment of Members Subscriptions will be adjusted to reflect additional charges or refunds due per the new SBF GWP. Please note, this does not affect any rules on when syndicates can resubmit their SBF.

1.2 Central Fund Contributions

The annual contribution rate of 0.35% of GWP (as set out in the syndicates approved business plan) is payable by all members with the exception of RITC syndicates where the annual contribution is based on Notional Capacity (calculated by taking 3% of net reserves, rounded up to the nearest £0.5m and subject to a minimum of £3m).

From 1 January 2024, new corporate members will not be subject to an increased charge of 1.05% of GWP in the approved business plans.

Payment date

The payment is due in full on 25 March 2024 based on the January approved business plan (SBF), with the option to make payments in US dollars. If new business plans are submitted and approved before 24th May, an adjustment to the Central Fund Contributions to reflect additional charges or refunds due per the new SBF GWP will be required on 3 June 2024.

If a mid-year pre-emption or a new syndicate is approved after 15 March 2024, the due date for the on-account payment of the contribution will be the later of the date of approval or invoiced date.

1.3 Overseas Operating Charges

Contact: Carolyn.Smith@lloyds.com

| Market charge | | 2024 Rate | Calculation Basis |
|--------------------------------|------------------------|----------------|---|
| All locations | Direct | 0.49% | Overseas GSSP (i.e. excluding UK and Channel Islands) |
| | Reinsurance | 0.17% | Overseas GSSP (i.e. excluding UK and Channel Islands) |
| | Coverholder | 0.73% | Overseas GSSP (i.e. excluding UK and Channel Islands) |
| Lloyd's Japan Coverholder Fees | Local business | 12.50% | Net premium after brokerages |
| | Pooled business | 5.00% | Net premium after brokerages |
| | Annual coverholder fee | £15,000 | Per binder |

The Overseas Operating Charge (OOC) will be collected on 26 January 2024, 26 April 2024, 26 July 2024 and 25 October 2024.

Japanese coverholder fees for local and pooled business are deducted when premium is collected. The annual coverholder fee is collected when the binder contract is made.

Reinsurance Commission and the Overseas Operating Charge

Lloyd's Brussels and Lloyd's China charge a reinsurance commission as a percentage of Gross Written Premiums (GWP). The final OOC references the reinsurance commissions (net of local corporate taxes) paid by a syndicate through a repayment of OOC collected during the year. The reduction is capped at the amount of the OOC collected during the year.

1.4 Syndicates in run-off

Contact: Fahad.Mela@lloyds.com

| Market Charge | 2024 Rate | Calculation Basis |
|--|----------------------|---|
| Syndicates in Run-off (audited accounts up to 31/12/23 available) | £1 Per £1,000 | Net insurance liabilities in respect of each year of account in run-off |
| Syndicates in Run-off (audited accounts up to 31/12/23 unavailable) | £1 Per £1,000 | Interim charge based on estimated net insurance liabilities, based on most recent QMR, until audited accounts are available |

Run off payments shall be collected via ARCS in July 2024.

2. Treasury Services

Contact: Tony.Cullum@lloyds.com

| Market Charge | 2024 Rate | Calculation Basis |
|---|------------------|-------------------------|
| Commingled investment accounts* | 8.5bp | Assets Under Management |
| Currency Conversion Service (CCS) | 5bp | Per transaction |
| FX execution service | Up to 5bp | Per transaction |
| Cash service charge | 3.5bp | Cash balance |
| Investment of overseas regulatory deposits* | 8.5bp | Assets Under Management |

* charges subject to VAT

Services provided by Lloyd's Treasury and Investment Management (LTIM):

- **Commingled investment accounts:** Market assets are pooled into 3 single accounts in order to deliver efficiency and economies of scale for the market. Accounts include CAD regulated, CAD non-regulated and CAD (USD denominated) regulated. Agents tend to use these for convenience as individual agent balances in CAD do not warrant fully fledged investment mandates
- **Currency Conversion Service (CCS):** Agents sign up to this service which pools and nets all FX movements for participating agents allowing us to transact on an aggregate basis whilst meeting individual agent FX needs.
- **FX execution service:** LTIM also offers FX trade execution on-demand.
- **Cash Service Charge:** fee calculated on daily cash balances held in distribution funds and FAL, these charges are payable by both members and third party funding providers
- **Investment of overseas regulatory deposits:** LTIM manages these investment portfolios on behalf of the market, as is required by overseas regulators. The Corporation currently has eleven of these funds plus the ASL deposits.

