

MARKET BULLETIN

From Director, Finance & Risk Management (extn 6711)

Date 20 December 2005

Reference Y3707

Subject 2006 Market Charges

Subject areas

Attachments Appendices 1 – 10 detailing individual charges

Action points Market Charges will be effective from 1 January 2006

Deadlines

The purpose of this bulletin is to summarise Lloyd's 2006 Market Charges.

1 New Central Fund contributions / Members' subscriptions

1.1 Market Bulletin Y3624 dated 9 September 2005 set out the principal central charges for 2006 as set out below:

	2005	2006
New Central Fund contributions	0.50%	1.00%
Members' subscriptions	0.50%	0.50%
Syndicate loans to the New Central Fund	0.75%	0.75%
	<u>1.75%</u>	<u>2.25%</u>
Callable New Central Fund contributions	3.00%	3.00%

1.2 The first instalment (50%) of the members' subscription for 2006 will be collected through Central Accounting on 9 January 2005. Further details are provided in MB Y3685 dated 1 December 2005.

1.3 The New Central Fund annual contribution, including any increased annual contribution for new corporate members underwriting in 2006 that meet the definitions set out in MB Y3624, together with syndicate loans and any further

contributions payable where syndicates have entered into qualifying quota share arrangements outside the Lloyd's market, are payable on 1 April 2006. Details regarding payment arrangements for contributions and syndicate loans will be advised in February. A further contribution of up to 3% remains callable at the discretion of Council.

2 2006 Franchise Performance & Risk Management Charge

- 2.1 Details of the basis and rates for the 2006 FPRM charge, which are unchanged from 2005, are set out in Appendix 1 to this bulletin. The charge is payable in two instalments, the first instalment being due on 9 January 2006. Payment arrangements are set out in MB Y3685 dated 1 December 2005.

3 Charge in respect of syndicates in run-off

- 3.1 The basis of the charge on run-off syndicates is unchanged in 2006. Details are set out in Appendix 2.

4 Capacity Markets

- 4.1 Capacity Markets charges in 2006 will be the same as for 2005.
- 4.2 General queries should be addressed to Jonathan Rees, ext. 6225 (email: jonathan.rees@lloyds.com).
- 4.3 A complete schedule of charges is attached at Appendix 3.

5 Complaints

- 5.1 The administration charge for UK complaints will rise from £100 to £105 from January 2006, and overseas complaints will rise from £150 to £160. Where a full investigation becomes necessary the charge rises from £400 to £420.
- 5.2 As in 2005, the operating costs of the Financial Ombudsman Service (FOS) are recovered from personal lines syndicates based on premium income figures.
- 5.3 Further details of Complaints charges and an explanation of the reasons for the increases can be found at Appendix 4.
- 5.4 General queries should be addressed to Una Wilcox, ext 5577 or Tom George, ext 6390 (email: una.wilcox@lloyds.com or tom.george@lloyds.com).

6 Finance Directorate

- 6.1 The foreign exchange dealing fees charged by Tax and Treasury, and charges to corporate groups seeking to consolidate and make their individual corporate members' FAL inter-available by the Market Reporting Department, as well as the fees payable in respect of the provision of schedule 9a syndicate data, have been maintained at 2005 levels.
- 6.2 A number of projects undertaken by Tax and Treasury are performed for the benefit of the whole market. The projects involve compliance work, dealing with Trustees on all market Trust Funds and work focussed on improvements in the area of market

liquidity, banking and investment returns. Aggregated costs on these projects are apportioned to each Trust Fund and allocated to all syndicates based on premium income. As it is not possible to forecast the range of projects that will be required during 2006 the charges are budgeted and may change.

- 6.3 Tax and Treasury administer the collection and payment of UK insurance premium tax and various foreign premium taxes and makes a charge to cover the administration costs of this activity. The charge is levied on a flat basis for all syndicates, arrived at by dividing total costs by the number of relevant syndicates (excluding life syndicates and those motor syndicates that file their own IPT returns and have limited exposure to foreign taxes). On this basis the charge for 2005 is £8,300 per syndicate. The collection of this charge will take place in January 2006.
- 6.4 Due to the increase in the number of taxes that are handled through the Central Taxes System which have increased the total running costs, and the reduction in the number of syndicates, the charge for 2006 is expected to increase to approximately £9,000 per syndicate.
- 6.5 A complete schedule of charges is attached at Appendix 5.
- 6.6 General queries regarding these charges should be addressed to Rob Geater, ext. 5346 (email: robert.j.geater@lloyds.com)

7 Information Technology Group

- 7.1 Lloyd's Information Technology Group will shortly begin the annual billing process by asking market firms to confirm their continuing requirement for managed infrastructure services. These services cover data communications, voice / telephone communications, associated cabling and Black Box Park usage. Following agreement of the requirements, invoices will be issued in early 2006.
- 7.2 The 2006 charges are 3% above the 2005 charges. A schedule setting out details of these charges can be found attached at Appendix 6.
 - 7.2.1 For 2006 the LIN ISP Service options have been simplified and the pricing has been reduced. With effect from 1 January 2006 only 2 LIN ISP bandwidth options will be available, at either 512Kbps or 2Mbps. From this date existing ISP customers with bandwidth between 64Kbps and 512Kbps will be upgraded to 512Kbps, all other existing customers will be upgraded to 2Mbps. The 512Kbps charging has been reduced to match the previous 64Kbps charge and the 2Mbps charging has been reduced to match the previous 512Kbps charge (these prices have then been adjusted for the increases outlined in 7.2).
- 7.3 Contact name for queries:
Daniel Scullion, Senior Manager, Information Technology Group, Extn 2422
e-mail: Daniel.J.Scullion@lloyds.com

8 Members Services

- 8.1 The 2006 charging structure will remain broadly unchanged from 2005. There is an inflationary 2% increase across all member charges as well as specific changes referred to in Appendix 7.
- 8.2 The 2006 price list is enclosed at Appendix 7. All charges exclude VAT.
- 8.3 Point of contact: Jenny Lavery 01634 392909 or via e-mail: lloyds-msu-cost-recovery-charges@lloyds.com

9 Property Services

- 9.1 Room rental charges for 2006 have increased by 1.6% from 2005 levels. A letter and the associated invoices are being prepared for all Room occupants confirming the rates payable and charges due for 2006. Please contact Darren Cox, Estates Services on ext. 6636 (e-mail Darren.C.Cox@lloyds.com) if you have any queries.
- 9.2 The charges for security passes will remain at £25 for 2006. Tenant services charges for 2006 have increased by 4% to £17.71 per sq ft per annum (2005 £16.97 per sq ft per annum) while the insurance charge has reduced to £1.99 per sq ft per annum (2005 £2.31 per sq ft per annum). Please contact Simon Harper, Property Services Business Unit Accountant on ext. 6719 (e-mail Simon.C.Harper@lloyds.com) if you have any queries.
- 9.3 A complete schedule of charges is attached at Appendix 8.

