

Defendant's Exhibit Number 4

Finality Statement - August 1996

1. Summary Data

Member's name: Mr R A Tropp
Lloyd's Membership Number: 050626V

Underwriting liabilities

£

Losses declared to 31 December 1994 but not called by 15 March 1996:	(92,397)
Called but unpaid losses at 15 March 1996 (including interest charged to 31 December 1994):	(95,085)
Interest and other charges from 1 January 1995 to 15 March 1996:	(9,371)
Amounts paid on your behalf by the Central Fund:	(56,556)
Members' agent's expenses:	0
1996 cash calls for 1992 and prior Life syndicates not being reinsured into Equitas:	0
Personal expenses charged in 1995 for 1992 and prior years:	0

Equitas additional (premium)/release: (114,439)

Total liabilities: (367,848)

Credits

Triple release, less special contribution:	0
High Level Stop Loss (HLSL) recovery:	0
Refund of HLSL premiums:	0

Settlement credits if reconstruction and renewal proposals are accepted

Litigation settlement fund:	0
Auditor settlement fund:	0
Debt credits (including tranche 4 debt credits already notified):	281,077

Total credits: 281,077

Amount due (from)/to you before Personal Stop Loss: (86,771)
Net Personal Stop Loss recovery / (repayment): 0

Finality (cost)/surplus before adjustments: (86,771)

Value of your funds at Lloyd's as at 15 March 1996: 14,321

Finality (cost)/surplus before adjustments, taking into account funds at Lloyd's: (72,450)

Adjustments

Payments made since 15 March 1996 to settle underwriting liabilities (up to and including 19 July 1996):	0
Litigation awards already paid to you (as notified to Lloyd's by 19 July 1996):	0

Maximum deduction of basic rate tax at 25% on profits for the 1993/94 tax year: 0

Amount due (from) / to you after the above adjustments before taking into account funds at Lloyd's: (86,771)

This statement should be read in conjunction with the accompanying documents

050626V

REPRINTED FOR INFORMATION ONLY - NOT ORIGINAL - ISSUED BY MSU

Finality Statement - August 1996

2. Settlement Offer

The debt credits are allocated to Names in several tranches. Proceeds from the litigation settlement fund will be deducted before debt credit allocations are calculated. Tables I(a) and II explain the allocation principles governing the litigation settlement fund (excluding the reimbursement of up to £75 million of expenses) and the debt credits. The tables also show your personal allocation, on the basis of the current assessment of your liabilities.

Table I(b) shows your allocation from the auditor settlement fund.

Table I(a) Litigation Settlement Fund-Allocation Principles

Status of litigation as at 31 December 1995	Allocation of award as % of loss to 'finality'	Your Litigation Settlement Fund Allocation £
Tier 1: Active litigants who have already won favourable judgments as at 31 December 1995	38%	
Tier 2: Active litigants with hearing dates on or before 30 June 1996 and other groups classified as Tier 2	32%	
Tier 3: Active litigants with hearing dates between 1 July and 31 December 1996 and other groups classified as Tier 3	25%	
Tier 4: Others classified as litigating	17%	
		0

