

6. Replenishment

Faster Claims Payment



FCP Modules

1. Introduction to Lloyd's Faster Claims Payment (FCP) solution
2. Onboarding to Vitesse
3. New placement or Renewal of a binder
4. Transfer of an active binder
5. Payments to beneficiaries

6. FCP replenishment

7. Reconcile BDX to Vitesse cash payments
 8. Submit BDX to ECF
 9. Reconcile MA signings to Vitesse funding activity
 10. Refunds and recoveries
-

Objectives



Understanding process of replenishment



Understand roles and responsibilities



Overview



Funds pulled from Vitesse MA syndicate funding accounts to make claims payments will be replenished either daily/weekly or monthly (dependent on currency)* from MA Lloyd's trust fund accounts using ARCS & STFO (Lloyd's central settlement process).

What is the replenishment process for FCP?

As payments are made from payment accounts the funds are drawn from syndicate funding accounts, therefore reducing their balances.

Replenishment in Vitesse is the process for topping up these syndicate funding accounts when the balance has dropped to a defined threshold level.

The process uses the Lloyd's ARCS* & STFO** central services, which draw funds from the MA trust accounts held within Lloyd's.

MAs can also directly transfer money to the funding account if the balance is low and can adjust the funding levels to support a surge in claim payment demands (e.g. during CAT season).

What is the expected market involvement?

- The replenishment process for FCP is managed by Vitesse, so there is minimal input required from the market.
- Replenishment using ARCS & STFO avoids the requirement for MAs to continually top-up their syndicate funding account as the funds are used to make claims payments.
- To be aware of the replenishment progress, Lead and Follow MAs can track notifications from STFO that funds are due to debit from the trust account, and from Vitesse that funds have been replenished.
- Importantly, Lead and Follow MAs should continually monitor their funding account and ensure it holds adequate funds for claim payments to continue, directly transferring money if the balance becomes too low, even if awaiting a scheduled replenishment to complete.