10 Admissions and individual registration charges

- 10.1 Admissions direct charges for 2006 are in accordance with the schedule published in September (MB Y3624), with the addition of the annual fee for run-off companies regarding maintenance of the register (£10,000), approval of syndicate mergers fees (£5,000), and the charge for new accredited brokers (£5,000), which were omitted from that schedule. All other 2006 charges remain unchanged from 2005.
- 10.2 Following changes to Lloyd's Individual Registration regime (advised in Market bulletin Y3597, 21 July 2005) the £200 individual registration fee will no longer be charged.
- 10.3 General queries should be addressed to Lisa Sweeney, ext. 6177 (e-mail Lisa.Sweeney@lloyds.com).
- 10.4 A complete schedule of charges is attached at Appendix 9.

11 Worldwide Markets

- 11.1 The core operating charges as a percentage of gross international premiums will increase from those set for 2005 - 0.32% for direct business (2005: 0.30%), binding authority supplement 0.16% (2005: 0.15%), reinsurance 0.14% (2005: 0.11%).

- 11.2 User pays charges continue to apply in Italy and France. In addition to these charges, Worldwide Markets will seek to recover costs from specific syndicates on a user pays basis where those syndicates have requested additional work from an office, (eg the production of non-standard reports), and that additional work has resulted in significant additional cost. If this situation applies, then the cost implications will be made clear to the syndicate before proceeding with the work.
- 11.3 All queries on Worldwide Markets' charges should be referred to either Helen French (ext 6355) (e mail: helen.french@lloyds.com), Susan Jeapes (ext 2249) (email: susan.m.jeapes@lloyds.com), or to:

Lloyd's Worldwide Markets Services
 Tel: 020 7327 6677
 Email: market.services@lloyds.com
 Box: 190b, Gallery 1

- 11.4 A complete schedule of charges is attached at Appendix 10.

12 Further Information

- 12.1 The charges set out in the appendices to this bulletin, where applicable, have been reviewed and approved by the Franchise Board. The notes to each schedule of charges include details of assumptions and relevant key issues together with contact names and numbers for enquiries. The appendices are cross referenced as follows:

	Appendix	Pages
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- 12.2 If you have any queries regarding this bulletin please contact Rob Geater, ext. 5346 (email: Robert.j.geater@lloyds.com).
- 12.3 This bulletin has been sent to managing and members' agents, direct corporate members, Lloyd's brokers, market associations, and registered auditors for information.

Luke Savage
 Director, Finance & Risk Management

Franchise Performance and Risk Management Charge

- 1.1 The Franchise Performance and Risk Management charge has been calculated to recover approximately £12m from the Market in order to fund the activities of the Franchise Performance and Risk Management teams. The charge will be approximately split on the following basis:
- 96% paid by managing agents; and
 - 4% paid by members' agents
- 1.2 The principles of the charge:
- there should be a minimum fee for all agents;
 - the amount of resource required for an agent rises as the size of the agent increases. However, an agent with, for example, £500m capacity does not require five times the amount of resource as an agent with £100m capacity. The charging structure reflects this; and
 - the amount of resources needed increases with every syndicate an agent manages.
- 1.3 For 2006, managing agents will pay:
- A flat fee of £11,000 per syndicate managed;
 - a minimum fee of £15,500 for a managing agent and £20,700 for a members' agent;
 - various levies on bands of capacity, which decrease as the amount of capacity rises.
- 1.4 The charge will only be made on active capacity for 2006. Agents which only manage syndicates in run-off will not attract a Franchise Performance & Risk Management charge but will attract a special charge as outlined in Appendix 2. An agent that commences or increases operations mid-year will attract a pro rata charge.
- 1.5 The charge will be collected in two equal instalments due by 9 January and 1 June 2006. Any payment not made by the due date will attract an interest charge at 5% over National Westminster Bank plc base rate.

- 1.6 The charges will be made as follows:

Managing Agents:

The charge on managing agents shall be calculated as follows. The flat fee of £11,000 per syndicate should be added to the figures set out in the table below for managing agents.

Capacity of Agent	£ (minimum fee)	For each £ of capacity above the minimum capacity stated in the left hand column
£0 - £50m	15,500 plus	0.1591%
£50m - £150m	95,050 plus	0.0956%
£150m - £250m	190,650 plus	0.0796%
£250m - £500m	270,250 plus	0.0221%
Above £500m	325,500 plus	0.0201%

Members' Agents

The levy on members' agents (including corporate advisers) shall be calculated as follows:

Capacity of Agent	£ (minimum fee)	For each £ of capacity above the minimum capacity stated in the left hand column
£0 - £50m	20,700 plus	0.0246%
£50m - £150m	33,000 plus	0.0246%
£150m - £250m	57,600 plus	0.0123%
Above £250m	69,900 plus	0.0074%

Syndicate Expenses

- 1.7 As the activities underlying the Franchise Performance and Risk Management Charge relate predominantly to the day to day transaction of underwriting business at Lloyd's, it may be treated as a syndicate expense. Managing agents should ensure, however, that it is apportioned between syndicates and years of account in accordance with the Code of Practice for Underwriting Agents – Syndicate Expenses (see Regulatory Bulletin 069/2000, issued 13 September 2000). Moreover, specific disclosure should be made in the syndicate annual report and accounts of the apportionment policy adopted and a breakdown of the figures provided by reference to each year of account. Run-off charges paid in accordance with Appendix 2 should be treated in a similar fashion.
- 1.8 The foregoing approach applies to all aspects of user pays charging currently in place through the Corporation, i.e. if the charge can be determined as relating directly to the business of the syndicate itself it may be charged as a syndicate expense, subject to the disclosure requirements outlined above.

Charges in respect of syndicates in run-off

- 1.1 The Franchise Performance and Risk Management Charge will not be applicable to agents with run-off syndicates. Instead they will pay an annual charge at a flat rate of £1 per £1,000 of reported net insurance liabilities, assessed by reference to the most recent audited accounts of the syndicate for each year of account in run-off. For this purpose a run-off syndicate means a syndicate which no longer accepts new or renewal insurance business (other than the variation or extension of risk previously underwritten or reinsurance to close an earlier year of account of that syndicate). This charge is unchanged from 2005.
- 1.2 In this context, net insurance liabilities means the amounts retained by each syndicate in run-off, in respect of each year of account in run-off, to meet all known and outstanding liabilities carried forward as at 31 December 2005. If the relevant audited financial statements are unavailable and their production appears likely to be significantly delayed, an interim charge (to be adjusted if necessary on subsequent publication of the relevant audited accounts) may be assessed by reference to the most recently submitted quarterly monitoring return (QMR) made by the run-off managers to Lloyd's for the syndicate for the relevant years of account. Any payment of this charge not made by the due date will attract an interest charge at 5% over National Westminster Bank plc base rate.

Capacity Markets Department
2006 Market Charges

Capacity Markets charges in 2006 will be the same as for 2005, as set out below.

