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BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO

In the Matter of:  
LLOYD'S OF LONDON.

Docket No. 1996-7-100

ORDER

GAVIN M. GEE, Director of the Idaho Department of Finance ("Department") is a signatory to the State Agreement dated as of July 26, 1996 with the Society incorporated by Lloyd's Act 1871 by the name of Lloyd's ("Lloyd's"). Article 5(B)(b) of the State Agreement allows Idaho to participate in 1996 capacity auctions for syndicate participation in order to underwrite insurance on those syndicates in the 1997 year of account as well as to dispose of syndicate positions. However, pursuant to Article 5(B), the actual underwriting of insurance in the Lloyd's market in 1997 and subsequent years of account, and participation in capacity auctions in 1997 (to underwrite in the 1998 year of account) and subsequent years, by Names resident in this state, is to take place "pursuant to procedures as may be agreed upon with each State Securities Regulator or as set forth in the applicable laws and regulations of

such States."

We understand that Names must give notice not later than August 31, 1996 if they do not wish to underwrite in the 1997 year of account on syndicates on which they have underwritten in 1996 (and failing to give such notice will be placed on those same syndicates for the 1997 year of account), and Names subsequently will need to confirm whether they wish to underwrite on new syndicates (whether pursuant to a right that they have purchased in the 1996 capacity auctions or otherwise). In some instances, Names may also wish to change the Members' Agent who will represent them in connection with their underwriting for the 1997 year of account. We understand that there are fewer than five (5) Names resident in the State of Idaho who are underwriting in the 1996 year of account and who, consequently, may wish to be afforded the opportunity to underwrite in the 1997 year of account. Pursuant to the Supplemental Agreement entered into between Lloyd's and the Department on July 26, 1996, Lloyd's will give the Department of Finance at least fourteen (14) days prior notice (or such shorter period of time as the parties may agree is reasonable under the circumstances) prior to taking any action in the State of Idaho or with respect to Names resident in the State of Idaho pursuant to Article 5(A) or (B).

This is to confirm that we will forbear from asserting any violation of securities or related state laws, and will not take any enforcement action against Lloyd's or any Members' Agent, Managing Agent, or other person associated with the Lloyd's market, if existing Names resident in Idaho, whether represented by their

existing or a new Members' Agent, are permitted to join or remain on syndicates in the Lloyd's market for the 1997 year of account and to underwrite insurance on those syndicates.

Participation of Names in the 1997 auctions and on syndicates for the 1998 year of account will remain subject to compliance with the provisions of Article 5(B) of the State Agreement, and nothing herein is intended to prejudice the position of either the State of Idaho or Lloyd's with respect to such participation.

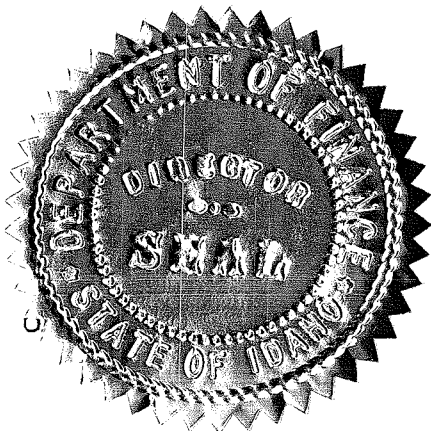
DONE AND DATED at Boise, Idaho this \_\_\_\_\_ day of August, 1996.

Lloyd's of London

BY: Harvey L. Pitt 8/28/96  
NAME: HARVEY L. PITT  
Title: U.S. COUNSEL

Marilyn T. Canlan 8/26/96  
MARILYN T. CANLAN  
Bureau Chief, Securities Bureau  
Department of Finance  
State of Idaho

IT IS SO ORDERED This 30<sup>th</sup> day of AUGUST, 1996.



Gavin M. Gee  
GAVIN M. GEE  
Director of Finance