Overview

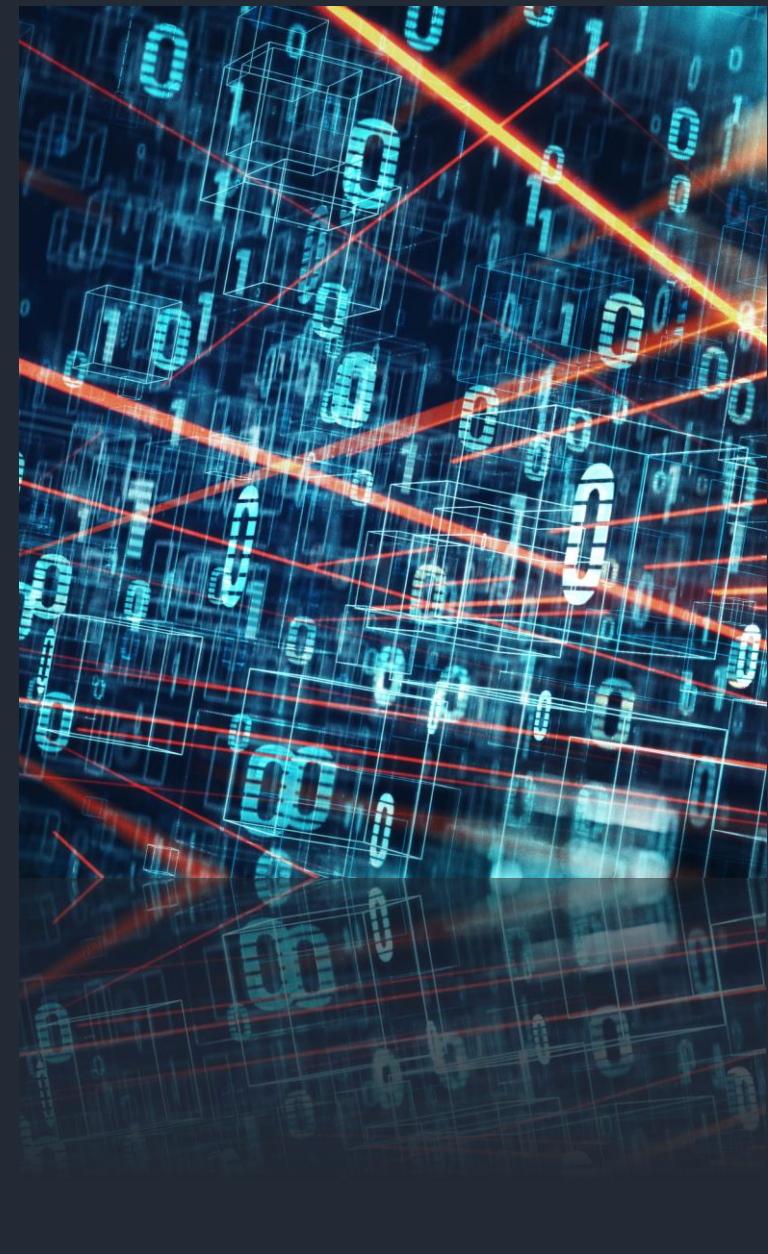
Additional currency detail

GBP, USD & CAD currencies can be replenished on a daily/weekly basis (dependent on thresholds).

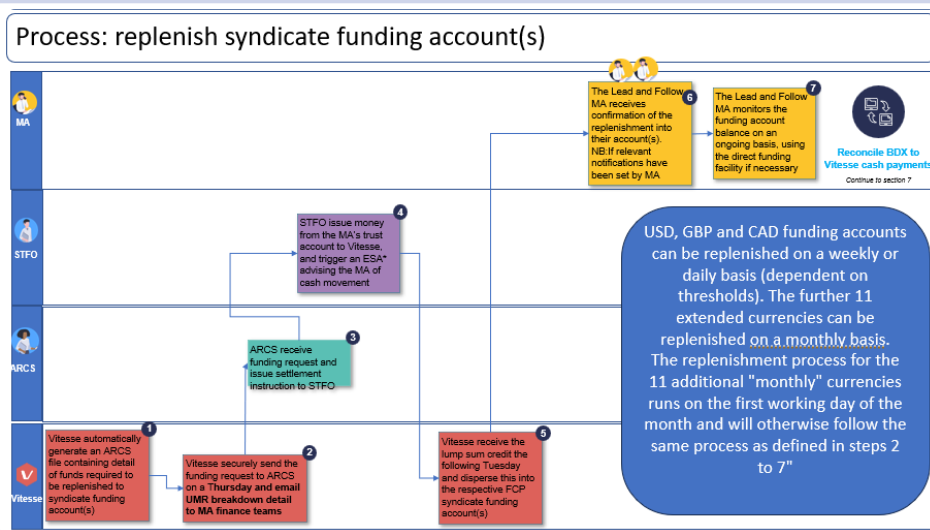
The 11 additional currencies are replenished on a monthly basis. 11 Additional monthly funding currencies: AUD, CHF, DKK, EUR, HKD, JPY, NOK, NZD, SEK, SGD, ZAR.



