

ELIZABETH II



1982 CHAPTER xiv

An Act to establish a Council of Lloyd's; to define the functions and powers of the said Council; to amend and repeal certain provisions of Lloyd's Acts 1871 to 1951; and for other purposes. [23rd July 1982]

WHEREAS—

(1) By Lloyd's Act 1871 certain persons were united into a 1871 c. xxi. society or corporation for the purposes of that Act and were incorporated by the name of Lloyd's (hereinafter referred to as "the Society") and various powers were conferred upon the Society by the said Act:

(2) By the said Act of 1871 there was established a committee of members of the Society called the Committee of Lloyd's to have the management and superintendence of the affairs of the Society and to exercise all the powers of the Society (except as in the said Act provided), subject to control and regulation by a general meeting of the members of the Society:

(3) By the said Act of 1871 the members of the Society in general meeting were empowered to make byelaws for the purposes provided in that Act and generally for the better execution of the Act and the furtherance of the objects of the Society, and byelaws have from time to time been so made:

1911 c. lxii.
1925 c. xxvi.
1951 c. viii.

(4) Further powers were conferred on the Society and on the members of the Society in general meeting by Lloyd's Act 1911, Lloyd's Act 1925 and Lloyd's Act 1951:

(5) Since 1968 the number of persons resident outside the United Kingdom admitted as members of the Society and the total number of members of the Society have both greatly increased so that it is no longer practical or expedient for the members of the Society to exercise in general meeting the powers reserved to them by the Acts hereinbefore mentioned:

(6) It is expedient in order to enable the Society to regulate the management of its affairs in accordance with both present-day requirements and practice and the interests of Lloyd's policyholders that—

(a) there should be established a Council of Lloyd's to have control over the management and regulation of the affairs of the Society;

(b) the said Council should have power to make byelaws for the purposes of such management and regulation, including byelaws making provision for and regulating the admission, suspension and disciplining of members of the Society, Lloyd's brokers, underwriting agents and others; and

(c) certain provisions in Lloyd's Acts 1871 to 1951 should be amended or repealed:

(7) It is expedient that the other provisions contained in this Act should be enacted:

(8) The purposes of this Act cannot be achieved without the authority of Parliament:

May it therefore please Your Majesty that it may be enacted, and be it enacted, by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Citation.

1.—(1) This Act may be cited as Lloyd's Act 1982.

(2) Lloyd's Acts 1871 to 1951 and this Act may be cited together as Lloyd's Acts 1871 to 1982.

Interpretation.

2.—(1) In this Act, unless the context otherwise requires—

1871 c. xxi.

“ the Act of 1871 ” and “ the Act of 1911 ” mean respectively Lloyd's Act 1871 and Lloyd's Act 1911;

“ annual subscriber ” means a person admitted to the Room as an annual subscriber;

- “ Appeal Tribunal ” means the appeal tribunal established pursuant to section 7 (1) (b) of this Act;
- “ associate ” means a person admitted to the Room as an associate;
- “ the Committee ” means the committee constituted by section 5 of this Act;
- “ the Council ” means the council constituted by section 3 of this Act;
- “ director ” includes any person occupying the position of director by whatever name called;
- “ Disciplinary Committee ” means a disciplinary committee established pursuant to section 7 (1) (a) of this Act;
- “ external member of the Council ” means a member of the Council elected pursuant to section 3 (2) (b) of this Act;
- “ external member of the Society ” means a member of the Society who is not a working member of the Society;
- “ Lloyd's broker ” means a partnership or body corporate permitted by the Council to broke insurance business at Lloyd's;
- “ manager ” in relation to a Lloyd's broker or underwriting agent, means a person who exercises managerial functions under the immediate authority of the board of directors, or any member thereof, or of the partners, or any one of them, as the case requires, of the Lloyd's broker or underwriting agent;
- “ member of the Society ” means a person admitted to membership of the Society;
- “ nominated member of the Council ” means a member of the Council appointed pursuant to section 3 (2) (c) of this Act;
- “ non-underwriting member ” means a member of the Society who is not an underwriting member;
- “ related company ”, in relation to any company, means any body corporate—
- (a) which is that company's subsidiary; or
 - (b) of which that company is a subsidiary; or
 - (c) which is a subsidiary of that company's holding company;
- and “ holding company ” shall have the meaning given by section 154 of the Companies Act 1948 which shall 1948 c. 38.

be construed with any necessary modifications where applied to a company incorporated under the law of a country outside the United Kingdom;

“the Room” means the principal room or rooms in the Society’s premises in the city of London for the time being designated by the Council for the purposes of underwriting;

“the Society” means the society incorporated by the Act of 1871 by the name of Lloyd’s;

“special resolution” means a resolution of the Council passed by separate majorities of both—

(a) all the working members of the Council for the time being; and

(b) all the members for the time being of the Council who are not working members of the Council as aforesaid, that is to say, the external members of the Council and the nominated members of the Council;

1948 c. 38.

“subsidiary” shall have the meaning given by section 154 of the Companies Act 1948 which shall be construed with any necessary modifications where applied to a company incorporated under the law of a country outside the United Kingdom;

“underwriting agent” means a person permitted by the Council to act as an underwriting agent at Lloyd’s;

“underwriting member” means a person admitted to the Society as an underwriting member;

“working member of the Council” means a member of the Council elected pursuant to section 3 (2) (a) of this Act;

“working member of the Society” means—

(a) a member of the Society who occupies himself principally with the conduct of business at Lloyd’s by a Lloyd’s broker or underwriting agent; or

(b) a member of the Society who has gone into retirement but who immediately before his retirement so occupied himself.

(2) For the purposes of this Act (except sections 10, 11 and 12)—

(a) a person controls a partnership or body corporate if—

(i) the partners of the partnership, or the directors of the body corporate, or the directors of another company of which the body corporate is a subsidiary,

are accustomed to act in accordance with that person's directions or instructions (otherwise than by reason only that they act on advice given in a professional capacity); or

(ii) in the case of a body corporate that person either alone or with any associate or associates (as defined in section 7 (8) of the Insurance Companies Act 1981) 1981 c. 31. is entitled to exercise or control the exercise of one-third or more of the voting power at any general meeting of the body corporate or of another company of which the body corporate is a subsidiary;

(b) a partnership or body corporate is connected with Lloyd's if it is a Lloyd's broker or an underwriting agent, or controls or is controlled by a Lloyd's broker or an underwriting agent, or is owned or controlled by a person who also controls a Lloyd's broker or an underwriting agent.

3.—(1) There shall be a Council of Lloyd's.

The Council.

(2) Subject to subsection (3) below, the members of the Council shall be—

(a) sixteen working members of the Council elected from among the working members of the Society by those members of the Society whose names are shown on Part I of the Register referred to in Schedule 1 to this Act as working members of the Society;

(b) eight external members of the Council elected from among the external members of the Society by those members of the Society whose names are shown on Part II of such Register as external members of the Society;

(c) three nominated members of the Council appointed by the Council by special resolution, whose appointments shall not take effect unless and until confirmed by the Governor for the time being of the Bank of England:

Provided that a person who is a member of the Society or an annual subscriber or an associate shall not be eligible for appointment as a nominated member of the Council.

(3) The Council may by byelaw increase or decrease the number of its members and specify the manner in which such increase or decrease may be effected:

Provided that the number of places available to working members of the Society at any election to the Council shall be

such that if filled by such members not more than two-thirds of the members of the Council would be working members of the Council.

