

LONDON LLOYD'S SHAM TRUST DEED.

FULL TEXT OF AN AMAZING DOCUMENT WHICH GIVES THE PUBLIC NO PROTECTION.

Subjoined is the full text of the remarkable "trust deed" of London Lloyds, to which reference was made last week, and under the conditions of which all premiums are placed without apportionment in a "trust fund." The funds under the "trust deed" (which is approved by the British Board of Trade under the Assurance Companies Act of 1909), appear to be entirely for the benefit and uses of the underwriter and his agent, and under the terms are free from claim by policyholders and from liability for the obligations of other underwriters, leaving the "agent" practically free to do as he pleases. The most important feature of the "trust deed" from a policyholder's viewpoint is section 8, which eliminates his right, title or equity whatsoever to participate in the trust funds. Italics in the subjoined text are ours:—

TEXT OF TRUST DEED.

THIS INDENTURE made the.....day of191.... BETWEEN..... of the first part..... of the second part..... of the third part..... of the fourth part..... of the fifth part..... of the sixth part and the Society incorporated under the name of "Lloyd's" (hereinafter called "Lloyd's") of the..... part WHEREAS (a) All the parties hereto other than Lloyd's (hereinafter collectively called "the Names") are Underwriting Members of Lloyd's and underwrite there in association but not in partnership with each other. (b) The underwriting for the Names is at present conducted and managed by the said..... who is himself one of the Names and is hereinafter called "the Agent." (c) All the Names consider that the underwriting of all of them in respect of fire insurance and accident insurance and also of any classes of insurance business for which special requirements are not laid down in the Eighth Schedule to the Assurance Companies Act 1909, could be more advantageously carried on if the premiums and other monies now belonging and payable and hereafter to become payable to each of them in connection therewith were made subject to the trusts and powers hereinafter declared. (d) Each of the Names has accordingly agreed with the others of them and with each of such others to execute these presents in consideration of the same being also executed by such others NOW THEREFORE in pursuance of the said Agreement and for the consideration and purposes aforesaid it is hereby agreed and declared by and between the parties as follows, viz.:

1. Each of the Names hereby agrees with the other of them and with each of such others and with Lloyds and hereby declares that all premiums and other monies whatsoever now belonging or payable or hereafter at any time during the continuance of the trusts hereby constituted to become payable to him in connection with his underwriting business at Lloyds (other than Life Assurance Employers' Liability Insurance and Bond Investment business) and all investments now or hereafter for the time being representing any such premiums or other monies (all which premiums monies and investments are herein-

after collectively called "the Trust Fund") are and shall be (by whomsoever and in whatever names the same respectively are now held or stand or shall hereafter at any time be held or stand), held upon trust and be exclusively available for the payments of any losses claims returns of premiums reinsurance premiums and other outgoings now payable or at any time hereafter to become payable in connection with his said business other than as aforesaid (hereinafter called "the business") and or for the payment of any expenses whatsoever from time to time incurred in connection with the business (including any salary commission or other remuneration payable by him to the agent or to any other person in connection with the conduct or winding-up of the business) and or in the payment to himself of the profits of the business.

2. Subject to the aforesaid trusts hereof and in particular to the provisions of Clause 9 hereof the Trust Fund of each of the Names shall be held in trust for the Name his executors, administrators and assigns.

3. Each of the Names hereby agrees with the others of them and with Lloyd's that all investments for the time being representing any part of the Trust Fund shall be held by or stand in the names of not less than two Trustees, one of whom shall be the Agent or other, the person having for the time being the conduct or winding up of the business (which other person is hereinafter included in the expression "the Agent").

4. The person or persons (hereinafter called "the Trustees") by whom or in whose name or names the Trust Fund or any of the Names or any part or parts thereof may for the time being be held or stand may either themselves apply the same or any part or parts thereof for any of the purposes mentioned in Clause 1 hereof, or may at their absolute discretion pay the same to the Agent for the purpose of the same being so applied without any liability on the part of the Trustees (other than the Agent) to see to any such application or for any misapplication thereof.

5. The trustees may accept as sufficient and act upon and give effect to the statement of the Agent, as to what sums are from time to time required to be paid out of the trust fund for any of the purposes mentioned in Clause 1 hereof without requiring the accuracy of any such statement to be further verified and the Trustees shall not under any circumstances be under any liability for acting upon or giving effect to or paying over or withdrawing or transferring any money or investments on the basis of any such statement without requiring any verification thereof. The Trustees, however, may if in their absolute discretion they shall think fit require any such statement to be verified in such manner as they may think fit, but they shall not under any circumstances be under any obligation to do so.

6. Any part of the Trust Fund of any of the names which may from time to time be deposited or invested may be deposited with any such bank or discount house or invested in any such stocks, shares funds or securities (including Bearer securities) or in any such manner as may be (either generally or in any particular case) arranged between the Name and the Agent and the Trustees may at any time vary the