Type of charge	Charge
	£
Approval of capacity offer by means of announced auction offer	1,900
Approval of formal capacity offer (cash only)	5,000
Approval of formal capacity offer (with shares or a share alternative)	6,200
Approval of conversion scheme (with interavailability)	9,600
Approval of conversion scheme (with reverse interavailability or transition)	10,600

An additional fee may be charged to sponsors to cover, for example:

- additional costs incurred in processing particularly complex schemes, especially where features not directly necessary to the scheme are included; and
- the reimbursement of any external legal (or other professional) fees incurred by Lloyd's in developing a particular scheme. An example of this is where bespoke trust deeds are prepared for reverse interavailability schemes.

Every effort will be made to make promoters/sponsors aware of the possibility of an additional charge at an early stage in the process.

Contact Name for Queries

Jonathan Rees (ext. 6225)

Complaints Department
2006 Market Charges

At the present time the budgeted costs of the Complaints Department exceed the income generated by the current level of charges. The department is therefore seeking to recover its complaints handling costs on a user pays basis. The charges for 2006 closely reflect the work involved in the various stages of the complaints process and have increased by approximately 5% from those imposed in 2005.

With effect from January 2006 the administration charge for UK complaints will rise from £100 to £105. The administration charge for overseas complaints will rise from £150 to £160 reflecting the extra work involved in progressing these complaints.

At this initial stage syndicates are given the opportunity of resolving matters without incurring the full investigation fee. If, however, a full investigation becomes necessary an additional charge will be incurred. For 2006 the current charge of £400 will be increased to £420.

Despite best endeavours a small number of complainants will insist on referring matters to the FOS which will result in a minimum charge by the FOS of £360 for each case. As in 2005 these additional costs will be recovered from the syndicates involved.

The operating costs of the Financial Ombudsman Service are borne by the insurance industry as a whole through a combination of case fees and a general levy on member firms. The FOS's general levy charged to Lloyd's is recovered from personal lines syndicates based on premium income figures. The recovery will continue to be made in 2006.

The market charges reflect the work carried out on complaints handling. There are also certain tasks carried out by the department which ensure that the Franchisor complies with all aspects of the FSA complaint handling rules. The department also coordinates the market's response to policyholder enquiries in the event of a major loss. It is felt appropriate that those costs are borne by the Franchisor.

COMPLAINTS CHARGES 2006		
DESCRIPTION	CURRENT CHARGE	PROPOSED CHARGE
Administration fee for UK complaints	£100	£105
Administration fee for overseas complaints	£150	£160
Additional fee for full investigation (all complaints)	£400	£420
Recovery of Financial Ombudsman Service (FOS) case fee	On complaints received after 1/1/05 FOS case fee to be recovered (min £360)	FOS case fee (normally £360) to be recovered.
Recovery of FOS Levy	Charge applied by FOS is recovered from Personal Lines syndicates	Charge applied by FOS is recovered from Personal Lines syndicates

Finance Directorate - 2006 Market Charges

Foreign Exchange Dealing Fees

The Tax and Treasury Department makes a charge for undertaking foreign exchange activity on behalf of Lloyd's market participants.

Foreign exchange dealing instructions may be received directly from managing agents or indirectly in connection with other activities, including the Lloyd's Currency Conversion Service.

Charges vary between 0.03% and 0.05% of the sterling value of transactions, although the minimum charge is £10. Charges are levied by adjusting the exchange rate at which deals are transacted, by reference to the relevant market rate. No separate charge is made.

As a result of the large volumes of foreign exchange business transacted by the Tax and Treasury, it is able to obtain very competitive dealing rates from its counterparties. This means that the exchange rates achieved remain advantageous when compared to retail rates, despite the charge made by the Department.

Provision of Schedule 9a Information to Corporate Members

Introduction

Corporate members of Lloyd's are required to prepare their accounts in accordance with Schedule 9a of the Companies Act 1985. Market Reporting Department (MRD) offers a "central facility" to provide corporate members with the data that they need in order to be able to prepare their accounts in accordance with Schedule 9a. MRD is able to provide this facility by advising on the data requirements, collecting the syndicate data in the relevant format from managing agents, processing it and providing outputs in the Schedule 9a format for each subscribing member. If the central facility was not available, it would be necessary for individual corporate members to contact the managing agent of each syndicate on which they participate in order to negotiate arrangements to obtain this information, which would not be otherwise provided by managing agents. It is likely that the cost to a corporate member of having to obtain the data this way would be greater than the fees charged for the Lloyd's facility.

Fees

Each corporate member that wishes to subscribe to this service is required to pay a fee as prescribed under the Syndicate Accounting Byelaw (No. 18 of 1994) 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.

The prescribed fees (excluding VAT) for the December 2005 facility are set out below and vary with respect to the size (in terms of OPL) of the corporate member. They are unchanged from last year.

OPL for member*	Fee per syndicate participation*	Maximum fee**
£15,000,001 or greater	£125	£3,750
£10,000,001 to £15,000,000	£100	£3,000
£5,000,001 to £10,000,000	£70	£2,100
£2,000,001 to £5,000,000	£35	£1,050
£2,000,000 or less	£35	£700
Members participating on 2002 or prior run-off years only	£35	£700

- OPL is defined as the highest OPL written for any year of account within the last three years of account (i.e. 2003 to 2005 years of account).
- Fees are calculated per syndicate (not syndicate year) participation and are exclusive of VAT at 17.5%

Key assumptions

The fee structure for 31 December 2005 Schedule 9a reporting has been prepared on the assumption that the level of subscription to the central facility and Market Reporting Department's costs incurred in providing this facility, do not change materially from those relating to the 2004 exercise.

Other significant matters

No established alternative source in order for corporate members to obtain this data currently exists. As noted above, however, the cost incurred by corporate members making their own arrangements to obtain the information directly from managing agents is likely to be somewhat higher.

Corporate Inter-available FAL

Corporate groups may wish to rationalise their Lloyd's operations and reduce the number of underwriting subsidiaries. Lloyd's has developed a mechanism and the documentation to deal with the provision of Funds at Lloyd's to support both the business being run off by the ceasing corporate members and the increased level of underwriting by the continuing corporate member.

A fee is payable by those corporate groups seeking to consolidate and make their individual corporate members' FAL inter-available. This charge seeks to recover principally legal costs incurred by Lloyd's in respect of such consolidations. The fee is £1,000 (excluding VAT) per ceasing member subject to a maximum of £10,000 per corporate group consolidation.

Projects Relating to all Syndicates

A number of projects undertaken by the Tax and Treasury are performed for the benefit of the whole market. The projects involve compliance work, dealing with Trustees on all market Trust Funds and work focussed on improvements in the area of banking and custody. They also cover Market Finance work aimed at delivering Lloyd's optimal platform. Aggregated costs on these projects are apportioned to each Trust Fund and allocated to all syndicates based on net premium income. As it is not possible to forecast the range of work that will be required during 2006, the charges are estimated, and are based on the comparative charges for 2005.