(4) The Council may by byelaw limit the number of places which at any election to the Council shall be available to working members of the Society who are—

(a) engaged (as partner, director or employee) or interested in any way (directly or indirectly) in any one partnership or body corporate which is connected with Lloyd's, and for the purposes of this paragraph and any byelaw made hereunder—

(i) a body corporate which is controlled by a partnership connected with Lloyd's or by any partner or partners therein shall be deemed to form part of that partnership; and

(ii) a related company of a body corporate connected with Lloyd's shall be deemed to form part of that body corporate;

(b) principally occupied with such class or classes of insurance business at Lloyd's or in such capacities as the Council may by byelaw specify.

(5) Subject to the provisions of this section, the Council shall by byelaw regulate—

(a) the conduct of elections of members of the Council, including inter alia the system of voting at any such election;

(b) the number of members of the Council to be elected at each election;

(c) eligibility and nomination for membership of the Council;

(d) the term of office of members of the Council;

(e) any other matter connected with any of the aforesaid matters:

Provided that—

(i) the term of office of any duly elected or appointed member of the Council shall not be extended during the term of office of such member;

(ii) subject to paragraph (iii) below, a working member of the Council shall not be eligible for re-election as a working member of the Council for a term commencing sooner than one year after the expiry of his last previous term as a working member of the Council; and

- (iii) the Chairman of Lloyd's and each of the Deputy Chairmen of Lloyd's shall, if the Council shall from time to time so determine in respect of any one (but not more) of their number, be eligible for immediate re-election once only.

4. The Council shall annually elect from among the working members of the Council a Chairman of the Council, who shall be called the "Chairman of Lloyd's", and two or more Deputy Chairmen of the Council, each of whom shall be called a "Deputy Chairman of Lloyd's".

The Chairman and Deputy Chairmen of Lloyd's.

5.—(1) There shall be a Committee of Lloyd's.

The Committee.

(2) The working members of the Council shall constitute the Committee.

(3) The Committee shall annually elect—

- (a) the Chairman of the Council, or such other member of the Committee as it thinks fit, to be the Chairman of the Committee; and
- (b) the Deputy Chairmen of the Council, or such two or more members of the Committee as it thinks fit, to be the Deputy Chairmen of the Committee.

6.—(1) The Council shall have the management and superintendence of the affairs of the Society and the power to regulate and direct the business of insurance at Lloyd's and it may lawfully exercise all the powers of the Society, but all powers so exercised by the Council shall be exercised by it in accordance with and subject to the provisions of Lloyd's Acts 1871 to 1982 and the byelaws made thereunder.

Powers of the Council and of the Committee.

(2) The Council may—

- (a) make such byelaws as from time to time seem requisite or expedient for the proper and better execution of Lloyd's Acts 1871 to 1982 and for the furtherance of the objects of the Society, including such byelaws as it thinks fit for any or all of the purposes specified in Schedule 2 to this Act; and
- (b) amend or revoke any byelaw made or deemed to have been made hereunder.

(3) Any byelaw made under this Act and any amendment or revocation of any byelaw so made or deemed to have been so made shall be made by special resolution.

(4) (a) If, within 60 days of the promulgation of any byelaw or the promulgation of any amendment to or revocation of any

byelaw, or within such longer period as the Council may determine, a notice in writing signed by not less than 500 members of the Society is served upon the Council requesting that such byelaw, amendment or revocation be submitted to the members of the Society in general meeting, the Council shall convene a general meeting of the Society for that purpose.

(b) If, at a meeting of the members of the Society convened pursuant to paragraph (a) above, a resolution to revoke such byelaw or amendment or to annul such revocation is passed by a majority of members voting in person or by proxy and the number of members voting in favour of such resolution represents at least one-third of the total membership of the Society, such byelaw, amendment or revocation shall thereby be revoked or annulled, as the case may be.

(c) A resolution passed pursuant to paragraph (b) above shall not affect anything done or omitted to be done before the resolution is passed, and in particular—

- (i) in the case of a resolution revoking a byelaw or amendment, shall not affect the previous operation of the byelaw or amendment;
- (ii) in the case of a resolution annulling the revocation of a byelaw, shall revive the byelaw only from the date of the resolution.

(d) The Council shall by byelaw regulate the calling and conduct of meetings convened pursuant to paragraph (a) above and the system of voting thereat.

(5) Subject to subsections (6) and (10) of this section, the Council may, by special resolution, delegate the exercise of such of its powers or functions under this Act as are not required to be exercised by special resolution to any one or more of the following, that is to say:—

- (a) the Chairman of Lloyd's;
- (b) a Deputy Chairman of Lloyd's;
- (c) the Committee;
- (d) the Chairman of the Committee;
- (e) a Deputy Chairman of the Committee.

(6) The Council may, by special resolution, delegate—

(a) to the Committee but not otherwise—

(i) the making of regulations regarding the business of insurance at Lloyd's; and

(ii) the carrying out or exercise of any duties, responsibilities, rights, powers or discretions imposed or conferred upon the Council by any enactment

(other than an enactment in this Act) or regulation made in pursuance thereof or by any other instrument having the effect of law or by any other document or arrangement whatsoever, whether or not such enactment, regulation, instrument, document or arrangement shall be in force or in existence on the day when this Act comes into force, in so far as such delegation is not prohibited by any enactment, regulation, instrument, document or arrangement;

(b) to the Committee or to the Chairman of the Committee or to a Deputy Chairman of the Committee but not otherwise the giving of directions regarding the business of insurance at Lloyd's to any member of the Society, Lloyd's broker, underwriting agent, director or partner of a Lloyd's broker or underwriting agent or person who works for a Lloyd's broker or underwriting agent in such capacity as may be specified by the Council (whether or not the acts required to be done or not done by such direction are already required to be done or not done by the provisions of Lloyd's Acts 1871 to 1982, or of byelaws made thereunder, or of such regulations as are referred to in paragraph (a) (i) above).

(7) Nothing in subsections (5) and (6) above shall operate to limit the power of the Council or of the Committee to act by persons, committees, sub-committees or other bodies of persons, whose members may include persons who are not members of the Society, or by the employees of the Society.

(8) (a) Within 7 days of the making of any regulation by the Committee in the exercise of powers delegated pursuant to subsection (6) above, the Committee shall give notice thereof to the Council and within 60 days of the making of such regulation a member of the Council may, by notice in writing to the Council, request that such regulation be ratified by the Council by special resolution, but, subject to the provisions of paragraph (b) below, such regulation shall remain in full force and effect and nothing done in pursuance of it shall be invalidated.

(b) If, upon a vote of the Council pursuant to a request under paragraph (a) above, such regulation is not ratified by special resolution it shall thereupon cease to have effect provided that if no vote pursuant to such request is taken within 60 days following the receipt by the Council of such request such regulation shall upon the expiry of such period cease to have effect.

(c) A regulation ratified by the Council by special resolution shall be deemed for the purposes of subsection (4) above to be a byelaw made by the Council in the exercise of its powers under subsection (2) above.

(9) A direction given by the Chairman of the Committee or a Deputy Chairman of the Committee in the exercise of powers delegated pursuant to paragraph (b) of subsection (6) above shall cease to have effect after 7 days unless continued by the Committee.

(10) A delegation under this section is revocable by special resolution of the Council and shall not prevent the exercise of a power or the performance of a function by the Council itself.

