



**Department for Levelling Up,  
Housing & Communities**

**Rt Hon Michael Gove MP**

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*Per Mr. White,*

**Broker remuneration for buildings insurance in multiple-occupancy residential buildings**

The findings of the FCA about broker commissions for buildings insurance are stark. Between 2019 and 2021, brokers have taken real-world retained commissions of £159m: an increase of 64%. There is no suggestion that they have done sufficient additional work to justify this. In the same period, your members also paid over £80m to third parties, frequently without any explanation of who benefits, or how.

These practices, clearly exposed, must necessarily attract forensic scrutiny from the government and regulators. At a time where a cost-of-living crisis already stretches leaseholders, and where they have too often faced other higher costs relating to building safety, I find these practices completely unacceptable. They reflect a market that is failing consumers.

You have had sufficient warning that regulators have taken notice of these unacceptable practices. Inflated broker commissions and unjustifiable payments made to third parties must stop. I strongly invite proposals from your members outlining how they will change their behaviour, individually and as a sector, to be more transparent and more competitive.

I have already made clear that I will act to ban commissions on insurance contracts. If satisfactory proposals from the sector are not forthcoming, I will have to consider what other measures may be appropriate to ensure consumers are protected. I would like to see your detailed proposals within one month.

*Yours,  
Michael*

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