

EDITORIAL

This edition of our Journal being the first of 1988 reproduces the paper given by Marshall Field at the November Lunchtime Meeting when he discussed the very topical subject of the Financial Services Act. We are also privileged to reproduce the stimulating address given by Lord Carr at the December President's Luncheon when he traced the history and development of Enterprise Agencies in the United Kingdom. Having witnessed one of these Agencies in action I can vouch for the excellent work they are undertaking to help form new businesses, but what is equally important is to give such advice that would prevent the formation of a business which might be doomed to failure. The failure rate of half the national average is evidence of the success of Enterprise Agencies in assisting with the creation of new businesses.

Ray Hodgkin, whom many of you know as a senior lecturer in Law at Birmingham University, has provided us with a paper summarising the National Consumer Council's Response to the Civil Justice Review – General Issues. This is obviously a subject that will be debated for some time to come and where reform is urgently required.

Finally, I am grateful to no less than six of our regular Specialist Correspondents for providing articles of topical interest on matters of moment in their particular fields.

The recent disasters of Zeebrugge and King's Cross have resulted in new interest in the possible liability of Directors (and their Companies) for corporate crimes and Nick Stanbury will, I hope, in a future edition, be commenting on this topic as it affects Directors generally and whether or not insurers will respond. Another disaster, the recent "Gale of the Century" (as described by "Which" magazine) has certainly highlighted the problem of the houseowner who suddenly finds his neighbour's tree lying partly in his garden and discovers that:-

- (1) He has no insurance cover to pay for the damage to his lawn and for the cost of removing the tree or replacing the fence.
- (2) His neighbour is also not liable for these costs due to the damage being caused as a result of a "Natural Disaster" with the absence of any negligence on his neighbour's part.

Who, one wonders, will be the first insurer to provide cover in this respect, although at least one Leading Insurer already provides cover for the damaged fence caused by a falling tree?

Our next Edition will be in May and letters from members are always welcome. The attendance at the President's December Luncheon was a record and demonstrates the expanding interest in the Association's activities. Our next lunchtime meetings will be on 9th February 1988 when Michael Summerskill will be discussing 'Mutual Insurance in the Professional Indemnity Field' and on 8th March 1988 when Mr John Cowell will have as his subject 'Insurance in the Environment – Perspectives for the Future'. Both these meetings will be held at 1 pm at the Institute of London Underwriters, 49 Leadenhall Street, London EC3

THE FINANCIAL SERVICES ACT
Speculation on the Aftermath
for the Insurance Industry

A talk given by Marshall Field, CBE, FIA,
on 10th November 1987

BACKGROUND

In my previous talk to the British Insurance Law Association on 12 February 1986 I described the causes of the introduction of Investor Protection Legislation and I outlined the Professor Gower documents of January 1982 and January 1984, the White Paper of January 1985 and the Bill of December 1985. I described the philosophy and structure of the proposed legislation and I commented on the then current state of play (the information of the Securities and Investments Board and its sibling, the Marketing of Investments Board Organising Committee – SIB and MIBOC – and of the various self Regulatory Organisations – SROs). Finally I noted some problem areas that seemed to be developing and in particular the requirements to be placed on Independent Intermediaries, the question of Disclosure of Product Details and especially benefit illustrations, the interaction with Personal Pensions and the situation of those in the Middle Ground after Polarisation.

Since that talk we have seen the passing of the Act, the merger of SIB and MIBOC and the delegation to it by the Secretary of State of the regulatory powers. We also have the SIB Rulebook and drafts of SRO Rulebooks. These latter have yet to be accepted by SIB and inspected by the Office of Fair Trading. Those professional bodies that are seeking recognition as Recognised Professional Bodies under the Act are also engaged in preparing their Rulebooks.