LLOYD'S

Delegated Authority
Faster Claims Payment (FCP)

FCP end-to-end process guide for the Lloyd's market

Version R.2 January 2023

The Future at Lloyd's

FCP end-to-end process guide

Foreword

FCP aims to provide a fantastic market-leading service to our customers by providing fast and direct payments of claims to policyholders. It decouples the payment of claims from the monthly bordereaux and loss fund top-up process, and facilitates direct access to insurer funds, via the Vitesse payment platform, decreasing any delay in payment. The FCP solution will enable payments directly to appropriate beneficiaries, reducing rework and eventually eliminating the loss fund process.

It is critical that managing agents and delegated claims administrators (DCAs) manage money flow and data quality correctly. Accurate and timely BDX submissions are also crucial to ensure these can be reconciled effectively to cash movements. Managing agents and DCAs need to complete these activities confidently and accurately when using the FCP solution to ensure the correct the financial information is flowing through the Lloyd's market infrastructure for all subscribers on a binding authority.

The 2023 Market Journeys for managing agents, DCAs and brokers onboarding to FCP are included in this document.

- → **Market journey for managing agents**
- → **Market journey for DCAs**
- → **Market journey for brokers**

The following FCP end-to-end process guide is intended to be used as a self-service material for market users to understand FCP processes in detail, aligned to their learning needs. This guide has been structured in a way for users to easily navigate to the section(s) relevant to their organisation.

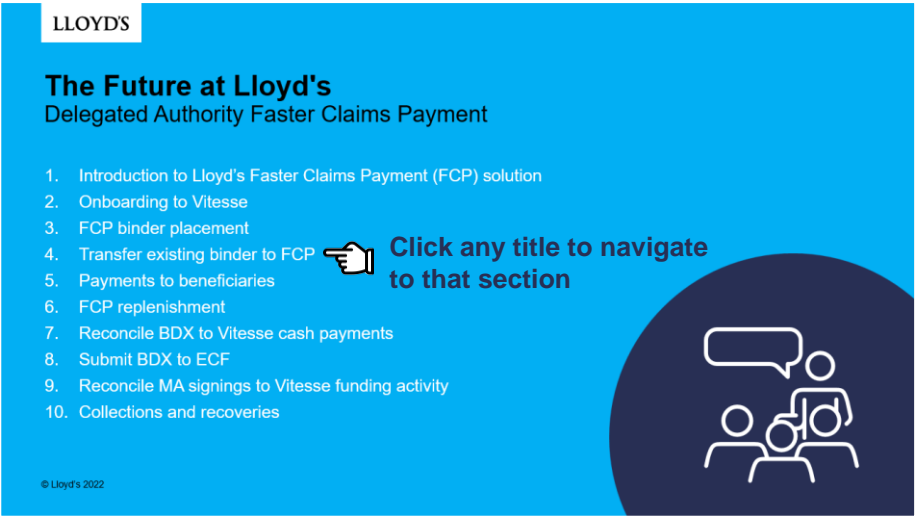Enquiries on the Vitesse product and LIMOSS service should be raised to fcpsupport@vitessepsp.com and servicedesk@limoss.London

For all other questions please email: FCP@lloyds.com.

FCP end-to-end process guide

Document structure

Section headings

Click any title to navigate to that section
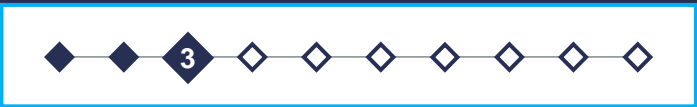
The FCP end-to-end process guide consists of 10 key sections that set out all FCP processes in detail and guide market users through the FCP journey.

Users can either scroll through content in sequential order, or quickly and easily jump to a section of their choice by clicking on any of the 10 section titles, as shown.

Section progress bar

A section progress bar is visible at the top-right of each page to indicate the section number currently being viewed. This allows users to gauge how much content they have covered as they progress through the document.

Return to start of current section

When this symbol is present, users can click on the arrow to return to the start of the section they are currently reading. The symbol is typically found at the end of each section, or sub-section, in the bottom right-hand corner of the page.

Call out: Top tip

Where appropriate, top tips have been included against certain content in each section to provide additional useful or practical advice to users.

Call out: Note or reminder

This symbol indicates information that either seeks to bring attention to a specific piece of instruction or guidance, or to remind users of key information that has been mentioned previously.

Call out: Important notice or instruction

This symbol represents either an important notice or instruction where careful attention is required by the user. It is often displayed to help users complete any instructions accurately and subsequently avoid any undesired consequences (e.g., corrections to work) when executing tasks.

User symbols

These different user symbols represent specific user roles (e.g., managing agent, DCA), and have been placed throughout the document to highlight any content that is relevant to each role. These have also been included to explain who is responsible for completing any step-by-step instructions in each section.

Vitesse   **Managing Agent**   **DCA**   **Broker**

Policyholder   **ARCS**   **STFO**   **DXC**

The Future at Lloyd's
Delegated Authority Faster Claims Payment

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

Introduction to FCP
FCP overview

Faster Claims Payment (FCP) is a new funding and payment solution which provides fast and direct payment of a claim to a policyholder. This solution decouples the payment of claims from the monthly BDX and loss fund top-up process. FCP facilitates direct access through the solution to insurer funds, via the Vitesse payment platform, decreasing any delay in payment.

Lloyd's FCP solution summary

- Faster Claims Payment (FCP) is a modern payment solution leveraging the Vitesse payment platform

- FCP allows Delegated Claims Administrators (DCAs) to make payments upon request, drawing on managing agent funds directly, and removing the need for loss funds and the associated cash calls to replenish or increase the balance of an existing fund

- FCP is moving us forward to the full digital processing solution under the joint venture with DXC and the IUA, delivering the future state payment solution across both open market and delegated authority business

Why FCP is important

Policyholder (beneficiary)
- ✓ **Removes delay in payment** to policyholder by providing DCAs with direct access to MA funds
- ✓ Payments can be made in **local currencies**
- ✓ Enhances Lloyd's reputation as **easy to do business with**

Managing Agent
- ✓ MAs have **greater flexibility in their capital management** through the return of loss funds to their accounts
- ✓ Loss fund management **effort and capital requirement reduced**
- ✓ **Real-time visibility and control** over claims payments
- ✓ Overall **reduction in volume of cash calls** and the associated effort
- ✓ **Reduction in number of bank accounts** and associated account and transaction fees

DCAs
- ✓ **Reduced time required** to administer multiple bank accounts
- ✓ **Instant access** to MA's funds to make claim payments
- ✓ **Reduction of bank processing fees**
- ✓ Overall **reduction of cash calls**

Broker
- ✓ **Removal of the effort** to set up loss funds and participate in cash call processes
- ✓ **Reduced costs of wire transfers** to Delegated Claims Administrators
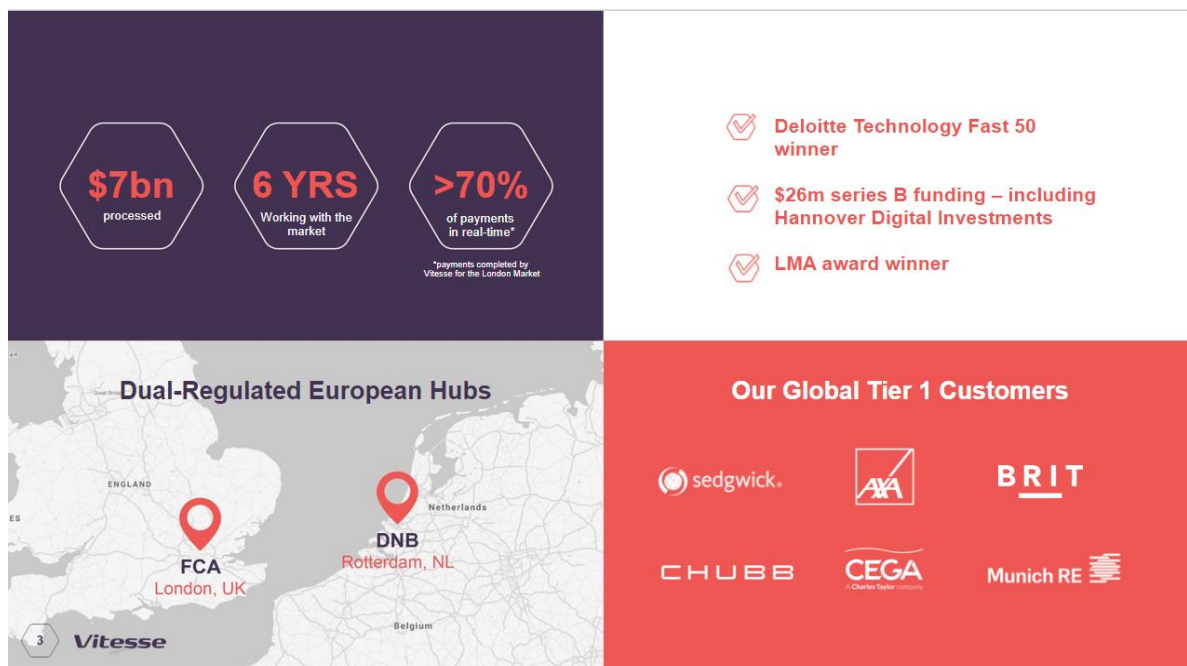
Who are Vitesse?

Vitesse is the payment platform provider for FCP who have been working with the Lloyd's of London market for over 6 years.

They are regulated in the UK and Europe.

They have a global domestic settlement payments platform to pay claims globally, quickly and cost effectively.

Vitesse have also recently completed a significant Series B fundraise to continue to invest in their insurance proposition.

FCP and Vitesse - overview

- Removal of traditional Loss Funds altogether; MA holds small liquidity balances at syndicate level within a Funding Account, which are automatically topped up as needed

- Liquidity pulled in real time from each MA Funding Account depending on % split (as detailed in the binder) to fund the DCA approved payment from the Payment Account

- A claimant-focused settlement flow delivering funds as quickly as real time

Where available.

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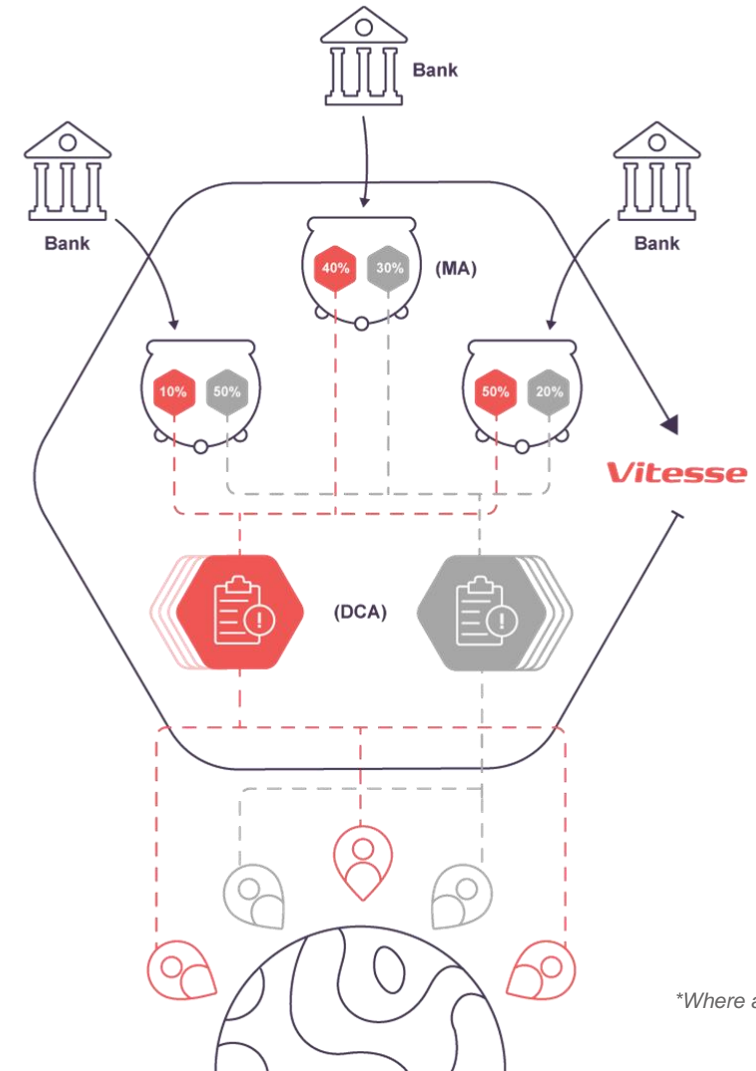
FCP Commercial Model

FCP is as a market service through LIMOSS, managing agents will directly contract with Vitesse but with support from LIMOSS through annual market subscriptions.

Run model from 2023:

➢ Between January and July 2023 LMA funding will cover 50% of the cost.

➢ A full transition to the MA-funded model is expected to take place from July 2023 with managing agents directly contracted with Vitesse and supported by LIMOSS through annual market subscriptions. Costs will be apportioned according to a blend of Delegated Authority GWP and binder volumes.

➢ A 'change pot' will be accumulated from the monthly FCP fees, held by LIMOSS. The change pot will fund any future improvements to the FCP solution. Money not spent on improvements to FCP will be refunded back to the market.

LIMOSS
London Insurance Market
Operations & Strategic Sourcing

To discuss the contract details in more detail please contact Limoss: servicedesk @limoss.london

Find out more here: LIMOSS | Faster Claims Payment (FCP)

Specific FCP Guidance for Managing Agents

Introduction to FCP
Market Journey for Managing Agents

Joint presentation by Lloyd's & Vitesse for senior leaders **Introducing FCP and associated market benefits.**

(We encourage colleagues from Finance, Claims and Operations to attend)

Review of online training materials, including end-to-end guide, videos, and other resources.

In **preparation for implementation**, Lloyd's will share further information on binder selection and operation of the Vitesse platform with the MA. Vitesse will develop a **tailored benefits case** for each MA.

Onboard **binders** to FCP.

Introduction to FCP and Vitesse	MUA/PPA Signed	Self-service FCP process training	Follow up and Q&A	Binder selection guidance and Vitesse operation	Vitesse implementation (inc. training)	Scale up binder volumes processed via FCP
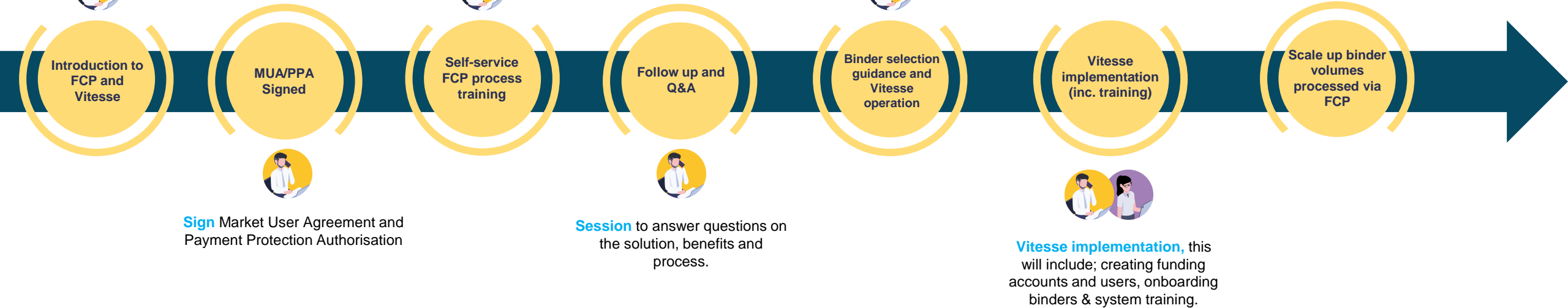
Sign Market User Agreement and Payment Protection Authorisation

Session to answer questions on the solution, benefits and process.

Vitesse implementation, this will include; creating funding accounts and users, onboarding binders & system training.

Specific FCP Guidance for DCAs

Introduction to FCP
Market Journey for DCAs

The **MA will engage with the DCA** to discuss and introduce FCP.

Review of online training materials, including end-to-end guide, videos, and other resources.

| Review DCA guidance | MA to engage with DCA introducing FCP | MA and DCA to discuss suitable binders for FCP | Self-service FCP process training | Vitesse implementation (inc. training) |

Vitesse to confirm account set up and that the payment account is available to start processing binders on FCP

The **DCA to review MA / DCA guidance published by Lloyd's** to ensure they can meet the expectations of using FCP and outline any impacted processes.

The **MA to discuss which binders have been identified for FCP** with the DCA and Broker, including data cleansing activities and start dates for FCP. The MA may communicate additional processing instructions such as BDX file naming conventions.

Vitesse implementation plan will include **creating funding accounts and users, onboarding 2-3 binders & Vitesse system training**.

Specific FCP Guidance for Brokers

Introduction to FCP
Market Journey for brokers

Broker

Lloyd's will work with brokers and LIIBA to ensure brokers are kept informed about FCP and what to expect.

The **MA to discuss which binders have been identified for FCP** with the DCA and broker. The MA may communicate additional processing instructions at this stage.

In order for Vitesse to set up the correct payment account details, they will need the broker to provide order % and type details

FCP awareness through 1-2-1 engagement and LIIBA

Self-service FCP process training

MA, broker and DCA to discuss suitable binders for FCP

Confirm binder split information in DCOM

Broker to send Vitesse order information

Broker will start to receive FCP BDX

Review of online training materials, including end-to-end guide, videos, and other resources.

Binder splits will be sent to Vitesse via an API from DCOM, therefore data within DCOM must be accurate.

A broker must be able to **identify if a BDX is FCP / non-FCP.** If FCP, the broker must enter 'non-cash' in the free text narrative on ECF to avoid duplicate claims payments.

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The Future at Lloyds
Delegated Authority Faster Claims Payment

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Onboarding to Vitesse
Overview

Onboarding to Vitesse is a pre-requisite step for both MAs and DCAs to allow the processing of Faster Claims Payments (FCP) at Lloyd's.

By using Vitesse to process claims payments:

- It enables the traditional loss fund model to be retired and existing loss funds returned as the MA will hold the funding within the Vitesse system
- DCAs will access the Vitesse platform to process payments directly to the ultimate beneficiary, using the payment account relating to the appropriate binder section (It enables this)
- Vitesse will replenish the claims spent on a weekly basis using the ARCS* & STFO** processes, meaning MA funds can be held at a lower level than would be required in a traditional Loss Fund
- MAs will have visibility of real-time claims paid data and funding levels, with full reporting options and customisable output formats

Key benefits

Full support from Vitesse during onboarding to achieve a seamless and efficient registration

Unlimited user access and licenses, providing real time access and visibility - customisable role allocation and segregated account access provides full control to each organisation, managed through an assigned administrator

Configurable alerting, notifications and advice to all market participants

Classification: Confidential

*ARCS - Apportionment, Reporting and Collection System
** STFO - Settlement Trust Fund Office

Onboarding to Vitesse

Key changes for MAs and DCAs

What's changing?

- Vitesse is the payment solution provider for FCP that MAs, and DCAs will be onboarded onto
- Each payment account used by the DCA to process payments has per claim limit set, this will be set up as the payment account is created, controlled by the Lead MA. Payments in excess of this will not be automatically settled without the Lead MA increasing that limit set
- The change to processing and funding claims through FCP in Vitesse will provide significantly greater control over payments and transparency for accounting, reduce loss fund set up and management effort, and remove the requirement for cash calls
- The responsibility of the Signings Reconciliation process will fall within MA Finance teams to monitor
- DCAs can work with Vitesse to create API integration between their claims management system and Vitesse, resulting in quicker and more automated processing of claims payments to the policyholder

What's NOT changing?

- The levels of authority under the claims agreement between the MA and DCA remain unchanged
- The handling and agreement of claims will remain the same

Onboarding to Vitesse

Onboarding summary and checklist

Onboarding to Vitesse

Key steps for MAs:

1. Lloyd's and Vitesse will engage the MA to initiate onboarding onto FCP
2. Assess relevant binders for FCP, guided by Vitesse
3. With help from Vitesse, progress legal discussions and completion of Payment Processing Agreement (PPA)
4. Complete the Vitesse application form
5. If appointed as the lead MA, attend Vitesse training and help Vitesse establish user permissions for other MA users

Key steps for DCAs:

1. Vitesse will engage the DCA to initiate onboarding onto FCP
2. Work with Vitesse to discuss any funds that need transitioning to FCP
3. Agree the method of payment facilitation for FCP (it is strongly encouraged that DCAs integrate their CMS-system with Vitesse through API to achieve this, and that they do this early prior to MAs increasing the number of binders that will use FCP to process claim payments)
4. Attend system training to learn how to process payments in Vitesse
5. Work with Vitesse and the broker to plan the migration of existing loss fund binders to FCP

Onboarding checklist

Before commencing the onboarding process, ensure:

- ✅ MAs and DCAs have discussed between them how to utilise FCP to deliver enhanced customer service to the policyholder
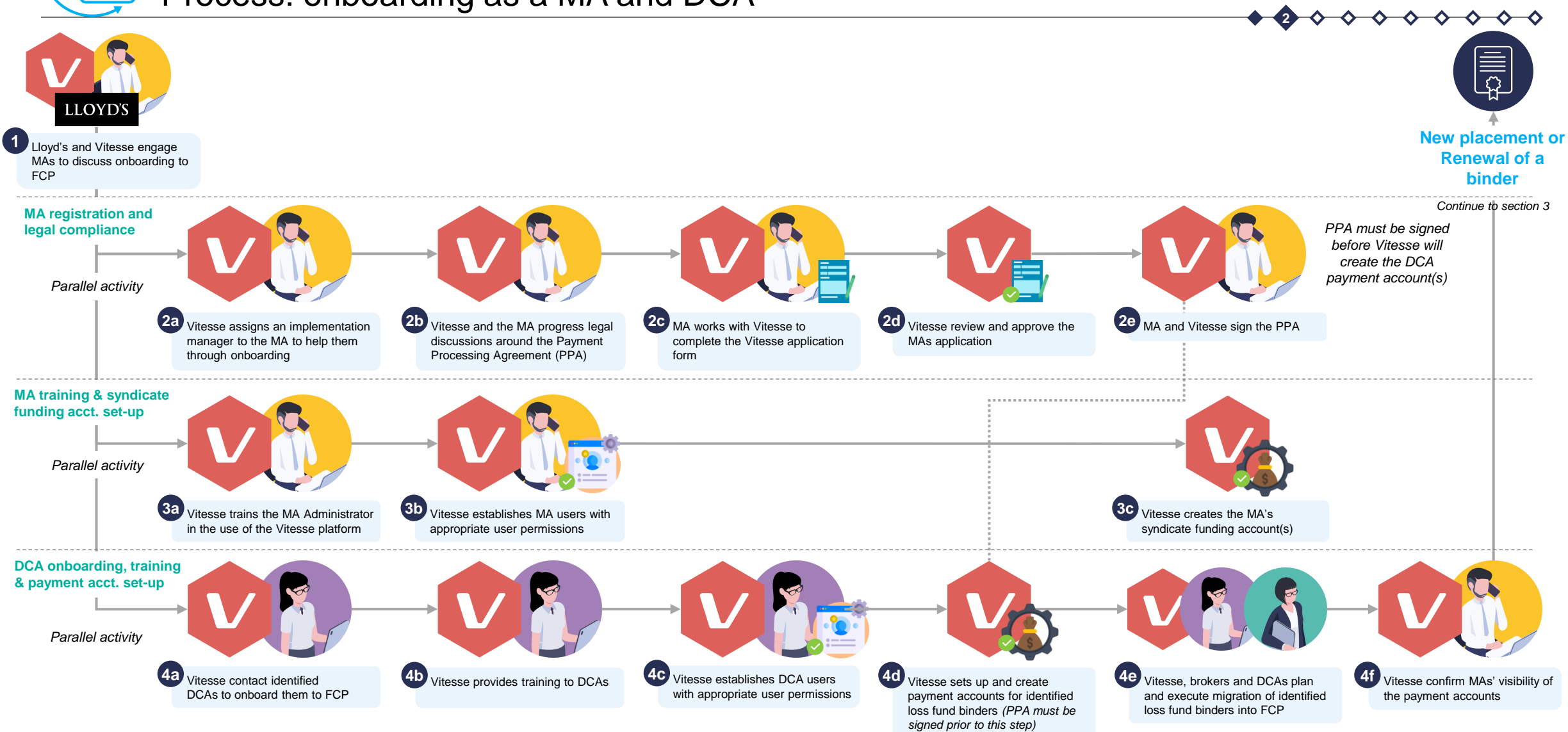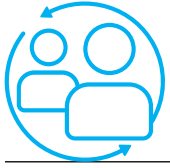- ✅ MAs and DCAs have considered the changes to their business processes as part of using FCP

If you would like a conversation with Vitesse about onboarding, please contact them on:

+44 (0)203 807 6191

(Mon – Fri 09:00 – 17:00 GMT/BST)

Onboarding to Vitesse

Process: onboarding as a MA and DCA

Vitesse

Managing Agent

2

New placement or Renewal of a binder

Continue to section 3

1 Lloyd's and Vitesse engage MAs to discuss onboarding to FCP

MA registration and legal compliance

Parallel activity

PPA must be signed before Vitesse will create the DCA payment account(s)

2a Vitesse assigns an implementation manager to the MA to help them through onboarding

2b Vitesse and the MA progress legal discussions around the Payment Processing Agreement (PPA)

2c MA works with Vitesse to complete the Vitesse application form

2d Vitesse review and approve the MAs application

2e MA and Vitesse sign the PPA

MA training & syndicate funding acct. set-up

Parallel activity

3a Vitesse trains the MA Administrator in the use of the Vitesse platform

3b Vitesse establishes MA users with appropriate user permissions

3c Vitesse creates the MA's syndicate funding account(s)

DCA onboarding, training & payment acct. set-up

Parallel activity

4a Vitesse contact identified DCAs to onboard them to FCP

4b Vitesse provides training to DCAs

4c Vitesse establishes DCA users with appropriate user permissions

4d Vitesse sets up and create payment accounts for identified loss fund binders *(PPA must be signed prior to this step)*

4e Vitesse, brokers and DCAs plan and execute migration of identified loss fund binders into FCP

4f Vitesse confirm MAs' visibility of the payment accounts

Onboarding to Vitesse

Initial MA engagement to discuss onboarding to Vitesse
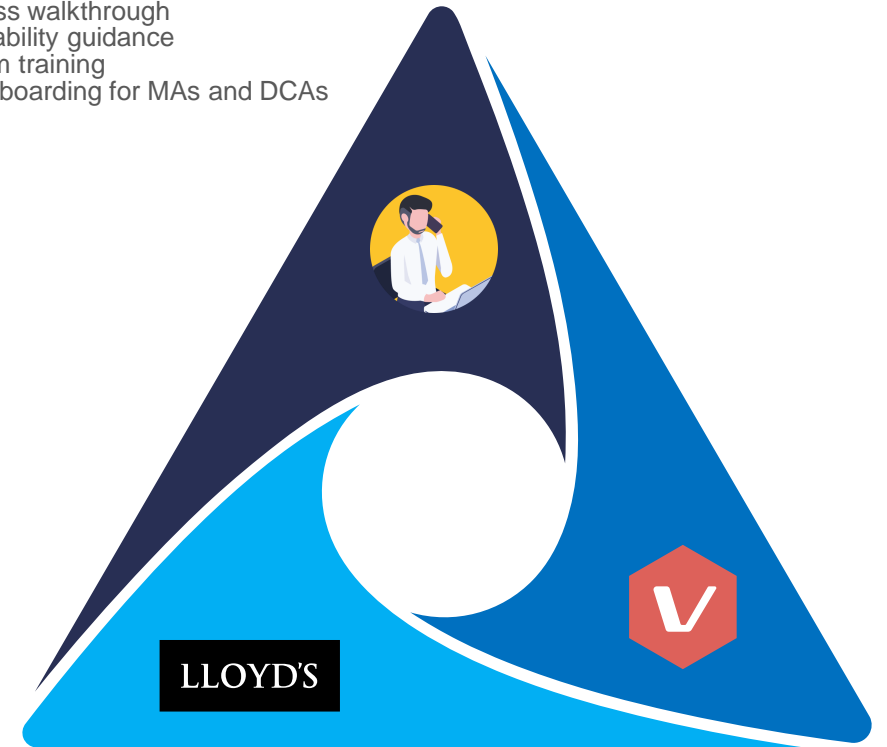

Vitesse

Managing Agent

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Lloyd's and Vitesse will reach out to the Managing Agent firm to introduce FCP and Vitesse, and discuss any key requirements of an MA in using the system to facilitate claim payments. Vitesse will also outline any legal requirements during discussions.

