

31 January 1985

MR TURNBULL

LLOYD'S

David Hobson has mentioned to me:

Dollar/Sterling Exchange Rate

Since much of Lloyd's business is denominated in dollars,
the dollar capacity of individual syndicates to write
business may be reduced.

Some syndicates may have lost money by having more dollar
liabilities than assets.

Self-Regulation

Progress has been made in some directions, including:

- a. strengthening the audit arrangements for syndicates;
- b. requiring publication of syndicates' accounts; and
- c. divestment arrangements separating brokers and
underwriters.

Disciplinary proceedings have been taken against certain
members, and others are pending.

No criminal proceedings have been brought against anyone by the DPP. The wheels of justice grind exceedingly slowly, even though it was indicated, when DTI inspectors were appointed for Howden and Minet, that the police would be kept in touch with their work as it progressed. Remember that, unlike other City outfits, those with most of the capital (the names) have no say in the management at Lloyds. It was this divorce which led to the outrages of the late 1970s.

Consumer Protection

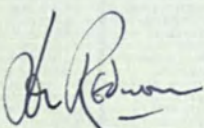
Gordon Borrie has been trying to get Lloyd's into the insurance Ombudsman arrangements. It is understood that they are moving in this direction after some initial hesitation.

Inland Revenue

Lengthy negotiations with the Inland Revenue have been going on for some time, with the tax authorities examining accounts of previous years with a view to claiming back tax.

China

The Chairman of Lloyd's is going to China in April.


JOHN REDWOOD