Table I(b) Auditor Settlement Fund

Auditor Settlement Fund Allocation:	0
-------------------------------------	---

Table II Debt Credits-Allocation Principles

	Your Debt Credit Allocation £
Tranche 1 Allocated in proportion to losses to 'finality' (excluding personal expenses) in excess of 80% of average premium income limits, 1986 to 1992.	24,903
Tranche 2 For Names who have paid their obligations, reduces the cost of 'finality' to £50,000 after deducting the value of funds at Lloyd's. For other Names, reduces cost of 'finality' by 50% for bills (excluding called but unpaid losses and Central Fund debt) in excess of £50,000 after deducting the value of funds at Lloyd's.	67,640
Tranche 3 Caps cost of 'finality' (including all called but unpaid losses and Central Fund debt), after deducting the value of funds at Lloyd's, at £100,000.	160,984
High Loss cap Reduces cost for Names whose finality bills exceed £50,000 after deducting the value of funds at Lloyd's and whose losses to 'finality' exceed 160% of average premium income limits, 1986 to 1992.	0
Escrow cap Reduces costs for Names with finality bills in excess of £50,000 (after deducting the value of funds at Lloyd's) who also have court awards paid into solicitors' client accounts.	0
Zero cap For Names underwriting in 1996, the zero cap ensures that finality bills will not exceed the value of funds at Lloyd's.	0
FAL protection For Names underwriting in 1996, assists those who would otherwise use more than £75,000 of their funds at Lloyd's to meet their finality bills; and would have less than £75,000 of funds at Lloyd's left after payment of their finality bills.	0
Tranche 4 or State credits Assists those Names otherwise unable to meet the cost of 'finality' after all previous settlement allocations. This amount may also reflect the allocation of state credits to certain US Names to reduce the cost of 'finality' and other adjustments.	27,550
Your total Debt Credit Allocation:	281,077

Total Settlement Offer:

281,077

This statement should be read in conjunction with the accompanying documents

050626V

REPRINTED FOR INFORMATION ONLY - NOT ORIGINAL - ISSUED BY MSU

2. Settlement Offer (continued)

This table shows how your settlement allocations, from all main sources, are broken down by your action group memberships. However, it does not show your allocation from the fund to reimburse certified expenses, which will be distributed separately in cash.

Table III Settlement allocations

Action group (or individual litigant)	Syndicate year of account	Status of litigation	Loss to 'finality'	% of loss to 'finality' for litigation settlement fund allocation	Litigation settlement fund allocation	Auditor settlement fund allocation	Debt credit allocation	Total
			£		£	£	£	£
Total for action group								
Total debt credits allocated where no action group or inactive action group					—	—	281,077	281,077
Your total settlement fund allocation (excluding expense reimbursement)					0	0	281,077	281,077

3. Underwriting Data

Table IV shows :

- A) A breakdown of your underwriting results by year of account including Equitas additional premiums.
 B) Allocated premium income limits (PIL). When compared with your underwriting results, these form the basis for the first tranche of debts credits and the High Loss cap.

Table V shows your net triple release entitlement after adjusting for Equitas additional premiums or releases;

Table IV Underwriting results (excluding personal expenses).

	Allocated PIL £	Declared Results as at 31 December 1994 £	Equitas additional (premium)/release £	Result to 'finality' £
1985 and prior run-off syndicate years of account:				
1986:	0	0	0	0
1987:	0	0	0	0
1988:	0	0	0	0
1989:	345,000	21,456	0	21,456
1990:	345,000	(76,022)	(16,604)	(92,626)
1991:	350,000	(184,013)	(87,220)	(271,233)
1992:	350,000	(33,256)	(10,615)	(43,871)
1992:	0	0	0	0
Equitas additional (premium)/release for liabilities reinsured into 1993:	—	—	0	0
Settled litigation awards:	—	—	—	0
Litigation settlement fund allocation:	—	—	—	0
Auditor settlement fund allocation:	—	—	—	0
TOTAL:	—	(271,835)	(114,439)	(386,274)
Average PIL 1986 to 1992:	347,500		% result (for calculation of tranche 1 debt credits and High Loss cap) after settled litigation awards, litigation settlement fund allocation and auditor settlement fund allocation : (111) %	

Table V Triple release less special contribution

	Allocated PIL £	Result or release after deducting Special Contribution £	Cash already released £	Advance cash calls £	(Surpluses)/ deficits carried forward £	Amount now being released / (called) by managing agents £	Additional members' agents expenses including profit commission £	Equitas additional premium / (release) transferred to "underwriting liabilities" £	Net Triple Release £
1993 closed	0	0	0	0	0	0	0	0	
1993 run off	0	0	0	0	0	0	0	0	
1994	0	0	0	—	0	0	—	0	
1995	0	0	—	—	0	0	—	0	
TOTAL	—	0	0	0	0	0	0	0	

Finality Statement - August 1996

3. Underwriting Data (continued)

This table shows a detailed analysis of your underwriting liabilities by syndicate year of account. Members' agents' expenses, recorded at the foot of this table, cannot be broken down by syndicate year of account. Table VI (a) is an additional analysis for taxation purposes.