Step 1: Lloyd's and Vitesse engage MAs to discuss onboarding to FCP
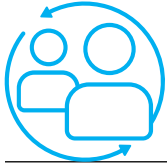
- Lloyd's and Vitesse will engage MAs directly to discuss their interest in using FCP

- If the decision is made to proceed, Lloyd's and Vitesse will handover discussions with the MA to the Vitesse onboarding team to pursue next steps

- Vitesse will then establish a meeting to provide the MA with an introduction to FCP and the Vitesse system while outlining requirements of an MA in using the system and other key information

- Following the initial engagement with Vitesse, MAs and their legal teams will then be issued with a Payment Processing Agreement (PPA) via Docusign for review and feedback

- Action to sign MUA (Market User Agreement) with LIMOSS

Working closely to deliver:

- ✓ Introduction to FCP
- ✓ Key benefits to the market
- ✓ FCP process walkthrough
- ✓ Binder suitability guidance
- ✓ FCP system training
- ✓ Tailored onboarding for MAs and DCAs

Onboarding to Vitesse
MA registration and legal compliance
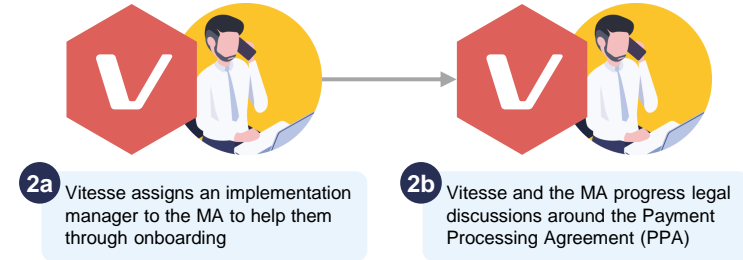
Vitesse **Managing Agent**

Through the assistance of a Vitesse implementation manager, the MA will be guided through the onboarding process. Vitesse will be on hand to assist the MA with their application process, as well as the completion of the Payment Processing Agreement (to be signed by both parties).

Step 2a: Vitesse assigns an implementation manager to the MA

- Vitesse will proceed with introducing the MA to their implementation manager, who will be assigned to them throughout the onboarding process
- Initial discussions with the implementation manager will center around:
  - Assessing relevant binders for FCP based on certain suitability criteria and the MAs preferred approach to FCP (whether binders are already with Vitesse or not)
  - Developing and prioritising an appropriate engagement plan for DCAs and the migration of any funds to FCP

Step 2b: Progress legal discussions around the PPA

- The Vitesse sales team will check in periodically with the MA to ensure completion of the PPA and determine whether further support is required to facilitate this

2a Vitesse assigns an implementation manager to the MA to help them through onboarding

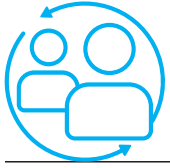**2b** Vitesse and the MA progress legal discussions around the Payment Processing Agreement (PPA)

All binder sections to be flagged as FCP
All sections underneath a binder (and its underlying markets) should be part of FCP.

Note
Where active binders are identified for loading to FCP, it is important that MAs remember to update their contractual clauses on the binder to reflect that the claim processing method will be FCP.

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Onboarding to Vitesse
MA registration and legal compliance

Vitesse **Managing Agent**

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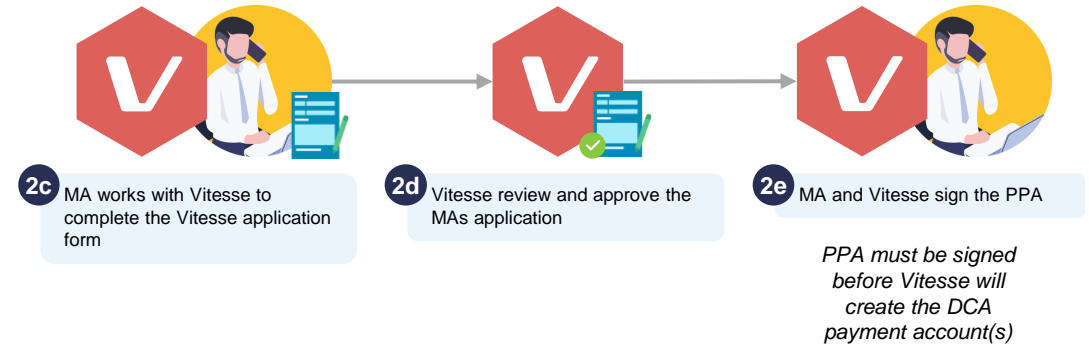### Step 2c: Complete the Vitesse application process

- To provide Vitesse with further information, and to register an account in their system, MAs must complete the application form
- Vitesse's compliance team will work closely with the MA to complete the form and conduct due diligence to gather the necessary information needed for processing

Step 2d: MA application reviewed and approved by Vitesse Compliance

- Vitesse will conduct compliance checks (e.g., identification checks) against the information submitted on the application form while ensuring that all information has been entered correctly
- If there were any gaps on the application form, the Vitesse compliance team may email the MA and ask for additional information

Step 2e: The MA and Vitesse sign the PPA

- Once the MA's legal team has completed the PPA following periodic discussions with Vitesse, the MA should sign the document through Docusign and then issue the PPA back to Vitesse for them to countersign

2c MA works with Vitesse to complete the Vitesse application form

2d Vitesse review and approve the MAs application

2e MA and Vitesse sign the PPA

PPA must be signed before Vitesse will create the DCA payment account(s)
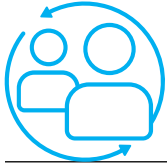
Onboarding to Vitesse

MA training & syndicate funding account set-up

Vitesse   **Managing Agent**

2

Each MA will be requested to nominate an administrator for FCP, who will be invited to participate in system training delivered by Vitesse. Additional MA users will also be established for FCP with appropriate permissions. Vitesse will then set-up the syndicate funding account(s).

Step 3a: Vitesse trains the MA Administrator in the use of the Vitesse platform

- Vitesse will request the MA to nominate an individual within their firm to act as the MA's system administrator in Vitesse

- Vitesse will then provide a demonstration of the Vitesse system, including an overview of the menu structure available to the administrator and the user rights they hold in addition to those held by regular users

- After the demonstration, Vitesse will remain on hand indefinitely to answer any of the administrator's questions as required

3a Vitesse trains the MA Administrator in the use of the Vitesse platform

3b Vitesse establishes MA users with appropriate user permissions

Step 3b: Vitesse establishes MA users with appropriate user permissions

- Vitesse will work with the MA system administrator to establish other MA users with appropriate user permissions in the system

- Any users working in the following capacity will be set up in Vitesse:
    - Those involved in payments (whether as a requestor or as an approver)
    - Those working as part of the accounts team to generate claims payment reports
    - Those needing to view cashbooks and transactional movements of funds

- Once additional users have been onboarded, Vitesse will provide training for MA users to cover a short demonstration of the system – further sessions can be requested as required to supplement their learning of the Vitesse system
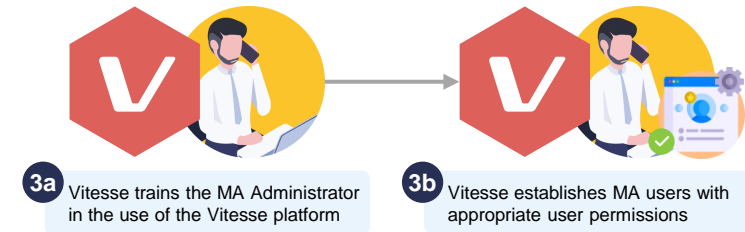
Onboarding to Vitesse

MA training & syndicate funding account set-up

Step 3c: **Create syndicate funding accounts**

- Once MA users have been established, Vitesse will proceed with setting up the MA's syndicate funding account in the system

- As part of the funding account set up, funding levels will be agreed; these can be adapted at any time to support any surges in claim payment demands (e.g., during CAT season).

- Standard settlement instructions (SSIs) will then be issued to the MA that will include the account's bank details for MAs to transfer funds to

New general ledger code to track FCP accounting movements

MAs should consider setting up a new general ledger code in their accounting systems to track FCP accounting movements.

Note

GBP, USD and CAD are the supported currencies for the ARCS weekly replenishment requests sent by Vitesse (see section 6 – FCP replenishment). Therefore, these are the currencies that are supported for Managing Agents' funding accounts within Vitesse.

3a Vitesse trains the MA Administrator in the use of the Vitesse platform

3b Vitesse establishes MA users with appropriate user permissions

3c Vitesse creates the MA's syndicate funding account(s)
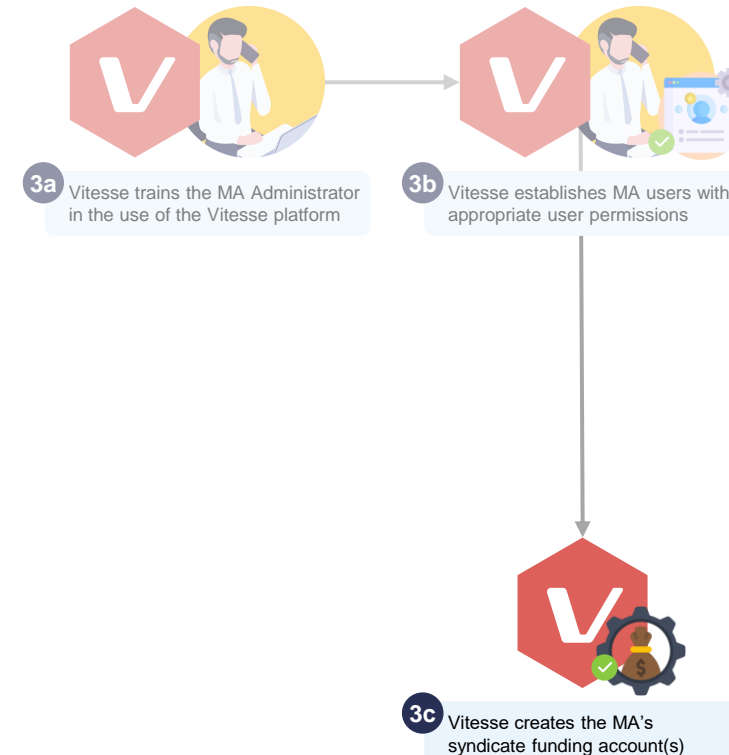
Onboarding to Vitesse
DCA onboarding, training & payment account set-up
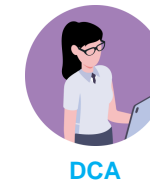
Vitesse will contact DCA(s) identified by the MA to commence discussions around FCP. Tailored system training will be provided, payment accounts will be established and any loss fund binders identified for FCP will be migrated to Vitesse for claim payment processing.

Step 4a: Vitesse contact identified DCAs to onboard them to FCP

- Vitesse will reach out to the DCAs identified in conjunction with the MA (see step 2a) to kick-off conversations, introduce FCP and discuss any funds that need to be moved across into FCP

- Discussions will then center around whether the DCA is able to integrate any of their own payment systems with Vitesse, where relevant – there are 3 ways a DCA can facilitate payments in Vitesse:

    - **Vitesse Web-portal** – DCAs can log and submit/approve payments directly in the web-portal

    - **Batch upload** – DCAs can upload a batch file of mass payments and submit this via the web-portal

    - **Full connectivity with Vitesse via API integration (recommended)** – Vitesse can work with the DCA to provide system to system connectivity with little to no manual intervention when processing payments. This is the strongly recommended route to avoid risk of error and ease of submission.

Step 4b: Vitesse provides training to DCAs

- As with the MAs, Vitesse will provide DCAs with a demonstration of the Vitesse system, including an overview of the menu structure, the web-portal (as required) and how to perform key activities in the system (e.g., payment submissions, reconciliation, reporting etc.)

- After the demonstration, Vitesse will remain on hand indefinitely to answer any of the DCAs' questions as required

4a Vitesse contact identified DCAs to onboard them to FCP

4b Vitesse provides training to DCAs

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Onboarding to Vitesse

DCA onboarding, training & payment account set-up
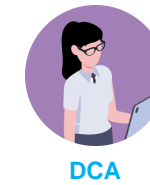
Step 4c: Vitesse establishes DCA users with appropriate user permissions

- Vitesse will work with the DCA to configure the appropriate user account set up and access controls for each new user who will use Vitesse in the following capacity:
  - Those involved in payments (whether as a requestor or as an approver)
  - Those working as part of the accounts team to generate claims payment reports
  - Those needing to view cashbooks and transactional movements of funds
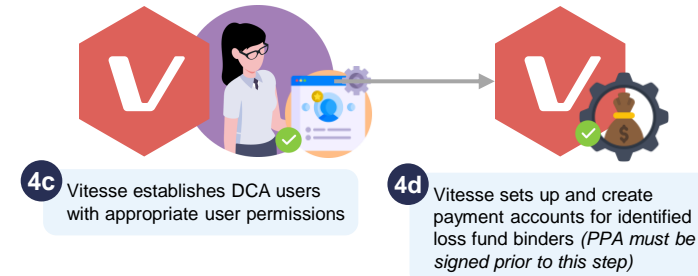
Step 4d: Vitesse sets up and create payment accounts for identified loss fund binders

- Vitesse will establish payment accounts in the system so that DCAs can process payments
- Payment accounts will be distinguished by UMR and other key binder data including policy reference and YOA linked to existing syndicate funding accounts held by the MA
- Vitesse will also provide appropriate user group visibility (security groups) to the DCAs against each payment account they will need to manage

4c Vitesse establishes DCA users with appropriate user permissions

4d Vitesse sets up and create payment accounts for identified loss fund binders *(PPA must be signed prior to this step)*

Onboarding to Vitesse

DCA onboarding, training & payment account set-up

Step 4e: Plan and execute migration of identified loss fund binders into FCP

- Working with the DCAs and brokers, Vitesse will establish a plan on how funds will be moved into FCP
- It is important that the funds in question have been fully reconciled before they are moved across to Vitesse

4e Vitesse, brokers and DCAs plan and execute migration of identified loss fund binders into FCP

4f Vitesse confirm MAs' visibility of the payment accounts

Step 4f: Confirm MAs' visibility of payment accounts

- Once funds have been migrated and are active, Vitesse will confirm with the DCA that they can see the payment accounts
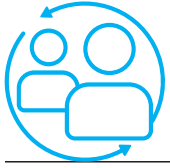
New placement or Renewal of a binder

Continue to section 3

Note

Steps 4a – 4f will be repeated until all DCAs and their funds have been onboarded to FCP via the Vitesse system.

Onboarding to Vitesse
Account Structure within Vitesse

Each syndicate has one Trust Account which provides funds to top up the Funding Account

MA Syndicate Trust Fund

Weekly: An ARCS pull is made to draw funds from the MA trust account into the Vitesse Funding account to restore it to the balance agreed with the MA

Each syndicate has one funding account which provides funds for all of their associated payment accounts

MA Syndicate Funding Account
Pre-agreed Base Balance

Per transaction: For every payment made a liquidity pull is made which moves funds from the Vitesse Funding account to the payment account, to return the payment account to a zero balance

Each binder has an associated payment account(s)

Payment Account   **Payment Account**   **Payment Account**

Per transaction: Each claim payment transaction is paid from the payment account, temporarily taking the balance from zero to being overdrawn

Claim payments are made by DCAs from payment accounts

Claim payment   **Claim payment**   **Claim payment**

Key
- Claim Payment Process
- Vitesse accounts
- ARCS scheduled liquidity process
- → Cash movement

Each payment account set up defaults to a £150,000 (or currency equivalent) per claim limit. The Lead MA should review this amount and amend accordingly to ensure this amount aligns with the binding authority limits set for the DCA.

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The Future at Lloyds
Delegated Authority Faster Claims Payment

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

New placement or Renewal of a binder
Overview (section applicable to new binders and renewals)

MAs should determine the suitability of their binder contracts for FCP during contract negotiations. Selected binders must be accurately registered in DCOM so that contract information can be shared with Vitesse to establish DCA payment accounts. Each payment account is linked to syndicate funding accounts based on appropriate binder splits.

Note: active binders can also be loaded onto FCP. This can be done during the onboarding stage (see section 2 – Onboarding to Vitesse) or at a later stage (see section 4 – Transfer of an active binder).

Selecting binders for loading onto FCP via Vitesse

MAs and brokers must consider the suitability of these binders for inclusion in FCP during contract negotiations, using the following guiding criteria:

- ✓ Lloyd's singleton and subscription binders are in scope, however all MAs, brokers and DCAs must be 'FCP ready'

- ✓ The policy order has been placed 100% in the Lloyd's market

- ✓ Funding accounts will be set up in any of the following currencies: USD, GBP or CAD

Establishing DCA payment accounts

After a binder has been selected for FCP, the broker must register this in DCOM and flag it as 'FCP', with accurate section information and signed line splits recorded.

Once the registration is approved by the lead MA, brokers should send the binder information from DCOM to Vitesse so that the payment account that the DCA will make claim payments from can be established.

The payment accounts will be linked to the relevant syndicate funding accounts. The following data will be recorded against each payment account: UMR, Section ID, Policy Reference, Year of Account.

It is therefore extremely important that all binder data registered in DCOM is recorded correctly so that payments are drawn from the syndicate funding account in Vitesse in the correct proportions.

The **payment accounts will be defaulted to £150.000 or currency equivalent**, the MA should review this to ensure this amount aligns with the binding authority limits set for the DCA.

FCP – selecting an appropriate first binder

Broker + Managing Agent(s)

We recommend following the path below on your FCP journey to best develop your understanding / experience of FCP. If you don't have any suitable binders in the first step, please do consider the other scenarios so you can start to benefit from this improved way of managing your loss funds.

We also recommend to look at 2021/22 YOAs with a view to moving across those binders whose claims activity has timely and accurate processing and loss fund management today.

New, or renewal of, Lloyd's singleton binder (1 or more sections)

The simplest scenario – managing agents can focus on embedding the FCP processes alongside their DCA partner, without the complexity of a follow market

New, or renewal of, Lloyd's subscription binders, this may be with a single section

Lead managing agents will need to ensure the follow market is onboarded onto FCP and has adequately funded their funding account within the Vitesse platform

New, or renewal of, Lloyd's multi-section binder, with additional subscribing syndicates

Lead managing agents will need to ensure the follow market is onboarded onto FCP and has adequately funded their funding account within the Vitesse platform, across all sections

Above scenarios, transitioning part-way through the binder period

In transitioning active binders, managing agents should consider whether the loss fund position is properly reconciled before moving over to FCP to avoid complications in accounting at the end of the year

The following scenarios are currently out of scope:

- Lloyd's Europe CAAs (including dual binders)
- Non DCA binders i.e., where the coverholders have claims authority
- Mixed markets and any policy with an order of less than 100%
- Canadian binders that utilise Lineage
- Binders where the funds are not held in USD, GBP or CAD
- Binders with multiple coverholders

Where any binder is selected, the following should be considered:

Binder data must be complete and accurate on DCOM

Managing agent Claims, Operations and Finance teams have attended FCP training

DCA is fully onboarded to FCP and understands payment and reconciliation processes

Brokers have confirmed their teams understand the non-cash bordereau process in the context of FCP

New placement or Renewal of a binder
Key changes for brokers, MAs and DCAs

What's changing?

- During contract negotiations with the broker, the lead MA will need to determine whether the claims funding method for the binder contract should follow FCP

- For contract binders using FCP for claims settlement, brokers will need to verify that all MAs on the binder have been onboarded to Vitesse. View list of onboarded MAs published on the *Limoss website here*

- The relevant clause relating to FCP must be included on the binder contract by the broker *(Download the clause wording here)*

- Binders registered in DCOM will need to be flagged by the broker as 'FCP'

- All other MA participants will need to carefully review the binder details (in DCOM as well as the binder clause itself) to understand whether FCP applies

- Brokers and MAs will need to confirm that the section information and signed line splits are accurate for FCP binders registered in DCOM – this will ensure the information is accurately reflected in Vitesse so that payments are drawn from the syndicate funding account in the correct proportions

- Brokers will need to issue the approved FCP binder information in DCOM to Vitesse, and send updated information every time there is an endorsement on the binder

- Payment accounts will be set up in Vitesse for DCAs to make claim payments from – these will be linked to the relevant syndicate funding accounts in Vitesse belonging to the MA

What's NOT changing?

- Brokers must still register all binders in DCOM accurately, whether or not FCP is used as the claims funding method

- Brokers will still submit the binder information entered in DCOM to DXC for technical accounting and processing

LLOYD'S

New placement or Renewal of a binder

Binder placement summary and checklist

Broker   **Managing Agent**   **DCA**

Binder placement in FCP

Key steps for MAs:

1. Determine if the funding method should be FCP and advise the DCA when they are appointed on the binder
2. Ensure the DCA agreement on the binder reflects the decision to use FCP as the claims funding method
3. Review and approve the binder contract in DCOM (checking all sections are flagged as FCP)
4. Determine additional funds required to process the binder and transfer to the syndicate funding account
5. Review the £150.000 default payment limit to ensure this aligns with the binding authority limits set for the DCA

Key steps for brokers:

1. Verify all MAs on the contract are onboarded to FCP. List can be accessed here
2. Include an additional FCP clause in the binder contract. Clause wording can be downloaded here
3. Enter binder details in DCOM, ensuring the sections and binder splits are accurate and flagging all sections as 'FCP'
4. Once approved by the lead MA, send the binder contract information to Vitesse for processing

Key steps for DCAs:

1. DCAs must be aware what binder section each payment account relates to for FCP; they can do this by checking the account 'properties' tab in Vitesse which will display key binder information including section identifiers

Binder placement checklist

Before loading binders onto FCP, ensure:

- ✓ MAs and brokers have determined the suitability of their binders for processing in FCP and have agreed to the FCP claims funding method during contract negotiations
- ✓ All MAs and DCAs working on any proposed FCP binders are onboarded to the Vitesse platform
- ✓ Brokers have provided all the necessary binder contract information in DCOM that will enable DCAs to correctly make claims payments through the Vitesse platform and perform cash reconciliation
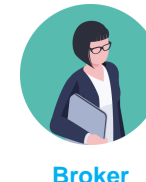
New placement or Renewal of a binder

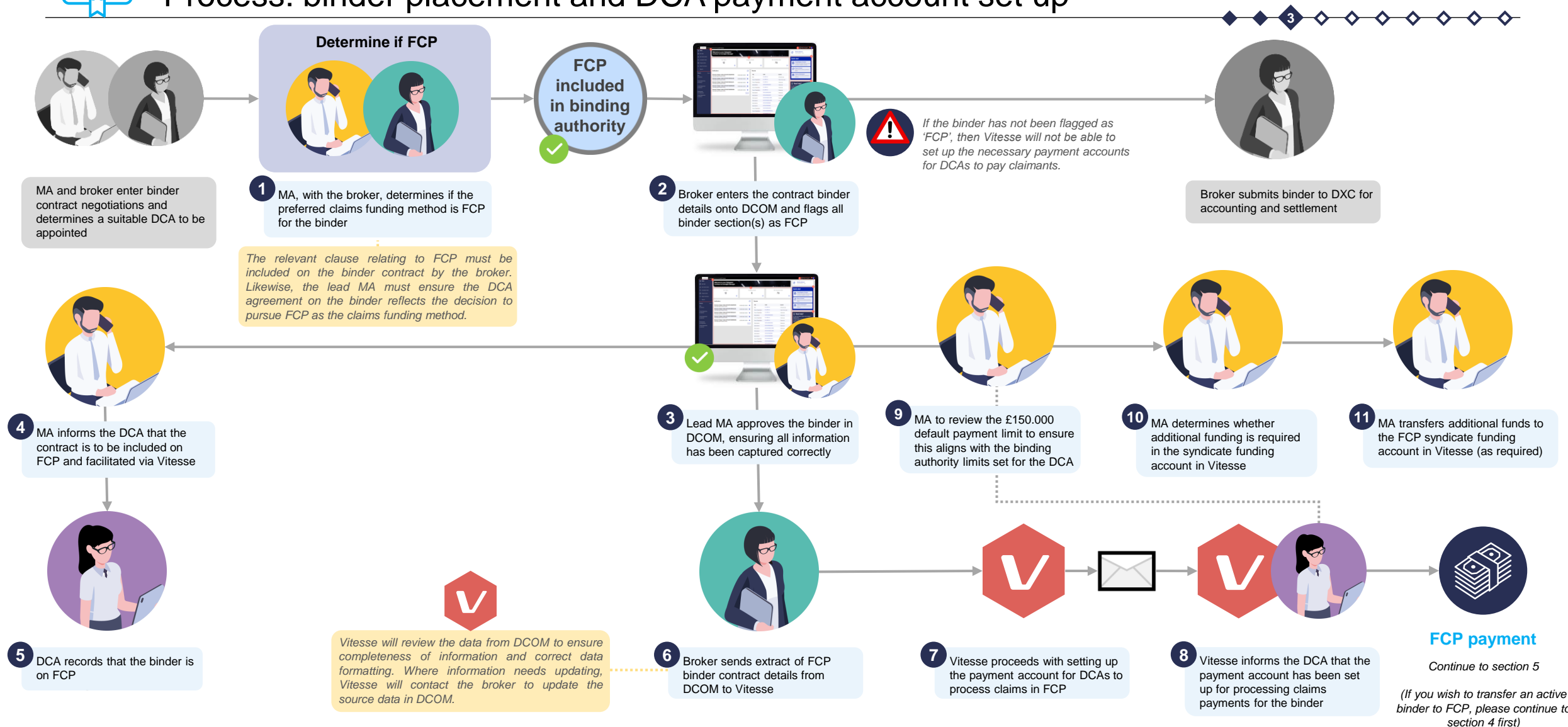## Process: binder placement and DCA payment account set up

Vitesse   **Broker**   **DCA**   **Managing Agent**

Determine if FCP

FCP included in binding authority

If the binder has not been flagged as 'FCP', then Vitesse will not be able to set up the necessary payment accounts for DCAs to pay claimants.

