



INSURANCE REGULATORY EBULLETIN

ROUND UP OF REGULATORY DEVELOPMENTS IN OCTOBER 2022

IDEAS | PEOPLE | TRUST



WELCOME TO OUR INSURANCE REGULATORY EBULLETIN

Welcome to this October edition of our Insurance Regulatory eBulletin, which aims to keep you updated with significant regulatory developments and their implications across the insurance sector.

A striking feature from this month has been the conclusion of a number of enforcement actions by the PRA, FCA and also a significant fine issued by the ICO. A summary of these has been provided within this bulletin. There are lessons to be learnt from the detail provided in the regulatory notices informing of these cases and organisations should ensure that they have appropriate control frameworks in place to mitigate the risks highlighted. This should include appropriate actions within the second and third lines of defence. The ICO case relating to a phishing attack is a particularly important one whereby, in the light of this case, it should be ensured that the cyber control environment is effectively designed and operating as intended. Details of the PRA case brought in relation to failings in the control environment surrounding underwriting also need to be carefully considered by insurers.

This bulletin contains as much up to date regulatory news as we can gather. Inevitably, this may change as the current situation develops and we will aim to keep you informed in the future.

Please do not hesitate to contact myself or your usual BDO contact if you have any concerns over any matter highlighted in this update. For more information about our audit, tax and advisory services to the insurance sector, visit our [insurance services](#) page.

I hope you enjoy reading this latest update.



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PRUDENTIAL REGULATION

GROWTH AND COMPETITIVENESS - SPEECH BY SAM WOODS

Sam Woods, Director General of the PRA, delivered a [speech](#) at Mansion House on 27 October 2022. He spoke about how prudential regulation can contribute to the competitiveness of the United Kingdom as a financial centre, and to long-term economic growth. He made three points:

- ▶ financial stability is the most important ingredient of competitiveness in financial services;
- ▶ there is a strong case for Parliament to require the regulators to place more weight on growth and competitiveness as part of post-Brexit reforms in which the PRA's role as a rulemaker is expanded; and
- ▶ there are good and bad ways of making that change.

LETTER FROM VICTORIA SAPORTA 'THEMATIC FEEDBACK FROM THE 2021/2022 ROUND OF WRITTEN AUDITOR REPORTING'

The PRA has [written](#) to CFOs to provide thematic feedback from its review of written auditor reports received in 2022, and further discussions with firms, auditors, and other global regulators, as well as thematic work by PRA staff. The main thematic findings are briefly set out in this letter, with detail included in two annexes. The first annex covers thematic findings on IFRS 9 expected credit loss accounting (ECL). The second annex cover thematic findings on accounting for climate-related financial risks. The letter also makes observations on disclosure and benchmark reform.

LETTER FROM NYLESH SHAH 'INSIGHTS FROM PRA THEMATIC REVIEW ON GENERAL INSURANCE RESERVING AND CAPITAL MODELING'

The PRA has [written](#) to Chief Actuaries of general insurance firms and Lloyd's Managing Agents regulated by the PRA to share insights from its recent thematic review across the

general insurance sector. The review focused on the effect of claims inflation on general insurance claims. The PRA has noted good practice across a selection of insurance firms, from across the London market and retail and commercial insurers. The review identified a number of observations on how claims inflation differs by line of business and geography. Particularly, there is uncertainty in the severity and duration of claims inflation expected, and there may also be a lag before it materialises. This has given rise to additional uncertainty around future claim settlement costs which will need to be considered in business planning, reserving, and risk management. The PRA hopes its observations will be useful for firms preparing for their year-end reserving exercise, capital and business planning for 2023.

RESULTS OF THE FIRM FEEDBACK SURVEY 2021

The PRA has [published](#) the results of its Firm Feedback Survey for 2021. A number of points emerged, including:

- ▶ firms feel that the quality of supervisory feedback provided is high, but they would benefit from increasing the amount and timeliness of this information;
- ▶ firms are largely positive about the PRA's understanding of their business models; and
- ▶ the PRA's approach to operational resilience was generally well received, with firms noting the effectiveness of guidance and good coordination with the FCA.