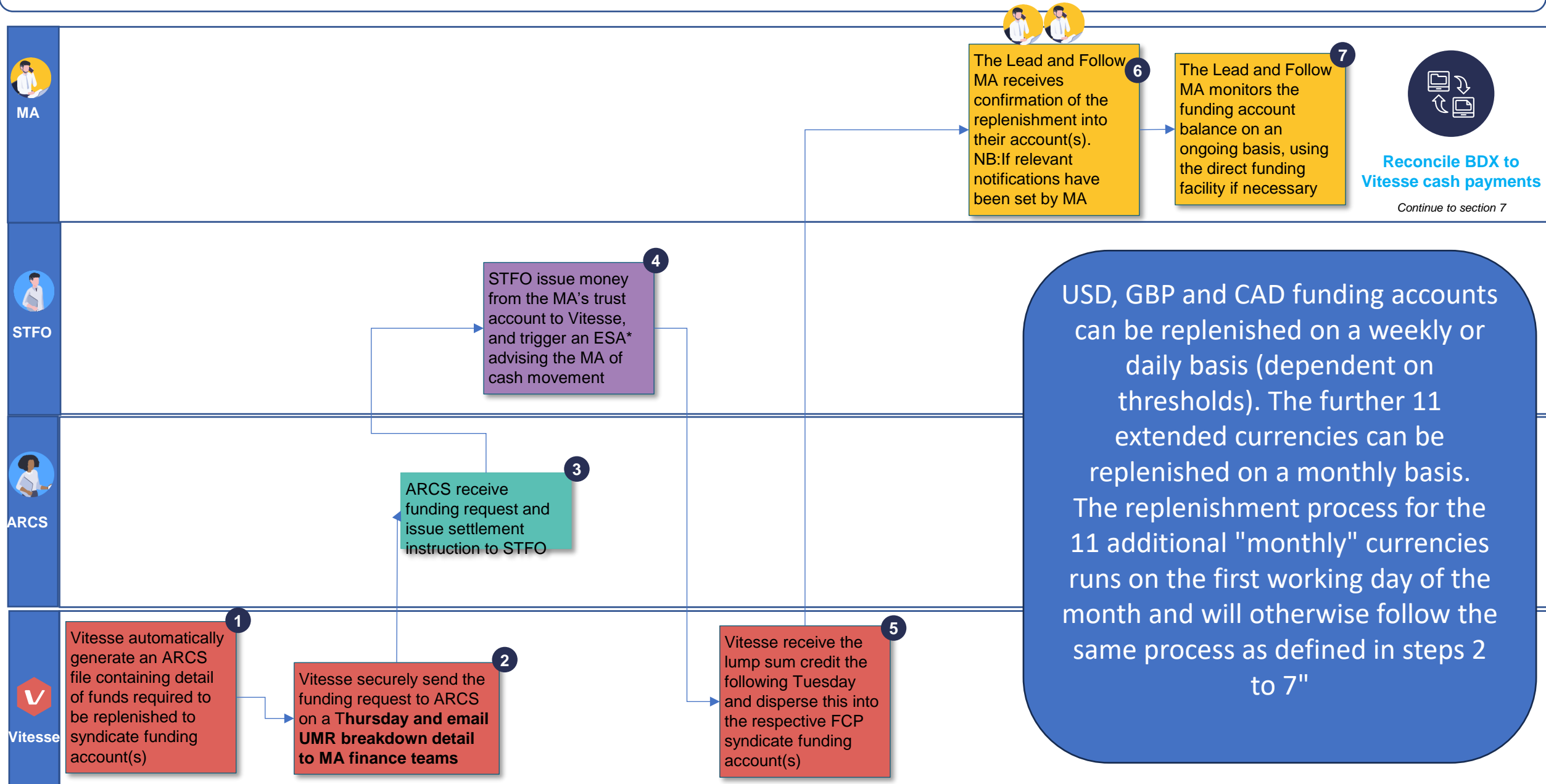
Overview



A high-level process flow is shown in the following section with a more detailed description of each of the steps as you proceed through the learning.



Process: replenish syndicate funding account(s)



Step by step

Step 1 : Generate ARCS file



1 Vitesse automatically generate an ARCS file containing funds required to be replenished to syndicate funding account(s)

Vitesse generate the ARCS file and send the request for funding top-up

Vitesse automatically generate an ARCS file containing detail of funds required to be replenished to the MA's syndicate funding account(s).



Vitesse will calculate the value of payments made from the last ARCs pull, for a particular syndicate number and year of account, based on the activity that has occurred across payment accounts.



An ARCS file is generated for this request – each line of the file is a request for a particular value, in a specified currency, for a syndicate and year of account combination.

ARCS File Spec

Example of file for instalment 356 settlement date 28/06/2021

```
ABC00035620210628
GBP01 332017-000000000094811
GBP01 332019-000000000004036
USDNR 3082018-000000000005204
USDNR 3182018-000000000018245
GBP01 5102017-0000000000598381
USDNR 5102018-000000000000012
CADCN 5102018-000000000000547
CADCR 5102019-000000000158351
GBP01 5572017-000000000000003
USDNR 5572018-000000000000005
USDNR 6092018-000000000019534
USDNR 6232017-0000000000285974
CADCR 6232018-000000000000040
GBP01 6232019-000000000025641
USDNR19912018-000000000006624
USDNR20032016-000000000000005
USDNR20032017-0000000000225921
USDNR20032018-000000000011024
USDNR20102018-0000000000050271
GBP0120142019-000000000003042
GBP0127912017-000000000018182
CADCN27912018-000000000001962
USDNR44442017-0000000000659660
USDNR44442018-000000000001385
USDNR58202017-000000000001085
00000000000025-000000002189945
```

Number of syndicate records = 25
Total of syndicate records = -21,899.45

Example ARCS file

Step by step

Step 1 : Generate ARCS file



1 Vitesse automatically generate an ARCS file containing funds required to be replenished to syndicate funding account(s)



The funding request includes both the 'syndicate name' and 'year of account', to ensure the top-up comes from the correct source. Each funding account has an associated 'syndicate number', and each debit from the account has an associated 'year of account', based on the relevant payment account. This enables the top-up request to be made accurately.

