

FROM: Secretary, Lloyd's Disciplinary Board
LOCATION: G4/86
EXTENSION: 5530
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SUBJECT: FIXED PENALTY PROCEEDINGS
SUBJECT AREA(S): Fixed Penalty Proceedings
ATTACHMENTS:
ACTION POINTS: **For information**
DEADLINE: **None**

Fixed penalty fines have recently been imposed in separate proceedings against a Lloyd's managing agent and four corporate members.

FSA Returns

A Lloyd's managing agent has been fined in total £20,000 in respect of the late submission of "FSA returns" in respect of four syndicates it managed.

Under requirements made under the Solvency and Reporting Byelaw (No. 13 of 1990) Lloyd's required managing agents to provide certain detailed information required by the Financial Services Authority ("FSA") for inclusion in the Lloyd's Part 1 syndicate returns. These were the "FSA returns" and were to have been submitted to Lloyd's by 1 May 2002. That deadline was then extended to 9 May 2002.

In this case the relevant Lloyd's managing agent was given extensions of time to submit the FSA returns until 20 May 2002. However, it failed to submit the returns in respect of 4 syndicates it manages by that extended deadline. It was not until 7 June 2002 that the managing agent submitted FSA returns in unaudited form (with the audited returns being submitted on 13 June 2002).

A fixed penalty fine of £5,000 has been imposed in respect of each of the four FSA returns that were not submitted by the extended deadline. Accordingly an aggregate fixed penalty fine of £20,000 has been imposed on the managing agent.

Corporate Member Breaches

Four corporate members have been fined £2,000 each.

The Membership and Underwriting Requirements (Corporate Members) prescribes that corporate members are required to submit declarations of compliance and annual returns.

For the period ended 31 December 2000 these documents were to have been submitted by 30 June 2001.

Each of the relevant four corporate members failed to submit either their declaration of compliance or annual return (or both) by the due date despite that fact that each corporate member was reminded by Lloyd's of the need to submit those documents. As a result each corporate member received a fixed penalty fine of £2,000.

In accordance with Lloyd's usual policy relating to fixed penalty proceedings Lloyd's determined not to publish the identity of the defendants in these cases.

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, Lloyd's Disciplinary