

Co-Lead Binders – Lead MA/Broker Guidance

Guidance for the Lead MA/Broker setting up the Payment Account for a co-lead binder

For all co-lead binders: Ensure that only Lloyd's MAs appear on the UMR to be setup in FCP; all MAs on the placement are 'FCP Live'; and the binder is in scope for FCP

➤ See [FCP website](#) for in scope criteria

Lines of Order:

- When completing the FCP Payment Account Application Form, the total percentage share(s) of the Lloyd's MA(s) per section **must** equal 100%. i.e. The 'Funding Account Line Splits' on the form **must** total 100%.
- Ensure the DCA is aware that the payment account is for a Co-Lead 'Lines of Order' binder and has understood the DCA guidance for Co-Lead binders.

Lines of Whole:

- When completing the FCP Payment Account Application Form, the total percentage share(s) of the Lloyd's MA(s) per section **must** equal 100%. i.e. The 'Funding Account Line Splits' on the form **must** total 100%.
- This will require 'grossing up' of the Lloyd's MA(s) signed line(s) when completing the form. See worked examples on following slides
- Ensure the DCA is aware that the payment account is for a Co-Lead 'Lines of Whole' binder and has understood the DCA guidance for Co-Lead binders.

Co-Lead Binders – DCA Guidance

Guidance for DCAs making payments on a co-lead binder

Lines of Order and Lines of Whole:

- When accepting a new Payment Account, check with the Lead MA/Broker if it is a co-lead binder.
- When paying a claim through FCP on a co-lead binder, the claim value entered into FCP **must** be the order amount only (i.e. the Lloyd's share of 100% of the total claim value, based on the order percentage of the Lloyd's placement of the relevant section. This will be the payment amount processed by FCP from the payment account)
- See worked examples on following slides
- **Front End Reconciliation:** The entry on the payment account cashbook will only show the payment which relates to the UMR/YOA/Section for that payment account. There is no data held in FCP that shows this is part of a co-lead binder. The BDX must therefore show the payments made at the UMR level.

Co-Lead Binders – Lead & Follow MAs: Reconciling Guidance

Guidance for Lead & Follow MAs reconciling on a co-lead binder

Lines of Order and Lines of Whole:

- When reconciling Funding Accounts linked to co-lead binders, the Vitesse funding report will appear the same as it does for all other binders. It will show each liquidity pull from the funding account; the payment account relationship; and the splits denoted are exactly as stored against the payment account. The Funding Report will not make any reference to co-lead, as FCP is unaware of whether a Payment account is Co-Lead or not.
- When looking at front end reconciliation, the entry on the payment account cashbook will only show the payment which relates to the UMR/YOA/Section for that payment account. There is no structured data field to denote this is part of co-lead. The BDX must therefore show the payments made at the UMR level.