Premium Tax Administration

The Tax and Treasury department administers the collection and payment of UK insurance premium tax and various foreign insurance premium taxes and makes a charge to cover the administration costs of this activity. The charge is levied on a flat basis for all syndicates, arrived at by dividing total costs by the number of relevant syndicates (excluding life syndicates and those motor syndicates that file their own IPT returns and have limited exposure to foreign taxes). On this basis the charge for 2005 is £8,300 per syndicate. The collection of this charge will take place in January 2006.

Due to the increase in the number of taxes handled through the Central Taxes System which have increased the total running costs, and the reduction in the number of syndicates, the charge for 2006 is expected to increase to £9,000 per syndicate.

Finance Directorate Contacts:-

Foreign Exchange Dealing Fees - Gary White Extn.5340.

Schedule 9a Fees - Paul Appleton Extn.6433.

Corporate Inter-available FAL - Kevin Nethersell Extn.6253

Projects Relating to all Syndicates – Keith Coutinho Extn.5762.

Premium Tax Administration - Maureen McLeod Extn.6860

Ref	Chargeable Item	Customer	Unit of Charge	2006 Price per Unit (excl. VAT)	Benchmark Prices	2005 Price per Unit (excl. VAT)
1	Foreign Exchange Dealing fees	Managing Agents / Syndicates	Transaction value	0.03% to 0.05% dependant on transaction size. Minimum charge £10	0.25%	0.03% to 0.05% dependant on transaction size. Minimum charge £10
	Foreign exchange and currency translation services provided by the Tax and Treasury department, including operation of the Lloyd's Currency Conversion Service					
2	Provision of Schedule 9a data to corporate members	Corporate Members	Per syndicate participation	£125 (discount of up to 72% for low OPL)	No comparison	£125 (discount of up to 72% for low OPL)
	Charges to corporate members for completion of Schedule 9a as required by the Companies Act 1985. Service provided by Market Reporting					

Ref	Chargeable Item	Customer	Unit of Charge	2006 Price per Unit (excl. VAT)	Benchmark Prices	2005 Price per Unit (excl. VAT)
3	Corporate Inter-Available FAL	Corporate Members	Per corporate member	£1,000 (subject to £10,000 max.)	No comparison	£1,000 (subject to £10,000 max.)
	Charges to corporate members seeking to consolidate and making their individual corporate members' FAL inter-available.					
4	Projects relating to all Syndicates	All Syndicates	Per £1,000 of sterling premium income	£0.053	No comparison	£0.061
	Various projects for the benefit of the whole market. These projects incur a charge per working day. The aggregated charges are then apportioned to each Trust Fund and across all syndicates according to premium income.					
5	Premium Tax Administration Charges	All Syndicates	per syndicate	£9,000	No comparison	£8,430
	Charge levied in arrears to all syndicates (other than those motor syndicates that file their own IPT returns directly and have limited exposure to foreign premium taxes) to recover the costs of administration of insurance premium tax and foreign taxes. Collected from interest earned on IPT prior to payment to Customs & Excise					

Information Technology Group

Lloyd's Information Technology Group will shortly begin the annual billing process by asking market firms to confirm their continuing requirement for managed infrastructure services. These services cover data communications, voice / telephone communications, associated cabling and Black Box Park usage. Following agreement of the requirements, invoices will be issued in early 2006.

The 2006 charges are 3% above the 2005 charges. A schedule setting out details of these charges can be found attached at Appendix 6.

For 2006 the LIN ISP Service options have been simplified and the pricing has been reduced. With effect from 1 January 2006 only 2 LIN ISP bandwidth options will be available, at either 512Kbps or 2Mbps. From this date existing ISP customers with bandwidth between 64Kbps and 512Kbps will be upgraded to 512Kbps, all other existing customers will be upgraded to 2Mbps. The 512Kbps charging has been reduced to match the previous 64Kbps charge and the 2Mbps charging has been reduced to match the previous 512Kbps charge (these prices have then been adjusted for the increases outlined in the paragraph above).

Contact name for queries:

Daniel Scullion, Senior Manager, Information Technology Group, Extn 2422
e-mail: Daniel.J.Scullion@lloyds.com

IT GROUP - 2006 MARKET CHARGES					
Chargeable Item	Customer	Unit of Charge	2006 Price per Unit	2005 Price per Unit	
LIN Network Annual Fee – Ethernet Covers the cost of management of Ethernet connection to the LIN	Market	Per Connection	£8,780	£8,524	
LIN Network Annual Fee - Serial Port Covers the cost of management of Serial connection to the LIN	Market	Per Connection	£8,780	£8,524	
LIN Network Annual Fee - Fast Ethernet Covers the cost of management of Fast Ethernet connection to the LIN	Market	Per Connection	£13,460	£13,068	
LIN Net Work Annual Fee - Entry level Serial Covers the cost of management of Entry Level Serial connection to the LIN	Market	Per Connection	Various	Various	
LIN Network Annual Fee - Additional for Ethernet Service Providers Additional £1,170 per customer from 2nd up to 10th customer - Maximum £10,533	Market	Per customer	£1,170	£1,136	
LIN Network Annual Fee - Additional for Fast Ethernet Service Providers Additional £1,639 per customer from 2nd up to 10th customer - Maximum £14,749	Market	Per customer	£1,639	£1,591	
LIN Network set-up – Ethernet set-up costs of Ethernet connection to the LIN	Market	Per Connection	£4,016	£3,899	
LIN Network set-up - Serial Port set-up costs of Serial connection to the LIN	Market	Per Connection	£4,016	£3,899	
LIN Network set-up - Fast Ethernet set-up costs of Fast Ethernet connection to the LIN	Market	Per Connection	£4,016	£3,899	

IT GROUP - 2006 MARKET CHARGES

Chargeable Item	Customer	Unit of Charge	2006 Price per Unit	2005 Price per Unit
LIN Network set-up - Entry Level Serial set-up costs of Entry Level Serial connection to the LIN	Market	Per Connection	Various	Various
DR Invocation Tests LIN DR testing outside bi-annual dates	Market	Per 8 hour period	£690	£670
Tailored Invocation Plan - Set up Available to member who connect through NDR and Sungard	Market	Per Customer	£1,273	£1,236
Tailored Invocation Plan - Annual fee Available to member who connect through NDR and Sungard	Market	Per Customer	£637	£618
LIN ISP 64K – This option has been upgraded to 512K Rental of an Internet browsing facility at 64K bps	Market	Per Connection	£0	£2,841
LIN ISP 128K – This option has been upgraded to 512K Rental of an Internet browsing facility at 128K bps	Market	Per Connection	£0	£4,159
LIN ISP 256K – This option has been upgraded to 512K Rental of an Internet browsing facility at 256K bps	Market	Per Connection	£0	£4,908
LIN ISP 512K (please see introduction notes) Rental of an Internet browsing facility at 512K bps	Market	Per Connection	£2,926	£6,409
LIN ISP 1M – This option has been upgraded to 2M Rental of an Internet browsing facility at 1M bps	Market	Per Connection	£0	£9,410

