

## The Scope of FCP

### **What happens to the FCP solution when the joint venture goes live?**

The FCP process will be embedded within the joint venture – it may evolve over time as Lloyd's seeks to improve Delegated Authority processes overall as part of the JV delivery.

### **At the moment FCP is only available for DA business; what about the open market?**

Improved claims settlement and payment processes will be delivered as part of the joint venture delivery of the International Claims Orchestration Service (ICOS) and its associated components.

### **Does FCP support Lloyd's Insurance Company S.A. (LIC) business?**

LIC is not in the initial scope of FCP and is exempt at the current time. At present EUR BDx cannot be submitted as non-cash and STFO does not support EUR accounts.

### **Does FCP support Lineage business in Canada?**

Lineage is not in the initial scope of FCP and is exempt at the current time.

### **Is FCP limited to binders in USD, GBP, and CAD exclusively?**

No. Payment accounts can be setup in any Vitesse supported currency, which means you can pay claimants in the currency of the binder. However, the ARCs/STFO process only supports USD, GBP, and CAD, which means, in the short term, funding accounts will need to be in one of these currencies.

### **When can subscription business be loaded onto FCP?**

FCP is fully operational for subscription business. FCP requires all managing agents on the binder to be signed up to FCP so please liaise with your broker and partner MAs to determine the appropriate time to begin using FCP for a particular binder.

### **How will the commercial model work and how much is FCP going to cost managing agents?**

FCP is set up as a market service administered by LIMOSS. The cost of use of the service will be determined by a combination of the managing agent's relative size of DA business and volume of binders they put through the platform.

### **Typically, an MA would load new binders at renewal, can they still transfer binders mid-term onto FCP?**

It is possible to transfer a binder mid-term on to FCP. The process for doing this is described in the training material. MAs need to ensure they have a plan in place to accommodate this.

### **How soon should MAs expect to see the benefits of FCP?**

During the scale phase when more binders are transferred from loss funds to FCP. This is when the true benefit of FCP will be shown, because of savings in account and transaction fees, as well as the further elimination of the loss fund process.

### **How has the market been involved in the development of FCP?**

The market has been involved at every stage of the development of Faster Claims Payment:

- The Vitesse platform was selected via RFI; a panel of market participants was involved in the assessment
- The solution itself was developed with the support of a working group of managing agents and brokers
- A pilot phase was held between July 2021 and April 2022 which consisted of 3 MAs, 2 DCAs and 4 brokers. The decision to launch FCP was taken following the success of this pilot

### **Can FCP pay claims via Check/Cheque?**

Yes (US Only). Recognising that some US clients prefer alternative payment methods, Vitesse offer an e-Check solution for FCP.

### **Binder placement and mid-term binder change**

#### **What binders are in scope to be put on FCP at the current time?**

FCP supports singleton and subscription binders where 100% of the risk is placed in Lloyd's. Best practice is to select new binders, or those that are due for renewal, although FCP can support previous years. Please see the [Delegated Authority Claims Guidance](#) on the Lloyd's website for further details. Regardless of the binder that is selected, the bordereaux must be in line with the current version of the Coverholder Reporting Standards and completed within the monthly financial cycle with few or no queries.

#### **What role do MAs take in flagging a binder on DCOM as FCP?**

Firstly, the broker will upload the binder information to DCOM and tick the FCP flag, thereby confirming that the binder meets all FCP criteria. Following this the lead managing agent should review and approve and check the FCP flag has been ticked for FCP binders. Please refer to the market support section in the DCOM platform for knowledge articles on how to do this.

The release of DCOM (DCOM 1.5) ensures all data inputted against an FCP binder is validated by the broker at point of entry.

#### **Why do MAs have to enter in the narrative within the private comments in ECF that a FCP BDX should be processed as non-cash when it is already in the broker comments?**

This is an additional safeguard to ensure the DXC technical processing team doesn't process the BDX as cash and trigger duplicate fund movements.

### **Claim payments**

#### **Does FCP allow payment of claims in all territories?**

Yes, FCP is global. Vitesse operate a large network of in-country accounts, allowing direct access into local payment schemes in >100 currencies and >170 countries and territories. In addition, using the SWIFT network, Vitesse can pay to anywhere your bank can.