Table VI

Syndicate Year of account	Uncalled losses as at 15 March 1996	Called but unpaid losses as at 15 March 1996	Interest and other charges from 1 January 1995 as at 15 March 1996	Central Fund debt as at 15 March 1996	1996 cash calls for 1992 and prior Life syndicates	Personal expenses charged in 1995 for 1992 and prior years	Equitas additional (premium)/ release	Underwriting liabilities
	£	£	£	£	£	£	£	£
1989 Year Of Account								
1989/0235	(12,225)	(7,365)	(404)	(7,346)	0	0	(10,136)	(37,476)
1989/0666	0	(8,773)	(890)	0	0	0	(6,468)	(16,131)
1990 Year Of Account								
1990/0206	(13,800)	(4,101)	(311)	0	0	0	(3,923)	(22,135)
1990/0210	(22,400)	(14,486)	(1,390)	(11,913)	0	0	(30,454)	(80,643)
1990/0287	(3,708)	(13,071)	(1,212)	(6,048)	0	0	(7,163)	(31,202)
1990/0317	(27,000)	(18,299)	(1,504)	(9,685)	0	0	(45,680)	(102,168)
1990/0666	0	(10,397)	(934)	0	0	0	0	(11,331)
1990/0913	(3,066)	(224)	(309)	(79)	0	0	0	(3,618)
1991 Year Of Account								
1991/0206	(3,000)	(2,880)	(215)	0	0	0	100	(5,995)
1991/0210	(1,536)	(551)	(422)	(7,741)	0	0	(946)	(11,196)
1991/0235	0	(1,974)	(237)	(4,139)	0	0	(1,919)	(8,269)
1991/0253	0	0	(17)	(328)	0	0	0	(345)
1991/0270	0	(62)	(101)	(1,910)	0	0	0	(2,073)
1991/0287	(4,121)	(449)	(260)	(7,367)	0	0	(2,125)	(14,322)
1991/0317	0	(7,270)	(396)	0	0	0	(2,868)	(10,534)
1991/0913	(2,367)	(76)	(246)	0	0	0	0	(2,689)
1991/0929	766	(3,361)	(349)	0	0	0	(2,857)	(5,801)
1991/0994	0	(1,746)	(174)	0	0	0	0	(1,920)
Repayments to the Central Fund and other items not allocated to syndicate years of account.	—	—	—	0	—	—	—	0
Total	(92,397)	(95,085)	(9,371)	(56,556)	0	0	(114,439)	(367,848)
Members' agents' expenses	—	—	—	—	—	—	—	0
TOTAL AS SHOWN ON SUMMARY	(92,397)	(95,085)	(9,371)	(56,556)	0	0	(114,439)	(367,848)

Table VI(a) Interest and other charges

For the year ended 31 December 1995:	(7,699)
For the period 1 January 1996 to 15 March 1996:	(1,672)
TOTAL	(9,371)

4. Personal Stop Loss

This table shows our information on the personal stop loss policies you hold. The special policy type indicates a joint policy (J) or a payback policy (P).

Table VII

Broker	Contract	Year	Excess £	Indemnity £	Special Policy Type

This statement should be read in conjunction with the accompanying documents

050626V

5. Information to support calculation of personal stop loss recoveries / (repayments)

Table VIII (a) to (d) provide information to support the calculation of personal stop loss recoveries or repayments shown on your statement. Table VIII (c) details the settlement credits which have been allocated to policy years but are not shown in Table VIII (a) as there are no PSL recoveries or repayments for these years.

The information in Table VIII (d) will be of interest if you have a PSL policy with paybacks from 1993 and 1994.

