

Regulatory Bulletin

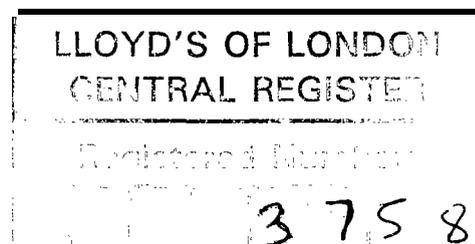
LLOYD'S
LLOYD'S OF LONDON

Telephone 0171-6237100. Facsimile 0171-6262389.

One Lime Street, London EC3M 7

Ms D Dalmon
M a n a g e r
Lloyd's Information Centre
86/G10

0024 BRO614



FROM: David Gittings, Director, Regulatory Division
LOCATION: SE1/58/R144a
EXTENSION: 5355
DATE: 24 February 1997
REFERENCE: 016/97
SUBJECT: FORMAL WARNINGS

ACTION POINTS: For information
DEADLINE: . Effective Immediately

In August 1996 the Council of Lloyd's introduced Byelaws which, amongst other things, permit certain minor acts of misconduct to be dealt with by fixed penalty. In addition, the Byelaws extended the scope of summary disciplinary proceedings.

The Investigations Committee set out its policy regarding the approach it was minded to take in respect of the first instance of a breach of a minor nature in a Market Bulletin of 17 January 1994, as follows:

As a matter of policy all breaches of Lloyd's byelaws which come to light will be considered for referral. It is to be expected that persistent breaches or wilful disregard of a byelaw will lead to prosecution. The discretion may be exercised in the case of an isolated and minor breach where there is no intention to flout the rules, to issue a formal warning in the first instance instead of pursuing a disciplinary charge. It is to be expected that subsequent instances will be put forward for prosecution. Whether a warning is given or a decision to bring charges is made will be determined by the facts and circumstances of any given case.

In the light of the new Byelaws the Investigations Committee has again considered its approach in respect of the first instance of a breach which maybe dealt with under the fixed penalty or summary procedure. The Investigations Committee has decided that in respect of such breaches it will extend the application of its former policy. Therefore, if it is satisfied that a breach is minor and was committed inadvertently, it will in general exercise its discretion to issue a formal written warning. It should be noted that it is expected that subsequent offences will be put forward for disciplinary action.

During the course of 1996 the Investigations Committee issued a total of 55 formal warnings to Lloyd's Underwriting Agents and to Lloyd's Brokers.

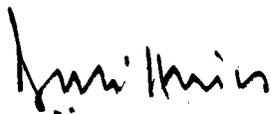
This year, to date, the Investigations Committee has issued 20 formal warnings in respect of the following breaches;

▪ Delays by Underwriting Agents in submitting documentation by required dates	3
▪ Delays by Brokers in submitting documentation by required dates	13
▪ Failure to obtain consent from Lloyd's/notify Lloyd's before making key appointments . .	3
▪ Miscellaneous compliance breach . .	1

The procedures for dealing with fixed penalty and summary disciplinary offences are set out in the Misconduct and Penalties Byelaw (No.30 of 1996) (as amended by Byelaw No.45 of 1996), and the Disciplinary Committees Byelaw (No.31 of 1996) (as subsequently amended by Byelaw No.46 of 1996).

Any questions on this bulletin should be referred to Noel Lawson, General Manager, Regulatory Proceedings, (Lloyd's extension 6545).

This bulletin is being sent to all managing agents, members agents, Lloyd's brokers, Lloyd's advisers, market associations, and recognised auditors.



David Gittings
Regulatory Division