**Do claim pay-outs still have to be handled by brokers, before reaching a beneficiary?**

No, funds are taken directly from managing agent accounts and can be paid to the beneficiary directly.

**Is a loss fund required for the binder under FCP?**

No, FCP includes the set-up of one funding account per MA/Syndicate with Vitesse. Funds for payments for each binder loaded into FCP will be drawn from this account and it will be topped up on a regular basis, as and when the balance in the funding account falls below the pre-determined threshold.

**How is payment information sent to Vitesse?**

The Delegated Claims Administrator (DCA) can submit this through the Vitesse Portal. It is recommended the DCA establish an Application Programming Interface (API) between its claims management system and Vitesse to transfer payment requests.

**How will the Vitesse platform be aware of the binder splits to draw funds from the right account?**

For any new payment account, MAs will provide details on the binder which also includes information regarding binder splits. Currently, payment accounts are then set up manually by Vitesse, and linked to the correct funding accounts at the % splits set out in the binder information. Release 1.5 of the Delegated Contract and Oversight Manager (DCOM) enabled the integration of DCOM with Vitesse. From then on brokers will input the binder details into DCOM, where they are verified by the Lead MA and made available for use by Vitesse via API, eventually removing the need for manual entry by Vitesse.

**When DCAs send payments via Vitesse will large payments be stopped?**

To mitigate the risk introduced by allowing DCAs to access syndicate funding pots, there is a concept of payment limits. These can be determined per payment account and limit how much DCAs can pay out in a single payment. The default value for this setting is £150k (or currency equivalent). It is at the Lead MA's discretion to determine the payment limit when requesting the setup of a new payment account.

Where DCAs attempt to initiate a payment above the payment limit, payment initiation will fail. DCAs will need to contact the lead MA, who can contact Vitesse Support to request a payment limit increase.

**If there is a payment that exceeds the £150k, is it just the Lead or the follows too who need to agree to the adjustment of the payment limit?**

To avoid unnecessary delays to payment processing, the Lead MA has the authority to request changes to the payment limit without requiring approval from follows. It is at the Lead MA's discretion to handle any messaging with follows.

**How do claims payments that are out of authority limits work in FCP?**

For payments that are out of DA limits, there is no change to existing processes. The DCA in question will need to obtain the relevant approvals from the MA, as per their standard operating procedures.

**Can the Vitesse platform accommodate integrations to a DCAs CMS system?**

Yes. Contact the Vitesse team at [integration@vitessepsp.com](mailto:integration@vitessepsp.com) for further information on how to implement this.

**In FCP, does a payment account have to be set at the UMR level only – or can a different payment account be set for each section of the policy?**

FCP Payment accounts can be set at UMR level OR at section level. Where signed lines are the same across all sections, MAs can choose to have one payment account at the UMR level or one payment account for each section. This can be set by the lead MA when registering the payment account. Where signed lines differ per section on the same UMR, separate payment accounts are required so that percentage shares are stored correctly against each payment account. This also allows a different DCA to be appointed for each section

**Replenishment**

**How would an MA determine if their Vitesse funding account needs additional funds?**

A managing agent will need to assess the appropriate funding level with their finance teams and/or brokers based on expected claims activity in relation to their FCP binder(s). The funding account balance should be regularly reviewed to ensure the balance is at an appropriate level.

**Why are replenishments of an MA Vitesse funding account weekly in FCP?**

Replenishment of a funding account is triggered by the funds falling below a pre-agreed threshold level. Flexibility in liquidity management is a key benefit of FCP. Weekly replenishment enables MAs to hold less money in the funding account at any one time, freeing it up for other use.

**What if the weekly replenishment in Vitesse is not sufficient to prevent a Funding Account from being under-funded e.g. during CAT season?**

MAs can transfer funds directly to Vitesse, increasing the balance in their Funding Account. Details of how to do this are shared as part of the onboarding material. MAs can use the configurable alerts within the Vitesse platform to ensure they are informed of a low syndicate funding account balance.

