

## Broker firm fined £1.8m for failing to manage bribery and corruption risks

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The FCA has fined JLT Speciality Ltd ("JLT"), a firm which provides insurance broking, risk management and claims consulting services to a wide range of national and international corporate clients, £1,876,000 for failing to manage bribery and corruption risks created by overseas payments, in breach of Principle 3 of the FCA's Principles for Businesses (PRIN).

The FCA found that, between February 2009 and May 2012, JLT failed to have in place adequate risk management systems and controls for countering the risks of bribery and corruption associated with making payments to overseas third parties (known as overseas introducers) who helped JLT to win and retain business from overseas clients. In particular, JLT failed to:

- Carry out proper due diligence before entering into relationships with, or making payments to, overseas introducers. This meant JLT failed to take adequate steps to assess whether the overseas introducers were connected with the clients they introduced or any public officials.
- Adequately assess the potential risk associated with each piece of new insurance business secured through overseas introducers.
- Adequately implement its own anti-bribery and corruption (ABC) policies. The firm also failed to carry out adequate checks, which would have enabled it to identify that its policies were not being implemented correctly.

During the relevant period, JLT received almost £20.7 million in gross commissions from business provided by overseas introducers, and paid them over £11.7 million in return. The FCA considers that the inadequate systems and controls around these payments created an unacceptable risk that overseas introducers could use the payments made by JLT for corrupt purposes.

The FCA found no evidence to suggest that JLT permitted any illicit payment or inducement to any overseas introducer, or intended to do so. However, JLT's fine was increased as the failings occurred during a period of heightened awareness of bribery and corruption risk both within JLT and across the insurance industry. At the FCA's request, JLT varied its permission until the FCA was satisfied that the firm could adequately mitigate the risk of making payments to overseas third parties.

A key defence under the Bribery Act for firms is showing that they have in place adequate procedures to prevent risk of bribery from happening in its organisation and this fine is a timely reminder for firms to address whether it has in place adequate procedures in the regulator's view, to reduce its exposure to claims under anti bribery and corruption legislation.

Does your firm have adequate bribery prevention procedures in place?

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