(11) No act or proceeding of the Council or Committee shall be invalidated in consequence only of there being—

- (a) a vacancy or vacancies in the membership of the Council or Committee at the time of such act or proceeding being done or taken; or
- (b) some defect in the election or appointment of any member of the Council or Committee.

The
Disciplinary
Committee
and the
Appeal
Tribunal.

7.—(1) The Council shall by byelaw—

- (a) (i) establish, provide for the constitution of and define the powers of a Disciplinary Committee or Committees, provided that the majority of the members of any such Disciplinary Committee shall be members of the Society (who need not be members of the Council); and
- (ii) subject to subsection (3) below, specify the grounds upon which in furtherance of the objects of the Society disciplinary proceedings may be instituted against and penalties or sanctions may be imposed upon any member of the Society, annual subscriber, Lloyd's broker, underwriting agent or such other class of persons as may be so specified;
- (b) (i) establish, provide for the constitution of and define the powers of an Appeal Tribunal to hear and determine appeals (whether or not in the exercise of its disciplinary powers and functions), provided that the President and Deputy President of such Appeal Tribunal, who shall both be appointed by the Council, shall not be members of the Society; and
- (ii) specify the class or classes of decisions, findings, orders, acts or omissions against which there shall lie a right of appeal to such Appeal Tribunal.

(2) All disciplinary powers and functions of the Council, except the power to confirm, modify or grant dispensation in respect of any penalty or sanction imposed by a Disciplinary Committee or the Appeal Tribunal, shall be exercisable only by a Disciplinary Committee and, in respect of appeals which lie from decisions, findings, orders, acts or omissions of a Disciplinary Committee, only by the Appeal Tribunal.

(3) The grounds upon which disciplinary proceedings may be instituted and penalties or sanctions may be imposed by virtue of byelaws made pursuant to subsection (1) above, may include breach of or failure to observe any regulation or direction made or given pursuant to subsection (6) of section 6 (Powers of the Council and of the Committee) of this Act, provided that—

- (a) no penalty or sanction shall be imposed for any breach of or failure to observe any regulation made by the Committee which has ceased to have effect in the circumstances specified in subsection (8) of the said section 6;
- (b) no penalty or sanction shall be imposed for any breach of or failure to observe any direction given by the Chairman of the Committee or a Deputy Chairman of the Committee unless and until such direction has been ratified by the Committee;
- (c) any person in relation to whom a direction is given may, by notice in writing to the Council, request that the same be ratified by the Council, by special resolution, as soon as practicable, and in default of such ratification no penalty or sanction shall be imposed for such breach or failure, provided that pending such ratification the direction shall remain in full force and effect and nothing done in pursuance of it shall be invalidated.

(4) (a) For the purpose of any proceedings before a Disciplinary Committee or the Appeal Tribunal the Disciplinary Committee or the Appeal Tribunal may administer oaths, and any party to the proceedings may sue out writs of subpoena ad testificandum and duces tecum, but no person shall be compelled under any such writ to produce any document which he could not be compelled to produce on the trial of an action.

(b) The provisions of section 36 of the Supreme Court Act 1981 1981 c. 54. (which provide a special procedure for the issue of such writs so as to be in force throughout the United Kingdom) shall apply in relation to any proceedings before a Disciplinary Committee or the Appeal Tribunal as they apply in relation to causes or matters in the High Court.

(5) Any person other than a member of the Society in respect of whom disciplinary proceedings are taken under this Act shall be deemed for the purposes of paragraph 8 of Part II of the Schedule to the Defamation Act 1952 to be a person who is 1952 c. 66. subject by virtue of a contract to the control of the Society.

8.—(1) An underwriting member shall be a party to a contract of insurance underwritten at Lloyd's only if it is underwritten with several liability, each underwriting member for his own Insurance business.

part and not one for another, and if the liability of each underwriting member is accepted solely for his own account.

(2) An underwriting member (not being himself an underwriting agent) shall underwrite contracts of insurance at Lloyd's only through an underwriting agent.

(3) An underwriting member shall in the course of his underwriting business at Lloyd's accept or place business only from or through a Lloyd's broker or such other person as the Council may from time to time by byelaw permit.

(4) Breach of any of subsections (1) to (3) above shall constitute an act or default in respect of which disciplinary proceedings may be brought in accordance with byelaws made under section 7 (The Disciplinary Committee and the Appeal Tribunal) of this Act.

Cessation of membership on bankruptcy.

9. In the event of a member of the Society being adjudicated bankrupt, or being adjudicated or declared insolvent, by the due process of law of a country within the European Economic Community the Council shall forthwith declare his membership to have ceased:

Provided that if such adjudication or declaration is set aside on appeal or otherwise the Council shall take immediate action to cancel its declaration.

Restrictions affecting Lloyd's brokers.

10.—(1) Save as provided in subsections (3) and (4) of this section, the Council shall not permit a person to act as a Lloyd's broker if that person is a managing agent or is associated with a managing agent.

(2) A person is for the purposes of this section associated with a managing agent if that person is a partner in or, subject to paragraph (h) of subsection (1) of section 12 (Interpretation of sections 10 and 11) of this Act, owns any interest in a managing agent or if that person supplies the services of an individual who works regularly or from time to time in a relevant capacity for a managing agent.

(3) If at the date of commencement of this Act a person who is a Lloyd's broker is associated with a managing agent subsection (1) above shall not apply by reason of such association to that Lloyd's broker for five years from that date:

Provided that if during such period of five years any change shall occur in the factors by reason of which the Lloyd's broker is so associated (other than a change which results in a termination of such association), which the Council shall determine to be a change which is relevant for the purpose of this section, subsection (1) above shall thereupon apply to that Lloyd's broker by reason of such association.

(4) If at any time after the date of commencement of this Act a Lloyd's broker becomes associated with a managing agent, the Council may permit the Lloyd's broker to continue to broke insurance business at Lloyd's for such period not exceeding six months as the Council may specify on terms that the Lloyd's broker shall, on or before the expiry of such period, either cease to be associated with such managing agent or cease to be a Lloyd's broker:

Provided that in an exceptional case, in which a longer period than six months is shown to the satisfaction of the Council to be necessary for the purpose of the due administration of the estate of a deceased individual, the Council may permit a further continuance of the association only for such period as is necessary for such purpose.

11.—(1) Save as provided in subsections (4) and (5) of this section, the Council shall not permit a person to act as a managing agent if that person is a Lloyd's broker or is associated with a Lloyd's broker. Restrictions affecting managing agents.

(2) A person being a partnership or body corporate is for the purposes of this section associated with a Lloyd's broker if that person is a partner in, or, subject to paragraph (h) of subsection (1) of section 12 (Interpretation of sections 10 and 11) of this Act, owns any interest in a Lloyd's broker.

(3) A person being an individual is for the purposes of this section associated with a Lloyd's broker if that individual is a partner in, or is a director of, or subject to paragraph (h) of subsection (1) of the said section 12, owns any interest in a Lloyd's broker.

(4) If at the date of commencement of this Act a person who is a managing agent is associated with a Lloyd's broker subsection (1) above shall not apply by reason of such association to that managing agent for five years from that date:

Provided that if during such period of five years any change shall occur in the factors by reason of which the managing agent is so associated (other than a change which results in a termination of such association), which the Council shall determine to be a change which is relevant for the purpose of this section, subsection (1) above shall thereupon apply to that managing agent by reason of such association.