3. User Pay

3.1 Member Services

Contact: Nikki.Hopper@lloyds.com

| Charged | Market Charge | 2024 Rate | Calculation Basis |
|--------------------------|--|-----------|--------------------------|
| Member Charges | Trustee/Regulatory Services: Individual member | £515 | Flat fee |
| | Trustee/Regulatory Services: <£5m FAL | £2,500 | |
| | Trustee/Regulatory Services : £5m - £50m FAL | £7,500 | |
| | Trustee/Regulatory Services: £50m - £200m FAL | £10,000 | |
| | Trustee/Regulatory Services: £200m - £1b FAL | £25,000 | |
| | Trustee/Regulatory Services: >£1b FAL | £50,000 | |
| | Third Party FAL Providers (TPFP) | £200 | Per TPFP |
| | Interavailable Recipient Monitoring Charge - open participation | £1,000 | Per donor |
| | Interavailable Recipient Monitoring Charge - last participation closed at 31/12/2022 | £3,000 | Per finalised donor (Y1) |
| | Interavailable Recipient Monitoring Charge - arrangement not ended within 2 years of closure of last participation | £5,000 | Per finalised donor |
| | Change of Control Application | £2,000 | Per application |
| | Third Party Funding Provider Application | £2,000 | |
| | Prospect - individual, company or other entity onboarded within an application (waived for known TPFP) | £1,000 | Per entity |
| | Breach/Late/Censure fee | £1,000 | Per occurrence |
| | Recommencement of Underwriting | £10,500 | Flat fee |
| Syndicate Charges | Results & Stamp Processing – Aligned* | £5,150 | Per syndicate |
| | Results & Stamp Processing – Spread* | £15,450 | |
| | Auction – buy/sell capacity | 0.06% | Per successful bid |
| | Approval of capacity offer by means of announced auction offer | £2,400 | Per offer |
| | Approval of formal capacity offer | £6,250 | |

* charges subject to VAT

3.2 Tax Services

Contact: Stephen.Hyde@lloyds.com

| Market Charge | | IND | CORP | DCP | Calculation Basis |
|----------------|---|------|--------|---------|-------------------|
| Member Charges | US (incl. income and excise taxes, FATCA)* | £800 | £1,050 | £10,500 | Flat fee |
| | Canada* | £275 | £275 | £3,675 | |
| | Singapore* | £275 | £275 | £3,675 | |
| | Japan* | £275 | £275 | £3,675 | |
| | Country by Country Reporting* | - | - | £1,050 | |
| | UK tax advices (incl. CTA1/2, foreign tax schedules, etc.)* | £275 | | | |
| | Third Party Funding Providers* | £125 | | | |
| | US Controlled Foreign Corporations reports (only affected members)* | £800 | | | |
| | LLP / SLP charge for 2nd and each further partner* | £525 | | | |
| | Ad-hoc queries, re-work of Tax returns* | £130 | | | Per hour |

| Market Charge | | 2024 Rate | Calculation Basis |
|-------------------|--|-----------|-------------------|
| Syndicate Charges | Premium tax charges* | £21,000 | Flat fee |
| | Syndicate UK tax returns* | £525 | |
| | Certificate of UK Tax Residence* | £1,050 | |
| | Australia income tax returns* | £800 | |
| | Dominica, France, French Polynesia, Hong Kong, Israel, St Lucia, St Vincent and Grenadines income tax returns* | £400 | |

* charges subject to VAT

- Charges for work commissioned with LAS Tax Consulting LLC in relation to issues affecting a member's US tax return and billed to Lloyd's will continue to be on-charged to the relevant member in addition to any of the above charges.
- Where other third party costs are incurred, for example, in providing additional services such as dealing with change of ownership, reinsurance adjustments and calculation of potential tax liabilities for release of FAL, these will be charged to the member concerned.
- The cost of any tax advice received from third parties and Lloyd's specific costs that relate to managing market wide issues will be charged to syndicates on a just and reasonable apportionment.
- Where a member of a managing agent raises an ad hoc query which requires an investigation, or where an error is identified resulting in the need to re-file a tax return, work undertaken by Lloyd's will be charged at £130 per hour

