



23rd May, 1986

Dear Margaret,

Lloyd's

After our discussion on Monday night, I promised to let you know when the last of the problems at Lloyd's would be finished. I realise the urgent political need to finalise the clearing up of the Society.

The Neale Inquiry into Investor Protection at Lloyd's is out of our hands, but the Department of Trade & Industry have given him a late summer date for his report. There is no delay on Lloyd's' part - I confirm all his inquiries have been dealt with immediately.

There are three remaining problems. "Baby Syndicates" no longer exist and they are not one of the three. The Byelaws were issued in December 1985, compliance with the Byelaws is checked continuously as part of the Inspection procedures in the Regulatory Services, and in fact the inquiry into Sir Peter Green's problems did not criticise his small syndicate which had been brought into line with the regulations before they were Byelaws. The list of all syndicates was published in April and this fact can be checked by any member of the public.

Sir Peter's affairs are still a problem but not on the scale hinted at in the press. The Investigations Committee meets on Wednesday 28th May to consider the full Report. The actual amount of money not accounted for to his names in an operation of over £34m is \$180,000. Everything he did was to benefit his names - his less than candid approach was because of problems with the Inland Revenue, now settled. In my opinion the Report will be sent to all his names and this will mean that it will be published. Lloyd's can only clear this problem by a full and frank disclosure. I hope this will happen in June to be dead and buried by the end of the month.

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Bellew, Parry & Raven, which was sent to the Director of Public Prosecutions by the Investigations Committee on March 29th, will take the following course - administrative suspension in June and public laying of Lloyd's Disciplinary charges early in July.

That leaves the P.C.W. Names, their losses and allegations of fraud. Progress with this settlement is better than is appreciated outside. Alan Lord, Lloyd's new Chief Executive, has given this top priority. Names will have to pay their proven losses (a loss that would stand up in a Court of Law) none of these will drive names into bankruptcy. The unproven but estimated future liabilities will be carried by the Society and Members Agents, Brokers and professional firms are all showing reliable signs of shouldering their share of the burden, as a result of the positive and firm leadership by Lloyd's' Chairman, Peter Miller. There is an overwhelming desire to get this problem out of the way.

In answer to your question - when would Lloyd's problems be clear? In my opinion, October 1986 and I will let you know immediately if there is any sign of failure to meet this date.

Your ever
Manus

The Lord Kimball

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