LLOYD'S

Briefing

Prepared by	Lloyd's
Date	13 December 2024
Subject	**Faster Claims Payments – Canadian Dollar Accounts**

Background

Faster Claims Payments ("**FCP**") is a transformative payment solution which allows Delegated Claims Administrators ("**DCAs**") for Lloyd's binding authority business to make payments on request, drawing on managing agent ("**MA**") funds directly. This removes the need for loss funds and the associated cash calls for funding deficits. The solution leverages the Vitesse payment platform, paying claims in minutes instead of days and weeks, and in local currencies.

FCP is connected to STFO for the automatic pull of funds from MAs' trust fund accounts to top up FCP accounts within the Vitesse platform for the value of claims processed by the DCA.

Issue

Currently the FCP process does not include the notion of whether a Canadian Dollar ("**CAD**") funding account is regulated ("**CR**") or non-regulated ("**CN**") thus CAD pulls via STFO do not reference a consistent account type and fail. The impact of this is that for current CAD binders live on FCP, MAs are having to manually fund their Vitesse CAD accounts, thus eliminating the benefits of FCP.

Lloyd's have been asked to determine whether STFO pulls should include the CR or CN codes on a default basis.

Lloyd's Position

The vast majority of CAD delegated authority business is regulated Canadian situs business that falls under Lloyd's local regulatory arrangements in Canada. Pursuant to the Lloyd's Canadian Trust Deed ("**LCTD**"), premiums relating to Canadian situs business are collected and claims paid out of the Lloyd's Canadian Trust Fund ("**LCTF**"). The LCTD defines the Canadian business that is regulated under that deed and MAs have to determine whether the business that they are writing (and related claims they are paying) fall under the scope of the LCTD. A copy of the LCTD is available at https://www.lloyds.com/conducting-business/regulatory-information/trust-deeds/canadian-trust-deeds/.

There are rare instances where CAD delegated authority business may not be regulated under the LCTD and this will be for the MAs to determine. Guidance is available on Crystal regarding the location of a risk and helpful information may also be obtained from Velonetic (including manuals that contain information on trust fund codes).

Recommendation

The FCP solution will be updated to include the ability to add codes, including CR and CN.

Whilst we expect that the vast majority of Canadian delegated authority business will fall under the LCTD and will therefore constitute regulated business, we understand that there may be exceptions, which is why there will not be a default code.

Instead, MAs will be required to notify Vitesse which code to use for each binder, having done their own assessment as to the location of the risk and the regulatory requirements relating to the payment of each claim. Typically, we would expect that MAs will use the same account that receives the premiums to pay out the claims, but MAs will be responsible for providing the correct code for the STFO pull.