(5) If at any time after the date of commencement of this Act a managing agent becomes associated with a Lloyd's broker, the Council may permit the managing agent to continue to act as

such managing agent for such period not exceeding six months as the Council may specify on terms that the managing agent shall, on or before the expiry of such period, either cease to be associated with such Lloyd's broker or cease to be a managing agent:

Provided that in an exceptional case, in which a longer period than six months is shown to the satisfaction of the Council to be necessary for the purpose of the due administration of the estate of a deceased individual, the Council may permit a further continuance of the association only for such period as is necessary for such purpose.

Interpretation
of sections 10
and 11.

12.—(1) For the purposes solely of section 10 (Restrictions affecting Lloyd's brokers) and section 11 (Restrictions affecting managing agents) of this Act—

(a) "managing agent" shall mean a person who is permitted by the Council in the conduct of his business as an underwriting agent to perform for an underwriting member one or more of the following functions:—

- (i) underwriting contracts of insurance at Lloyd's;
- (ii) reinsuring such contracts in whole or in part;
- (iii) paying claims on such contracts;

and references to a "managing agent" shall include in addition—

(A) if a managing agent is a body corporate, any holding company and any person who controls the managing agent or any holding company;

(B) if a managing agent is a partnership, any person who is a partner in such partnership, and any person who controls such partnership or a partner in such partnership;

(b) in addition to the meaning set out in section 2 (1) of this Act, references to a "Lloyd's broker" shall include—

(i) if the Lloyd's broker is a body corporate, any holding company and any person who controls the Lloyd's broker or any holding company;

(ii) if the Lloyd's broker is a partnership, any person who is a partner in such partnership and any person who controls such partnership or a partner in such partnership;

(c) references to "that person" when applied to a body corporate shall include, in addition to that body corporate—

- (i) any related company;

(ii) any person who controls or is controlled by that body corporate or any related company;

(iii) any director of that body corporate or of any related company;

(d) references to "that person" when applied to a partnership shall include, in addition to that partnership—

(i) any partner in that partnership;

(ii) any person who controls or is controlled by that partnership;

(iii) any body corporate which any partner in that partnership controls;

(iv) any body corporate which is a related company of a partner in that partnership;

(v) any director of any body corporate falling within sub-paragraph (iii) or (iv) of this paragraph;

(e) references to "that individual" shall include, in addition to that individual—

(i) the spouse of that individual;

(ii) the minor children and step-children of that individual;

(iii) the trustees of any settlement in relation to which that individual is a settlor;

(iv) the trustees of any settlement of which that individual or that individual's spouse or minor children or step-children is or are beneficiaries;

(v) any body corporate which that individual or any of the persons specified in sub-paragraphs (i) to (iv) of this paragraph controls;

Provided that in any particular case the Council may determine that this paragraph shall not apply so as to include the spouse of an individual where that spouse is or proposes to become, or works or proposes to work substantially full-time for, a person who is, or who by this section is included as, a Lloyd's broker or a managing agent;

(f) paragraph (e) above shall apply with all necessary modifications in relation to references to a "director" or to a "partner" where the director or partner is an individual;

(g) subject to paragraph (h) below, a person owns an interest in a body corporate if he has a beneficial interest in,

or being the trustee of a settlement has an interest in, any of the stock, shares or other securities of the body corporate;

(h) a person shall not be treated as owning an interest in a body corporate by reason only of such person having an interest in not more than 5 per cent. in nominal amount of that body corporate's stock, shares or other securities, or any class thereof, which are authorised to be dealt in on a stock exchange or are traded in any over-the-counter market, and in either case are so dealt in or traded regularly or from time to time and in ascertaining in any case whether this paragraph applies—

(i) a person being a body corporate shall be treated as also having an interest in any stocks, shares or securities in which any related company, or in which any person who controls or who is controlled by that body corporate or related company has an interest;

(ii) a person being a partnership shall be treated as also having an interest in any stocks, shares or securities in which any person to whom in relation to such partnership reference is made in sub-paragraphs (i) to (iv) of paragraph (d) above has an interest;

(iii) a person, being an individual, who is a director or a partner, shall be treated as also having an interest in any stocks, shares or securities in which anyone to whom reference is made in relation to such person in paragraph (e) above has an interest;

(i) an individual works in a relevant capacity for a managing agent if he personally carries out one or more of the functions referred to in paragraph (a) above.

(2) For the purposes of subsection (1) above—

(a) "securities" in relation to any body corporate means any debentures, debenture stock, loan stock or bonds, and any other securities under which the consideration given by the body corporate for the use of the principal secured is to any extent dependent on the results of the body corporate's business or any part of it, or under which the consideration so given represents more than a reasonable commercial return for the use of that principal;

(b) "settlement" and "settlor" shall have the same meanings as in section 454(3) of the Income and Corporation Taxes Act 1970;

(c) a person controls a partnership or body corporate if—

(i) the partners in the partnership, or the directors of the body corporate, or the directors of another company of which the body corporate is a subsidiary are accustomed to act in accordance with the directions or instructions of such person or are accustomed or directed to act on the joint directions or instructions of such person and others (otherwise than by reason only that they act on advice given in a professional capacity);

or

(ii) in the case of a body corporate such person either alone or with any associate or associates is entitled to exercise or control the exercise of one-third or more of the voting power at any general meeting of the body corporate or of another company of which the body corporate is a subsidiary or such person has an associate or associates who are so entitled; and in this sub-paragraph—

(A) “associate” in relation to any individual means any person referred to in paragraph (e) of subsection (1) above;

(B) “associate” in relation to a body corporate means any related company of that body corporate, and any director of that body corporate or related company; and

(d) in determining whether a person controls a body corporate for the purposes of sub-paragraphs (A) and (B) of paragraph (a) and sub-paragraphs (i) and (ii) of paragraph (b) of subsection (1) above the words in paragraph (c) (ii) of this subsection “or such person has an associate or associates who are so entitled” shall not apply to cause a person to be associated unless the person or a subsidiary of the person owns an interest in the company.

(3) This section, section 10 (Restrictions affecting Lloyd's brokers) and section 11 (Restrictions affecting managing agents) of this Act shall be applied and construed with any necessary modifications with respect to any partnership, body corporate or other entity whatsoever created, or incorporated, in or under the law of a country outside the United Kingdom.

13.—(1) Sections 34, 36 and 448 of the Companies Act 1948 (execution of deeds abroad, authentication of documents and relief for the liabilities of officers and auditors of a company) are hereby incorporated in this Act and shall apply to the Society, the Council, the Committee and officers and auditors of the

Application of certain provisions of Companies Act 1948. 1948 c. 38.

1948 c. 38. Society in like manner *mutatis mutandis* as they apply to a company (as defined by the Companies Act 1948), its officers and auditors.

(2) For the purpose of this Act any member of the Council and any person to whom (whether individually or collectively) any powers or functions are delegated under this Act is to be regarded as an officer of the Society.

Liability of the Society, etc.

14.—(1) This section shall only exempt the Society from liability in damages at the suit of a member of the Lloyd's community.

