

hours in the sales ring, we eventually got down to Herbie's problem about 7 p.m. The Jumpers and General were a market to be avoided. By happy chance, the very next day a lead live stock underwriter was being contacted – he duly pronounced no interest in any of a proposer's convictions (“other than for stealing horses, old boy!”).

Such not being part of Herbie's form, I prepared a report, billed the solicitor showing £450 (the real cost) but “say £200” (the Law Society limit), and waited. On balance I felt Herbie had a real case against the broker who must have had imputed knowledge through his girl employee of much of what Herbie had not “disclosed”. The duty of the broker with a client who is illiterate, blind or has no grasp of commercial/legal English is not higher than his duty to all clients but it is more difficult to fulfill. The Jumpers and General have no branch organization – only a Lloyd's area underwriting office. Herbie could only contact them through his brokers who practised in his own town. So I waited and waited. So I suppose did Herbie.

Months later I learnt that Herbie's case had been transferred to another solicitor in my own immediate area. Enquiry revealed that no progress had been made (many months after my report). Next, the Law Society refused to grant Herbie a fresh certificate. Six months ago, a Herbie Lee (of gypsy origin) was reported in our local paper as guilty of recent housebreaking and bodily harm. I wonder.

**CHANGES IN TAX RATES.
PROBLEMS FOR LIFE COMPANIES.
by M.L. Dawbarn, Solicitor, Cannon Lincoln Group.**

Far reaching tax changes in this year's Budget and Finance Bill send their ripples into the life insurance industry. Amongst these are the changes in rates of basic rate income tax, capital gains tax and also inheritance tax.

Basic rate income tax and capital gains tax, now at 25%, compares with three different rates for insurance companies: 25% on franked investment income, 35% on other income and 30% on capital gains. This means that individuals not paying higher rate tax at the single 40% rate, will sometimes be at a tax disadvantage by rolling up their money in life policies rather than investing direct. Those paying higher rate tax on the other hand will have an advantage in that the higher rate charge will not be paid on qualifying policies and will be postponed until realisation on non qualifying policies. Exempt policies and those still enjoying LAPR on premiums will still have the tax balance in their favour. Life insurance taxation is at present under review and a Green

Paper is to be published. Even if life policies are not being given advantages over unit trusts and direct investment, there seems to be no reason why these investors should actually be penalised.

Inheritance tax now at a single rate of 40% and starting at £110,000 is less of a burden and is only very significant to the largest estates. We can expect that while it remains payable, people will continue to look for ways of avoiding it. However, elaborate and artificial schemes such as the old Inheritance Plans will probably not be likely to enjoy any revival. It is noted that the £3,000 per annum exemption has not been increased for very many years to match inflation. On the other hand, the ten year non-aggregation provision will enable most wise planners largely to avoid the tax if they can afford to make the life time gifts in time.

FORTHCOMING EVENTS & NOTICES. **(Please note in your diary).**

(i) **CHAIRMANS LUNCH 15.6.88** Speaker Anthony Colman Q.C.
Booking form to be sent to all members.

(ii) **BILA AGM & ONE DAY CONFERENCE 20.9.88.**
Further details will be sent to all members.

(iii) **LONDON COLLOQUIUM 11 – 13 July 1989.**

The next London Colloquium is to be held on the above date and once again the venue will be University College London. The theme of the Colloquium will be "The Insurance Contract" with special reference to the formation of contract and the resolution of disputes arising therefrom.

The Colloquium Committee are currently planning the detailed programme and should any member have any ideas for incorporation they should contact Michael Cohen as soon as possible.

As a result of the preliminary announcement sent with the papers for the 1987 Colloquium over one third of the available places have been provisionally reserved. It is recommended that early applications should be made. Details are available from the organizers ARA Conference Services, 90 Bedford Court Mansions, Bedford Avenue, London WC1B 3AE.

(iv) **BILA AGM & ONE DAY CONFERENCE 19.9.89.**