Co-Lead Binders – Lines of Order Examples 1/2

| # | Test case | Test Case Market Breakdown | Test Case detail | Does FCP currently support this scenario? | Vitesse commentary/options to include this scenario |
|---|---|--|------------------|--|--|
| 1 | Combination of 1 policy placed with 2 Lloyd's MAs and 1 policy placed with a US insurer | Lloyd's market order for UMR 1 (Lines of Order) | 60% | Yes, only Lloyds share - this would be captured with a payment account for UMR1 with 70/30 links to funding accounts. DCA needs to know the payment value that needs to be submitted for this UMR (no conversion of value to account for 60%). Policu 2 would be out of scope. | Customers today can already initiate payments per UMR to their own bank account where they can aggregate funds from multiple UMRs (possibly from different markets). Alternatively they can send payments directly to the claimant (multiple payments, with one payment per UMR). Nothing preventing this from happening today |
| | | UMR 1 market breakdown | | | |
| | | Lloyd's MA 1 signed line | 70% | | |
| | | Lloyd's MA 2 signed line | 30% | | |
| | | Total signed line for UMR 1 of Lloyd's market order | 100% | | |
| | | US market order for Policy 2 (Lines of Order) | 40% | | |
| | | Policy 2 market breakdown | | | |
| | | US Insurer 3 signed line | 100% | | |
| | | Total signed line for Policy 2 of US market order | 100% | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | | |
| | | | | | |
| 2 | Combination of 2 policies placed with Lloyd's MAs and 1 policy placed with a US insurer | Lloyd's market order for UMR 1 (Lines of Order) | 40% | Yes, Lloyds share can be supported. Requirement would be that all Lloyds UMRs are in scope of FCP (ie., UMR 2 could be CAD lineage and not supported). If eligible for FCP, the set up would be two payment accounts, each linked to single funding account at 100%. Both Lloyds payments would need to be initiated individually for each UMR, no option to combine payments. US policy out of scope. | Consideration of scope of FCP - even though a UMR is Lloyds, it could be out of scope of FCP. If out of scope, then payments need to be handled as usual anyway |
| | | Lloyd's UMR 1 market breakdown | | | |
| | | MA 1 signed line | 100% | | |
| | | Total signed line for UMR 1 of Lloyd's market order | 100% | | |
| | | | | | |
| | | Lloyd's market order for UMR 2 (Lines of Order) | 20% | | |
| | | Lloyd's UMR 2 market breakdown | | | |
| | | MA 2 signed line | 100% | | |
| | | Total signed line for UMR 2 of Lloyd's market order | 100% | | |
| | | | | | |
| | | US market order for Policy 3 (Lines of Order) | 40% | | |
| | | Policy 3 market breakdown | | | |
| | | US Insurer 3 signed line | 100% | | |
| | | Total signed line for Policy 3 of US market order | 100% | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | | |

Co-Lead Binders – Lines of Order Examples 2/2

| # | Test case | Test Case Market Breakdown | Test Case detail | Does FCP currently support this scenario? | Vitesse commentary/options to include this scenario |
|---|--|---|------------------|---|---|
| 3 | Combination of 1 policy placed in the London market (made up of a Lloyd's MA and London company) and 1 policy placed with a US insurer | London market order for UMR 1 (Lines of Order) | 60% | No, not supported today as all participants per UMR need to be FCP eligible. Multi-market single UMR is not supported. | Different to multi-market business that's split per UMR - this scenario here is multi-market business within a single UMR |
| | | London market UMR 1 breakdown | | | |
| | | MA 1 signed line | 60% | | |
| | | London company 2 signed line | 40% | | |
| | | Total signed line for UMR 1 of London market order | 100% | | |
| | | | | | |
| | | US market order for Policy 2 (Lines of Order) | 40% | | |
| | | Policy 2 market breakdown | | | |
| | | US Insurer 3 signed line | 100% | | |
| | | Total signed line for Policy 2 of US market order | 100% | | |
| | | | | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | | |
| 4 | Combination of 1 policy placed with a Lloyd's MA, 1 policy placed with a London company and 1 policy placed with a US insurer | Lloyd's market order for UMR 1 (Lines of Order) | 40% | Yes, only Lloyds share - captured as a single payment account with a single funding account. DCA needs to submit payment value based on Lloyds share of 40% (no conversion). London & US UMRs out of scope. | They could pay out with FCP from the Lloyds UMR, the others would need to be paid outside of FCP. Funds could then be amalgamated into a DCA account to pay the full amount as 1 payment, but this final leg payment would sit outside FCP. |
| | | Lloyd's market UMR 1 breakdown | | | |
| | | MA 1 signed line | 100% | | |
| | | Total signed line for UMR 1 of Lloyd's market order | 100% | | |
| | | | | | |
| | | London companies market order for UMR 2 (Lines of Order) | 20% | | |
| | | London companies UMR 2 market breakdown | | | |
| | | London company 2 signed line | 100% | | |
| | | Total signed line for UMR 2 of London companies market order | 100% | | |
| | | | | | |
| | | US market order for Policy 3 (Lines of Order) | 40% | | |
| | | Policy 3 market breakdown | | | |
| | | US Insurer 3 signed line | 100% | | |
| | | Total signed line for Policy 3 of US market order | 100% | | |
| | | | | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | | |

