

MARKET BULLETIN

REF: Y4235

Title	Legislative Reform Act – Market Reforms
Purpose	To advise the Market of the Legislative Reform (Lloyd's) Order (Market Provisions) Byelaw (No.1 of 2009)
Type	Scheduled
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The Legislative Reform Act to amend Lloyd's Act 1982 came into force on 19 November 2008 and introduced two market related reforms. These were the repeal of Section 8(3) of Lloyd's Act 1982 (which provided that, generally, syndicates may only accept business from a Lloyd's broker) and the repeal of the divestment provisions.

On 11 November 2008 Lloyd's issued a consultation bulletin (Y4204) which sought feedback on the proposed consequential byelaw amendments to give proper effect to the LRO market reforms.

All respondents were supportive in all material respects to the proposals. Subject to certain clarificatory amendments Council has now made the relevant byelaw amendments and associated requirements to give effect to the proposals in the consultation bulletin.

The relevant amending byelaw and subsidiary requirements may be obtained on the Lloyd's website at www.lloyds.com.

New acceptance of business provisions

Amended paragraph 27 of the Underwriting Byelaw provides the methods by which a managing agent may accept business. This includes accepting business from brokers who are not registered Lloyd's brokers. As explained in the consultation bulletin Lloyd's has implemented rules to ensure that managing agents apply the same prudential standards that are required of Lloyd's brokers to any non-Lloyd's brokers with whom they directly deal. This will create a level playing field.

Lloyd's is currently working with a working party of the LMA to provide practical guidance to the market in respect of dealing with non-Lloyd's brokers. It is expected that that guidance should be available by the end of quarter one.

Repeal of the "divestment provisions"

In accordance with the new byelaw provisions managing agents will be required to disclose details of transactions where the business has been placed through a related intermediary. FPD will be in contact with managing agents shortly with details of how these disclosures are to be made.

Queries

Any queries regarding the new acceptance of business arrangements should be directed to Alan Taylor, Lloyd's Relationship Management on alan.taylor@lloyds.com/ 0207 327 6907..

If any managing agent has any queries about related intermediary disclosures they should contact their usual FPD account executive.