

1990 No. 2461

INSURANCE

**The Insurance Brokers Registration Council (Indemnity
Insurance and Grants Scheme) (Amendment) Rules
Approval Order 1990**

<i>Made - - - -</i>	<i>4th December 1990</i>
<i>Laid before Parliament</i>	<i>6th December 1990</i>
<i>Coming into force</i>	<i>27th December 1990</i>

The Secretary of State, in exercise of the powers conferred by sections 27(1) and 28(1) of the Insurance Brokers (Registration) Act 1977(a) and of all other powers enabling him in that behalf, hereby makes the following Order:—

1. This Order may be cited as the Insurance Brokers Registration Council (Indemnity, Insurance and Grants Scheme) (Amendment) Rules Approval Order 1990 and shall come into force on 27th December 1990.

2. The Insurance Brokers Registration Council (Indemnity Insurance and Grants Scheme) (Amendment) Rules 1990 made on 10th April 1990 by the Insurance Brokers Registration Council under section 12 of the Insurance Brokers (Registration) Act 1977(b) and paragraph 6(1), (2) and (3) of Schedule 15 to the Financial Services Act 1986 are hereby approved as set out in the Schedule to this Order.

4th December 1990

John Redwood
Minister of State,
Department of Trade and Industry

(a) 1977 c.46.

(b) Section 12 was amended by section 138(3) of the Financial Services Act 1986 (c.60).

SCHEDULE

THE INSURANCE BROKERS REGISTRATION COUNCIL (INDEMNITY INSURANCE AND GRANTS SCHEME) (AMENDMENT) RULES 1990

The Insurance Brokers Registration Council, in exercise of their powers under Section 12 of the Insurance Brokers (Registration) Act 1977, as amended by Section 138(3) of the Financial Services Act 1986, and paragraph 6(1), (2) and (3) of Schedule 15 to the said Act of 1986 hereby make the following Rules:—

PART I—PRELIMINARY

1. These Rules may be cited as the Insurance Brokers Registration Council (Indemnity Insurance and Grants Scheme) (Amendment) Rules 1990.

2. In these Rules, unless the context otherwise requires, “the Rules” means the Insurance Brokers Registration Council (Indemnity Insurance and Grants Scheme) Rules 1987.

3. Rule 2(1) of the Rules shall be amended:—

(a) By the addition at the end of the definition of “brokerage” of the words “and relevant investment business”;

(b) By the addition at the end of the definition of “business” of the words “and shall include relevant investment business”; and

(c) By the insertion at the end thereof of the following definitions:—

“employee” other than for the purposes of rules 10, 11 and 12 of these Rules shall include an appointed representative for whom the practising insurance broker or enrolled body corporate has accepted responsibility for the purposes of Section 44 of the Financial Services Act 1986 and “former employee” shall be construed accordingly;

“relevant investment business” has the meaning assigned to it by rule 2 of the Conduct of Investment Business Rules;

“the Conduct of Investment Business Rules” means the Insurance Brokers Registration Council (Conduct of Investment Business) Rules 1988.”

PART II—PROFESSIONAL INDEMNITY INSURANCE

4. Proviso (bb) to rule 3(2) of the Rules shall be amended by the addition after the word “corporate” of the words “other than a director of a body corporate which is an appointed representative for whom the practising insurance broker or enrolled body corporate has accepted responsibility for the purposes of Section 44 of the Financial Services Act 1986”.

PART III—THE GRANTS SCHEME

5. Rule 6 of the Rules shall be amended by the addition of the following further proviso:—

“PROVIDED THAT no grant or application for a grant shall be made under the Grants Scheme in respect of losses resulting from relevant investment business before 28th August 1988 in connection with units in a regulated scheme as defined by rule 2 of the Conduct of Investment Business Rules, including shares in or securities of an open-ended investment company, as defined by Section 75(8) of the Financial Services Act 1986, or any rights to and interests in anything falling within the same”.

6. Rule 7(1) of the Rules shall be amended:—

(a) by the insertion of “(i)” before the words “are or have been insured”; and

(b) by the addition at the end thereof of the following words:—

“or (ii) have suffered loss in consequence of the negligence or fraud or other dishonesty on the part of practising insurance brokers or enrolled bodies corporate, or of employees of theirs, in connection with relevant investment business.”

7. Rule 8 of the Rules shall be amended by the insertion of “(1)” at the commencement of the rule and by the insertion of the following new paragraph:—

“(2) Notwithstanding the provisions of rules 6 and 7 of these rules the Council shall in their absolute discretion be entitled to make a grant or grants under the Grants Scheme to any person to relieve or mitigate losses suffered by such person in consequence of negligence or fraud or other dishonesty on the part of practising insurance brokers or enrolled bodies corporate, or of employees of theirs, in connection with their investment business as defined by Section 1(2) of the Financial Services Act 1986 or the failure on the part of practising insurance brokers or enrolled bodies corporate to account for monies received by them in connection with such business as the Council may decide in all the circumstances.”

8. Rule 14 of the Rules shall be amended by the deletion of the words “a notice in the form set out in the Appendix to these Rules” and the insertion in their place of the words “a notice in the form available from the Registrar on request” and consequently the Appendix to the Rules shall be omitted.

Sealed on the twenty-sixth day of April 1990

Ronald Brierley
Chairman of Council

E J Rees
Registrar

EXPLANATORY NOTE

(This note is not part of the Order)

This Order approves Rules made by the Insurance Brokers Registration Council under section 12 of the Insurance Brokers (Registration) Act 1977 and paragraph 6(1), (2) and (3) of the Financial Services Act 1986. They amend the Rules approved by the Insurance Brokers Registration Council (Indemnity Insurance and Grants Scheme) Rules Approval Order 1987 (S.I. 1987/1496) by extending the scope of the professional indemnity insurance requirements and the Grants Scheme to all categories of investment business which practising registered brokers and enrolled bodies corporate are permitted to undertake.

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