



Department for Levelling Up, Housing & Communities

Mr Sheldon Mills
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Rt Hon Michael Gove MP
*Secretary of State for Levelling Up, Housing and
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Minister for Intergovernmental Relations

**Department for Levelling Up, Housing and
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13 May 2022

Dear Sheldon,

Response to the Financial Conduct Authority's Update on the Review of Buildings Insurance for Multiple Occupancy Buildings

Thank you for your letter dated 10 May 2022 detailing the FCA's interim findings from the review of the buildings insurance market for multiple-occupancy buildings. I note that a great deal of work has been completed by the regulator to ensure cooperation from the insurance industry, gather data and assess the current function of the buildings insurance market.

I welcome the focus on potential harms. I have previously expressed concerns regarding the affordability and availability of insurance for leaseholders in flats with fire safety issues. It is neither fair nor decent that innocent leaseholders should be landed with bills they cannot afford as a result of problems they did not cause. I ask that you keep my Department updated on any developments if evidence of disproportionate pricing is found.

Your letter notes that a potential harm is lack of competition between insurers on multiple-occupancy buildings. I would like to understand what can be done to encourage a new entrants into this market.

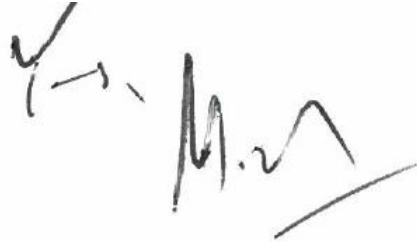
I am keen to review how all actors in the insurance marketplace have contributed to high premiums for leaseholders. I welcome the work you are considering to re-align incentives for insurance brokers, freeholders and managing agents. I note your request for government to consider specific statutory powers on remuneration to assist the FCA in implementation of restrictions on commissions, if required. I also acknowledge the limitations of the FCA's regulatory perimeter, particularly for freeholders and managing agents. I will consider all routes necessary to reduce premiums and I am hopeful that we can work together toward this goal.

I look forward to the publication of your full recommendations in July. The findings of the FCA review will be critical to developing a full understanding of the issues in the buildings insurance market. It is important that any recommendations consider all routes, whether enacted by the regulator, Government or industry, to ensure leaseholders get the value for money they deserve.

I request that you continue to consult with the Competition and Markets Authority, particularly as remedies for the current market environment are considered. Finally, I would be grateful if you would continue to work closely with my department so that I can be kept informed of progress. I look forward to hearing from you soon.

I am copying this letter to the Economic Secretary to the Treasury and Dr Andrea Coscelli, Chief Executive of the Competition and Markets Authority.

With every good wish,

A handwritten signature in black ink, appearing to read 'M. Gove', with a long horizontal stroke extending to the right.

RT HON MICHAEL GOVE MP
Secretary of State for Levelling Up, Housing and Communities
and Minister for Intergovernmental Relations