(2) For the purposes of this section a member of the Lloyd's community shall be—

(a) a person who is—

(i) a member of the Society;

(ii) a Lloyd's broker;

(iii) an underwriting agent;

(iv) an annual subscriber;

(v) an associate;

(vi) a director or partner of a Lloyd's broker or an underwriting agent;

(vii) a person who works for a Lloyd's broker or underwriting agent as a manager; or

(b) a person who has been a member of the Lloyd's community in one or more of the capacities listed in paragraph (a) above; or

(c) a person who is seeking or who has sought to become a member of the Lloyd's community in one or more of the capacities listed in paragraph (a) above.

(3) Subject to subsections (1), (4) and (5) of this section, the Society shall not be liable for damages whether for negligence or other tort, breach of duty or otherwise, in respect of any exercise of or omission to exercise any power, duty or function conferred or imposed by Lloyd's Acts 1871 to 1982 or any byelaw or regulation made thereunder—

(a) in so far as the underwriting business of any member of the Society or the costs of his membership or the business of any person as a Lloyd's broker or underwriting agent may be affected; or

(b) in so far as relates to the admission or non-admission to, or the continuance of, or the suspension or exclusion from, membership of the Society; or

- (c) in so far as relates to the grant, continuance, suspension, withdrawal or refusal of permission to carry on business at Lloyd's as a Lloyd's broker or an underwriting agent or in any capacity connected therewith; or
- (d) in so far as relates to the exercise of, or omission to exercise, disciplinary functions, powers and duties; or
- (e) in so far as relates to the exercise of, or omission to exercise, any powers, functions or duties under byelaws made pursuant to paragraphs (21), (22), (23), (24) and (25) of Schedule 2 to this Act;

unless the act or omission complained of—

- (i) was done or omitted to be done in bad faith; or
- (ii) was that of an employee of the Society and occurred in the course of the employee carrying out routine or clerical duties, that is to say duties which do not involve the exercise of any discretion.

(4) Nothing in this section shall affect any liability of the Society in respect of the death of or personal injury to any person, and for the purposes of this section the expression "personal injury" means bodily injury, any disease and any impairment of a person's physical or mental condition.

(5) Nothing in this section shall exempt the Society from liability for libel or slander.

(6) For the purposes of this section "the Society" means the Society itself and also any of its officers and employees and any person or persons in or to whom (whether individually or collectively) any powers or functions are vested or delegated by or pursuant to Lloyd's Acts 1871 to 1982.

15.—(1) Subject to the provisions of Schedule 4 to this Act— Repeals and amendments.

- (a) the enactments specified in Schedule 3 to this Act are hereby repealed to the extent specified in that Schedule;
- (b) for section 7 (Purposes for which capital stock &c. to be held by Society) of the Act of 1911 there shall be substituted the following section:—

" 7. The Society shall hold the funds and property of the Society and the income therefrom for all or any of the following purposes:—

- (a) for defraying the costs, charges and expenses incurred by the Society, the Council or otherwise in the execution and carrying out of Lloyd's Acts 1871 to 1982;
- (b) for furthering the objects of the Society;

(c) for making good any default by any member of the Society under any contract of insurance underwritten at Lloyd's which in the opinion of the Council it is in the interests of the members of the Society to make good;

(d) for guaranteeing or securing, in such manner as the Council think fit, any debt or obligation of or binding on the Society, any of its subsidiaries or any other person;

(e) for such other purposes (if any) as may from time to time be prescribed by byelaw;

and subject thereto for the benefit of the members of the Society jointly.”;

(c) for section 9 (Powers to Society with reference to guarantees) of the Act of 1911 there shall be substituted the following section:—

“ 9. Without prejudice to the provisions of section 7 of this Act the Society may either by itself or jointly with any other guarantor or guarantors guarantee the payment of claims and demands upon contracts of insurance underwritten at Lloyd's and the Society may for such purposes enter into contracts and may apply the funds and property of the Society and the income therefrom or any part thereof for the purpose of discharging any liabilities of the Society under any guarantees or contracts as aforesaid and the powers conferred on the Society by this section may be exercised by the Council in accordance with byelaws made under Lloyd's Act 1982.”;

(d) in subsection (1) of section 5 (Society may act as trustee for certain purposes) of Lloyd's Act 1951 the words “ relating to the insurance business carried on at Lloyd's by members of or annual subscribers to the Society ” shall be omitted.

(2) Subject to the provisions of this Act—

(a) any enactment (other than an enactment in this Act) or any other instrument having the effect of law; and

(b) any other document or arrangement whatsoever;

which is in existence before the first meeting of the Council held pursuant to paragraph 7 of Schedule 4 to this Act and which refers or relates to the Society or to the business carried on by persons as members of the Society or as Lloyd's brokers or underwriting agents shall on and after such meeting have effect subject to any necessary modifications as if for any reference however worded and whether express or implied—

- (i) to the Committee of Lloyd's constituted by the Act of 1871 there were substituted a reference to the Council; and
- (ii) to the Chairman or a Deputy Chairman of that Committee or to the Chairman or a Deputy Chairman of Lloyd's there were substituted a reference to the Chairman of the Council or a Deputy Chairman of the Council, as the case may be:

Provided that any such reference shall be a reference to the Committee of Lloyd's constituted by this Act or to the Chairman or a Deputy Chairman of the Committee so constituted in any case where, having regard to the power or any exercise of the power of delegation conferred on the Council by this Act, the context so requires.

16. Any byelaw made under Lloyd's Acts 1871 to 1951 shall be deemed to have been made by the Council in the exercise of its power under this Act and subject to the provisions of Schedule 4 to this Act such byelaws shall continue in full force and effect unless and until revoked by the Council pursuant to the said power. Existing byelaws to continue in force.

17. The transitional provisions contained in Schedule 4 to this Act shall have effect. Transitional provisions.

18. The costs, charges and expenses of and incidental to the preparing, applying for, obtaining and passing of this Act shall be paid by the Society. Costs of Act.

Section 3.

SCHEDULES

SCHEDULE 1

CLASSIFICATION OF MEMBERS OF THE SOCIETY

1. The Council shall keep and maintain a Register to be revised as at the first day of July in each year (or such other day or days as the Council may by byelaw provide) which shall be divided into two parts and shall show in Part I thereof the names of all those members of the Society who were classified as working members of the Society as at that date and in Part II thereof the names of all those members of the Society who were classified as external members of the Society as at that date.

2. A member of the Society may object to his or another member's classification on the Register and the Council shall by byelaw make provision for the determination of such an objection.

3. A member of the Society may appeal against a determination under paragraph 2 above to a committee of the Council consisting of one working member, one external member and one nominated member of the Council whose decision shall be conclusive and the Council shall by byelaw make provision for the hearing and determination of such an appeal.

4. In any election to the Council a member of the Society shall be entitled and only entitled to vote as a working member of the Society or as an external member of the Society according to his classification on the Register on the date on which notice of such election is given.

5. Such Register shall be available for inspection by a member of the Society upon request at the premises of the Society in the city of London, or such other place as the Council shall specify.

Section 6.

