

**FROM:** General Manager, Regulatory Proceedings  
**LOCATION:** 86/G5  
**EXTENSION:** 6545  
**DATE:** 12 April 2001  
**REFERENCE:** 020/2001  
**SUBJECT:** **RAISING STANDARDS: DISCIPLINARY  
ACTION AGAINST AGENTS AND  
INDIVIDUALS**

**SUBJECT AREA(S):**  
**ATTACHMENTS:** No  
**ACTION POINTS:** **Managing Agents and Members Agents to note**  
**DEADLINE:** **None**

Regulatory Bulletin 10/2001 "*Raising Standards: Compliance with Regulatory Codes of Practice*" made it clear that failure to comply with regulatory codes of practice can lead to regulatory sanctions including disciplinary proceedings. All breaches of codes of practice identified during UAD reviews will, in future, be investigated and considered for disciplinary action.

This bulletin sets out the criteria which will be used in considering whether to commence disciplinary proceedings.

An objective of Lloyd's enforcement regime is to raise standards of conduct in the Lloyd's market by encouraging agents to meet appropriate regulatory standards and to have effective systems and controls. The criteria for determining whether to take disciplinary action include the nature and severity of the breach and the conduct of the agent or individual in dealing with the breach.

Disciplinary action will be taken against agents or individuals where there is evidence of misconduct of a kind which is not considered trivial.

**Agents**

Lloyd's wishes to encourage agents to be vigilant and to deal with any misconduct identified promptly and effectively. Accordingly, the following factors may be considered as mitigation when deciding whether to take disciplinary action against an agent:

- (i) there was an early recognition by the agent of potential misconduct together with adequate systems of internal control to detect such conduct;
- (ii) there has been a full internal inquiry (with appropriate independent supervision and advice);
- (iii) appropriate internal disciplinary measures have been taken in respect of any individuals concerned;
- (iv) management systems within the agent have been reviewed and appropriate improvements made in order to prevent any recurrence;
- (v) Lloyd's has been kept fully informed of steps taken.

There may be cases where these factors are considered sufficient to warrant a decision that no disciplinary action is appropriate.

**Individuals**

A decision may be made not to take disciplinary action against an individual where:

- (i) there is no evidence of personal culpability on the part of that individual; or
- (ii) the agent has taken measures in respect of the individual which are judged to be sufficient in the context of the alleged offence.

**Questions**

Any queries about the contents of this bulletin should be addressed to Noel Lawson, General Manager, Regulatory Proceedings. This bulletin is intended to provide guidance only and is being circulated to all underwriting agents and market associations.

Noel Lawson  
General Manager  
Regulatory Proceedings Department