

SCHEDULES

SCHEDULE 20

LLOYD’S UNDERWRITERS: SPECIAL RESERVE FUNDS

PART I

REQUIREMENTS FOR AND TAX CONSEQUENCES OF NEW-STYLE FUNDS

Payments out of fund to cover cash calls

- 4 (1) The arrangements must be such as to secure that, if a cash call is made on the member in respect of an underwriting year, there shall be made into a premiums trust fund of his, out of his special reserve fund, payments the amount of which is equal in the aggregate to the amount of the call, or the amount of his special reserve fund, whichever is the less.
- (2) Where the aggregate amount of any payments made under sub-paragraph (1) above in respect of any year is found to exceed the amount of the member’s syndicate loss for the year, there shall be made into his special reserve fund, out of a premiums trust fund or ancillary trust fund of his, payments the amount of which is equal in the aggregate to the amount of the excess.
- (3) Where a stop-loss payment is made to the member in respect of his syndicate loss for any year, so much of the stop-loss payment as does not exceed the requisite amount shall be paid into his special reserve fund.
- (4) In sub-paragraph (3) above “the requisite amount” means so much of the amount (if any) given by sub-paragraph (5) below as does not exceed the aggregate amount mentioned in paragraph (b) of that sub-paragraph.
- (5) The amount given by this sub-paragraph is the amount by which—
- (a) the amount of the stop-loss payment, and
 - (b) the aggregate amount of the payments under sub-paragraph (1) above as reduced by the aggregate amount of any payments under sub-paragraph (2) above,
- exceeds in the aggregate the amount of the member’s syndicate loss.
- (6) Where the whole or any part of a stop-loss payment made to a member is repaid, there shall be made to the member or his personal representatives or assigns, out of his special reserve fund, payments the amount of which is equal in the aggregate to the amount (if any) to which sub-paragraph (7) below applies or the amount of his special reserve fund, whichever is the less.
- (7) This sub-paragraph applies to any amount which—
- (a) has been paid into the member’s special reserve fund under sub-paragraph (2) or (3) above, but

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- (b) would not have been so paid but for the stop-loss payment or (as the case may be) the part repaid.
- (8) Any payments required by sub-paragraph (1), (2), (3) or (6) above shall be made before the end of such period as may be prescribed.