STAFF WORKING PAPER NO. 1000 NETWORK ANALYSIS OF THE UK REINSURANCE MARKET

The Bank of England has [published](#) a working paper which sets out an empirical analysis of the UK reinsurance sector's network structure, based on 2016 Solvency II regulatory data. This research examines counterparty credit risk originating from reinsurance contracts as a source of financial contagion in the insurance industry. The findings indicate that the UK reinsurance sector displays the "small-world"

property with a scale-free, core-periphery structure and topological characteristics common to other financial networks. These characteristics of risk dispersion from the periphery to the core make the network "robust-yet-fragile" to financial shocks. The robustness of the network to adverse shocks is explored using a stress-simulation exercise. This found it to be robust to:

- ▶ system-wide shocks, affecting the value of total investments; and
- ▶ idiosyncratic shocks, applied to large, highly interconnected reinsurers.

CLIMATE CHANGE: POSSIBLE MACROECONOMIC IMPLICATIONS

The Bank of England has [published](#) its latest Quarterly Bulletin article - Climate change: possible macroeconomic implications. This article explores the macroeconomic effects of physical impacts from climate change (such as extreme weather) and the transition to a net-zero economy (such as through less carbon intensive investment), with a particular focus on the UK economy.

THE EFFECTS OF SUBSIDISED FLOOD INSURANCE ON REAL ESTATE MARKETS

The Bank of England has published a report on the [effects of subsidised flood insurance](#) on real estate markets in the United Kingdom. In this report, the Bank outlines its studies into the effects of a reinsurance scheme which lowers insurance premiums for at-risk properties, finding that the implementation of this scheme increases prices and transaction volumes of flood-prone properties.

SYSTEMIC RISK SURVEY RESULTS - 2022 H2

The Bank of England has [published](#) the results of its survey on systemic risk for 2022 H2. The survey asks about perceptions of risks to the UK financial system as a whole in the next three years. Among other findings, the perceived probability of a high-impact event in the UK financial system occurring over both the short term and the medium term has increased significantly. Although confidence in the stability of the UK financial system over the next three

years remains high. Cyber attack remains the most cited risk to the financial system, followed by inflation and geopolitical risks. Pandemic risk was cited by fewer respondents than in H1, but remains among the most frequently cited perceived risks. Inflation risk is considered the most challenging risk to manage, followed by cyber attack.

TRANSFORMING DATA COLLECTION COMMUNICATION TO FIRMS

On 13 October, the Bank of England issued a [communication](#) to firms providing an update on the progress of the joint transformation programme, being led by the Bank of England and FCA with industry to transform data collection from the UK financial sector. Details on the start of phase two and the new use cases, and the plans for taking forward the recommendations for the phase one use cases, were provided.

TRANSFORMING DATA COLLECTION: DATA STANDARDS REVIEW UPDATE

On 26 October, the Bank of England and the FCA issued a [communication](#) to firms to provide an update on the Data Standards Review. This has been commissioned by the Transforming Data Collection (TDC) joint transformation programme. The Bank and the FCA believe that industry will play a crucial role in the development and adoption of standards, as the owners of much of the data that will be standardised. They have set up a Data Standards Committee and intend this to be a forum for industry to discuss data standardisation issues relevant to the TDC programme. They hope that the committee will provide a space to build a consensus on key questions relevant to this programme's use cases. Ernst and Young will perform the review and will submit a report by the end of 2022.

PRA REGULATORY DIGEST - SEPTEMBER 2022

The PRA has [published](#) its Regulatory Digest for September 2022. This issue covers recent guidance issued by the Taskforce on Disclosures about Expected Credit Losses, the publication of the PRA's Discussion Paper regarding the future approach to policy, and the PRA's responses to

the FCA's 'Definition of capital: updates to PRA Rules and supervisory expectations' consultation paper.

CONDUCT REGULATION

RICHARD LLOYD - APM OPENING REMARKS 2022

Richard Lloyd, interim Chair of the FCA, [delivered](#) opening remarks at the FCA's 2022 Annual Public Meeting ("APM"). He spoke about:

- ▶ the FCA's work on making Buy Now Pay Later safer for consumers to use, under the FCA's limited powers;
- ▶ tackling fraud by regulated firms;
- ▶ the new Consumer Duty; and
- ▶ the Government's Financial Services and Markets Bill.

NIKHIL RATHI - APM OPENING REMARKS 2022

Nikhil Rathi, Chief Executive of the FCA, [delivered](#) the opening remarks at the FCA's 2022 APM. He spoke about:

- ▶ how the FCA has supported consumers, markets and businesses during times of market volatility;
- ▶ the FCA's transformation programme, including efforts to speed up the authorisation process through automation;
- ▶ the increasing contact with banks and insurers over how they treat customers who may face challenges in the coming months; and
- ▶ the regulation of funeral plan companies.

