

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

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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
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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

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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

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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:	345,000	21,456	0	21,456
1989:	345,000	(76,022)	(16,604)	(92,626)
1990:	350,000	(184,013)	(87,220)	(271,233)
1991:	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	

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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

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