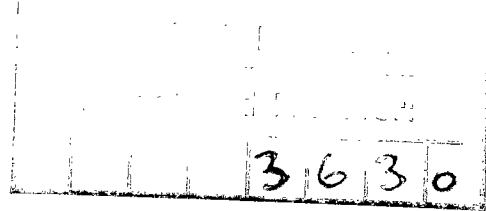


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0021 BRO614



FROM: JULIAN BURLING, COUNSEL TO LLOYD'S
LOCATION: LEG/58/430
EXTENSION: 5601
DATE: 1 October 1996
REFERENCE: Y394
SUBJECT: "FIREBREAK" - DIRECTIONS UNDER
RECONSTRUCTION AND RENEWAL BYELAW (NO. 22
OF 1995)

ACTION POINTS: ACTIVE UNDERWRITERS, UNDERWRITING AGENTS
AND LLOYD'S BROKERS TO NOTE

DEADLINE: IMMEDIATE ATTENTION REQUIRED

On 2 September 1996 the Council of Lloyd's made the 1992 and Prior Business Reinsurance (Prohibition) Directions 1996, a copy of which is enclosed herewith.

The directions prohibit members of the Society and their underwriting agents -

- (a) reinsuring liabilities of Equitas Reinsurance Limited or Equitas Limited assumed by either company pursuant to the Equitas reinsurance contract or the Equitas retrocession agreement; or
- (b) reinsuring any other member of the Society against any liability or loss to which that other member is exposed by reason of the operation of the Proportionate Cover provisions of the Equitas reinsurance contract.

The directions have effect from 4 September 1996.

This bulletin has been sent to all underwriting agents, active underwriters, Lloyd's brokers and recognised auditors.

J M Burling
Counsel to Lloyd's

**DIRECTIONS OF THE COUNCIL OF LLOYD'S made on 2 September 1996 under
paragraph 6 of the Reconstruction and Renewal Byelaw (No. 22 of 1995)**

1992 AND PRIOR BUSINESS REINSURANCE (PROHIBITION) DIRECTIONS 1996

The Council of Lloyd's in exercise of its powers under paragraph 6 of the Reconstruction and Renewal Byelaw (No. 22 of 1995) and of every other power enabling hereby makes the following directions.

1. Citation

These directions may be cited as the 1992 and Prior Business Reinsurance (Prohibition) Directions 1996.

2. Interpretation

The provisions of the Schedule hereto (interpretation) shall have effect.

3. Prohibition of Reinsurance of 1992 and Prior Business

No member of the Society, and no underwriting agent on behalf of any such member, shall -

- (a) enter any contract with Equitas Reinsurance Limited or Equitas Limited providing for the reinsurance by that member of any liabilities of Equitas Reinsurance Limited or of Equitas Limited assumed by either company pursuant to the Equitas reinsurance contract or the Equitas retrocession agreement respectively; or
- (b) enter any contract with any other member of the Society providing for the reinsurance of any liability or loss to which that other member is exposed by reason of, or by reference to, the Proportionate Cover provisions set out in clauses 3.5, 3.6, 3.7 and 3.8 of, and Schedule 3 to, the Equitas reinsurance contract.

4. Commencement

These directions shall come into force at the time at which the last of the conditions set out in clause 2.1 of the Equitas reinsurance contract is satisfied.

SCHEDULE

Interpretation

In these directions -

“Equitas reinsurance contract” means the reinsurance and run-off contract to be entered into by Equitas Reinsurance Limited, Equitas Limited, Lloyd’s, Additional Underwriting Agencies (No. 9) Limited (for itself and on behalf of the members for whom it is appointed a substitute agent) and others pursuant to paragraph 4 of the Reconstruction and Renewal Byelaw (No. 22 of 1995);

“Equitas retrocession agreement” means the retrocession contract to be entered into between Equitas Reinsurance Limited and Equitas Limited pursuant to which Equitas Limited will conditionally agree to reinsure the business reinsured by Equitas Reinsurance Limited pursuant to the Equitas Reinsurance Contract;

“member of the Society”

includes a former member of the Society, a member who has died or, as the context may require, the estate or personal representatives of such member, and any administrator, administrative receiver, committee, curator bonis, executor, liquidator, manager, personal representative, supervisor or trustee in bankruptcy, or any other person entitled or bound to administer the affairs of the member concerned;

“underwriting agent”

means an underwriting agent which is listed either as a managing agent or as a members’ agent on the Register of Underwriting Agents maintained under the Underwriting Agents Byelaw (No. 4 of 1984) or which has been appointed to act as a substitute agent under the Substitute Agents Byelaw (No. 20 of 1983).