**How can an MA track funding levels?**

MAs can use the configurable alerts within the Vitesse platform to ensure they are informed of a low syndicate funding account balance. They are also able to log into the Vitesse portal to view funding movements and payments of claims.

**How long does the weekly funding account replenishment process take?**

Lloyd's central Settlement and Trust Fund Office (STFO) is the mechanism which moves funds from Syndicates trust accounts to traditional loss funds. Under FCP these funds will be moved to Syndicate funding accounts held in Vitesse. Funds will be received (by Vitesse) 3 - 4 days after STFO triggers the movement. MAs will receive an Advice notice 2 days before the debit from the trust accounts.

## Reconciliation

### **What if the MA identifies that the BDX does not match the Vitesse cashbook record of payments made in that month?**

The managing agent should contact the DCA responsible for submitting the BDX and ask them to correct or explain any differences.

### **How often should MAs do the back-end reconciliation?**

We recommend this be done monthly as MAs and DCAs to get used to the new way of working. It is the responsibility of the managing agent to ensure appropriate control over finances and accounting.

### **What happens if BDX submission delays affect the ability to reconcile signings to Vitesse funding activity?**

Speak to relevant DCAs and brokers to determine the status of BDX submissions to resolve the delays. You can also use the DA Claims Status Tracker to view the BDX progress.

### **Why does a DCA need to perform a monthly reconciliation of BDX to the Cashbook?**

The BDX must reconcile with the Cashbook to ensure no reconciliation issues are caused downstream, in technical accounting for the managing agent(s).

### **What does a DCA need to do when reconciling the BDX and Cashbook at the end of the month?**

DCAs must ensure that the BDX and Cashbook claim payments match for each claim. For full best practice please refer to the training material.

### **What is the Vitesse funding report?**

This is a real-time statement showing money movements in a MAs funding account in Vitesse. It shows debits from the funding account to fund payments to beneficiaries, made by DCAs, as well as credits to top up the funding account after its balance drops below a configured threshold. The funding report will also show any reverse flows, i.e., where recoveries are re-credited onto the funding account.

### **How does FCP impact a DCA's and a broker's role in the creation, reconciliation, and submission of a bordereaux?**

There is no change to existing processes. The DCA will still create the BDX and submit it to the broker and/or MA, as per their existing process. The DCA will need to ensure the BDX reconciles to the Vitesse cash book, and they will continue to be responsible for getting the broker to sign off on the BDX.

The main change to the end-to-end process impacts the brokers. They will need to ensure that all FCP BDX are submitted as non-cash items in ECF. Their ability to do this will vary from broker to broker, but they should be able to annotate the 'narrative' section in ECF, to say '\*\*\*non-cash\*\*\*'.

## ECF

### **Why do brokers have to enter in the narrative within the broker comments in ECF that FCP BDX should be processed as non-cash?**

This is to ensure the ECF entry is processed as non-cash and no fund movements are triggered.

### **What happens if the BDX for FCP is processed as cash?**

The broker would need to return the cash back to MAs. This would happen by putting a refund transaction onto ECF, as is the process today.

### **What happens if a broker system doesn't support automatic entry of non-cash BDX on to ECF? What's being done about this for FCP?**

Some market systems used by brokers are unable to automatically submit BDX transactions to be processed as 'non-cash'. LIIBA and the Future at Lloyd's team are engaging with market system vendors to plan for this additional functionality, to be added to their platform offering.

## Vitesse

### **Is Vitesse regulated?**

Vitesse PSP is an authorised e-Money institution (EMI) regulated by the FCA (Reference 900646) and subject to the Electronic Money Regulations 2011 (EMRs) and Payment Services Regulations 2017 (PSRs). Authorised EMIs are subject to the full regulatory regime, including the capital, safeguarding, operational resilience, security and conduct of business requirements. For further information please contact [success@vitessepsp.com](mailto:success@vitessepsp.com).

What are Vitesse's business continuity plans?

Vitesse has robust business continuity plans in place. For additional information please email [success@vitessepsp.com](mailto:success@vitessepsp.com).