

Chapter 17

Managing bribery and corruption risk in commercial insurance broking – update (2014)

17.1 Introduction

- 17.1.1** **Who should read this chapter?** This chapter is relevant, and its statements of good practice apply, to
- **commercial insurance intermediaries and other firms** who are subject to the financial crime rules in ■ SYSC 3.2.6R or ■ SYSC 6.1.1R, and
 - **e-money institutions and payment institutions** within our supervisory scope.
- 17.1.2** In November 2014 we published a thematic review of how commercial insurance intermediaries manage bribery and corruption risk. We looked at ten intermediaries' anti-corruption systems and controls and the extent to which these intermediaries had considered our existing guidance, enforcement cases and the findings from thematic work, particularly our 2010 review of 'anti-bribery and corruption in wholesale insurance broking'. This sample also included five intermediaries that had been part of the sample in 2010.
- 17.1.3** While most intermediaries had begun to look at their ABC systems and controls, this was work in progress and more improvement was needed. We found that most intermediaries we saw were still not managing their bribery and corruption risk effectively. Business-wide bribery and corruption risk assessments were based on a range of risk factors that were too narrow and many intermediaries failed to take a holistic view of the bribery and corruption risk associated with individual relationships. Half of the due diligence files we reviewed were inadequate and senior management oversight was often weak.
- 17.1.4** The contents of this report are reflected in ■ FCG 1 and ■ FCG 2.