SCHEDULE 2

PURPOSES FOR WHICH BYELAWS MAY BE MADE

Without prejudice to the generality of the powers vested in the Council by subsection (2) of section 6 (Powers of the Council and of the Committee) of this Act, the Council may pursuant to that section make byelaws for the following purposes:—

- (1) For regulating the admission to the Society of members as either underwriting members or non-underwriting members, for regulating continuing membership of the Society and for regulating the manner and circumstances in which members may be excluded from membership of the Society, and so that any byelaws made for such purposes may impose or provide for conditions and requirements to be satisfied or complied with on admission or during membership, which conditions and requirements—

(a) may from time to time be added to, altered or withdrawn;

(b) may include the requirement to give undertakings;

(c) may apply to all or any class of underwriting members and as to the whole or any class of their underwriting business; and

(d) may be imposed notwithstanding any inconsistency therein with any contract subsisting at the commencement of this Act between the Society and any member of the Society:

Provided that, without prejudice to the powers of the Council to require an underwriting member to cease or reduce the level of his underwriting at Lloyd's, a member of the Society shall not be excluded from membership for breach of a byelaw or failure to satisfy a condition, requirement or undertaking where such breach or failure consists solely of his inability to satisfy a financial qualification contained in such byelaw, condition, requirement or undertaking, which was not applicable on the date he became an underwriting member or, where he has subsequently increased the level of his underwriting, on the date his application to do so was duly accepted;

(2) For requiring an underwriting member to cease to be a member of the Society or to cease underwriting, temporarily or indefinitely, in the event that—

(a) a receiving order in bankruptcy is made against such member by the due process of law of any country; or

(b) such member makes or proposes any composition with his creditors or otherwise acknowledges his insolvency; or

(c) by the due process of law of a country outside the European Economic Community such member is adjudicated bankrupt or is adjudicated or declared insolvent;

and for regulating the procedure to be followed in such event;

(3) For providing for admission to the Room of annual subscribers, associates, and other persons, for enabling the Council to impose conditions and requirements (including the requirement to give undertakings) as to admission and as to continuing right to admission to the Room and for the grant of tickets for the purpose of conducting business in the Room and the renewal and revocation of such tickets;

(4) For regulating the fees, subscriptions and other sums to be paid by members of the Society, annual subscribers, associates, Lloyd's brokers, underwriting agents and others;

(5) For regulating the mode, time and place of summoning and holding general meetings of the Society and the mode of voting and the conduct of proceedings thereat;

(6) For regulating the mode, time and place of summoning and holding meetings of the Council and of the Committee and the quorum and manner of proceedings at meetings of the Council and of the Committee;

(7) For regulating—

(a) the manner in which byelaws and the amendment and revocation of byelaws shall be promulgated; and

(b) the mode in which the Committee shall make regulations and the manner in which such regulations shall be promulgated;

SCH. 2
—cont.

- (8) For regulating the appointment, powers and functions of the Chairman and Deputy Chairmen of Lloyd's and the Chairman and Deputy Chairmen of the Committee;
- (9) For regulating the remuneration and indemnification of all or any of the members of the Council;
- (10) For regulating—
- (a) the appointment of other committees of the Council or of sub-committees of the Committee;
 - (b) the appointment of any person or body of persons with a duty to report to the Council or the Committee;
 - (c) the inclusion of persons who are not members of the Society, Lloyd's brokers or underwriting agents in such committees, sub-committees or bodies of persons;
 - (d) the functions of such committees, sub-committees, persons or bodies of persons and the manner in which such functions are to be executed; and
 - (e) the mode, time and place of summoning, and holding meetings of such committees, sub-committees or bodies of persons, and the quorum and manner of proceedings thereat;
- (11) For determining and declaring the grounds upon which and for regulating the mode in which a member of the Council, the Committee or any other committee, sub-committee or other body of persons established by or pursuant to this Act shall cease to be a member thereof;
- (12) For regulating the grant and renewal of permission to broke insurance business at Lloyd's as a Lloyd's broker, for regulating the continuing right to broke such business and for regulating the manner and circumstances in which such permission may be withdrawn, and so that any byelaws made for such purposes may impose or provide for conditions and requirements to be satisfied or complied with on the grant and during the continuance of such permission, which conditions and requirements—
- (a) may from time to time be added to, altered or withdrawn;
 - (b) may include the requirement to give undertakings;
 - (c) may apply to all or any class of Lloyd's brokers and as to the whole or any class of their business of broking insurance; and
 - (d) may have the effect that a partnership or body corporate shall not be permitted after a date to be prescribed by the Council to broke insurance business at Lloyd's so long as it (or any related company)—
 - (i) is controlled by such person or class of persons as may be therein specified; or
 - (ii) owns any interest in any underwriting agent or an underwriting agent of such class as may be specified by the Council;

(13) For regulating the grant and renewal of permission to act as an underwriting agent for underwriting members in carrying on their underwriting business at Lloyd's, for regulating the continuing right to act as such an underwriting agent and for regulating the manner and circumstances in which such permission may be withdrawn, and so that any byelaws made for such purposes may impose or provide for conditions and requirements to be satisfied or complied with on the grant and during the continuance of such permission, which conditions and requirements—

SCH. 2
—cont.

(a) may from time to time be added to, altered or withdrawn;

(b) may include the requirement to give undertakings;

(c) may apply to all or any class of underwriting agents and as to the whole or any class of their business as underwriting agents; and

(d) may have the effect that a person shall not be permitted after a date to be prescribed by the Council to act as such agent so long as—

(i) that person owns any interest in an insurance broker;
or

(ii) where that person is a body corporate, any related company owns any interest in an insurance broker;
or

(iii) where that person is a body corporate or a partnership, it or any related company is controlled by, or any interest in it is owned by, such person or class of person as may be therein specified;

(14) For providing that permission to carry on business at Lloyd's as a Lloyd's broker or as an underwriting agent shall not be granted or renewed and that any such permission may be revoked unless the Council is satisfied as to all or any of the following matters:—

(a) that the person having control of the Lloyd's broker or underwriting agent (being a partnership or body corporate) is, by reason of his character and suitability, a person who should have control of a Lloyd's broker or such an underwriting agent;

(b) that each director or partner of the Lloyd's broker or underwriting agent (being a partnership or body corporate) is, by reason of his character and suitability, a person who should be a director or partner of a Lloyd's broker or such an underwriting agent;

(c) that each person who works for the Lloyd's broker or underwriting agent in such capacity as may be specified by the Council is, by reason of his character and suitability, a person who should work in such capacity for a Lloyd's broker or underwriting agent;

(15) For prescribing or regulating terms which are or are not to be included in agreements between underwriting agents and underwriting members or other underwriting agents;

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—cont.

- (16) For requiring that accounts of underwriting syndicates be audited and that reports and audited accounts be furnished to members of the syndicate and for regulating the form and content of such reports and accounts;
- (17) For prescribing or regulating information which is to be supplied by underwriting agents to persons applying to become members of the Society;
- (18) For empowering the Council to nominate and appoint an underwriting agent (in this paragraph referred to as the "substitute agent") to act as agent or sub-agent for an underwriting member as to the whole or any part of his underwriting business in any case where such member has no underwriting agent for the whole or such part of his underwriting business or where in the opinion of the Council—
- (a) such appointment is in the interests of such member;
 - or
 - (b) it is essential for the proper regulation of the business of insurance at Lloyd's;
- and to give such directions to any underwriting agent already acting for such member as may be desirable in connection with the appointment of the substitute agent;
- (19) For regulating as among and between underwriting members, Lloyd's brokers, underwriting agents and any other person transacting with underwriting members the business of insurance (whether as principal or agent) or interested therein, the mode in which insurance shall be effected with underwriting members and the periods at which settlements in respect of insurances so effected shall be made;
- (20) For empowering the Council to take steps and give undertakings required by or under the law of any country in order to secure authorisation for underwriting members to transact insurance business in or emanating from that country and to require underwriting members, Lloyd's brokers and underwriting agents to comply with undertakings so given;
- (21) For requiring members of the Society, Lloyd's brokers, underwriting agents, annual subscribers, associates and substitutes, or any director or partner of a Lloyd's broker or underwriting agent or any person who works for a Lloyd's broker or underwriting agent in such capacity as may be specified by the Council to supply such information to the Council as may be so specified;
- (22) (a) For empowering the Council to order any inquiry, including an inquiry concerning the affairs of any member of the Society or syndicate of members or any Lloyd's broker or any underwriting agent;