3.3 Complaint Handling Charges

Contact UK: Jenny.Laverty@lloyds.com

Contact Australia: Tracey.Bryan@lloyds.com

| Market Charge | | UK 2024 | Australia 2024 | Calculation Basis |
|---|--|---|----------------|--|
| Complaints Handled by Lloyd's | New Complaint Administration | £250 | A\$450 | Per complaint received direct by Lloyd's |
| | Full investigation fee – Tier 1 | £250 | A\$450 | Claim reserve under £500/ A\$900 |
| | Full investigation fee – Tier 2 | £715 | A\$1,250 | Claim reserve £501/A\$901- £10,000/A\$18,000 and all other matters |
| | Full investigation fee – Tier 3 | £1,100 | A\$1,950 | Claim reserve of £10,001/A\$18,001- £25,000/A\$45,000 |
| | Full investigation fee – Tier 4 | £1,470 | A\$2,550 | Claim reserve above £25,001/ A\$45,001 |
| | Issue Investigation Ongoing Letter (UK only) | £75 | N/A | Per letter issued |
| | Additional Administration Fee | £200 | A\$360 | Per chase / failure to comply with requirements |
| | Automated Chase for Documentation / Information | £50 | A\$90 | Per chase issued |
| | Oversight / handling of complaint escalated to EDR – no final response issued | £500 | N/A | Per complaint |
| | Oversight / handling of complaint escalated to EDR – final response issued | £150 | N/A | Per complaint |
| | Administration Fee for Complaint (AFCA/IFSO matters not resolved at Registration & Referral) | N/A | A\$450 | Per complaint |
| | Administration Fee for Complaint (AFCA/IFSO matters resolved at Registration & Referral) | N/A | A\$200 | Per complaint |
| Additional Department of Insurance (DOI) Charges | DOI Extension Request | £250 | N/A | Per DOI extension |
| | DOI Request for Information | £100 | N/A | Per additional request for information |
| Failure to meet Lloyd's Performance Metrics and other Systemic Issues | | Up to £25,000 | | Flat fee, per issue/investigation |
| Systemic issue / Code breach investigation | | N/A | A\$1,000-3,000 | Per issue / investigation |
| External Dispute Resolution (EDR) Cases | Recovery of EDR case fees | FOS £750; AFCA A\$80 to A\$8,090 ex GST; IFSO NZ\$1,800 ex GST Revised periodically and subject to change by EDR | | |
| Australian Financial Complaints Authority (ACFA) User Charge | Recovery of AFCA User Charge | N/A | Variable | Recovered on same basis used by AFCA |

- The New Complaint Administration fee levied will be determined by the date the complaint was received whereas all other charges will be determined by the date of the charge is levied.
- Any fees levied by external authorities and collected via the Lloyd's Complaints teams will be paid by the Complaints teams and collected from the appropriate syndicates on a case by case basis.
- Complaints escalated to Lloyd's for a full review that relate to declined claims, may be based on the potential claim amount rather than the claim reserve.

3.4 Overseas Trust Fund Levies

Contact: Carolyn.Smith@lloyds.com

| Market Charge | 2024 Rate | Calculation Basis |
|---|-----------|---|
| Australian Trust Fund | £163,050 | Annual flat fee (recovered quarterly) in local currency |
| Canadian Margin Fund | £51,000 | |
| Credit for Reinsurance and Surplus Lines Trust Fund | £34,900 | |
| Illinois Trust Fund | £51,000 | |
| Kentucky Trust Fund | £68,650 | |
| South African Trust Fund | £52,200 | |

Overseas Trust Fund Levies are recovered quarterly in arrears split between three elements:

1. Central Finance Management Fees (as above)
2. Lloyd's Treasury and Investment Management Fees (see section 2)
3. Custodian Fees (recovery of fees charged by Trustees)

The fees are apportioned across the quarter end Market value of the relevant Trust Fund.

3.5 Schedule 3 Information

Contact: Fahad.Mela@lloyds.com

| Market Charge | 2024 Rate | |
|--|--|------|
| Overall Premium Limit for member per syndicate participation | £15,000,001 or greater* | £150 |
| | £10,000,001 to £15,000,000* | £125 |
| | £5,000,001 to £10,000,000* | £90 |
| | £2,000,001 to £5,000,000* | £50 |
| | £2,000,000 or less* | £50 |
| | Members participating on run-off years of account only (i.e. have stayed open having reached 36 months of existence under Lloyd's three-year accounting policy)* | £50 |

* charges subject to VAT

Corporate members of Lloyd's are required to prepare their accounts per Schedule 3 of the Large and Medium-sized Companies and Groups Regulations 2008. Lloyd's offers a facility to provide corporate members with the data they need to prepare their accounts in accordance with Schedule 3.

Each corporate member that wishes to subscribe to this service is required to pay a fee as prescribed under the Syndicate Accounting Byelaw (No. 8 of 2005) as amended. This fee is

calculated by reference to the highest overall premium limit (OPL) of the corporate member concerned and number of syndicates (disregarding syndicate years of account for this purpose) in which the corporate member participates. OPL is defined as the highest OPL written for any year of account within the last three years of account.

