

SCHEDULE 1

SYNDICATE ACCOUNTS

PART 3

AUDITORS

Appointment of syndicate auditors

13.—(1) Subject to sub-paragraph (3), the members of Lloyd's who participate in a syndicate must appoint its auditor for each financial year, unless the auditor is deemed to be re-appointed in accordance with paragraph 14(2).

(2) For each financial year for which the auditor is to be appointed, the appointment must be made before the end of the period of 28 days beginning with—

- (a) the end of the time allowed under regulation 8(1) for sending out the accounts and reports required by regulation 5 for the previous financial year; or
- (b) if earlier, the day on which copies of the accounts and reports prepared under regulation 5 for the previous financial year are sent out under regulation 8(1).

This is the “period for appointing auditors” for the purposes of this Part of this Schedule.

(3) The managing agent of the syndicate may appoint an auditor for the syndicate—

- (a) at any time before the syndicate's first period for appointing auditors; or
- (b) to fill a casual vacancy in the office of auditor.

(4) Where no appointment has been made under paragraph (1) by the end of the period for appointing auditors, and the auditor in office is not deemed to be re-appointed under paragraph 14(2)

- (a) the managing agent must within one week from the end of that period give notice in writing to the Authority of that fact; and
- (b) the Authority must appoint an auditor of the syndicate to fill the vacancy as soon as possible.

(5) If the managing agent fail to give the notice required by this paragraph, an offence is committed by—

- (a) the managing agent; and
- (b) every director or partner of the managing agent who was in default.

(6) A person guilty of an offence under this paragraph is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

Term of office of auditors of syndicate

14.—(1) An auditor of a syndicate holds office in accordance with the terms of his or her appointment, subject to the requirements that—

- (a) the auditor does not take office until any previous auditor ceases to hold office; and
- (b) the auditor ceases to hold office at the end of the next period for appointing auditors unless re-appointed.

Status: Point in time view as at 15/08/2008.

Changes to legislation: There are currently no known outstanding effects for the The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, PART 3. (See end of Document for details)

- (2) Where no auditor has been appointed by the end of the next period for appointing auditors, any auditor in office immediately before that time is deemed to be re-appointed at that time, unless—
- (a) Lloyd's byelaws require actual re-appointment;
 - (b) the deemed re-appointment is prevented by the members of the syndicate under paragraph 15; or
 - (c) the members of the syndicate have resolved that the auditor should not be re-appointed.

Prevention by members of deemed re-appointment of auditor

15.—(1) An auditor of a syndicate is not deemed to be re-appointed under paragraph 14(2) if the managing agent has received notices under this paragraph from members of the syndicate representing at least the requisite percentage of the total voting rights of all members of the syndicate who would be entitled to vote on a resolution that the auditor should not be re-appointed.

(2) The “requisite percentage” is 5%, or such lower percentage as is specified for this purpose in Lloyd's byelaws.

- (3) A notice under this paragraph—
- (a) may be in hard copy or electronic form;
 - (b) must be authenticated by the person or persons giving it; and
 - (c) must be received by the managing agent before the end of the financial year immediately preceding the time when the deemed re-appointment would have effect.

Removal of auditor on improper grounds

16.—(1) Where an auditor of a syndicate is removed from office an application may be made to the High Court under this paragraph.

- (2) The persons who may make such an application are—
- (a) any member of the syndicate who was a member at the time the auditor was removed;
 - (b) the Society of Lloyd's; or
 - (c) the Authority.
- (3) If the Court is satisfied that the removal was—
- (a) on grounds of divergence of opinion on accounting treatments or audit procedures; or
 - (b) on any other improper grounds,

it may make such order as it thinks fit for giving relief in respect of the removal.

- (4) The Court may, in particular—
- (a) declare that any decision to remove an auditor, or to appoint a new auditor in place of the auditor, is void;
 - (b) require the members of the syndicate to re-appoint the auditor; and
 - (c) give directions as to the conduct of the syndicate's affairs in the future.

Duty of auditor to notify appropriate audit authority

17.—(1) Where the auditor of the syndicate ceases to hold office before the end of his or her term of office, the auditor must notify in writing the appropriate audit authority.

- (2) The notice must—
- (a) inform the appropriate audit authority that the auditor has ceased to hold office; and
 - (b) be accompanied by a statement of the reasons for the auditor's ceasing to hold office.

- (3) The auditor must give notice under this paragraph—
 - (a) if the auditor resigns, at the same time as the auditor first informs the managing agent of the syndicate of his or her resignation (whether by notice or otherwise); and
 - (b) in any other case, not later than the end of the period of fourteen days beginning with the date on which the auditor ceases to hold office.
- (4) A person ceasing to hold office as auditor who fails to comply with this paragraph commits an offence.
- (5) If that person is a firm an offence is committed by—
 - (a) the firm; and
 - (b) every officer of the firm who is in default.
- (6) A person guilty of an offence under this paragraph is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (7) In proceedings for an offence under this paragraph it is a defence for the person charged to show that he or she took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

Duty of managing agent to notify appropriate audit authority

- 18.**—(1) Where the auditor of the syndicate ceases to hold office before the end of his or her term of office, the managing agent of the syndicate must notify in writing the appropriate audit authority.
- (2) The notice must—
 - (a) inform the appropriate audit authority that the auditor has ceased to hold office; and
 - (b) be accompanied by a statement of the reasons for the auditor's ceasing to hold office.
 - (3) The managing agent must give notice under this paragraph—
 - (a) if the auditor resigns, not later than the end of the period of fourteen days beginning with the date on which the auditor first informs the managing agent of his or her resignation (whether by notice or otherwise); and
 - (b) in any other case, not later than the end of the period of fourteen days beginning with the date on which the auditor ceases to hold office.
 - (4) If the managing agent fails to comply with this paragraph, an offence is committed by—
 - (a) the managing agent; and
 - (b) every director or partner of the managing agent who was in default.
 - (5) A person guilty of an offence under this paragraph is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
 - (6) In proceedings for an offence under this paragraph it is a defence for the person charged to show that he or she took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

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Changes to legislation:

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