IT GROUP - 2006 MARKET CHARGES

Chargeable Item	Customer	Unit of Charge	2006 Price per Unit	2005 Price per Unit
LIN ISP 2M (please see introduction notes) Rental of an Internet browsing facility at 2M bps	Market	Per Connection	£6,601	£12,271
LIN ISP - shared Rental of an Internet browsing facility shared with other users @ 2M bps	Market	Per Connection	£2,754	£2,674
LIN ISP set-up - All bands set-up cost of the provision of an Internet browsing facility for all dedicated bps.	Market	Per Connection	£574	£557
LIN DR Back Office Service Rental of service provider connection to LIN DR	Market	Per Connection	Various	Various
LIN DR Back Office Service set-up Set-up of service provider connection to LIN DR	Market	Per Connection	Various	Various
LIN ISDN Remote Access - Support	Market	Per Connection	£1,464	£1,421
LIN Workstation Dial Service -Support	Market	Per Device	£421	£408
LIN Workstation Dial Service -Provide	Market	Per Device	£109	£106
Fibre Optic Cable - Support Cost of point-to-point fibre links	Market	Per Cable	£1,405	£1,364
Fibre Optic Cable - Provide Cost of provision of point-to-point fibre links	Market	Per Cable	£1,405	£1,363
BBP Rack Space Rental of rack space in Black Box Parks	Market	Per Unit	Various	Various
Mid Speed Data Link Rental of mid-speed communications links within Lloyd's buildings	Market	Per Link	£854	£829
Virtual Private Network (via a workstation) Set-up fee Set-up of a secure, data encrypted tunnel through to the LIN.	Market	Per connection	£109	£106

IT GROUP - 2006 MARKET CHARGES

Chargeable Item	Customer	Unit of Charge	2006 Price per Unit	2005 Price per Unit
Virtual Private Network (via a workstation only) Rental of a secure, data encrypted tunnel through to the LIN.	Market	Per connection	£468	£454
Virtual Private Network (via LAN) Extension set-up fee Set-up of a secure, data encrypted tunnel through to the LIN.	Market	Per connection	£2,955	£2,869
Virtual Private Network (via LAN) Primary set-up fee Set-up of a secure, data encrypted tunnel through to the LIN.	Market	Per connection	£4,016	£3,899
Virtual Private Network (via LAN) Extension support 128K bps Rental of a secure, data encrypted tunnel through to the LIN at 128K bps.	Market	Per connection	£1,377	£1,337
Virtual Private Network (via LAN) Extension support 256K bps Rental of a secure, data encrypted tunnel through to the LIN at 256K bps	Market	Per connection	£2,098	£2,037
Virtual Private Network (via LAN) Extension support 512K bps Rental of a secure, data encrypted tunnel through to the LIN at 512K bps	Market	Per connection	£3,629	£3,523
Virtual Private Network (via LAN) Extension and Primary support 1M bps Rental of a secure, data encrypted tunnel through to the LIN at 1M bps	Market	Per connection	£6,688	£6,493
Virtual Private Network (via LAN) Extension and Primary support 2M bps Rental of a secure, data encrypted tunnel through to the LIN at 2M bps	Market	Per connection	£12,807	£12,434
LIN DR Set-up fee optional connection - Serial or Ethernet Alternative route to LIN in the event of a disaster	Market	Per Connection	£4,016	£3,899
LIN DR Set-up fee optional connection - Fast Ethernet Alternative route to LIN in the event of a disaster	Market	Per Connection	£4,016	£3,899
LIN end to end set-up fee The provision of an end to end LIN connection	Market	Per Connection	Various	Various
LIN DR Annual Fee optional connection - Serial or Ethernet	Market	Per Connection	£2,693	£2,615
LIN DR Annual Fee optional connection - Fast Ethernet	Market	Per Connection	£6,905	£6,704

IT GROUP - 2006 MARKET CHARGES

Chargeable Item	Customer	Unit of Charge	2006 Price per Unit	2005 Price per Unit
LIN DR Annual Fee optional connection - ISDN LAN	Market	Per Connection	£1,464	£1,422
Marketmail LIN administration fee (Exchange Gateway)	Market	Per Connection	£1,005	£976
UTP Cross Connects within level 3 CoLo facility	Market	Per Connection	£191	£185
LIN end to end	Market	Per Connection	Various	Various
Rental and management of an end to end LIN connection				
Block Wiring	Market	Negotiated	Various	Various
Charge for use of BT block wiring to support private PBX's				
Standard Extension (7940)	Market	Per Extension	£471	£457
Rental for Lloyd's extension number and a Lloyd's supplied analogue or IP telephone.				
Telephone Handset (7960)	Market	Per Handset	£104	£101
Rent for a handset which visually displays additional lines				
VoIP Add-on Unit	Market	Per Unit	£127	£123
Rent for a VoIP Add-on Unit, which supplies extra programmable keys				
Additional Telephone Socket	Market	Per Socket	£64	£62
Support for an additional analogue telephone on an existing analogue extension				
Fax / Modem Line	Market	Per Line	£220	£214
Supply of a fax/modem link on a Lloyd's extension number				
Voicemail	Market	Per Unit	£90	£87
Supply of a Featurenet voice mailbox				
IP Conference Unit	Market	Per Unit	£191	£185

Members' Services Charges 2006

The 2006 charging structure will remain broadly unchanged from 2005. There is an inflationary 2% increase across all member charges as well as the following changes:

Member Charges

1. Introduction of a foreign securities in Crest (CDIs) charge of £125 for Individual / Corporate members and £250 for DCP, to reflect the reduced workload and third party costs for holding foreign securities in Crest rather than in Citibank.
2. Unit trusts to be charged under the same charging category as UK securities rather than based upon their country of register. This is to reflect that the workload is the same regardless of whether they are UK or Foreign Unit Trusts.
3. The holding charge for Commercial Paper will increase from £700 per security to £875 per security. The 2005 charge was based upon 9 months costs rather than a full year and so was understated for 2005.
4. The Interavailable Recipient Fee will no longer be charged for the first year of underwriting.
5. Introduction of a partial release additional request charge of £105 for each subsequent release request in a calendar year in order to ensure efficient use of MSU resources.
6. The third party charge Worldlink will no longer be recovered from members under the charge 'Bank Charges' instead this will be absorbed into the Foreign Securities in Citibank charge.
7. Introduction of a £100 charge in respect of members' having remote access to TAROT. All infrastructure costs are to be borne by the member.

The charges will be based on members' Funds at Lloyd's position as at 1 January 2006.

Agent Charges

1. Removal of all the charges in respect of the management of continuous solvency transfer.
2. Replacement of the Member Enquiry System charge of £2 per underwriting member per quarter with an annual £20,000 TAROT Access charge.

Point of contact: Jenny Laverty 01634 392909 or via e:mail [:loyds-msu-cost-recovery-charges@lloyds.com](mailto:loyds-msu-cost-recovery-charges@lloyds.com).

