

FCA Pricing Practices Policy Statement – Reporting Requirements

6 October 2021

These are the questions asked during the webinar on 6 October 2021

Key Links

The FCA's own Q&A's which are updated on a regular basis

[General Insurance Pricing Practices: Q&As on the published rules \(fca.org.uk\)](#)

REP021 Form

[SUP 16 Annex 49A Pricing information report form \(REP 021\) - FCA Handbook](#)

The REP021 Form is also included in the Policy Statement with notes how to complete (from page 208 onwards)

[PS21/5: General insurance pricing practices market study: feedback to CP20/19 and final rules \(fca.org.uk\)](#)

Attestation Update

In a "Dear CEO Letter" dated 18 October 2021 the FCA said that as the information for the first attestation is different to that of the second and subsequent annual attestations, the FCA will use the Qualtrics survey tool for the first attestation only. They expect to issue the first attestation form via Qualtrics to all general insurance firms and credit premium finance providers in early January 2022.

Question

How is tenure calculated when the underlying insurer changes?

Answer

The new insurer would treat the customer as a new, T0, customer for their reporting. The broker would continue to treat the customer as a renewal and so where the broker had to report, say if it charged the customer fees, under the relevant T period for how long the customer had been with them.

Question

What if the policyholders change (such as inclusion of spouse on household insurance following remortgage etc) , does this impact the tenure reporting as it may be recorded as a new policy?

Answer

This is similar to points the FCA made in the August policy amendments as part of the anti-avoidance provisions. There is potential to slightly alter the policy and treat it as new business and so not have to compare it with the Equivalent New Business Price. You could price walk customers by charging them more each year for a slight tweak of the policy and treat it as new business each time! However, generally, where the customer elects for a different policy that is new business, but where the insurer or broker does this then it is treated as a renewal. There is also the wider "customer's best interests" rule

Question

At this stage it would be impossible for our business to complete the required reports - is there any confidence that Acturis will be able to create reports that we will require?

Answer

That is a discussion to be had with your software provider. Dependency on software houses making changes and the implementation period was flagged as an issue in the consultation process and the FCA moved the dates back.....a bit!

Question

Some add ons are not insured products - such as claims equilibrium club. Do these fit in the scope of the declarations?

Answer

To answer the question more generally, if an “add-on” is not an insurance product then it would not need to be reported under section 6 of REP021. However, you also need to decide if it met the definition of an incentive, something that could be cash or cash-equivalent to the customer. If it is an incentive then it is caught by the general rule that you should not be charging renewal customers more than you charge new business customers. If you are also setting the price that the customer pays for this then you are also price setting and so would need to complete the attestation.

Question

If I only rebate commission and therefore am not price setting, do I need to complete the attestation?

Answer

If you only rebate commission then you are still price setting as you are influencing / determining what the customer actually pays. Therefore you do need to complete the attestation. Also you need to comply with the general rule that you should not be charging renewal customers more than you charge new business customers, ie you should not be just rebating commission to new business customers. You do not need to report this on section 4 of REP021 but you do need to record how much commission rebating you do and notify the FCA if it is more than 25% of your business. The FCA has indicated that this notification will be part of the attestation.

Question

If we are only considered price setting because of add-ons, do we need to complete the attestation?

Answer

Yes as you are influencing / determining what the customer actually pays. Also you need to comply with the general rule that you should not be charging renewal customers more for add-ons than you charge new business customers.

Question

If the client has had premium finance for 10 years but we have changed insurer 5 times in that time is it the tenure of the premium finance that they are after or that on the client with the insurer?

Answer

For the broker's premium finance reporting it will be T10. For the insurer's premium reporting it will be how long the customer has been with the insurer.

Question

Looks like the occasional price walking could be "hidden" as long as the issue is not systemic?

Answer

Yes possibly and that is why the FCA has the attestation and anti-avoidance provisions.

Question

Given the FCA have well publicised backlogs at the moment which are causing delays of many months, how are they going to cope with the new influx of data and reporting?

Answer

Yes it will be interesting to see, although most of the FCA's backlogs are in Authorisations. Given the nature and format of the REP021 reporting, this is something that could be analysed by computer systems to identify anomalies and outliers. It is all part of the FCA becoming a "data led regulator."



If you have any questions, contact RWA Compliance Services helpdesk

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