MA and broker enter binder contract negotiations and determines a suitable DCA to be appointed

1 MA, with the broker, determines if the preferred claims funding method is FCP for the binder

2 Broker enters the contract binder details onto DCOM and flags all binder section(s) as FCP

Broker submits binder to DXC for accounting and settlement

The relevant clause relating to FCP must be included on the binder contract by the broker. Likewise, the lead MA must ensure the DCA agreement on the binder reflects the decision to pursue FCP as the claims funding method.

4 MA informs the DCA that the contract is to be included on FCP and facilitated via Vitesse

3 Lead MA approves the binder in DCOM, ensuring all information has been captured correctly

9 MA to review the £150.000 default payment limit to ensure this aligns with the binding authority limits set for the DCA

10 MA determines whether additional funding is required in the syndicate funding account in Vitesse

11 MA transfers additional funds to the FCP syndicate funding account in Vitesse (as required)

5 DCA records that the binder is on FCP

Vitesse will review the data from DCOM to ensure completeness of information and correct data formatting. Where information needs updating, Vitesse will contact the broker to update the source data in DCOM.

6 Broker sends extract of FCP binder contract details from DCOM to Vitesse

7 Vitesse proceeds with setting up the payment account for DCAs to process claims in FCP

8 Vitesse informs the DCA that the payment account has been set up for processing claims payments for the binder

FCP payment

Continue to section 5

(If you wish to transfer an active binder to FCP, please continue to section 4 first)

New placement or Renewal of a binder

Binder contract negotiation: determine suitability for FCP

Broker **Managing Agent**

The broker and lead MA will assess and determine whether a binder is suitable for FCP and should specify this in the binder contract as part of contract negotiations.

Step 1: Determine FCP as the preferred claims funding method during binder contract negotiations

- During binder contract negotiations, the MA(s) will conduct an internal review of the binder contract and appoint a DCA against the binder to manage and process claims payments on the MA(s') behalf

- The MA(s) will then determine the preferred claims funding method – it is at this point that MAs will need to decide whether the binder is suitable for FCP

- If the decision is made to process claims payments via FCP, the broker should verify that all MAs on the binder contract have been onboarded to FCP via the Vitesse system. Full list of onboarded MAs can be accessed here

- Once all MAs have been verified as having access to Vitesse, the broker should include appropriate wording on the binder contract in relation to the processing of claims payments through FCP, including consenting to sharing data between DCOM and Vitesse

- MAs will also need to ensure that the DCA agreement on the binder reflects the decision to process claim payments in FCP.

- MAs should notify Vitesse of the decision to load the binder contract onto FCP, and collectively confirm the start of processing claims payments via FCP

Determine if FCP

MA and broker enter binder contract negotiations

1 DCA is appointed and the MAs determine if the preferred claims funding method is FCP for the binder

The relevant clause relating to FCP must be included on the binder contract by the broker. Likewise, the lead MA must ensure the DCA agreement on the binder reflects the decision to pursue FCP as the claims funding method.

Agreement on using FCP for claims funding
*FCP is only appropriate as a claims funding method if all parties on the binder contract are signed up to FCP.*

Onboarding of MAs to Vitesse
In the event not all MAs and the DCA are onboarded onto FCP, they should work with Vitesse to complete the onboarding steps and determine how Vitesse can help them get ready for FCP (refer to section 2 – 'Onboarding to Vitesse' for more information).

Wording for the binder contract and DCA agreement can be downloaded here

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New placement or Renewal of a binder

Enter FCP contract binder details in DCOM

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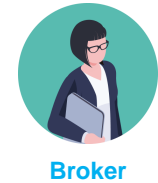
Contract binders determined as suitable for FCP must continue to be registered in DCOM and marked as 'FCP' prior to submission to DXC for technical accounting and processing.

Step 2: Enter binder contract details in DCOM and flag relevant sections as FCP

- With the binder determined as being suitable for FCP, and the binder contract agreed by the lead MA, the broker must proceed with registering the binder onto DCOM

- **It is important that the broker flags all binder sections as 'FCP' within DCOM and confirms that the section information and signed line splits are accurate** – this information is vital to ensure these are accurately reflected in Vitesse so that payments are drawn from the syndicate funding account in the correct proportions

FCP included in binding authority

If the binder has not been flagged as 'FCP', then Vitesse will not be able to set up the necessary payment accounts for DCAs to pay claimants.

2 Broker enters the contract binder details onto DCOM and flags all binder section(s) as FCP

DCOM binder not flagged as FCP

If the binder is not flagged as 'FCP' during placement, then Vitesse will not receive the necessary data to create DCA payment account(s) which will hold up payments to claimants. In the event the binder has not been flagged, the DCA should contact the MA, who with the broker should then update the binder details in DCOM, ensuring the FCP flag has been applied. This will then enable Vitesse to create the necessary payment accounts for claims payments to be made.

FCP flag on binder renewals

For renewals, the FCP flag in DCOM is not carried forward automatically on the binder. The lead MA will have to (re)select the FCP flag on binder renewals so that Vitesse can pull the binder information across for claims payment processing in FCP.

DCOM and FCP

The correct section information and signed line splits are vital to ensure these are accurately reflected in Vitesse so that payments are drawn from the syndicate funding account in the correct proportions.

Top tip

For further information on how to register binders in DCOM, whether as new business or as part of a contract renewal, existing DCOM users should reference the following knowledge article on the Lloyd's Market Support Centre portal: *How to create a registration*

New placement or Renewal of a binder

Record FCP as the agreed claims funding method on the binder contract
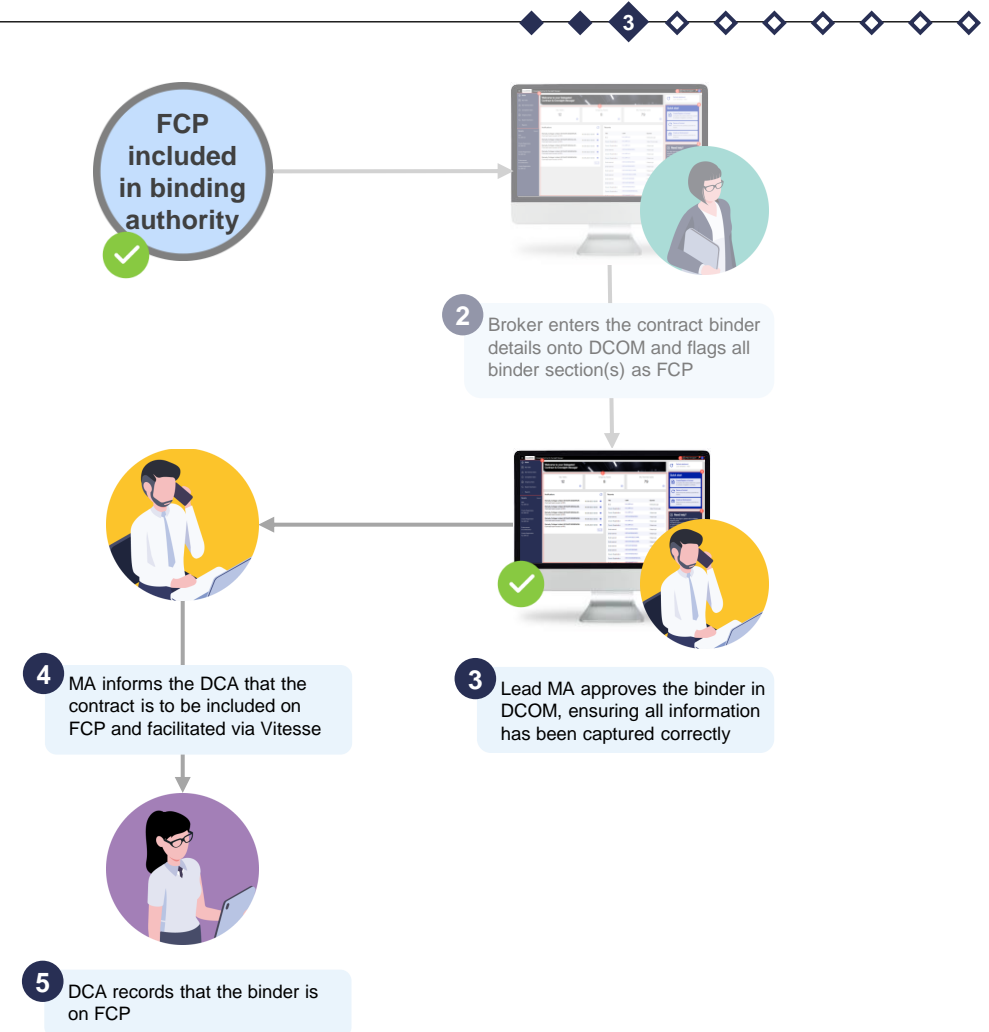
Managing Agent   **DCA**

MAs should liaise with their DCAs on the decision to facilitate their binder(s) through FCP, ensuring the binder(s) have been registered correctly in DCOM so that claims payments can be facilitated in Vitesse.

Step 3: Approve binder in DCOM (linked to step 2)

- After the broker has entered the binder contract details in DCOM (see step 2), the lead MA will review the binder information entered to ensure all information has been captured correctly
- If all binder information has been entered correctly, the lead MA should approve the binder in DCOM

Steps 4 & 5: Inform DCA of contract inclusion in FCP and record that the binder is to be processed via FCP

- Once the MA(s) have approved the binder in DCOM, the lead MA should inform the appointed DCA on the binder of the FCP arrangement
- The DCA should subsequently record that the binder will use FCP to process claims payments – it is the DCAs decision how best to record this

FCP included in binding authority

2 Broker enters the contract binder details onto DCOM and flags all binder section(s) as FCP

4 MA informs the DCA that the contract is to be included on FCP and facilitated via Vitesse

3 Lead MA approves the binder in DCOM, ensuring all information has been captured correctly

5 DCA records that the binder is on FCP

New placement or Renewal of a binder

Receive binder information from DCOM and set up payment accounts

Vitesse

Upon approval in DCOM, the broker must send an extract of the binder data to Vitesse to ensure the latest binder information can be used in establishing the DCA payment accounts within the platform.

Step 6: Issue extract of binder contract details from DCOM to Vitesse

- Once the binder contract is live in DCOM, the broker should send the binder details to Vitesse (fcpsupport@vitessepsp.com) so they can proceed with setting up payment account(s) for DCAs

- The data that Vitesse will use in setting up the payment account(s) (e.g., UMR, Section ID and signed lines splits) must match the binder contract information in DCOM

- Brokers should send Vitesse updated binder information every time there is a active binder change/endorsement on the contract so that the latest data can be referenced
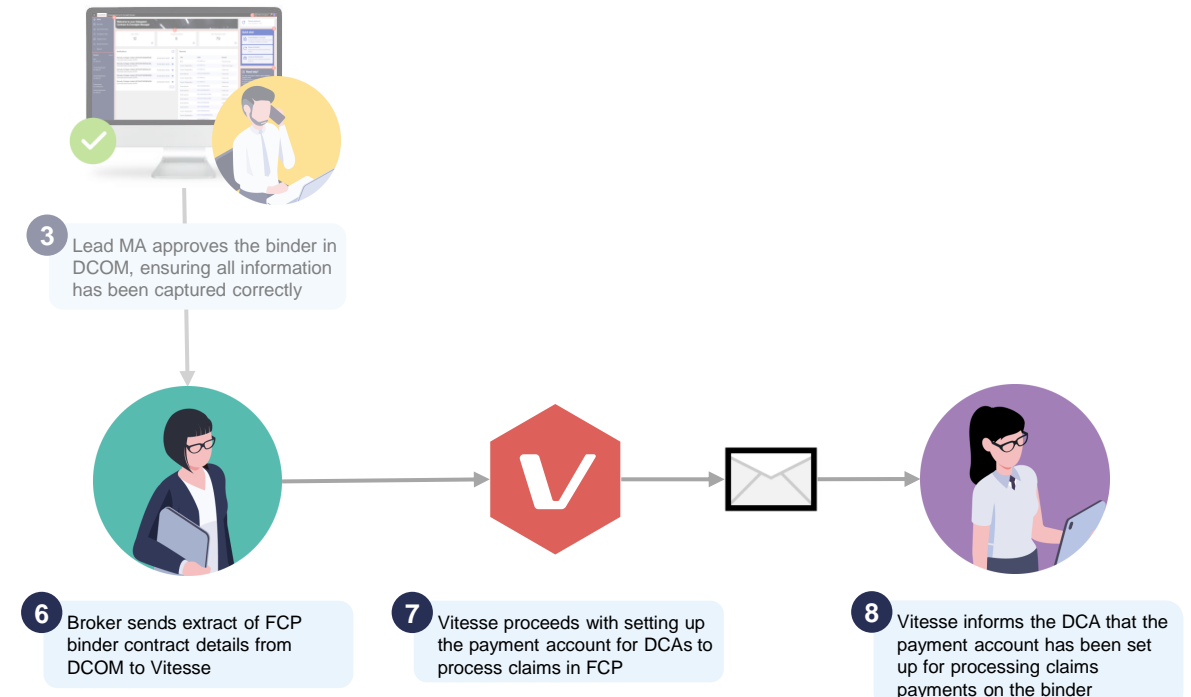
Steps 7 & 8: Set up DCA payment account in Vitesse and inform the DCA

- Vitesse will proceed with setting up the payment accounts associated with each binder section so that DCAs can process claims payments – payment accounts will be set up at the lowest level to aid reconciliation and reporting

- The set up of payment accounts will be linked to their respective syndicate funding accounts via **'UMR'**, **'YOA'**, **'Section ID'** and **'Signed Lines'**

- New payment accounts will be established with a balance of '0', and set by **'UMR', 'YOA'** and **Section**

- During account creation, Vitesse will assign the DCA as an administrator on the payment account and then assign the relevant user controls and access rights based on the tasks the DCA will need to perform against the account

- Once the payment account has been fully set up, Vitesse will notify the DCA

DCOM binder data – validation checks by Vitesse

Vitesse will review the data from DCOM to ensure completeness of information and correct data formatting. In the event the binder data fed across to Vitesse fails the validation checks, or where information needs updating, Vitesse will contact the broker to update the source data in DCOM.
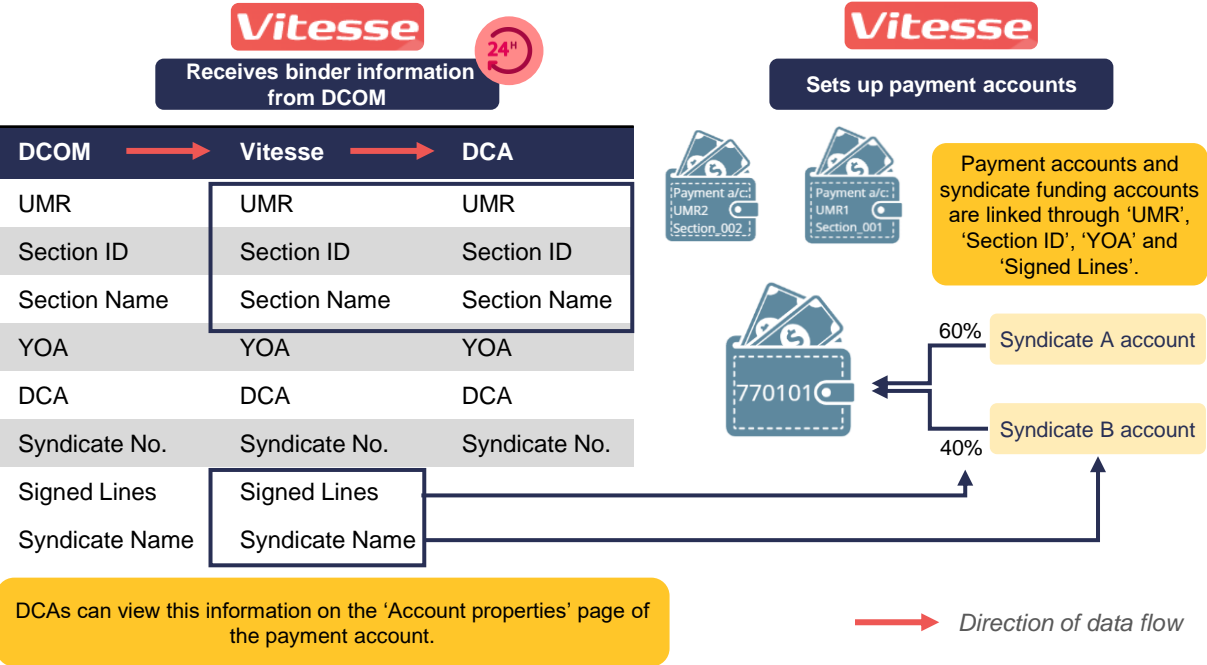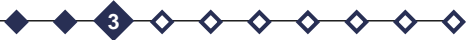
3 Lead MA approves the binder in DCOM, ensuring all information has been captured correctly

6 Broker sends extract of FCP binder contract details from DCOM to Vitesse

7 Vitesse proceeds with setting up the payment account for DCAs to process claims in FCP

8 Vitesse informs the DCA that the payment account has been set up for processing claims payments on the binder

New placement or Renewal of a binder

Data flow from DCOM to DCA via Vitesse when Vitesse onboards FCP binders

Vitesse — Receives binder information from DCOM

Vitesse — Sets up payment accounts

DCOM →	Vitesse →	DCA
UMR	UMR	UMR
Section ID	Section ID	Section ID
Section Name	Section Name	Section Name
YOA	YOA	YOA
DCA	DCA	DCA
Syndicate No.	Syndicate No.	Syndicate No.
Signed Lines	Signed Lines	
Syndicate Name	Syndicate Name	

DCAs can view this information on the 'Account properties' page of the payment account.

Payment a/c: UMR2 Section_002

Payment a/c: UMR1 Section_001

Payment accounts and syndicate funding accounts are linked through 'UMR', 'Section ID', 'YOA' and 'Signed Lines'.

770101

60% — Syndicate A account

40% — Syndicate B account

→ Direction of data flow

Data flow between DCOM and Vitesse
In the event binder information is missing or has been incorrectly formatted in DCOM, the Vitesse team will inform the broker to update the source data in DCOM.

Note
In the event of a large claim payout caused through a major catastrophe, Vitesse will set up a separate payment account with the Lloyd's CAT code included in the account name.

Top tip
DCAs can access the binder information associated with their payment account(s) via the 'Account properties' page.

Top tip
It is important that the DCA records their payment account information internally so that they can instruct payments effectively from the Vitesse platform.

High level roles in Vitesse available to DCAs to manage payment accounts:

- System administrator
- Payment uploader
- Payment approver
- Reporting
- Balance alerts
- Notifications
- View only

Multiple roles can be assigned to individual users. Vitesse will have provided a full breakdown of the roles a DCA can be assigned during onboarding.
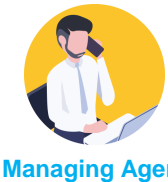
FCP payment account name configuration:

- Syndicate number
- YOA
- Risk code
- Broker
- UMR
- Currency
- Policy number (MA-specific e.g., 0000_22_A_ABC_B012322RISK123_USD_AB123)

On request Vitesse can include CAT codes within the payment account name.

New placement or Renewal of a binder

Review payment account limits and syndicate funding account in Vitesse
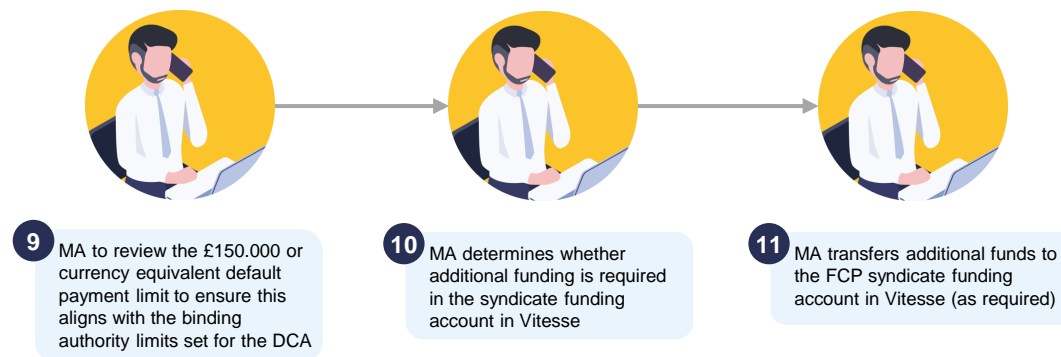
Managing Agent

3

After the lead MA has approved the FCP binder in DCOM, MAs should consider the default payment account limit and secondly decide whether any additional funding needs to be transferred to their funding account in Vitesse.

Steps 9 - 11: Determine and review payment account limits and transfer any additional funds required against the syndicate funding account

- Following approval of the binder in DCOM, MAs should review the £150.000 or currency equivalent default payment limit to ensure this aligns with the binding authority limits set for the DCA

- MAs should also assess whether additional funding is required at this point against their syndicate funding account in Vitesse

  Transferring funds to the syndicate funding account in Vitesse

- Once the additional funding amount has been established (where applicable), the MA(s) should transfer the funds to the syndicate funding account using their account bank details (the funding bank details will be available in the account properties tab within the Vitesse platform)

- Once the funds have been transferred, MAs will be notified via Merchant Liquidity notifications within Vitesse (if these have been enabled) that the account has been successfully topped up

- The MA should also consider if their funding thresholds need to be adjusted

9 MA to review the £150.000 or currency equivalent default payment limit to ensure this aligns with the binding authority limits set for the DCA

10 MA determines whether additional funding is required in the syndicate funding account in Vitesse

11 MA transfers additional funds to the FCP syndicate funding account in Vitesse (as required)

FCP payment

Continue to section 5

(If you wish to transfer an active binder to FCP, please continue to section 4 first)

Top tip

Transferring funds to the syndicate funding account can either be done at the point of account creation, during binder placement or active binder adjustment, and on an ongoing basis to cater for any required surge funding.

Top tip

When considering whether to add additional funds, MAs can review past binders to see what has previously been an appropriate funding level, or they can reach out to their Actuary dept. for assistance on determining a suitable funding level.

Note

MA finance teams can set up rules to automatically assign ARCS replenishments to aid reconciliation by using the ledger posting details from their Early Settlement Advice notice which will be sent by Lloyd's and includes the tab number.

New placement or Renewal of a binder
Best practice

New placement or Renewal of a binder best practice

If using FCP as the claims funding method, then the MA and broker need to agree this during binder contract negotiations

All MAs and DCAs that are due to work on any binders being loaded onto FCP must first be fully onboarded onto the Vitesse platform

FCP clause must be included in the binder contract by the broker. Likewise, the lead MA must ensure the DCA agreement on the binder reflects the decision to use FCP

After the broker has registered a binder in DCOM, the lead MA must confirm accuracy of section information and signed line splits and ensure all sections have been flagged as 'FCP'

Lloyd's Faster Claims Payment (FCP) BAA and DCAA Endorsements

The LMA's DA Wordings Group has published endorsements to the Binding Authority Agreement (BAA) and Delegated Claims Administration Agreement (DCAA) for use where all parties to the BAA or DCAA are contracted with Vitesse and have agreed to use the FCP solution, so that data in relation to claims payments can be shared with Vitesse when FCP is used.

The BAA Endorsement will give the lead the authority to approve the transfer of data to Vitesse on behalf of the follow market(s).

These endorsements should therefore be attached to all BAAs and DCAAs on which FCP is to be used.

Download the wording for the Clauses here

The Future at Lloyds
Delegated Authority Faster Claims Payment

Transfer of an active binder
Overview

To transfer active binders onto FCP, MAs must first ensure the existing loss fund is reconciled before it is repatriated upon the transition to FCP. Once this is confirmed, the endorsement can be processed in DCOM and Vitesse will proceed with setting up DCA payment accounts.