- (b) For requiring any member of the Society or any director or partner of a Lloyd's broker or underwriting agent or any person who works for a Lloyd's broker or underwriting agent in such capacity as may be specified by the Council to give when required such information as may be in his or its possession or to produce such documents and material as may be in his or its possession or under his or its control relating to the subject-matter of the inquiry;
- (c) For requiring any person whose affairs have been the subject of any inquiry to pay the costs incurred in connection with the inquiry or to make a contribution thereto;
- (23) (a) For empowering the Council to order that in or in the course of any such inquiry as is referred to in paragraph (22) of this Schedule investigation be made into frauds or crimes, or circumstances having the appearance of frauds or crimes, practised or attempted or intended to be practised in connection with the business of insurance at Lloyd's;
- (b) For empowering the Council to take or facilitate the taking of proceedings with a view to the punishment of persons appearing to be responsible for or concerned in any such frauds or crimes;
- (c) For empowering the Council to supply to any police constable any information, documents or material in its possession, including any information, documents or material obtained pursuant to byelaws made for the purposes specified in paragraphs (21), (22) (b) and (24) of this Schedule;
- (24) For regulating the circumstances in which members of the Society, Lloyd's brokers, underwriting agents, annual subscriber associates and substitutes, or any director or partner of a Lloyd's broker or underwriting agent or any person who works for a Lloyd's broker or underwriting agent in such capacity as may be specified by the Council may (without being required so to do) give information or produce documents or material to the Council;
- (25) For requiring that, save in so far as the same may be used in disciplinary or criminal proceedings, due confidentiality is preserved with respect to any information supplied or documents or material produced pursuant to byelaws made for the purposes specified in paragraphs (21), (22) (b) and (24) of this Schedule, especially in so far as such information, documents or material relate to the affairs of any persons (including principals and clients of Lloyd's brokers and of underwriting agents) other than those supplying or producing such information, documents or material;
- (26) For empowering the Council to suspend (for such maximum period as may be specified by byelaw) any of the following

SCH. 2
—cont.

from transacting, or being concerned or interested in the transaction of, the business of insurance at Lloyd's or any class or classes of such business, that is to say:—

(a) a member of the Society;

(b) a Lloyd's broker;

(c) an underwriting agent; or

(d) any person who works for a Lloyd's broker or an underwriting agent in such capacity as may be specified by the Council;

(27) For regulating the grounds on which and the manner in which a member of the Society may by disciplinary proceedings be suspended or excluded from membership or required to cease underwriting temporarily, or indefinitely, or subjected to any lesser penalty prescribed by byelaws, including, but not limited to, a fine and the posting of a notice of censure in the Room;

(28) For regulating the grounds on which and the manner in which permission to broke insurance business at Lloyd's as a Lloyd's broker may by disciplinary proceedings be revoked or suspended, or a Lloyd's broker may be subjected to any lesser penalty prescribed by byelaws, including, but not limited to, a fine and the posting of a notice of censure in the Room;

(29) For regulating the grounds on which and the manner in which permission to act as an underwriting agent may by disciplinary proceedings be revoked or suspended, or an underwriting agent may be subjected to any lesser penalty prescribed by byelaws, including, but not limited to, a fine and the posting of a notice of censure in the Room;

(30) For regulating the grounds on which and the manner in which the right of admission to the Room of an annual subscriber may by disciplinary proceedings be withdrawn or suspended, or an annual subscriber may be subjected to any lesser penalty prescribed by byelaws, including, but not limited to, a fine and the posting of a notice of censure in the Room;

(31) For requiring—

(a) a partner or director of a Lloyd's broker or underwriting agent; or

(b) a person who works for a Lloyd's broker or underwriting agent in such capacity as may be specified by byelaw;

to undertake to submit to the jurisdiction of the Council and for regulating the grounds on and the manner in which such persons may by disciplinary proceedings be subjected to any penalty prescribed by byelaws including, but not limited to—

(i) an order prohibiting or suspending him from being concerned in the conduct of business at Lloyd's;

(ii) a fine; or

(iii) the posting of a notice of censure in the Room;

(32) For providing for the recovery of any fine or costs imposed pursuant to byelaws as a civil debt;

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—cont.

(33) For regulating the powers of a Disciplinary Committee and the Appeal Tribunal, including the power to—

(a) subject to or join in proceedings before a Disciplinary Committee or the Appeal Tribunal and to subject to any penalty prescribed by byelaws, a director or partner of a Lloyd's broker or underwriting agent or a person who works for a Lloyd's broker or underwriting agent in such capacity as may be specified by the Council;

(b) require any such person as aforesaid (whether or not such person is a party to or otherwise concerned in the proceedings) to appear before a Disciplinary Committee or the Appeal Tribunal to give evidence, or to produce documents and material, or both;

(c) award costs;

(34) For regulating the procedures of a Disciplinary Committee and the Appeal Tribunal provided that such byelaws shall provide for a right to a hearing and legal representation if so desired for any person upon whom a penalty may be imposed or against whom an order may be made;

(35) For regulating the procedure whereby the Council—

(a) confirms, modifies or grants dispensation in respect of any penalty imposed by a Disciplinary Committee or the Appeal Tribunal; and

(b) publishes its decision and any penalty imposed;

(36) For providing for the establishment and constitution of an Arbitration Panel to hear and determine disputes relating to the business of insurance at Lloyd's, for determining the matters to be referred for arbitration to the Arbitration Panel, for requiring parties to such disputes to refer them to the Arbitration Panel for arbitration and for regulating the conduct of any such arbitration proceedings;

(37) For regulating the manner, terms and restrictions in, on and subject to which intelligence and information may be supplied to members of the Society and others;

(38) For providing for the establishment and maintenance of a scheme for the protection of Lloyd's policyholders, underwriting members and others in the event of the default of a Lloyd's broker and for empowering the Council to require Lloyd's brokers and others to be parties to and to contribute to such scheme as a condition or requirement of the grant or renewal of permission to broke insurance business at Lloyd's as a Lloyd's broker or otherwise;

SCH. 2
—cont.

- (39) For regulating the use of the Room by members of the Society and others;
- (40) For regulating the investment of the funds and other property of the Society;
- (41) For regulating the grant and operation of binding authorities, or any other means whereby authority to accept insurance on behalf of underwriting members is delegated;
- (42) For regulating the appointments and duties of agents or correspondents of the Society at ports and other places;
- (43) For regulating the appointment, terms of employment and remuneration of a Secretary General and other officers and employees of the Society.

Section 15.