AGILE REGULATION AND PLANNING FOR SUCCESS

On 6 October, Emily Shepperd, Chief Operating Officer and Executive Director, Authorisations, [delivered](#) a speech at the CISI/The Financial Planning Conference 2022 in Liverpool. She spoke about:

- ▶ How investors should take the right advice before making big decisions as a reaction to current market conditions;

- ▶ the FCA speeding up its authorisations process but keeping out more firms that do not meet its standards; and
- ▶ the need for firms to monitor customers and help them when they are in danger of becoming vulnerable.

FCA PUBLISHES REVIEW OF BUSINESS INTERRUPTION INSURANCE CLAIMS HANDLING

The FCA has [published](#) a review of business interruption insurance claims handling, welcoming insurers that have quickly paid out interim payments, quickly reallocated resources, and communicated proactively with policyholders to assist them with claims following from the test case judgement from the Supreme Court. Despite this, the FCA has raised concerns over how firms handle claims from vulnerable customers, record-keeping of policy wordings, and highlighting where customers experience unnecessary delays. The FCA has therefore detailed examples of good practice and instances where insurance firms have fallen short of expectation in handling business interruption claims.

CFRF ROUNDTABLE JULY 2022

On 24 October, the FCA has [published](#) details discussed at the Climate Financial Risk Forum roundtable held on 29 July 2022, relating to the transition to net zero in light of a number of headwinds - notably those associated with energy. The roundtable was structured around two key topics:

- ▶ Implications of the current geopolitical and economic environment on the transition to net zero carbon emissions; and
- ▶ the question 'How can the financial services industry respond to these challenges?'

WHISTLEBLOWING QUARTERLY DATA 2022 Q2

The FCA has [announced](#) that it received 243 new whistleblowing reports between April - June 2022 (2022 Q2). The quarter's data covers the methods of contact, whether or not the whistleblower's

identity was provided and the number of allegations along with the nature of the allegations.

FCA AUTHORISATIONS UPDATE

The FCA has published an [update](#) on its operating service metrics for authorisation timelines.

MACHINE LEARNING IN UK FINANCIAL SERVICES

The Bank of England and the FCA have [published](#) a joint report on the findings of a second survey into the state of machine learning (ML) in UK financial services. The report finds that the use of ML has continued to grow in the UK financial services sector over the past few years and that firms expect the overall median number of ML applications to increase by 3.5 times over the next three years. The largest expected increase in absolute terms is in the insurance sector, followed by banking. ML applications are now more advanced and increasingly embedded in daily operations. Most respondents stated they had a strategy for the development, deployment, monitoring and use of the technology.

DP5/22 ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING

The PRA, the FCA and the Bank of England have released a [discussion paper](#) on artificial intelligence (AI) and machine learning. The recent PRA survey, above, has shown that AI adoption within financial services will likely continue to increase. The Bank of England, FCA, and PRA also seek to leverage AI and benefit from this technology to help meet their respective statutory objectives and functions. AI brings a range of benefits but also poses new challenges for firms and regulators and heightens existing risks. One of the most important questions is whether AI can be managed through clarifying the existing regulatory framework, or whether a new approach is needed.

This paper sits within the context of this wider debate and focuses on the regulation of AI in UK financial services. The regulators are keen to explore how best to address these issues in a way that aligns with their objectives, provides

clarity, is actionable, and makes a practical difference for consumers, firms and markets.

Comments should be submitted by 10 February 2023.

DP22/5 THE POTENTIAL COMPETITION IMPACTS OF BIG TECH ENTRY AND EXPANSION IN RETAIL FINANCIAL SERVICES

The FCA has published a [discussion paper](#) on the potential competition impacts of Big Tech entry and expansion in retail financial services. The FCA has focused its analysis on four retail sectors: payments, deposit taking, consumer credit and insurance. The goal is to facilitate a discussion on the possible competition impacts identified using existing research to inform the FCA's approach to Big Tech firms.

Comments should be submitted by 15 January 2023.

COMPLAINTS DATA

The FCA has published [statistics](#) on the complaints received from firms. Firm specific data for individual firms and aggregate (or total) figures for the industry are published every six months by the FCA. A total of 1.88 million complaints to financial firms were received during the first half of 2022, which represents an increase of 1% from than the number of complaints made in the previous six months.

