

Chapter 9

Anti-bribery and corruption in commercial insurance broking (2010)



9.1 Introduction

- 9.1.1 **Who should read this chapter?** This chapter is relevant, and its statements of good and poor practice apply, to:
- **commercial insurance brokers 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.
- Except that ■ FCTR 9.3.3G and ■ FCTR 9.3.4G only apply to those firms or institutions who use third parties to win business. It may also be of interest to other firms who are subject to ■ SYSC 3.2.6R and ■ SYSC 6.1.1R.
- 9.1.2 In May 2010 the *FSA* published the findings of our review into the way commercial insurance broker firms in the UK addressed the risks of becoming involved in corrupt practices such as bribery. The *FSA* visited 17 broker firms. Although this report focused on commercial insurance brokers, the findings are relevant in other sectors.
- 9.1.3 The report examined standards in managing the risk of illicit payments or inducements to, or on behalf of, third parties in order to obtain or retain business.
- 9.1.4 The report found that many firms’ approach towards high-risk business was not of an acceptable standard and that there was a risk that firms were not able to demonstrate that adequate procedures were in place to prevent bribery from occurring.
- 9.1.5 The report identified a number of common concerns including weak governance and a poor understanding of bribery and corruption risks among senior managers as well as very little or no specific training and weak vetting of staff. The *FSA* found that there was a general failure to implement a risk-based approach to anti-bribery and corruption and very weak due diligence and monitoring of third-party relationships and payments.
- 9.1.6 The contents of this report are reflected in ■ FCG 2 (Financial crime systems and controls) and ■ FCG 6 (Bribery and corruption).