

# Market Bulletin

Ref: Y5252

<b>Title</b>	Lloyd's policy towards conduct involving harassment, bullying, discrimination, alcohol or drugs
<b>Purpose</b>	To inform the market of the approach that Lloyd's will take towards conduct involving harassment, bullying, discrimination, alcohol or drugs
<b>Type</b>	Event
<b>From</b>	Peter Spires, General Counsel and Secretary to the Council and Board
<b>Date</b>	09 May 2019
<b>Deadline</b>	Immediate

## Related links

Further to the Action Plan announced by Lloyd's on 26 March 2019, this bulletin sets out the approach that Lloyd's will take towards conduct involving harassment, bullying, discrimination, alcohol or drugs in the Lloyd's market.

### Harassment, bullying or discrimination

Lloyd's takes very seriously any instances within the Lloyd's Market which involve allegations of harassment, bullying or discrimination.

Lloyd's Minimum Standards require that "*all persons [at a managing or members' agent] who effectively run the business or have other key functions are at all times fit and proper*" (GOV 4.1). Findings of harassment, bullying or discrimination are relevant to Lloyd's assessment of a person or firm's suitability to participate in the Lloyd's Market.

Incidents involving harassment, bullying or discrimination are further likely to come within the definitions of "*discreditable conduct*" or "*conduct that is detrimental to the interests of the Society*" for the purposes of the Enforcement Byelaw.

## **Alcohol and drugs**

Lloyd's considers that drinking alcohol while engaged in business activities within the market may impair the performance of individuals. Lloyd's believes that increasingly the avoidance of all alcohol is being accepted as best practice by businesses.

In the most serious cases, where consumed irresponsibly, alcohol may be a relevant feature in findings of misconduct, either as an aggravating feature to another disciplinary offence and/or the consumption may result in a standalone offence.

Conducting Lloyd's business or representing a Lloyd's business under the influence of alcohol can merit disciplinary action by Lloyd's where:

- it leads to negligent or reckless underwriting or other business activities.
- it leads to unprofessional conduct.
- it is an aggravating factor in harassment or bullying.

The consumption or possession of drugs is likely to be a criminal offence in its own right, which Lloyd's will be obliged to report to the police, as well as taking its own enforcement action.

## **Lloyd's expectation of firms operating in the Lloyd's Market**

In relation to matters involving harassment, bullying, discrimination or misconduct related to alcohol or drugs, firms operating in the Lloyd's market are expected to:

- Have appropriate policies in place to prevent and, if necessary, deal with such behaviour.
- Report any such issues to Lloyd's where they may amount to misconduct (see paragraph 4 of the Lloyd's Enforcement Byelaw).
- Take robust and appropriate action.

Should firms not meet Lloyd's expectations in these respects, Lloyd's may take action against the firms themselves, in addition to any individuals involved in misconduct.

In relation to managing / members' agents this may include:

- Reviews of managing or members' agents where issues of systems or culture arise. This may result in conditions or directions being imposed on a firm to take action.
- For individuals holding a senior position at a managing or members' agent, the removal of approval to hold that position.
- Removal of an individual's Annual Subscriber pass.
- Enforcement action for matters amounting to misconduct either against an individual or against the firm.

In relation to brokers:

- Removal of an individual's Annual Subscriber pass.
- In the most serious cases, the deregistration of the firm as a Lloyd's Broker.

In relation to coverholders:

- The deregistration of the firm as a Lloyd's approved coverholder (or the imposition of conditions on its approval)

In relation to members or their controllers:

- Revocation of membership of the member (or the imposition of conditions on their continued membership)

In relation to all of the above, it is important to emphasise that Lloyd's can and will have regard not only to the actions of individuals, but also to the actions of the firms that employ those individuals. While it is important to tackle the acts of individuals when they arise, of equal importance is the culture of the firm for whom the individual works and whether it supports or tolerates a culture of unacceptable personal behaviour towards others. Therefore, where there is found to be inappropriate behaviour involving harassment, bullying, discrimination, drugs or alcohol it would normally be expected that there is some consideration of the culture of the firm that employs the individual.

### **Market Supervision & Review Committee – Update to the Principles of Enforcement Action**

The Market Supervision & Review Committee (MSARC) is the Board committee that is tasked with overseeing enforcement proceedings that may be pursued by the Society. MSARC has confirmed that it will treat with the utmost seriousness any matter involving harassment (sexual or otherwise), discrimination or bullying or where alcohol or drugs result in behaviour that falls below the standard which is expected of individuals in the market.

MSARC has a number of Principles of Enforcement Action which are being updated to make clear its approach on these matters. These Principles, found at Schedule 5 of the Requirements made pursuant to the Enforcement Byelaw are a non-exhaustive list of circumstances specified by MSARC that are likely to result in enforcement action. The new Principles are as follows:

#### **“Principle 10**

*Any act or omission or permitting any act or omission amounting to –*

- a) the harassment (whether sexual or otherwise) or bullying of another person or persons; or*
- b) discrimination against a person or persons on the grounds of race, gender or sexual orientation.”*

and

**“Principle 11**

*Conducting Lloyd’s business or representing a Lloyd’s business when –*

- a) under the influence of alcohol where it leads to unprofessional behaviour; or*
- b) under the influence or in possession of illegal drugs.”*

Any queries relating to this bulletin should be referred in the first instance to Will O’Connor, Manager Litigation and Enforcement ([Will.O'Connor@lloyds.com](mailto:Will.O'Connor@lloyds.com) / 020 7327 6574).