FINAL NOTICE: ELITE UK CLAIMS

On 30 September the FCA published the [Final Notice](#) issued for Elite UK Claims (EUC). The FCA has refused EUC's application under section 55A of the Financial Services and Markets Act 2000 for Part 4A permission to carry on regulated activities. EUC had failed to respond to six separate requests for the provision of information considered by the FCA to be necessary to allow the Application to be determined.

FORM B - NOTICE TO WITHDRAW AN APPLICATION TO PERFORM CONTROLLED FUNCTIONS (INCLUDING SENIOR MANAGEMENT FUNCTIONS)

The FCA has [released](#) Form B - Notice to withdraw an application to perform controlled

functions (including senior management functions), effective as of 19 October 2022.

CONSUMER DUTY - INFORMATION FOR FIRMS

To help firms implement the Duty, the FCA have [explained more](#) on the areas of Consumer Duty that they have been receiving firm queries on which are relevant for the wider market.

The FCA will keep this updated.

REGULATION ROUND-UP

On 27 October, the FCA published its monthly Regulation Round-up. In addition to various topics, detailed above, this noted the following:

- ▶ Misuse of trading names. This has included:
- ▶ **Firms adopting and registering trading names of unauthorised persons to circumvent the Appointed Representative regime.** Registering a trading name has no legal effect and isn't an alternative to being appointed as an Appointed Representative.
- ▶ Registering a trading name which may be misleading for consumers.

A trading name could mislead if it suggests that:

- ▶ The firm is carrying out regulated activities which it doesn't have permission for.
- ▶ That consumers can access the Financial Ombudsman Service or Financial Services Compensation Scheme when they cannot.
- ▶ The firm is, or is associated with, another unconnected firm.
- ▶ Information regarding Consumer Duty information and sector-based webinars.
- ▶ **Principals & Appointed Representatives (ARs)**
New rules for ARs begin on 8 December 2022. As part of the improved reporting requirements, the FCA will be sending principal firms a Section 165 request requiring information about their ARs. Firms should receive this between 8 and 10 December 2022.
- ▶ Temporary permissions regime - deadline for applications for authorisation/registration.

EEA-based firms in the temporary permissions regime (TPR) that intend to seek full authorisation/registration in the UK must submit their applications by 31 December 2022.

EIOPA

We continue to monitor EIOPA's activity and draw your attention to it where we believe it to be necessary or helpful. This will, we hope, assist those firms continuing to operate in the EU.

Items of possible interest this month are as follows:

INTRODUCTORY STATEMENT AT THE HEARING OF THE ECONOMIC AND MONETARY AFFAIRS COMMITTEE OF THE EUROPEAN PARLIAMENT

Petra Hielkema, Chair of EIOPA, delivered a [speech](#) at the hearing of the Economic and Monetary Affairs Committee of the EU Parliament on 24 October 2022. She spoke about the key areas of EIOPA's work and how it can address future challenges.

WARNING TO INSURERS AND BANKS ON CPI PRODUCTS

EIOPA has issued a [reminder to insurers](#) to ensure CPI products offer fair value to consumers by:

- ▶ addressing issues with high remuneration paid to insurance distributors by insurance manufacturers for transactions in credit protection insurance (CPI) products; and
- ▶ preventing bancassurance business models from presenting detrimental conflicts of interest.

THEMATIC REVIEW ON CPI SOLD VIA BANKS

EIOPA has released their [review](#) of the functioning of the EU market for CPI products sold via banks and how they deliver positive outcomes for consumers. The key findings of the thematic review found:

- ▶ there is limited consumer choice and barriers to shopping around;
- ▶ there is a high product diversity and price dispersion at the national and EU level;
- ▶ there are issues with cancelling a CPI product and switching providers;

- ▶ there are high risks of conflicts of interest due to unusual high profitability; and
- ▶ the strong ties between insurers and banks can reinforce the risks of conflicts of interest.