Selecting active binders for loading onto FCP

During onboarding to Vitesse, or at a later stage, MAs may decide to transfer existing binders for processing claim payments in FCP. When selecting which binders to transfer, MAs must consider the suitability of these binders using the following guiding criteria:

✅ Lloyd's singleton and subscription binders are in scope, however all MAs, brokers and DCAs must be 'FCP ready'

✅ The policy order has been placed 100% in the Lloyd's market

✅ Funding accounts will be set up in any of the following currencies: USD, GBP or CAD

Validating the binder transfer and processing the endorsement

Before transferring active binders to FCP, MAs and DCAs must ensure their loss fund account(s) have been reconciled in readiness for the transfer, and that contractual clauses on the binder are updated to reflect this activity. As part of this, MAs and DCAs should check all prior payments, expenses and fees have been accounted for in previous BDX.

Once the binder transfer has been validated, the broker must process the endorsement in DCOM and ensure section information and signed line splits are verified.

After the transition to FCP, MAs, brokers and DCAs can work to repatriate the relevant loss fund to the MA.

Approved binders in DCOM will then be used by Vitesse to establish the DCA's payment account(s) so that claim payments can be processed from the agreed transition date. One final BDX must be processed as cash after the cutover, to account for payments made up to the transition date.

Transfer of an active binder

Key changes for brokers, MAs and DCAs

Broker   **Managing Agent**   **DCA**

What's changing?

- For contract binders pursuing a change to FCP for claims settlement, brokers will need to verify that all MAs on the binder have been onboarded to Vitesse

- All binder sections will need to be flagged/noted as 'FCP' by the broker in DCOM, and when sharing the contract details with Vitesse

- The method of paying claims will move to using payment accounts within Vitesse, rather than a loss fund account

- Payment accounts will be set up in Vitesse for DCAs to manage claims funds – these will be linked to the relevant syndicate funding accounts in Vitesse managed by the MA

- Brokers and MAs will need to confirm that the section information and signed line splits are accurate for binders now flagged as FCP in DCOM – this will ensure the information is accurately reflected in Vitesse so that payments are drawn from the syndicate funding account in the correct proportions

- If binder information in DCOM is not correct, there will be rework required from the broker and MA to correct this
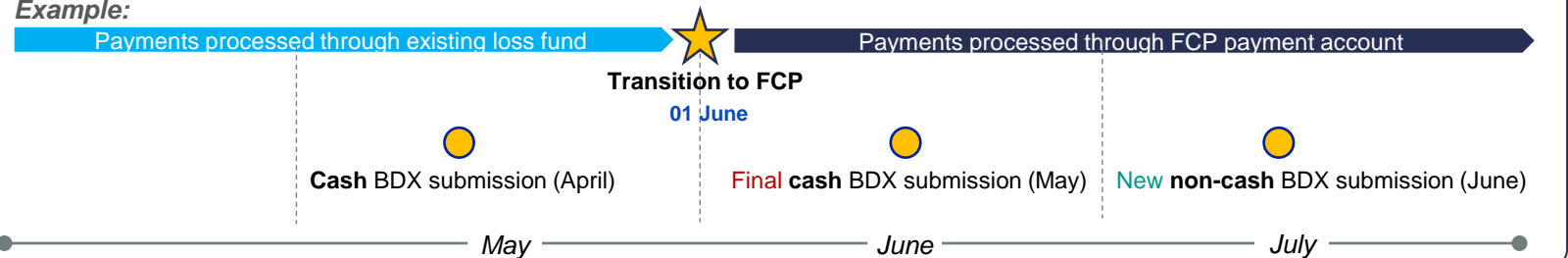
What's NOT changing?

- All other binder details will remain the same, unless other changes are included in the endorsement

- As with all endorsements, brokers must continue to process binder endorsements in DCOM

- Brokers will still submit the updated binder information entered in DCOM to DXC for technical accounting and processing

Submit final cash BDX

Brokers will need to process one final cash BDX after the transition date to account for all payments made through the loss fund up until the transition to FCP. Going forward, the non-cash collection process must be used for payments made in Vitesse.

Example:

Payments processed through existing loss fund | Payments processed through FCP payment account

Transition to FCP
01 June

Cash BDX submission (April)   Final **cash** BDX submission (May)   New **non-cash** BDX submission (June)

May — *June* — *July*

Transfer of an active binder

Existing binder transfer summary and checklist

Active binder transfer to FCP

Key steps for MAs:

1. Identify suitable binders to transfer to FCP
2. Ensure the DCA agreement on the binder reflects the decision to pursue FCP as the claims funding method
3. Confirm the loss fund reconciles against the previous BDX
4. Review and approve the binder contract in DCOM (checking that all sections are flagged as FCP)
5. Determine additional funds required to process the binder and transfer these to the syndicate funding account
6. Agree the transition date with the broker and proceed to close the loss fund account

Key steps for brokers:

1. Verify all MAs on the contract are onboarded to FCP. List can be accessed here
2. Include the additional FCP clause in the binder contract. Access the clause here
3. Process a binder endorsement in DCOM, flag all sections as 'FCP' and ensure the sections and binder splits are accurate as this data is key to ensuring payments are made from the right markets
4. Plan the repatriation of the loss fund in ECF
5. Once the endorsement has been approved by the lead MA, send the binder contract information to Vitesse for processing* (repeat this step with every subsequent endorsement so that Vitesse have the latest information**)

Key steps for DCAs:

1. Ensure all prior payments, expenses and fees have been accounted for in previous BDX
2. DCAs must be aware what binder section each payment account relates to for FCP; they can do this by checking the account 'properties' tab in Vitesse which will display key binder information including section identifiers

Active binder transfer checklist

Before transferring active binders onto FCP, ensure:

- ✓ MAs and brokers have determined the suitability of the binder for using FCP and have agreed to the transfer with all participants on the binder
- ✓ The DCA has reconciled the existing loss fund against previous BDX
- ✓ Brokers and MAs have verified all the necessary binder contract information in DCOM to enable DCAs to correctly make claim payments through Vitesse and perform cash reconciliation

**Once Vitesse has integrated with DCOM, the latest binder information will be pulled through automatically (every 24 hours)

45

Transfer of an active binder

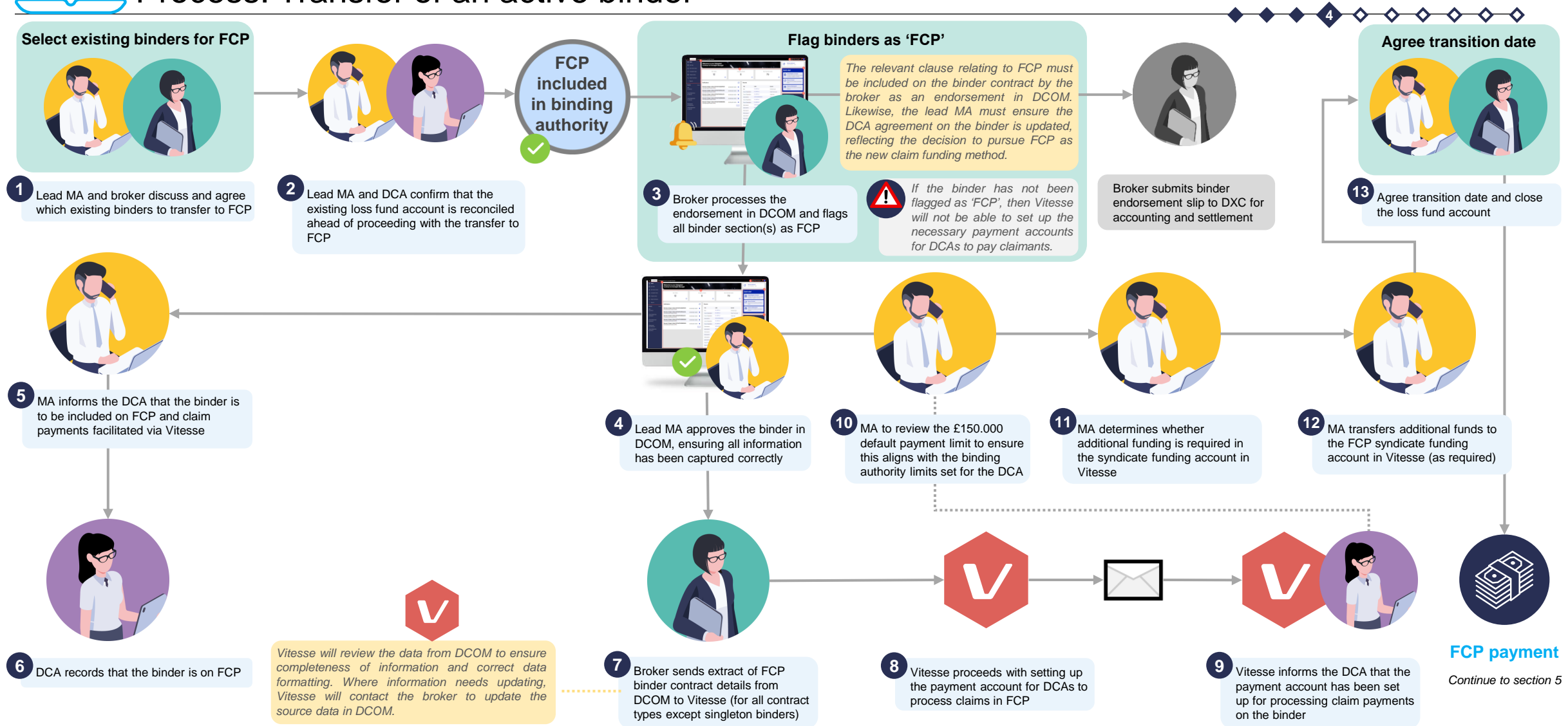## Process: Transfer of an active binder

Vitesse **Broker** **DCA** **Managing Agent**

4

Select existing binders for FCP

**1** Lead MA and broker discuss and agree which existing binders to transfer to FCP

2 Lead MA and DCA confirm that the existing loss fund account is reconciled ahead of proceeding with the transfer to FCP

FCP included in binding authority ✓

Flag binders as 'FCP'

The relevant clause relating to FCP must be included on the binder contract by the broker as an endorsement in DCOM. Likewise, the lead MA must ensure the DCA agreement on the binder is updated, reflecting the decision to pursue FCP as the new claim funding method.

3 Broker processes the endorsement in DCOM and flags all binder section(s) as FCP

⚠️ *If the binder has not been flagged as 'FCP', then Vitesse will not be able to set up the necessary payment accounts for DCAs to pay claimants.*

Broker submits binder endorsement slip to DXC for accounting and settlement

Agree transition date

13 Agree transition date and close the loss fund account

5 MA informs the DCA that the binder is to be included on FCP and claim payments facilitated via Vitesse

4 Lead MA approves the binder in DCOM, ensuring all information has been captured correctly

10 MA to review the £150.000 default payment limit to ensure this aligns with the binding authority limits set for the DCA

11 MA determines whether additional funding is required in the syndicate funding account in Vitesse

12 MA transfers additional funds to the FCP syndicate funding account in Vitesse (as required)

6 DCA records that the binder is on FCP

Vitesse will review the data from DCOM to ensure completeness of information and correct data formatting. Where information needs updating, Vitesse will contact the broker to update the source data in DCOM.

7 Broker sends extract of FCP binder contract details from DCOM to Vitesse (for all contract types except singleton binders)

8 Vitesse proceeds with setting up the payment account for DCAs to process claims in FCP

9 Vitesse informs the DCA that the payment account has been set up for processing claim payments on the binder

FCP payment

Continue to section 5

Transfer of an active binder

Lead MA selects binder to transfer to FCP and agrees with market

Broker **Managing Agent** **DCA**

4

The lead MA will identify which existing binders are suitable to transfer to FCP, and agree this with other parties listed on the contract.

Step 1: Select and agree binder(s) to transfer to FCP

- When selecting which binders to transfer to FCP, MAs must consider the suitability of these binders using the following guiding criteria:

  - ✅ All claim payments can be made by e-cheque and bank transfer

  - ✅ Lloyd's 'singleton' binders are the easiest to onboard onto FCP in the first instance, however subscription binders are also fully eligible

  - ✅ The policy order has been placed 100% in the Lloyds market

- For subscription binders, the lead MA needs to agree the transfer with other MAs and DCA(s) working on the binder section(s)

- The broker should verify that all MAs on the contract have been onboarded to FCP via the Vitesse system; once this is done, the broker should add any accompanying wording to the binder contract in relation to the processing of claims payments through FCP and data sharing between DCOM and Vitesse

Select existing binders for FCP

1 Lead MA and broker discuss and agree which existing binders to transfer to FCP

⚠ Onboarding of MAs to Vitesse

In the event not all MAs are onboarded onto FCP, they should work with Vitesse to complete the onboarding steps and determine how Vitesse can help them get ready for FCP (refer to section 2 – 'Onboarding to Vitesse' for more information)

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Transfer of an active binder

Participants ensure the loss fund reconciles, before the endorsement is processed in DCOM
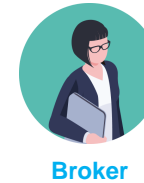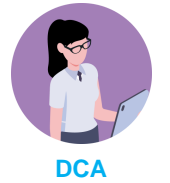
MAs and DCAs should validate the transfer by ensuring the existing loss fund reconciles with the claims BDX. The broker then processes the endorsement in DCOM for binder sections that are transferring to FCP.

Step 2: Validate transfer of binder to FCP, ensuring existing loss fund reconciles

- The lead MA should work with the DCA to validate the binder transfer, first ensuring that the loss fund reconciles against the BDX
- DCAs must check all prior payments, expenses and fees made from the loss fund have been accounted for in previous BDX
- The lead MA must then verify these transactions have been included in the final cash (non-FCP) BDX *(and within previous BDX if not completed already)*, before proceeding with the transfer to FCP; if there are errors, the DCA will need to undertake additional reconciliation and data cleansing for the MA to subsequently approve
- Once the above steps have been completed, the transfer to FCP can take place

Step 3: Process endorsement in DCOM

- With the binder determined as being suitable for FCP, and the transition agreed by the market participants, the broker must proceed with processing the binder endorsement on DCOM
- **It is important that the broker flags all binder sections as 'FCP' within DCOM and confirms that the section information and signed line splits are accurate** – this information is vital to ensure these are accurately reflected in Vitesse so that payments are drawn from the syndicate funding account in the correct proportions

---

FCP included in binding authority

Flag binders as 'FCP'

The relevant clause relating to FCP must be included on the binder contract by the broker as an endorsement in DCOM. Likewise, the lead MA must ensure the DCA agreement on the binder is updated, reflecting the decision to pursue FCP as the new claim funding method.

2 Lead MA and DCA confirm that the existing loss fund account is reconciled ahead of proceeding with the transfer to FCP

3 Broker processes the endorsement in DCOM and flags all binder section(s) as FCP

If the binder has not been flagged as 'FCP', then Vitesse will not be able to set up the necessary payment accounts for DCAs to pay claimants.

DCOM binder not flagged as FCP
If the binder is not flagged as 'FCP' during placement, then Vitesse will not receive the necessary data to create DCA payment account(s) which will hold up payments to claimants. In the event the binder has not been flagged, the DCA should contact the MA, who with the broker should then update the binder details in DCOM, ensuring the FCP flag has been applied. This will then enable Vitesse to create the necessary payment accounts for claims payments to be made.

Including of FCP clause on binder endorsements
The relevant clause relating to FCP must be included on the binder contract by the broker as an endorsement in DCOM. Likewise, the lead MA must ensure the DCA agreement on the binder is updated, reflecting the decision to pursue FCP as the new claim funding method.

Creating an endorsement in DCOM
For further information on how to create an endorsement in DCOM, existing DCOM users should reference the following knowledge article on the Lloyd's Market Support Centre portal:
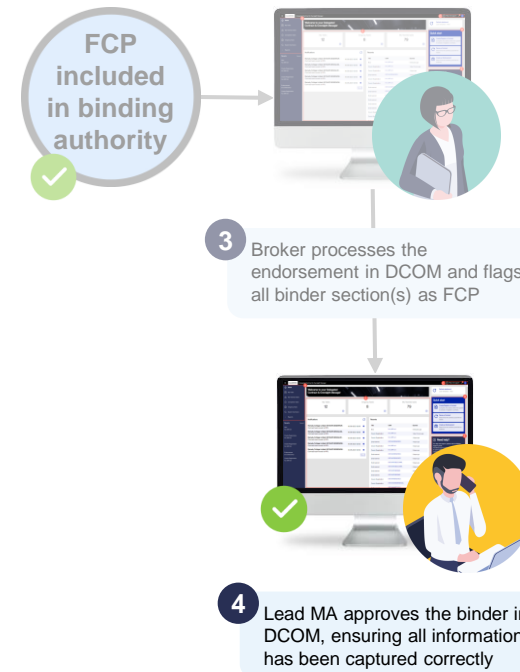*How to create an endorsement*

Transfer of an active binder

MA will review and approve the endorsed binder on DCOM

Managing Agent

The lead MA will review and approve the updated binder in DCOM following the registration of the endorsement, while ensuring correct selection of the FCP 'flag'.

Step 4: Approve binder endorsement in DCOM (linked to step 3)

- After the broker has entered the endorsement details in DCOM (see step 3), the lead MA will review the binder information to ensure all information has been captured correctly

- **MAs should ensure that the broker has assigned the 'FCP' flag against the binder contract and has confirmed that the section information and signed line splits are accurate** – this information will now be used by Vitesse to set up the payment account(s) for DCAs, so it is vital to ensure it is accurate so that payments are drawn from the syndicate funding account in the correct proportions

- If all binder information has been entered correctly, the lead MA should approve the binder update in DCOM

- If the approved binder contract relates to singleton binders, then the MA should now share the binder contract information with Vitesse; all other binder types (e.g., subscription binders) should be shared with Vitesse by the broker

FCP included in binding authority

3 Broker processes the endorsement in DCOM and flags all binder section(s) as FCP

4 Lead MA approves the binder in DCOM, ensuring all information has been captured correctly

Managing Agent   **DCA**

Transfer of an active binder

Record FCP as the agreed claims funding method on the binder contract

MAs should liaise with their DCAs on the decision to facilitate their binder(s) through FCP, ensuring the binder(s) have been registered correctly in DCOM so that claims payments can be facilitated in Vitesse.

Steps 5 & 6: Inform DCA of contract inclusion in FCP and record that the binder is to be processed via FCP

- Once the MA has approved the binder in DCOM, the lead MA should inform the appointed DCA on the binder of the FCP arrangement

- The DCA should subsequently record that the binder will use FCP to process claims payments – it is the DCAs decision how best to record this

5 MA informs the DCA that the contract is to be included on FCP and facilitated via Vitesse

4 Lead MA approves the binder in DCOM, ensuring all information has been captured correctly

6 DCA records that the binder is on FCP
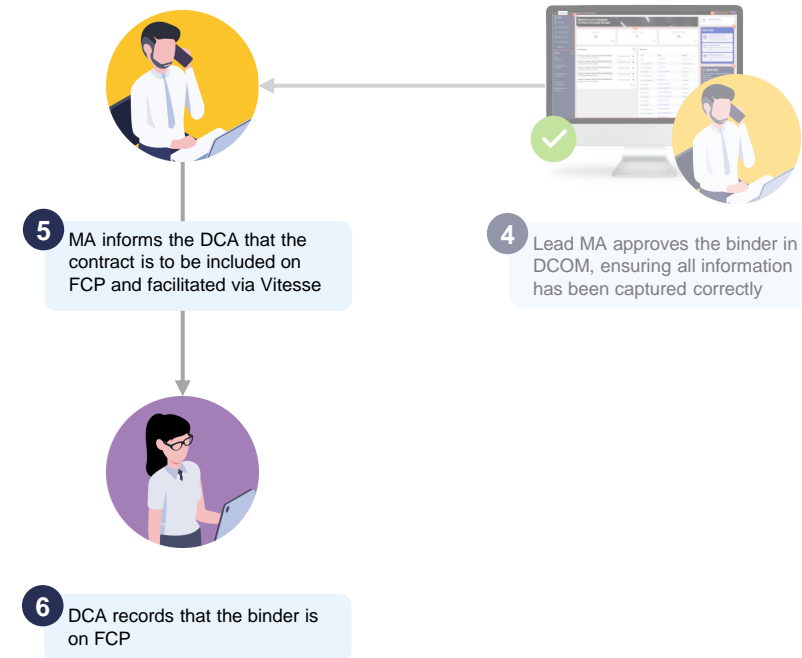
Transfer of an active binder

Receive binder information from DCOM and set up payment accounts

4

Upon approval in DCOM, the broker must send an extract of the binder data to Vitesse to ensure the latest binder information can be used in establishing the payment accounts within the platform.
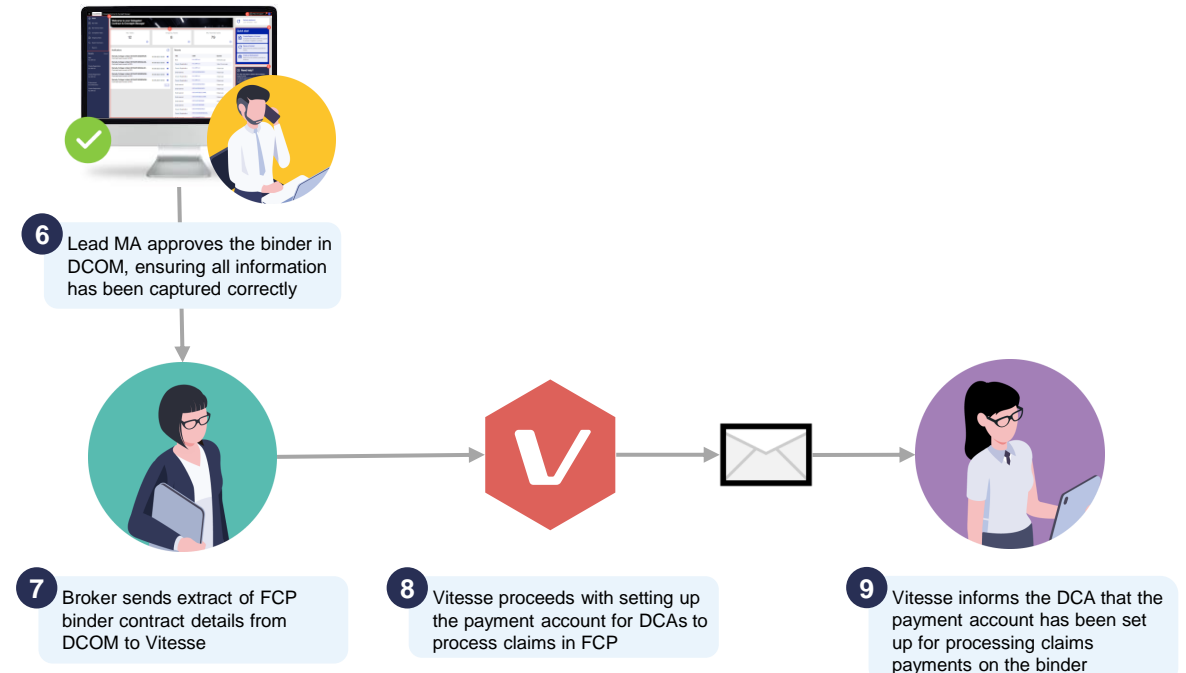
DCOM binder data – validation checks by Vitesse

Vitesse will review the data from DCOM to ensure completeness. In the event the binder data fed across to Vitesse fails the validation checks, or where information needs updating, Vitesse will contact the broker to update the source data in DCOM.

Step 7: Issue extract of binder contract details from DCOM to Vitesse (applicable to all binder contract types except singleton binders)

- Once the binder contract is live in DCOM, the broker should send the binder details to Vitesse (fcpsupport@vitessepsp.com) so they can proceed with setting up payment account(s) for DCAs

- The data that Vitesse will use in setting up the payment account(s) (e.g., UMR, Section ID and signed lines splits) must match the binder contract information in DCOM

- Brokers should send Vitesse updated binder information every time there is a active binder change/endorsement on the contract so that the latest data can be referenced

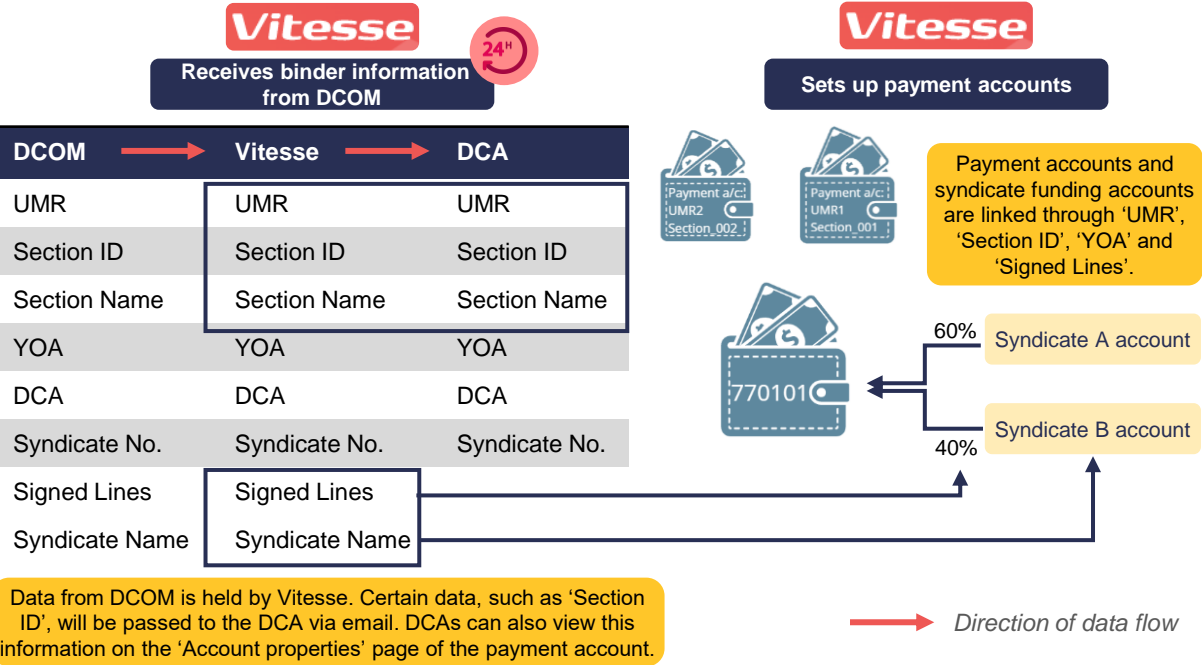**Sharing singleton binder contract information with Vitesse**

If transferring singleton binders to FCP, then the lead MA will be responsible for sending the binder contract information to Vitesse following approval in DCOM, not the broker.

