

FROM: Secretary to the Lloyd's Disciplinary Board
LOCATION: 58/NW1
EXTENSION: 5530
DATE: 6 September 2001
REFERENCE: 036/2001
SUBJECT: DEREK WILLIAM WRIGHT
SUBJECT AREA(S): Disciplinary Proceedings
ATTACHMENTS: Notice of Censure
ACTION POINTS: **For information**
DEADLINE: **None**

Mr Derek William Wright, a member of the Society, has been found guilty before a Disciplinary Tribunal of four charges of conducting insurance business in a discreditable manner and has received the following penalties:

- (1) Permanent suspension of the right of admission to the Room and all other parts of the premises of the Society; and
- (2) Permanent suspension of the right to transact, or be concerned or interested in the transaction of, the business of insurance at Lloyd's or any class or classes of such business (other than the right to transact the business of insurance at Lloyd's as an individual underwriting member of Lloyd's for his own account through an underwriting agent); and
- (3) A Censure in the terms of the Notice of Censure attached to this bulletin.

In addition, Mr Wright was ordered to pay the costs of Lloyd's in the sum of £15,000.

Details of the events giving rise to the charges against Mr Wright are set out in the attached Notice of Censure.

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

**IN THE MATTER OF DISCIPLINARY PROCEEDINGS UNDER
LLOYD'S ACTS 1871-1982 AND LLOYD'S BYELAWS**

NOTICE OF CENSURE

DEREK WILLIAM WRIGHT

In proceedings before a Lloyd's Disciplinary Tribunal the Defendant member of the Society of Lloyd's, Derek William Wright, was found guilty of four charges of misconduct.

Mr Wright was a director of Holgate Insurance Brokers Ltd ("Holgate") a non-Lloyd's insurance broker which broked general household, motor and travel insurance and which operated under binding authorities so that it could conduct business in the Lloyd's market.

Over a period of six years from 1989 to 1995, Mr Wright arranged for certain premiums to be paid by cheques drawn to him personally rather than to Holgate. He banked the cheques in his own account (rather than an Insurance Broking Account) but caused Holgate to issue cover notes and pay the premiums to the insurers. In this way he dishonestly kept for his own benefit more than £66,000 for which he should have accounted to Holgate.

In the period 1994 to 1996 Mr Wright also used Holgate's client account to pay more than £15,000 of personal expenses without the knowledge or consent of his co-director or the company secretary.

In August 1996 he approached one of Holgate's computer operatives and dishonestly asked her to erase entries for monies owed by a third party to Holgate totalling more than £8,000 in return for which he arranged for the third party to reduce his own indebtedness to the third party by an equal sum.

Dishonesty of any kind cannot be tolerated at Lloyd's. This was misconduct over a long period and it is fortuitous that, in the event, no insured suffered loss as a result of it.

The Disciplinary Tribunal ordered a permanent suspension of Mr Wright's right of admission to the Room and all other parts of the premises of the Society together with a permanent suspension of Mr Wright's right to transact, or be concerned or interested in the transaction of the business of insurance at Lloyd's or any class or classes of such business (other than the right to transact the business of insurance at Lloyd's as an individual underwriting member for his own account through an underwriting agent) together with the posting of this Notice of Censure in the Room.

Having regard to what it knew of Mr Wright's present impecuniosity the Disciplinary Tribunal did not order any additional financial penalty except that it ordered Mr Wright to pay £15,000 towards the costs of the Council of Lloyd's and of the Disciplinary Tribunal in these proceedings.

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Mr Ian Mayes Q.C.

Chairman

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Sir David Berriman

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Mr Antony Godson