Step by step

Step 2: Vitesse securely send the funding request to ARCS



2 Vitesse securely send funding request to ARCS

Vitesse send the funding request to ARCS, who upload the request and send a settlement instruction to STFO for triggering the movement of funds.



Vitesse share the funding request with ARCS securely via MOVEit*

*MOVEit – a Lloyd’s-approved data repository enabling secure file transfers between Lloyd’s and market firms

Funding Requested for account Measure
Cushion EUR via ArcsScheduled

Vitesse

Hello,

Funding has been requested via ArcsScheduled for your funding account Measure Cushion EUR because the balance fell below the configured threshold of 500,000.00.

Funding details:

Syndicate Number	2
Year Of Account	2021
Reference	EUR01 22021 000000000418560
Amount	4,185.60

Syndicate Number	2
Year Of Account	2020
Reference	EUR01 22020 000000000582655
Amount	5,826.55

Please [log in to your application](#) to review the account. Funds will be applied as soon as they are received.

If you have any questions please email support@vitessepsp.com.

Email: support@vitessepsp.com
Telephone: +44 (0) 20 3051 5612

The secure, intelligent global money transfer platform.

Step by step

Step 3: ARCS receive the funding request and send settlement instructions to STFO



3 ARCS receive funding request and issue settlement instruction to STFO

Vitesse send the funding request to ARCS, who upload the request and send a settlement instruction to STFO for triggering the movement of funds.



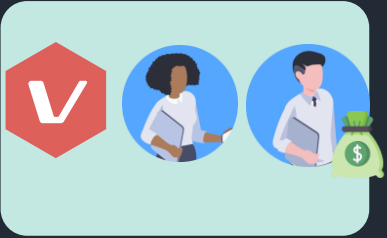
ARCS receive the funding request and upload this into the ARCS system.



ARCS will then send a settlement instruction to STFO for the movement of funds.

Step by step

Step 4: ARCS receive the funding request and send settlement instructions to STFO



4 ARCS receive funding request and issue settlement instruction to STFO

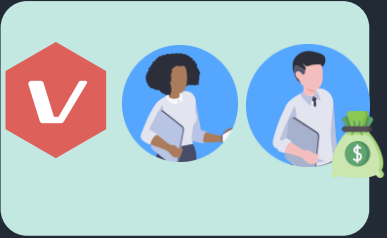
Vitesse send the funding request to ARCS, who upload the request and send a settlement instruction to STFO for triggering the movement of funds.



As per the instruction provided by ARCS, STFO will send the money from the MA's trust accounts to Vitesse and trigger an ESA advising the MA of a cash movement – this will be issued to the MA via email.

Step by step

Step 4: ARCS receive the funding request and send settlement instructions to STFO



4 ARCS receive funding request and issue settlement instruction to STFO



Funds will be received (by Vitesse) 3 - 4 days after STFO trigger the movement. MAs will receive an Advice notice 2 days before the debit from the trust accounts.

Example

An example showing how the ARCS request is triggered by Vitesse based on the managing agent funding account balance and threshold level:

