



HOUSE OF COMMONS
LONDON SW1A 0AA

2
~~PRIME MINISTER~~

R20
Lester
MS

To glance
MS
6/3

Rt. Hon. SIR GRAHAM PAGE, M.B.E. (Mil), LL.B, M.P.

19th. March, 1981

Dear Colleague,

I apologise for burdening you with a brief on the Lloyd's Bill (which I have been asked to "pilot") but a number of Conservative Members have enquired about it, so I am sending this brief to all Conservative Members.

The Second Reading Debate will take place on Tuesday, 24th March, from 7 p.m. to 10 p.m., and, in case there is a division, I would be most grateful if you could be available in the House from 9.30 p.m. and if you would support the Bill in the Lobby.

I would be further grateful if you could remain available after the main vote in case somebody moves to challenge the vote of a Member who is a member of Lloyd's, on the grounds that the Member has "a pecuniary interest" which is "immediate and personal, and not merely of a general and remote character".

Upon the precedents, I am convinced that such a Motion would fail and I do not think that a Member of Lloyd's need refrain from voting for fear of such a challenge.

I shall be very happy to try to give any further information on the Bill and for that purpose I will be in Committee Room (Upper Committee Corridor) from 7 p.m. to 8 p.m. on Monday, 23rd March.

Yours sincerely,

R. Graham Page

Encls.

LLOYD'S BILL - SECOND READING

24th March 1981 - 7pm to 10pm

Lloyd's constitution is dependent upon statute, mainly one of 1871 when its membership was less than 1,000. Membership is now nearly 20,000. It has outgrown its government by a management committee which has to call a General Meeting of Lloyd's whenever it needs a new bye-law. Lloyd's ask Parliament by this Bill to give it an up-to-date constitution based upon self-regulation by means of a representative Council with effective governing powers.

Clause 3 of the Bill creates a Council of sixteen working members (who are those who occupy themselves principally with the conduct of business at Lloyd's), six external members (members of Lloyd's who are not working members) and three members nominated by the Council and approved by the Governor of the Bank of England.

It is the working members of Lloyd's who are to elect the working members of the Council, and the external members who are to elect the external members. Schedule 1 provides for the separate electoral rolls of each class of member.

Since the Bill was presented, the view has been reasonably expressed that the external membership is low in representation on the Council. I propose in the Second Reading Debate to give an assurance on behalf of the promoters of the Bill that they will seek on Committee to amend the figure of six external members on the Council to eight.

It is the intention that the election of those eight external members should be by post and that each should be entitled to have a short "election manifesto" delivered with the voting papers. I shall give an undertaking in the Second Reading Debate that the transitional provisions in the Bill (Schedule 4) will be the subject of an amendment by the promoters to insert that "election manifesto" provision for the first election. This will be a precedent for a bye-law making permanent provision for this.

By Clause 6 the Council will have power "to regulate and direct the business of insurance at Lloyd's" and to make bye-laws upon the wide range of subjects (within the objects of Lloyd's) set out in Schedule 2 of the Bill. Bye-laws will be made by a special resolution of the Council i.e. one that is passed by separate majorities of both (a) the working members and (b) the external and nominated members of the Council. Under an existing bye-law (kept alive by Clause 13 of the Bill) sixteen members can requisition a General Meeting to comment on the conduct of the Council but, by clause 6(4) of the Bill, if the business of the General Meeting is to amend or revoke a bye-law, the meeting cannot be requisitioned by less than 500 Members.

/In future

Clauses 12 and Schedule 3 repeal the dead wood of existing Lloyd's statutes, and the former makes some amendments to such statutes as remain. Schedule 4 sets out the transitional provisions which are to apply pending the making of the relevant bye-laws by the Council under the powers granted to it in Schedule.2.

It is Schedule 2 that grants the enabling powers to the Council, the powers enabling it to make bye-laws by special resolution on a very wide variety of matters of the proper government of Lloyd's. There are, however, two matters to which I would call special attention.

First, the present Committee of Lloyd's has expressed determination - and no doubt carries the majority of Lloyd's members with it so that it is safe to assume that the new Council will be of the same mind - to see that the business of broking and underwriting by firms at Lloyd's shall be carried on independently the one of the other and that the powers granted by the Bill will be used to achieve that independence of operation by means of either divestment or other effective process. Paragraph (12) (d) contains the power to make the necessary bye-laws on this subject.

Secondly, it is important that if the Council is to carry out the work expected of it, the protection of the general public as well as the community of Lloyd's, it must be made aware at an early date of any malpractices or fraudulent transactions. Paragraph (21) of Schedule 2 empowers the Council to make bye-laws requiring a member of their community to supply such information as may be specified. Paragraph (22) empowers bye-laws as to an inquiry requiring information, production of documents etc. On Second Reading I will give an undertaking on behalf of the promoters to seek to add three related paragraphs, namely: (23) empowering further bye-laws for investigating frauds and crimes, for prosecuting persons responsible and for handing information, documents etc. to the police; (24) for regulating the giving of information and the production of documents; and (25) the preservation of due confidentiality of information and documents given to Lloyd's under the foregoing paragraphs. These will be a formidable array of weapons with which to attack fraud in the insurance market. With the rest of the re-organisation contained in the Bill they will enhance the status of Lloyd's both nationally and internationally.

R.Graham Page

March, 1981