

LLOYD'S REGULATORY REQUIREMENTS 920

Objectives: To develop a sound knowledge and appreciation of the regulation of the Lloyd's market, particularly relating to underwriting agents, brokers, solvency requirements and the protection of members' interests.

*Knowledge
rating***LLOYD'S AS A SELF-REGULATING INSTITUTION**

Main historical influences on the development of Lloyd's as a self-regulating institution.	1
Structure of Lloyd's.	2
Lloyd's position under the Insurance Companies Acts.	3
Purpose and nature of self-regulation.	2
Influences of Cromer, Fisher, Neill, Task Force Morse and Sheldon Reports, and Lloyd's Business Plan.	1
Constitution of Lloyd's, how it is regulated and by whom.	2
Operation of self-regulation.	3
Process of rule making at Lloyd's and the structure of rules.	3
Procedures and processes.	2

UNDERWRITING AGENTS

Application of the law of agency to underwriting agents.	3
Approval and registration of underwriting agents.	2
Duties and functions of underwriting agents (members' and managing).	3
Trustee and fiduciary duties.	1
Agency relationships and nature of members' agents and managing agents agreements.	2
Avoidance of conflict of interest by agents.	2
Requirements for review of underwriting agents.	2
Information which underwriting agents must provide to members.	3

AUDIT AND SOLVENCY REQUIREMENTS

Basic concepts of accounting relating to underwriting agents.	1
Requirements for syndicate annual reports.	3
Main provisions of and disclosure under the Syndicate Accounting Byelaw.	3
Concept of three year accounting.	1
Role of auditors of syndicate accounts, their appointment and registration.	2
Reinsurance to close an account and the reporting of each syndicate's business transactions.	3
Calculation of claims incurred but not reported.	3

MEMBERSHIP OF LLOYD'S

Financial requirements and admission procedures for membership of Lloyd's, including corporate membership.	2
Lloyd's solvency requirements.	2
Maintenance of solvency by members.	3
Control of premium income limits, funds at Lloyd's and deposits.	3
Deposit trust deed and its purpose.	2
Establishment of premiums, trust funds and reserves.	2
Continuing compliance with requirements by members.	3
Changes in underwriting arrangements by members.	2
Meaning and application of unlimited liability.	3
Inter-action of the elements which make up the chain of security.	3
Operation of members' agents pooling arrangements.	2
Operation of the central solvency system.	2
Circumstances in which suspension or termination of membership can take place.	3

MEMBERS' INTERESTS

Importance of maintaining the standards of protection of the interests of Lloyd's members.	2
Underwriting agents' practice to protect members.	3
Workings of the Names' Interests Committee.	2
Lloyd's Arbitration Scheme.	2
Handling of complaints by members against their agents.	3
Role of the Lloyd's Members' Ombudsman and the constraints on the Ombudsman.	3
Operation of the Loss Review Byelaw No. 8 and No. 13 of 1991.	2

LLOYD'S BROKERS

Implications of the Lloyd's Brokers Byelaw for businesses broking at Lloyd's.	1
Duties and functions of Lloyd's brokers.	2
Lloyd's brokers in relation to the Insurance Brokers (Registration) Act 1977.	2
Regulation of Lloyd's brokers, their structure, organisation and financial requirements.	3
Purpose of the codes of practice for Lloyd's brokers.	2
Regulations governing umbrella arrangements, direct dealing and binding authorities.	2

ASSOCIATESHIP SPECIALIST

Knowledge ratings

Each sub-topic has been designated a numerical knowledge rating as follows:

- 1 General background awareness necessary.
- 2 Requires a knowledge of the major elements of procedures or concepts and their uses.
- 3 Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.

Study materials

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up-to-date with developments and in providing a wider coverage of syllabus topics. The reference materials cited are authoritative, detailed works which should be used selectively as and when required.

Primary text

Coursebook 920: Lloyd's regulatory requirements. The Chartered Insurance Institute.

Additional reading

An introduction to Lloyd's. New edition. London: Lloyd's Training Centre, 1995.

Lloyd's market practice. Robert H. Brown, John Wormell. 2nd edition. London: Witherby, 1992.

Reference materials

Global results. Annual. London: Lloyd's.

The high level stop loss scheme: effective 1 January 1993. London: Lloyd's, 1992.

Lloyd's: a route forward. London: Lloyd's, 1992.

Lloyd's Act 1982. London: HMSO, 1982.

Lloyd's of London: a study in individualism. D. E. W. Gibb. London: Lloyd's, 1972. Out of print.

Membership: the issues. New edition. London: Lloyds, 1992.

A new structure of governance for Lloyd's: report. London: Lloyd's, 1992.

Regulatory arrangements at Lloyd's: report of the Committee of Inquiry. London: HMSO, 1987.

Report of an inquiry into syndicate participation and the LMX spiral. London: Lloyd's, 1992.

Periodicals

The Journal. London: Chartered Insurance Institute. Six issues a year.

One Lime Street. Monthly. Colchester: Lloyd's of London Press.

Post Magazine. London: Timothy Benn Publishing. Weekly.

Business pages of quality newspapers.