EIOPA-BOS-22/437 FOLLOW-UP REPORT TO THE PEER REVIEW ON THE PROPRIETY ASSESSMENT OF ASMB MEMBERS AND QUALIFYING SHAREHOLDERS

EIOPA has published a follow-up [report](#) on its peer review of the implementation of the Propriety of Administrative, Management and Supervisory Body ("AMSB") members and qualifying shareholders proposal. The report provides an overview of the progress made by the national competent authorities (NCAs) across the European Economic Area (EEA) when assessing the propriety of the persons owning and/or running AMSB members and qualifying shareholders. EIOPA has identified a number of areas where progress has been made in relation to implementation of best practices, including:

- ▶ the legal and regulatory framework;
- ▶ access to sources of information/cooperation with other Authorities;
- ▶ the exchange of information / cooperation with other Authorities;
- ▶ the supervisory database;
- ▶ the possibility to stay assessment (or put assessment on hold) in case of pending investigations; and
- ▶ the ongoing verification of operating condition. The key findings of the report include, among other things, that there is a convergence in the approach of competent authorities when assessing propriety.

QUESTION ID: 2464 MINIMUM CAPITAL REQUIREMENT (MCR)

EIOPA has published as final its [response](#) to a question regarding the newly introduced rows

(R0120 and R0130) SCR and MCR Ratios in S.22.01.04 as part of Taxonomy 2.8.0 PWD2. It has been confirmed that there is a mistake and the MCR ratio (R0130) shall not be reported in S.22.01.04. The mistake will be corrected in the future ITS amendments.

QUESTION ID: 2484 REINSURANCE

EIOPA published its [answer](#) to a question on the interpretation of Article 211 of Commission Delegated Regulation 2015/35 relating to reinsurance and an undertaking calculating the Solvency Capital Requirement.

QUESTION ID: 2501 REPORTING TEMPLATES

EIOPA has published its [response](#) to a question regarding the new item C0298 of QRT S.06.02 "Alternative investment".

CORPORATE GOVERNANCE

FRC LAB NEWSLETTER: SEPTEMBER 2022

The FRC has issued its [Lab news](#) round-up for 30 September 2022. The newsletter includes a note from its Director, Phil Fitz-Gerald discussing the Lab's highlights during the summer months. These included its publication of reports on digital security risk disclosure and ESG data production, as well as its new project which looked at stewardship reporting by asset owners, investment consultants and service providers. Finally, in relation to digital reporting, the Lab conducted a review of the first year of reporting under the TD ESEF regulation, alongside a consultation on the draft 2023 XBRL Taxonomy Suite.

INTERNATIONAL STANDARD ON AUDITING ISA (UK) 540: POST IMPLEMENTATION REVIEW: CALL FOR FEEDBACK

The FRC is [seeking feedback](#) on the International Standard on Auditing (ISA) (UK) 540 (Revised December 2018) Auditing Accounting Estimates and Related Disclosures.

Comments should be submitted on or before 13 January 2023.

FRC ANNOUNCES CHANGES TO AS TM1 TO MAKE PENSION PROJECTIONS MORE CONSISTENT AND RELIABLE

The FRC has [announced changes](#) to the Actuarial Standard Technical Memorandum 1 (AS TM1) to support consistent and reliable pension illustrations for defined contribution pension scheme members. These changes include standardising the accumulation rate assumptions and the form of annuitisation at retirement. The new standard is a major step change to increase consistency between pension projections once they start to be provided to pensions dashboards from October 2023.

2023 TAXONOMY SUITE PUBLISHED

On 21 October, the FRC published the 2023 suite of [FRC Taxonomies](#), incorporating changes to all of the FRC's Taxonomies - UK IFRS, FRS 101, FRS 102, UKSEF, Irish Extensions and Charities. The suite also contains taxonomy documentation, supporting documents, key information sheets and release notes.

ANNUAL REVIEW OF CORPORATE REPORTING 2021/2022

The FRC has published its [Annual Review of Corporate Reporting for 2021/22](#). The FRC has found that, despite the challenging environment, the quality of corporate reporting within the FTSE 350 has been maintained. Overall, the FRC raised fewer substantive questions in relation to the top ten areas of challenge compared with the prior year. It also saw improvements in companies' reporting of:

- ▶ judgments and estimation uncertainty;
- ▶ impairment of non-financial assets;
- ▶ alternative performance measures; and
- ▶ revenue.

