market communication

To: All Broker Contacts
All Company Contacts
Lloyd's Managing Agents
Software Providers

Date: 19 September 2013

Reference: 2013/110

Enquiries to: Settlement & User Support, Folkestone
Email: tsdopsqueries@xchanging.com

RE: CURRENCY CHANGE – LATVIA ADOPTION OF THE EURO

Adoption of the Euro by Latvia

Customers are advised that Latvia is adopting the Euro as its official currency with effect from 1 January 2014. The Latvian Lat will be withdrawn as legal tender 15 January 2014.

The official fixed Euro rate is LVL 0.702804 = 1 EUR.

Processing Guidelines

Contract documentation for Latvian risks with inception dates on or after 1 January 2014 must not make reference to LVL. Endorsements should be produced for any Market Reform Contracts (slips) that do refer to these currencies. LVL cannot be used as the original currency on premium, claim or proportional treaty submissions that are processed after 31 December 2013.

With regard to claims that brokers submit via CLASS on contracts after 31 December 2013, if a new transaction needs to be submitted, the outstanding reserve figure in the old currency (LVL) must be reduced to zero and a new claim transaction set up with the outstanding reserve figures converted to Euro.

Lloyd's Claims and SCM Messages

Claims Services intends to take the following action with regard to open claims which have original currencies of LVL.

Continued…

All of the outstanding figures shown in LVL on each LVL claim (COR) will be reduced to zero and the claim will be closed. No change will be made to the Paid-To-Date figures. A new claim entry (COR) that shows the original currency as Euro and with the same settlement currency as the closed claim will be opened. The outstanding figures will be carried across from the closed claim, converted into Euros using the applicable fixed exchange rate and applied to the new claim. The Euro Paid-To-Date figures on the new claim will be shown as zero.

A standard narrative explanation including the reference of the related claim will be provided on both the claim being closed and on the new claim. For each claim being closed/re-opened, both the last claim movement on the closed claim and the first movement on the new claim will be included in the same SCM message.

Deferred Premium Entries

Brokers should not submit any further deferred premium entries with original currency Latvian Lats (LVL) where instalments are due to settle after 31 December 2013. With regard to entries that have already been processed, brokers will need to cancel and replace premium instalments on all of the affected contracts that have been set up to be settled in Sterling after 31 December 2013, to record that the original currency is Euro.

Unreleased Delinked Premiums

Delinked premiums that have been processed with Latvian Lats (LVL) as the original currency will be able to be released into settlement up to 14 January 2014. After this date brokers will need to cancel and replace these entries.

The fixed exchange rate shown above should be used in these circumstances.

ANTHONY CROYDON
HEAD OF SERVICE
XCHANGING INSURANCE SECTOR