Steps 8 & 9: Set up DCA payment account in Vitesse and inform the DCA

- Vitesse will proceed with setting up the payment accounts associated with each binder section so that DCAs can process claim payments

- The payment accounts will be linked to their respective syndicate funding accounts via **'UMR'**, **'YOA'**, **'Section ID'** and **'Signed Lines'**

- New payment accounts will be established with a balance of '0', and set by **'UMR', 'YOA'** and **'Section ID'**

- During account creation, Vitesse will assign the DCA as an administrator against the payment account and assign the relevant user controls and access rights based on the tasks the DCA will need to perform

- Once the payment account has been fully set up, Vitesse will notify the DCA

6 Lead MA approves the binder in DCOM, ensuring all information has been captured correctly

7 Broker sends extract of FCP binder contract details from DCOM to Vitesse

8 Vitesse proceeds with setting up the payment account for DCAs to process claims in FCP

9 Vitesse informs the DCA that the payment account has been set up for processing claims payments on the binder

Transfer of an active binder

Data flow from DCOM to DCA via Vitesse when Vitesse onboards FCP binders

Vitesse — Receives binder information from DCOM (24H)

Vitesse — Sets up payment accounts

DCOM	Vitesse	DCA
UMR	UMR	UMR
Section ID	Section ID	Section ID
Section Name	Section Name	Section Name
YOA	YOA	YOA
DCA	DCA	DCA
Syndicate No.	Syndicate No.	Syndicate No.
Signed Lines	Signed Lines	
Syndicate Name	Syndicate Name	

Data from DCOM is held by Vitesse. Certain data, such as 'Section ID', will be passed to the DCA via email. DCAs can also view this information on the 'Account properties' page of the payment account.

Payment a/c: UMR2 Section_002
Payment a/c: UMR1 Section_001

Payment accounts and syndicate funding accounts are linked through 'UMR', 'Section ID', 'YOA' and 'Signed Lines'.

770101

60% — Syndicate A account
40% — Syndicate B account

→ Direction of data flow

Data flow between DCOM and Vitesse
In the event binder information is missing or has been incorrectly formatted in DCOM, the Vitesse team will inform the broker to update the source data in DCOM.

Top tip
Vitesse will share the DCA's binder information with them via email following the set up of the payment account. DCAs can also access the binder information associated with their payment account(s) via the 'Account properties' page.

Top tip
It is important that the DCA records their payment account information internally so that they can instruct payments effectively from the Vitesse platform.

Note
In the event of a large claim payout caused through a big catastrophe, Vitesse will set up a separate payment account with the Lloyd's CAT code included in the account name.

High level roles in Vitesse available to DCAs to manage payment accounts:

System administrator
Payment uploader
Payment approver
Reporting
Balance alerts
Notifications
View only

Multiple roles can be assigned to individual users. Vitesse will have provided a full breakdown of the roles a DCA can be assigned during onboarding.

FCP payment account name configuration:

Syndicate number
YOA
Risk code
Broker
UMR
Currency
Policy number (MA-specific e.g., 0000_22_A_ABC_B012322RISK123_USD_AB123)

On request Vitesse can include CAT codes within the payment account name.

Transfer of an active binder

Review payment account limits and syndicate funding account in Vitesse

After the lead MA has approved the FCP binder in DCOM, MAs should consider the default payment account limit and secondly decide whether any additional funding needs to be transferred to their funding account in Vitesse.

Steps 10 - 12: Determine and review payment account limits and transfer any additional funds required against the syndicate funding account

- Following approval of the binder in DCOM, MAs should review the £150.000 default payment limit to ensure this aligns with the binding authority limits set for the DCA
- MAs should also assess whether additional funding is required at this point against their syndicate funding account in Vitesse

Transferring funds to the syndicate funding account in Vitesse

- Once the additional funding amount has been established (where applicable), the MA(s) should transfer the funds to the syndicate funding account using their account bank details (the funding bank details will be available in the account properties tab within the Vitesse platform)
- Once the funds have been transferred, MAs will be notified via Merchant Liquidity notifications within Vitesse (if these have been enabled) that the account has been successfully topped up
- The MA should also consider if their funding thresholds need to be adjusted

10 MA to review the £150.000 default payment limit to ensure this aligns with the binding authority limits set for the DCA

11 MA determines whether additional funding is required in the syndicate funding account in Vitesse

12 MA transfers additional funds to the FCP syndicate funding account in Vitesse (as required)

Top tip
Transferring funds to the syndicate funding account can either be done at the point of account creation, during binder placement or active binder transfer, and on an ongoing basis to cater for any required surge funding.

Top tip
When considering whether to add additional funds, MAs can review past binders to see what has previously been an appropriate funding level, or they can reach out to their Actuary dept. for assistance on determining a suitable funding level.

Note
MA finance teams can set up rules to automatically assign ARCS replenishments to aid reconciliation by using the ledger posting details from their Early Settlement Advice notice which will be sent by Lloyd's and includes the tab number.

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Transfer of an active binder

Managing Agent   **DCA**
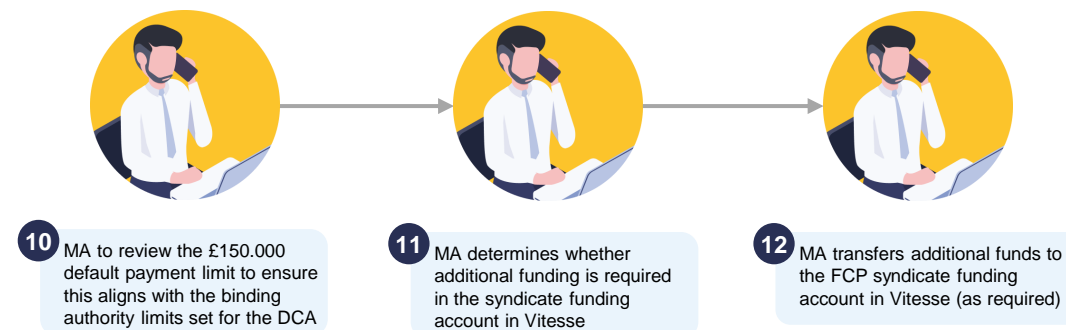
Participants must ensure the existing loss fund reconciles before processing the endorsement
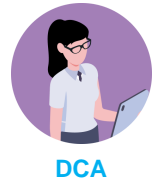
MA will agree the transition date with the DCA and broker, at which point the loss fund can be repatriated to the MAs.

Step 13: Agree transition date to FCP and cleanse the loss fund

- The lead MA will decide the transition date from the loss fund to FCP, and inform the broker and DCA for them to record the change

- Once the transition to FCP has occurred, it is recommended that the lead MA instruct the broker to carry out the repatriation of the existing loss fund

- The broker will request the DCA to transfer the required amount from the loss fund to the broker trust account; once this is completed, and if the account is at a zero balance, the DCA can close the account

- The broker should enter an ECF transaction against the relevant loss fund UCR to initiate the return of the funds to the MA(s)

- The lead MA and DXC will validate and agree the transaction before STFO transfers the funds from the broker trust account to the MA trust account

Agree transition date

13 Agree transition date and close the loss fund account

Repatriating the loss fund
The MA(s) will need to decide with the broker and DCA when is most appropriate to repatriate the loss fund, and whether to repatriate the full value, or keep it open with a residual amount.

Record transition date to FCP
DCAs must record the transition date from loss fund to FCP, to ensure that they use the right accounts for payments around the time of the migration.

Submit final cash BDX
Brokers will need to process one final cash BDX after the transition date to account for all payments made through the loss fund up until the transition to FCP. Going forward, the non-cash collection process must be used for payments made in Vitesse.

Loss funds held within Vitesse
If the existing loss fund used for claims payments is held within Vitesse, then please contact Vitesse to discuss the loss fund repatriation.

FCP payment

Continue to section 5

Transfer of an active binder
Best practice

Transfer of an active binder best practice

| MAs should identify suitable binders to transfer and validate with DCAs that there are no existing reconciliation errors ahead of the transfer | All MAs and DCAs that are listed on any binders being transferred onto FCP must first be fully onboarded onto the Vitesse platform | The FCP transition date must be clearly communicated to all parties working on the binder to ensure payments are made through the correct mechanism | FCP clause must be included in the binder contract by the broker. Likewise, the lead MA must ensure the DCA agreement on the binder reflects the decision to use FCP | Brokers must flag the binder as 'FCP' and confirm the accuracy of section information and signed line splits before sharing the binder details with Vitesse |

Lloyd's Faster Claims Payment (FCP) BAA and DCAA Endorsements

The LMA's DA Wordings Group has published endorsements to the Binding Authority Agreement (BAA) and Delegated Claims Administration Agreement (DCAA) for use where all parties to the BAA or DCAA are contracted with Vitesse and have agreed to use the FCP solution, so that data in relation to claims payments can be shared with Vitesse when FCP is used.

The BAA Endorsement will give the lead the authority to approve the transfer of data to Vitesse on behalf of the follow market(s).

These endorsements should therefore be attached to all BAAs and DCAAs on which FCP is to be used.

Download the wording for the Endorsements here

The Future at Lloyds
Delegated Authority Faster Claims Payment

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

Payments to beneficiaries
Overview

Payment to Policyholder

01 Pay the Beneficiary
- Receive the claim and decide to settle
- Upload a Single or Batch payment in Vitesse
- Receive internal approvals in Vitesse
- Pay the beneficiary

Funding Top-Up

02 Replenish Vitesse
- Vitesse sends ARCS replenishment request
- ARCS processes the request
- STFO transfers the funds to the Vitesse E-Money Hub acounts
- Vitesse disperses the funds into each Syndicate account

Reconcile BDX to Payments

03 Generate and Reconcile the BDX
- Create the monthly Claims BDX
- Reconcile non-cash BDX
- Share the BDX and any supporting documents with the Broker

BDX Upload and Distribution
For all relevant parties

04 Share and Agree the BDX
- Upload and approve BDX in ECF
- Share SCM and BSM messages with Brokers and Managing Agents

Reconcile SCMs to Funding Activity

05 Reconcile SCMs
- MA Finance Teams reconcile SCMs with Vitesse Funding Account top-ups

> DCAs will make payments to beneficiaries via Vitesse. Payment activity should be complete and timely, and payments made must be reflected in the BDX.

Processing claim payments in FCP

For DCAs to issues claims payments against an FCP authorised binder (or where relevant a section under the binder), they must have a payment account set-up in Vitesse for that binder section. The Vitesse platform enables DCAs to send payment requests individually or by a batch process. Both bank transfers and e-checks (cheques) are payment methods supported by Vitesse.
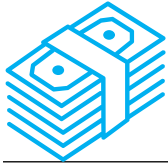
Vitesse will work with DCAs to configure their user profiles (e.g., to establish them as a claims processor or claims approver) in order to process payments in Vitesse. The lead MA will have selected relevant binders (singleton and subscription) for the appointed DCA to manage, based on suitability criteria for FCP.

What does processing claim payments through FCP enable?

- DCAs can readily access MA funds to pay beneficiaries and improve the customer experience for the policyholder
- It eliminates the need for cash calls
- It improves transparency of payment transactions for the MAs

Payment Limits

- All payment accounts will have a default payment limit of £150.000. Managing Agents can override this to increase the limit if necessary.

Payments to beneficiaries

Key changes for DCAs

DCA

What's changing?

- A payment account will be created in Vitesse for each binder (or where relevant a specific binder section) that will use FCP

- DCAs will be given access to the payment account(s) they are named on, enabling them to make payments to beneficiaries directly via Vitesse where the payment route is selected

- DCAs will be required to assign the role of an administrator in the Vitesse platform; the administrator will be required to assign individuals within the DCA to approver roles who can authorise requested payments

- DCAs will not need to internally manage MA funds via traditional loss funds as funding accounts will be set-up by MAs in Vitesse for FCP

- For DCAs that already use Vitesse to make payments, Vitesse transaction fees will no longer appear in the account cashbook for FCP payment accounts

- DCAs are strongly encouraged to integrate their CMS* with Vitesse via API to issue payment instructions directly to Vitesse, resulting in quicker and more automated processing of claims payments to the policyholder and reducing re-keying errors that may impact reconciliation

What's NOT changing?

- DCAs already using Vitesse will still be able to view their requested money movements

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Claims Management System
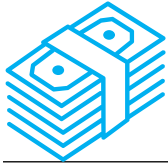
Payments to beneficiaries
Payment to beneficiaries summary and checklist
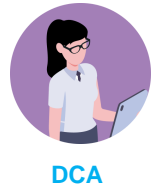
DCA

Request a beneficiary payment through Vitesse

Key steps for DCAs:

1. Submit a payment request through Vitesse
2. Resolve payment failures
3. Approve requested payments in Vitesse
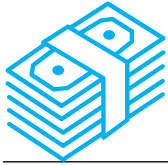
Payment checklist

Before requesting a payment through Vitesse, ensure:

- ✅ Vitesse payment accounts can be identified and associated with FCP binders by the DCA
- ✅ DCAs are aware of their authority limits on payment accounts as set by the MAs
- ✅ DCAs and MAs are aware of the alerts/notifications they can configure in the Vitesse platform for oversight of payment activity
- ✅ DCAs have adequate resources to 'process' and 'authorise' payments respectively

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Classification: Confidential

Payments to beneficiaries

Process: sending and approving payments through Vitesse

Vitesse

DCA

1 DCA decides to initiate an FCP claim payment

2 DCA creates a payment request as a single payment on the UI, as a batch upload or as an API request

Resolve errors and re-submit payment request

Payment data errors

Payment data validated

3 Vitesse validates the DCAs payment request for any data errors and either accepts or rejects the request

4 If the payment request is accepted, an alert is sent to a **DCA appointed approver**

5 **DCA approver** either approves or declines the payment request in Vitesse

Payment request approved

6 Vitesse issues the payment to the beneficiary from within the platform

Payment request declined

FCP replenishment

Continue to section 6

Note
Steps 2 - 6 can be eliminated if a DCA integrates their CMS to the Vitesse API.*
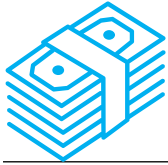
Note
There is only an approval step for single payments and batch payments, not API

Claims Management System

Overpayments
In the event an overpayment has been made, a refund request will need to be submitted to the policyholder. DCAs should contact Vitesse for refund instructions. Please refer to section 10 - 'Refunds and recoveries' for more information.

Payments to beneficiaries

Submit a payment request through Vitesse

DCAs can manually send single payment or batch upload payment requests through the Vitesse platform to the beneficiary.

Steps 1-2: **Initiate and prepare a payment request through Vitesse**

- DCAs will determine if they wish to send a single or batch payment through Vitesse

Single payments

- For single payments, DCAs should fill in claim and beneficiary details directly in the Vitesse platform

B On the Vitesse home screen, under the **'Money Out'** tab, select **'Single Payment'** and proceed with completing claim information as instructed

Batch payments

A For batch payments, DCAs must first fill in claim payment details (Account ID, YOA, UMR, Section ID, beneficiary bank details etc.) on a .csv file (or .xlsx file if paying via e-cheque)

B On the Vitesse home screen, under the **'Money Out'** tab, select **'Batches'** in the drop-down menu

- Proceed with uploading the completed .csv file

C Once uploaded, the page will revert to the **'Batches'** page where DCAs can check the status and follow the progress of the request

A **B** **C** *See next page for visual examples*

Note
DCAs can choose to issue ad-hoc single payment requests directly within the Vitesse platform.

Select the correct payment account in Vitesse
DCAs must select the correct FCP payment account when issuing payment requests.

Note
The MA funding account is linked to payment account(s) and delivers liquidity pulls at a line share level when payment requests are raised.

No money in MA funding accounts
On payment request if there are insufficient funds, the Vitesse system will notify the user that the payment has been rejected due to low funds including which account this relates too.
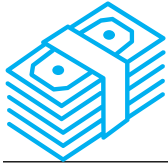
Payments to beneficiaries
Submit a payment request through Vitesse

A

Batch Upload File Example
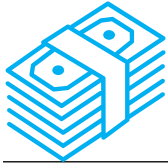
Batch Uploads should include send account/currency details & recipient account details dependant upon the recipient country.
Not all fields are mandatory, only account detail fields mandatory for a given country are required in the batch file.
The below examples show required fields for sending payments to the UK & the US in GBP & USD currencies. Vitesse offer settlement to all currencies available whilst debiting any currency account.
Full details of mandatory rules required per country are available in the Vitesse merchant system under Admin – Rules.

	A	B	C	D	E	F	G	H	I	J	K	L	M
	SendAccount	SendCurrency	ReceiveValue	RecipientName	RecipientCountry	RecipientCurrency	RecipientReference	FundingType	AccountNumber	AccountSortCode	AccountSwift	AccountAbaCode	ExternalReference1
	Claims Payments 1 GBP	GBP	50	Claimant A	GB	GBP	Claim 8325752	Immediate	77777777	000000			Claim Ref 418394
	Claims Payments 1 USD	USD	1000	Claimant B	US	USD	Claim 4393811	Immediate	999999999		ANTSUS33	11111111	Claim Ref 418123
	Claims Payments 1 EUR	EUR	200	Claimant C	US	USD	Claim 0843192	Immediate	999999999		ANTSUS33	11111111	Claim Ref 417922

Further information on complete Field mappings for the batch upload templates are available at
www.docs.vitessepsp.com/docs/field-mappings

Vitesse | Page

Payments to beneficiaries

Submit a payment request through Vitesse
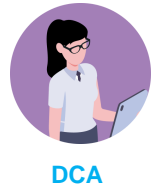
B

Vitesse Batch Upload process

User with the role "Upload Batches" logs into Vitesse merchant platform, Money Out - Batches

Vitesse | Home | Accounts | Money Out ▾ | Administration ▾ | Help ▾

- Single Payment
- **Batches**
- Transactions
- Deferred Transactions
- Rules

🏠 **Home**

Welcome
Welcome to the Vitesse Merchant Admin ... the information page for help and support.

Outstanding Tasks

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

Name	⋮	Due On	⋮	Action
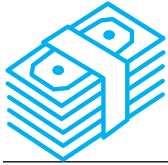
Vitesse | Page 3

Payments to beneficiaries

Submit a payment request through Vitesse

C

The page will then revert to the batch overview page. The batch status will show as Validation Pending.
Once the batch has been checked, IE. account details, the status will move to Validated.
Click on Action, View.
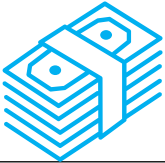
Payments to beneficiaries

Batch fields overview and e-cheque example

5

Binder payment details to include in batch:

- ✓ **UMR**
- ✓ **YOA**
- ✓ **Section ID**

Additional batch fields

Vitesse Payment Account Name or ID
Send Currency or Receive Currency
Send Value or Receive Value
Recipient Name
Recipient Country
Claim Reference Number
Indemnity/Fee Indicator
Narrative*

These fields are not currently mandatory in the platform, but completion of these fields will better enable downstream reconciliation.

US domestic batch fields

Route Type	Country Code	Country	Currency Code	Field	Option
BankAccount	US	United States	USD	ABA Code	Mandatory
BankAccount	US	United States	USD	Account Number	Mandatory
BankAccount	US	United States	USD	Bank Acc Type	Optional
BankAccount	US	United States	USD	Bank Name	Mandatory
BankAccount	US	United States	USD	Beneficiary Address	Optional
BankAccount	US	United States	USD	Beneficiary Birthdate	Optional
BankAccount	US	United States	USD	Beneficiary Name	Mandatory
BankAccount	US	United States	USD	Payment Purpose	Optional
BankAccount	US	United States	USD	Recipient Reference	Mandatory
BankAccount	US	United States	USD	Swift Code	Conditional
Cheque	US	United States	USD	Beneficiary Email Address	Mandatory
Cheque	US	United States	USD	Beneficiary Name	Mandatory
Cheque	US	United States	USD	Recipient Reference	Mandatory
PostalCheque	US	United States	USD	Beneficiary Address	Mandatory
PostalCheque	US	United States	USD	Beneficiary Name	Mandatory
PostalCheque	US	United States	USD	Recipient Reference	Mandatory

Non-domestic batch fields

Field	Option
Amount	Mandatory
Swift Code	Mandatory
Recipient Reference	Mandatory
Beneficiary Name	Mandatory
Beneficiary Address	Conditional
Account Number	Conditional
IBAN	Conditional

E-Cheque example

From:
VITESSE
244 FIFTH AVENUE
SUITE 1207
NEW YORK, NY 10001

CHECK ENCLOSED
$1.03
Check #131705

On behalf of:
VPSP Test

Payment to:
Leonie Belz

Memo:
Test Payment 3

Get Check
🔒 It's free & secure. Link expires after 90 days, on 11/15/2022.

This is an Insurance eCheck. The PAY TO THE ORDER OF line designates the Payee. For questions, call Deluxe Payment Exchange customer support at 800-599-2942. Ref: 86D2-F857

VITESSE
244 FIFTH AVENUE
SUITE 1207
NEW YORK, NY 10001
ON BEHALF OF **VPSP TEST**

131705

PAY TO THE ORDER OF   Leonie Belz

Date 08/17/2022
Void after 90 days

$1.03

One and 03/100   Dollars

Community Federal Savings Bank

Memo   Test Payment 3

⑈131705⑈ ⑆026073008⑆ 271550019⑈

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Payments to beneficiaries

Validate payment data and resolve payment failures

Vitesse **DCA**

There are built-in checks in Vitesse to validate DCA payment requests for errors.

Step 3: Validate payment data and resolve any payment failures

- Vitesse will validate the DCA's payment request for errors, and will either accept or reject the request depending on whether any errors have been identified

- If the payment request has been accepted, it will progress to the DCA approver for further action *(proceed to step 5)*

A
- In the event the payment request has been rejected, the DCA will receive a notification in the Vitesse platform stating that the requested payment has failed (DCAs can view this notification within the **'Batches'** section under the **'Messages'** tab, where the status against the request will be shown as **'Invalid'**)

B
- The DCA will receive an error message and can then determine the type of error received from the **'Error'** column

- Once identified, the DCA must correct the error and re-submit the payment request (as described in step 1)

A B *See next page for visual examples*

When a payment request is submitted, the Vitesse platform will check:

✓ Duplicated payments
✓ Data validations (of binder payment details etc.)
✓ 'Above authority' limits
✓ Whether there are sufficient funds to process payments

Note
Should a DCA need support to work through any payment errors, they should contact the Vitesse support helpline.

Check payment data before issuing a payment request
Before sending a claim payment request, DCAs should ensure they check for complete payment information, duplicated payments and payment limits.

Note
MAs should activate balance alerts on their funding accounts to ensure that there is always a suitable level of funds for DCAs to maintain claim payments.

Payments to beneficiaries
Resolve payment failures

DCA

5

Payments to beneficiaries

Approve payments in Vitesse to pay the beneficiary

5

A DCA approver will receive validated Vitesse payment requests for approval to process through the Vitesse platform.

Steps 4-6: Approve and pay the requested payments to beneficiaries

- The DCA approver will receive a system-generated notification indicating that they have a new payment request to approve

A
- On the homepage, within the **'Outstanding tasks'** dashboard, the DCA approver will see the **'Single'** or **'Batch'** payments that are outstanding for approval

B C
- The DCA approver will review the payment by clicking on **'View'**, and will then either approve or decline the payment request

D
- If approved, monies are drawn from the managing agents' funds and the payment is automatically made to the beneficiary – DCAs can view all their transactions on the **'Accounts'** tab by clicking on **'Transactions'**

A B C D *See next page for visual examples*

Note
The uploader of the payment request cannot also be the approver of the request.

Top tip
Approved and processed payments will be shown as 'Processed' in the DCA payment account report (also known as the cashbook).

Overpayments made in error
In the event an overpayment has been made, a request to return the funds will need to be submitted to the policyholder. DCAs should contact Vitesse for instructions.
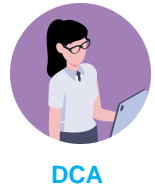
For more information about this process, please refer to section 10 - 'Refunds and recoveries'

FCP replenishment

Continue to section 6

Payments to beneficiaries

Approve payments in Vitesse to pay the beneficiary

A

Vitesse Batch Approver process

A different user with the role "Approve Batches" logs into Vitesse merchant platform, Money Out – Batches. Alternatively, any batches awaiting approval will appear with a link under Outstanding Tasks.

B

The batch overview screen shows all batches and their current status.
The batch approver should select Action – View on the required batch to be processed.

![LLOYD'S]

Payments to beneficiaries

Approve payments in Vitesse to pay the beneficiary

DCA

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Classification: Confidential

Payments to beneficiaries

Vitesse Connectivity Options

DCA

5

1.

2.