MSU Charges 2006

Customer Categories for Charges

The overall price list for MSU services is split by customer category:-

- A. Individual Members
- B. Corporate Members
- C. Direct Corporate Participants
- D. Managing Agents
- E. Members' Agents

A: INDIVIDUAL MEMBERS

Chargeable Item	Frequency	Price 2006	VAT Status – Note 4	Description of Service
Base Service Charge	Annual	£315	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£50	Outside Scope	Single charge for administration of bank or building society accounts within funds at Lloyd's (FAL)
UK securities and Unit Trusts (UK and Foreign) (per holding)	Annual	£46	Outside Scope	Per holding, charge for administration of UK Securities and all Unit Trusts held in FAL
Foreign Securities held in Crest (per holding)	Annual	£125	Outside Scope	Per holding, charge for administration of foreign securities held in FAL via Crest
Foreign Securities including Citibank (per holding)	Annual	£230	Outside Scope	Per holding, charge for administration of foreign securities and holdings in Citibank held in FAL
Guarantees / Letter of Credits	Annual	£95	Outside Scope	Single charge for administration of guarantees or letters of credit held in FAL
Life Policy	Annual	£215	Outside Scope	Single charge for administration of life policies held in FAL
Merrill Lynch Monitoring	Annual	£305	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
Special Reserve Fund Administration	Annual	£55	Outside Scope	Single charge for administration of Special Reserve Fund
MSU Taxation – Active and Naturally Open Individual Members	Annual	£90	Standard Rate	MSU Processing Charge for UK, US and Canadian tax return data in respect of naturally open member
LeBoeuf Taxation – Active and Naturally Open Individual Members	Annual	£135	Standard Rate	LeBoeuf charge for filing US tax return in respect of naturally open member
MSU Taxation – Individual Run-Off Members	Annual	£46	Standard Rate	MSU Processing Charge for UK, US and Canadian tax return data in respect of run-off member
LeBoeuf Taxation – Individual Run-Off Members	Annual	£75	Standard Rate	LeBoeuf charge for filing US tax return in respect of run-off member
US Resident Administration	Annual	£330	Standard Rate	Single charge for providing data for US resident tax return
MAPA Participation – Active and Naturally Open	Annual	£110	Standard Rate	Single charge for administration of MAPA participations
MAPA Participation – Run-Off Only	Annual	£20	Standard Rate	Single charge for administration of MAPA participations

Partial Release (under £500)	Per Release under £500	£105	Outside Scope	To ensure efficient use of MSU resources only releases under £500 are subject to a charge
Partial Release – additional request	Per additional request	£105	Outside Scope	To ensure efficient use of MSU resources a charge is levied for each additional release
Voluntary Drawdown (under £500)	Per drawdown under £500	£105	Outside Scope	To ensure efficient use of MSU resources only drawdowns under £500 are subject to a charge
Compulsory Drawdown	Per Request	£105	Outside Scope	To cover additional costs incurred processing compulsory drawdown
Company Report and Accounts	Per Account Provided	£15	Standard Rated	Fee for provision of company report and accounts
Enquiries	Per half-hour	£40	Standard Rated	Fee for handling general enquiries
Duplicate Requests – including payments	Per duplicate	£40	Standard Rated	Fee for provision of duplicate items
Coming into Line Extension Requests	Per Day per £5m or part thereof	£50	Outside Scope	Fee for granting extension to coming into line deadline – based on amount outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	Variable	Exempt	Charge for administration of cash held in FAL at the rate of 0.125% per annum
TAROT Access	Annual	£100	Standard Rated	Single charge for remote access to TAROT – all infrastructure costs to be borne by member

B : CORPORATE MEMBERS

Chargeable Item	Frequency	Price 2006	VAT Status – Note 4	Description of Service
Base Service Charge	Annual	£640	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£50	Outside Scope	Single charge for administration of bank or building society accounts within funds at Lloyd's (FAL)
UK securities and Unit Trusts (UK and Foreign) (per holding)	Annual	£46	Outside Scope	Per holding, charge for administration of UK Securities and all Unit Trusts held in FAL
Foreign Securities held in Crest (per holding)	Annual	£125	Outside Scope	Per holding, charge for administration of foreign securities held in FAL via Crest
Foreign Securities including Citibank (per holding)	Annual	£230	Outside Scope	Per holding, charge for administration of foreign securities and holdings in Citibank held in FAL
Guarantees / Letter of Credits	Annual	£95	Outside Scope	Single charge for administration of guarantees or letters of credit held in FAL
Merrill Lynch Monitoring	Annual	£305	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
Covenant & Charge Additional Monitoring Fee	Annual	£305	Outside Scope	Single charge for monitoring of securities held in FAL under Covenant and Charge arrangement
Interavailable Recipient per Donor	Annual	£170	Outside Scope	Per participant, charge to successor member for administration of FAL made interavailable to it
MSU Taxation	Annual	£145	Standard Rate	MSU Processing Charge for UK, US and Canadian tax return data
LeBoeuf Taxation	Annual	£230	Standard Rate	LeBoeuf charge for filing US tax
US Resident Administration	Annual	£330	Standard Rate	Single charge for providing data for US resident tax return
MAPA Participation – Active and Naturally Open	Annual	£110	Standard Rate	Single charge for administration of MAPA participations
MAPA Participation – Run-Off Only	Annual	£20	Standard Rate	Single charge for administration of MAPA participations
Partial Release (under £500)	Per Release under £500	£105	Outside Scope	To ensure efficient use of MSU resources only releases under £500 are subject to a charge

Partial Release – additional request	Per additional request	£105	Outside Scope	To ensure efficient use of MSU resources a charge is levied for each additional release
Voluntary Drawdown (under £500)	Per drawdown under £500	£105	Outside Scope	To ensure efficient use of MSU resources only drawdowns under £500 are subject to a charge
Compulsory Drawdown	Per Request	£105	Outside Scope	To cover additional costs incurred processing compulsory drawdown
Company Report and Accounts	Per Account Provided	£15	Standard Rated	Fee for provision of company report and accounts
Enquiries	Per half-hour	£40	Standard Rated	Fee for handling general enquiries
Duplicate Requests – including payments	Per duplicate	£40	Standard Rated	Fee for provision of duplicate items
Coming into Line Extension Requests	Per Day per £5m or part thereof	£50	Outside Scope	Fee for granting extension to coming into line deadline – based on amount outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	Variable	Exempt	Charge for administration of cash held in FAL at the rate of 0.125% per annum
TAROT Access	Annual	£100	Standard Rated	Single charge for remote access to TAROT – all infrastructure costs to be borne by member