SCHEDULE 3

REPEALS

Chapter	Short title	Extent of repeal
34 & 35 Vict. c. xxi.	Lloyd's Act 1871.	Sections 11 and 12. Sections 18 to 27. Section 29. The Schedule.
51 & 52 Vict. c. 29.	Lloyd's Signal Stations Act 1888.	The whole Act.
1 & 2 Geo. 5. c. lxii.	Lloyd's Act 1911.	Sections 10 to 13.
15 & 16 Geo. 5. c. xxvi.	Lloyd's Act 1925.	The whole Act.
14 & 15 Geo. 6. c. viii.	Lloyd's Act 1951.	The proviso to section 3 (2). Section 4.

Section 17.

SCHEDULE 4

TRANSITIONAL PROVISIONS

PART I

THE FIRST MEMBERS OF THE COUNCIL

1. Any person who is, immediately prior to the commencement of this Act, a member of the Committee of Lloyd's pursuant to Lloyd's Acts 1871 to 1951 and byelaws made thereunder (in this Schedule referred to as "the Old Committee") shall be a working member of the Council and a member of the Committee established by section 5 of this Act until such time as he would, but for this Act, have ceased to be a member of the Old Committee.

2. The provisions of Schedule 1 to this Act shall be carried into effect by the Old Committee, which shall provide that a member of the Society may object to his or another member's classification on such Register, and for the determination of such objection and for the right to appeal against such determination to a sub-committee of the Old Committee consisting of three members thereof whose decision shall be conclusive, and the election of a person to the Council shall not be challenged or otherwise declared to be invalid by reason of any proceedings pursuant to such provision by the Old Committee not being completed or for any other reason whatsoever.

SCH. 4
—cont.

3. In lieu of the general meeting of members of the Society which would be held in November 1982 but for this Act a ballot to elect four working members of the Council shall be held at that time in accordance with byelaws for the time being in force provided, however, that the four persons to be elected shall be elected from among the working members of the Society by those members whose names are shown on Part I of the Register referred to in Schedule 1 to this Act as working members of the Society. Notwithstanding anything in the byelaws made under Lloyd's Acts 1871 to 1951 the Old Committee shall appoint two or more members as scrutineers to take the vote and report the result.

4. A ballot to elect eight external members of the Council shall be held to which the following provisions shall apply:—

- (a) such ballot shall take place within four months of the day on which this Act is passed;
- (b) the election shall be by postal ballot of all those members of the Society whose names are shown on Part II of the Register referred to in Schedule 1 to this Act as external members of the Society, and each such member who exercises his right to vote in such ballot shall cast one vote for each of eight of the persons duly nominated for election;
- (c) the Old Committee shall give not less than 60 clear days' notice of such ballot by notice in writing to each member of the Society entitled to vote at such ballot, addressed to such member's last known place of business or abode and the notice shall state that the object of the ballot is to elect eight external members of the Council and the date and time by which nominations for such election are to be received in order to be valid;
- (d) an external member of the Society shall be nominated for election as an external member of the Council by a requisition signed by not less than sixteen members of the Society entitled to vote at such ballot, which requisition shall be lodged with the Secretary General of Lloyd's or other person duly authorised by the Old Committee at least 42 clear days before the day on which such ballot is to take place;
- (e) if the number of persons duly nominated for election as external members of the Council in accordance with subparagraph (d) above does not exceed the number to be elected, the nominated candidates shall be declared to be

SCH. 4
—cont.

elected and if the number of nominated candidates is reduced by withdrawal or otherwise to no more than that number, the remaining nominated candidates shall be declared to be elected;

(f) not less than 28 clear days before the day on which the ballot is to take place, the Secretary General of Lloyd's or other person duly authorised by the Old Committee shall send to each of the members of the Society entitled to vote at such ballot—

(i) a ballot paper containing the name of each duly nominated candidate and stating that each such member shall cast one vote for each of eight of the candidates and the date and time by which ballot papers are to be received in order to be included in the ballot; and

(ii) particulars of each candidate including any statement he may wish to make concerning his candidature, the form and content of which shall have been approved by the Old Committee;

(g) a notice or ballot paper shall be deemed to have been properly sent by the Secretary General of Lloyd's or other person duly authorised by the Old Committee if it is sent to a member at his last known place of business or abode but the result of a ballot under this Schedule shall not be invalidated by any failure by the Secretary General of Lloyd's or other duly authorised person to send a ballot paper to any member of the Society entitled to vote at such ballot or by the non-receipt by any such member of a ballot paper;

(h) a member of the Society entitled to vote at such ballot may exercise his right to vote by posting or delivering his ballot paper duly completed to the Secretary General of Lloyd's or other person duly authorised but only ballot papers received by the Secretary General of Lloyd's or such person on or before the date and time stated on the ballot paper shall be included in the votes counted;

(i) subject to the provisions of any byelaws which may be made pursuant to section 3 (5) of this Act four of the persons elected in such ballot shall be external members of the Council until 31st December 1984, and four of the persons so elected shall be external members of the Council until 31st December 1986.

5. Within 28 days after the election pursuant to paragraph 4 of this Schedule, the working members and the external members of the Council shall meet at a place, date and time determined by the Old Committee and shall, by resolution passed by separate majorities of both the working members of the Council and the external members of the Council, appoint the first three nominated members of the Council whose appointments shall be governed *mutatis mutandis* by the provisions of section 3 (2) (c) of this Act.

6. Subject to the provisions of any byelaws which may be made pursuant to section 3 (5) of this Act the following provisions shall have effect with respect to the appointments made pursuant to paragraph 5 of this Schedule:—

- (a) one of the persons appointed shall hold office until 31st December 1984, one shall hold office until 31st December 1985, and one shall hold office until 31st December 1986 (such persons, in default of agreement among the persons so appointed, to be determined by lot);
- (b) no person shall be appointed a nominated member of the Council without his consent.

SCH. 4
—cont.

7. The first meeting of the Council shall take place at such place, date and time not more than 28 days after the meeting referred to in paragraph 5 of this Schedule as may be decided at that meeting.

8. Unless at its first meeting the Council shall otherwise determine, the persons who are immediately prior to such meeting the Chairman of Lloyd's and the Deputy Chairmen of Lloyd's pursuant to Lloyd's Acts 1871 to 1951 and byelaws made thereunder shall be respectively the Chairman of Lloyd's and the Deputy Chairmen of Lloyd's as if appointed under section 4 of this Act and shall continue to hold such positions until the end of the year 1982.

PART II

OTHER TRANSITIONAL PROVISIONS

9. Until the first meeting of the Council, Lloyd's Acts 1871 to 1951 shall, subject to the provisions of this Schedule, continue to have effect as though this Act had not been passed.

10. The Council may in preferring any charge against any person refer to, and the Disciplinary Committee in hearing that charge may have regard to and take into account, any act, default or other event which takes place before this Act comes into force.

11. Section 20 (Exclusion from membership for violation of fundamental rules, &c.) of the Act of 1871 (including the Schedule to that Act setting out the fundamental rules of the Society), section 12 (Power of Committee to temporarily suspend Members) of the Act of 1911 and byelaw 87 (vi) of the byelaws made pursuant to Lloyd's Acts 1871 to 1951 shall continue to have effect until a Disciplinary Committee shall be established by byelaws made under this Act, and where proceedings have been commenced against any person under either of such sections or under such byelaw, they may be continued in all respects until concluded as if the section or byelaw under which the proceedings had been commenced continued in full force and effect.

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FOR W. J. SHARP

Controller and Chief Executive of Her Majesty's Stationery Office and
Queen's Printer of Acts of Parliament

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Lloyd's Act 1982

CHAPTER xiv

ARRANGEMENT OF SECTIONS

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