3.
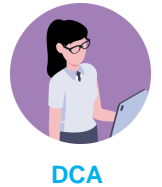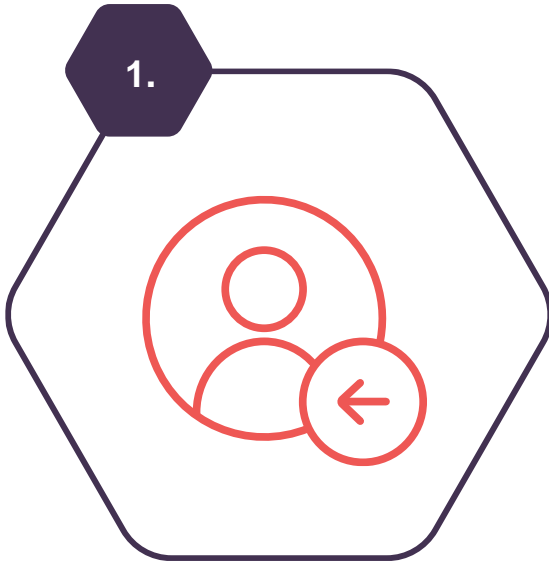
Single Payments. DCAs can integrate via single payment, which allows them to manually key in all claims payments directly on the Vitesse platform. This is not recommended in instances where DCAs expect to pay large volumes of claims.

Batch Payment Files. We also support file uploads that will allow DCAs to submit multiple payment instructions to Vitesse in a single file. We can work with you to ensure that your files are compatible with our formats.
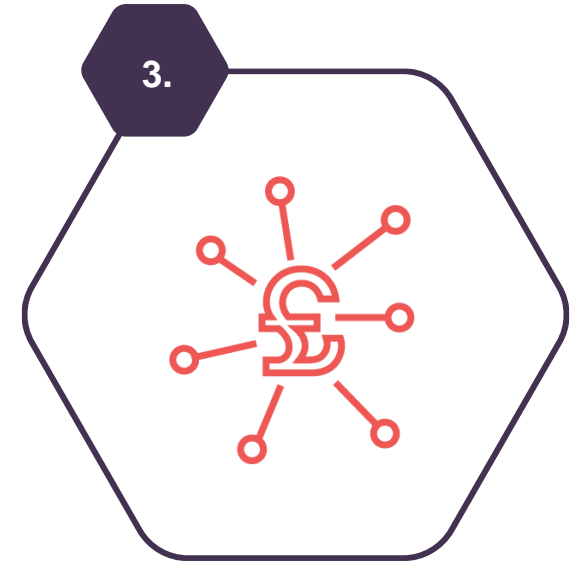
API Integration. The most efficient way to instruct claims payments is via our API. Our scheduled reporting function will ensure that all relevant reporting can be pushed directly to your back-end systems.

For more detailed information on our API, please contact integration@vitessepsp.com and we will share the URL and credentials to our knowledge hub

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Payments to beneficiaries

Best practice

Payments to beneficiaries best practice

FCP payment accounts in Vitesse must only be used for claims related to binder sections flagged as FCP in DCOM	Individual payments must be issued on a per claim basis, not issued as bulk payments	A claims reference must be given for each claim payment instruction through Vitesse and match what is on the BDX	'Indemnity' and 'Total Fee' claim payments need to be issued through Vitesse separately on a per claim basis	All claim and fee payments should be made within the same calendar month as reported in the BDX to avoid downstream reconciliation issues

Top tip

DCAs should ensure there is sufficient time to process and approve payments in Vitesse for the corresponding BDX period.

Note

There is a default of £150k limit per payment transaction, this can be overidden by the lead MA at set-up or any other time.

The Future at Lloyds
Delegated Authority Faster Claims Payment

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

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FCP replenishment
Overview

Funds pulled from Vitesse MA syndicate funding accounts to make claims payments will be replenished weekly from MA trust accounts using ARCS & STFO.

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; this is achieved predominantly using a weekly scheduled process

MAs can also directly transfer money to the funding account if the balance is low, and can adjust the funding levels to support 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, 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, 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

*ARCS - Apportionment, Reporting and Collection System
** STFO - Settlement Trust Fund Office

FCP replenishment
Key changes for MAs

What's changing?

- FCP replenishment is triggered by the spending of MA funds through payment accounts in the Vitesse platform, rather than by the processing of a cash BDX* in ECF**

- Claim payments processed in a week are aggregated across all relevant payment accounts for a particular syndicate (broken down by year of account), to trigger a single funding movement (per currency) of the total value from the MA trust accounts, instead of individual financial movements per binder

- Money will be transferred to Vitesse for dispersal into syndicate funding accounts, instead of to a broker for replenishing a loss fund held by a DCA

- Replenishment will occur on a weekly basis, rather than as a response to a BDX being processed

- MAs will be responsible for monitoring the funding account balance and taking measures to add funding, as required

What's NOT changing?

- The process of STFO*** triggering a financial movement from MA trust accounts, to replenish claims paid by DCAs such that they can continue to make claim payments, remains the same

Note
GBP, USD and CAD are the supported currencies for the ARCS weekly replenishment requests sent by Vitesse. Therefore, these are the currencies that are supported for Managing Agents' funding accounts within Vitesse.

Classification: Confidential

*BDX – Bordereaux
** ECF – Electronic Claims File
*** STFO - Settlement Trust Fund Office

FCP replenishment

Replenishment summary and checklist

Replenishment in FCP

Key steps for Managing Agents:

1. Keep track of notifications advising of fund movements and replenishment confirmation

2. Monitor the funding account level, directly adding funds if needed if the balance becomes low while awaiting funds to return through the scheduled replenishment process

FCP replenishment checklist

Before the weekly replenishment takes place, ensure:

- ✅ There are adequate funds in the syndicate funding account to cover claim payments between replenishment cycles, taking into account the lead time of 3 - 4 days between settlement instruction and receipt of funds

- ✅ The funding levels to support surges in claim payment demands (e.g. during CAT season) have been adapted prior to replenishing the account

- ✅ Procedures are in place to ensure funds are added if the balance becomes too low *(using the "Direct transfer" facility as necessary)*

Top tip
MAs can use the configurable alerts within the Vitesse platform to ensure they are informed of a low syndicate funding account balance.

FCP replenishment
Process: replenish syndicate funding account(s)

Vitesse **ARCS** **STFO** **Managing Agent**

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

2 Vitesse securely send the funding request to ARCS on a Thursday

3 ARCS receive funding request and issue settlement instruction to STFO

4 STFO issue money from the MA's trust account to Vitesse, and trigger an ESA* advising the MA of cash movement

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

6 MA receives confirmation of the replenishment into their account(s)

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

Reconcile BDX to Vitesse cash payments

ESA – Early Settlement Advice

FCP replenishment

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).

Step 1: Generate ARCS file

- Vitesse will calculate the value of payments that have been made in the previous week 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

Note
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.

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

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 5102017-000000000598381
USDNR 5102018-000000000000012
CADCN 5102018-000000000000547
CADCR 5102018-000000000158351
GBP01 5572017-000000000000003
USDNR 5572018-000000000000005
USDNR 6092018-000000000019534
USDNR 6232017-000000000285974
CADCR 6232018-000000000000040
GBP01 6232019-000000000025641
USDNR19912018-000000000006624
USDNR20032016-000000000000005
USDNR20032017-000000000225921
USDNR20032018-000000000011024
USDNR20102018-000000000050271
GBP0120142019-000000000003042
GBP0127912017-000000000018182
CADCN27912018-000000000001962
USDNR44442017-000000000659660
USDNR44442018-000000000001385
USDNR58202017-000000000001085
0000000000000025-000000002189945
```

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

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FCP replenishment

Vitesse send the funding request to ARCS who instruct STFO to issue funds

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

Step 2: Vitesse securely send the funding request to ARCS

- Vitesse share the funding request with ARCS securely via MOVEit*

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

- 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 4: STFO send money from MA trust account to Vitesse

- 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

2 Vitesse securely send funding request to ARCS

3 ARCS receive funding request and issue settlement instruction to STFO

4 STFO issue money from the MA's trust account to Vitesse, and trigger ESA advising the MA of cash movement
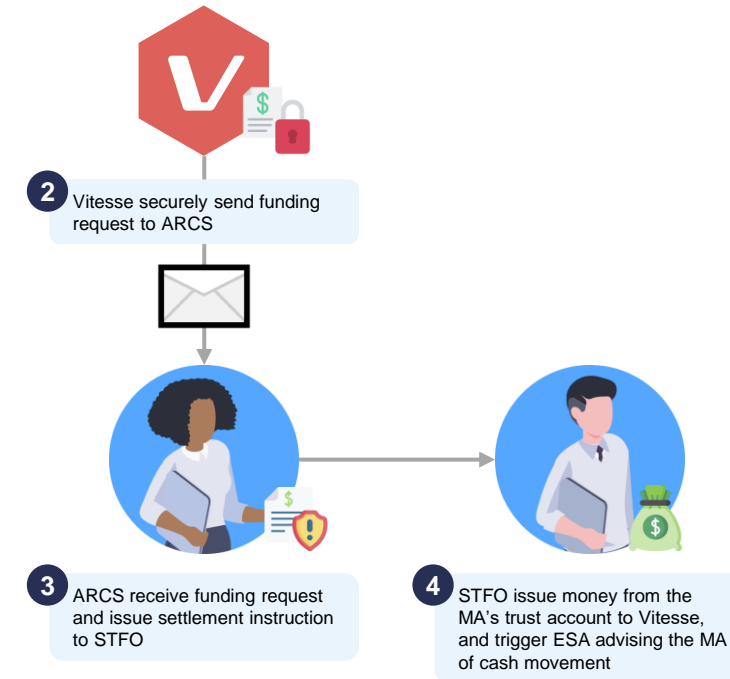
Note

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.

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

FCP replenishment
Process: Vitesse ARCS top-up request mechanism

Vitesse

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

Vitesse ARCS top-up request mechanism

- *The weekly 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 is set by the MA and it should be at an appropriate level for the weekly replenishment cycle to occur*

- *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 i.e. due to Cat season, the pre-agree threshold balance should also increase inline with this to ensure the ARCS weekly replenishments occur*

Maintaining correct funding levels

*If funding levels are held above the **pre-agreed threshold balance**, ARCS top-ups may not occur every week, 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.

Managing Agent Funding Account in Vitesse

Monies drawn to fund payment accounts for beneficiary payments

Initial balance — **$5,000**

Pre-agreed threshold balance — **$4,000**

$3,999.99

An ARCS request will be triggered as the balance is now below the pre-agreed threshold

$3,000

Vitesse generate an ARCS file detailing the funds required to be replenished to a syndicate's funding account(s) for submission to ARCS/STFO

The monies drawn over the course of the week to bring the funding account back to its initial balance are totalled

FCP replenishment

Early Settlement Advice - tab details for ARCS transfers

6

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.

Example

TAB 265 **A**

ACCOUNT HOLDER: 1100
C 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				
C Syndicate 1100				
F 2022 **G**	Syndicate Total	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**

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

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

Vitesse   **Managing Agent**

Vitesse will receive the money, as per the ARCS file, and disperse it into the syndicate funding accounts in the correct proportions.

Step 5: Vitesse receive lump sum credit from STFO and disperse this into the MA's respective 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 6: MA receives confirmation of replenishment from Vitesse

- Vitesse will provide confirmation to the MA that the weekly replenishment process is complete
- 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 Code**
    - **Year of Account**
    - **Amount Requested**
- MAs can also access a funding account report, providing details of all transactions taking place

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

6 MA receives confirmation of the replenishment into their account

Example: funding account report

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

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FCP replenishment

Ongoing maintenance to ensure the funding account is adequately funded

Managing Agent

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MAs should take appropriate measures to ensure that the balance in their syndicate funding account(s) doesn't run out while waiting for funds to return through the scheduled process.

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

- The scheduled replenishment process accounts for any debits from the funding account in the previous 7 days; 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 – this will increase the total agreed value of the fund

  If the funding balance is increased, then the pre-agree threshold balance should also be reviewed inline with this to ensure the ARCS weekly replenishments occur

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

Reconcile BDX to Vitesse cash payments

Continue to section 7

Top tip
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).

Top tip
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) to accommodate increased claim payment activity.

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

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Classification: Confidential

FCP replenishment
Best practice

Managing Agent

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Replenishment best practice

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

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

Warning
MAs need to ensure there are always enough funds in the funding account to cover claim payments, otherwise the request for payment will not go through.

The Future at Lloyds
Delegated Authority Faster Claims Payment

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
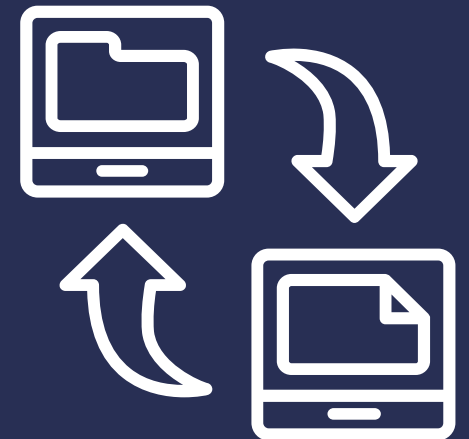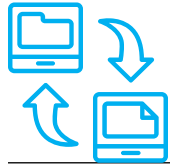
Reconcile BDX to Vitesse cash payments

Overview

Policyholder Payment
01 Pay the Beneficiary
Receive the claim and decide to settle
Upload a Single or Batch payment in Vitesse
Receive internal approvals in Vitesse
Pay the beneficiary

Funding Top-Up
02 Replenish Vitesse
Vitesse sends ARCS replenishment request
ARCS processes the request
STFO transfers the funds to the Vitesse E-Money Hub acounts
Vitesse disperses the funds into each Syndicate account

Reconcile BDX to Payments
03 Generate and Reconcile the BDX
Create the monthly Claims BDX
Reconcile non-cash BDX
Share the BDX and any supporting documents with the Broker

BDX Upload and Distribution
For all relevant parties
04 Share and Agree the BDX
Upload and approve BDX in ECF
Share SCM and BSM messages with Brokers and Managing Agents

Reconcile SCMs to Funding Activity
05 Reconcile SCMs
MA Finance Teams reconcile SCMs with Vitesse Funding Account top-ups

A DCA must ensure their CMS*-generated monthly BDX matches all Vitesse cash payments that are requested on behalf of beneficiaries and reported via the Vitesse cashbook.

What is meant by cash 'reconciliation'?

Cash 'reconciliation' is defined as the Vitesse cashbook (**indemnity and fee payments**) being equivalent to the payments reported on the DCA's monthly claims BDX (against the **'Paid this time'/ 'Paid this month'**** field), at a claims reference level for each payment account in Vitesse.

For FCP, any payment processed via Vitesse needs to be included on the monthly claims BDX, and reconciliation of the Vitesse cashbook and BDX should be completed at the end of each month to include total fees incurred by the DCA (including DCA fees).

Why do the figures in the monthly claims BDX need to match the Vitesse cashbook?

- Reconciling and validating both files at this stage means reconciliation or re-work further downstream in the process can be avoided
- DCAs will need to match their monthly claims BDX against the Vitesse cashbook to ensure that downstream technical accounting entries are correct
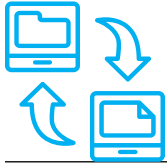
Reconcile BDX to Vitesse cash payments
Key changes for DCAs

What's changing?

- For FCP, reconciliation is required on a monthly basis

- Payments will now be able to be tracked at a transactional level in the Vitesse cashbook

- As the cashbook will become a new source of payment data, DCAs will need to conduct careful checks to ensure this matches the information captured in the monthly BDX - if a DCA cannot demonstrate its capability to undertake this exercise accurately and on time, then this could impact on its continued ability to utilise the FCP solution

- Total fees incl. DCA fees need to be paid within the same month as the BDX period, and reflected in the monthly BDX to minimize reconciliation issues

- DCAs are required to share evidence with the broker that the BDX has been reconciled to avoid downstream MA reconciliation issues

- DCAs will need to instruct the broker to process the BDX as non-cash in ECF

- Because payments and cheques are issued within the Vitesse system, any payment or support queries should be directed to the Vitesse support team, either by email or phone

What's NOT changing?

- DCAs will still need to create the monthly BDX

- DCAs are still required to submit their BDX in line with the current version of Lloyd's coverholder reporting standards

- DCAs are still required to send the BDX to brokers to process in ECF
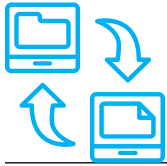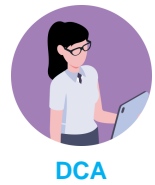
Reconcile BDX to Vitesse cash payments

Reconciliation preparation

DCA

7

Reconciling the DCA monthly claims BDX to Vitesse cash payments

Key steps for DCAs:

1. Download the Vitesse cashbook and prepare the data for reconciliation

2. Prepare the data in the monthly claims BDX for reconciliation

3. Reconcile the Vitesse cashbook against the monthly claims BDX to ensure payment data matches

4. Share the reconciled monthly claims BDX and any supporting documents with the broker

Reconciliation checklist

Before reconciling the Vitesse cashbook to the monthly claims BDX, ensure:

✓ All payments in Vitesse (incl. e-cheques) have been approved and processed in the same month as the BDX
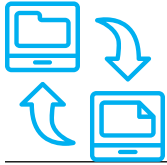
Reconcile BDX to Vitesse cash payments

Process: upload and reconcile the BDX

DCA

7

DCA produces monthly BDX from their own system

Monthly BDX

Submit BDX to ECF

Continue to section 8

Reconciliation and submission of BDX

Download Cashbook
1

BDX
2

Reconciled BDX

3

4

Rework

In the event the payments do not match in the BDX and Vitesse cashbook, the reconciliation difference will need to be resolved and a new BDX generated

DCA exports the BDX from their system, downloads the Vitesse cashbook and prepares each file, ready for reconciliation

DCA performs reconciliation, ensuring both the BDX and Vitesse cashbook match before sharing the BDX with the broker

The relevant party (usually the broker) receives the reconciled BDX and supporting documents, ready for processing as 'non-cash' in ECF

Note

This process and accompanying guidance outlines best practice methods for performing reconciliation as part of FCP. Depending on organisational factors, the reconciliation process may vary slightly between market firms. Should DCAs require any assistance in reconciling their BDX to the Vitesse cashbook, they are advised to contact their Vitesse implementation manager or call +44 (0)203 807 6191.

Data mismatch

Classification: Confidential
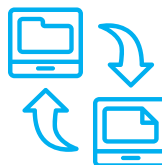
Reconcile BDX to Vitesse cash payments

Preparing the Vitesse cashbook

Once the cashbook report has been generated by Vitesse at the end of the month, DCAs must consolidate their payments in the cashbook.

Step 1: Download the Vitesse cashbook and prepare data for reconciliation