C: DIRECT CORPORATE PARTICIPANTS

Chargeable Item	Frequency	Price 2006	VAT Status – Note 4	Description of Service
Base Service Charge	Annual	£2,550	Outside Scope	Basic charge for membership administration
Bank/Building Society Accounts	Annual	£50	Outside Scope	Single charge for administration of bank or building society accounts within funds at Lloyd's (FAL)
UK securities and Unit Trusts (UK and Foreign) (per holding)	Annual	£195	Outside Scope	Per holding, charge for administration of UK securities and all unit trusts held in FAL
Foreign Securities held in Crest (per holding)	Annual	£250	Outside Scope	Per holding, charge for administration of foreign securities held in FAL via Crest
Foreign Securities including Citibank (per holding)	Annual	£360	Outside Scope	Per holding, charge for administration of foreign securities and holdings in Citibank held in FAL
Commercial Paper	Annual	£875	Outside Scope	Per holding, charge for administration of commercial paper held in FAL
Guarantees / Letter of Credits	Annual	£210	Outside Scope	Single charge for administration of guarantees or letters of credit held in FAL
Merrill Lynch Monitoring	Annual	£305	Outside Scope	Single charge for monitoring of securities held in FAL via Merrill Lynch
Covenant & Charge Additional Monitoring Fee	Annual	£305	Outside Scope	Single charge for monitoring of securities held in FAL under Covenant and Charge arrangement
Interavailable Recipient per Donor	Annual	£170	Outside Scope	Per participant, charge to successor member for administration of FAL made interavailable to it
MSU Taxation	Annual	£205	Standard Rate	MSU Processing Charge for UK, US and Canadian tax return data
LeBoeuf Taxation	Annual	£1,100	Standard Rate	LeBoeuf charge for filing US tax
US Resident Administration	Annual	£330	Standard Rate	Single charge for providing data for US resident tax return
MAPA Participation – Active and Naturally Open	Annual	£110	Standard Rate	Single charge for administration of MAPA participations
MAPA Participation – Run-Off Only	Annual	£20	Standard Rate	Single charge for administration of MAPA participations

Partial Release (under £500)	Per Release under £500	£105	Outside Scope	To ensure efficient use of MSU resources only releases under £500 are subject to a charge
Partial Release – additional request	Per additional request	£105	Outside Scope	To ensure efficient use of MSU resources a charge is levied for each additional release
Voluntary Drawdown (under £500)	Per drawdown under £500	£105	Outside Scope	To ensure efficient use of MSU resources only drawdowns under £500 are subject to a charge
Compulsory Drawdown	Per Request	£105	Outside Scope	To cover additional costs incurred processing compulsory drawdown
Company Report and Accounts	Per Account Provided	£15	Standard Rated	Fee for provision of company report and accounts
Enquiries	Per half-hour	£40	Standard Rated	Fee for handling general enquiries
Duplicate Requests – including payments	Per duplicate	£40	Standard Rated	Fee for provision of duplicate items
Coming into Line Extension Requests	Per Day per £5m or part thereof	£50	Outside Scope	Fee for granting extension to coming into line deadline – based on amount outstanding in multiples of £5m or part thereof per day
Cash Service Charge	Bi-annual	Variable	Exempt	Charge for administration of cash held in FAL at the rate of 0.125% per annum
TAROT Access	Annual	£100	Standard Rated	Single charge for remote access to TAROT – all infrastructure costs to be borne by member

Third party and other charges applicable to all members

Note	
1	<p>Where third party costs are incurred by MSU in providing a service, these will be charged to the member concerned (e.g. bank charges, Citibank global custody fee, Companies House filing fee, Crest settlement charges, legal fees, postage and packaging, stamp duty).</p> <p>NB Corporate members may also incur charges in relation to mergers and acquisitions or special circumstances where additional specialist input is required to incorporate the impact and change in the US tax return.</p>
2	<p>MSU reserves the right to charge on a time and materials basis for each trade (per security) above the following levels -</p> <p align="center">Individual and Corporate Members:</p> <p>UK securities – trading more than twice a year Foreign securities – trading more than twice a year</p> <p align="center">Direct Corporate Participants:</p> <p>UK securities – trading more than four times a year Foreign securities – trading more than four times a year Commercial paper – more than 13 maturities a year</p>
3	Full details of each service are available upon request
4	VAT Status to be confirmed

D: MANAGING AGENTS

Chargeable Item	Frequency	Price 2006	VAT Status - Note 4
System support re: MQ-ADEG	Annual	£300	4
System support re: MQ-ADEG files	Per file	£5	4
Provision of Market Returns Mechanism	Annual	£800	4
Register of Agents' Charges	Per register	£20	4
Management of cash calls/loss payments - per syndicate year	Per currency cash call/loss result	£300	4
Management of cash calls/loss payments – per bespoke member	Per bespoke member	£10	4
Management of cash calls/loss payments – per MAPA	Per MAPA	£600	4
Filing of Syndicate Federal Excise Tax Return	Per annum	£650	4
Syndicate Stamp processing	Per member or per MAPA, per syndicate yoa	£5	4
Enquiries	Per ½ hour	min £40	4
Duplicate Requests – including payments	Per item	£40	4

Note	
1	Where third party costs are incurred by the MSU in providing a service, these will be charged to the agent concerned (e.g. stamp duty, bank charges, postage and packaging, legal fees, Crest fines).
2	Full details of each service are available on request.
3	New United States Taxation Closing agreement. In order to implement the new closing agreement, additional reports are being commissioned from XIS. The final cost of these is not known. Any cost incurred by MSU in respect of the reports will be recharged to the syndicates once known.
4	Value Added Tax (VAT) 1. Outside scope of VAT 2. Exempt 3. Zero 4. Standard rate (currently 17½%) The rates shown are subject to confirmation by Customs and Excise.

E: MEMBERS' AGENTS

Chargeable Item	Frequency	Price 2006	VAT Status - Note 3
System support re: MQ-ADEG	Annual	£300	4
System support re: MQ-ADEG files	Per file	£5	4
Provision of Market Returns Mechanism	Annual	£500	4
TAROT Access	Annual	£20,000 see note 4	4
Register of agents' charges	Per register	£20	3
Agency Agreement	Per Agreement	£20	3
Distribution – rejected payments	Per item	£15	4
CIL extension requests	Per £5m or part thereof per day	£50	1
Enquiries	Per ½ hour	Min £40	4
Duplicate Requests – including payments	Per item	£40	4

Note:	
1	Where third party costs are incurred by the MSU in providing a service, these will be charged to the agent concerned (e.g. stamp duty, bank charges, postage and packaging, legal fees, Crest fines).
2	Full details of each service are available on request.
3	Value Added Tax (VAT) 1. Outside scope of VAT 2. Exempt 3. Zero 4. Standard rate (currently 17½%) The rates shown are subject to confirmation by Customs and Excise.
4	This charge may be increased if additional services are provided.

Property Services

Market Services

Introduction

2006 Room Rental charges increase by 1.6% on the 2005 levels.

Key Assumptions

Property Services reserves the right to review its decision should it transpire that the demand for Underwriting space in 2006 is significantly less than that for 2005.

Security Passes

Introduction

The charges for security passes will remain at the 2005 level of £25.

Key Assumptions

There is a continued need for a security pass system for entry into Lloyd's buildings.