3.6 Markets

Contact: Nigel.Williamson@lloyds.com

| Market Charge | | 2024 Rate | Calculation basis |
|--|---|-----------|-------------------|
| Admissions | New Syndicate* | £200,000 | Per application |
| | New Syndicate in a Box* | £100,000 | |
| | New Captive Syndicate* | £100,000 | |
| | New Special Purpose Arrangement* | £75,000 | |
| | New Underwriting Agent | £300,000 | |
| | New Accredited Broker | £10,000 | |
| | Change in agent ownership (≥50%) | £50,000 | |
| | Change in agent shareholding (10% - 49.99%) | £20,000 | |
| | Change in managing or members' agent Shareholding (below 10%) | £5,000 | |
| | Syndicate merger or Transfer of Management of a syndicate | £5,000 | |
| Non – notification and retrospective application | £10,000 | | |

* charges subject to VAT

- The application fees for Underwriting Agents and syndicates (whichever model) are payable when an application is presented to the Council or Lloyd's Executive Committee [as appropriate] for 'in principle' approval. Application fees are not refundable.
- Where a Special Purpose Arrangement or Syndicate in a box transition to full syndicate status, the syndicate application fee payable is the difference between the fee previously paid and the new syndicate fee.

3.7 Corporate Real Estate

Contact: Lucy.Smithers@lloyds.com

| Market Charge | | 2024 Rate | Charge Category | Calculation Basis | Means of Collection |
|---------------------------------|---|------------------|--------------------------|---|-------------------------------|
| Lloyd's Market Room Rent | Charges for underwriting space on the Ground Floor to Gallery 3. This is charged on a net footprint area of the space occupied by underwriting boxes with a 6 month break clause. | £594 | G1,G2 &G3 | per sq. ft. | Invoice. Annually in Advance |
| | | £891 | Ground | | |
| Company Market Rent | Charges for Company Market leases on Gallery 2 to Gallery 3. This is charged on a net footprint area of the space occupied by underwriting boxes. | £1,188 | G2 & G3 | per sq. ft. | Invoice. Quarterly in Advance |
| | | Double Room Rent | Company Market | | |
| Security Passes | Charges for security passes dependent on charge category | £34 | Market wide | per pass or per replacement for lost passes | Invoice |
| | | £105 | Non-u/w working members* | | |
| | | £214 | Non-Insurance Reps | | |

* charges subject to VAT

3.8 Group Technology

Contact: Diane.Armstrong@lloyds.com

| Group Technology | Market Charge | 2024 rate | Calculation basis |
|--------------------------------|--|--|-------------------|
| Cabling Services | Installation of Cabling within the Lloyd's building* | Labour Hourly Rate Plus Materials | Per cable |
| | Fibre Optic Cable – Infrastructure Support & Rental* | £967 | Per Fibre Pair |
| | Fibre Installation. One-off charge for provision of fibre to an U/W box or office* | £502 | Per Unit |
| Black Box Park (BBP1) Services | Black Box Park 1 (BBP1) Rack Space - 1 unit* | £369 | Per Unit |
| | BBP1 Lockable Rack Space - 10 units* | £2,010 | Per Unit |
| | BBP1 Lockable Rack Space - 20 units* | £3,969 | Per Unit |
| | BBP1 Floor Space* | £7,836 | Per Unit |
| | BBP1 Cross Connect installation (Meet Me)* | £142 | Per Unit |
| Voice Services | Installation of Voice Services* | Labour Hourly Rate | Per Unit |
| | Standard Extension Rental & Handset* | £649 | Per Extension |
| | Digital Telephone Handset Additional Rental* | £143 | Per Handset |
| | Voicemail Rental* | £125 | Per Unit |
| | Support for IPT Infrastructure* | £731 | Per Unit |
| | Rental of an IP Conference Unit* | £264 | Per Unit |

* charges subject to VAT

Lloyd's Group Technology will start the 2024 annual billing process in December 2023 by asking market firms to confirm their continuing requirement for managed infrastructure services. These services cover voice/telephone communications, associated cabling and Black Box Park usage. Following agreement of customer requirements, invoices will be issued in January 2024.

Set-up Service Charges

Please note that the set-up of services will primarily be charged on a time and material basis. The labour hourly rate charges in 2024 will be as follows; in hours £122, out of hours £164.

3.9 Additional Non-Standard work

If any work is required in addition to the services listed in this bulletin that is requested by members, or if there is rework required as a result of incorrect submissions, or errors on the part of members, or in the case of additional work created by Regulatory or Statutory requirements, Lloyd's reserves the right to charge additional fees on a reasonable time and materials basis to be agreed between the members and Lloyd's.