- Download the Vitesse cashbook

- Filter the cashbook by date, clicking on **'Created on'** and selecting the date range of the BDX period

- Next, filter the transaction **'Type'** on the cashbook to see any payments or returns made (refer to note below)

- Organise the data by the claims reference

- You should now **aggregate and record** all associated **'Paid this time' Indemnity Debits/Credits** and **Total Fee Debits/Credits**

A   Each row to reconcile against in the cashbook represents **'Payouts'** made to (or returns from) the beneficiary (see **'Type'** column)

B   Each 'pay-out' request should be split into **'Indemnity', 'TPA Fees'** and **'Other Fees'** for reconciliation*

C   Green highlighted cells = **'Indemnity'**
Yellow highlighted cells = **'Fees'**

D   The total balance is represented by a number of claims references

*These fields are coming as part of Vitesse phase 2 releases. Currently please indicate type of transaction in the free format merchant ref. field

Vitesse cashbook

	G	H	I
	Debit	Credit	Balance
	100.00		100.00
	150.00		250.00
	75.00		325.00
	170.00		495.00
	100.00		595.00
	250.00		845.00
	175.00		1,020.00
	90.00		1,110.00
	105.00		1,215.00
	195.00		1,410.00
	45.00		1,455.00
	150.00		1,605.00
	110.00		1,715.00
	90.00		1,805.00
	195.00		2,000.00

CreatedOn	Type	Claim Reference Number	Indemnity Fee Indicator
01/05/2022 10:00	Payout	Claim1234	Indemnity
01/05/2022 10:00	Payout	Claim1234	Indemnity
02/05/2022 10:00	Payout	Claim1234	Indemnity
01/05/2022 10:00	Payout	Claim1234	Other Fees
01/05/2022 10:00	Payout	Claim1234	TPA Fees
05/05/2022 11:05	Payout	Claim1235	Indemnity
05/05/2022 11:05	Payout	Claim1235	Other Fees
05/05/2022 11:05	Payout	Claim1235	TPA Fees
10/05/2022 04:00	Payout	Claim1236	Indemnity
10/05/2022 04:00	Payout	Claim1236	Other Fees
10/05/2022 04:00	Payout	Claim1236	TPA Fees
15/05/2022 17:00	Payout	Claim1237	Indemnity
15/05/2022 17:00	Payout	Claim1237	Other Fees
15/05/2022 17:00	Payout	Claim1237	TPA Fees
20/05/2022 13:00	Payout	Claim1238	Indemnity

Summary

Total Claim = Indemnity + Fees

Indemnity = **$1,025.00**

Total Fees = $325.00 (TPA Fees) + $650.00 (Other Fees) = **$975.00**

Total Claim = $2,000.00

Example

Note
There may be other types of transactions such as payout, payout returns, refunds, liquidity pulls that will also need to be prepared for reconciliation.
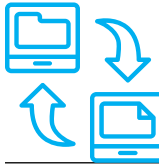
Reconcile BDX to Vitesse cash payments

The Cashbook records all DCA payment activity requested via Vitesse for each transaction

Vitesse Cashbook records DCA payment activity

The cashbook in Vitesse records line by line payments for the account and is available real time to MAs and DCAs

- DCAs can see all activity in the Cashbook at any point in time and this is effectively like a bank statement which shows money movements in the Vitesse payment account

- A snapshot is taken every month for the DCA to complete the front-end reconciliation process ahead of submitting the BDX

- For this working example shown for claim reference 1234, we'd expect to see this on the May 2022 BDX period with a total incurred value of $275.00

- You'll see on the cashbook that monies have been drawn from syndicates funding account to bring the Vitesse payment account back to a zero balance

- As part of systems training for FCP, **Vitesse will walk DCAs through how to use and manage the Cashbook**

Example

New fields added in current Phase 2 delivery

Entry	CreatedOn	Type	Claim Reference	Indemnity Fee Indicator	Narrative	Debit	Credit	Balance
1	30/04/2022 10:00	Payout	Claim1234	Indemnity	DCA001 Claims Administration	200.00		(200.00)
2	30/04/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 1 1100 50% Share		100.00	(100.00)
3	30/04/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 2 2200 25% Share		50.00	(50.00)
4	30/04/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 3 3300 25% Share		50.00	-
5	01/05/2022 10:00	Payout	Claim1234	Indemnity	DCA001 Claims Administration	150.00		(150.00)
6	01/05/2022 10:00	Payout	Claim1234	Other Fees	DCA001 Claims Administration	100.00		(250.00)
7	01/05/2022 10:00	Payout	Claim1234	TPA Fees	DCA001 Claims Administration	25.00		(275.00)
8	01/05/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 1 1100 50% Share		75.00	(200.00)
9	01/05/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 2 2200 25% Share		37.50	(162.50)
10	01/05/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 3 3300 25% Share		37.50	(125.00)
11	01/05/2022 10:01	Merchant Liquidity	Claim1234	Other Fees	Synd 1 1100 50% Share		50.00	(75.00)
12	01/05/2022 10:01	Merchant Liquidity	Claim1234	Other Fees	Synd 2 2200 25% Share		25.00	(50.00)
13	01/05/2022 10:01	Merchant Liquidity	Claim1234	Other Fees	Synd 3 3300 25% Share		25.00	(25.00)
14	01/05/2022 10:01	Merchant Liquidity	Claim1234	TPA Fees	Synd 1 1100 50% Share		12.50	(12.50)
15	01/05/2022 10:01	Merchant Liquidity	Claim1234	TPA Fees	Synd 2 2200 25% Share		6.25	(6.25)
16	01/05/2022 10:01	Merchant Liquidity	Claim1234	TPA Fees	Synd 3 3300 25% Share		6.25	-

Note - "Other fees" in this report do not include DCA (TPA) fees

Classification: Confidential
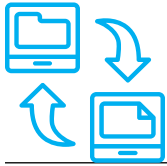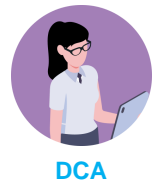
Reconcile BDX to Vitesse cash payments

Preparing the monthly claims BDX

DCA

Once the payments data in the Vitesse cashbook has been prepared, DCAs should also prepare the data in the monthly claims BDX.

Step 2: Prepare monthly claims BDX data for reconciliation

- Within the claims BDX, filter data by the **'Claims Reference'**, ensuring this matches with the claims reference submitted in the payment request and reflected in the Vitesse cashbook

- Aggregate and record all associated **'Paid this month - Indemnity'** amounts per claim reference

- Next, aggregate and record all **'Paid this month - Fees'** amounts per claims reference

A Key items for reconciliation include the **'Paid This Month – Indemnity'** and **'Paid This Month – Fees'** fields

B The **'Paid This Month – Indemnity'** and **'Paid This Month – Fees'** amounts in the BDX should be **equivalent to the Vitesse cashbook** for each claims reference

C Green highlighted cells = **'Indemnity'**
Yellow highlighted cells = **'Fees'**

Top tip

'Paid this month' = 'Paid this time'

Monthly claims BDX

UMR	Reporting Period (End Date)	Claim Refere	Risk Inception Date	Paid This Month - Inder
BMR00001234	May 31 2022	Claim1234	January 1 2022	$
BMR00001234	May 31 2022	Claim1235	January 1 2022	$
BMR00001234	May 31 2022	Claim1236	January 1 2022	$
BMR00001234	May 31 2022	Claim1237	January 1 2022	$
BMR00001234	May 31 2022	Claim1238	January 1 2022	$
		Total		$

	AR	AS
	Paid This Month - Indemnity	**Paid This Month - Fees**
	$ 325.00	$ 270.00
	$ 250.00	$ 265.00
	$ 105.00	$ 240.00
	$ 150.00	$ 200.00
	$ 195.00	$ -
	$ 1,025.00	$ 975.00

Summary

Reporting period: 31 May 2022

Indemnity = **$1025.00**

Total Fees (TPA Fees + Other Fees) = **$975.00**

Total Claim = $2,000.00

Example
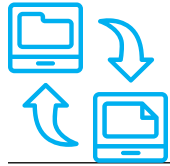
Reconcile BDX to Vitesse cash payments

Reconcile Vitesse cashbook to monthly claims BDX and submit to broker

Now that the payments data has been prepared in both the Vitesse cashbook and the monthly claims BDX, the files are ready to be reconciled ahead of submission to the broker.

Step 3: Reconcile Vitesse cashbook to monthly claims BDX

- Against each claim reference, **ensure the indemnity and total fees match** in both the cashbook and monthly claims BDX

Step 4: Submit the reconciled monthly claims BDX to the broker

- As long as the calculated total claim amount matches in both the Vitesse cashbook and monthly claims BDX, then **the BDX is ready to be submitted to the relevant party (usually the broker)** so that it can be processed as 'non-cash' in ECF

- If the payments in both the Vitesse cashbook and monthly claims BDX do not match, then the reconciliation difference will need to be resolved, a new BDX generated and the steps repeated

Note

DCAs need to give themselves sufficient time in the month to reconcile and resolve differences ahead of month-end (e.g., factoring in DCA fees, payment voids etc.)

Top tip

DCAs can monitor the progress and status of the BDX via the Status Tracker once this has been submitted in ECF. If you are interested in tracking the BDX via the Status Tracker, please contact the Claims Lab for further information - insightshub@lloyds.com.

Match

Monthly claims BDX   **Vitesse cashbook**
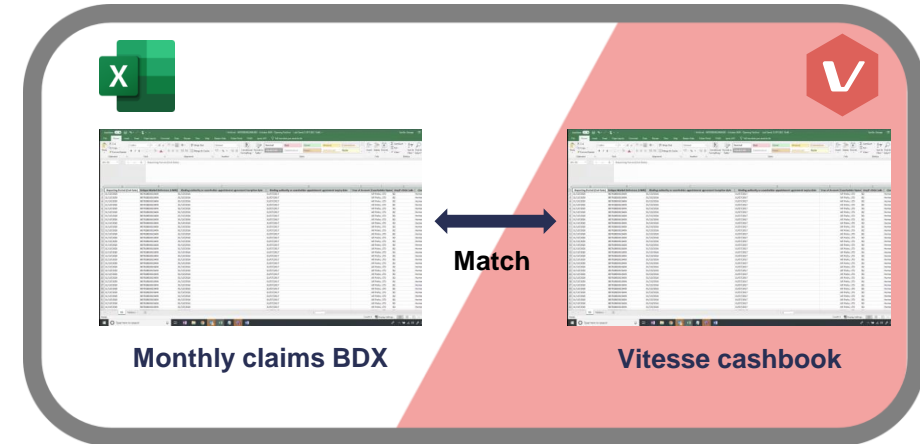
Reconciled BDX

Submit as non-cash to relevant party (usually the broker)

Submit BDX to ECF

Reconcile BDX to Vitesse cash payments

Reconciliation evidence

DCA
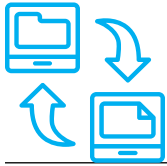
Step 4 (cont.): Submit the reconciled monthly claims BDX to the broker

- DCAs must remember to include any supporting documents when submitting the reconciled BDX to the broker, including evidence of reconciliation activity (see example below)

Reconciliation queries

Following submission of the BDX and reconciliation evidence, in the event the reconciling item is deemed material by the broker or lead MA, this will be queried back to the DCA.

Reconciliation Evidence			
Month	**May-22**		
		Narrative	Queries
BDX	2,000.00		
Vitesse Cashbook	2,000.00		
Variance	0.00		
Reconciling Items			
Net reconciling items	0.00		

Reconciling Items

Reconciling items should be avoided before the month has closed. However, in the event there are reconciling items, these should be listed in the 'Narrative' and resolved no later than the next month.

Reconciling Item Values

Reconciling item values should be listed here with the reason given in the 'Narrative' column.
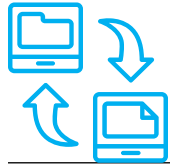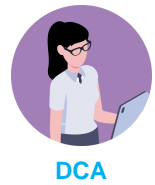
Reconcile BDX to Vitesse cash payments

Reconciliation best practice

DCA reconciliation best practice

DCAs are required to have a **robust reconciliation process**, ensuring all payments activity is reflected in both the monthly BDX and Vitesse cashbook	Ensure 'Indemnity' and 'Total Fees' payments (incl. DCA fees) are **paid within the same month** as the BDX reporting period	All DCA payments made in the Vitesse platform should **have a corresponding claims reference number**, at a claims level	Payments should be **split between 'Indemnity' and 'Fees' at claim level**, to identify the type of transaction within the Vitesse Cashbook	DCAs are strongly encouraged to **integrate their Claims Management System with Vitesse** via API to ensure accuracy of information to be reconciled

Note
The DCA is strongly recommended to provide submission of the BDX as early as possible after the close of the month's activities, ideally within the first four working days to avoid any delays in downstream processing and monthly reconciliation, however this should be agreed between the MA and DCA initially.

Top tip
DCAs that integrate their Claims Management System with Vitesse early will be better prepared to reconcile high volumes of BDX against the Vitesse cashbook as the number of binders using FCP to process claim payments increases over time.

Note
Carry over of reconciliation item differences into subsequent reporting periods should be avoided.

Note
MAs should review reconciliation work performed by the DCA as part of their regular auditing activities.

The Future at Lloyds
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5. Payments to beneficiaries

6. FCP replenishment

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8. Submit BDX to ECF

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10. Refunds and recoveries

Submit BDX to ECF
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For all relevant parties
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Upload and approve BDX in ECF
Share SCM and BSM messages with Brokers and Managing Agents

Reconcile SCMs to Funding Activity
05 Reconcile SCMs
MA Finance Teams reconcile SCMs with Vitesse Funding Account top-ups

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The broker will submit the BDX to ECF to be processed as **non-cash**, such that there is no movement of funds, but signing messages are generated in ECF for technical accounting.

Submitting the reconciled BDX to ECF for processing

- The process covers the broker submission, MA approval and DXC processing of reconciled BDX (by a DCA) in ECF*
- The submission of the BDX to ECF is an existing requirement, however for FCP the BDX needs to be processed as a 'non-cash' settlement transaction to ensure that no funds are moved, and that signing messages are generated for the MA to reconcile

Why is it important to submit the BDX as 'non-cash'?

- It is imperative that the broker notes, upon submission, that the BDX is to be processed as 'non-cash' to ensure no financial movements are triggered, otherwise duplicate payments will be made in error requiring urgent and immediate corrective measures to recover funds from the policyholder
- It is also important that the MA verifies the BDX has been submitted as 'non-cash' and re-iterates this themselves in the 'Private' comments section during approval of the BDX in ECF
- No financial movements should be triggered from the BDX submission because the funds used to make claim payments have already been replenished from the MA trust accounts through the weekly replenishment process managed by Vitesse using ARCS and STFO

*Electronic Claims File

Submit BDX to ECF

Key changes for brokers and MAs

What's changing?

- The broker needs to ensure the narrative against the corresponding BDX in ECF is 'non-cash', as well as including 'FCP' and the BDX month against the narrative

- MAs need to ensure that the appropriate 'non-cash' narrative has been provided to DXC by the broker in ECF, and should also use the private comments to re-iterate the need for the BDX to be processed as 'non-cash' by the technical processing team in DXC

- The technical processing team in DXC need to process non-cash bureau signings to the market to enable signings messages to be sent without duplicate payment; this will enable technical accounting and facilitate back-end reconciliation to take place by the MA

What's NOT changing?

- The BDX will still need to be submitted into ECF by the broker

- The MA still needs to validate the BDX in ECF

- The BDX is still the trigger for the signing messages

Note

Some market systems used by brokers are unable to automatically submit BDX transactions to be processed as 'non-cash'. If this is the case, the following process has been suggested in conjunction with LIIBA:

- *Process a collection and release that to CLASS (with a narrative for Xchanging to 'process as non-cash')*
- *Back out and cancel the collection on your core system*
- *Process a 'stats only' entry for the same amount*

LIIBA and the Future at Lloyd's are engaging with market system vendors to request this additional functionality be added to their platform offering.

Submit BDX to ECF

Submit BDX to ECF summary and checklist

ECF BDX submission for FCP

Key steps for brokers:

1. Check each FCP BDX received from DCAs to confirm they have been flagged as 'non-cash'

2. Submit the FCP BDX in ECF as 'non-cash'

Key steps for Managing Agents:

1. Confirm the FCP BDX has been submitted as 'non-cash' by the broker

2. Use the private comments in ECF to re-iterate the requirement for 'non-cash' processing

ECF BDX submission checklist

Before the BDX is submitted to ECF, ensure:

✓ DCAs have reconciled the BDX and the Vitesse cashbook before sharing the reconciled BDX with the broker

✓ Each market participant working on the binder (DCAs, brokers and MAs) has recorded which binders are using FCP and will subsequently require 'non-cash' BDX processing

✓ Brokers (working with DCAs) have appropriately communicated that a BDX is FCP and therefore needs to be processed as 'non-cash'

Submit BDX to ECF

Process: BDX submission and approval in ECF

Broker　　**Managing Agent**　　**DXC**
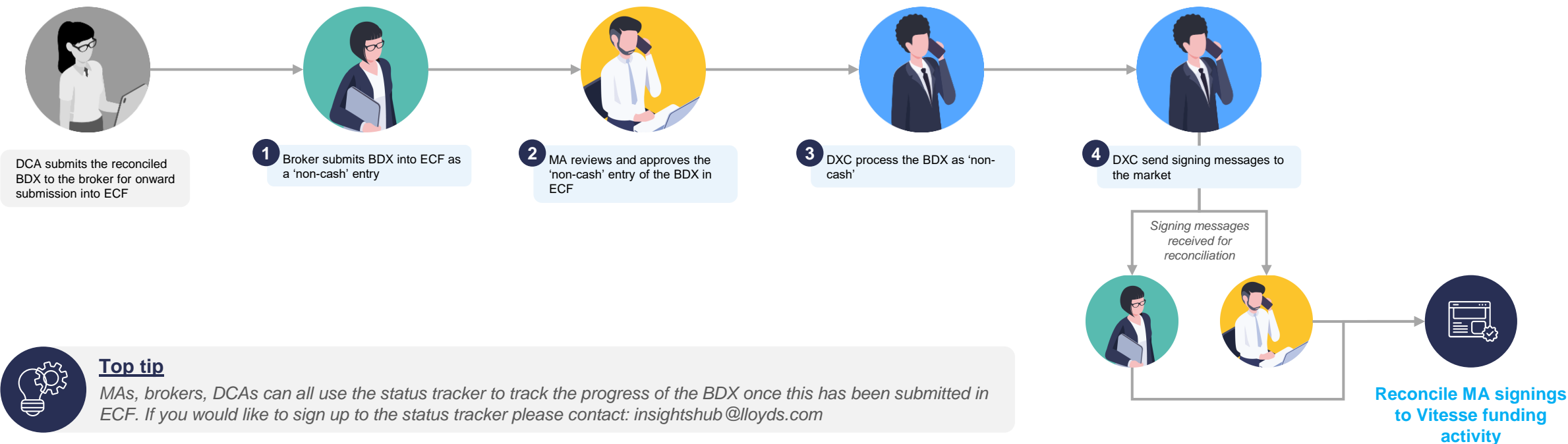
DCA submits the reconciled BDX to the broker for onward submission into ECF

1 Broker submits BDX into ECF as a 'non-cash' entry

2 MA reviews and approves the 'non-cash' entry of the BDX in ECF

3 DXC process the BDX as 'non-cash'

4 DXC send signing messages to the market

Signing messages received for reconciliation

Reconcile MA signings to Vitesse funding activity

Top tip

MAs, brokers, DCAs can all use the status tracker to track the progress of the BDX once this has been submitted in ECF. If you would like to sign up to the status tracker please contact: insightshub@lloyds.com

Every party involved in the review or submission of the monthly BDX into ECF must apply due diligence to avoid unintentional cash movements (including the DCA during their reconciliation of the BDX to the Vitesse cashbook; see section 7 – Reconcile BDX to Vitesse cash payments).

In the event the BDX has been submitted or processed erroneously, corrective action will need to be taken. See page 'Potential processing errors when submitting the monthly BDX in ECF' for step by step instructions on resolving BDX processing errors. These cover the corrective measures to take in submitting the BDX accurately as well as outlining how to recover funds if the BDX has been processed as 'cash' instead of 'non-cash'.

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Submit BDX to ECF

The broker submits the BDX into ECF as 'non-cash' for MA approval

Broker **Managing Agent**

The broker will use the 'Claims Data Entry: Narrative' section within ECF to flag the BDX to be processed as 'non-cash', before it is reviewed and approved by the MA.

Step 1: Broker submits BDX in ECF as a 'non-cash' entry

- The broker will upload the BDX to ECF (often done automatically by their internal claims system) as a settlement transaction, while noting that it is to be processed as 'non-cash'
- This is done by entering the following details in the fields within the **'Claims Data Entry: Narrative'** section:
  - **NON-CASH**
  - **FCP**
  - **MONTH** the BDX relates to

Step 2: MA reviews and approves BDX in ECF

- Once uploaded, the BDX will be passed to the MA for review and approval
- The MA should check that the broker has used the appropriate 'non-cash' narrative
- The MA should use the **private comments** within ECF to include the requirement for the BDX to be processed as non-cash

