

# Our Solutions – Special Purpose Arrangement

**We work with aspiring new entrants to find the route into Lloyd’s that best meets your circumstances and objectives\*.**

## Special Purpose Arrangement (SPA) – who is it for?

- A business or capital provider seeking to gain exposure to underwriting at Lloyd’s and the additional distribution it offers.
- Businesses seeking flexibility of either a cost-effective long-term partnership with a “host” syndicate, or migration to full syndicate over time.

## SPA – how is it different to a Syndicate?

- By utilising a “host” Lloyd’s syndicate under a quota share reinsurance arrangement, the application process is more streamlined and approval can be quicker.
- £10m minimum GWP in year one.
- Reduced Lloyd’s Application fee.



### Entry to Lloyd’s

- We’ll work with you to ensure your proposed business plan provides accretive value to Lloyd’s and meets with their entry requirements.
- We’ll sponsor your application and support you through the due diligence and decision stages.
- We’ll then support you in “making it happen”; guiding you through the implementation of your plan before securing final approval for you to start underwriting.

\*A summary of the options for underwriting in the Lloyd’s market is provided [overleaf >>](#)



## Why work with Asta?

- **You’ll need a managing agent to operate at Lloyd’s.** Asta is the leading third party managing agent, having helped establish over twenty new syndicates over the last two decades.
- **You’ll have your business launched and trading at Lloyd’s as quickly as possible.** Typically within 4-6 months via the SPA solution.
- **You’ll have the exact support and services your business needs.** And you’ll only pay for what you use.
- **You’ll benefit from economies of scale.** Giving you access to a depth and breadth of expertise and experience that would be difficult to resource on your own.
- **You’ll have our support at every stage of your lifecycle.** Adapting it to your needs as your business changes and grows.
- **You’ll benefit from our independence.** Asta doesn’t have its own syndicate or any underwriting capital at risk which means our sole focus is on meeting the needs of our clients who do.

To talk to us about establishing a SPA at Lloyd’s please contact:



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## Our Solutions – Special Purpose Arrangement

### What are the options for underwriting in the Lloyd's market?

Requirements	Syndicate	Syndicate-in-a-Box (SIAB)	Special Purpose Arrangement (SPA)
<b>Qualifying Criteria</b>			
Classes	All Classes – Simple and Complex risks	Single or limited number of classes - typically Simple risks	Whole Account or specified classes
Geography	Worldwide	Single Country / Limited geographic spread	Worldwide
Minimum GWP (year 1) - Recommended	£100,000,000	£20,000,000	£10,000,000
Expense Ratio	Lloyd's requires all new applications to demonstrate an expense ratio less than 35% by year 3		
Peak Zone Catastrophe Exposures	Limited - providing deemed accretive	No	Limited - providing deemed accretive
Underwriting "tail" of business	Short & Long Tail	Short Tail strongly preferred	Short & Long Tail
Ability to Underwrite from a Box at Lloyd's	Yes	No	No

### Lloyd's Entry Process and Costs

Target time from Application to Approval	5-12 months	3 months	4-6 Months
New Syndicate / SPA Application Fee	£200,000	£100,000	£75,000
New Member Application Fee	£52,000	£52,000	£52,000
Annual Subscription	0.36% of Gross Written Premium		
Central Fund Contribution	1.40% of Gross Written Premium for the first 3 years of account and 0.35% thereafter		
Life Cycle	Continuous subject to annual approval of the business plan	Note: There is an option to defer the higher rate until years 4-6 (with the differential based on the Gross Written Premiums from Years 1-3) 3 years, after which there are 3 options: Continue as an SIAB, graduate to a "full" Syndicate or cease trading	Continuous subject to annual approval of the business plan
Initial Business Plan Loss Ratios	Lloyd's Market Average		
Initial Capital Setting	Lloyd's Capital Model		

### Operating Requirements

<b>Capital:</b>			
Capital Model	Solvency 2 compliant internal model required after 2 years	Lloyd's Capital Model	Solvency 2 compliant internal model - Follows "host" Syndicate
<b>Oversight:</b>			
Business Plan	Full annual plan required	Initial 3 year plan - limited annual update	Full annual plan required
Line Sizes	Limited approach to dispensations	Flexible approach to dispensations	Limited approach to dispensations
Reporting	Full Lloyd's Reporting	Reduced Lloyd's Reporting	Full Lloyd's Reporting

### Managing Agent Costs & Fees

Start-Up Fee	To be agreed on a case by case basis
Annual Fee	To be agreed on a case by case basis
Profit Commission	To be agreed on a case by case basis
Basis for annual operating costs	To be agreed on a case by case basis

### Other Costs

External/Legal/Other	To be determined upon receipt of business plan	To be determined upon receipt of business plan	To be determined upon receipt of business plan
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