Table VIII (a) - For PSL calculation purposes				Table VIII (b) - Analysis of PSL recovery/(repayment)		
Policy year	From the ground up loss: £	Settlement Credits £	Total recovery (prior to bad debts) £	Agreed at 31 December 1995 £	In transit £	PSL recovery / (repayment) £
Total	0	0	0	0	0	0
Table VIII (c) - Analysis of total settlement credits				Table VIII (d) - Analysis of 1993 results/1994 estimated results		
			Settlement credits £	Year £		
As shown above in Table VIII (a)			0			
Settlement credits allocated to policy years which do not result in a PSL recovery or repayment.		1989	57,596			
		1990	168,652			
		1991	27,279			
Settlement credits not used in PSL calculations			27,550	The figures shown here are only relevant if you have a PSL policy with paybacks from these years. The results shown include underwriting profits, investment income, allowable personal expenses, but exclude capital appreciation.		
Total settlement credits.			281,077			

6. Analysis for taxation purposes:

To assist with your tax planning we have detailed in Table IX your personal stop loss recoveries or repayments which arise because of the Equitas additional premium or release and the allocation of the settlement credits. In addition, the adjustment made for doubtful security in respect of recoveries on uncalled losses is also shown. For guidance on interpretation of these figures you should refer to Chapter 15 and Appendix 6 of the settlement offer document.

Table IX

Analysis for taxation purposes only				
Policy year	PSL recoveries on losses declared to 31 Dec 1994 which remain uncalled as at 15 March 1996 - before adjustment for doubtful security £	Adjustment for doubtful security on PSL recoveries and losses declared to 31 Dec 1994 which remain uncalled as at 31 Dec 1994 £	PSL recoveries arising from the Equitas additional premium / (release) and settlement credits £	PSL (repayments) arising from the Equitas additional premium / (release) and settlement credits £
Total	0	0	0	0

Finality Statement

8. Post Finality Bill Adjustments

Calculation of adjustments to Finality Bill NOT shown on Names' Finality Statements

Amount due after adjustments and prior to Funds at Lloyd's :	(86,771)
Reduction in Basic Rate Tax deduction :	0
PSL outstanding amounts :	0
Tranche 4 not shown on Finality Statement Summary :	0
Interest on judgement monies :	0
State Credits :	0
Agent Expenses Corrections :	0
FAL Assistance :	0
Deposit Drawdowns after 19th July 1996 :	0
Amount paid from Centrowrite EPP Policies	0
Amount paid from Holman Wade EPP Policies	0
DC4 Leakage Adjustment	0
PSL in Transit	0
CSU Adjustment	0
CSU Debt Credit Adjustment	0
Unassigned Judgement Money	0
Level 3 State Credits	0
Revised amount due prior to Funds at Lloyd's and New Money :	(86,771)
FAL Valuation at 12/03/1998	0
FRD Agreed Payment at 11/03/1998	N/A
FRD Agreed Payment (28/8/1996) used for finality statement	N/A
CSU Adjustments not advised to the Name	0.00
DC4 Dam adjustment	0
DC5 Debt write-off	0

Proposed Methods of Payment	Actual Payments
Paying New Money : TBA	New Money paid to date 13,972
Equitas Structured Payments Plan : 0	
Abbey National Mortgage Scheme : 0	
Realising Funds at Lloyd's : TBA	
Proposed Payment Amount : 0	Payments Recorded to Date : 13,972
Warning! Special payment plans figure yet to be confirmed	
FRD Status	Payment Analysis
IHS No	Revised amount due pre FAL (86,771)
FRD Settlement No	New Money Paid to date (LJ) 13,972
FRD DC4 No	Additional amounts paid into PRF (Funds 46) : 0
In discussion with FRD No	Special Payment Plans / Mortgage Scheme 0
	FAL Equitas Releases 0
FRD Case Officer	Net amount after above pre FAL : (72,799)
	FAL Valuation at 12/03/1998 0
	Revised amount due after FAL : (72,799)

REPRINTED FOR INFORMATION ONLY - NOT ORIGINAL - ISSUED BY MSU

Ref No: 050626V

9. DC4 Breakdown

Calculation of DC4 for Finality Bill NOT shown on Names' Finality Statements

	On Statement	Post Statement	Total
Means tested DC4	0	0	0
Means tested DC4 leakage adjustment	N/A	0	0
Cotesworth	0	N/A	0
State Credits	27,550	0	27,550
Total DC4 after adjustments	27,550	0	27,550