```
CLAIMS DATA ENTRY : NARRATIVE (LLOYD'S)

LA0126M   0200 CMUSSON                                    14/10/21 12:32:10
                        CLAIMS DATA ENTRY : NARRATIVE (LLOYD'S)
UCR : B 0001 FCPABC            TR: B 0001 001
TYPE: BROKER ADDITIONAL DETAILS                     PAGE NO:    1 OF    1

NON CASH
FCP
MONTH
```

Note

Some market systems used by brokers are unable to automatically submit BDX transactions to be processed as 'non-cash'. If this is the case, the following process has been suggested in conjunction with LIIBA:

- *Process a collection and release that to CLASS (with a narrative for Xchanging to 'process as non-cash')*
- *Back out and cancel the collection on your core system*
- *Process a 'stats only' entry for the same amount*

LIIBA and the Future at Lloyd's are engaging with market system vendors to request this additional functionality be added to their platform offering.

Ensure inclusion of key information in the 'Claims Data Entry: Narrative'

- *Submitting the BDX without the required details in the 'Claims Data Entry: Narrative' section will lead to it being processed as cash, meaning funds will be transferred*
- *This will lead to duplicate funds being transferred from the MA trust account, whereby corrective measures will need to be taken to recover funds*
- *In such instances, the MA and Broker must work to transfer the relevant amount back to the MA trust account via ECF*
- *Submitting the BDX incorrectly as 'cash' will also cause downstream reconciliation problems and require additional work to rectify*
- *All reasonable steps must therefore be made to avoid having to use such corrective measures*

Submit BDX to ECF

DXC will process the BDX as 'non-cash' and send the signing messages

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> The settlement transaction is processed as 'non-cash' by DXC to prevent funds from moving, but also to enable signing messages to be generated for technical accounting purposes.

Step 3: DXC process the BDX as non-cash

- DXC technicians processing the settlement will do so in **XCS CLASS** as '**non-cash**'
- This will stop any funds moving from the MA trust account to the broker

Step 4: DXC send signing messages to the market

- DXC will send the relevant signing messages to the market to enable signings reconciliation to take place:
  - The broker will receive the BSM*
  - MA(s) will receive the SCM**

Reconcile MA signings to Vitesse funding activity

Continue to section 9

*Broker's Signing Message
**Syndicate Claims Message

Submit BDX to ECF
Best practice

Broker **Managing Agent**

BDX submission best practice

| DCAs should submit the BDX to the broker at the start of every month, immediately after reconciling the BDX against the cashbook | Brokers should use their clear, established method for communicating that the BDX is FCP and requires processing as 'non-cash' | Brokers, DCAs and MAs should record all binders using FCP internally to ensure they are aware which BDX require processing as 'non-cash' | Brokers must use the narrative in ECF to highlight **'NON-CASH', 'FCP'** and **'BDX MONTH'** to DXC | MAs must ensure the correct details are included in the broker narrative and re-iterate 'non-cash' in the private comments |

Ensure inclusion of key information in 'Claims Data Entry: Narrative'

- *Submitting the BDX without the required details in the 'Claims Data Entry: Narrative' section will lead to it being processed as cash, meaning funds will be transferred*
- *This will lead to duplicate funds being transferred from the MA trust account, whereby corrective measures will need to be taken to recover funds*
- *In such instances, the MA and Broker must work to transfer the relevant amount back to the MA trust account via ECF*
- *Submitting the BDX incorrectly as 'cash' will also cause downstream reconciliation problems and require additional work to rectify*
- *All reasonable steps must therefore be made to avoid having to use such corrective measures*

⚠️ Every party involved in the review or submission of the monthly BDX into ECF must apply due diligence to avoid unintentional cash movements. In the event the BDX has been submitted or processed erroneously, corrective action will need to be taken. The 3 scenarios below highlight the different steps that MAs, brokers and DCAs should take when the BDX has been processed incorrectly in ECF.

Scenario 1

MA reviews the BDX submission in ECF and identifies that the BDX has mistakenly been submitted as 'cash' instead of 'non-cash'

- Upon identifying this error, the MA should query the submission by notifying the broker via ECF

- The broker should then withdraw the BDX submission in ECF and re-submit this as 'non-cash'

Note

DXC may also identify an incorrect submission of a BDX in ECF if the MA has mistakenly approved the BDX entry as 'cash'. DXC will follow the same steps by querying the entry with the broker (via ECF), who should then withdraw the BDX and resubmit it in ECF as 'non-cash'.

Scenario 2

MA reviews the BDX submission in ECF and identifies that the BDX does not match the Vitesse cashbook record of payments made in that month

- Upon identifying this error, the MA should query the BDX figures with the broker via ECF

- The broker and/or MA should then query the BDX with the DCA

- The DCA should investigate (internally) the cause of the mismatch, and then correct the BDX to ensure payment records in the BDX match the payment records in the Vitesse cashbook

- Upon completion, the DCA should then re-submit the BDX to the relevant party (usually the broker) for re-submission to ECF

Scenario 3

DXC mistakenly process the BDX as 'cash' instead of 'non-cash' in ECF

- Although the broker may submit the BDX as 'non-cash', DXC may still inadvertently process the BDX as 'cash' in ECF

- In such an event, the submission by DXC will trigger money movements from the MAs trust fund account to the broker that equals the BDX amount

- If this happens, the MA (or broker) should identify the mistake during their monthly accounting processes, after which the broker should refund the value of the funds processed to the MA via ECF

- If the broker has already sent the funds to the DCA before identifying the mistake, they should recover the funds from the DCA (and any beneficiaries that may have been paid in error)

- Finally, the broker should re-submit the BDX as 'non-cash' in ECF, ensuring all details have been worked through prior to re-submission

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The Future at Lloyds
Delegated Authority Faster Claims Payment

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

Reconcile MA signings to Vitesse funding activity

Overview

MAs should reconcile the Vitesse funding account activity against SCMs received from DXC into their Policy Administration Systems (PAS), for accounting purposes.

What is meant by signings (or back-end) 'reconciliation'?

- For FCP, weekly funding top-up requests from Vitesse to Lloyd's central services (*ARCS / **STFO) will trigger a cash movement from the MAs' trust fund(s) into Vitesse to replenish the MA funding accounts (see section 6 – FCP replenishment)

- Signings 'reconciliation' is an accounting control that seeks to match the weekly cash movements (reflected in the Vitesse funding report) to the SCM messages received by an MA from DXC (based on the BDX); it is strongly recommended that signings reconciliation is completed monthly for each binder

- Due to the timing differences between the Vitesse top-ups (weekly) and receipt of signings by the MA (monthly), an expected monthly reconciliation difference will be carried over until the account is closed; each payment is associated with an individual top up request, so MAs will be able to account for all cash movements, or identify discrepancies to be rectified

- To assist the MA in tracking outstanding cash movements, the DCA must submit the BDX in a timely manner to the receiving party (usually the broker) for processing in ECF, such that SCMs are generated swiftly to the MA

Why should the figures in the Vitesse funding account report be compared to the MA Signings?

- Cash movements that correspond to FCP Vitesse top-ups should be reconciled by MA finance teams to signings generated by the BDX for financial accounting and audit purposes

- If signings aren't reconciled against Vitesse top-up activity, the MA finance credit control ledger will build up an outstanding cash position

Classification: Confidential

*ARCS - Apportionment, Reporting and Collection System | ** STFO - Settlement Trust Fund Office*

Reconcile MA signings to Vitesse funding activity

Key changes for MAs

Managing Agent

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What's changing?

- MAs will see real time money movements displayed against the Vitesse funding account, as well as the SCMs received from DXC into their Policy Administration Systems (PAS) - these two artefacts should be used for accounting and reconciliation purposes

- As the weekly replenishment process is not directly linked to 'non-cash' signings, the MA should reconcile the signings received against cash movements in their Vitesse funding account for each BDX period - this is done by Syndicate Number, UMR and YOA, which is consistent across both the MA's funding account in Vitesse and SCMs

- For FCP, MAs must ensure the appropriate 'non-cash' narrative has been provided by the broker and the Lead MA must also provide the 'non-cash' narrative in the private comments in ECF for the technical processing team in DXC to process 'non-cash' signings (see section 8 - Submit BDX to ECF)

What's NOT changing?

- The BDX is still the trigger for MAs' signings and will contain claim financials and reserving information

- The BDX is still processed in ECF by the broker

- The MA still validates the BDX in ECF

- DXC still validates the BDX in XCS CLASS

Reconcile MA signings to Vitesse funding activity
Overview

OBJECTIVE:
Signings 'reconciliation' is an accounting control that seeks to match the weekly cash movements (reflected in the Vitesse funding report) to the SCM messages received by an MA from DXC (based on the BDX). If signings aren't reconciled against Vitesse top-up activity, the MA finance credit control ledger will build up an outstanding cash position

PROCESS

Back-end reconciliation of the Vitesse funding report and signings

Prepare Funding Data (Cash Movements)

- ✓ BDX Period
- ✓ Syndicate No.
- ✓ UMR
- ✓ YOA

Obtain Funding Report

Vitesse funding report

Prepare SCM Data (Non-Cash Movements)

- ✓ BDX Period
- ✓ Syndicate No.
- ✓ UMR
- ✓ YOA

SCMs

SCM signings

Reconcile

Funding report | SCMs

1 MA's finance team receives the Vitesse funding report. This can be scheduled to run monthly to be sent to multiple users/SFTP endpoints or downloaded directly from the Vitesse platform

2 MA produces a summary view of '**cash**' money movements by creating a pivot table from the Vitesse funding data

3 MA receives signings (SCMs) in their PAS* from DXC - this includes the UMR and YOA

4 MA totals their 'Paid This Time' signings received from DXC to produce a summary view of '**non-cash**' money movements

5 The MA compares the money movements/cash values by Syndicate Number, YOA and UMR in both the Vitesse funding report and signings, ensuring these match **for each BDX period**

6 Reconciliation items are noted by the MA to complete the process and checked in subsequent months

It is recommended that reconciliation is done by BDX Period, Syndicate Number, UMR and Year of Account, as depicted throughout this presentation

Expected discrepancies
*ARCS** Funding account top ups occur weekly while BDX periods run monthly. This results in timing differences which means the BDX period may include or exclude some claims payments*

Unexpected discrepancies
In the event the MA identifies any unexpected reconciliation item(s) while completing back-end reconciliation, they should investigate the cause of discrepancy using ECF and BDX information, the Vitesse cashbook and the Vitesse funding report. MAs should contact their DCA, broker and/or DXC to resolve any issues as required.

*PAS – Policy Administration Systems | **ARCS - Apportionment, Reporting and Collection System*

Reconcile MA signings to Vitesse funding activity

Managing Agent

Preparing the Vitesse funding account report data

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A pivot table will prepare the Vitesse funding data for comparison against SCM signings. Item A should reconcile to SCM and Items B and C will give expected discrepancies.

ARCSSettlementDate groups the related debits and credits. If the settlement date is blank the ARCS process has not yet been triggered

Filter and include only any of:
ARCS Scheduled Liquidity
ARCS Urgent Liquidity
Liquidity pulls

Steps 1 & 2: Download & pivot the Vitesse funding repot

- A pivot table allows the Vitesse funding activity to be viewed in line with the data in the SCM from DXC – i.e. by **Period, Syndicate, YOA and UMR.**

- **AccountEntryType** should be used to remove all entries that are unrelated to ARCS replenishment activity. Filter to only show records for "Liquidity Pull", "ARCS Scheduled Liquidity" and "ARCS Urgent Liquidity".

- By including the field **ARCSSettlementDate**, all UMR debits related to an ARCS credit will be grouped together.

A For each ARCS Settlement Date, the debits due to **'liquidity pulls'** should sum to the value of the credit due to the 'ARCS Scheduled Liquidity', assuming that the replenishment cycle has been fully completed.

Expected Discrepancy **B** Any liquidity pulls that have an ARCS Settlement Date, but no corresponding ARCS Liquidity credit have been included in an ARCS replenishment request, but the funds are yet to be received. As a result this reflects a timing difference.

Expected Discrepancy **C** Any liquidity pulls that do not have an ARCS Settlement Date will have no ARCS liquidity credit, as they have not yet triggered an ARCS liquidity pull.

Note

Due to replenishment timings, any 'Liquidity Pull' line items that do not directly match to the 'ARCS Scheduled Liquidity' entry will be captured in subsequent ARCS Scheduled Liquidity movements. By combining consecutive monthly funding reports a cumulative view can be generated to ensure breaks due to timing have been resolved.

AccountName	ARCSSettlementDate	CreatedOn	UniqueMarketReference	YearOfAcco	AccountEntryType	Sum of Debit	Sum of Credit
Synd 002 USD	16/11/2022	11/3/2022 13:48	B1511GQ423K22A000	2022	Liquidity Pull	2,025.77	
Synd 002 USD		11/3/2022 14:12	B1511GQ423K22A000	2022	Liquidity Pull	1,653.06	
Synd 002 USD		11/4/2022 11:55	B1511GQ423K22A000	2022	Liquidity Pull	120.32	
Synd 002 USD		11/4/2022 17:26	B1511GQ423K22A000	2022	Liquidity Pull	8.33	
Synd 002 USD		11/6/2022 13:02	B1511GQ423K22A000	2022	Liquidity Pull	363.18	
Synd 002 USD		11/8/2022 12:41	B1511GQ423K22A000	2022	Liquidity Pull	10,916.53	
Synd 002 USD		11/8/2022 14:12	B1511GQ423K22A000	2022	Liquidity Pull	648.37	
Synd 002 USD		11/8/2022 19:27	UMR_00002	2021	Liquidity Pull	1,966.15	
Synd 002 USD		11/9/2022 16:38	B1511GQ423K22A000	2022	Liquidity Pull	1,995.78	
Synd 002 USD		11/9/2022 17:30	B1511GQ423K22A000	2022	Liquidity Pull	3,467.89	
Synd 002 USD		11/17/2022 15:54	(blank)	(blank)	ARCS Scheduled Liquidity		23,165.38
Synd 002 USD	**16/11/2022 Total**					**23,165.38**	**23,165.38**	A
Synd 002 USD	22/11/2022	11/10/2022 14:18	B1511GQ423K22A000	2022	Liquidity Pull	7,284.78	
Synd 002 USD		11/10/2022 15:27	B1511GQ423K22A000	2022	Liquidity Pull	83.04	
Synd 002 USD		11/11/2022 16:49	B1511GQ423K22A000	2022	Liquidity Pull	2,622.07	
Synd 002 USD		11/12/2022 10:05	B1511GQ423K22A000	2022	Liquidity Pull	3,320.88	
Synd 002 USD		11/15/2022 18:24	B1511GQ423K22A000	2022	Liquidity Pull	118.05	
Synd 002 USD		11/15/2022 21:33	B1511GQ423K22A000	2022	Liquidity Pull	863.63	
Synd 002 USD		11/16/2022 15:26	UMR_00002	2021	Liquidity Pull	1,158.38	
Synd 002 USD		11/16/2022 20:39	B1511GQ423K22A000	2022	Liquidity Pull	6,256.58	
Synd 002 USD	**22/11/2022 Total**					**21,707.41**		B
Synd 002 USD	(blank)	11/17/2022 13:32	B1511GQ423K22A000	2022	Liquidity Pull	867.07	
Synd 002 USD		11/17/2022 17:37	B1511GQ423K22A000	2022	Liquidity Pull	130.33	
Synd 002 USD		11/17/2022 19:56	UMR_00002	2021	Liquidity Pull	425.53	
Synd 002 USD		11/17/2022 19:57	UMR_00002	2021	Liquidity Pull	273.51	
Synd 002 USD		11/17/2022 21:14	B1511GQ423K22A000	2022	Liquidity Pull	2,987.38	
Synd 002 USD		11/21/2022 14:46	UMR_00002	2021	Liquidity Pull	8,254.15	
Synd 002 USD		11/21/2022 16:55	B1511GQ423K22A000	2022	Liquidity Pull	248.77	
Synd 002 USD		11/21/2022 18:42	B1511GQ423K22A000	2022	Liquidity Pull	10.00	
Synd 002 USD		11/21/2022 18:58	B1511GQ423K22A000	2022	Liquidity Pull	208.43	
Synd 002 USD		11/21/2022 19:04	B1511GQ423K22A000	2022	Liquidity Pull	103.05	
Synd 002 USD		11/21/2022 21:28	B1511GQ423K22A000	2022	Liquidity Pull	622.24	
Synd 002 USD		11/22/2022 20:17	UMR_00002	2021	Liquidity Pull	4,121.45	
Synd 002 USD		11/24/2022 16:00	B1511GQ423K22A000	2022	Liquidity Pull	0.33	
Synd 002 USD		11/25/2022 17:00	B1511GQ423K22A000	2022	Liquidity Pull	0.33	
Synd 002 USD		11/28/2022 13:14	B1511GQ423K22A000	2022	Liquidity Pull	1,441.47	
Synd 002 USD	**(blank) Total**					**19,694.04**		C

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Reconcile MA signings to Vitesse funding activity

Preparing the MA signings data

MAs will receive signings from DXC into the Policy Admin System (PAS). This data will also need to be recorded and prepared for comparison against the Vitesse Funding Report.

Steps 3 & 4: Record MA signings data for reconciliation

- Record all associated **Syndicate Paid This Time** values from SCMs received by **Syndicate Number, Year of account (YOA)** and **UMR** for each BDX period

A The amount displayed 'Syndicate Share Amount' / 'Paid This Time' is taken from the SCM. The total is summed for each combination of Syndicate, YOA, UMR and BDX period

B The signings from the bureau are received in an aggregated format using a 'Claims Office Reference (COR)'. There could be more than 1 COR because of non fundamental splits processed by DXC.

C 'CurrNarA' and 'CurrNarB' is what is used to populate the BDX period by DXC based on the Lead MAs instruction in the private comments in ECF (see Section 8; Submit BDX).

MA signings (SCMs)

May 2022

| | | A | | B | | C | |
UMR	Syndicate Number (SYN)	Syndicate Share Amount / Paid This Time (PTT)	Year of Account (YAC)	Claims Office Reference (COR)		CurrNar A	CurrNar B
BMR00001234	1100	(500.00)	2022	N616220610		May 2022 BDX	May 2022 BDX/ NON CASH
BMR00001234	1100	(500.00)	2022	N616220611		May 2022 BDX	May 2022 BDX/ NON CASH

Syndicate 'Paid This Time' = **$1,000.00**

Note

Signings received by a MA may vary in how the information is displayed (e.g. different field names) and is dependent on how a MAs policy admin system has been configured to receive bureau messages.

Reminder

Timely submission and processing of the BDX enables more signings to be matched to the cash top-ups recorded in the Vitesse funding report.

Reconcile MA signings to Vitesse funding activity

Reconcile the Vitesse funding report to signings received by the MA

Managing Agent

The Vitesse funding data has been aligned to the SCM signing data and reconciliation can now commence

Steps 5 & 6: Reconcile Vitesse funding report to MA signings

- Compare the Vitesse funding report and SCM signings at a Syndicate Number, YOA and UMR level for each BDX period to track the value of **'Reconciling Items'**
- Any reconciliation items should be noted by the MA and checked in subsequent months to complete the process

A **'Account Name'** is derived from the Syndicate Number which is against each MA's Vitesse funding account.

B The **'Signings Value' (SCMs)** is obtained from the MA Signings from DXC.

C The **'Cash Value'** is the sum of all **ARCS Scheduled Liquidity Credits** (top-ups) from the Vitesse Funding Report Pivot Table.

D **'Reconciling items'** relate to timing differences of ARCS top-ups of cash received in Vitesse funding accounts compared with the non-cash signings received in a MA's policy admin system.

Vitesse funding report figures

Created on Date (BDX Period)	Cash Paid		Syndicate Share %		Syndicate Share Amount	ARCS Top-Ups
May 2022	$2,000.00	X	50%	=	$1,000.00	$1,062.50
Jun 2022	$225.00	X	50%	=	$112.50	$150.50

Back-end reconciliation summary

May 2022

UMR / Cash Reference	YOA	Account Name	BDX Period	Signings Value	Cash Value	Outstanding
BMR00001234	2022	1100	May-2022	(1,000.00)	1,062.50	62.50
Totals				**(1,000.00)**	**1,062.50**	**62.50**
					Reconciling item difference	62.50
					Apr liquidity pulls included in May ARCS top-up in funding a/c	(100.00)
					May liquidity pulls due in June ARCS top-up in funding a/c	37.50
						(62.50)

Summary
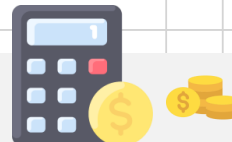
Reconciling Items = ($1,000.00) + $1,062.50 = $62.50
Reconciling Item(s) = ($100.00) + $37.50 = ($62.50)

The discrepancy of $62.50 is expected because it is the net movement of:
- Liquidity pulls of $100.00 from April included in ARCS top-up for May, which should be **excluded**
- Liquidity pulls of $37.50 from May included in ARCS top-up for June which should be **included**
- This net amount is a reconciling item to be carried over next month
- There will be a rolling reconciling item amount until the account is closed at the end of the year

Reconcile MA signings to Vitesse funding activity

Managing Agent

Timing of ARCS replenishments in Vitesse and signings received by the MA

An example showing a timeline of cash movements in the Vitesse funding report and the BDX process for technical accounting for the May BDX period:

Weekly replenishment vs. monthly BDX period

A comparison of weekly ARCS top-ups within a MA's funding account to signings against the monthly BDX period is done to note timing differences.

Timing differences with the opening and closing ARCS top-ups for the BDX period may include claim payments outside the BDX period and may exclude claims inside the BDX period; these should be noted to complete the reconciliation process.

Example:

Cash movements in Apr | Cash movements in May | BDX process for technical accounting

BDX Start Period
01 May

ARCs Weekly Top-Ups

BDX End Period
31 May

Apr Claim payments due for replenishment next month

May Claim payments due for replenishment next month

May BDX submission to broker by DCA following reconciliation to the cashbook

May signings sent to MAs' PAS

Apr — *May* — *Jun* — *Jul*
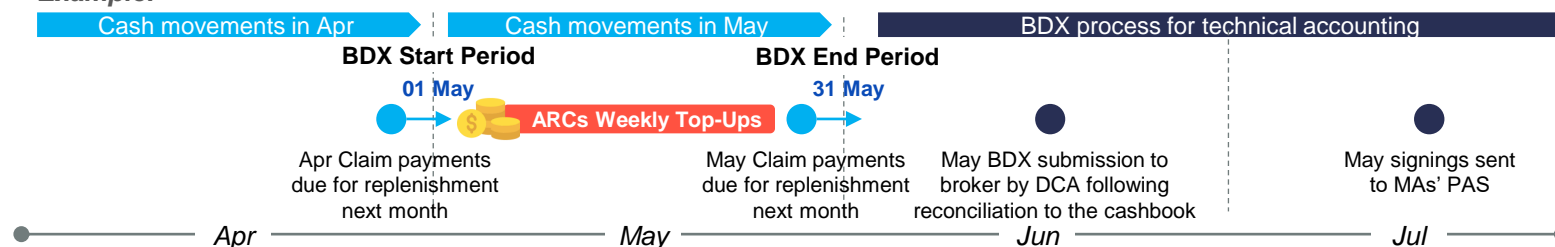
Reconcile MA signings to Vitesse funding activity

Early Settlement Advice - tab details for ARCS transfers

Managing Agent

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REMINDER: MA finance teams can set up rules to automatically assign ARCS transfers to aid reconciliation by using the below ledger posting details from their Early Settlement Advice notice, which includes the tab number.

TAB   265   **A**

Example

ACCOUNT HOLDER: 1100
C 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				
C Syndicate 1100				
F 2022 **G**	Syndicate Total	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**	

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

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Reconcile MA signings to Vitesse funding activity

Reconciliation best practice

Managing Agent

Reconciliation best practice

Timely submission of the BDX by the DCA, and its **validation in ECF by the lead MA** (and broker) in ECF reduces the risk of bottlenecks for downstream reconciliation

MAs will have an established process of receiving SCMs, and should **agree a method (internally) of comparing their SCMs against the Vitesse funding report**

Reconciling on a BDX Period, Syndicate Number, UMR and YOA basis between the Vitesse funding report and non-cash signings enables an easier comparison for each binder and account

It is strongly recommended that MAs complete their back-end reconciliation activities **monthly**

Top tip
To supplement the BDX submission by DCAs, MAs may want to additionally request that DCAs send them a summary of their front-end reconciliation activities (i.e. Vitesse cashbook vs. BDX 'Paid this month' values).

SCM signings reconciliation tied to ARCS top-ups
Reconciliation of SCMs to cash movements cannot take place in the absence of ARCS top-ups (funding account levels that are too high will result in these top-ups not taking place). If this occurs, reconciliation can be provisionally completed by comparing SCMs to the liquidity pulls within Vitesse, based on the date/time of these pulls. Once an ARCS top-up occurs, this activity should be repeated to maintain oversight of cash movements and reconciling items.

Identifying discrepancies during reconciliation
In the event the MA identifies any unexpected reconciliation item(s) while completing back-end reconciliation, they should investigate the cause of discrepancy using ECF and BDX information, the Vitesse cashbook and the Vitesse funding report. MAs should contact their DCA, broker and/or DXC to resolve any issues as required.

Top tip
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.

Reconcile MA signings to Vitesse funding activity

Potential reasons for differences when reconciling MA signings to Vitesse funding activity

> ⚠️ Every party involved in the review or submission of the monthly BDX financials must ensure the corresponding money movements are reflected in Vitesse to avoid unexpected reconciling items. In the event the reconciling items have not been accounted for, corrective action will need to be taken to identify these. The two scenarios below highlight the different steps that MAs should take when reconciling SCMs to Vitesse funding activity when an unexpected difference is identified.

Scenario 1

MA reconciles the Vitesse funding report against SCMs and identifies that there are outstanding credits in their funding account

- The MA should determine the materiality of the outstanding credits and decide to either leave this in their funding account or contact Vitesse to determine the best method of returning a refund to the MA's trust account

- Should the MA choose to send outstanding credits back to their MA trust account, Vitesse will validate and execute the payment request from the MA

Scenario 2

MA reconciles the Vitesse funding report against SCMs and identifies that there have been no scheduled ARCS top-ups in their funding account for a period of time

- Upon identifying this error, the MA should query with Vitesse and determine the appropriate resolution (for example; reconciling against the liquidity pulls within the Vitesse funding report until the ARCS top up recommences)

- If the funding account is overfunded, it can be resolved either by increasing the pre-agreed threshold balance or by withdrawing funds from Vitesse and returning these to the MA's trust account

Reminder
ARCS top-ups may not occur every week if funding levels are held at such a level above the pre-agreed balance that the claims activity isn't enough to trigger a request.

Note
Back-end reconciliation can be provisionally completed by comparing SCMs to the liquidity pulls within Vitesse, based on the date/time of these pulls until an ARCS top-up re-occurs.

Note
In the event the BDX for FCP gets processed incorrectly as 'cash' the MA should contact the broker (see the different scenarios at the end of section 8 – Submit BDX to ECF).

The Future at Lloyds
Delegated Authority Faster Claims Payment

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

Refunds and recoveries
Overview

DCAs can process refunds from beneficiaries to Vitesse where refunds are then transferred from their payment account to the associated MA funding accounts.

Sending claim refunds to the Vitesse platform

DCAs will need to contact Vitesse to send claim refunds and Vitesse will provide the DCA with the instructions (including referencing) of the account to send refunds to. DCAs have the following options when processing refunds:

DCAs can receive monies from the beneficiary into their internal bank account and then the DCA transfers the refund to Vitesse

DCA instructs the beneficiary to send the refund directly to Vitesse

Note: Vitesse provide a dedicated team that aim to process refunds within 48 hours of a request being raised.

Returns by cheque: Vitesse do not accept returns made by cheque – returns will need to be completed via wire transfer instead.

Benefits of the Vitesse automated assisted refunds and recoveries service

- It reduces reconciling issues once returned funds are credited to funding accounts in Vitesse
- It ensures the right monies are returned to the managing agents' funding account(s)

Refunds and recoveries

Key changes for DCAs

What's changing?

- Through the automated refunds and recoveries service, DCAs will experience an improved credit process whereby returned funds will automatically be applied to the appropriate MA funding account(s) by Vitesse

- Returned funds will be reconcilable for both DCAs and MAs, with the addition of new transaction types recorded in the Vitesse cashbook ('Return of funds') and the MA funding account ('Refund of payment') respectively

What's NOT changing?

- DCAs will continue to act as an intermediary for refunds returned by cheque from the beneficiary - Vitesse will not accept refunds via cheque – cheque returns will need to be completed via wire transfer instead

Refunds and recoveries
Refunds from beneficiaries summary and checklist

Refunds from beneficiaries in FCP

Key steps for DCAs:

1. Request a refund from the beneficiary that clearly explains why a refund is being requested, and which provides reasonable repayment terms

2. Submit a refund to Vitesse

3. Verify that Vitesse has allocated the returned funds to the appropriate MA funding account(s)

Refund checklist

Before requesting a refund to Vitesse, ensure:

- ✓ DCAs are aware of the correct Vitesse account to send refunds to

- ✓ There is an appropriate MA funding account set up for funds to be returned to

- ✓ DCA bank accounts are being monitored and maintained to accommodate returns from beneficiaries

Note
Bank account details can be identified by checking the account properties screen for the payment account in question when sending a refund to Vitesse

Refunds and recoveries
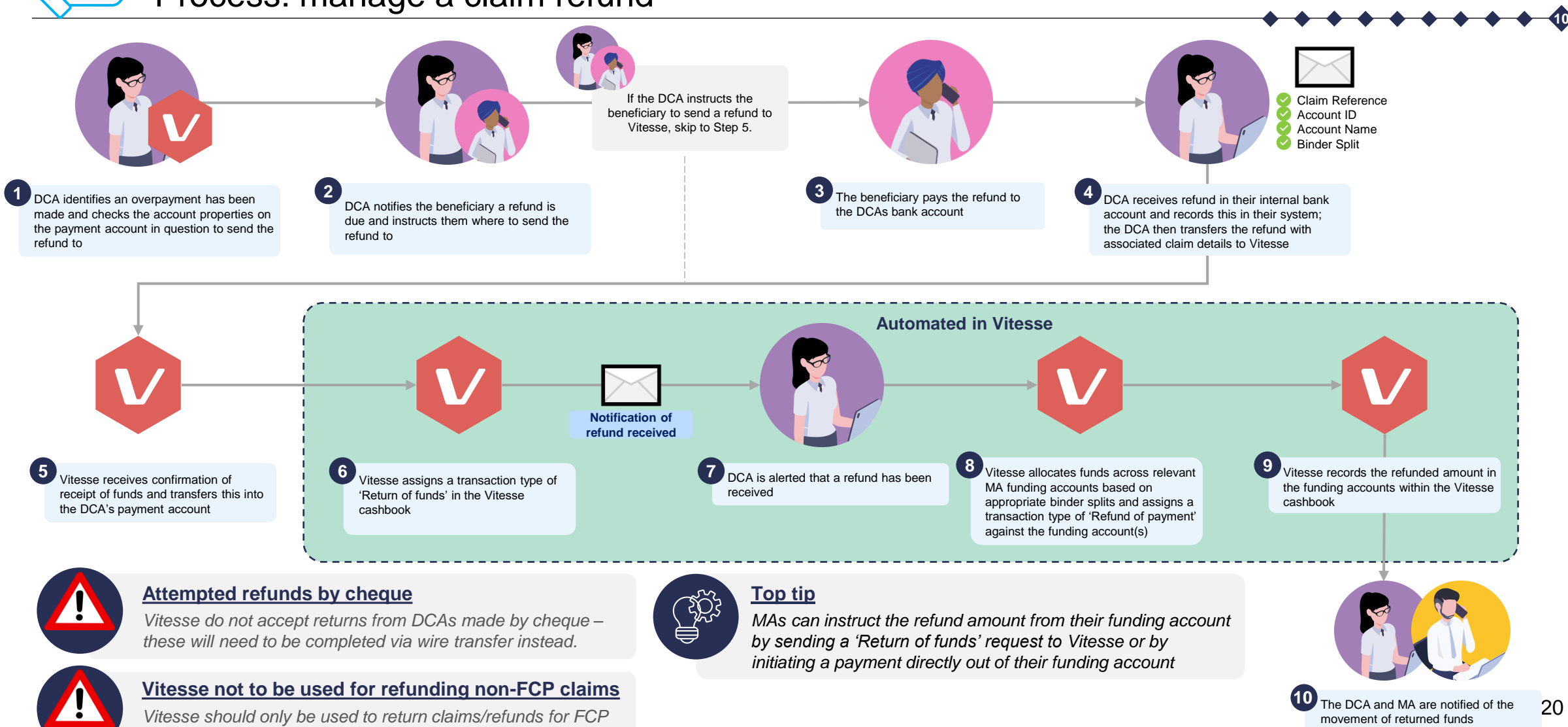
Process: manage a claim refund

Vitesse **Policyholder (beneficiary)** **DCA** **Managing Agent**

1 DCA identifies an overpayment has been made and checks the account properties on the payment account in question to send the refund to

2 DCA notifies the beneficiary a refund is due and instructs them where to send the refund to

If the DCA instructs the beneficiary to send a refund to Vitesse, skip to Step 5.

3 The beneficiary pays the refund to the DCAs bank account

4 DCA receives refund in their internal bank account and records this in their system; the DCA then transfers the refund with associated claim details to Vitesse

✓ Claim Reference
✓ Account ID
✓ Account Name
✓ Binder Split

Automated in Vitesse

Notification of refund received

5 Vitesse receives confirmation of receipt of funds and transfers this into the DCA's payment account

6 Vitesse assigns a transaction type of 'Return of funds' in the Vitesse cashbook

7 DCA is alerted that a refund has been received

8 Vitesse allocates funds across relevant MA funding accounts based on appropriate binder splits and assigns a transaction type of 'Refund of payment' against the funding account(s)

9 Vitesse records the refunded amount in the funding accounts within the Vitesse cashbook

10 The DCA and MA are notified of the movement of returned funds

Attempted refunds by cheque
Vitesse do not accept returns from DCAs made by cheque – these will need to be completed via wire transfer instead.

Top tip
MAs can instruct the refund amount from their funding account by sending a 'Return of funds' request to Vitesse or by initiating a payment directly out of their funding account

Vitesse not to be used for refunding non-FCP claims
Vitesse should only be used to return claims/refunds for FCP binders.

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Classification: Confidential

Refunds and recoveries

Request a refund from the beneficiary

Policyholder (beneficiary) **DCA**

In the event an overpayment has been made and a refund from the beneficiary is due, DCAs will need to request the refunded amount be paid directly into their bank account.

Steps 1 - 3: Notify the beneficiary that a refund is due

- DCA identifies an overpayment has been made and checks the account properties on the payment account in question to send the refund to

- DCA notifies the beneficiary a refund is due and instructs them where to send the refund to

- Using the bank details and instructions provided by the DCA the beneficiary either:

    1. Pays the refund directly into the DCAs bank account (continue to step 4)

    2. Pays the refund directly to Vitesse (continue to step 5)

Reminder

MAs will need to contact Vitesse support if they wish to credit returns to their trust funds.

Vitesse support will contact the DCA when a mid-term market change has occurred on the binder, as Vitesse will hold all incoming credits and the DCA will need to instruct Vitesse on which payment account and corresponding MA funding account the returned funds should be applied to.

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Refunds and recoveries

Submit a refund to Vitesse

Vitesse　　**DCA**

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Once the returned funds have been received, the DCA forwards the refund amount to Vitesse with associated claims information. Upon receipt of the refund, Vitesse will then transfer the returned funds to the DCA's payment account.

Steps 4: DCA submits a refund to Vitesse and Vitesse receives notification of refund

- DCA receives the refund in their internal bank account and records this in their system
- The DCA should then transfer the refunded amount to Vitesse, and detail the associated claim via email

Step 5: Vitesse receive receipt of refund

- Vitesse will receive a confirmation of receipt of funds and then proceed to pay the refunded amount into the MA's payment account which the DCA's have access to

Sending claim refunds to the correct Vitesse account

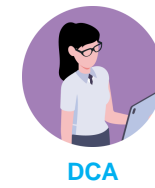*DCAs should ensure they forward the refund to the correct Vitesse account when processing refunds in Vitesse.*

Note

Claims references associated with the refund will be posted in the Vitesse cashbook to aid downstream reconciliation for the DCA.

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Refunds and recoveries

Vitesse allocates returned funds to MA funding accounts

Vitesse applies returned funds to the MA's payment account and MA funding account(s) respectively.

Step 6 - 10: **Verify that Vitesse has allocated the returned funds to MA funding accounts**

- Once the refund has been submitted, the credit process is followed in Vitesse and returned funds are issued to the requested MA's payment account

- Vitesse will then apply a transaction type of 'Return of funds' as an entry in the Vitesse cashbook to reflect the repayment

- The DCA will also be notified that a refund from the beneficiary has been received into the payment account

- Vitesse will subsequently re-allocate returned funds across relevant MA funding account(s) based on the appropriate binder splits

- Finally, Vitesse will assign a transaction type of 'Refund of payment' against the funding account (visible by MAs within the 'Accounts' section)

- Both the DCA and MA are then notified of the movement of returned funds by Vitesse

Note
The DCA should record the refund in their BDX with the equivalent claims reference number as entered in the cashbook by Vitesse.

Top tip
MAs can instruct the refund amount from their funding account by sending a 'Return of funds' request to a bank account of their choosing via the Vitesse platform.

Refunds impacting reconciliation differences
A refund into the MA's funding account can cause a reconciling item difference when a MA performs their signings reconciliation (see Section 9). MAs can choose to instruct the refund amount from their funding account by sending a 'Return of funds' request to a bank account of their choosing by contacting Vitesse or increase their funding account balance (by the amount of credits remaining in the funding account).

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Refunds and recoveries

Best practice

Refunds from beneficiaries best practice

DCA payment accounts in Vitesse must only be used for claim refunds that relate to binders flagged as FCP

Individual refunds must be issued on a 'per claim' basis and not bulked

A claims reference must be given for each claim refund instruction to Vitesse and match the refund recorded on the BDX

Any delays in Vitesse allocating returned funds to MA funding accounts should be escalated to Vitesse support

Top tip
Any refunds returned to FCP payment accounts in Vitesse can be tracked by the DCA and MA in the Vitesse cashbook and funding account respectively.

Note
MAs will need to contact Vitesse support if they wish for returns to be credited to their trust funds.

Payment instructions on returned funds following mid-term binder changes
In the event of a refund that relates to a previous binding authority contract (incl. before a mid-term binder change), the DCA will need to instruct Vitesse on which payment account and corresponding MA funding account the returned funds should be applied to.

Reminder
If your refund hasn't been processed within 48 hours, please contact Vitesse support.

LLOYD'S

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