

Lloyd's U.S. has been to require a minimum of \$400,000. Otherwise, controls are much the same.

Over all therefore it can be said that because of the mingling of self and Departmental controls and because Exchange and Texas Lloyd's controls are more able to be strengthened with speed because no legislation is required they are much regulated but the combination of industry and bureaucrat works well.

Two very important legislative changes have nevertheless occurred recently in New York and Florida. In the case of the former the minimum capital requirement has been put up to \$5 million and in the latter case a new type of Membership has been brought into law which should swell the numbers of Syndicates substantially once it is understood.

Small corporations may now be formed capitalised at a minimum of \$100,000 each which may then combine with a minimum of 19 others to create reinsurance pools which may collectively then enter into Membership as "Syndicates". This brings membership within the grasp of many more people because the incentive will be the tax advantages such corporations offer which are far better than the old Sub Chapter 5 concept or the limited partnerships New York sought to have approved in the early days.

This is a very interesting move which should stand Miami in very good stead for the future and illustrates the seriousness with which the Legislature regards its baby which now has over the 20 Syndicates and \$50 million in premium forecast for it.

#### THE 1985 CHAIRMAN'S LUNCH

The 1985 Chairman's Lunch was held on Wednesday, 6th June, at the Elizabethan Suite, Barrington House, Gresham Street, London and BILA was very fortunate that our Chairman, Alan Dolden, had

invited Mark Weinberg to give the after-lunch address. It was by far the best-attended lunch for some time.

In introducing his guest the Chairman noted that he had been born in Durban and had taken both an LL.B. and a B.Com. at Witwatersrand University. Subsequently he took an LL.M. in Company Law at L.S.E. and was called to the Johannesburg Bar. He was the author of "Takeovers and Mergers" and in 1961 had founded Abbey Life, a company which he built up to be a leading force in the unit-linked market before leaving it to set up Hambro Life.

Mr. Weinberg said that he intended to talk about the proposed regulation of the life assurance industry and started off by covering the background to the Gower Report which was punctuated with certain noteworthy collapses.

The result was that Gower recommended a new system of investor protections and the main novel feature was that investment as a concept was defined as including life assurance. The broad policy of the White Paper was to regulate all kinds of investment, to further competition and efficiency and, last but not least, to protect consumers.

A three-leg system, Mr. Weinberg added, was now being proposed, namely:

- i) there must be no restrictive practices on competition
- ii) efficiency must be enhanced by only such rules being introduced as are necessary to protect investors
- iii) there must be protection of investors against sharp practices.

How, he then asked, could this all be achieved?

Well, as from 1st January 1987, no-one may carry on investment business unless he is either authorised to do so or is exempt

from authorisation. An authorised life assurance company will automatically have this authorisation, but other methods of obtaining authorisation will be:

i) to approach the Secretary of State for authorisation to be in the investment business.

or

ii) to become a member of a self-regulatory organisation which enjoys exemption.

Mr. Weinberg expressed the opinion that self-regulation could be problematical and he went on to say that investment marketeers must be thoroughly competent and free from any accusations that they are in a conflict of interests situation.

So the idea behind these developments is, he explained, to produce a package which contains an acceptable blend of statutory control and self-regulation. Hitherto there had sometimes been a certain amount of abuse of statutory regulations.

In Mr. Weinberg's opinion a trade associations could not provide protection for the public, but a system of self-regulation should. Voluntary sanctions appear to have failed because of self-interest and the elimination of tied agencies and part-time salesmen is only a short-term solution to a long-term problem.

A. McCrindell

#### THE BILA CHARITABLE TRUST

As agreed at the 1984 AGM, the BILA Charitable Trust is on the point of establishment. Its main purpose will be the advancement of the public knowledge and understanding of law