



Department for Levelling Up, Housing & Communities

Hannah Gurga
Director General
Association of British Insurers
One America Square
17 Crosswall
London
EC3N 2LB

The Rt Hon Simon Clarke MP
*Secretary of State for Levelling up Housing &
Communities*

**Department for Levelling Up, Housing and
Communities**
4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

21 September 2022

Dear Hannah,

Actions from the Financial Conduct Authority's (FCA) report on the buildings insurance market for multiple-occupancy residential buildings

I am writing to you in light of the FCA's report into buildings insurance for multiple occupancy buildings, dated 21 September 2022. It is very concerning to see that the premiums paid by leaseholders have more than doubled on average over a 5-year period, and nearly tripled for those living with cladding. The report has identified issues throughout the insurance value chain that have led to inflated premiums, and insurers must accept their responsibility to offer fair value to their end customers. The financial pressure currently placed on leaseholders continues to be unacceptable and I want to ensure that the issues outlined in the report are rectified as a matter of urgency.

The FCA has recommended that the ABI works to develop and implement a risk-pooling solution within the next 2 months. I am seeking assurance from the ABI that you will deliver on the FCA's recommendations. Before the month is over, I would like you to outline:

- The ABI's preferred operating model and scope for the insurance pooling solution and the commission structure of the pool;
- An estimate of the likely impact on premiums and the availability of buildings insurance more broadly.
- A timeline with key actions towards the launch of the solution;

I expect industry to accelerate timescales on this work to reflect the importance of pooling risk in the recommendations. I will arrange a meeting at the end of this month for the ABI to update on the actions above.

The FCA has also recommended that the ABI works with BIBA to develop a common code for the core pieces of risk information to be recorded for multi-occupancy buildings affected by flammable cladding or other material fire safety issues. This is key to support a fair and competitive marketplace. I expect to receive further updates on this work as it progresses.

Rt Hon Simon Clarke MP
Secretary of State for Levelling Up, Housing & Communities