

Title Enforcement Proceedings – Mr Christopher Larkby & Mr David Larkby

Purpose To provide information regarding enforcement proceedings

Type Event

From Jemma Thurlow
Secretary to the Enforcement Board

Date 6 August 2018

Deadline Not applicable

Related links

In proceedings before the Lloyd's Enforcement Board, Mr Christopher Larkby and Mr David Larkby have each accepted one charge of Discreditable Conduct. This relates to the improper appropriation by them of confidential information of commercial value to their employer.

As a result, the following terms have been agreed by the parties and approved by the Lloyd's Enforcement Board:

Mr Christopher Larkby

- 1 Mr Larkby's permission, consent or right to transact, or be concerned or interested in the transaction of insurance business or classes of business at Lloyd's is to be suspended for a period of three years and six months;
 - 2 Mr Larkby is to pay a fine of £7,000; and
 - 3 Mr Larkby is to be censured in the terms of the attached Notice of Censure.
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Mr David Larkby

- 1 Mr Larkby's permission, consent or right to transact, or be concerned or interested in the transaction of insurance business or classes of business at Lloyd's is to be suspended for a period of three years and six months;
- 2 Mr Larkby is to pay a fine of £3,500;
- 3 Mr Larkby is to be censured in the terms of the attached Notice of Censure.

In agreeing the fine and suspension, the Lloyd's Enforcement Board has accepted a 30% discount on the fine and suspension that it would have applied. This is because both Mr Christopher Larkby and Mr David Larkby settled these proceedings at the earliest opportunity.

In addition, each of the individuals is to pay an amount of £4,000 towards the costs of Lloyd's in respect of these proceedings.

Details of the events giving rise to these proceedings and of the charge admitted are set out in the attached Notice of Censure.

The Council has now brought enforcement proceedings on a number of occasions against individuals who have been responsible for misappropriating or wrongfully disclosing confidential information of a commercially valuable nature. To ensure that individuals are aware of the seriousness with which Lloyd's treats actions of this nature, the Market Supervision & Review Committee has asked that managing agents and members' agents bring this market bulletin to the attention of all employees in their firm.

Managing agents are reminded that Lloyd's has issued guidance on protecting the confidentiality of third party information when recruiting staff – see ['Performance Management: Supplemental Requirements & Guidance'](#).

Notice of Censure
Mr Christopher Larkby and Mr David Larkby

In proceedings brought before the Lloyd's Enforcement Board, Mr Christopher Larkby and Mr David Larkby have each accepted one charge of discreditable conduct. This relates to the improper appropriation of confidential information which belonged to their employer and which was of commercial value to their employer.

Background

Mr Christopher Larkby and Mr David Larkby both, during the relevant period, worked as senior underwriters in the High Risk team at ERS Syndicate Management Limited (ERS) underwriting on behalf of syndicate 218. Mr Christopher Larkby is the father of Mr David Larkby. As persons who worked for a Lloyd's managing agent, both individuals were and remain within Lloyd's enforcement jurisdiction in respect of the acts committed during the relevant period.

Mr David Larkby resigned from ERS on 27 October 2017 to join another insurance intermediary firm. On carrying out routine checks, following Mr Larkby giving notice of his departure, ERS became aware that Mr Larkby had, without the permission of ERS sent documents and information (including electronic documents) to third parties and to his personal email address. On carrying out similar checks in relation to Mr Christopher Larkby, who had departed ERS in May 2017, ERS became aware that there had been a similar disclosure of documents and information without permission.

Documents taken by Messrs Christopher and David Larkby

Over a period of approximately a year prior to their respective departures, Messrs Christopher and David Larkby each sent to third parties and to their personal email addresses a number of emails attaching documents that were confidential to ERS and included commercially valuable information and in some cases personal data. Documents sent by Messrs Christopher and David Larkby included:

- Performance results for products offered by ERS to clients
- ERS ratings structures

- claims data
- performance evaluation data
- draft secret business proposals for future non-ERS business
- documents and information which identified individuals who had applied to work at ERS

Misconduct accepted

Messrs Christopher and David Larkby accept that they should not have disclosed the information and documents and by doing so breached their duties to their employer and the standards expected by Lloyd's of an underwriter. (See for example Lloyd's enforcement proceedings in the cases of *Mellis & Ors*¹, *Conway*² and *Henley*³.) They have accordingly accepted the charge of discreditable conduct brought against them.

Settlement terms

As a result of Messrs Christopher and David Larkby accepting their misconduct, the following terms have been agreed between the parties and approved by the Lloyd's Enforcement Board –

Mr Christopher Larkby

- 1 A suspension of Mr Larkby's permission, consent or right to transact, or be concerned or interested in the transaction of insurance business or classes of business at Lloyd's for a period of three years and six months;
- 2 Mr Larkby to pay a fine of £7,000;
- 3 Mr Larkby to be censured in the terms of this notice of censure.

¹ See [Market Bulletin Y4280](#)

² See [Market Bulletin Y4750](#)

³ See [Market Bulletin Y5020](#)

Mr David Larkby

- 1 A suspension of Mr Larkby's permission, consent or right to transact, or be concerned or interested in the transaction of insurance business or classes of business at Lloyd's for a period of three years and six months;
- 2 Mr Larkby to pay a fine of £3,500;
- 3 Mr Larkby to be censured in the terms of this notice of censure.

In agreeing the suspensions and fines, the Lloyd's Enforcement Board has accepted a 30% discount on the suspension and fine that it would have applied. This is because both individuals settled these proceedings at the earliest opportunity. Without the discount, for Mr Christopher Larkby, the suspension would have been five years and the fine would have been £10,000 and for Mr David Larkby, the suspension would have been five years and the fine would have been £5,000.

Further, each of the individuals is to pay an amount of £4,000 towards the costs of Lloyd's in respect of these proceedings.

Mitigation

In assessing the penalties, account has been taken of the following factors:

1. Messrs Christopher and David Larkby co-operated fully with Lloyd's investigations into the relevant matters and settled these proceedings at the earliest opportunity without the need for a contested hearing.
2. This is the first occasion that Messrs Christopher and David Larkby have been found guilty of any form of regulatory misconduct. Messrs Christopher and David Larkby have stated further that this is the first occasion that they have been subject to any form of regulatory investigation or action.

Lloyd's Enforcement Board