

MARKET BULLETIN

From	Sean McGovern, Director and General Counsel
Date	22 December 2005
Reference	Y3712
Subject	New Byelaws and Requirements Lloyd's Acts & Byelaws Online
Subject areas	Membership Byelaw, Enforcement Byelaw and Requirements Lloyd's Acts and Byelaws on Lloyds.com
Attachments	None
Action points	Underwriting agents and approved run-off companies to note contents
Deadlines	For immediate attention

New Byelaws and Requirements

Following consultation with the LMA and the ALM and on the recommendation of the Franchise Board, the Council has made the following new byelaws and requirements:

- Membership Byelaw
- Enforcement Byelaw
- Definitions Byelaw
- Underwriting Requirements

These new byelaws are a continuation of a wider Lloyd's project to consolidate and simplify all of Lloyd's byelaws and requirements.

Membership Byelaw

Following review, the Membership Byelaw has been extensively updated and simplified into a more coherent new byelaw and related requirements (set out in the Underwriting Requirements at Chapter 4). The byelaw is consistent with the provisions of Lloyd's Act 1982 regarding such issues as classification of membership and sets out clearly the requirements for admission to the Society as a member, provisions of funds at Lloyd's,

underwriting, accounts, termination of membership and Lloyd's powers to impose conditions and requirements on members. The byelaw and underlying requirements do not materially amend the substantive powers under the previous Membership Byelaw.

Enforcement Byelaw

Lloyd's enforcement process was previously set out in a total of 11 separate byelaws, comprising approximately 100 pages. Following review, those byelaws have been consolidated, simplified and updated into a single Enforcement Byelaw and related requirements (set out in the Underwriting Requirements at Chapter 5).

The new Enforcement Byelaw establishes and defines the powers of the Enforcement Committees and the Appeal Tribunal. It also clearly defines the categories of persons that are subject to Lloyd's enforcement jurisdiction and allows the Council to conduct inquiries, suspend persons from conducting insurance business in the Lloyd's market and bring enforcement proceedings.

The Enforcement Byelaw and requirements comprise a simpler and more readily understandable set of rules. However, the jurisdiction criteria, burden and standard of proof and sanctions that may be imposed will remain, in substance, the same although we have taken the opportunity to update the processes where necessary. We intend to issue guidance to the market regarding the operation of certain of the provisions in the new byelaw.

Lloyd's Acts and Byelaws Online

Lloyd's Legal & Compliance has been carrying out a comprehensive review of Lloyd's byelaws and other requirements in order to consolidate, simplify and clarify the existing rules. To date Lloyd's has revoked 38 byelaws. As part of this wider project, Lloyd's has decided to make the byelaws and related requirements available online so that they are more accessible to the market. This free service replaces the publication of byelaws by Informa in the form of the black book which was previously only available on a subscription basis. Lloyd's Acts and byelaws can be accessed at www.lloyds.com/actsandbyelaws

Any queries relating to the new Membership Byelaw should be referred to Claire Schrader, Legal & Compliance (020 7327 6173 claire.schrader@lloyds.com).

Any queries relating to the new Enforcement Byelaw should be referred to Paul Brady, Legal & Compliance (020 7327 5750 paul.j.brady@lloyds.com) or Mary-Emma Smith, Legal & Compliance (020 7327 6951 mary-emma.smith@lloyds.com).

Any queries relating to the Lloyd's Acts and Byelaws online should be referred to Claire Schrader, Legal & Compliance (020 7327 6173 claire.schrader@lloyds.com) or Mary-Emma Smith, Legal & Compliance (020 7327 6951 mary-emma.smith@lloyds.com).

This bulletin has been sent to all underwriting agents, approved run-off companies, brokers, Lloyd's market associations and recognised auditors.

Sean McGovern
Director and General Counsel