

Prime Minister

Agree that in the
Circumstances, Mr. Jopling
may continue as a "sleeping"
member of his Syndicates?

Ref. A083/2552

MR BUTLER

Yes

PERB

9.9.

As you know, we have recently redrawn and in some respects tightened the rules set out in Questions of Procedure on Ministerial membership of Lloyd's. I attach for easy reference a copy of the rules as they now stand.

2. One of the changes which we made in the Lloyd's revision was to state in terms that the Minister of Agriculture, Fisheries and Food would be required, if a member of Lloyd's, to suspend underwriting livestock insurance, so long as he held that office. This addition was made as a result of a suggestion by the Chairman of Lloyd's.

3. The Minister of Agriculture, Mr Michael Jopling, is a member of two syndicates at Lloyd's. One is not active in the livestock, bloodstock or agriculture business, and no problem of possible conflict of interests arises. The other syndicate take the view that it is not possible for them to exclude an individual member from any particular risk that they underwrite on behalf of the whole syndicate; and the risks underwritten by the syndicate include livestock business. They point out, however, that when Mr Jopling became a member he signed an underwriting agreement which hands to the underwriting agent 100 per cent control of the underwriting as Lloyd's and specifically precludes him from taking any active part in the underwriting.

4. If the syndicate is not willing to let Mr Jopling suspend underwriting of livestock business on its own, the only course open to him, if it is necessary to ensure that he underwrites no livestock business, is for him to suspend underwriting any business of the syndicate - in effect to suspend membership of the syndicate so long as he holds his present office. This is something he does not wish to do. He points out that he is an entirely passive member of the syndicate, and that the decisions which he will be required to take as Minister are ^{with not} unlikely to be influenced by his



membership. He also suggests that the potential conflict of interests is far less than his continuation as a farmer while he is Minister of Agriculture. !

5. The fact that he is a passive member of the syndicate does not entirely remove the risk of conflicts of interest. In theory, at any rate, even though he is not involved in decisions of the syndicate, his decisions as Minister could be affected by knowledge of business underwritten by the syndicate of which he is a member.

6. Nonetheless, the potential risk of conflict of interests is clearly much greater in relation to Mr Jopling's activities as a practising farmer. Given that he is an entirely passive member of the syndicate in question, I should be inclined to advise that it is not necessary to require him to suspend all underwriting of that syndicate.

7. Before I advise Mr Jopling to this effect, I should be glad to know that the Prime Minister is content that I should do so.

A handwritten signature in dark ink, appearing to read 'R.A.' or 'R.A. Armstrong'.

ROBERT ARMSTRONG

8 September 1983

Shareholdings

72. Ministers cannot be expected, on assuming office, to dispose of all the investments they may hold. But if a Minister holds a controlling interest in any company, considerations arise which are not unlike those governing the holding of directorships; and, if there is any danger of a conflict of interest, the right course is for the Minister to get rid of the controlling interest in the company. There may also be exceptional cases where, even though no controlling interest is involved, the actual holding of particular shares in concerns closely associated with a Minister's own Department may create the danger of a conflict of interest. Where a Minister considers this to be the case, the holding should be given up. There may also be less clear-cut cases where a Minister would feel it appropriate to place the holding in the hands of trustees.

73. Ministers should scrupulously avoid speculative investments in securities about which they have, or may be thought to have, early or confidential information likely to affect the price of those securities.

Membership of Lloyd's

74. A Minister holding office as Prime Minister, Chancellor of the Exchequer, or Secretary of State for Trade and Industry, or as a Minister in the Treasury dealing with taxation, or as a Minister in the Department of Trade and Industry dealing with insurance matters, should not be a member of Lloyd's or, if already a member of Lloyd's on appointment, should suspend his underwriting so long as he holds that office.

75. As regards Ministers in other offices who are members of Lloyd's on appointment to office, it is clearly inappropriate that they should take an active part in the management of the affairs of syndicates of which they are members and they should on appointment as Ministers withdraw from such active participation. There may also be cases in which, if a Minister is a member (as a "name" only and not as an active participant in management) of a syndicate which underwrites business in an area in which his Department has responsibility, he may be required to suspend underwriting risks in that area (or, if necessary, in the whole business of the syndicates) so long as he holds that office. Thus the Secretary of State for Social Services would be required, if a member of Lloyd's, to suspend underwriting pensions and life insurance; the Secretary of State for Employment would be required, if a member of Lloyd's, to suspend underwriting employers' liability insurance; the Secretary of State for Transport would be required, if a member of Lloyd's, to suspend underwriting marine, aviation and United Kingdom motor insurance while he held that office; and the Minister of Agriculture, Fisheries and Food would be required, if a member of Lloyd's, to suspend underwriting livestock insurance; so long as they held those offices.

76. Every Minister is required, on appointment to a first or subsequent Ministerial office, to obtain the Prime Minister's permission before continuing a connection with Lloyd's, however nominal. Any Minister wishing to establish any such connection during his term of appointment should likewise obtain the Prime Minister's permission to do so. Before granting permission, the Prime Minister will need to be satisfied that the conditions indicated above will be met.

77. The Secretary of the Cabinet is required to keep a list of Ministers who are members of Lloyd's. He will ask every Minister on appointment to a first or subsequent office whether he is a member of Lloyd's, and if so whether he proposes to continue or suspend underwriting while he holds Ministerial office. [Lloyd's will also supply the Secretary of the Cabinet with a copy of the Annual List of Members.]



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Prime Minister has seen your minute of 8 September (AO83/2552) about Mr. Jopling's membership of syndicates at Lloyd's. The Prime Minister has agreed that in the particular circumstances of this case it is not necessary for Mr. Jopling to suspend underwriting business of the syndicates which includes livestock business, provided that he remains an entirely passive member.

E. E. R. BUTLER

12 September, 1983

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