

INSURANCE INSTITUTE OF LONDON

My Lord Mayor, President, Honoured Guests, Ladies and Gentlemen, Members of the IIL, it's a great pleasure and privilege to join you for lunch today.

Like all modern day speech makers I googled your institute shortly before arriving.

And sure enough, there on the list of what is available to members is the prospect of “prestigious lunches at the Mansion House” alongside “supporting your professional development”.

Well , as Napoleon famously said “an army marches on its stomach”, and so, it appears, does the insurance industry in London!

Thank you for asking me.

Stephen mentioned the importance of reputation during his address and it's a theme I'd like to pick up on.

Difficult as the last eight years have been, nothing would be more regrettable than for us to forget that pre-pre-crisis, the growth of our financial services went hand in hand with its sense of social utility and integrity.

And nowhere more so than in insurance, the ultimate trust me product.

The insurance profession, of course, has been at the centre of this great trust-based expansion for many centuries, from coffee house to Mansion House

And it hardly requires me to remind anyone here of the importance of London's insurance, and reinsurance professionals to the apparatus of global industry.

Nor of its enormous contribution to UK society.

The LMG's Publication at the back end of last year "London Matters" suggests that the London Market accounts for 21% of the City's GDP, writes £60 billion of gross premium, and employs 34,000 people in London and another 14,000 around the country.

But there is today a particular challenge that Stephen rightly identifies:

namely, that the financial turmoil of the last decade has distributed reputational damage across the sector in the UK with what would be, in any other circumstance, an admirable lack of fear and favour.

And at the same time, your industry faces challenges from rival hubs and emerging centres of excellence.

It is one thing to grow a global business in a destination of necessity, as London once was, it is another to keep growing one in a destination of choice, as London now is.

INSURERS

What is to be done? I am no insurance expert, but, two things strike me as overwhelmingly important.

Look after your customers and look after your profession.

On the former, ensure that the tone at the top permeates all the way through your supply chain to tone at the till, underwriter to broker to client, premiums to loss adjustments to claims paid.

Customers remember the cash long after they have forgotten the rhetoric.

And on your profession, you are only going to win globally long term if you conduct yourselves better than the competition.

The admirable professional development provided by the IIL is going to have to take precedence over prestigious lunches!

Both points link back to Stephen's observation that there should be: a 'conscience that people feel sitting on their shoulders'.

Not, for the avoidance of doubt, regulators – which not only sounds tremendously uncomfortable, but seems far less likely to yield all those hoped-for improvements than self help..

REGULATORS

That said, we at the FCA have a statutory objective of ensuring that markets work well, not just stopping them working badly, which can of course be achieved by preventing them from working at all.

This is why, in our first two years we have tried to intervene early, and occasionally quite forcefully.

We have learnt from past experience that regulation by clearing up the mess after things have already gone seriously awry is both low value added and very unsatisfactory to the public at large. Prevention is much, much better than cure.

I know that the Lord Mayor would dearly love to sow the seeds of the City's reputational recovery during his period of office.

Nothing would give me greater pleasure than his succeeding on a sustainable basis.

As regulators we also are up for the opportunity of concentrating on preventing future problems rather than having to rake over past ones.

But we are only the referees, you are the players.

As conduct regulators, it is our job to ensure that you play by the rules,

it is for you to win the game.

In insurance you have inherited a top position in the premier league, we all want you to keep it that way.

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LET ME CONCLUDE

I see no reason why London's insurance profession should not be at the centre of further significant expansion,

Certainly, trust and confidence have always been a *sine qua non* of professional success in insurance. It is for the IIL and its members to keep it that way.

So, ladies and gentlemen, with great thanks and appreciation, let me ask you to join me in a toast 'to Insurance Institute of London'.