

Regulatory Bulletin

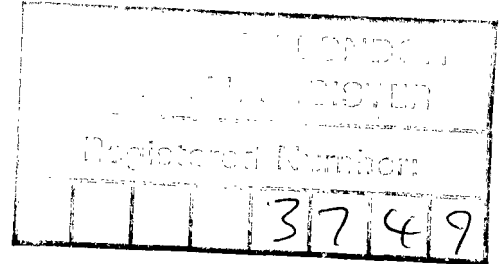
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FROM: David Gittings, Director, Regulatory Division
LOCATION: 58/NC1
EXTENSION: 5355
DATE: 5 February 1997
REFERENCE: 011/97
SUBJECT: SUMMARY DISCIPLINARY PROCEEDINGS
ACTION POINTS: For Information
DEADLINE: None

Mr Charles Christopher O'Sullivan has been fined a total of £6,000 and received the penalty of Censure in Lloyd's summary disciplinary proceedings, arising from two charges of conducting insurance business in a discreditable manner. Costs of £500 were awarded against him.

Details of the charges, and the events giving rise to them, are contained in the Notice of Censure which appears overleaf. The inflation of the maximum gross premium referred to therein was in the amount of SAR5000.

This case was determined by Lloyd's Disciplinary Board under the provisions of the Misconduct & Penalties Byelaw (No. 30 of 1996) and the Disciplinary Committees Byelaw (No.31 of 1996).

This bulletin has been sent to all underwriting agents and Lloyd's advisers, Lloyd's brokers, corporate members, market associations, the ALM and recognised auditors.

David Gittings
Director, Regulatory Division

NOTICE OF CENSURE

OF

CHARLES CHRISTOPHER O’SULLIVAN

On 10 January 1997, Mr O’Sullivan formally pleaded guilty to two charges of conducting business in a discreditable manner. Mr O’Sullivan had accepted those charges from the outset in his initial interview with Lloyd’s on 22 June 1995.

The charges arose out of the placing of an insurance in the Lloyd’s market between March and April of 1995 by Mr O’Sullivan, at the time the director of a Lloyd’s Broker, at the request of producing brokers on behalf of an overseas assured.

The events in question included the sending, on 12 April 1995, of a fax by Mr O’Sullivan to the producing brokers concerned which purported to include “full copies of placing slips plus underwriters’ lines”. The slips enclosed with that fax, however, differed materially from the actual placing slips in that, although the former were appended to underwriters’ signatures from the actual slips they misrepresented the amount of the London brokerage as a percentage of the total gross premium payable under the actual slips. Mr O’Sullivan had prepared the slips enclosed with the fax and knew those slips to be false and misleading.

The events in question also included the inflation of the maximum gross premium payable under the actual slips by Mr O’Sullivan with the intention that the amount by which the sum payable under the actual slips was increased would be divided between the Lloyd’s broker for which Mr O’Sullivan then worked and Lloyd’s underwriters. The producing broker concerned and the overseas assured were not aware of this inflation of premium.

The Council accepts that Mr O’Sullivan’s conduct as detailed in the preceding paragraph occurred before the publication of either a Market Bulletin dated 1 May 1995 which stressed that the practice of inflating premiums quoted by underwriters without the informed consent of the assured was unacceptable or a Regulatory Bulletin dated 6 September 1996 which gave further guidance in this respect. However, Mr O’Sullivan now concedes that the practice was inappropriate and has accepted the penalty imposed upon him.

Mr O’Sullivan’s actions were not at any time intended to result in any direct personal financial gain for him.