

FROM: Secretary to Lloyd's Disciplinary Board
LOCATION: 58/NW1
EXTENSION: 5530
DATE: 21 February 2000
REFERENCE: 019/2000
SUBJECT: **T L CLOWES & COMPANY LIMITED**

SUBJECT AREA(S): Disciplinary Proceedings
ATTACHMENTS: Notice of Censure
ACTION POINTS: **For information**
DEADLINE: **None**

T L Clowes & Company Limited ("T L Clowes"), a registered Lloyd's broker, has admitted two charges of conducting insurance business with a lack of good faith within the meaning of paragraph 1(e) of the Misconduct, Penalties and Sanctions Byelaw (No. 9 of 1993). T L Clowes has admitted a third charge of conducting itself in a detrimental manner within the meaning of paragraph 1(d) of the Misconduct, Penalties and Sanction Byelaw (No. 9 of 1993).

T L Clowes is guilty by reason of the acts of misconduct of its employee Mr Robert Meacham ("Mr Meacham") who was a registered Substitute of T L Clowes until his dismissal. At the time relevant to the charges, Mr Meacham was an Associate Director and a senior placing broker at T L Clowes.

The following penalties have been imposed on T L Clowes:

- (i) T L Clowes is to pay a fine of £25,000.
- (ii) T L Clowes is to receive a censure in the terms of the Notice attached to this bulletin.

T L Clowes is to pay the costs of the Council of Lloyd's in the sum of £10,000.

Details of the events giving rise to the charges against T L Clowes are set out in the Notice of Censure.

In assessing the relevant penalties, account has been taken of the fact that at all material times Mr Meacham's conduct was such that T L Clowes was not informed of the facts which gave rise to the first two charges. Further, T L Clowes has admitted the charges of misconduct and concluded a settlement without incurring the costs of a full disciplinary hearing. In addition, T L Clowes has co-operated fully with Lloyd's inquiry.

This case was determined by Lloyd's Disciplinary Board and its decision gives effect to settlement of these formal disciplinary proceedings on terms agreed between the Defendant and the Council pursuant to paragraph 3 of the Lloyd's Disciplinary Rules (Schedule 2 to the Disciplinary Committees Byelaw (No. 31 of 1996)).

This bulletin has been sent to all underwriting agents, Lloyd's brokers, corporate members, market associations, the ALM and recognised accountants.

A P Barber
Secretary to Lloyd's Disciplinary Board

NOTICE OF CENSURE

T L CLOWES & COMPANY LIMITED

T L Clowes & Company Limited ("T L Clowes"), a registered Lloyd's broker, has admitted two charges of conducting insurance business with a lack of good faith within the meaning of paragraph 1(e) of the Misconduct, Penalties and Sanctions Byelaw (No. 9 of 1993). T L Clowes has admitted a third charge of conducting itself in a detrimental manner within the meaning of paragraph 1(d) of the Misconduct, Penalties and Sanction Byelaw (No. 9 of 1993).

T L Clowes is guilty by reason of the acts of misconduct of its employee Mr Robert Meacham ("Mr Meacham") who was a registered Substitute of T L Clowes until his dismissal. At the time relevant to the charges, Mr Meacham was an Associate Director and a senior placing broker at T L Clowes.

The misconduct arose in respect of a binding authority agreement operated by Mr Meacham. Mr Meacham admitted frankly to Lloyd's that he altered the terms of an addendum to a policy of insurance to remove any reference to the estimated net premium income limit in order to conceal from the client the premium income limit imposed by the insurer and failed to disclose to his client the fact that he had negotiated a commission from underwriters in circumstances where he had also negotiated a fee from the client. Mr Meacham has admitted that in so doing he acted dishonestly and therefore did not conduct insurance business with utmost good faith and integrity.

Mr Meacham's acts of misconduct were committed in the course of his employment with T L Clowes. Following discovery of his actions, T L Clowes dismissed Mr Meacham. By reason only of Mr Meacham's misconduct, T L Clowes through Mr Meacham conducted insurance business with a lack of good faith.

Further, T L Clowes had a duty to exercise supervision and control over Mr Meacham. If T L Clowes had exercised appropriate supervision and control over Mr Meacham, it could have prevented Mr Meacham's acts of misconduct referred to above. T L Clowes therefore conducted insurance business in a manner detrimental to the interests of Lloyd's policyholders, the Society, members of the Society, Lloyd's brokers, underwriting agents or others doing business at Lloyd's.

The case was concluded before the Lloyd's Disciplinary Board. The following penalties have been imposed on T L Clowes.

- (i) T L Clowes is to pay a fine of £25,000.
- (ii) T L Clowes is to receive a censure in the terms of this Notice.

T L Clowes is to pay the costs of the Council of Lloyd's in the sum of £10,000.

In assessing the relevant penalties, account has been taken of the fact that at all material times Mr Meacham's conduct was such that T L Clowes was not informed of the facts which gave rise to the first two charges. Further, T L Clowes has admitted the charges of misconduct and concluded a settlement without incurring the costs of a full disciplinary hearing. In addition, T L Clowes has co-operated fully with Lloyd's inquiry.

LLOYD'S DISCIPLINARY BOARD