Process: Vitesse ARCS top-up request mechanism

Vitesse ARCS top-up request mechanism

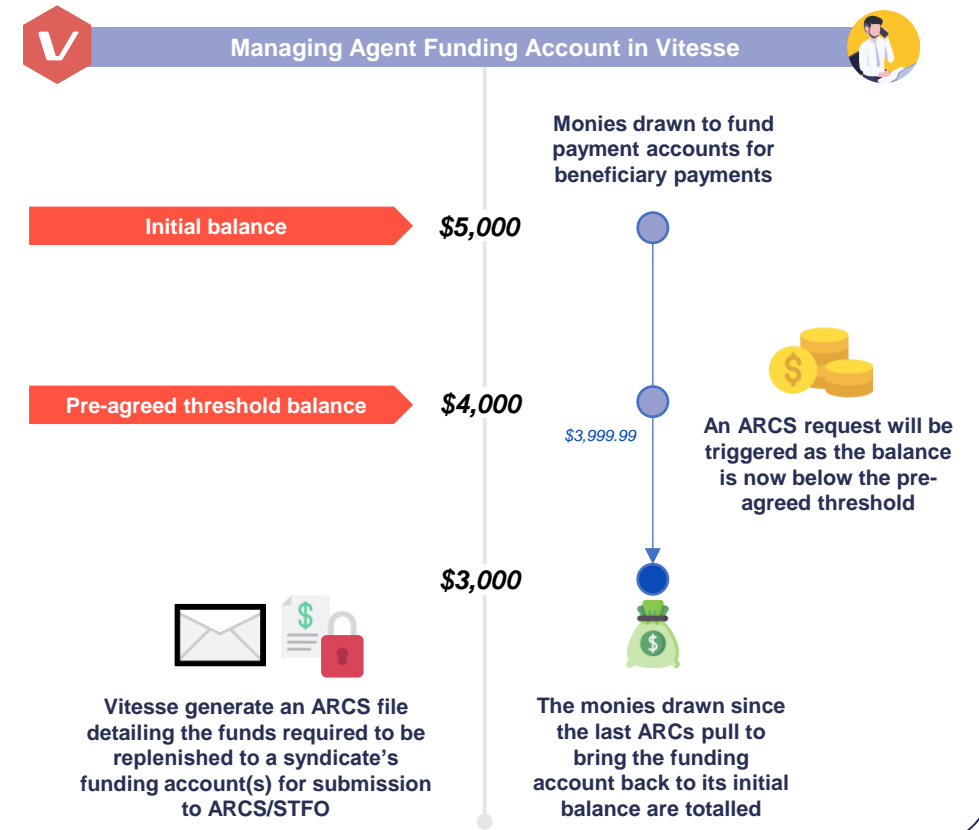
- The ARCS top-up request from Vitesse is triggered when the balance in the MAs funding account falls below a pre-agreed threshold
- The pre-agreed threshold can be set by the MA at the point of onboarding a binder to FCP or during. If a pre-agreed threshold is not set by the MA, this will default to £500m such that if there is any claims activity in a week, it will always be below that level to ensure weekly replenishment.
- Note: This will be affected depending on whether you are using Lloyd's standard settlement currencies or extended currencies"
- If a pre-agreed threshold balance is set by the MA, where the balance in a MAs funding account does not fall below the pre-agreed threshold, the ARCS request is not triggered by Vitesse.
- If for any reason the initial balance needs to be increased ie. due to CAT season, if the MA has set a pre-agreed threshold balance then this should likely increase inline with the funding to ensure replenishments occur.



Maintaining correct funding levels

If funding levels are held above the **pre-agreed threshold balance**, ARCS top-ups may not occur repeatedly, meaning the claims activity isn't enough to trigger a request. Funds should therefore **NOT** exceed the agreed funding level by too much or top-ups won't occur, impacting the reconciliation of MA signings to Vitesse funding activity.

Likewise, if the funding level is too low and not maintained correctly, then claim payments may not be processed.



Example

MA finance teams can refer to their Early Settlement Advice notice to see the monies that are due to be drawn to replenish their funding account in Vitesse.

Early Settlement Advice - tab details for ARCS transfers

- A** The tab number for the ledger is **265**
- B** The currency in which the MA funds will be replenished
- C** Syndicate name
- D** Description of the replenishment request (where it has originated from)
- E** Date by when the request will be settled (it takes 3 working days to complete the replenishment process)
- F** Syndicate number
- G** Year of account
- H** Total amount which will be debited from the MAs trust account and be credited to the MA funding account in Vitesse

TAB 265 **A**

Example

C ACCOUNT HOLDER: 1100

D SYNDICATE 1 LTD

D VITESSE FCP REPLENISHMENT (SCHEME)

SETTLEMENT CURRENCY: USD **B**

BANK A/C TYPE: LDTF

SETTLEMENT DATE: 31 May 2022 **E**

INVOICE NUMBER: DSX22/000005

TAX POINT: 26 May 2022

DESCRIPTION	AMOUNT	VAT RATE	VAT AMOUNT
Account Year			
<div><div>C Syndicate</div><div>F 1100</div><div>G 2022</div><div>Syndicate Total</div></div>	485.00	Q	0.00
	485.00		0.00
NET AMOUNT	485.00	VAT AMOUNT	0.00
Your account will be adjusted on the settlement date above		TOTAL AMOUNT	485.00 H