Tenants' Service Charge

Introduction

The office accommodation on Galleries 7-10 attracts a service charge for the provision of all day-to-day services. Apart from telephone and data charges, tenants have a fully inclusive service charge covering their needs. Service charges will increase by 4% increase on the 2005 level, higher than inflation due to utilities increases.

Key Assumptions

Property Services has outsourced the running of the services of the 1986 Building. The costs will be reviewed throughout 2006 and any savings that can be achieved will be passed on to the tenants.

Tenants' Insurance Charge

Introduction

2006 charges have been reduced by 14% on the 2005 level.

Key Assumptions

It has been assumed that there will be no additional increase to the projected rate from July 2006, but Property Services reserves the right to pass on any increases in costs.

Contact Name for Queries

Simon Harper (Extn. 6719), John Mitchell (Extn. 6548).

Ref	Chargeable Item	Customer	Means of Collection	Unit of Charge	2006 Price per Unit (excl. VAT)	Benchmark Prices	2005 Price per Unit (excl. VAT)
1	Room Rent Charges for underwriting space on the Ground Floor to Gallery 2. This is charged on a net footprint area of the space occupied by underwriting boxes.	G1&2 Ground Underwriters	Invoice Annually in Advance	per sq. ft.	£375 £563	Prior years	£369 £554
2	Security Passes The charge for security passes where applicable.	Market wide Non-u/w working members	Invoice	per pass	£25 £26	N/A N/A	£25 £26
3	Tenant Service Charge Tenants on Galleries 7-10 of the 1986 building have a fully inclusive service charge based on square footage occupied	Tenants 1986 Building	Invoice Quarterly in advance	per sq. ft.	£17.71	No comparable benchmark. Costs reviewed by DTZ.	£16.97
4	Tenant Insurance Charge Tenants on Galleries 7-10 of the 1986 building pay this on the square footage occupied.	Tenants 1986 Building	Invoice Quarterly in advance	per sq. ft.	£1.99	N/A	£2.31

NB: Excluded from the above are tenant's rental charges for Galleries 7-10 which are reviewed every five years and agreed on an individual basis, and the Gallery 2 Company Market (including Hybrids).

Agents and Broker Accreditations, Admissions
Market Charges for 2006

The current charges will continue unchanged in 2006 and are set out below.

Description of Charge	Notes	Charges for 2006 £
New agent		100,000
New syndicate		50,000
Change of controller (underwriting agent)		5,000
New corporate member	1	25,000
New money nameco / SLP	2	4,700
Initial application (conversion schemes)	2	1,850
Additional subscriber nameco / SLP (conversion schemes)	2	420
Private successor vehicles	2	1,850
Interavailable fee	2	150
Annual charge for approved run off service providers	3	10,000
Change in controller (corporate member)		150
Change in director (corporate member)		150
Approval of syndicate mergers (per transaction)		5,000
New accredited broker / provisional to full accreditation		5,000

Notes

1. Income from this source is split between Admissions (25%) and MSU (75%).
2. All income from this source is allocated to MSU.
3. Income from this source is split between Admissions (10%) and Open Years and Run Off Management (90%)

Lloyd's will continue its admission function, to vet the fitness, propriety and competence of those entering the market, working closely with the FSA to harmonise the processes and documents involved.

Individual Registration

Following changes to Lloyd's Individual Registration regime (advised in Market bulletin Y3597, 21 July 2005) the £200 IR fee will no longer be charged.

VAT

Under current tax rules VAT is not chargeable on these Admissions fees.

Contact Names for Queries

General Queries: Lisa Sweeney (ext. 6177) or e-mail Lisa.Sweeney@lloyds.com.

Worldwide Markets – 2006 Market Charges

Core operating charges

The core operating charges for 2006 will increase when compared with those set for 2005:

Charges applicable to gross international premiums	Direct	Binding authority supplement *	Reinsurance
2005	0.30%	0.15%	0.11%
2006	0.32%	0.16%	0.14%

* in total, gross binding authority premiums will be charged at 0.48% in 2006

The changes to the core operating charges have been necessary to take account of the following factors:

- exchange rate movements. Premiums and costs are both susceptible to exchange rate movements (particularly US and Canadian dollar) which impact on the levy rate calculations.
- work which will be required during 2006 to develop the overseas trading network (eg China and India).
- increased regulatory activity in the US.

Cost base

The core operating charges fund aggregate Worldwide Markets costs, net of local and user pays income. For 2006 the net costs are budgeted to be £31m. Details of the charges for 2006 which will be made on a user pays basis are provided below.

Premium assumptions

Gross international (ie excluding UK and Channel Islands) premiums will continue to be used as the basis for the core operating charges. For the purposes of calculating the 2006 operating charges set out above, the following has been assumed for gross international premium income:

Estimated gross international P I 2006:

Direct*	Reinsurance	Total
£6.264bn	£7.236bn	£13.5bn

* includes binding authority component estimated at £2.48bn

Collections from syndicates

The core operating charges will continue to be collected from syndicates on a quarterly basis and in the quarter following the year end, adjustments will be made to ensure in the aggregate, the amounts collected from syndicates are equal to the costs for the year and that at individual syndicate level, the amounts collected in respect of direct and reinsurance business are equal to that syndicate's proportionate share of the aggregate premiums. This might result in amounts being repaid to individual syndicates or further collections being made. In making any adjustments, the coverholder supplement will remain at 50% of the overseas operating charge on direct business.

Worldwide Markets – 2006 Market Charges

2006 user pays charges

The following user pays charges will apply in 2006:

		2006 charge	2005 comparison
Italy	A premium and claims processing fee based on gross premiums flowing through the Italian office	0.75% of gross premium income	No change
	A public tender fee dependent on gross premium generated	Gross premium up to €10,000 – user pays charge of €500 Gross premium €10,000 and €25,000 – user pays charge of €1,000 Gross premium in excess of €25,000 – user pays charge of €1,500	No change
France	A local administrative charge for the Paris Bourse work on co-insurance premiums	No charge	1.2% of net premiums
	Fee on co-insurance claims not dealt with via the Paris Bourse	€15.0	€15.2

In addition to these charges, Worldwide Markets will seek to recover costs from specific syndicates on a user pays basis where those syndicates have requested additional work from an office, and that additional work has resulted in significant additional cost. If this situation applies, then the cost implications will be made clear to the syndicate before proceeding with the work. Such charges are likely to be on a time and materials basis and could include the following in respect of Canadian operations:

- the production of non-standard reports
- significant charges incurred by Lloyd's in the event of late payments by coverholders of Scheme Canada settlements
- costs of data entry by Lloyd's after full transition to Lineage
- costs of reconciliation of Scheme Canada statistics and records with underwriter, Lloyd's broker or coverholder records.

Further information

All queries on Worldwide Markets' charges should be referred to either Helen French (ext 6355) or e mail helen.french@lloyds.com , Susan Jeapes (ext 2249) or e mail susan.m.jeapes@lloyds.com or to:

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