Co-Lead Binders – Lines of Whole Examples 1/2

| # | Test case | Test Case Market Breakdown | Test Case detail | Does FCP currently support this scenario? |
|---|---|--|------------------|--|
| 1 | Combination of 1 policy placed with 2 Lloyd's MAs and 1 policy placed with a US insurer | Lloyd's market order for UMR 1 (Lines of Whole) | 60% | Yes, Lloyds share. FCP has a requirement that signed lines equal 100%. Assumption that DCA knows the payment value per each UMR. If this is correct, Lloyds share of the risk can be supported in FCP. (NB. Same as for lines of order) |
| | | UMR 1 market breakdown | | |
| | | | | |
| | | Lloyd's MA 1 signed line | 40% | |
| | | Lloyd's MA 2 signed line | 20% | |
| | | | | |
| | | Total signed line for UMR 1 | 60% | |
| | | | | |
| | | US market order for Policy 2 (Lines of Whole) | 40% | |
| | | Policy 2 market breakdown | | |
| | | US Insurer 3 signed line | 40% | |
| | | Total signed line for Policy 2 | 40% | |
| | | | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | |
| 2 | Combination of 2 policies placed with Lloyd's MAs and 1 policy placed with a US insurer | Lloyd's market order for UMR 1 (Lines of Whole) | 40% | Yes, Lloyds share can be supported. Requirement would be that all Lloyds UMRs are in scope of FCP (ie., UMR 2 could be CAD lineage and not supported). If eligible for FCP, the set up would be two payment accounts, each linked to single funding account at 100%. Both Lloyds payments would need to be initiated individually for each UMR, no option to combine payments. US policy out of scope. |
| | | Lloyd's UMR 1 market breakdown | | |
| | | MA 1 signed line | 40% | |
| | | Total signed line for UMR 1 | 40% | |
| | | | | |
| | | Lloyd's market order for UMR 2 (Lines of Whole) | 20% | |
| | | Lloyd's UMR 2 market breakdown | | |
| | | MA 2 signed line | 20% | |
| | | Total signed line for UMR 2 | 20% | |
| | | | | |
| | | US market order for Policy 3 (Lines of Whole) | 40% | |
| | | Policy 3 market breakdown | | |
| | | US Insurer 3 signed line | 40% | |
| | | Total signed line for Policy 3 | 40% | |
| | | | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | |

Co-Lead Binders – Lines of Whole Examples 2/2

| # | Test case | Test Case Market Breakdown | Test Case detail | Does FCP currently support this scenario? |
|---|--|--|------------------|---|
| 3 | Combination of 1 policy placed in the London market (made up of a Lloyd's MA and London company) and 1 policy placed with a US insurer | London market order for UMR 1 (Lines of Whole) | 60% | No, not supported today as all participants per UMR need to be FCP eligible. Multi-market single UMR is not supported. |
| | | London market UMR 1 breakdown | | |
| | | | | |
| | | MA 1 signed line | 40% | |
| | | London company 2 signed line | 20% | |
| | | Total signed line for UMR 1 | 60% | |
| | | | | |
| | | US market order for Policy 2 (Lines of Whole) | 40% | |
| | | Policy 2 market breakdown | | |
| | | US Insurer 3 signed line | 40% | |
| | | Total signed line for Policy 2 | 40% | |
| | | | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | |
| 4 | Combination of 1 policy placed with a Lloyd's MA, 1 policy placed with a London company and 1 policy placed with a US insurer | Lloyd's market order for UMR 1 (Lines of Whole) | 40% | Yes, only Lloyds share - captured as a single payment account with a single funding account. DCA needs to submit payment value based on Lloyds share of 40% (no conversion). London & US UMRs out of scope. |
| | | Lloyd's market UMR 1 breakdown | | |
| | | MA 1 signed line | 40% | |
| | | Total signed line for UMR 1 | 40% | |
| | | | | |
| | | London companies market order for UMR 2 (Lines of Whole) | 20% | |
| | | London companies UMR 2 market breakdown | | |
| | | London company 2 signed line | 20% | |
| | | Total signed line for UMR 2 | 20% | |
| | | | | |
| | | US market order for Policy 3 (Lines of Whole) | 40% | |
| | | Policy 3 market breakdown | | |
| | | US Insurer 3 signed line | 40% | |
| | | Total signed line for Policy 3 | 40% | |
| | | | | |
| | | Total order % placed by broker in Lloyd's and US markets | 100% | |