19 February 2020

Dear Christopher,

I wanted to write to you in response to the recent publication of the FCA’s Sector Views report.

I have set out a response below from the London Market Group, and in light of some of the report’s findings, would request a meeting with you and your team, with London Market representatives, to discuss these issues further.

**Market culture**

It was disappointing to see that the report did not acknowledge the seriousness with which the market has taken this issue and most importantly the work that is being done within Lloyd’s and right across the London Market to respond and tackle these issues.

You will have seen that Lloyd’s has created an independent cross market Culture Advisory Group. The Group has been set up as part of a comprehensive action plan to drive long-term culture change in the Lloyd’s market. It will provide expert advice and robust challenge to help ensure that the market is taking the right actions to effect sustainable and measurable change. Membership includes leading experts from outside of insurance who have experience of successful cultural transformation. I am a member of this Group as are all our member associations.

This Advisory Group is in addition to Lloyds’ Gender Balance Plan, to set targets for improving the representation of women at senior levels within the market and a Standards of Business Conduct to inform individuals and organisations of the standards that the market expects them to meet and the consequences of failing to do so.

The market has also put in place a number of support mechanisms including an independent 24/7 advice helpline, wellbeing and mental health workshops, and the Lloyd’s Culture Survey to give everyone working in the market an opportunity to raise their concerns anonymously. There are also numerous other initiatives that brokers and insurers are running within their own firms.

We want to be clear that there is no place for bullying or harassment in our marketplace and the expectations are that our market will work collectively to address incidence of poor behaviour. As leaders within the market we are determined and committed to take the bold steps we need to deliver change.

**Innovation and modernisation**

The report also suggests that the London Market was not taking seriously the challenge of inefficiencies of doing business and the adoption of new technologies.
From 2016 - 2019 the London Market Target Operating Model (TOM) has delivered a significant number of solutions to the market, helping move risk, data and funds around the market with less paper, more speed and greater accuracy. The Future at Lloyd’s builds on the foundations laid by the TOM.

As you know, the Placing Platform Limited (PPL) was created in 2016 to create a single market solution for electronic placing that would allow brokers and insurers to quote, negotiate and bind business electronically.

The Market has enthusiastically adopted electronic trading and significant progress has been made. Since the first risk was bound on PPL in July 2016, the platform has expanded to cover almost all classes of risks placed in the London market, and is used by around 140 carriers and more than 150 broking firms. Recent operating statistics published last week showed that Syndicates accepted 73% of in scope risks electronically and 39% of submissions.

The market is focused on continued innovation and ensuring that the PPL continues to evolve to meet the needs of clients. The three market associations recently jointly issued revised guidance on best practices for electronic placement, as the market moves to increase the rate at which business is executed from submission right through to bind on the platform.

We are therefore disappointed that the report fails to acknowledge the significant progress that we are making to improve efficiency and reduce costs of doing business within the London Market.

**Competitiveness**

As the report states maintaining London’s competitiveness is not currently one of the FCA’s objectives, however, the LMG has consistently argued that it should be. London premiums from emerging markets - particularly Asian markets - has been in decline, as competition to London increases from hubs such as Singapore, Bermuda and Zurich.

Given the worrying trend of loss of global market share, it is particularly important that the regulators and the Government consider what measures can be introduced to reverse this trend. We believe that this would best be achieved through the reintroduction of an international competitiveness duty.

This is something that has been consistently called for across the industry and supported in parliament. The House of Commons Treasury Select Committee raised concerns about its removal and the House of Lords Financial Affairs Sub-Committee recommended its reintroduction.

The financial regulators of many other global insurance and reinsurance hubs already incorporate a requirement to have regard for international competitiveness within their regulatory systems, and in a highly competitive post Brexit trading environment we believe that the UK should reintroduce a similar duty.

Benchmarking against other global hubs would underline to international clients and investors that the UK is consistently reviewing and considering the relative regulatory burden being placed on them compared to other jurisdictions.
We have always had a constructive working relationship with the FCA and want that to continue, but I hope you can appreciate our disappointment with some of the findings of the report. I hope that we can continue to have a dialogue on these issues and we would be very happy to discuss the actions we are taking as a market on all of the areas identified by the report.

As always please do not hesitate to contact me should you or your colleagues require any additional information. I can be contacted on 020 7327 5293 or email clare.lebecq@lmg.london

Yours sincerely,

Clare Lebecq
Chief Executive, London Market Group