New Insurance Brokers Standards Council launched

A new professional body for insurance brokers, the Insurance Brokers Standards Council, has been formed by brokers themselves in order to meet continued industry concerns regarding standards and the lack of detailed practical guidance available to brokers.

In addition to drafting a new code of conduct, the Council will set standards of behaviour and practice which will assist enormously in helping the Courts and others to determine what duties brokers owe and whether they are in breach of them by failing to meet the requisite standard of skill and care. In addition to the common law and equity and existing statutory provisions, professional regulation and guidance and the views of a reasonable body of professional opinion are key in determining this.

The FCA principles are very high level and often provide little practical help and whilst the CII does valuable work on training and in setting out a Code of Ethics and Conduct, there is a clear need for additional and detailed practical guidance. This is longstanding and dates even from the days of the Insurance Brokers Registration Council and the General Insurance Standards Council.

Brokers operate in a complex and increasingly varied market and the Council has recognised this, establishing separate working parties to deal with the relationships between broker and brokers, broker to client and broker to insurer and other stakeholders. A separate working party will address training and competence.

The need for the Council is amply demonstrated by the announcement on 21st February that the FSCS levy for insurance brokers for 2014/15 will increase by 15% to £62 million. The work of the Council will help reduce future levies by improving standards. In addition it will be extremely valuable in defending complaints to the Financial Ombudsman Service and given that insurance related complaints to the Ombudsman have risen in recent years.

It is hoped that the broking community will embrace the initiative by becoming members and contributing to the work of the Council. It represents a unique opportunity for the insurance broking community to help shape their own future.

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