INFORMATION COMMISSIONER'S OFFICE

We continue to monitor material being issued by the Information Commissioner's Office (ICO) with a view to highlighting high-level matters that may be relevant to readers. The following has been identified for this month:

'IMMATURE BIOMETRIC TECHNOLOGIES COULD BE DISCRIMINATING AGAINST PEOPLE' SAYS ICO IN WARNING TO ORGANISATIONS

The ICO has [warned](#) organisations to assess the public risks of using emotion analysis technologies, before implementing these systems. Organisations that do not act responsibly, posing risks to vulnerable people, or fail to meet ICO expectations will be investigated. The ICO is developing guidance on the wider use of biometric technologies alongside the warning.

Biometric technologies are expected to have a major impact on financial companies, some of which are using facial recognition, voice, gait and vein geometry for identification and security purposes.

HOME OFFICE WARNED AFTER SENSITIVE DOCUMENTS LEFT AT LONDON VENUE

The ICO has issued a [formal reprimand](#) to the Home Office, after sensitive documents were found at a public London venue.

ICO FINE INTERSERVE £4.4M

On 26 October, the ICO [published](#) details of its £4.4m fine issued to the construction company Interserve.

In this case an Interserve employee forwarded a phishing email, which was not quarantined or blocked by the Interserve's system, to another employee who opened it and downloaded its content. This resulted in the installation of malware onto the employee's workstation.

The company's anti-virus quarantined the malware and sent an alert, but Interserve failed to thoroughly investigate the suspicious activity. If they had done so, Interserve would have found that the attacker still had access to the company's systems. The attacker subsequently compromised 283 systems and 16 accounts, as well as uninstalling the company's anti-virus solution. Personal data of up to 113,000 current and former employees was encrypted and rendered unavailable.

The ICO investigation found that Interserve failed to follow-up on the original alert of a suspicious activity, used outdated software systems and protocols, and had a lack of adequate staff training and insufficient risk assessments, which ultimately left them vulnerable to a cyber attack. Interserve broke data protection law by failing to put appropriate technical and organisational measures in place to prevent the unauthorised access of people's information.

John Edwards, UK Information Commissioner, has stated:

"The biggest cyber risk businesses face is not from hackers outside of their company, but from complacency within their company. If your business doesn't regularly monitor for suspicious activity in its systems and fails to act on warnings, or doesn't update software and fails to provide training to staff, you can expect a similar fine from my office".

"Leaving the door open to cyber attackers is never acceptable, especially when dealing with people's most sensitive information. This data breach had the potential to cause real harm to Interserve's staff, as it left them vulnerable to the possibility of identity theft and financial fraud".

"Cyber attacks are a global concern, and businesses around the world need to take steps to guard against complacency. The ICO and NCSC already work together to offer advice and support to businesses, and this week I will be meeting with regulators from around the world, to work towards consistent international cyber guidance so that people's data is protected wherever a company is based."

ENFORCEMENT ACTION

PRA / FCA REGULATORY FINES ROUND-UP

We have identified key relevant enforcement action during October and in this respect fines announced by the PRA / FCA were:

MS Amlin Underwriting Limited	The PRA has imposed a financial penalty on MS Amlin Underwriting Limited of £9,695,000 for failing to comply with its regulatory obligations relating to its governance and oversight of underwriting, underwriting controls, management information, data quality, and risk management strategies and systems.
Barclays Bank Plc	The FCA published Decisions Notices outlining that they have decided to fine Barclays a total of £50 million in relation to its failure to disclose certain arrangements agreed with Qatari entities as part of its capital raisings announced in 2008. We found that Barclays' conduct in one of the capital raisings was reckless and lacked integrity. Barclays have referred their Decision Notices to the Upper Tribunal. Any findings in the Notices are therefore provisional and reflect the FCA's belief as to what occurred and how it considers the firms' behaviour should be characterised.
Gatehouse Bank Plc	The FCA fined Gatehouse Bank Plc £1.5m for significant weakness in its financial crime systems and controls. It was found that between June 2014 and July 2017 Gatehouse failed to conduct sufficient checks on its customers based in countries with a higher risk of money laundering and terrorist financing. Gatehouse also failed to undertake the correct checks when some of the customers were classed as Politically Exposed Persons. Gatehouse has subsequently taken significant steps to improve its financial crime systems and controls.
Sigma Broking Limited	The FCA fined Sigma Broking Limited £530,000, and also fined and banned the broker's former directors for transaction reporting failures. Between 2014 and 2016, Sigma failed to report 56,000 CFD (Contract For Difference) transactions to the FCA. It also failed to identify 97 suspicious transactions.

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