Step by step

Step 5: Vitesse receive lump sum credit from STFO and disperse this into the MA's respective syndicate funding account(s)



5 Vitesse receive the lump sum credit and disperse this into the respective FCP syndicate funding account(s)

Vitesse receive the money and disperse funds into syndicate funding account(s)



Vitesse will receive the money as a lump sum credit, and then disperse the funds into the MA's syndicate funding account(s) in the correct proportions

Step by step

Step 6: MA receives confirmation of replenishment from Vitesse



6 MA receives confirmation of the replenishment into their account

Vitesse receive the money and disperse funds into syndicate funding account(s)



Vitesse will provide confirmation to the Lead and Follow MA that the replenishment process is complete – providing the MA has set the relevant notifications. Contact fcpsupport@vitessepsp.com for more information on how to set this up.



The MA will be able to see the transaction within their account page, with a transaction type of '**ARCS Scheduled Liquidity**'.



The text in the Narrative column provides details of the transaction, which include:

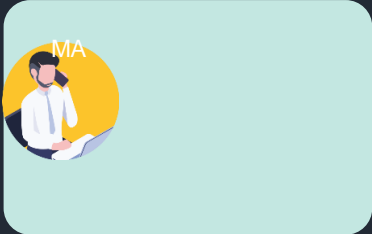
- Currency
- Syndicate Number
- Year of Account
- Amount Requested



MAAs can also access a funding account report, providing details of all transactions taking place - <https://vimeo.com/919675203/23d51ddb98> (See useful links below learning).

Step by step

Step 6: MA receives confirmation of replenishment from Vitesse



6 MA receives confirmation of the replenishment into their account

Example: funding account report

Fund Transactions

Support

Transactions for account AXA Fund.

Transactions Properties

Export To Excel Export with Upload Data

Drag a column header and drop it here to group by that column

Entry	Created On	Type	Payment Ref	Merchant Ref	Narrative	Debit	Credit	Balance
12	25-May-2021 11:57:27	ARC'S Scheduled Liquidity	2021-05-25	FCP00003620210525	GBP0129872020 0000000011005000		110050.00	700,000.00
11	25-May-2021 11:57:27	ARC'S Scheduled Liquidity	2021-05-25	FCP00003620210525	GBP0129872019 000000009027600		90276.00	589,950.00
10	25-May-2021 10:54:59	Liquidity Pull	N/A	N/A	Axa (1222) 50% Share	50000.00		499,674.00
9	25-May-2021 10:54:29	Liquidity Pull	N/A	N/A	Axa (1222) 50% Share	50000.00		549,674.00
8	25-May-2021 10:53:49	Liquidity Pull	N/A	N/A	Axa (1222) 40% Share (FX 100.00...	28211.24		599,674.00
7	25-May-2021 10:52:59	Liquidity Pull	N/A	N/A	Axa (1222) 40% Share (FX 200.00...	56422.50		627,885.24
6	25-May-2021 10:45:38	Liquidity Pull	N/A	N/A	Axa (1222) 40% Share (FX 10,000...	2821.13		684,307.74
5	25-May-2021 10:44:58	Liquidity Pull	N/A	N/A	Axa (1222) 40% Share (FX 10,000...	2821.13		687,128.87
4	25-May-2021 10:44:08	Liquidity Pull	N/A	N/A	Axa (1222) 50% Share	5000.00		689,950.00
3	25-May-2021 10:43:48	Liquidity Pull	N/A	N/A	Axa (1222) 50% Share	5000.00		694,950.00
2	25-May-2021 10:43:08	Liquidity Pull	N/A	N/A	Axa (1222) 50% Share	50.00		699,950.00
1	25-May-2021 10:20:54	Merchant Liquidity	Initial Liquidity	Initial Liquidity	Initial Liquidity		700000.00	700,000.00

