

FCA Pricing Practices Policy Statement Overview

7 September 2021

These are the questions asked during the webinar on 7 September 2021 that will not be covered in the subsequent Fair Value webinars.

Auto-Renewal Questions

Question

Can brokers still offer renewal and say the policy will automatically renew for the client's protection, unless they advise otherwise?

Answer

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

The content of the disclosures

We do not intend to specify the exact wording that firms must use when providing the information set out in our rules. We believe that firms should have the flexibility to tailor their communications to meet the needs of their customers. In doing so, we expect firms to comply with our new rules on product information as well as the customer's best interest rule (ICOBS 2.5.-1R), the appropriate information rule (ICOBS 6.1.5R(1)) and Principle 7.

When in the sales process information should be provided

Information about auto-renewal should be provided in good time before the conclusion of the contract, whether it is the original contract or at renewal. Where a consumer did not opt for auto-renewal at the point of sale, information can be provided, and a consumer can opt into auto-renewal at any point during the lifetime of the policy.

Presentation of information

We expect firms to communicate clearly the information on their right to cancel and the methods available.

Question

IRO auto renewal, policies with an anniversary fall into scope? EG PII.

Answer

The auto renewal rules only apply to retail products therefore not PII.

Premium Finance Questions

Question

Question in regards to Customer Active election for paying by premium finance? I can see no examples of this, it states that simply offering both paid in full and PF options to the customer isn't enough?

Answer

From [PS21/5: General insurance pricing practices market study: feedback to CP20/19 and final rules \(fca.org.uk\)](#) page 61.

Active election

The requirement on firms to obtain active election for optional additional products is not new. This is required under existing rules at ICOBS 6A.2.1R. Retail premium finance is an optional additional product for the purposes of this rule. In addition, the new guidance in ICOBS 6A.5.4G, clarifies that merely asking customers to choose between paying monthly or annually would not be sufficient to satisfy the requirement of active election under current rules. We expect firms to exercise their judgement in deciding what questions to ask customers in order to comply with the 'active election' rules and to ensure that the premium finance meets the customer's requirements.

Question

In respect of the finance cost, would we need to provide the cost with and without finance options if the client has historically paid annually? Thank you

Answer

Yes, if you offer the customer a premium finance option then you have to comply with the premium finance rules.



If you have any questions, contact RWA Compliance Services helpdesk

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