1 - 13 of 13 items

EntryNumber	AccountEntryType	CreatedOn	PaymentReference	MerchantReference	Narrative	Debit	Credit	Balance	RecipientReference	OriginalTXAmount	OriginalTXCurrency	PolicyReference	UniqueMarketReference	YearOfAccount
1003	ARCSScheduledLiquidity	07/04/2022 20:01	07/04/2022	FCP00001220220407	USDAB12342018 00000000090001	900.01		997899.97	Example Payment	900.01	USD	18DE800	B0572NA18DE01	2018
1002	ARCSScheduledLiquidity	03/04/2022 14:51	03/04/2022	FCP00001220220403	USDAB12342019 00000000080001	800.01		998699.98	Example Payment	800.01	USD	JV821K19A	B123019AMR1348	2019
1001	ARCSScheduledLiquidity	03/04/2022 14:51	03/04/2022	FCP00001220220403	USDAB12342020 00000000070001	700.01		999399.99	Example Payment	700.01	USD	JV821K20A	B123020AMR1348	2020
1000	ARCSScheduledLiquidity	03/04/2022 14:44	03/04/2022	FCP00001220220403	USDAB12342021 00000000060001	600.01		1000000	Example Payment	600.01	USD	JV048V21A	B123021AWA1370	2021

Step by step

Step 7: : MA monitors the funding account balance and takes measures to add funding if necessary



7 MA monitors the funding account balance on an ongoing basis, using the direct funding facility in Vitesse if necessary

Ongoing maintenance to ensure the funding account is adequately funded



The scheduled replenishment process accounts for any liquidity pull entries (payments) from the funding account in the previous payment cycle; Lead and Follow MAs should continually monitor the funding account and should take measures to increase the balance if, between scheduled replenishment cycles, the balance becomes too low to cover expected claims payments

Increasing the balance by [direct transfer](#):

MAs can directly transfer money to their funding account using the bank details provided by Vitesse in the funding account properties tab (see screenshot below), this will increase the total agreed value of the fund

If the funding balance is increased, The scheduled and urgent funding threshold should be reviewed. If the scheduled threshold is already set at 500m then this will not need to be amended if the MA always wants the funding account to replenish weekly when there is claims activity.

Step by step

Step 7: : MA monitors the funding account balance and takes measures to add funding if necessary



7 MA monitors the funding account balance on an ongoing basis, using the direct funding facility in Vitesse if necessary

Vitesse Ltd Staging Home Accounts Money Out Money In Administration Help

Funding Account Test 1 GBP | Properties

Properties for account Funding Account Test 1 GBP

Transactions Properties Blends Funding

Account Information

Account Id	3031
Name	Funding Account Test 1 GBP
Account Number	M01000328047
Currency	GBP

Account Details

Created On	02-Mar-2022 08:51:47
Created By	gunnj.sm1@vittest.com
Security Group	Funding Account Test 1
Default Account	Yes

Account Type

This is a **Funding** account. This is a special type of account which is used to 'top up' one or more separate accounts, known as **Payment** accounts. Each funding account funds transactions based on a percentage, so for example this account might fund 50% of a given transaction.

Funding Identifier 9998

Settlement Details

Account Name	Vitesse PSP Ltd.
Bank Name	Barclays Bank
Account Number	87654321
IBAN	GB61BARC20000043510557
Swift	BARCGB22
Sort Code	20-00-00
Bank Address	Barclays Bank, Level 11, 1 Churchill Place, London, E14 5HP
Funding Reference	GZ1



Direct transfer of funds is a fast option for liquidity provision when the funding account balance is low, or if a high level of claims are expected (due to a Catastrophe, for example).



As more binders are loaded to FCP, MAs can adjust the base balance of the funding account at any time (this should be requested by contacting Vitesse at **fcpsupport@vitessepsp.com**) to accommodate increased claim payment activity.



Lead and Follow MAs should ensure there are always enough funds in the funding account to cover claim payments.

Best Practice

FCP Replenishment



Managing Agent



MAs can track notifications from STFO stating funds are due to debit from the trust account, and from Vitesse stating funds have been replenished



MAs should continually monitor their funding account(s) and ensure they hold adequate funds for claim payments to continue



Where required, MAs should directly transfer money to their funding account(s) if the balance becomes too low, even if awaiting a scheduled replenishment to complete



MAs can adjust the funding levels to support surges in claim payment demands (e.g., during CAT season).

End

Faster Claims Payment

